1971–72

VICTORIA

REPORT

OF

THE BOARD OF INQUIRY

INTO

THE VICTORIAN LAND TRANSPORT SYSTEM

Ordered by the Legislative Assembly to be printed.

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His Excellency Major-General Sir Rohan Delacombe, Knight Commander of the Most Distinguished Order of St. Michael and St. George, Knight Commander of the Most Excellent Order of the British Empire, Companion of the Most Honourable Order of the Bath, Companion of the Distinguished Service Order, Governor of the State of Victoria and its dependencies in the Commonwealth of Australia.

YOUR EXCELLENCY :

I, HENRY ARMAND BLAND, Kt. CBE, having been constituted and appointed by Order in Council made the 4th November 1970, and published in the *Victoria Government Gazette* of the 18th November 1970, No. 104, at p. 3638, to be a Board to inquire into, report upon, and make recommendations concerning the existing system of land transport in Victoria (with the exception of passenger transport within the areas of metropolitan Melbourne and the urban areas of Ballarat, Bendigo and Geelong for which transportation plans have been or are being prepared) and in particular—

(1) whether the existing land transport system is satisfactory to meet the needs of agriculture, commerce and industry, and the public ;

(2) whether the present division of freight traffic as to area and type of goods between road and rail is desirable ;

(3) whether there is duplication of existing transport services which is wasteful and, if so, how such duplication could be avoided ;

(4) whether the existing system of transport regulation allows a flexible transport system which can adapt reasonably to changing conditions ;

(5) what changes, if any, should be brought about in the system of transport regulation and the provision of rail services to give the most efficient transport service practicable in the public interest ;

(6) what effect any changes proposed would be likely to have on the transport industry and Government finances generally ;

HAVE THE HONOUR to present this my Report, with the recommendations therein contained, upon the matters specified in the Order in Council referred to above.

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CHAPTER I

INTRODUCTION

1.1 This Report is devoted to the land transport system of Victoria. So, it is wise to recall, at the outset, some of the relevant major characteristics of the State of Victoria.

1.2 Victoria is the smallest of the mainland States and, in relation to its size, the most populous. Its ratio of paved road mileage and of railway route miles to its size is greater than any other State. So is its ratio of motor vehicles. Only one-fifth of its area is more than 15 miles from a railway line and that is basically highlands, forest country or desert, all sparsely populated. Its terrain, outside the highlands areas, is flat to undulating, with mile upon mile of arrow straight roads favouring high speed movement of road vehicles. Its principal roads authority, the Country Roads Board, existed years before a similar authority appeared in any other State: so Victoria's road system and its roads had a headstart on the other States.

1.3 One third of the State's northern border with New South Wales is within four hours comfortable driving from Melbourne. The heaviest transports make Melbourne from Mildura, the furthermost city, in nine hours and obviously break the law in so doing. Passenger buses are scheduled to do the same journey in 8¼ hours. There are upwards of forty road crossings between Victoria and its neighbouring States of New South Wales and South Australia. No easily manned guards to the approaches to Melbourne are provided by topography which, in New South Wales, enables admirable check points on the three roads that necessarily carry all but a negligible part of the traffic to and from Sydney. So to the normal inherent advantages of road transport, Victoria adds its own unique bonus and the interpretations placed by the Courts on Section 92 of the Commonwealth Constitution have specially favoured the interstate operator working into or out of the State.

1.4 These are the facts that have circumscribed all efforts directed to the regulation of transport in Victoria, that favour the road operator and disadvantage the present Railways' system and that cannot but shape the conclusions of this Board.

1.5 As will be seen, the Report will give preponderant attention to the transport of goods. Not merely is this the dominant element of land transport: what should be done about it was the most controversial issue before this Board. In the case of passenger transport, a singular identity of views was advanced before this Board over a wide field. Sharp divisions of views were, therefore, confined to narrow compass. One aspect of passenger transport this Report will virtually ignore. It concerns the country hire car and taxi cab about which no one placed material before this Board and into which, after its own inquiries, it saw no reason to intrude.

1.6 The rail and road passenger problems of Melbourne, Ballarat, Bendigo and Geelong are outside this Board's Terms of Reference.

CHAPTER II

PROCEDURES

Procedures

2.1 The Board held its first public sitting in Melbourne on the 23rd November 1970 when it outlined the procedure it proposed to follow. It asked that all those having a major interest in the Inquiry, who wished to make submissions, should furnish them in writing. Submissions received would be made available to others making written submissions, the purpose being to allow everyone to comment on or criticise what others had said or to put forward counter arguments in writing : as a next step, supplementary submissions would be invited. It was explained that all these initial, counter and supplementary submissions would be available in this Board's office for the press and other interested people to peruse.

2.2 This procedure was faithfully observed. It proved of value to all making submissions in that it gave them ample opportunity for research, reflection, and careful formulation of views. It tended, moreover, constantly to narrow the issues. The process, on this account, greatly helped this Board.

2.3 The press and other media took advantage of these arrangements and gave extensive coverage to the documentation provided.

2.4 Over the period 22nd March to 13th May 1971 formal sittings of the Board were held in thirteen country centres, namely, Morwell, Bairnsdale, Geelong, Warrnambool, Ballarat, Ararat, Horsham, Bendigo, Swan Hill, Mildura, Seymour, Shepparton and Benalla. Prior notice of the sittings was given through the press which, in many centres, later published informative reports of proceedings. Further public sittings of the Board took place in Melbourne at which final oral submissions were presented.

2.5 All told, some 148 persons and organisations made written or oral submission to the Board ; a list of these appears as Appendix 1. It is a matter of regret that the Trade Union side of the transport industry did not take a greater interest in this Board's work. The attention of the Trades Hall Council was specifically invited to the Board's Terms of Reference but, in the event, only the Australian Railways Union appeared, and this of its own independent motion. Mr. J. J. Brown, State Secretary of the Victorian Branch of the A.R.U., attended most of the Board's public sittings, made written and oral submissions, and proved a helpful contributor.

2.6 The transcript of the sittings ran to 868 pages and the written submissions were of the order of 2,000 pages. Their study led the Board to an extensive correspondence with many who had made submissions to elucidate points and pursue issues stimulated by the submissions. As well, the Board ranged extensively and in depth into the practices, policies and administration of the departments and agencies of the Government concerned with rail and road transport in Victoria. Here it must be said that this Board added a heavy burden to their normal day-to-day responsibilities but received unstinting, and the most frank and friendly, co-operation from all of them.

2.7 This Board, in the course of private visits to the United Kingdom and the other State capitals had discussions with people concerned with land transport administration and problems. These included senior officers of the Department of the Environment (formerly the Ministry of Transport) and British Railways in the United Kingdom; with the Minister for Transport and the Commissioner for Railways in Brisbane ; with the Minister for Transport, the Secretary of his Department, the Commissioner of Railways and the Commissioner for Road Transport in Sydney ; with the Under Treasurer and the Commissioner of Railways in Adelaide ; with the Director General of Transport and Commissioner for Railways in Perth; and with the Commissioner of the Transport Commission in Hobart. As well, the Department of Shipping and Transport, the Bureau of Transport Economics, the Bureau of Roads and the Commonwealth Railways Commissioner met this Board's requests for help on particular matters.

2.8 Since economic issues loomed largely, this Board sought help from economists who had directed themselves to problems of transport economics. It wishes to pay particular tribute to the assistance given by Professor H. M. Kolsen of the University of Queensland. Professor Donald Cochrane of Monash University, and Mr. Nicholas Clark and his group at the University of Melbourne.

2.9 To assist this Board, with particular reference to economic issues and road transport cost problems, the Director of Finance of the Victorian Treasury very generously made available one of his senior officers, Mr. E. C. Brownbill.

2.10 The Board also secured the services of Mr. E. W. Easton, previously a First Assistant Director General in the Postmaster General's Department, an Economist by training and with great experience in financial management in the Post Office. Mr. Easton's attention was concentrated on railway costs and financial matters. This Board wishes to acknowledge the open manner with which all concerned in the Victorian Railways so generously accepted and assisted him in his activities on this Board's behalf. It is proper to say here that this Board believes that, whatever else emerges from this Report, its activities and particularly those of Mr. Easton, in relation to costing, investment analyses, financial management, etc. in the Railways, will have long term benefits for the Railways Administration. It is pleasing to record that this view is shared by the Chairman of Commissioners.

2.11 To aid this Board in a number of technical areas, it established several working parties. It also arranged for detailed investigations into the costs of road transport operators and those of ancillary operators, decentralised industries and primary producers using their own commercial vehicles.

2.12 The Board had access to the Reports prepared for the Australian Transportation Conference in Canberra of March 1971; all the reports of the Transport Regulation Board; numerous reports of other government agencies in the land transport field in Victoria and other States; and an extensive literature, the output of academics and individuals concerned with the management of transport operations and transport administration. There is, nonetheless, a singular lack of data which, had it been available, could not but have been of benefit to this Board. It is to be hoped that the growing interest in transport matters and the setting up of the Bureau of Transport Economics will result in more relevant data being available to whomever faces the task of the future review of land transport in Victoria which will later be recommended in this Report.

2.13 Finally the legal problems that enmesh land transport in Victoria were made more comprehensible to this Board by the Solicitor-General.

2.14 For convenience, throughout this Report the Country Roads Board will be referred to as the C.R.B., the Transport Regulation Board as the T.R.B., the Victorian Railways as the Railways and this Board of Inquiry as this Board.

CHAPTER III

THE YEARS SINCE THE 1933 INQUIRY REPORT

The Years Since the 1933 Inquiry Report

3.1 The present legislative and administrative framework for the regulation of land transport in Victoria has its genesis in the Report of 21st July 1933 of the then T.R.B. Road passenger operations had, however, been subject to regulatory control for some time before 1933.

3.2 It is abundantly clear that the primary determinant of that Board's recommendations was the financial position of the Railways and its impact on the State Budget. The Railways had shown cash deficits over a ten-year period and these had reached, in the years immediately preceding the Report, levels then regarded as alarming. Road competition was seen to be the principal contributory cause. Passenger journeys by rail measured per head of population had shown a continuing decline over the ten-year period. Goods traffic on the Railways was, in total tonnage terms, less than at the start of that period and had sharply declined over the last six years. Over the same ten-year period, total motor vehicle registrations had increased more than five fold, with the commercial vehicle element numbering 26,646 in 1932.

3.3 Road motor transport was reported by the T.R.B. as having " instituted an attack on the existing (i.e. Railways) comprehensive system . . . . which threatens the financial stability of the system ". The T.R.B. went on to find that " it is an impossibility from the point of view of cost for road motor transport to take the place of railways transport except in the case of the valuable traffic, which the railways must retain if they are to be able to function as a comprehensive transport system ". Yet already the roads authorities were hard at work to provide substance for the T.R.B.'s own prophecy that " Road transport has 'come to stay' and must grow in importance ".

3.4 The T.R.B. saw the need for transport regulation in Victoria as lying not only in the public interest in the use of transport but also in economic necessity. There was justification for users bearing charges for the " conditioning and maintenance " of the roads and for regulation of motor transport for their preservation. " Regulation of road transport in Victoria, necessitated by its effect on the existing comprehensive system, must be directed to the prevention of wasteful duplication where there is an existing transport service adequate for real needs, and of uneconomic competition in transport. This regulation should be designed and applied so that having regard to economic necessity, especially in relation to national finance, road motor transport will develop in such a way that it will serve the community in its most useful and economic sphere."

3.5 The T.R.B. considered that, in the absence of adequate regulation of road motor transport in Victoria, there would be unrestrained competition with the following results:—

- Uncertainty in business due to instability in transportation charges because of the readiness of both railways and road operators to alter their charges under stress of competition with consequent " discrimination between users of transport with its inevitable unfairness ".
- " Loss of capital by the community caused by the reduction in the earning capacity of the assets of the railway system . . . . and of commercial motor vehicles . . . . . "
- " Interference with the correct adjustment of the rates structure of the railways, with consequential loss of State revenue and detrimental effects on primary industries."
- " Reduced standards of working conditions in the road transport industry."
- " Increased risk to life and property on and in the vicinity of roads."

3.6 In the final section of its Report, the T.R.B. devoted itself to co-ordination. It saw the co-ordination of transport facilities so as to secure the maximum economic benefit as the ultimate transport problem. " Transport Regulation should be directed to its solution . . . . The need for general co-ordination marks the difference in character between the transport industry and nearly all other industries. Most industries need some degree of regulation ; very few require general co-ordination ".

The Years Since the 1933 Inquiry Report

3.7 In broad canvas, the 1933 Transport Regulation Act that succeeded the 1933 Inquiry Report constituted a Transport Regulation Board " for the purpose of securing the improvement and co-ordination of means of and facilities for locomotion and transport ". The T.R.B.'s specific authority was to regulate the operation of commercial road passenger and goods services per medium of a compulsory licensing system. A clear distinction in approach was drawn between passenger and goods services. Licences for passenger services were to rest in the T.R.B.'s discretion. But in the case of goods services, the legislation itself provided for the grant of " as of right " licences to a series of categories of operators and for the T.R.B. to have a discretion to grant licences to operators outside the " as of right " field. In fact, the movement of goods is preponderantly in vehicles possessed of " as of right " licences.

The Transport Regulation Board and its Philosophies

3.8 Very quickly the new T.R.B. began to develop a policy philosophy for its guidance in dealing with the multitude of applications submitted to it—particularly for use of road transport for goods carriage beyond the area of road freedom enjoyed by the many holders of " as of right " licences. Its major premise, as reported in its 1935 Report, was that the Railways should be protected if their rates were " so modified and reduced as to represent approximately the transport charges for ' high freighted goods ' carried by road." It devoted itself also to the question whether there could be allocated to the road operator activities for which he was peculiarly fitted and with regard to which he might provide distinctive advantages over railway carrying. Its approach was to develop a system of licences listing the goods which might be carried by road and/or the areas which road might serve. It saw the problem of goods licensing as resolving itself " at the present stage into a process of eliminating duplication, modified in three different directions, all of which should be considered as minor deviations from the general principle of elimination and should not be permitted to extend so far as to break down the chief economic gain flowing from the process of elimination itself ". These three directions were—

- a limited number of " conditioned licences ", authorising selective cartage;
- a system of permits for single carriage or short term operations confined to some distinct activities ;
- the extension, in a variety of directions, of those functions permitted by " as of right " licences.

3.9 The T.R.B. wound up its 1935 Report with the following—

> " The whole conception of Transport Regulation must remain fluid and adaptable to the technical developments of both forms of transportation, alert to encourage genuine economies due to invention, and ready to apply these at the precise point in the transport system of the whole State where they will provide maximum advantage at a cost to the community as a whole not disproportionate to such advantage. From this point of view the work of the Administration at present represents an initial phase ; merely a clearing away of a chaotic condition caused by the unregulated development of new methods without plan or foresight.
>
> It is not conceivable that such a process of ' clearing the ground ' represents anything more than a preliminary step in the task of ' opening the door ' to the new and effective instrument provided by the internal combustion engine operating independently upon the highway."

3.10 It may be said broadly that the present basis of regulation of goods transport by road in Victoria is that laid down in the policy guidelines enunciated above and that the rule over the years since has been that, where road transport sought to compete directly with the Railways, it would be fairly strictly controlled and that " substantial advantage " would have to be demonstrated before licences or permits would be granted.

3.11 The successive Reports of the T.R.B. make fascinating reading. They portray the Board as grappling with the dilemma of, on the one hand, the growth of road transport, stimulated by its own technological development ; the ever improving road system and an expanding economy, both encouraging the burgeoning of road transport ; and a growing public desire to use road transport; and, on the other hand, of preoccupation with the Railways financial position and the need, as the T.R.B. perceived it, to maintain the Railways

comprehensive system. In the immediate post-war years, the T.R.B. displayed a conscious sympathy for the problems facing the Railways after the war—problems exacerbated by the long railway strike of 1950 and persistent coal shortages—and pursued a course in the hope, unfounded as events showed, that before long the Railways would once again emerge to provide the predominant role in the total transport task.

3.12 So the T.R.B., like other similar authorities elsewhere, sought to find rational philosophies for its activities. " The problem is . . . . . that of finding, through public control and regulation, a rational division of function between road and railway transport . . . . . The basic factor is the lack of traffic to maintain two duplicating and competing transport media . . . . . The railway system . . . . . must be maintained . . . . . to ensure that it is there to perform . . . . . the essential tasks which . . . . . the railways must perform. It is then necessary . . . . . to conserve to the railways . . . . . all that traffic for which the railways can make adequate provision . . . . . The prime difficulty is practical application of the concept of adequacy . . . . . ."

3.13 These were the sentiments of the 1947 Report of the T.R.B. It went on to argue that it was necessary to determine what contraction of railway function might be rational and in what manner and at what points, road transport might with advantage be substituted for railways transport ; or alternatively deliberately integrated with railway operation.

3.14 Developing the theme of " adequacy " in a latter Report, the T.R.B. said : " There must be a point where the community interest is best served by admitting road transport, i.e. in cases where its inherent efficiency for practical purposes turns the scale . . . . . ."

3.15 More and more the T.R.B. found itself face to face with the fact that, to the user, the costs of road transport were less than those of rail, sometimes decidedly so. Relative costs, except since 1963 in the case of country industries, have never been a statutory criterion demanding the Board's attention. Even when costs of country industries became a factor for its consideration, the T.R.B. tended to apply a narrowly restrictive interpretation to the legislative provisions. Nonetheless, sensitive of the matter of costs to the individual, the T.R.B. in successive reports, turned to economic arguments : about community costs, the extent of road transport's contribution to the cost of the roads it used, and the proper utilisation of resources—

> " Road transport has, of course, made possible an immense volume of activities, adding to the national income, which could not have come into existence without it, but at the same time, it represents to an important extent a duplication of the railway system, a second investment of our national resources only to do the same work by alternative means ; and some under-employment of the railways, except in the war years, has resulted. There is no doubt that maximum user yields the cheapest costs and, therefore, the lowest charges. This is true for any individual system, and equally true for our transport as a whole."
>
> " Nevertheless, there still remains the necessity to endeavour to balance against the advantages and conveniences of road transport to the user, the effect that any loss of railway freight revenue sustained as a result of road freedom would have on State finances ; in other words, on the general economic interest of the State as a whole."

3.16 A striking application of these philosophies is to be seen in the 1954 decision of the T.R.B. in relation to goods movements between Melbourne and Geelong. Road transport of goods between these two cities had grown up before the days of regulation and continued thereafter under a permit system. The road operators sought licences and the Railways opposed them. Faced with overwhelming arguments directed to establishing the cheaper cost to the individual consumer of road transport, the T.R.B. decided to maintain the status quo and to continue the permit system which, incidentally, continues to this day. Said the T.R.B. in its decision—

> " Rail transport does mean . . . . . extra cost to the community for a considerable proportion of the traffic carried . . . . . In the Board's view a case to replace rail transport with road services or to allow free competition with the railway system cannot be substantiated on the simple economic grounds argued in these cases. The

> community value of the State's railway system would need to be discounted to the point of regarding it as a burden to be relieved by discarding it altogether, the community then relying on the only available alternative . . . . The Board is convinced that the railway system of the State must be maintained and kept efficient and that as a community we already have an oversupply of transport having regard to our present traffic densities. Further significant diversification of facilities at this juncture would reduce the efficiency of transport overall and could lead to eventual debilitation of both systems."

It is perhaps gently ironic that these very policies, as applied to the Geelong–Melbourne traffic, did ultimately lead to near open competition on that route between the railways and road hauliers. But more of this later.

3.17 In its 1962 Report, the T.R.B. saw the transport regulation legislation as having to be " interpreted as favouring the existing service to the point where this service appears inadequate, or indeed the advantages to be gained by its use in particular instances are not as great as those to be obtained by the use of an alternative service ". Time and again the Reports of the T.R.B. return to its belief that the purpose of the Transport Regulation Acts, from the outset, was to gradualise the advent of the heavy motor vehicle and that regulation sought a controlled evolution rather than to impose arbitrary restrictions of a permanent nature.

3.18 An interesting and thoroughly pragmatic response to these philosophies has been the T.R.B.'s practice, in a number of cases, of relieving the strain of the extra costs of railway transport on country industries by decisions or negotiating arrangements providing for the sharing of traffic between rail and road. For example, a formula for timber traffic of 2/3rds rail and 1/3rd road was developed ; some Goulburn Valley canneries have been permitted to distribute their traffic ; and country engineering firms and steel fabricators in Ballarat, Bendigo, Morwell, Benalla and Sale have been allowed to use road transport for 50 per cent of their steel supplies from Melbourne merchants.

3.19 The decisions of the Courts under Section 92 of the Constitution had far reaching consequences on the T.R.B.'s work. By extending substantially the area of road freedom they correspondingly restricted the area within which the T.R.B. had scope for effective regulatory policies. Victoria is obviously particularly susceptible to over-the-border carriage and the more so, as a succession of Court decisions gave wider meaning to the import of earlier judgments. The continuing growth of this unregulatable Section 92 haulage of all classes of freight was seen as having not merely serious effects on rail business and finances: the very efforts of the Railways Administration to respond by rate cutting to the new challenges from border hoppers produced new problems for the T.R.B. in its attempts to gradualise the overall impact of road transport on the Railways.

3.20 On the passenger side, put broadly, the T.R.B. has throughout sought to protect the Railways while, at the same time, having regard for public convenience. Thus, licences have been granted for services paralleling railway lines but operating to timetables that, in the T.R.B.'s view, did not amount to duplication of rail services, and this, despite Railways' objections that a consequence would be the diversion of traffic to road services.

3.21 The passenger services between Warrnambool and Geelong provide a nice example of these conflicts. After public hearing, the T.R.B. licenced a bus service, attaching quite elaborate conditions designed to protect the Railways by ensuring that the bus service would not pick up passengers within 2 miles of the railway stations at Warrnambool, Terang, Camperdown and Colac to travel to Geelong or at Geelong to travel to within 2 miles of the stations mentioned. As well, the timetable required the bus to leave Warrnambool 1 hour 40 minutes before the train and on the return journey 3½ hours before the closest train.

3.22 That the bus service meets a public need by enabling folk to shop in Geelong and get home at a reasonable hour is clear, though this, needless to say, is not the view of those potential passengers excluded from joining the bus by the T.R.B.'s licence conditions. On the other hand, the Railways see the total public passenger transport task on this route as such that it must be

performed by either the Railways *or* a bus operator: there being no room for both—either rail services should stop at Geelong or serve the main towns beyond Geelong, with road services functioning as " sweeper " services.

3.23 Lack of data prevents any useful comparison between the situation in relation to road passenger services outside the Melbourne, Ballarat, Bendigo and Geelong areas at the time of the 1933 Inquiry Report and now. The following points may be made:

- at June 1953 when the first dissection of country passenger bus licences was made, licences for country stage buses numbered 807, but it is estimated that these included 202 buses operating in the outer metropolitan area. (Incidentally, petrol rationing was lifted in 1950.) At June 1970, the figure was 626, i.e., " CO " licences including 313 outer metropolitan area buses; so between 1953 and 1970 there was a 49 per cent decrease in the number of true country stage buses ;
- the figures given cloak two developments : first, a reduction in frequency of services which is reflected in the decline in total vehicle mileage on country route services ; for 1956–57 it was 12·8 million miles but only 6·8 million miles by 1969–70, a reduction of nearly 50 per cent ; second, a trend to mini bus type services in country areas ; in 1969–70, 35 per cent of the " CO " fleet comprised vehicles with up to 18 seats. On the other hand, there has been a trend to buses of greater seating capacity, e.g., to cater for combined route/school/charter work: thus the 30–33 seaters of 1953 are today 41–45 seater buses;
- school bus contract services were introduced in 1943–44 when 134 licences were issued: the figure at 30th June 1970 was 1,364. The majority of " CO " operators have buses under contract to the Education Department for the carriage of school children. These vehicles are now classified under " TS " licences and are quite separate from buses operating on stage services though they may also be used for charter purposes;
- the use of buses on charter trips and excursions has grown greatly. Prior to 1950, vehicles were licensed solely for charter in country areas, but, since then, charter has been granted as an ancillary right for country buses with basic stage or school rights. The T.R.B. estimates that 90 per cent of " CO " and " TS " licensed vehicles are now authorised to engage in charter operations;
- permits to operate outside normal licence conditions have been provided for since the inception of the 1933 legislation. In 1969–70, 7,182 permits which related to metropolitan as well as country buses, were issued for $18,234;
- in 1969–70 the T.R.B.'s revenue from passenger bus licences was $72,356 for " CO " licences and $72,381 for " TS " licences;
- rail passenger services are not unique in having been affected by the explosion in private motor car ownership. Road passenger services have been likewise affected and this despite a continuing improvement in the standards of road passenger vehicles. The decline in the number of buses licensed, the lesser frequency of services and the introduction of smaller capacity buses reflect all of this. The Trans Otway Company told this Board that, since 1949–50, passenger traffic on its services to Lorne and Apollo Bay had declined by 85 per cent ;
- in many cases, diversification into, e.g. school bus services and charter work has alone enabled continued operation of normal route services and often the saving factor has been increased mail, newspaper and parcels carriage.

3.24 In 1969–70 bus services were operating through to Melbourne from Warburton, Alexandra, Healesville, Mansfield, Nathalia, Lockington, Rochester, Heathcote, Apollo Bay and Lorne and from places east of Cabbage Tree Creek and west of Coleraine and Edenhope. The Hughes and Vale decision opened the door to " interstate " passenger services between Melbourne and centres immediately across the Murray River from Victorian towns. Now regular daily services run between Melbourne and Buronga, Euston, Murray Downs, Moama, Tocumwal and Albury. The Victorian towns are, respectively, Mildura, Robinvale, Swan Hill, Echuca, Cobram and Wodonga.

3.25 The T.R.B. has organised and licensed a diversified group of co-ordinated rail/road passenger services over the years. Typical are the bus services between Bairnsdale and Sale, Morwell and Mirboo North, Lancefield and

Clarkefield, Wangaratta and Bright, Albury/Wodonga and Mount Beauty, Springhurst and Corowa, Goroke and Horsham, Warrnambool and Port Fairy and Merino and Hamilton. The T.R.B. has also licensed services, first introduced on purely interstate movements, to carry passengers wholly within Victoria. These are the services between Melbourne and Mount Gambier and Naracoorte and to and from Sydney via Princes Highway East. In both cases, the T.R.B. concluded that the areas beyond a reasonable distance from the rail services at Hamilton and Bairnsdale could hardly be regarded as tributary to the rail passenger services and that the added transport facility had considerable community value.

3.26 The Map at Appendix II shows the major road passenger services operating in country areas in 1970.

3.27 The T.R.B.'s attitude to charter services has caused anguish to the Railways which argues a loss of patronage to rail services. The T.R.B.'s policy has always been to concede a case for road transport for parties with a community of interest, subject to certain limitations. It gradually became more liberal and, in recent years, it has been influenced by the need of regular omnibus operators to augment their overall revenues so enabling continuation of normal passenger services which, considered separately, would be of questionable economic viability.

3.28 On the goods transport side, one reflection of the T.R.B.'s work is to be seen in the numbers of different licences issued in 1935 and 1970 and the revenue derived therefrom—

	1935		1970	
	Number.	Revenue.	Number.	Revenue.
"As of Right" Licences		$		$
Ea 25 miles of Melbourne G.P.O.	3,644	1,822	15,466	70,348
Eb 25 miles of Chief P.O. Ballarat, Bendigo, Geelong	376	188	1,514	6,675
Ec 25 miles of place of business	3,025	1,512	6,904	29,969
Ed Primary producers	2,959	1,480	17,705	8,979
Ef Butter factories	299	150	428	2,334
Eg Ancillary	13,530	6,765	55,553	238,196
Eh Third Schedule	581	290	13,136	56,961
Ei Decentralised industries	..	..	969	4,134
Discretionary				
'D' and temporary 'D'	1,457	8,379	14,742*	67,318
Total	25,871	20,586	126,417*	484,914

* Excludes some border licences.

3.29 But the road transport of goods is not confined to operators under licence, whether of the "as of right" or discretionary character. To carry goods beyond areas of entitlement stemming from licences, operators must secure permits from the T.R.B. In 1969–70, 159,718 permits were granted for a revenue of $914,671. Fees for permits were first introduced in 1941 but separate records of passenger and goods permits were not kept until 1948. For 1948–49, 44,027 permits for goods transport were issued for a revenue of $143,664.

3.30 Following the Railways strike between 16th October and 9th December 1950 during which the T.R.B. had to organise an extensive system of road services to provide essential goods transport throughout Victoria, the T.R.B. introduced a permissible list of traffic for which permits would be issued on application. It was sometime after the strike before the Railways were able to provide an adequate service and, in addition, coal restrictions seriously affected services through 1951. As services returned to normal, the T.R.B. progressively tightened its permit policy. As from 1st February 1953, it reverted to the practice of single trip permits ; automatic permits being limited to traffic that could not be catered for by the Railways because of lack of trucks, transit time, &c. or to special or exceptional movements of goods for which road transport, with its minimum handling and packing, possessed clear and substantial advantages. Since then, only minor variations in policy have occurred, with rather special permit arrangements applying in relation to Geelong–Melbourne traffic.

3.31 In one of its Reports, the T.R.B. derived some satisfaction in that it had been found possible, in relation to commercial passenger vehicles, to find and maintain tenable and satisfying principles to guide regulatory policy. With goods

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transport, the T.R.B. felt it had not been possible to reach a position " where clear, fixed principles could be established for detailed application, in all circumstances, to determine division of function as between rail and road transport as is, ideally, the objective in relevant provisions of the Act ".

3.32 If that were the epitaph of the present T.R.B., it would have nothing to be ashamed of or about which to make excuses. It has said, somewhat plaintively, that many " seeking extension of road authority appear to find difficulty in seeing the issues of transport regulation in proper perspective . . . . particularly where individual interests are concerned to demonstrate the values of road transport for their particular industry or firm ". However the abiding impression left to this Board at the close of its work is of the high regard held for the T.R.B. throughout the land transport industry —for its fairness and for its integrity. In great measure, the high reputation enjoyed by the T.R.B. stems from its adherence throughout its history to the philosophy of gradually extending the scope for employment of road transport. Unlike Canute, it has had the great wisdom and perspicacity to move its chair progressively beyond the reach of the waves which otherwise would have engulfed it. Just how far this progress towards road freedom has gone in the 38 years since the 1933 Inquiry Report will be indicated in Chapter V.

3.33 The T.R.B.'s staff numbered 35 at 30th June 1935. By 30th June 1970 the number had swelled to 501 and the T.R.B. maintained 12 Regional offices. Over the period, its revenue increased from $29,993 to $10,984,995 and its expenditure from $34,820 to $10,884,764. Of this, the T.R.B.'s own administrative and capital expenditure in 1969–70 was $1,987,905, the remainder going as payments to other Agencies like the C.R.B. and Municipalities. Details of revenue and expenditure appear in Appendix III.

Legislative Changes

3.34 The 1933 Transport Regulation Act made provision for the regulation of both road passenger and commercial goods vehicles. In 1955, the provisions dealing with commercial goods vehicles were separated out to become the Commercial Goods Vehicles Act.

3.35 Apart from some amendments extending the jurisdiction of the Transport Regulation Board to cover passenger vehicles throughout Victoria, changing the currency period of a licence and dealing with compensation for cancelled or varied licences, no real changes have been made over the years in the licensing provisions applicable to road passenger vehicles. In the case of commercial goods vehicles, major changes have been as follows:—

- in 1941, operations by " ancillary " vehicles were limited to 50 miles from the principal place of business and these vehicles were not to exceed 4 tons load capacity;
- carriage of petroleum products in containers was restricted to 50 miles radius from a depot;
- in 1947, primary producers vehicles, not exceeding 2 tons load capacity, were exempted from licensing;
- in 1953, the right of a primary producer to carry for a neighbour was removed. Potatoes, onions, and citrus fruits were excluded from the Third Schedule to the Act;
- in 1955, citrus fruits were restored to the Third Schedule, and market garden and orchard produce was limited to that which was unprocessed;
- in 1963, approved decentralised secondary industries were given the right to operate their own vehicles throughout the State;
- in 1965, the 20-mile radius of operations for hire and reward carriers outside Melbourne, Ballarat, Bendigo and Geelong was extended to 25 miles radius, with a limitation on journeys to 30 road miles.

3.36 By the *Transport Act* 1951, a Ministry of Transport was established " for the purpose of securing the improvement, development and better co-ordination of railway, tramway, road and air transport in Victoria ". Previously this had been a function of the T.R.B. Under the Minister of Transport, provision was made for a Co-ordinator of Transport with the following functions:—

- to make reports and recommendations to the Minister in relation to the improvement, development and better co-ordination of transport in Victoria;

- to furnish proposals to the Minister for legislation designed to carry into effect such reports and recommendations;
- to report upon any particular matters in relation to transport whenever so required by the Minister;
- to convene and preside at conferences between the bodies or persons administering various forms of transport in Victoria;
- to exercise any powers and carry out any duties conferred or imposed on the Co-ordinator by the Act or any other Act.

These provisions are now to be found in the Consolidating *Ministry of Transport Act* 1958. The Co-ordinator was later re-named the Director of Transport.

3.37 One other enactment requires mention, namely, the *Road Traffic (Road Safety and Traffic Authority) Act* 1970, administered by the Chief Secretary which set up a Road Safety and Traffic Authority with the following functions:—

- to carry out research and investigation into road accident prevention;
- to promote road accident prevention practices;
- to make such inquiries and investigations as the Authority considers necessary in the discharge of its functions;
- to request any municipality to adopt road accident prevention practices specified by the Authority;
- to advise the Minister on road accident prevention policies; on any matter relating to traffic control referred by the Minister, and generally as to any matter for the improvement of traffic conditions and the control of traffic.

The Roads and their Users

3.38 Under the Country Roads Act, roads may be classified as State Highways, Freeways, Tourist Roads, Forest Roads or Main Roads. The following table compares the road mileages given in the 1933 Inquiry Report and in 1970:—

	State Highways	Main Roads	Other Roads	Total
1933	2,230	6,395	94,355†	102,980
1970	4,506*	9,066	87,469‡	101,041

* includes 66 miles of Freeways
† includes 3,559 miles of Developmental Roads
‡ includes 1,060 miles of Tourist and Forest Roads

At Appendix IV is a map showing the present C.R.B. road system with an overlay showing the system in 1933.

3.39 In 1934, only 6,216 miles of Victorian roads had a pavement of bituminous seal or higher grade. In 1970 the mileage with such pavements was 31,474, a five-fold increase over 1934, with 4,258 miles on State Highways and 8,250 on Main Roads. The total mileage of all paved roads in 1934 was 28,264. By 1970 the mileage stood at 45,539.

3.40 The growth in the mileage of paved roads is merely one indicator of the development of the Victorian road system since the 1933 Inquiry Report. Roads have been constructed and rebuilt with wider pavements, to stronger standards and with much heavier duty surfaces. Shoulders have been treated similarly. Roads have been duplicated by divided highways. Additional and climbing lanes have been introduced: so have lane delineation, edge markings and better road signs.

3.41 New standards for bridges, permitting use by vehicles considerably in excess of today's legal loadings, were adopted by all Australian State Road authorities in 1952. Since then over 2,500 bridges have been built in Victoria to these new standards. But some 12,000 bridges remain which measure up only to the effects of the present legal loadings.

3.42 In yet other ways, road designs have had to keep pace with the growth in numbers and sizes of commercial vehicles. Intersections are a case in point. Because of the dimensions of commercial vehicles, the swept path, or area of roadway covered by a vehicle in making a turn, is usually the design criterion for turning lane widths, turning radii and widths of median openings. One consequence is an increase in lane widths at intersections. Another is that kerbs may have to be strengthened and made semi-mountable and medians fully paved to support heavy loads.

The Years Since the 1933 Inquiry Report

3.43 The content of commercial vehicles in the traffic stream has a direct bearing on the traffic carrying capacity of two-way two-lane rural roads. On flat terrain, each commercial vehicle displaces the equivalent of about two passenger cars. On grades the influence of commercial vehicles depends on the length of grade as well as the grade itself: for example, a commercial vehicle climbing a 3 per cent grade of one mile would have ten times the effect on surrounding traffic it would on flat terrain. Put another way, with 20 per cent content of commercial vehicles in the traffic stream, a volume of 1,400 vehicles per hour on a flat terrain of two-way two-lane road could be operating at " tolerable capacity ". In undulating terrain, the traffic volume creating the same driving conditions would be reduced to 950 vehicles per hour and a 3 per cent grade of one mile would carry only 360 vehicles per hour.

3.44 In general, commercial vehicles become a significant factor in road design where the percentage content of them in the traffic stream is relatively high and/or when the route traverses undulating terrain. Duplication has to be faced at the limit of " tolerable capacity " but where only isolated long or steep grades are encountered over relatively small lengths, climbing lanes may suffice.

3.45 Considering solely for a moment the activities of the C.R.B., the following table shows the explosion in growth of its revenue and expenditure: in round terms a twenty-fold increase under both heads since the 1933 Inquiry Report:—

	Receipts	Payments
	$	$
1932–33	3,656,000	3,972,000
1969–70	85,267,015	87,971,770

Details of the C.R.B.'s revenues and expenditures for the years 1932–33 and 1969–70 are in Appendices V and VI. The sources of revenue in 1969–70 are elaborated in Appendix VII.

3.46 Examination of the detailed figuring reveals that:—

- nett receipts under the Motor Car Act rose from $2,172,000 to $30,868,165;
- gross receipts under the Commercial Goods Vehicles Act, by way of Road Maintenance Charge, amounting to $8,555,278, provided an item in 1969–70 not present in 1932–33;
- receipts under the Commonwealth Aid to Roads legislation rose from $664,000 to $38,160,000.

3.47 Two further sets of data are significant:—

- over the period 1st July 1933 to 30th June 1970, no less than $376 million of the funds available to the C.R.B. for road works came from Commonwealth sources, i.e. 42·4 per cent. of the total funds available;
- of the total funds of $937 million provided to the C.R.B. for road works up to 30th June 1970, only $50,614,243 was by way of loan, of which, at 30th June 1970, $33,925,287 was outstanding. Sinking fund and interest payments during 1969–70 were $2,443,416.

3.48 Additional to the C.R.B.'s expenditures in 1969–70 were the following expenditures on roads:—

- $55,140,000 by local government authorities (1968–69 figures, latest available);
- $12,463,859 by the Melbourne and Metropolitan Board of Works.

A deal of these expenditures by local authorities would be from borrowed moneys.

3.49 Thus the total expenditures associated with Victorian roads in 1969–70 were of the order of $150 million, of which over $45 million was devoted to maintenance. The lack of data about local authority expenditures on roads for the earlier years precludes any meaningful comparison of the overall performance between 1932–33 and 1969–70.

3.50 Statistics for registrations of motor vehicles are now compiled differently from in the early thirties. Registrations in 1932 were reported by the 1933 Inquiry Board as totalling 149,465; as at 31st December 1970, the corresponding figures stood at 1,331,703, nearly a nine-fold increase. This was

made up of 1,098,140 cars and station wagons, ambulances and hearses ; 131,273 utilities and panel vans ; 97,328 trucks excluding tractors, plant and trailers ; and 4,962 omnibuses.

3.51 The data available, which regrettably is incomplete in detail, shows clearly that there has been a much slower growth in the number of commercial goods vehicles, as contrasted with cars and station wagons.

Growth in Motor Cars and Commercial Vehicles

(all figures at 31st December)

	(1) 1955.	(2) 1962.	(3) 1970.	(4) Percentage increase of (2) on (1).	(5) Percentage increase of (3) on (2).	(6) Percentage increase of (3) on (1).
Motor Cars and Station Wagons	428,233	681,025	1,098,140	59·03	61·24	156·43
Utilities and Panel Vans	95,634	125,798	131,273	31·54	4·35	37·26
Trucks—						
Table Top	50,284	48,427	na	— 3·7	na	na
Van	5,781	12,513	na	116·5	na	na
Tipper	6,369	8,888	na	39·6	na	na
Articulated	4,754	6,763	na	42·26	na	na
Others	3,174	2,890	na	— 9·83	na	na
Total Trucks ..	70,362	79,481	97,328	12·96	22·45	38·32
Omnibuses	2,580	3,409	4,962	32·1	45·55	92·32

3.52 The data available points up a trend towards larger capacity trucks in the total truck population.

3.53 Between the Censuses of Motor Vehicles in 1955 and 1962, the articulated vehicle made rapid strides. The following table shows the percentages of total truck carrying capacity represented by the four chief categories of trucks.

Category.	1955.	1962.
	%	%
Platform/Table Top	66·4	54·0
Vans	5·3	6·7
Tipper	11·8	14·5
Articulated	16·5	24·8
	100·0	100·0

3.54 Over the seven year period, the changes in the total capacity of trucks of the same categories, with a capacity of 2 tons and over, may be seen from the following table:—

Category.	Percentage change between 1955 and 1962.
Platform/Table Top—	
2–7 tons	+ 2·83
7–12 tons	+110·5
12 and over tons	+ 81·8
Vans—	
2–7 tons	+ 29·10
7–12 tons	+103·2
12 and over tons	+550·0
Tipper—	
2–7 tons	+ 37·26
7–12 tons	+293·6
12 and over tons	+283·3
Articulated—	
2–7 tons	— 61·26
7–12 tons	+ 6·4
12 and over tons	+491·5
All trucks—	
2–7 tons	+ 8·17
7–12 tons	+ 38·5
12 and over tons	+472·6

3.55 The same trend to the articulated truck is seen from the following table categorising the number of trucks over 2 tons load capacity registered in Victoria in the first six months of 1969 and 1971:—

	1969.		1971.	
	Rigid.	Articulated.	Rigid.	Articulated.
2–8 tons	1,490	4	1,397	16
8–12 tons	202	106	160	93
12–16 tons	20	255	30	229
16 and over tons	..	132	1	170

3.56 And the same trend to higher carrying capacity is seen from the following table showing the carrying capacity of the vehicles registered as at 31st December in 1968 and 1970:—

	1968.	1970.	Percentage Movement between 1968 and 1970.
2–7 tons	49,393	48,975	— 0·84
7–12 tons	9,787	10,896	+11·33
12–16 tons	4,257	4,464	+ 4·86
16 and over tons	832	1,406	+68·99

3.57 There have also been increases in vehicle dimensions and permissible loads. For example, the maximum length of semi-trailers allowable without permit was increased from 45 feet to 47 feet in May 1966 ; the maximum allowable height of all vehicles was increased by 6 inches to 13 feet in February 1968 ; the maximum allowable width of all vehicles was increased from 8 feet to 8 feet 2½ inches in January 1969 ; and the maximum length of buses allowable without permit was increased from 33 feet to 36 feet in January 1970. All the lower figures given were those operative in 1933. No change has yet been made to the 1933 lengths of 31 feet for rigid vehicles or of 50 feet for trucks and trailers, though this latter limit is presently under review.

3.58 Increases in vehicle dimensions and loads appear to respond to legislative changes. A C.R.B. survey in October 1970 of all commercial vehicles travelling south on Hume Highway near Seymour showed that 20 per cent of semi-trailers measured were between 8 feet and 8 feet 2½ inches wide. 50 per cent of like vehicles were between 45 feet and 47 feet in length.

3.59 Permissible weights have been decidedly increased since 1933, as the following illustrates:—

	1933.	1970.
	tons	tons
2–axled vehicles—		
(*a*) when competing with railways	8	12½
(*b*) otherwise	10	
Rigid 3–axled trucks	13	up to 17½*
Articulated vehicles—		
3 axles	13	up to 20½
4 axles	13	up to 25½
5 axles	13	up to 32

* Some additional permissible weight can be achieved by the use of spread tandem axles and this is commonly the case with 4 axle articulated vehicles.

3.60 In terms of payload, the following table compares the approximate payload equivalent of the various vehicle types of today with 1933:—

Type.	Payload.	
	1933.	1970.
	tons	tons
Rigid—		
2 axles	5	8½
3 axles	7	11½
Articulated—		
3 axles	8	12½
4 axles	..	16
5 axles	..	20

3.61 In 1933, the speed limits for goods vehicles were 15 m.p.h. for trucks over 8 tons gross weight, 20 m.p.h. for 3 to 8 tons and 25 m.p.h. for trucks not exceeding 3 tons. For buses, the speed limits were 25 m.p.h. for vehicles over 3 tons gross weight and 30 m.p.h. for those not exceeding 3 tons. The 1970 limits given below are substantially higher:—

Any vehicle registered to carry fare passengers ..	50 m.p.h.
Commercial vehicles (pneumatic tyres)—	
Gross weight over 3 tons or if a trailer with a gross weight over 1 ton is attached	40 m.p.h.
Gross weight under 3 tons and if the gross weight of a trailer attached is less than 1 ton	45 m.p.h.

3.62 Apart altogether from the increase in truck capacity, over the 37 years since the 1933 Inquiry Report, a vast range of sophisticated and special purpose commercial road vehicles has emerged, i.e. for the carriage of refrigerated cargo, motor vehicles, bulk flour, cement, liquids, and so on. Concurrently, there has been a continuing improvement in methods of, and equipment for, handling goods. Palletisation, containers and tipping and loading devices are but a few examples.

3.63 It seems clear that truck capacity in Victoria is considerably in excess of the current total road transport requirement.

3.64 Starting from the estimates of the Department of Shipping and Transport that, in 1968–69, the total road transport task in Australia involved the movement of 479 million tons with 12,585 million ton miles performed, it may be estimated that the corresponding figures for Victoria are 116 million tons and 3,030 million ton miles. If then one takes the total capacity of Victorian commercial goods vehicles, with a capacity of 10 cwt. or more, and assumes that each vehicle were always fully loaded (unachievable, of course, in practical terms) the total Victorian road transport task could have been performed by each vehicle making 145 return journeys of 26 miles each way.

3.65 Rather more realistic data pointing up the underutilisation of truck capacity in Victoria is available.

3.66 In 1963 a Survey of Motor Vehicle Usage was made by the Commonwealth Bureau of Census and Statistics which covered all goods carrying vehicles. It revealed that, in Victoria, business mileage of all trucks accounted for 98·3 per cent of all mileage and that, of this, 70·2 per cent was mileage with load. The average load per truck while loaded was 3·33 tons. The average load capacity per truck (as at 31st December 1962) was 4·25 tons.

3.67 In 1970 the C.R.B. conducted twenty-four hour checks of goods vehicles, having six or more tyres, at key points on six major Victorian roads, three being heavy traffic routes, e.g. Princes East (Yarragon), Hume (Seymour) and Western (Melton) Highways, and the remainder being medium traffic routes, e.g. Glenelg (Westmere), Calder (Carlsruhe) and Northern (Heathcote) Highways. The result is shown in the following table:—

	Unladen.	Laden or Part Laden.	Total.	% of Unladen.
Rigid Trucks				
2 axle	195	562	757	25·8
3 axle	37	133	170	21·8
4 axle	3	4	7	42·9
	235	699	934	25·2
Semi–Trailers				
3 axle	120	287	407	29·5
4 axle	163	414	577	28·2
5 axle	47	156	203	23·2
6 axle	1	8	9	11·1
4 odd	1	4	5	20·0
Spread 4..	11	51	62	17·7
Spread 5..	17	125	142	12·0
	360	1,045	1,405	25·6
Trucks and Trailers				
3 axle	2	8	10	20·0
4 axle	1	1	2	50·0
5 axle	1	3	4	25·0
	4	12	16	25·0
Total Vehicles	599	1,756	2,355	25·4

The Years Since the 1933 Inquiry Report

3.68 There are measures of the growth in commercial vehicle traffic.

3.69 Reverting to the estimates of the Department of Shipping and Transport, over the 15-year period 1954–55 to 1968–69 the total tonnage carried by road in Australia increased from an estimated 201·34 million to an estimated 479·25 million, or by an annual average rate of growth of 5·95 per cent, and the ton miles performed by road increased from an estimated 6,352 million to an estimated 12,585 million, or by an annual average rate of growth of 4·66 per cent. It is sufficient for present purposes to assume that similar trends would be applicable to Victorian road movement of goods.

3.70 Another indicator is presented by the measurements of traffic volumes on various Victorian roads over the 1960–70 period. These volumes are derived from the C.R.B. March traffic censuses conducted over a 12-hour period (7.00 a.m. to 7.00 p.m.) on a Wednesday in March each year. For present purposes, commercial vehicles are vehicles with dual wheels or six or more tyres.

3.71 The C.R.B. estimates that the average commercial traffic growth rate has been of the order of 2 per cent. By contrast, over the 10 years to 1970 there was a compound growth rate of about 5 per cent per annum for "all traffic" on a predominantly rural selection of State highway sites. Appendix VIII shows the growth in commercial traffic on a number of State Highways during the period. The growth rate shown is expressed as a percentage compound annual rate. Where 1960 traffic data is available, 1960 has been used as a base year for growth rate estimates. Appendix IX shows the 1970 March count volumes for the same Highways.

3.72 To be noted, in passing, is that commercial vehicle traffic travelling outside the normal 12 hour count on a number of State highways is a considerable percentage of the total 24 hour traffic, as shown in the table below:—

Locality.	Night (7 p.m.—7 a.m.) as a Percentage of 24-hour Traffic.	
	Commercial Vehicles.	All Vehicles.
	%	%
Hume Highway, Seymour	46	39
Northern Highway, Heathcote	46	24
Western Highway, Melton	38	21
Calder Highway, Carlsruhe	33	23
Princes Highway, Yarragon	20	18

It will be seen that on the northern interstate route the night traffic of commercial vehicles is not greatly less than the day.

3.73 Data about the actual tonnages moved by road and the directions in which the tonnages move in Victoria are meagre.

3.74 The survey completed in 1965 under the auspices of the Metropolitan Transportation Committee disclosed that about 310,000 tons were moved daily in the Melbourne urban area by commercial vehicles and rail. Three-fourths of this was transferred from one location to another within the area, almost all (99·6 per cent) by road. Goods moving into or out of the area comprised the great bulk (70,685 tons or 23 per cent) of the residue, of which road moved three-fifths (42,735 tons) and rail two-fifths (27,950 tons). Goods moving through the survey area amounted to 2 per cent of the total, with most (80 per cent) moving by rail.

3.75 Of the 42,735 tons moved into or out of the area by road, 33·3 per cent was from or to the north (the Hume Highway being a major outlet), 27·1 per cent the south-east (the Princes East and South Gippsland Highways), 15·7 per cent the west and north-west (Western and Calder Highways) and 14·7 per cent the south-west (Princes Highway West).

3.76 The T.R.B. made a survey of total Victorian road movements *under permit* in 1968. It involved some estimating in so far as movements under periodical permit were concerned. It revealed a total movement of 2,164,837 tons. Some 37 per cent moved up to 50 miles, chiefly between Melbourne and Geelong ; 19 per cent moved between 50 and 75 miles ; and 16 per cent between 76 and 100 miles. The tonnage moved between 101 and 150 miles

was 17 per cent of the total ; between 151 and 200 miles, 2·8 per cent ; between 201 and 300 miles, 7·1 per cent ; and over 300 miles, 1·1 per cent. Over two-thirds of the permits related to movement into and out of Melbourne.

3.77 The T.R.B. estimated the annual tonnage of goods moved to Victorian towns via adjoining States, i.e. " border hopping " not subject to permit control, at approximately 400,000 tons with Melbourne, Geelong and Portland the main points of origin or destination.

3.78 Further illumination is to be found in another survey made by the T.R.B. in August 1970 of road movements under permits. This excluded some movements under periodical permits. The survey disclosed the movement of 51, 354 tons by 9,132 trips from Melbourne and of 80,508 tons by 7,139 trips to Melbourne. Of the total tonnage of 131,862, 22·5 per cent moved between Melbourne and Geelong, 4·7 per cent between Melbourne and Ballarat, 2·4 per cent between Melbourne and Bendigo, 2·3 per cent between Melbourne and Broadford, 2·1 per cent between Melbourne and Shepparton, 1·9 per cent between Melbourne and Maryvale, and 1·8 per cent between Melbourne and Lara. The remaining 62·3 per cent moved between Melbourne and towns none of which accounted for more than 1 per cent.

3.79 In addition, 31,292 tons were moved under permit other than to or from Melbourne. This means that the total tonnage moved under permit was 163,154 during August 1970. And since the T.R.B. considers the August traffic might be taken to represent one-twelfth of the year's figures, extrapolation produces an annual figure of 1·958 million tons. 41·14 per cent of the total tonnage was carried for no more than 50 miles, 17·63 per cent between 50 and 75 miles, 15·76 per cent between 75 and 100 miles, 15·54 per cent between 100 and 150 miles, 5·95 per cent between 150 and 200 miles, 3·31 per cent between 200 and 300 miles, 0·67 per cent over 300 miles.

3.80 Of course, " permit " traffic is but a portion of the tonnages moved by road by licensees under the Commercial Goods Vehicles Act and for the reasons mentioned above, even the " permit " traffic must be regarded as conservatively based.

3.81 Other collections of data on weekdays in 1970 by the C.R.B. provide a key to the relative use of roads by different categories of vehicles. The following figures show the observed proportions of commercial vehicles to all traffic in day and night traffic at the points listed—

—	1	2	3	4	5	6
	7.00 a.m.–7.00 p.m.			7.00 p.m.–7.00 a.m.		
	Number of—		Percentage 1 of 2.	Number of—		Percentage 4 of 5
	Commercial Vehicles.	All Vehicles.		Commercial Vehicles.	All Vehicles.	
Hume Highway (Seymour) ..	956	3,440	27·8	811	2,200	36·9
Northern Highway (Heathcote)	139	1,100	12·6	118	350	33·7
Western Highway (Melton) ..	652	4,400	14·8	400	1,170	34·2
Calder Highway (Carlsruhe) ..	234	2,120	11·0	116	630	18·4
Princes Highway East (Yarragon)	392	4,020	9·8	98	880	11·1

3.82 The Geelong Road deserves particular mention. It carries the heaviest volume of traffic, excluding metropolitan highways. Moreover, the proportion of commercial vehicles in the total volume is the highest. This is consistent with other data about the Melbourne–Geelong traffic presented in this Report.

3.83 In response to this Board's question as to when, given continuation of present trends and composition of traffic, the present Geelong Road's carrying capacity would be reached, the C.R.B. estimated that for the Laverton section the year would be 1982 for weekday traffic, and 1975 for holiday–weekend traffic, and for the Lara section the years 1990 (with less certainty) and 1981, respectively. In short, it would be the weekend recreational traffic that would

determine the time when the road's carrying capacity would have to be increased. Two sets of figures taken from traffic flows north of Separation Street, Geelong, demonstrate this—

—	Cars and Station sedans.	Utilities and light vans.	Trucks.	Others.	Total.
6 a.m. to 10 p.m. Sunday, 10th January, 1971	32,097	1,344	293	260	33,994
7 a.m. to 7 p.m. Wednesday, 18th March, 1970	15,200		1,402	596	17,198

3.84 To aid the planning of future road programs, a survey of road needs was undertaken during 1967–68 throughout Australia by the State Roads Authorities, municipalities, and the Commonwealth Bureau of Roads. For Victoria, this threw up a backlog of needs at 1st July 1969 and needs during two quinquennia over the 1969–79 period. For Victoria, a total of $1,626 million emerged for construction and $409 million for maintenance. It was estimated that revenues expected to be available would fall short of these sums by $181 million. For the purpose of the survey, a standard growth curve was adopted, save for the urban areas of Melbourne and the major provincial cities. The growth curve was derived by the Bureau of Roads from estimates of population growth, of growth in the ownership rate of both commercial and private vehicles and of changes in the average annual use of vehicles. Implicit, among many assumptions, was that neither changes in the kind of vehicle employed in road transport nor in the system of regulation would alter traffic growth significantly.

3.85 The following emerges from this brief review of the period 1933 to 1970:—

- there has been a vast improvement in the quality of the Victorian road system ;
- this has been achieved at great cost, with, in the case of C.R.B. expenditures, Commonwealth Aid and various imposts on motor vehicles contributing the lion's share ;
- the quality improvement has been a response to the growth in the motor vehicle population but has been greatly influenced by the requirements of commercial vehicles, particularly the heavier commercial goods vehicles.
- the growth in numbers of commercial vehicles has been much slower than that of cars and station wagons ;
- the trend among commercial vehicles has been to trucks of greater dimensions and carrying capacity, with articulated vehicles constituting a growing proportion;
- the estimated annual average rate of growth of about 6 per cent over the past 15 years in the total tonnage carried by road has far outstripped the like growth in the commercial goods vehicle population which has been of the order of 2·2 per cent ;
- the total capacity of commercial goods vehicles is, *prima facie,* in excess of that required for the present road transport task ;
- it is the motor car that is the principal claimant for road space, though the trucks claim is, per vehicle, greater;
- it is the truck which determines the strength of the roads and certain other design characteristics and may, depending on the truck content of the total traffic volume, influence the duplication of roads or the provision of climbing lanes ;
- such increase in the road transport task as results from normal annual increase in that task and as may result from adoption of the recommendations made later in this Report is unlikely to be accompanied by a corresponding increase in the total truck population.

Changes in the Character of the Road Transport Industry

3.86 The system of haulier operated depots referred to in the 1933 Inquiry Report has vastly expanded and become more complex over the intervening years. The number and size of depots have kept pace with the increase in road movement of goods, both for long and short haul.

3.87 In earlier years, road movements were mostly under the control of individuals who had use of space in a depot. Depots were mainly run by persons not directly concerned with the actual movement of goods but acting as agents in providing space and receival staff. Nowadays, particularly with the emergence of nationwide major company carriers and forwarding agents, there is a much greater direct control by the carrier who does, or by the agent who organises, the line haul.

3.88 In the case of Victoria this development is by no means confined to Melbourne. In the 1930s delivery of goods in country centres was mostly made direct to the consignee from the vehicle doing the long haul: few operators had depot based vehicles for local pickup and delivery. Today, most carriers engaged in long haul must make up and break down loads at country depots. Delivery into depots at both ends of the long haul is mainly by ancillary vehicles, supplemented by carriers' own vehicles specialising in short haul movement.

3.89 Although long haul carriers have largely assumed direct control of depot receivals and deliveries, often more than one carrier may have space in a depot building, thus reducing the number of deliveries by ancillary and sub-contractor short haul operators.

3.90 This development of depots has become a major factor in the operation of road transport. Often, and especially in connection with interstate goods movements, depots have their own rail sidings. Mechanical handling equipment is employed on a large scale. Radio-equipped vehicles allow speedy pickup of goods. In short, long haul road transport operations these days have many of the characteristics of railway operations and road transport operators have, on a smaller scale, to meet similar capital and other expenses in relation to provision of depots and equipment and their operation as do the Railways.

3.91 The freight forwarding agent is another development since 1933. Nowadays, he plays a major part in the interstate movements of goods and, in some States, intrastate traffic—rail and road in both cases. He may hire railway vehicles; order vehicles and pay a set charge for them, being permitted to load up to their maximum capacity; or pay a basic rate for a prescribed minimum loading with an incentive rate for additional loading.

3.92 Accompanying the emergence of the nationwide company carriers and freight forwarding agents has been the diminished role played by the owner/driver who engaged in free lancing operations to secure his loads. These owner/drivers dominated the field of road transport of goods between 1950 and 1960. Since then the sub-contractor system has developed under which the individual truck owner has become a sub-contractor relying on others, large carriers or freight forwarders, to organise his loads for him and often actually operating in the colours of the prime contractor. This gives road transport a big advantage over rail in that the consumer can be quoted a through, door to door rate, with responsibility assumed right through by the carrier/forwarding agent.

3.93 The Annual Report of the Victorian Road Transport Association for the year ended 30th June 1970 noted—" there are clear signs that the supply of experienced stable sub-contractors may be diminishing and this emphasises the need to apply realistic cartage rates. More transport companies are looking to tow-drivers, i.e. drivers furnishing only a prime mover, to fill their needs . . . . ".

3.94 While there is no significant difference between the railways and the road depot system as receival and dispersal points, the road depot is used largely for the " smalls " run of traffic. For bigger lots, road transport can provide door to door service by pick up direct from the consignor and delivery direct to the consignee. The prime distinction is, however, that, with rare exceptions, the Railways assume no through responsibility to the user for the total transport movement.

The Railways

3.95 The Victorian Railways have undergone many vicissitudes since the 1933 Inquiry Report.

3.96 Despite the regulatory system, a principal purpose of which was to protect the Railways, their financial position continued to worsen. In 1938 $60 million of the Railways Loan liability was transferred to the account of the

State Treasury. A continuing deterioration in Railways finances led to the Treasury providing substantial relief to the extent of $22 million over the period 1949–50 to 1954–55 in respect of payment of charges on outstanding capital. Further relief to the Railways was provided over the period 1961–62 to 1963–64, when Treasury assumed complete responsibility for all payments in respect of outstanding capital. Then, by Act No. 7214 in 1964, the Railways were relieved of all interest, sinking fund and exchange on all Loan liability incurred before 1st July 1960.

3.97 Notwithstanding these decisions, the whole of the Railways Loan liability, except the $60 million transferred to Treasury account in 1938, still stands in the Railways accounts. As at 30th June 1970, this liability stood at $368·2 million.

3.98 Concurrently with the relief just described, to aid the resuscitation of the Railways and to further the Operation Phoenix programme in the post-war period, the Government provided $119·2 million for the Railways over the period 1st July 1950 to 30th June 1964, by way of non-interest bearing funds. Of this sum, $24·1 million became interest bearing as from 1st July 1964 by virtue of Act No. 7214 already mentioned.

3.99 There is yet another thread in the Government–Railways financial relations. Under Act No. 4429, operative from 1st July 1937, a Renewals and Replacement Fund was created in place of the Rolling Stock Replacement Fund, for the purpose of financing railway renewals and replacements other than those carried out in the ordinary course of maintenance. This Act provided that the sum of $400,000, to be found from Railway Working Expenses, together with any amounts provided by Parliament for the purpose and any monies obtained from certain specified sources were to be paid annually into the new Fund.

3.100 It was estimated at the time that accrued depreciation of railway assets amounted to $54 million. For several years contributions to the Fund not only failed to meet any of the accrued depreciation but were less than the cost of making good even the depreciation which accrued each year, estimated at upwards of $1·3 million. During the war, the shortage of current depreciation was made good by some abnormal contributions. At the end of 1950–51 the contributions totalled $19·9 million made up as follows:—

	$
Statutory annual appropriations of $400,000 each ..	5,600,000
Additional funds provided by Parliament	10,800,000
Rail and road motor depreciation charges, &c. made through Branch working expenses	727,454
Sales proceeds and other sundry credits	1,364,544
Interest earned on invested cash balance from time to time	1,406,584
	19,898,582

3.101 Heavy withdrawals from the Fund in the early post-war years for the purchase of rolling stock and the impact of steadily rising prices resulted in the Fund becoming exhausted in 1950–51. Expenditure was as follows:—

	$
Replacement and renewals of rolling stock and equipment	13,303,246
Way and Works renewals	4,547,828
Renewal of plant and equipment of Electrical Engineering Branch	2,047,508
	19,898,582

3.102 The Railways have followed the practice of dividing their expenditure of Loan Funds between renewals and replacements and capital purposes. They told this Board that, of the $317 million made available between 1st July 1950 and 30th June 1970, $187·7 million was spent on renewals and

replacements and $125·3 million on capital works. When this Board looked into the definitions supporting this division, it found that the Railways treated as capital purposes:—

- facilities to increase capacity: track duplication, crossing loops, improved yards, goods handling facilities, &c.;
- technological improvements to raise standards of service, increase efficiency or reduce costs—electricification of lines, extension of automatic power signalling and centralised traffic control, plant for mechanised track maintenance &c.;
- betterments carried out in conjunction with renewal or replacement projects, such as the replacement of a timber bridge by a permanent structure of steel and concrete.

In this latter case " an appropriate apportionment is made between capital and renewals funds ". In the case of track relaying, the expenditure would be regarded as for capital purposes " only in the event of substantial upgrading of the track for heavier and more intense traffic ". So e.g. substitution of 94 lb. rail for 80 lb. rail would not be regarded as capital purpose expenditure. As to locomotives and rolling stock, passenger and goods, Railway practice dates back some 20 years and its application has led to the odd result that, for these items, the Railways regard only $4 million of the $317 million as being attributable to capital purposes.

3.103 There is surely a need for review of these current practices. Such a review would be bound to show that the amount of loan funds which have been devoted to true renewals and replacements on which the Railways are paying interest, &c. is less than the Railways have claimed. For present purposes, the following is the break-up of expenditure from the $317 million Loan Funds made available over the 20-year period:—

—	Shown by the Railways as—		Total
	R and R	Capital	
	$ millions	$ millions	$ millions
Ways and Works	47	106·3	153·3
Locomotives	46·7	4·0	50·7
Cars and vans, including suburban trains	45	..	45
Wagons	45	..	45
Electrical Branch	4	9	13
Other	..	6	6
	187·7	125·3	313·0

The balance of $4 million relates to fund raising expenses, &c.

3.104 To complete this aspect of the financial position of the Railways it is necessary to refer to depreciation. The practice has been to charge each year the Railways working expenses for depreciation on road motors, rail motors, and printing works plant and machinery. In 1969–70 this amounted to $160,171. For all other Railways assets, depreciation is calculated each year, but the amounts so determined are not charged to Railways working expenses. Instead they are recorded as a book entry only. However, the statutory amount of $400,000 referred to above is charged to working expenses each year and credited to the Renewals and Replacement Fund and is regarded as a provision for depreciation. So, the total provision for depreciation for 1969–70 was $560,171. As the total figure for depreciation, as calculated by the Railways, amounted to $7,756,106 there was a short provision of $7,195,935 for the year.

3.105 Since the introduction of the Depreciation Account which only dates back to 1st July 1937, the total amount short provided to the 30th June 1970 was almost $88 million. This sum was calculated on the original cost of the assets, and even had this amount been set aside from working expenses, substantial additional provision would have been necessary to replace the assets.

The Years Since the 1933 Inquiry Report

3.106 The matter of depreciation provisions has been the subject of investigation by this Board in conjunction with the Railways. The provisions so far made by way of book entry are based on practices which date back very many years and on varying asset lives, some of which are odd in the extreme. Calculated on the bases appearing in Appendix X which have been discussed with the Railways, the under-provision for depreciation since 1st July 1937 would be of the order of $100 million instead of the $88 million already referred to.

3.107 Several things are clear. First the Railways are by no means meeting all charges in respect of capital sums that have been made available to them since the inception of the Railways. In short and over-simplifying matters, the Railways are paying interest on a capital debt of $159·4 million when the total amount by way of funds provided the Railways, whether interest bearing or non-interest bearing, amounts to $547·8 million, after excluding funds used in projects transferred to the State Electricity Commission. Second, there has been an enormous under-provision for depreciation. So, much of the Loan Funds made available has been spent on renewals and replacements and interest and other capital charges are being paid on funds so spent. Third, the published deficits over the years, therefore, tell only part of the Railways financial problem. Disregarding the oddities to which reference has been made and taking the Railways published results as they stand, only in six years since 1933 have the Railways disclosed a surplus in their accounts. If one considers the period from 1st July 1933 to 30th June 1970 the published accumulated deficit is $157·1 million, including the culminating then all time high deficit of $21,083,603 in 1969–70. The total accumulated deficit, which includes capital charges, was, of course, met by State funds.

3.108 The historical development of the Australian Railways has been divided by Dr. H. F. Bell into three phases. The first he described as " the great construction phase ", notable for " an over-exuberant attempt to service the rich rural resources beyond the areas of closest settlement . . . . (a) process stimulated by the mining discoveries, facilitated by a great wave of British investment, and at times carried to irrational excess by political parochialism ". The second phase, embracing the period from the end of World War I until 1950, Bell describes as one of " creeping obsolescence ", a period in which " the morale and efficiency of our rail system suffered great deterioration ". It was in this period that road transport began to make its spectacular advance, the depression of the 1930s played havoc with State budgets, and the Railways systems took the brunt of enforced economies. Undeniably, the Railways responded handsomely to the great demands made on them during World War II, but the cost in terms of the deterioration of their structure and rolling stock was great. In the immediate post-war period, shortages of resources added new frustrations and the burden of interest on debt and inadequate depreciation weighed on Railways Administrators. The last 20 years, Bell termed the " rejuvenation process ".

3.109 Broadly speaking, this generalised account depicts the Victorian Railways. Limiting consideration to the last 20 years, the elements that stand out are the Operation Phoenix Program which produced, *inter alia,* the electrification of the line to Traralgon and 180 steam locomotives which, in the event, had a very short life; the programme for complete dieselisation of the system; 60 " Harris " suburban electric trains; the introduction of mechanised track maintenance techniques; the inauguration of the first inter-capital standard gauge link, with modern passenger rolling stock and Centralised Traffic Control between Melbourne and Albury; the introduction of bogie changing devices enabling the rapid gauge transfer of goods rolling stock; the Melbourne Goods Hump Yard; and an all too restricted programme of goods rolling stock provision.

3.110 The dieselisation of the Railway system has now virtually been completed. Useful work had been done on the tracks by June 1970: with 839 route miles of 5 ft. 3 in. gauge and 165 route miles of standard gauge completed out of the 1,891 route miles planned for operation up to 70 miles per hour and over standards. Yet much of the remaining track continues to be in an unsatisfactory condition, with rails more than 50 years old and in short 60-ft. lengths and sleepering and ballasting leaving much to be desired. This aspect of railway operations had the attention of the Public Accounts Committee of the Victorian Legislative Assembly in a report of 14th July 1964.

3.111 By June 1970 automatic power signalling outside the metropolitan area was confined to 296 route miles, of which the Melbourne–Albury standard gauge line accounted for 195 miles and was the only instance of Centralised Traffic Control. As to rolling stock, one modern high speed self-propelled car has just been added to the rail motor fleet. The remaining 48 Rail Motors are aged between 18 and 43 years. In the last twenty years, 62 new passenger cars, all air-conditioned, have been built for interstate and country services and 2,504 bogie and 5,687 four-wheel freight vehicles have been issued to service.

3.112 The Railways continue to be very badly off for modern bogie goods vehicles and the price paid is high, e.g. in excessive maintenance costs, in inefficient use of the total fleet and in enforced slower running and, therefore, slower turnaround of trucks.

Wagon Stock on Register.	Bogie.		Fixed Wheel.	
	30.6.33.	30.6.70.	30.6.33.	30.6.70.
Flat Wagons	109	113	139	85
Open Wagons	615	812	15,081	12,682
Box Vans	31	230	104	377
Ventilated Box Vans	82	867	1,065	1,396
Motor Car Transports	..	79	..	..
Bulk Cement Wagons	..	142	..	65
Bulk Flour Wagons..	..	6	..	12
Livestock Vans	75	74	1,916	1,368
Tank Wagons	..	442	155	103
Bulk Briquette Wagons	..	..	..	338
Container Wagons	..	188	..	90
Flexi-Van Transports	..	18	..	..
Special Loading Wagons	13	174	11	358
Hopper Wagons	12	200	330	146
Iced Vans	..	5	417	441
Total	937	3,350	19,218	17,461

3.113 Wagons totalled 20,155 in 1933 and 20,811 in 1970. The rate of replacement by bogie stock of outworn four-wheeled stock has been insufficient to hold, let alone reduce, the average age of freight stock, as illustrated by the following table:—

Year	*Average Age (years)*	*Number over 50 years old*
1954–55	31·6	2,270
1959–60	32·3	3,350
1964–65	36·1	7,894
1966–67	36·4	8,626
1967–68	36·76	8,474
1968–69	36·88	8,332
1969–70	36·99	7,944

3.114 The condition and age of the goods rolling stock engaged the attention of the Committee of Public Accounts in its Report earlier noted. This Report drew attention to the growing costs of maintaining the fixed wheel stock; in the ten years from 1954–55 to 1963–64 annual wagon maintenance costs, strongly influenced by the preponderance of ancient fixed wheel stock, had risen from $3,002,320 to $5,596,140. By 1969–70 the cost had risen to $6,474,000. The report recommended increased loan moneys for the modernisation of rolling stock; yet in 1969–70 there were still more wagons over 50 years old than five years earlier.

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3.115 The enormous costs of maintaining ancient vehicles is brought out by the following table giving, in respect of ancient and modern vehicles, the average costs of body repairs at each five-year lift overhaul:—

Vehicle.	Av. Age.	Manhours involved.	Cost incl. materials.
			$
I			
4-wheel open wagon	58	16	64
QR			
Bogie open wagon	66	30	120
U			
4-wheel louvre van	40	48	190
T			
4-wheel iced van	57	60	250
L			
4-wheel sheep wagon	58	50	200
M			
4-wheel cattle wagon	60	45	180
GJX			
Bogie wheat wagon	5	6	20
VLX			
Bogie louvre van	5	20	95

3.116 Really major repairs are needed to L type sheep wagons every second lift involving 1,000 manhours and a cost of $4,000 and to the other ancient vehicles every third lift as follows:—

Type	Manhours Involved	Cost $
I	280	1,140
QR	450	1,850
U	800	2,974
T	1,190	3,700
M	1,000	3,800

3.117 To all of these costs in the last two paragraphs has to be added the costs associated with the loss of capacity resulting from down time for repairs.

3.118 Incidentally the value of scrap from an I type truck would be of the order of $230 and re-usable components would have a value of about $260.

3.119 To permit palletised loading, wagons have to be rebuilt. In the case of U wagons the average cost of modification is $2,000.

3.120 To be noted is that recent contract prices for GJX and VLX wagons were of the order of $11,400 and $13,000 respectively.

3.121 The average age of the Victorian interstate and country passenger rolling stock is even greater as the following tables demonstrate:—

Type of Vehicle	1933	1970	
	Number		
1st Class	197	109	(24)
Economy	374	275	(31)
Composites	206	75	(2)
Sleeping Carriages	21	31	(22)
Other Carriages	13	21	(9)
Total	811	511	(88)

The figures in brackets represent air-conditioned carriages

Year	Average Age (yrs)	Number over 50 years old
1954–55	45·4	284
1959–60	44·5	240
1964–65	45·9	278
1969–70	49·06	273

3.122 In terms of the railways performance since the 1933 Inquiry Report the record is bleak on the passenger side but encouraging on the goods side.

3.123 The 1933 Inquiry reported that country rail journeys per head of population had by 1931–32 declined to 4·9 from 9·9 over the years 1919–21. By 1950–51 the figure was down to 3·11 ; in 1960–61, to 1·51 ; and by 1969–70 to 1·16. In the last twenty years, the decline from 3·11 to 1·16 journeys per head of population was matched by a four-fold increase in registrations of motor cars and station wagons, i.e. from 245,750 to 1,037,190 as at 31st December, 1969.

3.124 The fall in railway passenger patronage is exemplified by the following table which compares percentage movements in outward passenger journeys from the towns named with changes in their population over the period 1935–1970. Only in the case of Geelong, now, in a sense, a dormitory suburb of Melbourne, have passenger journeys outpaced population growth. Of the rest, Sale alone has recorded the continuation of any sort of respectable relationship.

Town.	Percentage Movement in—	
	Population.	Outward Passenger Journeys.
Geelong (45 miles)	+ 152·9	+ 212·07
Warragul (61¼ miles)	+ 150·0	+ 61·49
Seymour (61¼ miles)	+ 105·94	— 0·38
Ballarat (73¾ miles)	+ 15·07	— 45·53
Traralgon (97½ miles)	+ 530·43	+ 117·27
Bendigo (100¾ miles)	+ 18·41	— 49·53
Shepparton (118 miles)	+ 189·23	+ 3·36
Benalla (121¼ miles)	+ 122·50	— 16·17
Sale (127¾ miles)	+ 149·94	+ 116·77
Ararat (131 miles)	+ 70·97	— 26·31
Echuca (145 miles via Seymour)	+ 69·60	— 67.91
Wangaratta (145½ miles)	+ 229·57	+ 37·58
Warrnambool (166 miles)	+ 110·35	— 68·25*
Bairnsdale (171 miles via Sale)	+ 107.50	+ 24·73
Wodonga (187 miles)	+ 279·31	+ 41·97
Horsham (203¼ miles)	+ 108·68	+ 3·52
Swan Hill (214½ miles)	+ 100·00	— 2·15
Mildura (355½ miles via Ballarat)	+ 90·00	+ 14·19

* Influenced by withdrawal of commuter service between Warrnambool and Dennington.

3.125 This decline in passenger patronage is not unique to Victoria. Total rail passenger journeys, country and suburban, for Australia declined from 501 million in the year ended 30th June 1952 to 447 million in the year ended 30th June 1969, and this despite the ever growing numbers of commuters living beyond the suburban areas of the major capital cities.

3.126 The reader will, in these circumstances, not be surprised to learn that, during the eleven months ended 31st May 1970, 49 non air-conditioned carriages of the Victorian Railways recorded a range of individual mileages from a maximum of 6,606 to a minimum of 454, with an average mileage of 1,931, or less than six miles per day.

3.127 Many adjustments have been made by the Railways in response to the declining country passenger patronage:—

- over the last twenty years, passenger services have been terminated on no fewer than 35 sections of line: indeed passenger services now operate on under half the sections of lines that carried passenger services twenty years ago. For details see Appendix XI;
- over the same twenty year period, 134 stations on lines still carrying passenger traffic have been closed to passenger traffic or converted to rail motor stopping places; for details see Appendix XII;

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- on the other hand, as an expression of efforts to hold and recapture patronage but unavailing in their results, daily total frequencies on all lines now carrying passenger services compare favourably with those of 1933. In many cases, diesel traction has led to shorter elapsed travelling times. To take a few examples of relatively high trafficked routes, counting each return trip as two services: Mildura now has 12 services per week from Melbourne, 4 more than in 1933, Ballarat via Bacchus Marsh and Geelong rates 86 as against 67, Horsham has 40 services as against 31. For Albury the figures are 54 and 38; for Shepparton, 26 and 24; for Traralgon, 52 and 24; for Bendigo, 40 and 44; and for Bairnsdale, 15 and 24.

3.128 Yet, in the 1969–70 Annual Report, the Victorian Railway Commissioners attributed to the Railways country passenger services $10·2 million of the total published deficit of $21,083,603.

3.129 On the freight side, the record of tonnage of goods and livestock carried is 6·24 million in 1932–33, 7·54 million in 1950–51, 10·98 million in 1960–61 and 11·84 million in 1969–70.

3.130 The 1933 Inquiry Report provided a summarised analysis of railway goods traffic for the year ended 30th June 1932. It is instructive to set these figures against the records of 1969–70, with the percentage movements over the 37-year period:—

Commodity.	Tonnage.		Percentage Movement.
	1931–32.	1969–70.	1932–1970.
Wheat	1,393,324	1,588,341	13·99
Flour, hay, chaff and other agricultural produce	939,529	1,006,824	7·16
Class " M ", stone, gravel, timber and coal	684,609	803,529	17·37
Fruit, butter, wine and other dairy produce	229,858	287,328	25·00
Manure	235,346	883,159	275·24
Firewood and briquettes	819,306	1,210,825	47·78
Class " A "	257,630	1,748,194	578·56
Class " B "	144,314	181,754	25·94
Class " 2 "	49,072	311,243	534·25
Class " 1 "	55,324	63,649	15·04
Class " C "	127,837	1,419,046	1010·04
Wool	85,684	168,257	96·36
Not otherwise specified	660,479	1,869,014*	182·97
	5,682,312	11,541,163	103·10
Livestock—	Numbers.		
Calves	26,686	7,194	— 73·04
Cattle	367,602	358,700	— 2·43
Horses	28,844	9,118	— 68·39
Pigs	346,381	90,937	— 73·75
Sheep	7,614,893	2,757,820	— 63·79

* Includes Forwarding Agents Traffic 677,695, LCC Containers 791,938 and Motor Cars and Bodies 288,284.

3.131 The particular impact of total freight movements on the Victoria–New South Wales route via Albury is worth a passing mention. In 1950–51, the tonnage was 667,899: in 1960–61, the year before the completion of the standard gauge link, the figure was 1,354,310. In 1962–63, the first complete year after the link, the figure was 1,872,231. In 1969–70, the figure was 2,546,900.

3.132 Changes have occurred in the average haul per ton of goods and in the average daily mileage of goods wagons:—

Year	Average Haul (miles)	Average Daily Mileage of goods wagons
1931–32	124·3	26·00
1950–51	140·21	26·93
1960–61	147·00	30·33
1969–70	172·13	35·36

3.133 On the goods side, adjustments have been made by the Railways on the following lines:—

- Some 375 stock loading facilities have been closed;
- For some 108 stations, wagon load consignments only are accepted;

- For 166 stations, goods are despatched from Melbourne only on one day a week; for a further 345, on two days a week; and for a further 60, on three days a week. However, wagon loads are accepted on any week day and the majority of main line stations can be served daily;
- On the other hand, overnight deliveries from Melbourne now extend to some 418 stations, with next afternoon deliveries to another 115 stations. But 81 stations still have second day deliveries. Until recently, a few stations had fourth day deliveries; singularly, they were all within 100 miles of Melbourne;
- Specialised rolling stock has been issued to service to meet new requirements, e.g., special large size flat tops for containers and flexi-vans; bulk cement, briquettes and flour wagons; bogie tank wagons; and so on.

3.134 Over the years, there has been a decided change in the pattern of Railways employment in country areas. Dieselisation resulted in a considerable reduction in the number of locomotive crews and of tradesmen and others required for locomotive maintenance. All told, from the first introduction of diesel locomotives in 1953 to 30th June 1970, staff at locomotive depots outside Melbourne fell from 1,714 to 1,063. At Melbourne, the fall was from 1,004 to 927. In the country, Benalla depot lost 83, Maryborough 84, Ararat 79, Seymour 77, Ballarat 69, and Bendigo 48. Five other towns lost ten or more men. The same process occurred with the electrification of the Gippsland line. Traralgon, Moe and Warragul depots shared a fall of 88 men from the earlier level of 221. Mechanisation of track work has been accompanied by similar reductions. Mechanised gangs have resulted in some 580 less men being required, and ultimately the figure will be about 800. In this case, the spread of reduction has been wider, with the numbers in any one town not large. Mechanisation has led to other savings in manpower. For example, installation of Centralised Traffic Control on the Standard Gauge line to Albury called for 60 less signalmen than would otherwise have been the case. The Melbourne Hump Yard led to a total saving of 49 men.

3.135 At the time of the 1933 Inquiry, salaried staff numbered 3,639 and wages employees 18,237 : as at 30th June 1970, the figures were 5,297 and 21,000 respectively. Meantime standard hours had been reduced from 48 to 40 ; annual leave for daily paid staff increased from one to three weeks, with four for shift workers ; sick leave for daily paid staff was introduced in 1940 ; and long service leave applied from 21st December 1942. Total employment now is, however, significantly lower than the peak of 30,097 in 1958.

3.136 In 1932–33, salaries and wages of staff and employees and payments associated with personnel accounted for 67·5 per cent of total published working expenses: in 1969–70, 80·7 per cent was the figure.

3.137 Fundamentally, there has been no change in the Railways goods rating system. Broadly speaking, the Railways have maintained their value for service concept, with tapering rates related to total mileage, irrespective of costs of operation which obviously vary greatly from one section of line to another and particularly on branch lines. The current Rate Books show little variation in ratios between the rates for different classes of goods applying in 1933.

3.138 In practical terms, the Railways have deviated from the value for service principle and the official Rate Books by no means apply to all freight traffic. Contract rates are of long standing and these were extended when approved decentralised industries were permitted " as of right " licences for their own road vehicles. The inroads of the interstate haulier, especially after the Hughes & Vale decision, led the Railways to develop special published rates, to retain and attract traffic. In more recent times, contract rates have been negotiated with freight forwarders, but almost exclusively for interstate traffic. All of this, of course, adds a piquant flavour to the concern of the 1933 Inquiry Report for non-discriminating and stable freight rates.

3.139 The normal fare and freight rates have, as well, been subjected to Government decisions directing concessions of different types, e.g. non application of some rate increases to rural producers or approved decentralised industries, concessions to pensioners, and so on.

3.140 The comprehensive railways system, the preservation of which was so much the concern of the 1933 Inquiry Report, and of the TRB in subsequent years, has not survived intact. Mention has already been made of curtailment of railway passenger and goods services.

The Years Since the 1933 Inquiry Report

3.141 Since the 1933 Inquiry Report, a number of sections of lines, 45 all told, outside the metropolitan area have been closed to traffic altogether. For details see Appendix XIII. Thirty-five of these have been dismantled and 3 partly dismantled. The total route mileage amounted to 604·95 miles or 12·8 per cent of the 1933 total route mileage.

3.142 As a condition of closing a line carrying a passenger service or withdrawing passenger services on a line, the Commissioners, in conjunction with the T.R.B., have often been required to arrange substitute road passenger services, with services and charges comparable with the discontinued rail services. In the case of outer suburban lines, arrangements have been made for combined bus–rail weekly tickets. Elsewhere provision has sometimes been made for through bus/rail tickets. In some cases, the private operator has been subsidised in one form or another. On the goods side, the need for special arrangements has been the exception rather than the rule : private operators have readily stepped in. When the Heathcote Junction–Heathcote line was finally closed, two local carriers were, after a T.R.B. public hearing, granted licences to carry goods through to Melbourne on the basis that they would charge rates equivalent to railway rates. In the case of the Maldon–Shelbourne line, the problem of the wheat silo at the latter station was met by the Railways arranging for the road carriage of wheat from that silo to the Moolort silo with the Grain Elevators Board and the Railways sharing the cost of the difference in freight rates from Shelbourne and Moolort.

3.143 In the broad, closure of a line was only the last act in a process of transfer of traffic from rail to road that had been going on over a long period, and accordingly, the provision of alternative road transport to handle the small amount of traffic still remaining on rail normally presented little difficulty. Nearly all the closures after 1952 were recommended by the Joint Transport Research Committee set up by the then Minister of Transport early in 1953 and which comprised the Co-ordinator (now Director) of Transport as Chairman and representatives of the TRB and the Railways. The Committee's function was to examine and measure objectively all factors arising in considering any problem referred to it and to report its findings of fact. Reports of the Committee were referred to the Minister by the Co-ordinator, and the Minister then consulted with the Commissioners and the TRB, as he thought fit, before making a final determination.

3.144 The problem of uneconomic lines and services has been met in two other ways:—

- Some 165 stations have been reduced to the status of unattended platforms.
- The line from Bowser to Peechelba East is now open only for seasonal traffic, i.e., between 1st November and 31st May.

3.145 Over the years, arrangements have been made for co-ordinated rail/road passenger and goods services.

3.146 On the passenger side, at well over one hundred country towns, trains are met by local bus services operating a town service or running to and from places not served by rail. As a general rule, separate fares are charged for each mode. However, passengers may purchase at Flinders Street a ticket covering bus travel from Frankston to places on the Mornington Peninsula and a similar arrangement exists between Melbourne and Lakes Entrance via Bairnsdale. Separate train and bus tickets are sold and the sum of the two fares is charged. Also a number of suburban bus services sell combined bus-rail weekly tickets.

3.147 Most goods traffic carried by rail is, in a sense, a co-ordinated movement. All towns of any size have one or more local carriers who collect from and deliver to the railway station. The only exceptions are direct movements to private sidings or where the customer uses his own vehicle for collection and delivery. At a number of stations in wool-growing areas, particularly in districts prone to border-hopping, arrangements have been made with local carriers for a co-ordinated wool transport service : the carrier collecting and delivering the wool to rail, the grower paying one combined charge for the through movement. There are, as well, two instances, the Castlemaine–Maldon and Redcliffs–Meringur lines, where road services are used occasionally, under agreements with local carriers, to replace rail when the traffic does not justify the running of a scheduled weekly or fortnightly train.

3.148 With a view to developing co-ordination on a larger scale, a Rail/Road Co-ordination Committee consisting of representatives of the T.R.B., the Railways and the Victorian Road Transport Association, was formed in 1969. It held a series of meetings through 1969 and early 1970. It was agreed that the best possibilities lay in the Railways establishing bulk handling depots at selected country locations, with forwarding agents handling all loading and delivery to and from rail. Horsham and Hamilton were chosen for investigation. There was no satisfactory outcome : amongst other reasons, because of the low rates sought for the railway line haul operation by the road interests and because the Railways were heavily influenced by their concern that revenue from high rated traffic would be sacrificed in the lower rates that they might secure for truck loads.

3.149 Likewise, there have been desultory efforts to rationalise the carriage of bulk petroleum. The Commissioners' concept called for oil industry use of common depots in the country (as is not unknown in metropolitan Melbourne) with supply, perhaps, from one terminal and with block oil wagon trains providing a fast turnaround, and with freight rates suitably reviewed. The matter was re-opened as a result of this Board's activities.

3.150 As a matter of interest, the following comparative data are added:—

	1933.	1970.
Number of locomotives (figures in brackets—diesel)	650 (—)	350 (270)
Number of passenger vehicles (including suburban and rail motors) ..	1,779	1,744
Number of wagons, revenue and service, (including privately owned)	20,923	22,352
Number of vans &c.	744	760
Mileage open for traffic	4,728	4,166
Revenue :	$	$
Passengers, parcels, rentals &c.	8,977,982	43,061,673
Goods and livestock	9,547,398	61,766,036
Total Working Expenses	13,145,578	118,711,559

3.151 Reviewing the 37 years since the 1933 Inquiry Report, the following points might be made:—

- Despite the transport regulation system, with its major objective of protecting the Railways, the Railways financial position has become progressively worse, and this notwithstanding massive relief from capital debt charges by a series of Government decisions ;
- This is not, for an instant, to imply that responsibility for this lies at the door of the T.R.B., the administering Authority. Very many factors have contributed, some within the competence, or the consequence of decisions, of successive Governments, and some within the competence of successive Boards of Commissioners. How much the long railway strike of 1950 that prematurely opened up to the road operators, industry and the public new vistas for road transport contributed should provide scope for some budding academic ;
- Some of the premises of the T.R.B.'s philosophies have been shattered, e.g. the decisions on Section 92 of the Constitution, the widespread system of special and contract freight rates, and the contraction of the comprehensive system;
- The existence of the transport regulation system has probably inhibited the Railways from seeking more vigorously to delineate their most appropriate role and then concentrating all efforts on making the restructured system a viable organisation capable of efficiently achieving and discharging that role ;
- The traditions of their earlier monopoly times continued to cloud the Railways approach to this problem. By no means have the Victorian Railways been unique in this regard among railway administrations in Australia and overseas. So, the concept of an integrated comprehensive system probably inhibited more vigorous action to close or terminate uneconomic lines or services and the concepts of volume of traffic and of

rates being related to value inhibited the development of any real cost consciousness. This, in turn, had its effects not merely on traffic won and lost, on the nett returns from traffic, and on the Railways overall finances but also on investment decisions ;

- The Railways, in common with road operators fought a losing battle in their efforts to sustain country passenger patronage ;
- On the other hand, the scope for developing a viable structure for the movement of goods, presented particularly by the Railways alliance with national carriers and freight forwarders, began to reveal itself ;
- The Railways response to the Hughes & Vale decision, made manifest with the completion of the Albury–Melbourne standard gauge link, demonstrated the Railways capacity to respond in a traumatic situation.

CHAPTER IV

THE SUBMISSIONS

The Submissions

4.1 Not surprisingly, few of the submissions to this Board managed to sustain a completely objective approach. Many were essentially concerned with a particular interest or setting. Some, because they represented organisational viewpoints, were obvious compromises between differing attitudes within the organisation. But all the submissions, in greater or lesser degree, were of immense value to this Board, and each, in its own way, made some contribution to the conclusions expressed in this Report.

4.2 Four Parliamentarians contributed, namely, the Members in the Legislative Council for the Bendigo and South Western Provinces, and the Members of the Legislative Assembly for Benalla and Gippsland East. The Country Party of Victoria did likewise. Fourteen Local Government Authorities made submissions—Bairnsdale, Maryborough, Alexandra, Birchip, Maffra, Mirboo, Morwell, Newstead, Omeo, Seymour, South Gippsland, Swan Hill, Tambo and Wycheproof. And there were submissions from six promotion and development committees—Ballarat, Geelong, Glenelg, Portland, Shepparton and Wimmera.

4.3 It is clearly impractical to include in this Report a summary of each submission. Putting aside for current purposes those which were essentially presentations of facts and interpretative analyses (major examples being the submissions of the T.R.B., C.R.B. and Road Safety and Traffic Authority), and submissions on topics which will later receive particular attention, the following is a broad, but by no means exhaustive, conspectus of major matters dealt with which had, in most cases, reasonably wide support from a cross section of divergent interests. The conflicting attitudes will be clearly seen.

- The present regulatory arrangements are fundamentally sound, though some modification would be desirable ; the present arrangements are not flexible ; they cause country industries, business houses and residents to pay more for goods than they otherwise would ; they lead to inefficient road operations; they have not avoided duplication; they could not;
- The regulatory system continues to be focussed on protection of the Railway revenues; the system and associated legislation have not adequately recognised the great improvement in the economics and performance of road transport since 1933;
- The Railways should vacate the field of country passenger services ; or, at least, all except those between major cities; certainly those of an uneconomic character should be discontinued ; such as are retained should be speeded up by limiting stops to stations at major centres ; where passenger services are eliminated they should be replaced by buses ; buses should be permitted to run through to and from Melbourne ; favourite services would be better patronised if there were better equipment and more trains ;
- Uneconomic branch lines should be closed ; uneconomic services should be curtailed or eliminated ; the Railways should concentrate on grains and bulk goods and leave the rest to the roads ; the Railways should withdraw from the short haul field ; the Railways should be freed of their common carrier responsibilities ; they should cease to be subject to political control and be free to operate on an economic basis ; stations handling small business should be closed ; the Railways should organise door to door services ;
- Efforts should be concentrated on providing effective rail facilities at major centres and highly efficient services where services are retained ; regional freight centres should be established ; road carriers can adequately service freight centres up to 50 miles apart;
- Railway services are too slow; railway freight rates are higher than roads; damage and pilfering are greater; use of the railways requires costly provisions for packing and packaging that are avoided when road transport is used ;
- Where railway lines are closed, zoning should be instituted with restriction of road operators in the zone as per the Heathcote arrangements ;

The Submissions

- The railway freight rate structure should be recast ; the Railways must introduce adequate costing systems to relate revenues from traffic to costs of that traffic and freight rates must be brought into line with real costs ; rates should be on a mileage basis, including where borders are crossed ; it is unfair that the rates to stations where there is no effective road competition should be higher than in cases where there is and the more so when, in the former case, mileages are shorter ;
- Wool growers not near State boundaries suffer increased costs because they are forced to use rail ; those nearer the border pay lower freight rates than those in the centre of Victoria ;
- The railway line from Hamilton to Horsham should be upgraded, the line from Mangalore to Tocumwal should be converted to Standard Gauge ; the duplication of the Geelong–Melbourne line should be completed ; a line should be constructed between Litchfield and Minyip ;
- Rail/road services should be co-ordinated; attempts to co-ordinate rail/road passenger services had led to loss of patronage and sometimes to cessation of services ;
- The particular needs of the Victorian land transport system would be best served by free competition between road and rail ; the consequences of the competition permitted by section 92 of the Constitution have been a better and cheaper freight service to users and at lower total cost to the nation ;
- The ultimate consumer will judge which medium satisfies best his own requirements of price and service and take into account quality factors, such as transit and departure times, convenience and suitability in relation to particular needs, and the savings he can make in packaging, marketing and warehousing ;
- Geelong should have the same freedom of transport choice in the Geelong–Melbourne traffic as applies in the metropolitan area : because Geelong already has a large measure of freedom, so should Ballarat and Bendigo ;
- There should be complete freedom of transport choice for retail traders and for all industries and businesses in the country and for primary producers ;
- The area west of a line north and south through Camperdown should have freedom of choice, or alternatively there should be a free transport zone within 100 miles of Portland ; the land transport system prevents Portland reaping the benefit of the economies its location should offer ;
- There should be no changes in the Third or Fourth Schedules to the Commercial Goods Vehicles Act ; there should be changes in these schedules, even to the point of repeal, in the case of the Fourth Schedule ; wherever possible, bulk supplies of petroleum and the like should, in the interests of road safety, be transported by rail ;
- There must be sufficient funds for roads : road users should pay a proper contribution to them ; increased fuel taxes or taxes on tyres, or increased registration or license fees should replace the road maintenance charge ; licence fees should be incorporated in registration fees ; there should be " one charge per annum " to supercede all existing fees and charges;
- The number of road operators should be kept under strict control ; the number of licences any operator should have should be limited ; " as of right " licences should be abolished; an applicant should prove the need for a licence ; there should be no restriction on entry to the carrying business ;
- Limitations on the use of road transport equipment contribute to the higher costs of road transport ;
- Hours of driving laws are too inflexible and should be modified ;
- The interstate road operators have a detrimental effect on both the Railways and intrastate operators ; they pay no registration or permit fee ;
- Special arrangements should be made for tip trucks ;
- The laws in relation to the operation of commercial vehicles are not being observed; farmers, decentralised industries and ancillary operators are not as efficient as hire and reward carriers ; they are abusing their " as of right " licences ; farmers and decentralised industries should not be per-

mitted to carry other than their own goods; farmers and ancillaries " as of right " licences should be limited to vehicles not exceeding four tons load capacity ;

- Subsidies and concessions granted by the Railways by Government direction should be isolated from the freight rate structure ; the cost should be recouped direct to the Railways.

4.4 The submissions of the Victorian Road Transport Association (V.R.T.A.) were extensive and detailed. Because the Association is the principal organisation of those concerned with the carriage of goods in Victoria for hire and reward its proposals to this Board call for reasonably detailed exposition. It is fair to make two points initially. First, the views of the Association underwent some development and adaptation in the course of its three successive main written submissions and its final oral submission. What follows attempts a synthesis giving the ultimate view of the Association. Second, covering, as the Association does, many divergent interests, it was not difficult to discover, from the internal evidence provided by the submissions, let alone from the views of individual members who put material before this Board, some awkward compromises and inconsistencies in approach, doubtless the product of views perhaps as divergent as the interests represented by the Association.

4.5 The V.R.T.A. proposed that—

(*a*) regulation should take two forms only, i.e. regulation of—

(i) entry to ensure " a high calibre of operators and of decision making ",

(ii) the limits of allowable operations and to ensure that carriers do not cause undue damage to community assets by overloading their vehicles or similar activities.

(*b*) applicants desiring to enter the carrying business should establish to the regulatory authority their qualifications, reliability and suitability. Factors for consideration should include " general standard of character of the applicant; knowledge of road transport legislation and regulatory charges; personal experience in operations and knowledge of the costs of operation; standard of facilities and character and experience of personnel ; financial backing to the proposed operation, including capital and/or debt finance ; Public Liability Insurance to protect the public from damage and personal injury."

(*c*) the regulatory authority should also take account of the public need, the number of licences in existence within the radius for which the applicant desired a licence, the probable permanence and quality of the service being offered and the possibility of financial success. All of this, to ensure that " oversaturation of competing road operators does not occur ", to prevent " drastically depressed rates through entirely free and unrestricted entry to the industry by unqualified operators " and to ensure " a highly competitive and efficient road transport system conducted by stable and knowledgeable operators in an atmosphere that encourages their further investment of capital ".

(*d*) applicants who qualified for entry into the industry should receive an " entry licence ".

(*e*) holders of " entry licences " should be able to carry any goods anywhere in Victoria, provided they obtained licences or permits.

(*f*) licences should be issued, at the nomination of the applicant, to authorise—

- operations within a 25-mile radius of Melbourne, Ballarat, Bendigo or Geelong post offices or otherwise within 25 miles of the carrier's place of business : the fee for such licences should be nominal ;
- operations within a 50-mile radius of the above places: the fee for such licences should be greater.

(*g*) licences should be conditional on maintaining quality of service and be revocable for consistent major breaches of licence conditions.

(*h*) the holder of an entry licence should be able to obtain " as of right " a trip permit to carry *any* goods to any part of the State . . . . The permits would be necessary—

- to legitimise the activity (because it was making use of community assets);
- to prevent the occurrence of movements that would cause excessive damage to community assets ;
- to allow the authority to monitor operations whilst they were occurring, i.e. to ensure that regulations were not breached due to ignorance or neglect.

(*i*) to keep the number of these " trip " permits manageable, period permits and/or area licences should be issued for those activities which comprised the majority of the operators trips.

(*j*) " as of right " licences for ancillaries, which would include decentralised industries, should be granted under the same conditions of operation and cost that apply to hire and reward carriers but be limited to cartage of their own goods in trucks of a load capacity not exceeding 4 tons within a 50-mile radius.

(*k*) " as of right " licences for primary producers should be limited to cartage of their goods in trucks of the same capacity and within a 50-mile radius.

(*l*) specialised licences for the transport of items such as petroleum, refrigerated goods, second-hand furniture and livestock should be granted under present arrangements but such licences should be limited to the specialist movement.

(*m*) " There would be need of an interim period to adjust the present regulated system to a freely competitive system . . . . The crucial factors in introducing a competitive system would be the time necessary to educate some of the existing road operators to a knowledge of their costs; and the time necessary for the Victorian Railways to adapt to competition by rationalising its operations and assets."

(*n*) as an interim measure until the above critical factors have been attained, if ancillary operators, primary producers and decentralised industries prove themselves qualified to become hire and reward carriers they should be granted the same privileges.

(*o*) at the end of the transition period, the regulatory authority should leave the field " to the Victorian Railways and the Road Transport Industry exclusively, and concentrate on its new role of setting entry regulations; setting operational limit regulations; and policing road transport operations ".

(*p*) the Railways should be required to operate as a business in competition with road transport. They should be freed of their common carrier responsibility. The Commissioners should be able to recommend and carry out projects for reduction or cessation of services, abandonment of railway lines, and reduction of capital wherever it is proven that such services are unprofitable and will continue to be so.

(*q*) any legislation or regulation resulting from this current Inquiry should be reviewed by a further Inquiry within 10 years.

4.6 In support, the V.R.T.A. argued that:—

- hire and reward carriers could provide a superior and cheaper service than most decentralised industries and ancillary operators;
- the high level of bankruptcy in the road transport industry was due to operators being unable to control their costs of operations or to provide continuing volumes of work at profitable levels which in turn was due to the ease of entry to the industry;
- road hauliers were covering their community costs and the costs of their permanent way;
- wasteful duplication of services existed only within media: a major area of duplication in the road transport system arose from decentralised industry licences and the operations of ancillary users; any duplication of services between road and rail was not wasteful when conducted under conditions of free competition.

4.7 The V.R.T.A. disagreed with the concept that " free competition between media cannot exist unless both media pay their full costs ". Free competition could and should exist if both media were subsidised out of general taxation to the same extent; or the medium with the lower community cost were subsidised to a lesser degree than the dearer, but this was not desirable, for high community costs should not be fostered by subsidising the dearer medium.

4.8 The V.R.T.A. denied it was having a foot in both camps by reason of its emphasis on free competition side by side with regulation of entry to the industry. It saw the latter as necessary to slow down the flow of transient operators into and out of the industry and to ensure that road operators had the knowledge of costing necessary to make sound business decisions. It wanted, in short, " a slightly modified system of free competition ". It went on to argue that—

- the root causes of the land transport problems were the lack of competition and the inability of regulation to replace it, the mistaken concept that rail revenue must be protected and the use by the Railways of the " ability to pay " rate setting concept;
- rail transport should be freed from the present distorted freight rate structure " based on an excessive application of the ' ability to pay ' principle "; this induced alternative and possibly less efficient modes of transport; the ancillary user was the most prevalent example of this type of misallocation of resources;
- the proper method of reducing the unnecessary losses of the Railways, which the Government could no longer afford, was not the channelling of all traffic to rail. Realistic cost based rail freight rates, coupled with free competition, would enable resources to be re-allocated into their most appropriate transport functions;
- free competition would not lead to a corresponding increase in the truck population because of the shift to larger vehicles and greater utilisation of capacity;
- to ensure that minimum costs are incurred by the State in the short run, the Railways should be given time to adjust their rates and investments before being subjected to the full force of competition.

4.9 The V.R.T.A. indicated its support for regular medical inspections of drivers of long distance heavy vehicles, for the training and testing of such drivers, for the annual inspection of commercial goods vehicles and for a system of comprehensive insurance.

4.10 The Chamber of Automotive Industries (Victoria) (C.A.I.V.) is affiliated with the Victorian Automobile Chamber of Commerce. It represents the suppliers to the road transport industry of heavy chassis and motive power equipment. Its submissions may be summarised—

- To provide some control over entry to the road transport industry—
  - —those who might be licensed to operate more than 25 miles from their principal place of business should first be subject to consideration of character, qualifications and stability as provided for in Section 8 of the Commercial Goods Vehicles Act ;
  - —provisions concerning finance should be sufficiently difficult to ensure that an applicant for a licence had at least some modest financial backing;
- There was no justification for issuing permits where there was a continuing situation: providing revenue for the T.R.B. was no justification for continuing the present practice; the permit system involved a high administrative cost " which could be reduced by allowing goods, for which permits would be issued as a matter of course, to travel without the formality of a permit ";
- Present fees for licences were not consistent with today's value of money ; licence fees for greater radius operation and route services should be higher than small radius licences and licences for farmers vehicles operating locally ;
- The action already taken to terminate general goods and passenger services on some lines and to close some railway stations and goods yards should be stepped up; some lines should be " semi-maintained " to serve seasonal traffic;

- As a concomitant of scaling down railway operations to the tasks suited to the railways in the 1970s, capital should be concentrated on better equipment and tracks for the lines kept open;
- The present rail freight rates were unrelated to the cost of the transport task, gave rise to anomalies and camouflaged Government subsidies; the Railways should provide auditable costing records and be restricted from operating below the " cost of service " level;
- The main carrying function should be left to professional carriers ;
- Greater freedom for road transport should be accompanied by freeing the Railways from common carrier responsibility; to close unprofitable branch lines; to operate efficiently on main lines by eliminating stops at minor townships; from paying hidden subsidies on behalf of the Government; and from some further part of their interest burden.

4.11 The submissions made by major organisations concerned with primary producers call for some separate mention.

4.12 The Victorian Farmers Union:—

- expressed approval of existing arrangements for the carriage of livestock, welcoming the competition that exists between the railways and road operators, and proposed regional stock handling facilities;
- saw the reduction in railway freight rates for wool, whether because of interstate competition or to hold traffic, as a pointer to what could happen under free competition;
- proposed free competition between rail and road transport;
- sought the treatment of wheat and other grains as perishable farm commodities;
- was concerned with the way in which dairy factories compete for supplies and duplicate milk pick-up services; considered that dairy companies should not be forced, in order to enjoy the advantages of decentralised industries, to have sufficient road vehicles to carry peak outputs thus having a surplus of equipment at other times;
- saw no need for a relaxation of the present regulations regarding the movement of fertilisers;
- argued that the availability of " as of right " licences persuaded many farmers to purchase their own vehicles and enter the transport industry on their own account; that the economies of such decisions were in many cases doubtful; that many farmers could well engage hire and reward carriers at considerable savings; and that therefore such carriers in the country should have freedom to move throughout the State carrying whatever goods are placed in their way. Yet apart from plain economics, there were often compelling reasons for farmers to own trucks, and that, if they were permitted to carry their neighbours' produce, ownership of vehicles would be a better economic proposition. The removal of restrictions (save perhaps in the size or capacity of farm trucks) on the cartage of farm produce would ultimately result in the most efficient means of transport;
- proposed that rail and road transport be fully co-ordinated through a Joint Industry—Transport Department Co-ordination Council;
- proposed that the Railways should be credited and other departments debited for all " concessions " allowed by the Railways at the request of the Government;
- argued that passenger transport should be looked on as a public service and freight transport as a commercial activity in free competition with other forms of freight transport.

4.13 The Graziers' Association of Victoria recommended that:—

- following a thorough inquiry, all unprofitable rail branch line passenger services should be phased out; the same inquiry should examine the cost of keeping open smaller branch lines for freight carriage;
- the Railways should establish highly sophisticated regional freight handling terminals: local road operators should be granted " as of right " licences to service such terminals from areas where lines had been closed;
- in areas where special rail wool freight rates do not apply, woolgrowers should have freedom of transport choice, when engaging a transport operator, to consign to a regional freight terminal or direct to store; rail

wool rates should be no greater than special rail rates over similar distances; rates for areas closer to Melbourne should be at a reduced scale competitive with road rates.

4.14 The Association saw as reasonably satisfactory the present arrangements for carriage of fertilizer and considered that the present " Ed " licence provisions should be retained.

4.15 The Australian Coarse Graingrowers Association Ltd. was concerned to ensure that the expanding coarse grain production of the Riverina could be transported to a Victorian export outlet. The Association saw as well nigh impossible the task of moving entirely by road the 100,000 tons projected for production in the next few years. The only practical solution was rail movement of the greater proportion. Hence the Association's support for the conversion to standard gauge of the Mangalore–Tocumwal line. An associated need was a through rail mileage rate in place of the present practice of each Railway system charging rates on the mileage to its State border.

4.16 The Country Party of Victoria looked for a system " which provides adequate facility at a cost which, in the overall, does not militate against the economical marketing of country production . . . . . and, in the case of . . . . passengers, a service which is both economical and convenient ". It felt that " the whole land transport system must be regarded as a community service to be subsidised from Consolidated Revenue to the extent that actual costs of an adequate system of operation cannot be recouped within the transport sector itself ". " The Railways," said the Submission, " are at their best in providing for the bulk transport of commodities such as wheat, briquettes &c. However, at the other end of the medium to heavy transport sphere they are much less efficient, particularly as to damage and delay, and less economical due to a combination of freight and to and from goods sidings costs ".

4.17 The submission argued:—

- for retention of the Third Schedule to the Commercial Goods Vehicles Act;
- against any restriction on livestock movement;
- for a review of the legislation's virtual requirement that road licences should not be issued if the Railways can move the goods or passengers concerned; " public interest " should be taken " to include with considerable emphasis the interests of the passengers or consignors and consignees of freight "; the licensing authority should be permitted " to make reasoned judgments based on the relative value of either transport mode for a particular movement or movements of passengers or goods, having very real regard to the total economic pattern, including rail costs rather than revenues: this would tend to condition what rail services are economic to be provided and at what cost to whom ";
- that any propositions about the abandonment or reduction of services on rail lines should be " considered by say a ' Railway Rationalisation Committee ' to comprise the present Transport Regulation Board with the Chairman of that Board as Chairman, augmented by representatives of the Railways and road transport ";
- that " it may be necessary for some reasonable increase in discretionary licence and permit fees to create a fund to offset possible additional rail losses if these are unavoidable to provide adequate services ".

4.18 On the pasenger side, the principal submission came from the Bus Proprietors Association (Vic.) (B.P.A.) which represents all privately owned and operated commercial passenger services licensed by the T.R.B. Its submissions were that:—

- the interstate rail services should be improved; trains on main trunk routes should operate to those centres that would provide economic traffic and should stop only at major centres; all long distance trains should have air-conditioned carriages; sweeper services should be eliminated and parcel freight should not be carried on passenger trains;
- co-ordinating rail/road services was uneconomic in that buses laying over at the co-ordination point would not produce revenue;

- interstate road services could form the basis of services in Victoria in certain cases;
- rather than the Railways carrying excess rolling stock to cope with peak traffic, the pool of buses available should be used.
- taking the Bendigo–Echuca line as an example, economic traffic could be produced for rail between Melbourne and Bendigo and the area to Echuca should be serviced by buses, which should run direct from Bendigo to Melbourne;
- rail travel would be more attractive if the elapsed journey time were reduced and there were stops at 50-mile intervals, subject to necessary exceptions: between these intervals, buses should be used;
- in considering whether there was duplication of services, regard should be had to times of services, convenience to the public, and so on.

4.19 The B.P.A. took the view that the closure of many branch lines would result in the development of a very efficient and economic service ; that it could be practicable for school buses which are idle from 9.00 a.m. to 4.00 p.m. to replace rail services; that parcels freight could be carried by buses; that replacement of rail by bus on the former Heathcote line demonstrated what could be done; that considering that first priority should be given to replacing rolling stock required for major rail routes, it could not be expected that branch line rolling stock would be modernised for a long time and the capital costs of buses were far less than of new rail cars. The B.P.A. considered that it should be a function of the T.R.B. to recommend to the Government, on purely economic grounds, routes on which rail passenger services should continue and those which should be handled by road services. It should be empowered to recommend any variations in any passenger transport services, whether by road, rail, sea or air.

4.20 The B.P.A. argued that the current legislation offered little or no security for the investment of the bus operator. Its proposals were that:—

- the T.R.B. should investigate the economic cost of operation of various forms of transport;
- there should be a Transport Regulation Advisory Committee consisting of the Chairman of the T.R.B. and representatives of all forms of passenger transport which would report to the Minister;
- in place of the existing maximum term of licence of seven years, provision should be made for a permanent or continuous licence;
- section 27 should require the T.R.B. to grant every application for renewal of a licence unless it were of the opinion that:—

  —no licence should be held by any person or authority for the route for which renewal was sought;

  —the route for which renewal was sought should be operated by the Railways Commissioners or the M. & M.T.B. or some other public or municipal authority;

  —the current licence should be cancelled;

- provision should be made for compensation to the holder of a bus licence—

(*a*) where the cancellation or alteration to licence was not applied for by the owner of the vehicle;

(*b*) where the T.R.B. granted an application for a new licence or extended the route or operating area of an existing licence holder and the effect was to cause loss or damage to another existing licence holder;

(*c*) where the T.R.B. did not renew the licence of the existing licence holder;

(*d*) where the Governor in Council approved a decision of the Board or made any determination which it might have made which would attract compensation if such decision or determination had been made by the Board;

(*e*) where the Governor in Council approved or disapproved any decision of the Board pursuant to Section 27 which would, if such approval were not required, have attracted compensation;

(*f*) where the holder of an existing licence was adversely affected by the recommendation of the T.R.B. for the institution or expansion of commercial passenger services on his route or in his area, pursuant to Section 33 to be operated by the M. & M.T.B. or the Railways or other public or municipal authorities;

- compensation should—

(*g*) where cancellation, alteration or non-renewal of licence under (*a*), (*c*), (*d*) and (*e*) was not applied for by the existing licence holder, be paid from the Transport Regulation Fund to any licensee so affected for the loss, if any, suffered by him;

(*h*) where the T.R.B. granted an application for a new licence or recommended variation of passenger services under (*b*) and (*f*), be paid to the existing licensee or to a public authority operating with the consent of the Governor in Council where the Board so determines, having regard to the extent that the existing licensee or a public authority was financially affected by such grant or variation. Such compensation to be paid in such manner as the Board directed by the person to whom such licence was granted, the existing licensee whose route or operating area was extended, the public authority to which the conditions to operate related, or from the Transport Regulation Fund, as the case required. In default of agreement, the amount to be determined under the *Arbitration Act* 1958;

- any resumption should be compensated on the basis of the whole business except by agreement with the vendor;
- private bus operators should have parity with Government or semi-Government bus services in relation to federal taxation and be granted relief from sales and fuel tax, depreciation concessions for tax purposes, and access to low interest long term loans.

4.21 Submissions relating to passenger services came from a number of operators, among them Ansett-Pioneer, Ansett Roadways, Mildura Bus Lines, Bender's Busways and Trans Otway. Supplementary points made included:—

- Under existing legislation the T.R.B. was obliged to prefer rail to road even though the needs of the public would be better served by a road service; if it could be shown that a road service was more efficient than rail or if it would complement the rail service and by competition improve the rail service, it should be licensed;
- In cases of unprofitability—road or rail—a Government subsidy might be necessary to ensure a service to the community ; it was unfair that operators should have to subsidise their route operations from charter and similar work;
- The requirements of a parcels freight service should be met ;
- It was wasteful duplication that interstate bus services were precluded, except in special circumstances, from carrying passengers in Victoria, particularly when such services were more convenient and faster;
- Geelong, Ballarat, Bendigo, Seymour and the Latrobe Valley should be serviced by high quality express trains with high quality bus services providing passenger, parcels, freight and mail services from and to points beyond, with direct continuing service to and from Melbourne " to provide an acceptable standard of service for long distance passengers "; existing rail car or alternative motor coach services should provide sweeper services between the major cities named and Melbourne " depending on comparative rail or road economics of operation ";
- By contrast with the relatively inelastic patronage of country rail services in relation to feasible improvements in standards, road services would attract patronage from private car users;
- Co-ordinated bus/rail services have suffered a progressive reduction in patronage and some services have had to be discontinued: reasons were difficulties of co-ordinating schedules, stop-over times at change points and inconvenience;
- Return tickets enabling resort to different media should be issued ;
- Replacement of passenger rail services by road services would avoid substantial railway operating losses; allow future expenditure on railway passenger rolling stock to be directed towards a high standard of express

trains; save the heavy cost of providing new rolling stock, upgrading tracks &c., which could not be justified against the likely revenue; reduce costs of maintenance of rolling stock and of tracks, of station staff and upkeep, of operating staff and other running expenses; call for suitable bus station facilities at major points en route and in Melbourne; mean extra revenue for the Government from additional registrations and licences and from Commonwealth taxes;

- Licences should be issued only to reputable, reliable and responsible persons or companies prepared to provide services on regular timetables, with comfortable motor coaches and at fares competitive with rail;
- Controls on charter, special services and touring operations should be eased.

4.22 The Victorian Railways Commissioners in their submissions took pains to present an economic and philosophic background within which to advance their proposals. It was, in many respects, a forward looking presentation which acknowledged that the Railways' role for the future would be different : at the same time, much was redolent of traditional railways culture.

4.23 The Commissioners saw the achievement of the maximum economic benefit to the community as the first consideration of this Board and the existing land transport system as more than capable of satisfactorily meeting all the reasonable economic transport needs of the State. Direct duplication of rail and road services was wasteful of community resources. Such duplication had its origin in the fundamental differences in the cost structure of the two modes since the transport user was concerned only with the tariff demanded.

4.24 Traditionally, the Railways tariff related freight rates to value of service with a view to making total traffic cover total costs, and tariffs were quoted on a " per ton " basis, tapering as the mileage increased. Latterly, special rates had been introduced based on, at least, meeting out of pocket expenses. On the other hand, the road operator adopted a pricing system based on his cost of service which rarely reflected full community costs because of inadequate contribution to the cost and upkeep of the road system, traffic control and public lighting and to the police force, hospital and allied costs directly associated with road transport.

4.25 In every competing transport situation, said the Commissioners, there would be a low cost mode, i.e. the mode which could handle the total traffic flow at lowest total cost. Apart from particular commodities which were more appropriately carried by one mode, volume of freight was the major determinant for selecting the mode, with distance a weighing factor. The Commissioners acknowledged that there would be areas where road would replace rail, either wholly or partially, if the principle of favouring the service that gave the best community return were adopted. But in that case the road service should provide a complete service.

4.26 Given that the volume of movements were adequately served by rail, it would be more efficient in terms of the allocation of resources to prevent road transport from eroding railway traffic to the point where operations were uneconomic. Wasteful duplication could best be avoided by protecting rail against road competition for most classes of traffic over selected routes of high traffic density; and giving rail freedom to withdraw services on routes where it could be shown that road, co-ordinating with rail at points of major traffic concentration where efficient rail/road transfer facilities were provided, could handle the total traffic task at a lower total cost than the present duplicated services. The Commissioners emphasised that these two approaches were complementary. In other words, the effectiveness of withdrawal of branch line rail services in reducing total transport costs was dependent upon the traffic concerned continuing to be conserved to rail on the main line, high-density portion of the haul.

4.27 By contrast with the interstate traffic on the standard gauge line to New South Wales where the volume of goods, under highly competitive conditions, provided a profitable operation for the Railways, there was not enough tonnage available within Victoria to permit the luxury of duplication of services. Concentration of traffic on intrastate main line routes would enable rail unit costs to be reduced towards the lower intersystem level.

4.28 An economic separation between the functions of rail and road was not to be found, argued the Commissioners, in a division based on classes of goods but upon the characteristics of particular routes, with particular reference to

density of loading. The economic sphere of operation of railways was bulk carriage on high density routes between points of traffic concentration. If these conditions were present, the actual classes of goods were a minor consideration and long haul not essential. If the overall quality of each mode were roughly the same, the mode which could do the whole task with the smallest use of resources should be preferred. High traffic volume was essential to justify a high quality rail service unless the community were prepared to shoulder a substantial financial shortfall. However, quality of service could transcend economic considerations and thus justify resort to road services.

4.29 The present system of transport regulation had in-built flexibility, and, the T.R.B. had more than met the reasonable requirements for road transport in the expanding economy. Some of the freedoms provided for in the present legislation by " as of right " licences and by permit policy represented an unnecessary freedom over too wide a field. Many of these licences and permits gave rights over areas in which railway operations were prejudicially affected by the loss of traffic involved. To permit duplication by road on routes of dense loading or by rail on routes where traffic density was low was to sanction a system devoid of economic justification. Most of this present duplication could be avoided by repealing the Third Schedule to the Commercial Goods Vehicles Act; severely curtailing country industry use of road transport; restricting the size of vehicles of, and area of operation by, primary producers; and reviewing the list of " permissible " traffic. While the Commissioners conceded that the present 25-mile radius " as of right " licences were not unreasonable, to increase this radius and other " as of right " licence areas would, with few exceptions, inevitably extend the area of wasteful duplication.

4.30 Other submissions of the Railways were that—

- fullest consideration should be given to the hidden costs of congestion, pollution, accidents and policing entailed in placing further traffic, particularly of a bulk nature, on the road system within a radius of 50 miles from Melbourne;
- a regulatory system based on licences and permits, but modified as suggested earlier was appropriate to Victoria. But T.R.B. decisions should not be subject to political review, and the regulation of any system should be properly policed;
- a factor adversely affecting the efficiency of the transport industry was ease of entry: the fact that applicants for discretionary licences had to satisfy the T.R.B. as to character, qualifications, and financial stability was another compelling argument for eliminating the " as of right " provisions which contain no such requirements and bringing all intrastate goods transport under the discretionary power of the T.R.B.

4.31 The Commissioners said that the freight forwarders were fast getting to the stage of being the allocators of interstate traffic between the various transport modes. In the present highly competitive situation, the Railways should be free to run their own road vehicles: at least their bargaining position would be strengthened.

4.32 Specific proposals of the Commissioners included—

- Rail should withdraw from routes where the total traffic volume was so small that road became the low cost producer; on high density routes where rail unit costs were low, unrestricted road competition should not be permitted;
- Road transport should not be allowed free reign in competition with rail for specific classes of traffic or for all classes of traffic within a specified radius beyond the present distance of 25 miles;
- The Railways should be relieved of their common carrier responsibilities ;
- It is the whole of the circumstances relative to each particular route—volume, distance, class of traffic, transfer costs, road congestion—that should determine which mode is the low cost producer and therefore entitled to preference on that route; such a determination should be made only by a tribunal charged with giving full consideration to all these factors and assured of access to full cost details (including hidden community costs) of both rail and road operations;

- The T.R.B. should have the function of recommending withdrawal or limited operation of railway services where such withdrawal or limited operation could be demonstrated to reduce total transport costs; limited operation would cover certain lines in grain producing areas which had an economic function to perform only during a portion of each year; the heavy capital investment in grain storages could not be overlooked;
- If, following full investigation and recommendation by the T.R.B., a political decision were made not to close or limit operation on a particular line, the Railways should be reimbursed by the Treasury the full annual losses incurred in operating the line.

4.33 The Commissioners outlined the type of railway system they visualised outside the metropolitan area in, say, 15 years' time—

- Lines, laid and maintained to high standards and designed for operation of passenger trains at speeds up to 80 m.p.h. and goods trains up to 60 m.p.h. with all bogie stock, and 45 m.p.h. with four-wheeled stock;
- Secondary lines, suitable for passenger train operations up to 70 m.p.h. and goods trains at 50 m.p.h. for bogie stock and 45 m.p.h. for four-wheeled stock;
- Freight only lines, suitable for speeds of 45–50 m.p.h. for goods trains comprising all bogie stock, and 40 m.p.h. for four-wheeled stock.

Appendix XIV shows the various lines in these different categories.

4.34 The Commissioners emphasised that heavy expenditure would be involved in bringing main and secondary lines up to the proposed standards. This would include heavier tracks and rails, automatic power signalling with CTC at least for main lines, and a major rolling stock replacement programme, particularly of freight vehicles.

4.35 In relation to passenger services, points made by the Commissioners included—

- The characteristics of a satisfactory passenger service were a reasonable combination, having regard to the cost factor, of frequency, comfort, safety, speed and reliability;
- The available public transport patronage was relatively inelastic in relation to feasible improvement to service standards;
- The overall convenience of the motor car was so outstanding compared with public transport that it must be accepted that the latter's role " has been largely reduced to meeting the needs of that ' hard core ' of passengers who do not have motor cars at all or do not have access to a motor car for a particular trip ";
- On some passenger services, more revenue was derived from parcels than from passengers;
- One of the characteristics of the patronage of country passenger trains is its fluctuating nature, both over the days of the week and seasonally : thus a fleet of old type, non-airconditioned, carriages had to be maintained for relatively few trips each year: yet, the existence of underutilized carriages places the Railways in a position to meet surges in demand, such as school sports, at a very low community cost;
- The low overall demand for public passenger service in the country precludes the possibility of direct competition on specific routes being anything but wasteful of resources;
- Comparative economic analysis would probably establish that overall community cost savings could be achieved by withdrawing many of the branch line rail passenger services in favour of road services;
- Considering that there were only 15 towns in Victoria with more than 10,000 population, the provision of rail passenger services could only be regarded as a form of public service; only on very few rail routes was the carriage of passengers likely to be a viable business proposition and therefore the Treasury should reimburse the nett loss incurred in providing these services;
- It should be the function of the T.R.B. to recommend to the Government, on purely economic grounds, routes on which rail services should operate and those which should be handed over to road services;

- Where rail services continued, direct competition by road operators should be subject to the closest regulatory control and permitted only when it could be established that rail was unable reasonably to meet a specific need: the T.R.B.'s policy in respect of charter bus operation required review—the more so since road buses did not pay road maintenance charges.

4.36 The submissions of the Australian Railways Union (Victorian Branch) deserve mention. The A.R.U.:—

- expressed concern that the Railways, unlike other instrumentalities, had no financial independence; for lack of finance they were unable to develop their services to enable them properly to compete;
- contrasted the Commonwealth's attitude to financial support for road, sea and air transport;
- proposed that all loans to the Railways should be interest free; all interest now charged to working expenses should be met by Consolidated Revenue, and a special grant made to replace all rolling stock over 25 years in regular usage;
- argued that the Railways could compete if they received the hidden subsidies and assistance from the public purse that road operators enjoyed; for example, all decentralisation costs should be paid as a direct subsidy to the Railways and losses on suburban and country passenger services, concessions to pensioners and students and the Government's share of the Railway Superannuation scheme should be met from Consolidated Revenue;
- opposed the concepts that the Railways should be run purely as an economic enterprise or should have a monopoly;
- considered that the Railways should have complete control over their fares and freights; have authority to determine the services they should provide, and be completely independent of political influence;
- expressed great concern about the breaches by road operators of awards and provisions about hours of driving, speeds and loads, and the accidents involving trucks and buses;
- urged that all trucks be fitted with special rear-full width protection bars to prevent other vehicles running under truck trays, and that all trucks, particularly heavy duty articulated vehicles, be subject to a road-worthiness test after every 6,000 miles use or after any accident;
- supported mechanisation and the technological development of the Railways; which illustrated the fact that the Union was not opposed to progress in transport planning;
- felt that, if small country stations were closed, goods services could be accelerated with considerable cost reductions;
- stressed the importance of railways activities to many country towns, particularly Ballarat and Bendigo whose workshops should be retained, if needs be, at the expense of the Newport workshops;
- argued that there should be a planned co-ordinated transport system utilising existing rail services, with road operators feeding to main centres; that no branch line be closed except an alternative road service of equal quality providing a satisfactory service at a reasonable competitive cost were guaranteed; the Railways should have the right to run, where necessary, their own rail/road co-ordinated services;
- recognised the financial help to the Railways that would flow from abolition of their common carrier responsibility but asked what would be substituted;
- argued that this Board must recognise the rising road toll, its effect on State finances and the gross national wealth, and the possible need for main trunk truck ways, paid for, maintained by and constructed by a special tax on trucks compelled to use such special truck highways.

CHAPTER V

THE PRESENT EXTENT OF ROAD TRANSPORT OF GOODS

The Present Extent of Road Transport of Goods

5.1 Particular Terms of Reference of this Board relate to the questions whether the present division of freight traffic as to area and type of goods between road and rail is desirable and whether there is duplication of existing transport services which is wasteful.

5.2 A necessary starting point was to determine the extent to which road transport is already used for the carriage of goods.

"As of Right" Licences

5.3 The " as of right " licence provisions of section 5 of the Commercial Goods Vehicles Act provide a very extensive area of road freedom. In total, at 30th June 1970, there were 111,675 " as of right " licences. In detail—

- carriers for hire and reward have a 25-mile radius of activity based on the G.P.O. Melbourne (15,466 licences), the chief Post Offices of Ballarat, Bendigo and Geelong (1,514 licences), and the vehicle owners' place of business (6,904 licences), subject in the last case to a 30-mile lift in any particular case;
- primary producers (17,705 licences) have State-wide freedom for their own vehicles for carriage of goods and produce connected with their business as primary producers or for the use of themselves, their households or persons in their employ;
- butter, milk or cheese factory vehicles (428 licences) regularly carrying milk or cream have freedom to carry empty cans and goods to a primary producer whose milk or cream is carried to the factory, to carry goods between the factory and a local depot or creamery and to carry butter, milk and cream and factory needs between a factory and the railway;
- those engaged in business (the so called ancillary operators who hold 55,553 licences) can use their own vehicles, provided their load capacity does not exceed 4 tons, to carry their own goods within a 50-mile radius of their principal place of business;
- approved decentralised secondary industry owned vehicles (969 licences) can carry goods and materials from anywhere to the industry, and manufactured articles and products from it to anywhere;
- vehicles may be used anywhere, unless otherwise indicated, if they are used solely for any or some of the purposes mentioned in the Third Schedule (13,136 licences), i.e.
  - —the carriage of berries and other soft fruits, unprocessed market garden and orchard produce (other than potatoes and onions), ice, ice-cream, milk, cream, eggs, meat, fish, flowers and such other perishable goods as are prescribed;
  - —the carriage of household furniture;
  - —the carriage of livestock;
  - —the carriage of petroleum products on prescribed types of vehicles or, within a radius of 50 miles of specified places, in prescribed types of containers;
  - —the carriage of samples;
  - —essential emergency transport of materials for repairing purposes, of food and materials, of drugs, medicines and the like, or of goods in the case of breakdown of the ordinary goods service;
  - —the carriage of firewood to a railway siding or of wool to a wharf not more than 25 miles away.

Discretionary Licences

5.4 Next there is the extensive carriage permitted under discretionary licences to cover particular operations regarded by the T.R.B. as non competitive or not adequately provided by any other means of transport. In most instances, applications for " D " licences are " more or less granted automatically ". At 30th June 1970 there were 13,540 full term " D " licences of which 64 per cent related to ancillary operations. Another 1,202 temporary " D " licences were current.

5.5 The main categories permitted State-wide operations under discretionary licences are as follows:—

- vehicles used for the carriage of tools of trade, plant and equipment, e.g. a contractor carrying his own earth-moving equipment, rotary hoe, tractor, well borer, &c., where the vehicle is used to transport the equipment to the site;
- vehicles used for servicing and installation of plant, usually small capacity vehicles carrying tools and some small quantity of materials used in the servicing of electrical equipment, refrigerators, washing machines, &c.;
- vehicles used by hawkers for the carriage of goods for direct sale to householders;
- vehicles used for collection of scrap metals, bottles, &c., with, as a general rule, a load capacity limit of 6 tons;
- house removers—for the removal of houses in sections;
- armoured cars—for cash deliveries;
- travelling showmen—the carriage of equipment, tents, &c.;
- refrigerated vehicles carrying deep frozen fresh foods which have to be kept at a minimum temperature;
- vehicles used for the carriage of goods for demonstration and advertising;
- motor cars—on specially constructed car carrying units.

5.6 Other categories permitted operation within specified areas under discretionary licences are:—

- ancillary operations authorised within 50 miles of a country branch where goods are initially railed. (The branch is not the principal place of business);
- ancillary vehicles exceeding 4 tons load capacity authorised within 50 miles of place of business but excluding operations between Melbourne and Geelong;
- road contractors—permitting operations within a 50-mile radius of the owner's place of business or a C.R.B. division or 50 miles of any road construction site (all told 1,080 vehicles are licenced);
- special commodities in specially constructed vehicles, e.g. readymix concrete, water tankers, hot asphalt, bulk commodities such as prepared stockfoods, flour, plaster, sugar, liquefied products—usually up to 50 miles;
- bricks and tiles up to 70 miles for vehicles being operated under contract to brick manufacturers and aerated waters up to 50 miles for vehicles being operated under contract to aerated water manufacturers;
- extended " as of right " licences, e.g. combination of local carrying rights plus Third Schedule items, these normally being restricted to a distance of 50 miles;
- timber carriers, i.e. transport of logs to the mills and sawn timber to the local railway station;
- in the case of decentralised industries, ancillary operations combining the carriage of goods in connection with their particular industry and other trading functions, goods in connection with the trading functions usually being limited to 50 miles;
- regular goods services operating between Melbourne and places within 40 miles, with extensions to non-rail areas such as Lorne, Apollo Bay, Heathcote and Marysville and to within 3 miles of Alexandra. (There are 44 such route operators empolying 156 vehicles.);
- regular goods services radiating from Ballarat, Geelong, Colac, Apsley, Birregurra, Portland, Hamilton, Wodonga, Corryong, Wangaratta, Horsham, Warrnambool, Mildura, Orbost, Bairnsdale and Bendigo. (There are 54 such route operators employing 116 vehicles.)

Permits

5.7 Substantial tonnages of goods move by road under T.R.B. permit in addition to the licence freedoms already listed:—

- A very considerable volume of goods—over 300,000 tons—moves between Melbourne and Geelong;
- There is unrestricted movement of wool to the Portland Wool Selling Centre from:—
  - (*a*) within a radius of 50 miles of Portland including places on or south of the road between Hamilton, Coleraine, Casterton and Mount Gambier;
  - (*b*) any place north of this road which is situated more than 20 road miles from a railway station, which area generally extends north to the Goroke line and covers a non-rail area radiating from Edenhope;
- Permits are granted without question for the following commodities in the so-called " permissible list ":—

  Uncrated plaster sheets, cement sheets and gypsum board (gyprock).

  Bricks and roofing tiles.

  Cement prefabricated products e.g. grease traps, fencing posts, stock troughs, septic tanks.

  Glazed doors and timber windows.

  Aluminium and steel window frames.

  Special types of cement pipes e.g. pressure pipes, lock joint pipes, sewerage pipes, agricultural earthenware pipes.

  Sticked kiln-dried hardwood timber lifted direct from kiln as a skid lot.

  Sanitary earthen ware.

  New furniture.

  Firewood.

  Hides, skins and tallow, not exceeding 10 drums on any one load.

  Empty returns including pallets.

  Scrap metal and marine goods.

  Uncrated motor cars.

  Petroleum products in 44-gallon drums up to 160 miles by road from Melbourne.

  Superphosphate mixtures up to 100 miles by road from fertilizer works.

  Uncrated refrigerators and washing machines.
- For the following commodities, permits are also issued under established policy:—

  Aerated waters within 70 miles.

  Baled clover hay, within a 70-mile radius, and baled lucerne hay, Statewide, where it is carried direct from the paddock after cutting.

  Cartons to canneries in the Goulburn Valley.

  Cement from Gippsland Cement Industries at Traralgon to Melbourne and places in East Gippsland.

  Goods and materials on behalf of decentralised industries.

  Motor cars.

  Potatoes and onions.

  Gas cylinders.

  Sawn timber—one-third of mill output is permitted to move to Melbourne subject to two-thirds being consigned by rail.
- In addition, other traffics, e.g. bulk liquids in tankers, are authorised under permit having regard to special circumstances at the time, e.g. urgency, difficulty in handling, packaging and distances from rail.

Exempt Vehicles

5.8 Excluded from the licensing provisions of the *Commercial Goods Vehicles Act,* and therefore having complete freedom of movement, are all vehicles whose load capacity does not exceed two tons, owned by a primary producer and used totally in connection with his business as a primary producer.

Section 92

5.9 Finally, there is the freedom of road transport that springs from Section 92 of the Constitution which extends, in addition to the direct interstate movement, i.e. inter-capital city, and Melbourne to South Australia and Riverina towns, &c. to considerable border and near-border road transport.

General

5.10 An attempt has been made, on the map at Appendix XV, to depict the extent of these various freedoms under " as of right " and discretionary licences, automatic permits and Section 92. In fact, the road freedom goes beyond what is possible to depict in any easily assimilable form.

5.11 As the T.R.B. told this Board, " all these freedoms have reduced the perimeter of regulation of goods transport in Victoria to fairly narrow limits. Permits are not normally granted for traffics which are traditionally regarded as rail traffics, e.g. beer, wool, groceries, storekeepers' goods, hardware, steel, galvanised iron, tractors, food products, canned goods, &c.". And the consequence of Section 92 is that " in effect, the area of regulation is virtually confined to not much more than 100-mile radius of Melbourne, with some extension over the longer hauls to Gippsland, the Western District and the northwest of the State ".

Tonnages Moving by Road

5.12 Just precisely what is the total tonnage of goods moving by road under the present Transport Regulation system is unknown. There are no figures of goods moving under " as of right " licences or discretionary licences. There is the T.R.B. estimate of 400,000 tons moved under the protection of Section 92 on border hopping journeys (paragraph 3.77). Other figures are to be derived from extrapolation of the August 1970 Survey made by the T.R.B. of tonnages moving by road under permit. This gives total movements *under permit* during 1970 of close to 2 million tons (see paragraph 3.79). The bigger items were building materials 648,000 tons, mixed loads 359,000 tons, primary produce and foodstuffs 200,000 tons, raw materials 144,000 tons, manures 22,000 tons, farm machinery and equipment 25,000 tons, containers and empty returns 124,000 tons, manufactured products 85,000 tons, scrap and waste products 55,000 tons, petroleum products 56,000 tons, solid fuels 66,000 tons, drinks and beverages 48,000 tons, machinery 32,000 tons, and chemicals 26,500 tons.

5.13 It is to be noted that the total tonnage, excluding livestock, moved by rail in 1969–70 was 11,541,163. If there are deducted from this figure the 2,134,159 tons of wheat, barley oats and rice, 852,108 tons of cement, 171,662 tons of flour, 260,473 tons of timber, 132,451 tons of sand, 883,159 tons of fertilizers, 163,961 tons of pulp and paper ex Maryvale, 143,655 tons of beer, 288,284 tons of cars and bodies, 791,938 tons of LCL containers, 677,695 tons of forwarding agents traffic, 712,856 tons of iron and steel &c. not prepared, and 1,395,617 tons of coal and briquettes moved by rail, the residual rail-moved tonnage is 2·94 million or only some 50 per cent more than the tonnage moved by road under permit alone.

5.14 Another guide to the relative rail/road movements is to be had from studying the traffic moving between Melbourne and Ballarat, Bendigo and Geelong. The rail figures come from computer print outs: for road movements there is the T.R.B.'s August 1970 study of road traffic moving under permit. Since the T.R.B. considers that the August traffic might be taken as representing one-twelfth of the year's figures, the extrapolated road figures are used in what follows.

Melbourne–Ballarat 1969–70

5.15 The tonnage moved from all Melbourne railway stations to Ballarat stations was 68,330 and in the reverse direction 72,709, a total of 141,039 tons. The revenue figures were $411,630 and $302,257 respectively, a total of $713,887. Of the total tonnage, 21,000 tons was flour, 25,000 tons malt, 12,000 tons petroleum products and bitumen, 2,300 tons barley and oats, 4,700 tons overseas containers, 4,400 tons bran, pollard, &c., 2,150 tons sugar, 1,450 tons bulk oats, 2,170 tons beer, 1,000 tons cement, 3,600 tons iron and steel, and 470 tons briquettes. These items accounted for 56 per cent of the total tonnage and 47 per cent of the total revenue. The bulk of the balance of the tonnage and revenue derived from inwards traffic from Melbourne to Ballarat stations some of which, as is shown in Chapter VIII was in fact, unprofitable to the Railways.

The Present Extent of Road Transport of Goods

5.16 On the basis mentioned above, the total traffic moving by road between Ballarat and Melbourne *under permit only* was 74,070 tons, i.e. more than one-half of the total rail movement. But this disregards the tonnage moving under " as of right " licences held by approved decentralised secondary industries and applicable to Third Schedule goods and under discretionary licence. If the railway tonnage for the twelve items referred to is omitted, the tonnage moving by road under permit alone exceeded the tonnage that moved between Melbourne and Ballarat by rail in 1969–70. The permit traffic did however include some goods that would fall in the Railways twelve items.

Melbourne–Bendigo 1969–70

5.17 The tonnage from all Melbourne stations to Bendigo stations was 92,034, and in the reverse direction 37,548, a total of 129,582 tons. The revenue figures were $726,249 and $235,556 respectively, a total of $961,805. Of the total tonnage, 38,500 tons were petroleum products and bitumen, 13,900 butter, 2,100 wool, 8,400 beer, 2,700 iron and steel, 1,900 timber, 3,700 briquettes and coal, 1,375 manures and 950 containers. These items accounted for 57 per cent. of the total tonnage and 51 per cent. of the total revenue.

5.18 As in the case of Ballarat, the bulk of the balance of the tonnage and revenue derived from inwards traffic from Melbourne to Bendigo some of which, was, in fact, unprofitable to the Railways.

5.19 On the basis mentioned above, the traffic moving by road between Bendigo and Melbourne *under permit only,* and with no regard to goods moving under " as of right " and discretionary licences, was 37,740 tons, i.e. 29 per cent. of the total rail movement. If the railway tonnage for the nine items referred to is omitted, the tonnage of goods that moved between Melbourne and Bendigo by road *under permit alone* represented 67 per cent. of the remaining rail traffic, though these goods included some in the Railways nine items.

Melbourne–Geelong 1969–70

5.20 The tonnage from all Melbourne stations to Geelong stations and Waurn Ponds was 26,270 and in the reverse direction 998,860, a total of 1,025,130 tons. The revenue figures were $115,853 and $2,888,437, a total of $3,004,290. Of the total tonnage, 728,100 tons was cement, 87,200 tons wire from Rylands, 50,500 tons wool, 1,310 tons beer, 51,020 tons motor cars and bodies, 5,850 tons manure, 180 tons briquettes, 1,074 tons flour, 6,950 tons overseas containers, and 28,100 tons barley, oats and wheat, making for these ten items a tonnage of 961,000 or 93 per cent. of the total tonnage. The revenue derived from these ten items was $2,742,000 or 91 per cent. of the total revenue.

5.21 On the basis mentioned above, the total road traffic moving between Geelong and Melbourne under permit only was 328,956 tons, five times more than moved by rail, after excluding the ten items mentioned which were virtually reserved to rail under T.R.B. policy.

Radius of 75 *miles of Melbourne* 1969–70

5.22 The tonnage moved by rail between all Melbourne stations and the 163 stations and sidings within a radius of 75 miles of Melbourne G.P.O., thus including Ballarat and Geelong but excluding Bendigo, was 1·59 million and the revenue $5·30 million. Of this 1·31 million tons (83 per cent. of the total) producing a revenue of $3·88 million (73 per cent. of the total) derived from the following items, namely, manures, coal and briquettes, sand, grain, flour, bran, pollard, &c., malt, petroleum and bitumen in tank loads, wire from Rylands, wool, beer, cement, containers, and motor cars and bodies. Which means that, these items put aside, the tonnage moved by rail was 280,000 and the revenue derived from it was $1·42 million.

5.23 Figures derived from the T.R.B.'s August 1970 survey show that the tonnage moved by road on journeys up to 75 miles of Melbourne G.P.O. *under permit alone* in 1969–70 was 949,000, more than three times the tonnage the Railways moved within a radius of 75 miles of Melbourne excluding the goods just itemised. Once again to be noted is that some of the permit traffic was some of these goods.

Conclusions

5.24 Some conclusions may be drawn—

- the area of road transport of goods currently subject to regulation by the T.R.B. is fairly confined;
- under the present transport regulation system, the Railways are predominant in the carriage of the bulk and heavy items listed above, plus beer which has been generally reserved to the Railways by the T.R.B.;
- putting aside metropolitan movements, road transport already handles a far greater tonnage of the remaining goods than do the Railways;
- the tonnage moved by road on journeys up to 75 miles of Melbourne *under permit alone* of those remaining goods already far exceeds that carried by rail within the longer distance within a radius of 75 miles of Melbourne;
- if there were freedom of choice between transport modes within a radius of 75 miles of the Melbourne G.P.O. but limited to those remaining goods, the diversion to the roads would be of a maximum order of 280,000 tons per annum;
- perhaps if that were conceivably to happen, the Railways would be better off financially.

CHAPTER VI

Road Construction and Maintenance Costs

ROAD CONSTRUCTION AND MAINTENANCE COSTS

6.1 While there was no dissent from the proposition that the commercial users of the roads should pay a proper contribution to the costs of the construction of the roads and associated facilities they use and their maintenance, there was a deal of discussion as to the contribution already being made and its amount. The Road Maintenance Charge was seen as directed to road maintenance. Fees levied by the T.R.B. for licences and permits were seen to be necessary to cover its administrative expenses: nobody suggested that the commercial road users should not pay for the regulatory arrangements.

6.2 It was, however, argued that the payments made by way of excise on petrol and petroleum products, and of sales tax on vehicles, spare parts and tyres were legitimately to be regarded as contributions by commercial road users towards their use of the roads and associated facilities. Memories were fresh of the days when there was some nexus between the excise and the Commonwealth payments to the States for road purposes. Sometimes these were sobered by reminders that excise on beer is not hypothecated for the rehabilitation of alcoholics, nor sales tax on garments for the support of the wool or clothing industries.

6.3 This whole question of the contributions made by commercial users to costs of roads and facilities had the further importance in that, since so many argued for greater road freedom, some to the point of complete competition, it was necessary to determine the degree to which both transport modes were meeting their proper costs. If it were then established that there was a differential in the degree of community subsidy of the costs of the respective modes, then so long as it persisted there could be no true competitive position as between the two modes. In short, the competitive environment would be biased in favour of the mode not meeting its proper costs or meeting less of them than the other mode.

6.4 The starting point necessarily was to assess the relative responsibilities of road users for the costs of construction and maintenance of the roads and the contributions the users were making to these costs.

The Proportion of Road Costs Attributable to Heavy Commercial Vehicles

6.5 This Board set up a Working Party of Senior Officers generously made available by the C.R.B., Commonwealth Bureau of Roads, and the T.R.B., under the Chairmanship of Mr. E. C. Brownbill, to examine the first aspect, but limited to the responsibility of trucks exceeding three and four tons carrying capacity.

6.6 The Working Party applied to the Victorian situation methodology developed overseas. It was handicapped in that there were no complete data of road construction and maintenance costs including detailed dissections, but there were such data in respect of expenditure during 1969–70 on 110 C.R.B. road projects. Next, of the data required, in some cases the latest available was eight years old, i.e., the " Survey of Motor Vehicle Usage ", and, in some cases, for lack of Australian data, the Working Party had to resort to U.S. material. There should before long be a new " Survey of Motor Vehicle Usage ". Until more extensive and peculiarly Australian data is available to permit a refinement of the figuring used by the Working Party, its Report, which appears as Appendix XVI, must be taken as a guide to the order of magnitude of the cost responsibilities of the commercial vehicles of over three tons load capacity. The C.R.B., which was invited by this Board to examine the Report of the Working Party, shares this view.

6.7 In brief compass, the Working Party adopted the incremental method of assigning responsibility for each element of road costs to the vehicles causing it for the purpose of assessing the distribution of costs among vehicle classes. While this approach is elaborated in Appendix XVI, very briefly, one starts from the premises that, to carry the lightest vehicles, a road must have a certain pavement thickness and that the cost of that pavement should be borne by those vehicles. Then, to carry heavier vehicles, there must be a heavier pavement. Since the lightest vehicles did not need the heavier pavement, no part of the cost of the increment to the pavement should be borne by them. On the other hand, the cost to be borne by the heavier vehicles should relate to the total pavement.

6.8 The conclusions of the study were that—

- 43·6 per cent of road construction costs and 37·5 per cent of road maintenance costs were attributable to the use of the roads by trucks exceeding three tons load capacity;
- 41·1 per cent of road construction costs and 35·2 per cent of road maintenance costs were attributable to trucks exceeding four tons load capacity;
- since the total costs of road construction in 1969–70 were $97 million, the proportion of this attributable to all trucks exceeding three tons load capacity was $42 million, and to trucks exceeding four tons load capacity was $40 million;
- since total costs of road maintenance were $45 million, the proportions attributable to the two classes of trucks was $17 million and $16 million, respectively.

Contribution made by Heavier Commercial Vehicles

6.9 This Board set up a Working Party of the officers referred to in paragraph 6.5 and a representative of the V.R.T.A., under Mr. Brownbill's Chairmanship, to examine not merely the various imposts paid in relation to heavier commercial vehicles and their use but also how much of the product of these imposts was spent on roads. Buses were excluded for technical reasons, which equally precluded this study covering trucks exceeding 3 tons, but not exceeding 4 tons, load capacity.

6.10 The Report of the Working Party appears at Appendix XVII. In short, the conclusions reached were that—

- of the 1969–70 Victorian taxes and charges bearing on trucks exceeding four tons load capacity and their use, amounting to $16·6 million, $14·1 million went to expenditure on roads with the balance used up in e.g., T.R.B. administrative expenditures;
- the 1969–70 Commonwealth taxes and charges, i.e., fuel excise and sales tax on vehicles, spares and tyres, bearing on such trucks and their use, amounting to $21·3 million, all went to the Commonwealth's Consolidated Revenue Fund;
- therefore, of the total sum of these imposts, namely $37·9 million, only $14·1 million was hypothecated for expenditure on roads.

6.11 If then the proportion of the costs of road construction and maintenance attributable to trucks exceeding 4 tons load capacity was, for 1969–70, $56·0 million (paragraph 6.8), the total imposts of $37·9 million showed a shortfall of 32 per cent, but the amount from these imposts actually hypothecated for expenditure on roads, $14·1 million, showed a shortfall of 75 per cent.

General

6.12 It must be emphasized that, while the Report on costs attributable to trucks over 4 tons load capacity applies to all such trucks, the imposts are not borne by all such vehicles nor for all trips by such vehicles. For example, Government vehicles are generally exempt from various taxes and charges. Reduced registration fees apply to some vehicles. Road Maintenance Charge is not paid when vehicles are carrying particular types of goods, and, as will be seen later, is evaded on a handsome scale.

6.13 If there were no exemptions from, nor evasion of, Road Maintenance Charge, the amount available for expenditure on road maintenance would be about $6 million greater. The loss of revenue from other exemptions from, and reduced rates of, Victorian imposts is not readily assessible. Assume however, that, in all $7 million more would have gone to expenditure on roads, the gap between total expenditure on roads, and total contributions, attributable in both cases to trucks exceeding 4 tons load capacity, would still, in round terms, have been about $35 million.

Road Construction and Maintenance Costs

6.14 Finally it is to be noted that the cost study related solely to direct expenditure on roads. It did not bring in such costs as—

- administrative and overhead costs related to the activities of the Authorities concerned with roads;
- capital charges related to the expenditures involved;
- capital or maintenance charges related to road lighting, marking or cleansing, or traffic signals;
- any costs in respect of the activities of the Police Force, the Road Safety and Traffic Authority, the T.R.B. or, in relation to road accidents, hospitals.

6.15 All of these costs would add up to a tidy sum and, apportioned on appropriate bases among the various classes of road users, would add appreciably to the costs for which trucks over 4 tons load capacity should carry responsibility. Social costs e.g. those associated with congestion, pollution and accidents will be dealt with in Chapter XV.

CHAPTER VII

COSTS AND CHARGES IN THE TRANSPORT INDUSTRY

Costs and Charges in the Transport Industry

7.1 The costs of both transport modes, rail and road, necessarily figured importantly throughout the Inquiry. Repeatedly costs were equated with charges. It was asserted that, by contrast with the Railways, which paid for its permanent way and other facilities, the road operators did not carry all proper costs of using the roads and associated facilities.

7.2 To the individual consumer of a transport service, its cost equates with the charge made. His concern is with that charge : he is unconcerned whether it reflects the real costs to the provider of the service or the total costs of providing the service. Generally, where he has had a choice of transport mode, his decision has been determined by the respective rail and road charges. If, sometimes, this Board was left with the impression that factors such as convenience, less damage, less risk of pilfering, avoidance of the need for special packaging and so on, introduced to justify the desire to use road transport, were secondary considerations, this is not for a moment to deny that those factors and others like time of transit, frequency of services and savings in warehousing and stocks on hand are not tremendously important in many user choices of transport mode.

7.3 That those forced by the regulatory system of the T.R.B. to use rail have, in many cases, had to pay more for their transport was abundantly clear. Sometimes the overall cost of the road-rail-road mode, which save where there are railway sidings is the general rule, was very significantly higher than the direct door-to-door road service. Cases came to notice where total transport charges involving use of rail were more than double the direct road rate. While the T.R.B. has been well aware of this, simply from the respective charges put before it by applicants seeking resort to road transport, it has never made any investigation of charges when considering applications for licences or permits. Its charter, in relation to discretionary licences, is Section 8 of the Commercial Goods Vehicles Act and, except in cases attracting paragraph (*ca*), it has generally ignored or placed little weight on disparities between rail and road freight charges.

7.4 Most frequently the difference between charges related to the use of rail or road modes is due to the road transport charges at each end. These terminal road charges vary greatly. Ballarat stands out for high charges made for deliveries from or to the railway. No satisfactory reason was given to this Board for the Ballarat charges or the range of charges that is the rule from one provincial centre to another, and particularly for less than one-ton lots. One consequence of this was to lead this Board to the conclusion that there could be merit in empowering the Railways to use their own road vehicles where it was established to the satisfaction of the T.R.B. that the local carriers were charging exorbitant rates. Possessing this right, the very initiation of action that might lead to the Railways introducing their own vehicles could well correct the matter.

7.5 The view was repeatedly expressed, particularly in the country sittings of this Board, that Railway freight rates were swollen to compensate for losses on country passenger services and, more particularly, on suburban passenger services. So the Board was told that, for accounting and freight rate setting purposes, suburban passenger services should be severed from the rest of the Railways' activities. Doubtless, one motivation for the frequent proposals for the elimination of country branch line passenger services and of stops at small town stations was the belief that such would contribute to a reduction in the losses on country passenger services and therefore relieve pressures on freight rates.

7.6 Another major cause for complaint about railway rates arose from the irruption upon the normal tapering mileage rates that has resulted chiefly from the Railways having set special rates to counter the competition of road operators enjoying the advantages of Section 92 of the Constitution. There were complaints that rates to Terang were higher than to Warrnambool, further on ; that rates from Seymour were higher than those from Wangaratta and Wodonga ; that rates to East Gippsland were higher than

those to or from centres on other lines further from Melbourne. There were, as well, particular complaints about the impact of these special rates on wool freight rates.

7.7 The Railways practice in relation to passenger fares differs from that in relation to goods rates.

7.8 In the former case, where an " arbitrary " fare is fixed to stations on a line, no fare for a shorter distance on that line is greater than the arbitrary fare. However, the arbitrary fare to a station on one line may be greater than that to a station on another line despite the fact that the mileage to the former station may be less. This Board sees nothing in this to cavil at. It is reminded of British Railways practice where fares for like distances on different lines in the London metropolis area differ : the determining consideration in fixing fares may be the relative difficulty or ease with which motorists may get to London from their homes though the distance may be the same.

7.9 With goods rates, the Victorian Railways practice differs in that, on the same line, rates for commodities carried shorter distances may be higher, sometimes decidedly so, than the rates to more distant stations. Here the grounds for complaint are more understandable. Yet the practice is nonetheless defensible as pricing policy. The Commissioners rationalise the practice in terms that rail users in areas where road competition has not to be met are paying the tapering charges that would normally be applicable and would extend uniformly throughout the railway system but for the Railways having to compete with road transport. While this Board finds nothing intrinsically unsound in this differential rating practice, that does not assuage the bitterness it engenders in those not beneficiaries of the practice. From this Board's aspect, the real ground for question lies elsewhere. It is whether, in fact, any traffic gained as a result of cutting fares and rates is profitable or not: without real knowledge of their costs the Railways are ill placed to judge this when they fix the fares and rates.

7.10 The general disposition encountered was that the Railways were operating their freight services at a profit. True, there was some wonderment whether this could be the case with low rated goods and naturally no wish to see these rates increased, if such were not the case. There was criticism, again natural enough, of the level of the rates in the upper sector of the rate spectrum but it was taken for granted (wrongly as will appear later) that the traffic carried at such rates was profitable : why, otherwise would the Railways complain of road competition for the goods in question. At the same time, there was the belief that there had to be these higher rates to provide that element of cross-subsidisation in the goods freight rate structure which enabled the lower rates to be maintained.

7.11 The consumers of transport services generally took for granted that hire and reward carriers were covering their own costs. Perhaps they could not have cared less about the matter though some had wispish doubts in light of the high level of bankruptcies among operators or asserted that some operators quoted to obtain business without due regard to the costs involved. On the other hand, some of the operators were not so sure that they were covering their costs and others were quite sure that other operators, particularly in the sub-contracting field, were not. One is reminded of the 1933 Inquiry Report that " the road haulier witnesses . . . . . all practically admitted that their charges were not consciously related to their costs ".

7.12 By and large, the view was that the Railways were paying all their costs. The contrast was repeatedly highlighted between their obligation to provide their permanent way, signalling, safeworking and so on and scrupulously to observe award rates of pay and working conditions and that of the road operators whose main capital outlay was in their vehicles but who made some contribution to their permanent way, the roads, per medium of Road Maintenance Charges and other imposts. Only rarely was the virtue of the Railways assumed position questioned.

7.13 A variation on the theme was that the Railways assets came from loan funds on which they paid interest but the roads of the C.R.B. were built from non-repayable grants. Neither is, in fact, the case.

7.14 As has been shown already, the Railways pay nothing like their true costs. They pay capital charges on about three-elevenths of the moneys provided the Railways by the State. The State carries the rest and, as well, the Railways cash deficits amounting to $157 million, taking only the last 27 of the Railways 117 years existence. Unlike the practice of industry at large, negligible provision for depreciation is made. And, unlike the commercial goods road operator, they are exempted from certain imposts, e.g. excise on their diesel locomotive fuel, sales tax, rates on their properties and so on. To put all this in rough perspective, if the Railways had had to cover all capital charges on all funds provided to them, pay all excise and sales tax and make adequate provision for depreciation and other factors, Railway rates and fares would in 1969–70 have had to be adjusted to produce something like 50 per cent more revenue than they did. And this figuring takes no account of imposts like rates etc. related to properties.

7.15 On the other hand, as has been shown in the preceding Chapter, the road operators' contributions to the roads and associated facilities they used likewise falls far short of the costs of their construction and provision and of their maintenance. Again to attempt some perspective, necessarily very rough, if the road operators of commercial goods vehicles in excess of four tons load capacity had been meeting their full responsibility *solely* for the actual cost of construction and maintenance of roads then that element of their charges to their clients that represented the cost of the operators' present contributions to that responsibility would have had to be increased by around 300 per cent. Based on this Board's studies of road operators' costs that would very roughly be the equivalent of a 20 per cent increase in the total costs of road operators.

Road Transport Costs.

7.16 Road vehicle operators who were approached by this Board showed no reluctance to make available their books and other data. Unhappily, in most cases, the information, which one would assume would be at hand to enable proper costing and determination of freight rates, was not there. So, this Board has to confirm what others have reported, namely, that, as a general run, the road transport operator is singularly ill informed about his costs. To borrow a metaphor, he operates by the seat of his pants. Needless to say, this is not universally true, but having made the sorts of investigations it has, this Board finds it less difficult to understand the high rate of bankruptcy in the road transport industry. If any confirmation were needed, it is to be found in the submission of the V.R.T.A. (see paragraphs 4.5 and 4.8).

7.17 The Board's detailed investigations covered six categories of intrastate road operators : professional carriers, decentralised industries, primary producers, sawn timber carriers, tip trucks and petroleum tanker operators. The operators involved could not be regarded as an average cross-section ; they were selected because they were generally regarded as good operators who recorded their costs. Moreover, the total number of vehicles whose costs could be studied in the time available was too small to enable definitive conclusions. However, the total exercise proved useful in providing a clearer understanding of some cost aspects of road transport operations. It also confirmed the views repeatedly put to this Board, and not only by the professional carriers, that decentralised industry and primary producer operators were less efficient than the hire and reward carriers, and the parlous position of many tip truck operators and timber carriers. Examined in each case were, in relation to different types of trucks and carrying capacity: annual mileage; average loads both ways; percentage utilisation; costs of fuel, oil, tyres and tubes; road maintenance charges; permit fees and drivers' wages (i.e. variable costs); and depreciation, capital charges, registration, insurances, licences and administration (i.e. fixed/time costs).

7.18 Clearly the costs of professional carriers vary considerably : so much depends on vehicle utilisation and the character of the traffic normally carried. The costs per ton mile in the highest case studied ranged above 100 per cent of the costs in the lowest case. Annual mileages run ranged from 31,200 to 84,000. Percentage utilisation of truck capacity for both ways running averaged 76 per cent. By contrast, after excluding permit fees applicable to professional carriers, the average costs per ton mile of the decentralised industry trucks exceeded those of the professionals by over one-half ; the range of annual mileage was from 26,500 to 56,500 ; and

their utilisation was lower than the professionals at 52 per cent. This has relevance to the proposals elsewhere in this Report for greater freedom of transport choice for approved decentralised industries. It is reasonable to assume that the scope for greater utilisation of their trucks would be less than that of professional carriers and the overall result of the proposals should be a reduction in the use of resources for, and the costs of, decentralised industries traffic.

7.19 Too frequently is it considered that road transport involves direct door-to-door movement by the one vehicle ; as mentioned elsewhere in this Report a sizeable proportion of road cargoes passes through depots both in Melbourne and in country centres. A detailed examination of the terminal costs of one of the professional carriers disclosed that, for a line haul of 100 miles, 42 per cent of the total costs were terminal charges.

7.20 The first notable difference in the case of primary producers trucks was the low annual mileage : the range was from 4,000 to 9,480 with an average of around 5,000. This figure was somewhat higher than the average annual mileage revealed in figures provided this Board by the Victorian Farmers' Union. The average utilisation was 52 per cent which does not suggest any degree of backloading. The average cost per ton mile was nearly four times the average costs of the professionals. Discussions with the primary producers concerned bore out what had been put to this Board by primary producers organisations and others: that their truck operations were costly and uneconomic; that their present trucks would often not be replaced ; they favoured resort to hire and reward carriers or primary producers being permitted to band together to use one pool truck to meet their transport needs. It seems to this Board that adoption of its proposals elsewhere in this Report should reduce the resource costs involved in primary producer road transport.

7.21 The examination made of line haul costs for petroleum traffic considered cases with journeys of 100, 200 and 300 lead miles for tankers of equal carrying capacity. Data examined showed a reasonable homogenity in costs per lead ton mile for each distance in relation to contractors operating on a long term contractual engagement and a consistently high utilisation basis, and to oil companies operating their own vehicles. The costs of operators casually undertaking petroleum transport were naturally higher. As a check point, the current charges allowed for milk tankers were examined. They average nearly 3 cents per lead ton mile more than petroleum tankers working on a full utilisation basis, but a number of factors appear to explain this, e.g. higher capital costs in relation to pay load, lower utilisation, costly regular cleaning operations, and a less favourable ratio of pay load to tare weight.

7.22 In the case of sawn timber carriers, costs exceeded the rate received by one operator : in another, the situation was probably the same. This appeared to be a not atypical situation; a principal reason being that, notwithstanding the continuing upward movement in costs, cartage rates for sawn timber have remained fairly constant for about 15 years.

7.23 A considerable spread of costs was observed in the case of owner/operator tip trucks. The costs per yard mile in the highest case ranged about 50 per cent above the costs in the lowest case. More will be said of tip truck operators in Chapter X.

Railway Costs

7.24 Far more detailed studies were made of Railway costs. In these, this Board received the fullest co-operation of the Commissioners and their staff. These studies will have long term and lasting benefits for they have induced in the Railways a new cost consciousness and have led to the introduction of a series of processes which will enable management to be much better informed of costs and to take decisions related to them. The following Chapter will be devoted to these studies. Meantime some general observations are called for.

7.25 The first is that it quickly became apparent as this Board began its enquiries that the Railways did not know what their costs were for the different sorts of services they were providing. Only in respect of manufacturing activities

in workshops has standard costing been introduced and then in a modified form. No studies had been made of the costs in relation to particular classes of goods under all circumstances. Indeed they were considered impracticable. Such ad hoc studies as had been made related to train load movements over specific routes, either of particular commodities or of all commodities handled on a particular train.

7.26 Such costing system as has been used by the Victorian Railways has been one of " fully distributed costs ". Under this, costing proceeds retrospectively: at the end of each financial year, the total actual costs incurred, under a number of broad headings, but excluding any costs related to capital and all but a negligible amount by way of depreciation provisions, are apportioned between the following five types of services, namely, suburban passenger and parcels, country passenger and parcels, intersystem passenger and parcels, Victorian goods and livestock, and intersystem goods. The apportionment is on bases developed by the Railways over a long period. Wherever possible, the costs incurred are directly attributed to the particular type of service : where costs such as signalling and train control or track maintenance are common to more than one type of service, they are apportioned, again on long followed practices.

7.27 For costing purposes, there is a unit basis : gross ton mile (the unit measure of work performed, both passenger and goods), and the passenger mile and the goods and livestock contents ton miles (the unit measures of purchased output).

7.28 From tabulations provided to this Board for 1968–69, " direct operation costs ", i.e. those elements considered to vary in approximate proportion to traffic volumes, amounted to not more than 40 per cent of total costs for any type of service. The Commissioners said that it was the domination of the remaining 60+ per cent of indirect operating and general overhead costs which do not vary substantially with traffic volume, which was the key to the effect of total traffic volume on unit railway costs. The Commissioners felt they had sufficient data to establish that total unit cost varies inversely (but not proportionately) with changes in traffic volume ; and that measured on a unit basis, indirect costs increase more rapidly than direct costs as traffic volume declines. This Board's studies suggest that the 40 per cent figure is on the low side and this is confirmed by published studies of other railway systems.

7.29 The Commissioners told this Board that they did not use these allocated costs when considering general fare and freight increases, but that they were used to form the basis of the management information essential to the quoting of competitive charges " and to support their claim that the activities of the Department should be divided into ' business ' and ' social ' with the nett outlay on the social activities being recouped, not classed as a deficit ".

7.30 It was from this retrospective cost apportionment process, that the Commissioners in their 1969–70 Report asserted that the operating losses on country and suburban passenger services were $10·2m and $6·3m respectively.

7.31 The further this Board looked into this costing method outlined above, the clearer became the dubious character of the apportionment process and the lack of any information about the costs of particular services within the five broad types of services classified. So this Board concluded that the present costing method provided a questionable basis on which to base judgements about the losses or profits made on different types of services and no basis at all upon which this Board might develop its inquiries.

7.32 A great deal of attention has been given in recent years to railway costing principles and elaborate papers have been developed by many writers around the concepts of specific, common and joint costs and of marginal costing. The South African Railways are notable for the attention they have given, for some twenty years past, to detailed costing of the carriage of commodities over their lines. The Director General of Transport in Western Australia has also made great strides in recent years in this same direction in relation to costs in the Western Australian Government Railways.

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7.33 It is doubtless a product of the Railways monopoly days when they had a captive market, and when it was known, as lamentably continues to be the case, that come what may the Treasury would foot the final bill, that a detailed costing of each operation and a proper apportionment of overheads and charges for facilities used by more than one type of service have been considered to be neither practicable nor warranted. The very complexity and diversity of the Railways system and activities were seen to re-inforce this. If there were ever any justification for this attitude, and it is not the unique possession of the Victorian Railways, there is absolutely none today.

7.34 Now it is not suggested that the Railways costing process should go to the length of having on tap the cost of transporting one pound of butter from A to B. In that sense, it is not a case of costing being impracticable, but, in the view of this Board, of its being unnecessary and unwarranted. But short of such lengths, the Railways must introduce such procedures as will enable them to establish their costs in sufficient particularity to permit them to take responsible management decisions not merely about the fares and rates that should be charged or about the extent to which the Railways can go in lowering fares and rates to meet road competition without losing money, but also in regard to investment and development programs.

7.35 Indeed, as is now clear, had the Railways known the relevant costs before the advent of this Inquiry, they would have discovered that the carriage of high rated general merchandise, which, over the years, they have jealously fought to hold and whose loss to road competitors they, and so many others, have constantly proclaimed to be the cause of the Railways financial predicament, was, in fact, often unprofitable and especially in the case of short hauls. The same lack of knowledge of relevant costs appears to have led the Railways to resist the development of freight forwarding arrangements for intrastate traffic, despite their ready resort to them for interstate traffic, again, ironically, without their fully knowing what their costs were in respect of that traffic.

7.36 So not knowing their costs, the Railways have been in no position to know what rates for passenger and goods services were necessary to cover their costs.

The Railway Rate Books.

7.37 Basically, the current rates for freights and fares, to be found in the General Rate Book, go well back into the last century. The mileage tariffs published are based on the traditional railway concepts of what the traffic will bear and of subsidising the low value commodities by the rates for valuable ones. Most commodities are classified into categories based mainly on their intrinsic value, with some regard to density. The rate differential is very wide, e.g. for drapery for 100 miles $16.40 a ton, and for firewood for the same distance $3.75. Wagon loads mostly carry a lower rate than the same commodities in smaller quantities. The mileage tariffs also incorporate a taper on the theory that terminal costs remain constant while haulage costs are assumed to vary directly with distance travelled. Tapering dates back to the 1890s when, as the Commissioners told this Board, " no doubt ..... some attempt was made to relate average terminal costs with average haulage costs with appropriate loadings for commodity value. However, as rate variations since then have consisted of across-the-board percentage increases or decreases, and with labour costs representing a vastly increased proportion of total costs, any relativity which existed then would certainly not exist today ". Needless to add, the differential costs of transporting goods over different lines are not taken into account in rates.

7.38 The Commissioners told this Board that " between the 1890's and the early 1920's, several variations were made in the number and titles of the rating classifications. However, since about 1925, the structure of the Goods Rate Book has remained virtually unaltered, except for relatively minor alterations in detail and the addition of new commodities ". When new items have been introduced into the Rate Book, " the factors taken into consideration . . . . . are their similarity to items already classified and their commercial value. Actual cost of handling would not normally be considered unless there was some special characteristic which would affect costs in comparison with similar items ".

7.39 In a nutshell, the present freight rates in the Rate Book are based on last century traditions and circumstances and, by and large, with few changes in rate relativities and little, if any, regard to the changed incidence of labour costs in different functions of the Railway system. General rate and fare increases have occurred " when the Government via the Treasury directs that Railway revenue is to be increased by a predetermined amount . . . . . The normal published rates and fares are then increased by such a percentage as will, after allowance for losses of traffic, bring the total revenue increase to the amount requested by the Treasury ".

7.40 The General Rate Book clamours for a few words of description. There are three volumes of Goods Rates Books of 263, 102 and 120 pages respectively, the last being devoted to shunting charges. Then there are 60 pages of Addenda to the Goods Rates Books, 17 pages about the carriage of livestock, and another 57 pages devoted to approved decentralised secondary industries. On top of these, there is a Passenger Fares and Coaching Rates Book of 289 pages, of which 46 pages concern parcels and luggage rates, and 70 pages of Addenda to the Passenger &c. Book, including 23 pages about parcels and luggage rates.

7.41 Goods rates are classified in the following rating order: Manure; Sand; Firewood; Flour; Bran and Pollard; Unseasoned Hardwood Timber; Grain; AA; Wheat; AP; Special M; Coal; M; SAP; A; BB; B; C; 1; Wool; and 2. But within these classifications, there are variations galore, e.g.

A	Less 25%, Less 10%, Less 33⅓%
B	Less 10%, Plus ⅛th, Less 17%, Plus 25%, Less 33⅓%
C	Less 20%, Less 33⅓%, Less 10%, Less 25%
1	Plus 10%
2	Plus 50%, Double, Plus 25%, Plus 10%
M	Plus 5%, Less 21%
BB	Less 25%
SAP	Less 10%

An infinite variety of goods is then individually assigned to these classified goods rates with their variations. The same goods may be classified under any one of several categories or qualify for a percentage reduction on the classified rate depending on the quantity involved, the purposes for which the goods are to be used, whether the goods are the product of a country industry or are for export and so on.

7.42 On the parcels side, there are full rates ; one-quarter, one-third, one-half and two-thirds the full rate ; full rate plus 50 per cent and double rates. The rate depends not on the parcel but what it contains.

7.43 But even this is not the end of the General Rate Book : there are, e.g. log rates per mile, wagon rates per mile and District Rates.

7.44 Apart from the General Rate Book, which in the case of goods and livestock covers traffic producing nearly one-half of revenue, there are special rates to meet the position where the Commissioners seek to retain or gain traffic. In the latter case, the concept of " what the traffic will bear " applies but the " governing factor is not the inherent value of the goods but the charges made by competitors ". Moreover, " a higher return is sought where the task involves haulage over branch lines or other sections where it is known that higher than average costs prevail ". These special rates fall broadly into three categories:—

- Traders freight contracts offering slightly reduced rates for a wide range of goods but requiring an agreement to use rail for all requirements. Where there is " border hopping " competition, rates have been heavily reduced. Sometimes according to the Commissioners, the agreements are " honoured more in the breach than the observance ".
- Special rates for wool within striking distance of State borders and for cement on a zoning basis.
- Contracts with individual firms, including forwarding agents and large manufacturers.

7.45 In setting special rates, said the Commissioners, " the yardstick used is the average cost per wagon mile for either intrastate or interstate operations. The aim is to obtain, within the limits set by competition, a revenue return as much as possible in excess of average avoidable costs so that some contribution is made to unavoidable fixed costs ".

7.46 When rates have to be adjusted to provide additional Railway revenue, further judgments have to be made, including whether any increases in charges would result in a net reduction in revenue through loss of traffic.

7.47 Currently the Railways do not seem to apply nearly to the same extent the long standing rule of other transporters of having alternative rates related to weight and volume.

7.48 It is necessary to add that this Board was told that staff had been allotted to investigate simplification of the rating structure. This Board is aware that the New Zealand Railways have given much attention to simplification of their rating structure.

7.49 The Victorian Railways have not been unique among Railway systems in the practices, habits and attitudes discussed. By contrast, one large interstate road haulier company, which pays nice dividends, manages to get all its rates on one double sheet spread.

7.50 All of this, if it were not so tragic, would be quaint and decidedly amusing. Anomalies galore are to be found, deriving originally from Government decisions of distant years which, if then justifiable, have no present rationale. For example, perishables consigned by passenger train and requiring special handling are charged half normal parcel rates and imported wine carries nearly three times the freight rate of the local product. A macabre touch is seen in the rate for a parcel of " the ashes of cremated human remains " which is four times the rate for a parcel of " dead poultry ". To add to the fare, one finds that Show exhibits sent forward by rail and paid for, and exhibited and not sold, are, if livestock in crates or, if not livestock, at owners risk, entitled to free return rail carriage.

Concessions

7.51 Concession fares and freight rates have been granted to various sections of the community for as far back as can be traced. For example, in 1881 the Goods Rates Book provided for colonial wines to be carried at 5d. per ton per mile, while imported wines were charged the rate of 7d. Similarly, new machinery manufactured " at up-country towns and sent to Melbourne for exportation " was charged one class lower than the classified rate. Presumably these concessions were granted at the behest of the Government of the day but as far as can be ascertained no attempt was made to have them recouped by any form of subsidy.

7.52 By 1927 the number and extent of such concessions had grown to approximate those which exist today. This Board was informed that the only major additions since that time have been the introduction of half fares for pensioners in 1958, trainee nurses' concessions in 1962 and approved decentralised secondary industry concession rates in 1965. All of these followed Government decisions.

7.53 In 1949 it was decided to abolish the half-rate concession for perishable parcels. However Government approval for this was subsequently withdrawn and since 1950 a subsidy of $62,000 a year has been paid by the Treasury to offset the resultant loss of revenue. This Board was told that the estimate on which this subsidy was based had to be produced at very short notice and could only be described as approximate. A further approximate calculation was made in 1965 which suggested that the subsidy should then be $152,000 a year but, as the Railways did not consider it practicable to carry out the detailed research necessary to substantiate this, they decided not to seek an increase.

7.54 The concession rates for goods granted today (other than approved decentralised secondary industry rates) are listed on pages 145–169 of the Goods Rates Book and for parcels, on pages 236–244 of the Passenger Fares and Coaching Rates Book. The Railways say that to assess the cost of all these concessions would be " a mammoth task ".

7.55 In Appendix XXIV is a statement supplied to this Board of the present concession fares and the Railways' estimate of the cost of these concessions in loss of revenue. It amounts to $834,800 after allowing for a Government recoup of $1,250,000.

CHAPTER VIII

STUDIES OF RAILWAY COSTS

Studies of Railway Costs

8.1 Major proposals before this Board from a wide range of those making submissions were that the unprofitable country rail passenger services should be terminated, that non-paying branch lines should be closed, that some lines should be operated only to cope with seasonal traffic and that stations handling little traffic should be closed for a variety of reasons, including as a means of accelerating passenger and goods services to provide a more acceptable and efficient service to railway users. The first proposal had added interest in that, in the Commissioners 1969–70 Report, the operating losses on country passenger services were stated to amount to $10·2 million, i.e. excluding capital charges and all but negligible depreciation provisions.

8.2 Obviously this Board could give no serious consideration to these proposals without a detailed knowledge of the financial aspects. So perforce, it gave much thought to the approach it should make to determine the financial implications of the proposals. Considering the data currently available in the Railways and the time within which it was desired this Report should be completed, the conclusion was reached that it would be best to develop studies around the savings or financial improvement that would result if a particular service were eliminated, the savings being, in short, the " added costs " of providing that service. These studies could, so far as they could be taken in the time and with the data currently available, be done with a reasonable degree of accuracy leaving a fairly limited area subject to conclusions based on judgments. Such an approach would, in the Railways' situation, be open to less problems in relation to matters like common use of facilities, because single track predominates in the system, and, where there are multiple tracks, nothing contemplated in this Report would lessen the need for such tracks.

8.3 It will be seen as each of the cost studies undertaken is discussed, that the financial savings revealed will be rather like the visible section of an iceberg. In short, given a decision to withdraw a service, the financial savings are likely to be far greater than those actually disclosed.

8.4 It must also be emphasised that the studies made were directed simply to economic considerations, based on the data that could be assembled in the time available. While economic considerations would, subject to methodological refinement possible with more time and data available, be very relevant to the question whether a particular section of line should be closed or a particular service should be withdrawn, they would not alone determine the question, wherever it were raised. Many other considerations would have to be weighed. For example, there could be the disposition of grain storages (See Appendix XXII) and the pattern of grain deliveries to them and the consequences of the storages no longer being used for direct loading into railway wagons; the risks that could be associated with closing a line such as that between Shepparton and Tocumwal, an important alternative rail link to N.S.W., which may play a large part in the transport of the burgeoning coarse grain production of the Riverina; plans afoot for developing industries and communities which on any sensible consideration would call for maintenance of rail services, and so on. Even where a line were to be closed, circumstances might require that it not be dismantled or at least its right of way be reserved against a possible future need: there have been examples of this already. There could also be a decision not to withdraw all, but only some, passenger services on a particular line. There could conceivably be some exceptional cases where some much more comprehensive cost/benefit study might be attempted, i.e. a study of the nett benefit or cost to the community if the service were to be continued rather than withdrawn. However, the difficulties and costs of collecting data for such a study would often be great and it has to be realised that there are many intangibles in the area of social benefits and costs. The problems of assessing and evaluating these intangibles are such that the results are often rather suspect.

8.5 The studies undertaken by the Railways, in association with this Board, covered, to start with:—

- the 18 sections of country lines, not classed as " A " or " B " lines by the Commissioners in their Submissions (Appendix XIV), on all of which the current passenger services are provided by rail motors;

- a series of sections of lines whose closure appeared, *prima facie,* to be justified on purely economic considerations;
- a series of sections of lines on which, on like considerations, operations only to meet seasonal requirements appeared, *prima facie,* to be justified;
- the consequences of accelerating services, passenger and goods, by eliminating stops at stations serving small towns and sidings.

8.6 When it became apparent that, by extrapolating to other lines the savings that would be effected if, in fact, passenger services were withdrawn on the 18 sections of line, the results were unlikely to account for anything like the total losses on country passenger services reported by the Commissioners, the studies were extended to the passenger services on nine other sections of line classed as " B " by the Commissioners in their Submission.

8.7 At this stage it became clear that the losses on passenger services could not be anything like those reported by the Commissioners and that therefore losses had been occurring on the Victorian goods traffic or greater losses had been occurring on metropolitan services than the Railways thought. So, in addition to a study that had commenced on parcels traffic because this Board suspected it was a losing proposition, a further study was made of general merchandise traffic between Melbourne and Ballarat and Bendigo.

Withdrawal of Passenger Services

8.8 Applied to the effects of the withdrawal of passenger services, the " added cost " approach meant adopting the attitude that, outside the metropolitan area, the Railways operate a freight system on which passenger services are superimposed as an optional extra and that, therefore, in assessing savings resulting from the withdrawal of passenger services, those services should not be charged with any element of cost which could reasonably be expected to continue as a charge to the freight services, if the passenger trains were to be entirely withdrawn.

8.9 For convenience, the following table brings together the highlights of the studies affecting the twenty-seven sections of lines. The figuring is related to the losses in 1969–70 and what would have been the savings and financial benefit in 1969–70. It is to be noted that, in the case of the last nine

Line.	Length (miles).	No. of return services per week.	Av. No. of passengers per service.		Estimated loss 1969/70.	Financial improvement 1969/70 if service eliminated.
			Peak (*a*)	Normal (*a*)		
					$	$
*Bendigo–Echuca	54½	11	22	12	66,575	46,592
*Echuca–Deniliquin ..	45¼	6	9	5	38,530	5,432
*Barnes–Balranald	119¾	2	5	3	52,909	23,493
*Bendigo–Sea Lake ..	137¼	6	26	19	139,133	63,041
*Korong Vale–Robinvale ..	142½	6	8	7	137,784	56,171
*Elmore–Cohuna	57	6	13	6	58,033	22,693
*Swan Hill–Piangil ..	27½	5	15	12	21,971	5,905
*Kerang–Koondrook ..	14	5	56 (mainly school children)	51	7,848	5,122
*Carlsruhe–Daylesford ..	22½	13	68	15	56,763	15,680
*Castlemaine–Maryborough ..	34	12	12	8	65,234	28,252
*Murtoa–Hopetoun ..	69¼	6	13	11	60,280	45,469
*Linton Junction–Linton ..	22¼	5	66 (mainly school children)	64	13,945	474 (Loss)
*Tallarook–Mansfield ..	75½	6	13	12	106,098	31,700
*Strathmerton–Cobram ..	9¼	10	6	2	33,199	13,562
*Benalla–Yarrawonga ..	40¼	12	22	8	73,983	26,357
*Lilydale–Healesville ..	15½	40	26	20	53,599	26,108
*Traralgon–Maffra ..	33¾	12	18	11	60,601	26,270
*Nyora–Wonthaggi ..	30¾	13	16	9	54,517	348
Geelong–Warrnambool ..	121	13	239	30	128,700	68,200
Warrnambool–Port Fairy ..	20½	6	19	6	28,400	
Ararat–Hamilton	66½	17	48	22	244,300	138,700
Hamilton–Portland ..	53	6	14	12		
Bendigo–Swan Hill ..	113¾	6	74	35	160,900	67,100
Toolamba–Echuca ..	41¾	17	45	30	111,700	73,400
Shepparton–Tocumwal ..	43¼	6	49	15	87,200	53,900
Sale–Bairnsdale	43½	8	85	20	79,500	35,100
Leongatha–Yarram ..	58¼	6	33	20	99,100	57,000
Total	..	..	..	..	2,040,802	996,121 (*b*)

(*a*) For definitions see Appendix XVIII.

(*b*) Includes $61,000 referred to in paragraph 8.12.

* See paragraph 8.10.

sections of lines listed, the financial improvement is based on the premise that co-ordinated bus services would be provided and that those services would receive from the present railway fare the proportion related to the mileage travelled by bus. In the case of the first eighteen sections listed, the financial improvement is based on assumptions that, where appropriate, there would be co-ordinated bus services on the basis just mentioned and that otherwise travellers would be accommodated on existing or appropriately varied road services or use their own cars.

8.10 The sections of lines marked * in the table at page 71 are those which the Commissioners would have proposed for review by the T.R.B. whose function they submitted (paragraph 4.35) should be " to recommend to the Government, on purely economic grounds, routes on which rail passenger services should continue to operate and routes which should be handled entirely by road services ".

8.11 The methodology employed in the study of the eighteen sections of line served by rail motors and the detailed figuring appear in Appendix XVIII. The methodology used in the study of the further nine sections and the supporting detailed figuring appear in Appendix XIX. Taking all twenty-seven sections of line:—

- the total costs of the passenger services were $2·810 million;
- total revenue (line proportion) was $0·769 million; passengers $0·502 million and parcels $0·267 million;
- so the losses were $2·041 million;
- the estimated savings resulting from withdrawal of passenger services on these sections, i.e. the added costs of operating those passenger services, would have been of the order of $0·996 million in 1969–70. These savings derive from a reduction in annual costs of $1·652 million and a loss of annual revenue $0·656 million;
- seven sections of the line showed losses in excess of $100,000—Ararat–Portland ($244,300), Bendigo–Swan Hill ($160,900), Bendigo–Sea Lake ($139,133), Korong Vale–Robinvale ($137,784), Geelong–Warrnambool ($128,700), Toolamba–Echuca ($111,700), and Tallarook–Mansfield ($106,098);
- thirteen other sections of line each lost more than $50,000;
- in one case the loss per passenger was of the order of $75, in another of $30 and in yet others in excess of $10;
- in four cases, revenue was less than one-tenth of costs.

8.12 These estimates of savings of just on $1 million understate the likely savings. For example, they do not take account of interest, savings in way maintenance, proceeds of sale of assets and future savings in capital and/or renewals and replacement costs. Depreciation, as a non cash cost, was also excluded. While in respect of the eighteen sections of line on which rail motors provide the service, account was taken of the alternative uses to which the rail motors could be put, no account was taken of the fact that most are at the stage of requiring replacement at a cost of the order of $100,000 each. Moreover, no allowance was made for the costs of goods trains standing times deriving from the absolute preference given to passenger trains. On the other nine sections, locomotive hauled services are provided except on three sections and no allowance was made for the consequences of the locomotives and carriages becoming available for other purposes, including scrapping. As to locomotives, clearly there is scope for alternative use, e.g. in releasing appropriate diesel engines to replace six steam locomotives used in railway workshops with savings per locomotive replaced of $4.68 per service hour and in enabling the scrapping of other steam locomotives held on standby and used for seasonal traffic, carrying savings in operations and others due to the greater availability and reliability of diesels. Depending on the number of diesel locomotives released, the acquisition of new or replacement diesel locomotives could be deferred. The released passenger cars could lead to savings through scrapping or reduced maintenance on the less ancient vehicles retained. The figuring for the eighteen lines includes a lump sum of $61,000 for savings on works maintenance costs and annual interest savings related to scrap sales: in the case of the nine lines these savings are included for the individual lines under the headings " Works Maintenance " and " Other Savings " respectively.

Studies of Railway Costs

8.13 Since it would have taken some time to pursue the same sorts of detailed studies for the remainder of the present passenger services, i.e. to Geelong, Serviceton, Bendigo, Shepparton, Wodonga and Traralgon (Commissioners "A" class lines) and the Ballarat–Mildura, Shepparton–Tocumwal, Traralgon–Sale and Dandenong–Leongatha sections of lines (Commissioners "B" class lines), the Commissioners were asked to compute, from the detailed cost studies made and other available data, what would have been the country passenger losses, at large, if the costs of operating all the Victorian passenger country services were to be treated on an "added cost", instead of the former "fully allocated cost" basis. Their conclusion was that, on the "added cost" basis, the $10·2 million operating loss would have been of the order of $7·2 million. They acknowledged that the figuring was less sophisticated than that resulting from the detailed studies. However, if this figure of $7·2 million were confirmed by a detailed study, it would mean that the Railways operating loss on the major route passenger services listed immediately above which the Commissioners proposed to retain and develop would have been $6·2 million. To be noted is that the $7·2 million figure excludes any allowance for the consequence of releasing locomotives and passenger rolling stock, which would be very considerable, short and long term, and, like the $10·2 million makes no provision for charges on capital estimated to add $750,000, nor for depreciation, not included in working expenses, estimated at about $620,000 referable to the existing passenger services.

Complete Closure of Lines

8.14 Seven sections of lines which, on economic considerations, *prima facie,* appeared candidates for consideration for total closure were studied. They were the lines Warragamba–Cohuna, Carlsruhe–Daylesford, Koroit–Hamilton, Tallarook–Mansfield/Alexandra, Lilydale–Healesville, Nyora–Wonthaggi and Morwell–Mirboo North. Most of these lines are included in the above passenger service studies. The Commissioners have another eight sections of lines which they would have in mind to put to the T.R.B. in pursuance of their Submission that it should be a function of the T.R.B. "to recommend the withdrawal or limited operation of railway services when such withdrawal or limited operation can be demonstrated to reduce total transport costs". (Paragraph 4.32).

8.15 The table appearing on page 74, based on the methodology and figuring in Appendix XX, brings out the main figures derived from the study of the seven sections of line. Comparison with the studies on the results of withdrawal of passenger services points up the greatly increased savings that would result from totally closing lines. For example, withdrawal of passenger services on the Carlsruhe–Daylesford section would produce a nett annual saving of $15,680 but closing the line would lift this to $58,400 and produce $125,400 from sale of assets and avoid $400,000 expenditure on track rehabilitation, etc. In the case of the Tallarook–Mansfield/Alexandra line, closing the line would not result in much greater savings than those resulting from withdrawal of passenger services, but it would produce $515,900 from sale of assets and avoid expenditure of $1,064,000 on track rehabilitation, etc. This is not surprising. The withdrawal of only one type of service does not result in savings of any magnitude in joint costs, such as way maintenance, which represents a high proportion of total cost on minor lines.

8.16 It will be seen that:—

- 1969–70 losses are estimated to have totalled $694,000 with losses for individual lines ranging from $37,500 to $160,100;
- four lines each showed losses in excess of $100,000;
- the Koroit–Hamilton line, which lost $70,900, had costs totalling $77,500 but revenue (line proportion) was only $6,600;
- nett annual savings from closure are conservatively estimated at $359,400 and range from $26,400 to $85,000 for individual lines;
- proceeds of sales of assets if the lines were closed are estimated at $1,690,000, ranging from $107,000 to $515,900 for individual lines;
- new investment and renewals and replacements expenditure planned over the next 20 years which would be saved if the lines were closed are estimated, at current costs, at $2·412 million, with a present value of $1·249 million;

Line.	Length (miles).	Number of Weekly Return Services.		Losses 1969–70.	Net Annual Saving 1969–70.	Other Financial Benefits.			
						Sale of Assets.		Projected Capital or Other Expenditures.	
		Passenger.	Goods.			Receipts.	Annual Interest Saving.	Amount Over 20 Years.	Present Value 7% Discount Rate.
				$	$	$	$	$	$
Warragamba–Cohuna	45	6	2	93,100	85,000	281,000	19,700	768,000	392,400
Carlsruhe–Daylesford	22½	13	2	113,900	58,400	125,400	8,800	400,000	150,100
Koroit–Hamilton	52	..	1	70,900	38,400	270,000	18,900	48,000	19,700
Tallarook–Mansfield–Alexandra	84	6	6	160,100	37,200	515,900	36,100	1,064,000	628,000
Lilydale–Healesville	16	40	1	109,400	73,000	181,000	12,700	36,000	13,600
Morwell–Mirboo North	20	..	2	37,500	41,000	107,000	7,500	48,000	22,300
Nyora–Wonthaggi	31	13	2	109,100	26,400	210,100	14,700	48,000	22,300
Total	270½	78	16	694,000	359,400	1,690,400	118,400	2,412,000	1,249,000

- in the case of the Warragamba–Cohuna line one year's savings plus the sale of assets would equate five times the loss of current annual revenue and planned expenditure over the next 10 years amounting to more than 10 times that revenue loss would be avoided;
- in the cases of the Lilydale–Healesville, Koroit–Hamilton and Morwell–Mirboo North lines, one year's savings plus the sale of assets would equate over six, eight and fourteen times respectively the loss of current annual revenue;
- in the case of the Mansfield line, one year's savings plus the sale of assets would equate nearly twice the loss of current annual revenue and planned expenditure over the next 10 years amounting to nearly four times that revenue loss would be avoided;
- taking the seven sections of line studied, one year's savings plus the sale of assets would equate three times the loss of present annual revenue, and planned expenditure over the next 20 years of $2,412,000 in present money terms, or nearly four times the loss of present annual revenue, would be avoided.

8.17 To be emphasised is that savings shown do not include any allowance for the consequence of releasing locomotives, rail motors and passenger and goods rolling stock for other duty nor for the scrapping of ancient rolling stock no longer needed, whose maintenance costs are so astronomically high. And it must not be assumed that detailed study of the other eight sections of lines referred to in paragraph 8.14 would throw up any better, or for that matter worse, picture.

Seasonal Lines

8.18 A detailed study was made of eight out of a total of 27 sections of lines with a high proportion of seasonal traffic and a less detailed study was made of the seasonal incidence of traffic on other sections of lines where seasonal traffic is high. The purpose was to assess the financial advantages arising from restricting operations to seasonal activity.

8.19 The results of these studies appear in the paper at Appendix XXV.

8.20 The studies show that the financial improvement resulting from restricting to seasonal activities operations on the eight sections of lines studied would, under existing operating methods, probably not exceed $100,000 per annum. There are, as mentioned, another nineteen sections of lines having similar characteristics to those studied.

8.21 On the other hand, the studies reveal scope for considerable savings if there were seasonal operations restricting the operation of each individual section of line to the minimum period necessary to clear its grain storages. This would mean using a " merry-go-round " unit train which cleared the storages on the various lines in rotation. While, in the time available, the full financial implications of this method of working could not be assessed, some indication of the likely magnitude of the savings possible will be seen in the simple fact that 220 unit trains would do the work now requiring 467 trains.

8.22 It is this Board's view that such is the possible magnitude of financial savings opened up by these studies and such is the importance of what has so far been revealed in relation to possible programmes for the construction of GJX bogie wagons that the Railways and the Grain Elevators Board should embark on an immediate detailed study of all the implications associated with the operation of seasonal lines in the manner suggested.

Closure of Stations

8.23 The Victorian Railways system has some 950 stations. At 162 of these the total annual revenue in 1969–70 was less than $7,300 or $20 per day. By way of contrast. the average annual cost of an officer in charge of a station is of the order of $6,000. While not all these stations are staffed, some under present arrangements require multiple staff to handle train crossings, signalling, etc.

8.24 Two hundred and forty-nine stations recorded less than 1,000 outward passenger journeys in 1969–70. Assuming inwards journeys balanced these, the average daily journeys to and from these stations would have been a trifle over 6 all told. But of the 249 stations, 207 recorded for all journeys an average of a trifle over 3 journeys per day.

Studies of Railway Costs

8.25 Even on the main lines between Woodend and Bendigo, Ballarat and Mildura, Ballan and Serviceton, and Seymour and Albury, there were no less than 36 stations where the number of stopping trains exceeded the number of passengers alighting or joining trains at those stations. At 21 of these stations, stopping trains outnumbered passengers by at least 2 to 1; at 10 the ratio of trains to passengers was 5 to 1 and at 7 stations the ratio was at least 10 to 1.

8.26 Taking the same main lines, a survey of goods traffic for the month of March 1971 revealed that 10 stations handled no goods at all. Considering the Victorian system as a whole, at 139 stations less than 500 tons of goods was handled in 1969–70. Thirteen of these stations were on the main lines listed above. Yet a census undertaken by the Railways at the request of this Board for two normal days in September 1971 discovered no fewer than 128 and 107 trucks tied up at these 139 stations.

8.27 Figures of goods business handled at stations appear, in many instances, most imposing. Closer study reveals that it is predominantly seasonal and concentrated within a very short period: the traffic for the remainder of the year being negligible. Considering first the stations on lines predominantly directed to the carriage of the grain harvests, along with fertilizers, lime and wool, of the 146 stations studied (year 1969–70), at 71 the total weekly tonnage handled in the off seasonal period was one ton or less, with 36 stations of the 71 registering no goods traffic at all. Turning next to lines with a high proportion of seasonal traffic, a not dissimilar picture is revealed by the 228 stations studied: at 57, the total weekly tonnage handled in the off seasonal period was one ton or less, with 15 of these registering no goods traffic at all. Many of these stations handling little total traffic are manned. Some have to be because of crossing loops and junctions. Putting aside the stations that have to be manned on this account, at many stations the cost of station staff alone was more than the revenue earned at these stations.

8.28 But there are other costs involved in stopping at stations and sidings to put down or pick up passengers, if any, or to drop off or pick up a truck. Studies initiated by this Board, in conjunction with the Railways, threw up the following data:—

- derived from a study of typical goods and passenger trains on the broad gauge section from Seymour to Wodonga, without taking into consideration local conditions, such as, reduced speed approaching stations because of curves, staff or point restrictions and neglecting the influence of gradients out of stations which apply to a few cases, the nett savings from eliminating the actual braking and restarting of a train, including crew costs where applicable, are as shown in the following table:—

Gross Train Weight (tons)	Goods from 40 m.p.h. (cents)	Goods from 60 m.p.h. (cents)	Passenger from 70 m.p.h. (cents)
300	47·4	73·3	68·3*
350	50·7	80·7	78·1*
365	51·8	83·7	82·3*
400	54·1	88·7	88·8
500	60·8*	104·2	
600	67·6*	119·7	
700	74·3*	135·2	
800	81·0*	150·2	
900	87·5*	166·2	
1,000	96·0*	181·2	
1,500	128·2	257·7	
2,000	162·7	335·7	

NOTE: The trains marked with an asterisk are typical on the section.

- a study of the trains actually running on the Seymour–Wodonga section shows that, were passenger and goods trains to stop, say, at only three stations between Seymour and Wodonga the annual savings derived solely from eliminating braking and restarting would be approximately $18,000;

- to drop or pick up a wagon at a siding, costs related solely to wages for driver, fireman and guard and the locomotive diesel fuel work out at more than 9c per minute. Since the minimum time occupied in setting out or picking up a wagon at a roadside station is of the order of 10 to 15 minutes, the total costs on the score of wages and fuel alone range from 92c to $1.38 per roadside station.

8.29 To obtain a more detailed understanding of the consequences of eliminating stations, a detailed study was made of the four sections of main line, i.e. from Woodend to Bendigo, Ballan to Serviceton, Ballarat to Mildura and Seymour to Wodonga. The results of this study appear in Appendix XXIII.

8.30 The following points may be made:—

- For inward freight, manures alone produced $194,900 revenue out of a total of $332,500 and, for outward freight, grain accounted for $1,810,400 of the total revenue of $2,011,100;
- 25 stations qualify, on economic considerations, for complete closure and 48 for retention for wagon-load traffic only;
- Such action would produce a financial improvement on the 1969–70 figures of $789,000;
- That saving could not be achieved until automatic signalling is installed: meantime the savings would be $366,000;
- These savings are only the beginning: they take no account of many consequential savings, e.g. of proceeds of sales of scrap, including unneeded rails, estimated to realise $130,000, of deferred or avoided capital expenditures on locomotives or rolling stock, or of avoided expensive maintenance on ancient rolling stock which also would have some scrap value;
- The estimated loss of revenue taken into account in estimating the financial improvement could well be overstated;
- The survey covered four sections of line only: another seven sections of lines remain for study.

8.31 The study is notable also for bringing out the advantages of investment in automatic signalling. It will be noted that the cost of staff in 1969–70 required on the Ballan–Serviceton section who, under present safe working arrangements, cannot be dispensed with pending introduction of automatic signalling was $186,000. The Railways provided a rough estimate of $3·5 million as the cost of power signalling and C.T.C. over the longer Sunshine–Serviceton section: its installation would provide savings in salaries, wages and overheads alone of the order of $300,000 per annum. On these figures and taking into account rapidly escalating wages and salaries, it requires little arithmetic to demonstrate the handsome return to be had from implementing this project.

General Merchandise—Melbourne–Ballarat/Bendigo

8.32 A comprehensive study of the general merchandise traffic between Melbourne and Ballarat and Bendigo occupied some three months. It related to general merchandise handled by railway staff at both loading and unloading points during March 1971. The Commissioners, after examining tonnages handled over a twelve month period, felt that March 1971 was reasonably representative of average traffic loads and was the first representative month after the commissioning of the Melbourne Hump Yard and final rearrangement of the Melbourne Goods Depot.

8.33 The basic conclusions thrown up were that:—

- on this traffic, the Railways were losing in March 1971 at the rate of $425,000 per annum, i.e. $174,000 on the Ballarat traffic and $251,000 on the Bendigo leg;
- if this traffic were abandoned, the cost savings, less the loss of revenue, would produce for the Railways a nett short term financial improvement of $172,000, i.e. $70,000 (Ballarat) and $102,000 (Bendigo), and a prospective nett long term financial improvement of $266,000 per annum, i.e. $105,000 (Ballarat) and $161,000 (Bendigo).

Studies of Railway Costs

8.34 This Board considered that to publish this study report *in toto* would compromise the desirable freedom of action the Railways should have about the future handling of this traffic and similar traffic to other destinations. This Board would not wish it thought that detailed studies would necessarily throw up similar results for like traffic to all destinations but it is quite apparent that the handling of such traffic to many stations cannot but be unprofitable. Geelong is clearly a case in point.

8.35 The study points up all too starkly the disadvantages under which the Railways labour in relation to traffic involving labour intensive operations. Some reductions in labour costs may be possible through palletisation. This was introduced for goods for Ballarat and Bendigo after March 1971 but it is yet too early to determine the savings it may bring. Elimination of the present practice of handling " smalls " at Kangaroo Flat, Golden Square and Eaglehawk may help. Since the figuring represents average costs and because handling some types of goods requires more labour intensive operations than others, it could be that some goods in the general merchandise category are being handled profitably.

8.36 What does stand out clearly, and it applies far beyond the Ballarat–Bendigo situation, is that to borrow the Commissioners' own words " major changes must be made ..... if the diseconomies of the present operations are not to be perpetuated and accentuated ". Apart from highlighting the Railways disadvantageous position where labour intensive handling is involved, this study explodes the long held view that the high rated goods support the low and on that account should be preserved to the Railways. It also underscores the vital urgency of recasting the whole Rate Book and the long overdue review of the impact of terminal costs on rates (c.f. paragraph 7.37). In the process, the rates that emerge for some goods may, when compared with road charges, properly costed, establish the proper mode for the transport of such goods.

Parcels Traffic

8.37 Parcels traffic produced a revenue of $3·031 million in 1969–70: suburban $497,000; country $2,115,000; and intersystem $419,000.

8.38 A study of this traffic was made to determine the costs of handling it. It revealed that:—

- direct labour costs, including overheads, at the Parcels offices at Spencer Street and Flinders Street were $1,002,000;
- direct labour costs, including overheads, of staff employed solely on parcels work at other stations were $381,000;
- labour costs of station staff elsewhere, employed for part of their time on parcels work, were estimated at $850,000. This estimate derives from an examination of costs on the Ballarat–Mildura section. The extent to which these costs could be regarded as " avoidable " was not determined. Where only small staff numbers are employed, there could be little or no opportunity to curtail labour costs, assuming there were no parcels traffic;
- operating costs were estimated at $1,243,000. Items covered were the operation and maintenance of electric suburban parcels vans, of brake vans on country passenger trains and of motor platform trolleys; maintenance of station buildings utilized for parcels traffic; claims paid in respect of parcels traffic and costs of administration involved; administration of parcels audit; printing and issue of parcels stamps; and interest and depreciation on station buildings. Items not covered were maintenance of scales, cash registers, platform trolleys, barrows, wire baskets, hampers, &c., and other stationery.

8.39 Excluding the costs of part-time staff ($850,000), total direct costs were therefore of the order of $2·626 million against the revenue of $3·031 million. Not taken into account were the capital costs and associated charges related to the equipment involved in handling parcels.

8.40 It would be surprising if, with all costs taken into account, the parcels traffic was paying its way in 1969–70.

8.41 It has to be emphasised that the foregoing costs were calculated on the basis that the parcels service was superimposed on basic passenger and freight services. So there was no debit of any part of joint costs such as train crew costs, way maintenance costs, and so on. If these were brought into the scales, the loss on the parcels traffic would be very significant, but by the same token the losses on country passenger services would be correspondingly reduced and the results of country goods services improved. Some measure of the bearing of this on country passenger services will be seen in the fact that the " on line " revenues for the twenty-seven sections of lines referred to under the heading " Withdrawal of Passenger Services " deriving from passengers were $502,000 and from parcels $267,000.

Studies of Railway Costs

CHAPTER IX

SOME GENERAL CONSIDERATIONS

Some General Considerations

9.1 There have been many definitions of the desiderata of a transport system. In lay terms, Victoria's land transport system should provide a transport service which will, efficiently and effectively, at the lowest practicable cost to the consumer and at least cost to the community, meet the differing needs of transport consumers and flexibly respond to changes in their needs. Implicit are high standards of service and of safety, speedy movement, and proper regard for amenity and environment, and also that competition between modes and within the road mode is a significant stimulus to efficiency and speed of response to changes in consumers' demands.

9.2 This simple statement opens up a Pandora's Box of questions. What are the prerequisites of a truly competitive situation? What of the duplication associated with free competition? Can the conditions defined be achieved without regulation in some form or another? And so on. There are also the complications of habits, tradition and nostalgia that encourage a special bias in favour of the longer established mode, i.e. the Railways; apprehensions of those who look on the publicly owned railways as a protection against the possible rapacity of the private enterprise road operator but nonetheless give their business to the latter; concern about the under-utilisation of assets in which past generations have invested which is exacerbated whenever the question of jettisoning for little return some of those assets finally arises; and the concern of the community through its political and administrative apparatus over mounting Railway deficits and about the proper allocation between rail and road of scarce financial resources.

9.3 It was concern over mounting Railway deficits that provided the rationale for establishing the transport regulatory system in 1933. The system was introduced in a climate that favoured regulatory arrangements. Its continued existence reflects to some extent an Australian addiction to bureaucratic regulation. For this Board is the question whether the present regulatory arrangements in relation to the transport industry should continue.

9.4 Regulation applied to transport has its appeal to some to the extent that its purpose should be to avoid a misallocation of resources. Put another way, it is asserted that the most efficient utilisation of transport resources will not be achieved through uncontrolled competition. But how far can this be carried in this practical world? In the first place, regulation necessarily involves the substitution of bureaucratic decision making for the decisions of countless thousands of individuals taken against an infinite variety of circumstances involving considerations going far beyond the actual transport method chosen. They extend to problems of production, distribution, warehousing and marketing and of investments in facilities, equipment and stocks. Not the most omniscient bureaucratic transport regulator could have any hope of comprehending all the consequences of his decisions which are directed to the narrow issue as to the transport mode whose use should be permitted. Second, why single out transport when there is the all too evident absence of any regulation over a vast range of economic activity? Witness, for example, the plethora of branches of Banks, service stations, shops, and the vast range of substitutable goods whose rationalisation could doubtless be argued on the grounds of misallocation of resources.

9.5 The argument in support of regulation to avoid duplication is another aspect of the misallocation of resources argument. But what constitutes duplication? Here the concept of adequacy of service intrudes, and also the relative costs of each transport mode. In the Victorian regulatory arrangements, adequacy of service has been the dominant consideration for goods transport. Expressed in generalised terms, if the Railways could reasonably argue that they could handle traffic without risk of undue breakages or damage or without costly or special packing or protection, that has been seen as sufficient justification for reserving the traffic to the Railways. If extra costs were involved in using the rail mode, they have generally been ignored. On the passenger transport side, convenience to the traveller has been admitted.

9.6 Now duplication and a truly competitive situation would, in the transport situation, require movements between points A and B of passengers or the same type of goods at the same time over the same elapsed period, at

a charge, based on costing that embraces all proper provisions and with the same attention to quality considerations. This rarely occurs in practice. The elements noted may be varied in some degree and there will still be a reasonable approximation to duplication. Sometimes one element will counterbalance the other. Clearly, the greater the variation in the elements the further one gets from duplication. It is here that qualitative considerations progressively intrude and bring with them, more often than not, a myriad of considerations going far beyond the actual transport function. Thus is negatived any true duplication or truly competitive situation.

9.7 Regulation, interpreted in terms of adequacy, largely disregards these qualitative aspects though they can have substantial financial and economic implications beyond the immediate transport function. It has the further ill consequence that it tends artificially to preserve to one mode, generally rail, some traffic which it is ill fitted to handle and which often, as has been shown in Chapter VIII, it carries at substantial loss, not to mention the financial disadvantages of excess locomotives, rolling stock, facilities and so on, and lack of concentration of resources and efforts on those activities for which the Railways have inherent advantages. Avoidance of duplication on the adequacy of service approach would justify there being one People's car and not the variation and range of motor cars we permit ourselves.

9.8 It places regulation on too olympian a pedestal to attribute to it a capability of appropriately assigning the distribution of transport requirements not merely between modes and within the road transport mode but in a manner best fitting the allocation and use of all economic resources. In Victoria the very pattern of the transport legislation, through its "as of right" licences for goods, removes control of an extremely wide sector of transport from the regulatory system, and the decisions under Section 92 of the Constitution extend this unregulated sector even further.

9.9 In practical terms, in Victoria, the scope for useful regulation has tended to be confined to a selective process of avoiding the worst consequences of a free for all between rail and road and in some situations between road operators. It has been set in the context of an implicit belief in the need to conserve the Railways' comprehensive system and it has been heavily influenced by Railway deficits.

9.10 It would be altogether too facile to declare that the progression of those deficits establishes the failure of the regulatory arrangements. Yet there is enough in this Report to confirm that there has been some nexus between the regulatory system and the Railways deficits, and that but for that system those deficits could well have been decidedly less. No less than in other areas of economic activity, in the case of the Railways, protection has led to inefficiency, to delusions about the importance of the so-called comprehensive system and the relative importance of various traffics to the Railways, to continued adherence to practices that had their origin in vastly different circumstances, and to the spreading of meagre resources over the whole existing system, with, as a consequence, minimal benefit to the principal arteries of the system.

9.11 Yet the regulatory system must be continued—not to preserve the present Railways' comprehensive system, nor with the positive but vain hope of ameliorating their deficit problems, nor with resigned acceptance of the consequences described in the preceding paragraph. On the contrary, the regulatory system must be continued because, currently, the Railways' system is larger and more wide flung than it should be and the Railways are inadequately equipped, organisationally and in physical facilities. So, the regulatory system must, for the time being, continue to have a protective quality which will allow the Railways to make the necessary adjustments and, by precluding the road operator from intruding in areas in which the Railways potentially have inherent advantages, prevent compromise of the prospects of the Railways successfully making their adjustments. Those adjustments will themselves take care of the deficit problem.

9.12 Some attention must be given to two concepts that had an airing before this Board: first, the concept that the Railways' salvation lies in volume of traffic, and second, the concept of the inviolability of the State's asset in the Railways.

Some General Considerations

9.13 Volume, *per se,* can just as easily prove unprofitable as profitable. It is true that, if the charge made for moving goods does not cover all costs and proper provisions at one level of traffic, an increase in the volume of the goods moved may, in certain circumstances at some stage, cause such costs and provisions to be covered. On the other hand, it may multiply the loss. Moreover, the increase in the volume may lead to the point where extra facilities are needed to handle it. So extra capital or other funds are diverted to add capital and servicing expenses to accelerating losses. It is when wagons well loaded with goods start rolling that volume of traffic has its greatest significance. It is what is involved in getting the goods into and out of the wagons that is critical, for when volume consists of a multitude of small items, each requiring individual handling and accounting for and destined for different discharge points, terminal costs preponderate and dramatically tip the scale. In our situation, with our Railways not knowing their costs of handling different types of goods, they have been in no position to know the consequences of seeking out traffic, let alone to take action to discourage traffic.

9.14 Railway assets have no peculiar inviolability. The popular notion that a railway should be used simply because it is there might equally be matched by the assertion that the roads should be used because they too are there. In fact, the Railways have, in the past, disposed of some of their assets: in lines and stations closed, stockyards dismantled and steam locomotives scrapped. The Gas and Fuel Corporation had no compunction in closing its Lurgi plant in the Latrobe Valley.

9.15 As with any other enterprise, the resource cost of railway assets occurs when they are created. It is a matter of history: it can be a matter of regret that it was ever incurred. But the value, now and in future, of the assets so created depends on what they earn or will earn. Maybe the revenue may fall short of the original expectations. However, so long as the revenue derived from those assets exceeds the full costs of their maintenance and operation, the assets have some value: the revenue will make some contribution to the fixed cost element and continued operation will be justified. On the other hand, if the revenue is less than those costs, the continued use of the assets involves the community in an avoidable cost, and avoidance of that cost is a benefit to the community. Private businesses disregard these considerations at their peril. For them technological change often speeds up the scrapping that normal wear and tear would dictate. One trouble in the case of the Railways is that many of their assets have long lives. In the form of embankments, cuttings and stations they are there for all to see and nostalgia and emotional affection for railways tend to cloud rational decision making about their abandonment. It is truly odd that a community which, in its anxiety to obtain the best product of commerce and industry, has no compunction about the consequences for the product displaced, appears to adopt a different attitude when it comes to weighing the opportunity of a better service that road could provide against retaining an already experienced poor railway service.

9.16 As has been demonstrated in Chapter VIII, there are many instances where our Railway system, despite the transport regulatory system, is imposing avoidable costs on the community by the continued use of assets and would be significantly better off financially if those assets were abandoned and where possible sold.

9.17 There is a piquant aspect to this argument. The total capital invested in the Railways, i.e. $548 million over the 117 years of their existence, is just over half of the $937 million provided to the C.R.B. for roads under its jurisdiction and spent by the C.R.B. in half the time.

9.18 It would be an odd result if the community, having made the huge investment it has in roads, were now positively to decide to preclude the use of the roads by commercial vehicles and to pour more money into the Railways to enable them to provide a transport service that could better be performed on the roads and, to date, has been performed under the transport regulation system. No one would dream of allowing the present road system to revert to a condition where the roads were suitable only for use by private motor cars. And since there is no room for doubt that the dependence of industry and commerce on road transport will increase, there will be continued expenditures on roads fit to carry the heaviest commercial vehicles, as well as cars.

Some General Considerations

9.19 The course for the future must surely be to ensure that funds made available to the Railways are concentrated on projects which will enable the Railways to maximise the efficiency of their services in areas where they have inherent advantages over road operators. If this is not done the Railways will be denied the opportunity to develop the full potential of continuing traffic growth and to optimise their system, its size and its activities. Inevitably there would be an increasing clamour for road transport to take over transport functions that could better be performed by rail and for the construction of roads to allow this. Thus the unhappy cycle of misapplied funds and increasing Railways deficits would continue.

9.20 Free competition means so many things to different people. In the Australian idiom, it often means free competition provided its proponent does not get hurt in the process. In submissions before this Board, free competition between road and rail modes was sought: but there were shudders at the thought of the same free competition within the road sphere. The papers available to this Board in the form of addresses by prominent leaders of the road transport industry to transport seminars and the like ring with proposals that free competition with the Railways demanded that road transport should be freed from alleged iniquitous penal and discriminatory taxation. Some of the authors told this Board it could take their papers as their present views. As one paper said, " How will we citizens ever know just what greater efficiency we should expect from our State transport industry unless we are able to create a truly competitive environment in which it can perform? " To the author a truly competitive environment required elimination of imposts on road operators like the Road Maintenance Charge and the Co-ordination taxes of other States.

9.21 By the same token, the opening of the new standard gauge line between Sydney and Melbourne and the Hughes and Vale case have been hailed as ushering in true rail/road competition on interstate routes. True the Railways were enabled to give a better service, the road hauliers obtained access to a transport market previously closed to them and the Railways and the hauliers entered upon a struggle to hold or secure traffic. But by no stretch of the imagination could it be said that there is true rail/road competition on the interstate routes. Clearly the road hauliers charges do not cover their track costs. Suffice to say that the " IS " plate holder makes an even smaller contribution to the roads he uses than does the licensee of a Victorian registered vehicle. As this Board has made no study of the costs of interstate rail traffic it is in no position to judge whether, in respect of that traffic, the Railways charges are covering all proper costs. If the Railways and the interstate road hauliers were meeting all their proper costs, the pattern of distribution of interstate traffic could be decidedly different from what it is today.

9.22 There can only be true free competition between the rail and road modes in a situation where each mode meets all proper costs related to its operations (including the facilities it uses) or is equally subsidised by the community in relation to its costs, and where each mode observes all the rules applicable to it in matters of vehicle maintenance, speed limits, weights and dimensions of vehicles and loads, hours of driving etc., all relevant awards and safety requirements and so on. The validity of this proposition was not contested before this Board.

9.23 It is not enough to argue that, as to costs, a competitive basis would exist if the road operator or even the road transport industry were a nett contributor to public revenue. To start with, this argument appears to carry the implied premise that the State or the Commonwealth, whatever each may do in relation to other entrepreneurs or industries, has no right to derive general revenue taxes from the road operator or the road transport industry. This is quite untenable. Forget the actual revenues derived from the road users and the purposes to which they are put, the fact is that the greater proportion of the revenues come from users who could in no sense be regarded as being in a rail/road competitive situation. In the case of sales tax, there is, in fact, a differential rate that favours the commercial vehicle. The facts exposed in Chapter VI are a salutary douch to any suggestion that the heavier commercial goods vehicles, the major sector of road users which could be in competition with Railway goods traffic, are meeting their track costs: indeed, the product of all imposts, irrespective of their objects, levied

on trucks with a load capacity in excess of four tons still does not get within the proverbial bull's roar of the costs solely of road construction and maintenance attributable to those trucks. So for this category of trucks, there is no substance in talk of penal or discriminatory road taxes.

9.24 On the other hand, rough estimates made for this Board suggest that the product of the imposts on commercial vehicles of less than four tons carrying capacity which are applied to roads may approximate the proportion of the costs of road construction and maintenance attributable to these vehicles.

9.25 As has been shown, neither the Railways nor the operators of the heavier trucks meet anything like their true costs (paragraphs 7.14, 7.15 and 6.14). Since as mentioned in paragraph 9.22 the conditions prerequisite to true competition between rail and road modes will be satisfied only if the community is equally subsidising both modes, it is now necessary to make some attempt to assess the present extent of these subsidies.

9.26 To start with the Railways, passenger services must be excluded from consideration because our concern is with goods traffic. In 1969–70 the State was subsidising the Railways to the tune of $39 million on the following two items namely the $18 million for interest on funds advanced before 1960 and the $21 million deficit, made up of $7·5 million for capital charges for funds advanced after 1960 and $13·5 million operating deficit. If we deduct $7·2 million for the savings indicated in Chapter VIII that would result from eliminating all country passenger services and deduct $6·3 million, the Commissioners published figure for losses on metropolitan passenger services, (neither figure making allowance for capital charges) and, if we assign $10·5 million to represent the passenger services proportion of the pre 1960 interest and of the interest element in the 1969–70 deficit, we get a figure of $24 million to cover the passenger services to deduct from the $39 million. On this figuring, since non passenger services, including intersystem services, in 1969–70 roughly broke even excluding capital charges, the State was subsidising these services by about $15 million or about 18 per cent.

9.27 On the roads side, the costs of construction and maintenance of roads attributable to trucks with a carrying capacity exceeding four tons were $56 million in 1969–70 i.e. on the basis of the study in Appendix XVI. If then these trucks' use of the roads had been subsidised by this same 18 per cent, the responsibility of the trucks for the expenditures in 1969–70 on the roads they used would have been of the order of $46 million. In fact, they paid $14 million for road purposes plus $1·6 million towards the administrative costs associated with the regulatory system, etc. So the shortfall in their contribution to 1969–70 road costs was of the order of $32 million.

9.28 Left out of account in this figuring are imposts like excise and sales tax and also rates etc. relating to their properties which the Railways do not pay. Equally omitted, on the road transport side, are all the other costs and charges referred to in paragraph 6.14, not to mention the social costs which will be dealt with later, which relate to the operations of road transport.

9.29 Apart from the roughness of the figuring, this argument is oversimplistic. Among other things, it makes comparisons of Railway expenditures over a period in excess of 100 years and the road costs attributable to one category of commercial vehicles based on expenditures on roads in one year, i.e. 1969–70. Despite the shortcomings of the argument, it does serve the useful purpose of highlighting the extent to which the road operator is being subsidised by the community and the advantages enjoyed by the road operator in constructing his charges and consequently, as matters stand, the very favourable position enjoyed by the road operator *vis-à-vis* the Railways in any competitive situation.

9.30 In round terms, if trucks exceeding four tons load capacity were to make their full contribution to the costs of the roads they use, then allowing for their receiving the 18 per cent subsidy mentioned in paragraph 9.26, the imposts currently levied on, or in respect of, those trucks and spent on roads would have to be increased by around 200 per cent.

9.31 Obviously any increase in these imposts would increase the costs to the transport consumer. Here considerations of high policy intrude. **Some General Considerations**

9.32 If the State continues the policy of subsidising the Railways in order to maintain some uneconomic services, with social objectives of providing services in certain situations at less than cost in mind, presumably it will continue the same policy in respect of road services—at least where these are not in competition with rail services. Pursuit of this policy will mean, of course, that the State will have to continue to divert to the Railways and there will have to be spent on the roads, funds which otherwise could be directed to the satisfaction of other community aspirations.

9.33 Whether denial of satisfaction of such aspirations would balance the community gains from transport at less than full costs would call for wide ranging studies. The outcome would in any case have dubious value because of the selective and sometimes subjective premises on which the studies would necessarily have to be based.

9.34 It could be decided that conditions of unregulated competition should apply to the transport of goods that could be handled equally well by rail or road modes. However, unless both modes met all real costs of their operations, the prerequisites of fair competition would not exist. The rates charged to the transport consumer reflect only the costs the supplying mode has to bear. Consequently if suppliers do not meet all of their costs there could be a serious misallocation of transport resources between the two modes.

9.35 In the view of this Board, the long term interests of Victoria would best be served if there were a progressive extension of the scope for real competition between the Railways and the road operators with ultimate distribution of traffic between modes being based on market determined charges related to real costs. Some qualification of this is called for. In the areas where the Railways have inherent advantages they should, *prima facie,* be able to stand on their own feet. However, considering the total volume of traffic even on the main Railway arteries, this may not always prove the case in practice. So it may be necessary to conserve to rail some traffic moving on these arteries that road might marginally better handle in order to avoid compromise to the Railways' efficient handling of the traffic for which they have inherent advantages.

9.36 It follows that it would, in this Board's view, be wise to begin now the process of developing a total plan of imposts which would require road operators to make charges that would reflect the real costs of their operations, at least in a true rail/road competitive environment.

9.37 This is the more necessary if the T.R.B. is to continue to play an effective role in a progressive redistribution of traffic between rail and road modes designed to achieve the most efficient land transport system. To do this in cases of a rail/road competitive nature, it will not be sufficient for the T.R.B. merely to be confronted with the stated charges of the respective modes: the T.R.B. will need to know whether the charges before it reflect all real costs and, if they do not, what the charges would be if they did reflect such costs. This will be the case irrespective of any decisions taken by the Government about the extent to which present imposts bearing on road operators' charges should be increased.

9.38 While Chapter VI dealt with the cost responsibility for the roads they use of vehicles exceeding four tons load capacity as a category, insufficient data is currently available to permit any definitive conclusions about the proportionate cost responsibility of different classes of vehicles in that category. Relevant factors include total load, number and distribution of axles and tyres (which might be embraced in the description " configuration ") tractive and braking effort, and mileage. The problems involved in adequately measuring the interrelationship of all these factors doubtless led to the Road Maintenance Charge being related to tare weight, 40 per cent of load capacity and mileage. Load capacity was also used as the criterion in earlier legislation dealing with licence fees. Tare weight has a place in the formula for calculating registration fees. Then, of course, there are the difficult problems of assessing between classes of trucks in the

category mentioned, responsibility for costs other than those related to road construction and maintenance. For current purposes, it is clear enough that it would be inequitable to increase the present imposts relating to trucks exceeding four tons carrying capacity merely by some uniform amount or percentage.

9.39 To provide some indication of the degree to which the present imposts would have to be increased if the $32 million given in paragraph 9.27 had to be met by operators of vehicles of over four tons carrying capacity and carrying capacity alone were the determining factor, this Board has had some calculations done using data assembled for the purposes of the paper appearing as Appendix XVI. These suggest that the average total imposts would, for trucks in the 81–120 cwt. load capacity bracket, be of the order of $450; for trucks in the 121–160 cwt. bracket, $1,050; and for trucks in the 161–200 cwt., 201–260 cwt. and 261–320 cwt. load capacity brackets $1,900, $3,400 and $5,800 respectively. For vehicles over 320 cwt. load capacity the figures would be higher. All of these figures, it must be emphasised, are no more than order of magnitude figures calculated on the basis mentioned above.

9.40 Only to the uninitiated will the figures given cause eyebrows to lift. From but a limited examination of the totals paid on account of registration, licence and permit fees and Road Maintenance Charge, payments well in excess of the $450, $1,050 and $1,900 figures quoted above are common for vehicles in the respective load capacities to which the figures relate. In relation to larger capacity vehicles, total payments in excess of $3,000 are also common: indeed they range up to not far short of $8,000.

9.41 Now, even if it were minded to attempt it, this Board is in no position, for the reasons alluded in paragraphs 9.28 and 9.38, to suggest what the level of the imposts mentioned should be if there were to be that comparable cost basis in which there would be fair competition between rail and road modes in relation to traffics for which it were desired to provide scope for fair competition. Obviously, whatever the level might be, it need not apply to all road vehicles if the policy decision is taken to continue to subsidise road services in a non-competitive rail/road situation. (*vide* paragraphs 9.32 and 9.36).

9.42 In this context, it is relevant to consider the extent of present " competition " between the Railways and road hauliers and how much traffic the Railways would have lost had both modes charged rates based on real costs.

9.43 It has been principally in the areas of interstate traffic (border hopping in particular), of traffic handled by large primary producer vehicles, of approved decentralised industry and timber industry traffic, of traffic between Melbourne and Geelong, and of bulk petroleum products, ancillary industry and Third Schedule traffics that there has been some loss by rail to road because the prerequisite conditions of fair competition have not been met. By no means has the loss been uniform in respect of these traffics. It has been greatest in the case of the interstate traffic and it has been of varying degrees in the cases of the other traffics. To the extent that this loss has occurred there has been some misallocation of resources.

9.44 While the chances of Section 92 of the Constitution being amended might be set as negligible, it, in no sense, follows that the Railways, given adoption of the proposals in this Report, should be without hope of recapturing some of the traffic that has gone to road. As to the larger primary producer vehicles, it seems that time has run away from the intentions of the legislators, and this Board has proposals to deal with such vehicles which will reduce the scope for competitive operations. The decision to help decentralised industries was one of high policy, by no means confined to the grant of a limited transport freedom. In light of the studies dealt with in Chapter VIII, there must be decided doubt whether, if the conditions prerequisite to fair competition had existed, the Railways would have held all the Geelong traffic moving by road or attracted much of the ancillary traffic. Nor can it be assumed that, if the conditions had applied, the Railways would have lost all the Third Schedule traffic now moving by road. As to the bulk petroleum products traffic, there is reason for believing that, if the conditions had applied, road tankers would not be paralleling the railway lines to the same extent. On the other hand, there is no room for real

argument that road transport activities within the various 25-mile radii have represented any sort of competitive threat to the Railways. For the remaining road transport activities, by and large, such has been the policy attitude of the T.R.B. that, where switch to road has been authorised, it has been for qualitative reasons, which means that the Railways have not been deprived of the traffic because of unfair competition.

9.45 It is time now to turn to this Board's proposals for the future. It will be found that they somewhat extend the scope for movement of traffic by road but otherwise maintain regulatory arrangements which will generally mean that, where rail loses traffic to road, it will be in circumstances where road is judged to be better placed to handle the traffic. Thus considerations of fair competition will not arise. However, given adoption of the recommendations in this Report, conditions of " competition " between rail and road modes will be found in some of the traffic moving under the new 50 miles radius of Melbourne and Portland licences, ancillary licences and Third Schedule licences and moving in relation to decentralised industries and in road petroleum products tankers. For the reasons already given the increase in the total imposts applicable to vehicles engaged in these traffics should logically be much greater than any increase applicable to other vehicles.

CHAPTER X

THE PROBLEMS OF PARTICULAR INDUSTRIES

Decentralised Industries

The Problems of Particular Industries

10.1 A great deal of material was before this Board about the transport problems of decentralised industries; among this were presentations by the Country Members Group of the Victorian Chamber of Manufactures and the then Division of State Development, Premier's Department. In short, the legislative provisions introduced in 1963 and the governmental decisions taken thereunder evoked warm support: the main cry, and indeed the complaint, was that they did not go far enough. However, the Victorian Railways' view was very different and the Victorian Road Transport Association attached its own caveat to some of the proposals put to this Board.

10.2 *The Commercial Goods Vehicles (Decentralised Industries) Act* 1963 (No. 7096) stemmed from the Final Report of the Distribution of Population Committee, a Select Committee of Parliament. The Committee's recommendations were in the setting that some relaxation of transport restrictions was essential to the retention and expansion of many then existing country industries and to the attraction of new industries to the country.

10.3 The 1963 legislation provided a new class of " as of right " licences under Section 5 of the *Commercial Goods Vehicles Act,* i.e. in respect of " any vehicle owned by any person carrying on any approved decentralised secondary industry and used solely for the carriage of goods and materials to and manufactured articles or products from the place at which the industry is carried on ". " Approved decentralised secondary industry " was defined as a manufacturing or processing industry carried on within a radius of five miles from the post offices of Bacchus Marsh, Broadford, Gisborne, Kilmore, Kyneton or Woodend, or beyond the radius of fifty miles from the Melbourne G.P.O., and approved by the Minister of State Development.

10.4 The legislation also added to the criteria enumerated in Section 8 of the Act to be taken into account by the T.R.B. in considering whether to grant a discretionary licence, the following additional criterion:—

> " (ca) the disadvantages suffered or likely to be suffered by any person engaged in any manufacturing or processing industry beyond the radius of fifty miles (of the Melbourne G.P.O.) by reason of the location of that industry, and in particular the relative cost and convenience to any such person of the available forms of transport for the materials used in such industry and the manufactured articles or products of such industry ".

10.5 This paragraph (ca) provides a special rationale for the T.R.B. to permit, through the grant of a discretionary licence, a country manufacturing or processing industry to resort to hire and reward carriers either to supplement its own vehicles or without acquiring its own vehicles.

10.6 It is to be noted that the beneficiaries under Sections 5 and 8 differ. As at 15th December 1970, 725 undertakings had been approved as decentralised secondary industries and these, between them, enjoyed the use of 1,042 vehicles with " as of right " licences. In addition, 88 undertakings had discretionary licences involving 317 vehicles, and 18 carrying firms discretionary licences involving 87 vehicles.

10.7 The undertakings approved by the Minister have covered the spectrum of manufacturing and processing except the following which the State Cabinet has decided should not be eligible for approval:—

- the sawmilling industry—on the grounds that it was already almost entirely decentralised and therefore did not suffer competition to any extent with the few sawmillers in the metropolitan area, its logs were acquired from the State on a royalty basis which took into consideration distance from the market, and the industry already enjoyed a degree of road freedom;
- the bread making industry—because of the protection that country bakers received as a result of zoning legislation;
- processors who merely cleaned, graded and packed products, and repairers—because they were more in the nature of tertiary activities.

10.8 Subject to these exceptions, if an undertaking seeking approval has established that it met the basic requirements, ministerial approval has been automatic. So the Minister has not been required to consider the effects of his decisions on, e.g. the likely transference of traffic from one mode to another, and therefore on the Railways finances. There appears to have been no consultation between the Minister and the other Agencies concerned before approval was granted.

10.9 In addition, all approved decentralised secondary industries were exempted from the 10 per cent increase in railway freight rates that applied from 14th August 1966. There has been an added loss of revenue to the Railways in that, because of the non-application of the 10 per cent increase in freight rates, all subsequent percentage increases in railway freight rates have borne less heavily on approved decentralised industries than other users of the Railways.

10.10 As well, there is a Joint Committee on Freight Subsidies for Decentralised Industry which may approve subsidies which can, in effect, reduce rail freight rates to decentralised industries to from $2 to approximately $4.50 per ton. This Committee considers only applications from country industries which bring the bulk of their raw materials from outside their local area and market the bulk of their finished products in competition with metropolitan industries. Undertakings which obtain the bulk of their raw materials locally or produce for a predominantly local market are not eligible. The difference between the revenue received by the Railways at the special rates and what would have been received at normal rates is paid to the Railways by way of subsidy from the Industries Development Fund. Some 40 undertakings enjoy these freight subsidies.

10.11 The Railways Commissioners assert that in 1969–70 their contribution to the decentralisation of secondary industry amounted to just on $4·5 million. They say that this is made up of $3 million by way of concessions given on ruling freight rates, $388,000 in concessions to retain business, $579,000 due to the non-application of the 10 per cent freight rate increase as from August 1966, and $530,000 loss of revenue due to decentralised industries taking advantage of " as of right " licences. This Board has not found it necessary to examine these assertions.

10.12 There is a strange lack of rationale in the present arrangements insofar as they relate to recompense to the Railways for loss of revenue. A decision by the Minister approving an industry can lead to loss of freight for which the Railways get no recompense: yet a decision of the Joint Committee does result in reimbursement of the Railways.

10.13 The concessions granted to encourage country secondary industry go far beyond the transport field just described. There can be loans on more favourable than normal conditions; local authorities are empowered to provide land and/or factories and commercial premises on special terms and to negotiate rate concessions, and they may be subsidised for the construction of access roads; bus service for employees may be subsidised; and costs of getting personnel to the country and of transport of plant and machinery may be reimbursed, as may differentials above metropolitan tariffs for power.

10.14 Major points made in the submissions were that all manufacturers outside a 25-mile radius of Melbourne should be classified as decentralised industries; that all approved decentralised industries should have complete freedom of transport choice; that two or more such industries should be entitled to band together to operate their own vehicles; that the legislation discriminated in favour of the larger industries which could afford themselves to enter the transporting business; that it was unsound to force such industries to do so when, having no experience in this area, they preferred to use professional carriers; that denial of access to such carriers encouraged uneconomic investment in, and use of, transport equipment and wasteful duplication of transport resources; that it was unfair that only some decentralised industries should be favoured by the legislation; that Geelong was badly done by in this respect.

10.15 The Division of State Development proposed to this Board that approved decentralised industries should be given freedom of transport choice, adding that, if this occurred, many at present utilising their own vehicles would

switch to hire and reward carriers, and some now enjoying rail concessions would switch to carriers. The Division went on to propose that, if its main suggestion was considered impracticable, all approved industries " willing to pay a surcharge representing compensation for loss of rail traffic be given the requisite road freedom ". It considered that many approved industries would be willing to pay such a surcharge on the existing road tax if permits or other licences could be issued in their favour, because they would be influenced by the " convenience " aspects alone and would be in a position to pass on the additional costs involved.

10.16 The Victorian Road Transport Association's response was that if approved decentralised industries were to have freedom of transport choice so should everyone throughout the State. Its dominant attitude was that the present special " as of right " licence for approved decentralised industries should be abolished and that their special rights should be no different from those of ancillary operators. For the rest, they should have access to hire and reward carriers.

10.17 The Railways Commissioners challenged the present concept of approved decentralised industries, contending that only industries with a two-way freight problem should be approved. They argued that the present arrangements have resulted in a large loss of Railways revenue and led to unnecessary duplication of transport services. This has been accentuated by the T.R.B. granting permits for carriage of raw material and finished products. The Commissioners argued that if " genuine ' decentralised ' country industries feel that they should receive some relief from freight costs, they should be required to justify their claims ..... Such inquiry should concern itself not solely with freighting disabilities but any offsetting advantages, such as reduced land investment and lower labour turnover which accrue from location. Any relief granted should be by direct Government subsidy as applies today with many country industries which use rail and have done so for many years ".

10.18 The Commissioners added that, if it were decided that the " as of right " licences should be retained, they should cover only the carriage in the undertaking's own vehicles of raw materials for manufacture, not " goods and materials " as at present. " Far too wide an interpretation has been placed on this clause in its present state. For instance, a manufacturer who also retails goods is carrying goods under his ' Ei ' licence for sale without any further processing ". The T.R.B. has recognised that some approved decentralised industries are also engaging in general retailing or wholesaling as part of their overall activities. In these cases, the T.R.B. has granted discretionary licences, with the area of operation normally limited to 50 miles.

10.19 The T.R.B., having taken legal advice, has treated the new paragraph (ca) quoted above as but one of the criteria enumerated in Section 8 and not therefore having a dominant influence. It requires the applicant for a discretionary licence to establish that the circumstances provided for in paragraph (ca) are of such special weight as to justify, despite the other criteria, the granting of a discretionary licence. Moreover, in its consideration of paragraph (ca), the T.R.B. has been content to accept as " the relevant cost " the quoted road-rail-road, and the quoted direct road, freight charges. This is, of course, all the present paragraph requires the Board to do.

10.20 The T.R.B. expressed the view that complete freedom of transport choice " would result in a waste of transport resources and a further substantial diversion of traffic from rail ". It has estimated that, under present freedoms, over 400,000 tons per annum of decentralised industry traffic is moving on road.

10.21 These freedoms are not inconsiderable. Well before the 1963 legislation the T.R.B. was granting discretionary licences or permits benefiting country industries, e.g. to transport biscuits from Ballarat to Melbourne and to transport raw materials, partly processed and processed goods and finished products relating to the activities of factories at places like Wonthaggi, Bendigo, Euroa, Maryborough, Ballarat, Shepparton and Wangaratta. As well, there were discretionary licences for the carriage of bricks and tiles for up to 70 miles in vehicles operated under contract to brick manufacturers or by brick companies. These, of course, benefited metropolitan as well as country manufacturers. And, dating back to the early 1950s, permits have

been granted automatically to move by road, without case by case examination, such items as the following, which are the products of country, as well as metropolitan industries:—

- Uncrated plaster sheets, cement sheets and gypsum board: the difficulty of handling and cost of packing these materials for movement by rail influenced the Board in allowing road freedom.
- Bricks: since 1956 road permits have been granted automatically for journeys up to 100 miles, rail service being considered adequate for the longer hauls. Special types of bricks are permitted for road movement beyond 100 miles e.g. fire bricks, curved bricks for hospital and factory chimney construction and special facing bricks. Pertinent to this was the submission of the Country Brick Manufacturers Association that this very permit system was enabling metropolitan brick manufacturers to " dump " bricks in country areas and that, therefore, the costs of trip permits should " be increased to a realistic figure affording some measure of protection to decentralised industries and that monthly permits for the carriage of bricks be discontinued ". A similar problem faced country bread manufacturers some years ago and, being equally not a transport problem, was met by an amendment of the Labour and Industry Act fixing the distance beyond which bread could not be delivered.
- Roofing Tiles: the advantages of road transport limiting the number of handlings and possible damage was seen to justify this.
- Glazed doors, glazed timber windows, steel windows, steel window frames, aluminium window frames; these items have been permitted having regard to the damage factor and difficulty in packing for rail transport.

10.22 Mention has already been made of various formulae worked out by the T.R.B. to assist country industries for the sharing between rail and road modes of timber traffic, cannery products and steel requirements.

10.23 With this habit of granting discretionary licences and permits behind it, it was a natural extension of the pragmatic approach the T.R.B. has brought to its administration for it to recognise the illogicalities implicit in the legislation and that to force an approved decentralised industry to invest in transport equipment and enter the transport industry when its use of hire and reward carriers would be more efficient, could have undesirable economic consequences. A glance at some of the Board's decisions since the 1963 amendments is rewarding:—

- when, in mid 1964, (in the Robinson and Sutherland case) the Board was faced with the desire of a decentralised industry to use hire and reward carriers, as and when required, the Board refused a discretionary licence but permitted an " as of right " licensee to carry the goods that had been moved by road under trip permit to do so thereafter by periodic permit, involving less permit fees;
- the next stage (late October 1964), involving a number of industries in Ballarat, was to grant a discretionary licence in respect of a number of designated vehicles, experimentally, to permit the carriage of the goods of those industries which had been carried by road on permit basis;
- then there was the Dyer's case (December 1965) where a licence was granted for one vehicle which was to be used exclusively for the carriage of goods of a number of decentralised industries which had been carried by road under permit. In this case, there was a concurrent decision to extend the range of permit goods. The T.R.B. here said " the Board's position is that, where a decentralised industry is prepared to employ a carrier's vehicle exclusively, virtually in the manner it would if it owned the vehicle and operated it under the conditions of the " Ei " licence, a " D " licence would be granted to the carrier. It would not go as far as necessarily conceding all traffic under licence for a number of industries even though one vehicle was isolated for this purpose ".
- in the Howlett case (August 1966) the T.R.B. qualified its position as just quoted, refusing to grant a " D " licence for a vehicle exclusively used—for the reason that the industry's goods had traditionally moved by rail. The evidence showed that road carriage would have saved $5,600 apart from other advantages;

- in the Jackson case (December 1967) a decentralised industry sought to use a hire and reward carrier on contract instead of operating its own trucks. Savings over rail movement were put at about $15,000. Here again the T.R.B. refused the application. The goods had been moving by rail and the evidence was that the loss of this traffic would mean a loss of 60 per cent of the total railway traffic ex Yarram with a revenue loss of $30,000;
- in a second Jackson case (January 1969) the T.R.B. refused an application involving the transfer to the applicant by a decentralised industry of the two vehicles it was operating under "Ei" licence. The savings to the industry were admitted to be not significant;
- in the A.P.M. case (November 1970) the T.R.B. indicated its preparedness to licence vehicles of a hire and reward carrier for exclusive use for carriage of pulpwood chips. Here A.P.M. was an approved decentralised industry but preferred to use professional carriers; this was a new industry whose success was dependant on transport charges being at the level of the road haulier's offered contract which the Railways could not match;
- in the Wehl case (December 1970) the T.R.B. licensed two vehicles exclusively to carry to Melbourne particle board made by a decentralised industry at Ballarat;
- in the Campbell's Soups case (May 1971) the T.R.B., faced on the one hand with the industry's desire not to enter the transport business itself but to improve its marketing practices and to effect considerable cost savings, and, on the other hand, with special arrangements for railway carriage having been made years earlier which, *per se,* were satisfactory and with some 30 per cent of the industry's products moving by road under permit, refused to grant licences for three carriers' road vehicles to carry a substantial portion of the goods carried by rail.

10.24 From these decisions and its policy predating the 1963 amendments, the T.R.B.'s approach may be summarised as follows:—

- in appropriate cases where, because of their fragility and difficulties in packing for rail or awkwardness in handling, road transport possesses clear and substantial advantages " D " licences or permits are granted for the carriage of goods for or from decentralised industries;
- where it has been customary to carry goods for such industries by road under permit, the T.R.B. will be prepared to replace a trip permit arrangement by a periodic permit or to replace a regular permit arrangement by a " D " licence;
- such a " D " licence may be restricted to a particular vehicle or to vehicles on the basis that it or they will be used exclusively for the carriage of goods for one or more decentralised industries that have customarily been carried by road or, being new products, for which there is justification for movement by road;
- a " D " licence will be granted where, instead of the industry having and operating its own vehicle, it arranges with a carrier for the exclusive use of a vehicle but such a licence will not be granted if the goods have been traditionally moved by rail and the rail service is deemed adequate, even if the cost to the industry is greater;
- the T.R.B. might be prepared to grant a " D " licence where more than one industry is involved in and subject to the circumstances just mentioned;
- the T.R.B. has been disposed to take a more liberal view of an industry with a " two-way " transport problem. It has tended to make some distinction between such an industry and an industry located in the country at the source of its raw material i.e. the butter factory or fruit cannery.

10.25 The Government's policies directed to the encouragement of decentralised industry are well known and have widespread public support. The Board does not see its being within its Terms of Reference to canvass these policies: its concern must be limited to their implications and consequences in the transport field.

10.26 Confining itself to transport aspects, this Board notes that it is to be expected that undertakings, not located near their main markets and not located because of some transport advantage, when asked what their major locational

disadvantage is, would nearly always answer—" transport costs ". It notes also that transport costs are only one of the many elements that enter into decisions of entrepreneurs to establish themselves in the country or to remain there. Nonetheless, the Board feels that there are a number of unsatisfactory features about the present transport arrangements as applicable to country manufacturing and processing industries:—

- it is not only illogical but, as so many told the Board, unjust that " as of right " licences should, in practical terms, be accessible to the larger approved decentralised industries that can afford capital investment in transport equipment but not to the smaller industries that can't afford such investment;
- it is equally illogical and unjust to permit resort to hire and reward carriers who will provide vehicles for exclusive employment in the carriage of goods of country manufacturing and processing industries and to refuse such resort when the transport needs of such industries fall short of justifying exclusive vehicle use;
- it makes no economic sense to deny resort to hire and reward carriers by approved decentralised industries which deliberately reject the opportunity to enter the transport industry in which they have no expertise or would, on that account, reject the opportunity if they had resort to hire and reward carriers. Fom the enquiries it has made, this Board is satisfied that approved decentralised industries operating their own transport often do so less efficiently than do the professional hire and reward carriers: amongst other things their vehicles are less fully utilised. Were hire and reward carriers used, the likelihood would be that they would more effectively utilise their vehicles;
- it advances the interests of the Railways not one jot if the consequence of refusing access to hire and reward carriers causes approved decentralised industries to acquire and operate their own vehicles;
- it would further the general policies favouring decentralisation if decentralised industries desiring to use hire and reward carriers were encouraged to patronise their local carriers.

10.27 Having regard to current arrangements including T.R.B. policy and practice and to the considerations noted above, this Board considers that, in addition to their present right to operate their own vehicles, approved decentralised secondary industries should, subject to what follows, have freedom of transport choice. This freedom of transport choice:—

- should be restricted to the carriage of goods and materials to, and manufactured articles or products from, the approved decentralised secondary industry;
- should extend to the use of vehicles of other approved decentralised secondary industries, as well as hire and reward carriers;
- must be subject to any contractual arrangements a decentralised industry has with the Railways;
- should not extend to include the carriage of cement from cement manufacturing plants, iron, steel and aluminium unfabricated products, wire products from Rylands Works at Geelong, coal, briquettes, lime, gypsum, manures, grains, flour, sugar, wood pulp, paper, hard-board, bran, pollard, stockfeed, malt, salt, minerals, petroleum products and goods for export.

10.28 That the adoption of these proposals would lead to some switch to road of approved decentralised industries' goods now moving by rail cannot be denied. It is quite unlikely that goods enjoying freight subsidies would switch (paragraph 10.10) and how far the switch overall would go would depend to some extent on the adoption of other recommendations in this Report. It is certainly by no means likely that the Railways nett financial position would move in direct relationship to the loss of traffic.

10.29 Some further points must be made:—

- Where an approved decentralised industry in the exercise of freedom of choice decides to use the vehicles of another approved industry or a hire and reward carrier, the T.R.B. should issue a " D " licence or permit as the case requires;

- Where there is resort to a hire and reward carrier, an approved industry should, all other things being equal, be encouraged to patronise carriers licensed to operate in the industry's area;
- It should be open to the T.R.B. to exercise in appropriate cases, its discretion to issue permits for the carriage of goods in the excluded list in paragraph 10.27;
- In keeping with other recommendations made in this Report, the Railways should be reimbursed the direct concessions they are obliged to make by decision of the Government in implementation of its decentralisation policies, e.g. the 10 per cent lower rate applicable to approved decentralised industries from August 1966 (see paragraph 14.10);
- Given adoption of the recommendation made in this Report for a new 50 mile radius of Melbourne licence, the Geelong complaint that its industries are discriminated against will be disposed of;
- Where an approved decentralised industry is engaged also in activities beyond manufacturing, it is in relation to goods connected with those activities in the position of an ancillary operator. Therefore, in relation to such goods, the approved industry should be treated as though it were an ancillary operator and be limited to vehicles not exceeding 6 tons load capacity operating within a radius of 50 miles. The fees proposed later will provide for the possibility that decentralised industries will wish to make flexible use of such vehicles;
- The licence fees proposed later will have in mind the points made above and in paragraph 9.45. (c.f. paragraph 10.15).

The Timber Industry

10.30 It is appropriate to consider the timber industry in association with the problems of decentralised industries.

10.31 The Forests Commission of Victoria told the Board that the sawmilling industry " is generally acknowledged as being in an unsatisfactory economic condition ", that it was " concerned with the viability of the timber industry and it strongly supports the claims of the industry for equitable treatment (by comparison with steel, aluminium, concrete and brick industries which compete in the same markets) in relation to transport—a highly significant factor of cost ". The Commission contrasted the position of the pulp and paper, hardboard and softwood particle board industries as " approved decentralised industries ". It made clear that transport costs were but one element in the industry's malaise—an excessive number of production units, imports from other States and overseas, and severe competition from metals, plastics, and concrete slab floors were important factors. " Any changes in transport costs . . . . . bring about changes in royalty rates with respect to each other but do not, of themselves, increase the average royalty or total collections ". However, this does not mean that, in determining royalty, " market prices for sawn timber are discounted by all costs incurred in producing and placing timber on the market, leaving a residual amount as stumpage or royalty ".

10.32 The Commission's recommendations to the Board were that all timber industries should be recognised as " approved decentralised industries "; that the sawmilling industry should be free to utilize the most efficient and economical method of transport available; that road transport vehicles should be able to operate under licences instead of permits; and because of the industry's contribution to decentralisation and the development of roading systems in State forests, road licence fees should be at the lowest practicable level. In support of its proposal that all timber industries should be approved decentralised industries, the Commission argued that country sawmillers are disadvantaged by comparison with timber suppliers from interstate who enjoy road freedom under Section 92 of the Constitution; that overseas imports, including Tasmanian, for the Melbourne market enjoy road freedom; that to some extent the non-location of sawmillers in Melbourne arises from the Forests Commission's policy of not allowing logs to be transported to the metropolitan area; and that the enforced location of the timber industry in the country should not be held against it any more than is the

case with particle board, cement works or brick works. The Commission recognised that adoption of its recommendations could mean the diversion of some freight from rail to road but felt that the Victorian Railways could compete strongly with road transport.

10.33 Separate submissions were made by the Victorian Sawmillers Association, a proprietor of a sawmill at Euroa, the Burwood Timber Mills Pty. Ltd. and Associated Kiln Driers Ltd. These put, in their own way, some of the views expressed by the Forests Commission. Additional points made were:—

- Currently, transport represents almost 50 per cent of the total delivered cost of unseasoned sawn timber in Victoria. Road transport, subject to payment of road maintenance charges and of full permit fees, is allowed for timber within a radius of 50 miles of the milling point (and further in certain circumstances, e.g. cross country), for recovery type timber up to 7 feet 6 inches in length and one-third of the balance of the mill output destined for the Melbourne area;
- Interstate suppliers suffer no such restrictions on choice of transport;
- A 10 per cent rail freight discount is granted to millers who contract to transport 85 per cent of their product by rail;
- A large proportion of production is made up in individual orders at the sawmills for direct delivery to building sites, with delivery expected on any nominated date;
- Rail deliveries are costly, unreliable and subject to excessive damage and delay. They require use of specialised road vehicles at each end. Whilst a reasonable, though not dependable, service is given from Gippsland to several south-eastern metropolitan stations, delivery to " across town " stations, from any direction, is unreliable. It was later acknowledged that the railway service had improved;
- If there were unrestricted use of road cartage there would be very considerable savings and, in addition, the State would receive a large increase in road charges;
- The expansion of the manufacture of wood chips from sawmill waste is retarded because of the problems of achieving long term assurances of the issue of permits to transport chips by road;
- Rail freight concessions were being granted to interstate consignors.

10.34 The Victorian Sawmillers Association recommended that:—

- the timber industry be permitted free use of road transport for the transport of its products and materials required in production;
- the industry, including wood chips, be exempted from payment of road permit fees other than the nominal amounts such as apply to decentralised industries;
- as this is a rural industry, it should be exempted from payment of road maintenance charge;
- permits should be equally available to the vehicles of contractors and of consignors and their issue should be " the responsibility of a joint industry/Government body and not subject to undue pressures from Railways, Treasury and other Government instrumentalities ".

10.35 The Association put forward seven instances of cost comparisons which covered transport costs from Gippsland mills to buyers' yards or building sites. These showed that road-rail-road transport costs were 8 per cent, 11 per cent (2 cases), 12 per cent, 25 per cent, 26 per cent and 57 per cent higher than road costs, including permit fees and Road Maintenance Charges. Examples of the added costs of road-rail-road transport were advanced by the Euroa mill owner.

10.36 The Burwood Timber Mills' submission made the point that, because the rail service cannot match that of road for deliveries to the eastern Melbourne suburbs, arrangements had been made for rail deliveries to Dandenong and Westall from which road deliveries were made. This firm asserted that the extra cost of getting Swifts Creek timber to Melbourne by road-rail-road was of the order of $5,000 in one year. Extra steel strapping and bearers between packs were needed for the rail transport of air-dried timber. Even

then, some repacking before kiln drying was necessary. This firm takes timber from Mansfield but rail is only used occasionally for non-priority deliveries. The extra costs from mill to site averages 49c per 100 super-feet and delivery takes days against four hours by road.

10.37 The submission of Associated Kiln Driers Ltd. of Colac was essentially concerned with the problem of competition from interstate suppliers, whose products from the Mount Gambier area ironically pass the Colac factory, and with what are to the Company the anomalies of certain mills having access to road transport, e.g. because they are wood flour or untreated ply producers, or they are carrying strips to kiln drying plants or moulding mills in Melbourne. The Company's complaint was of its road-rail-road costs being the best part of 100 per cent higher than road deliveries, the latter being as well, much faster.

10.38 The Division of State Development, in its submission, argued that the T.R.B. had totally rejected applications from the timber industry under paragraph (ca) of Section 8 already referred to and argued that there was no justification for withholding from sawmillers the freight concessions granted by the Railways under the contracts they had negotiated with a number of millers prepared to use the Railways substantially. The Division drew attention to the Report of the Distribution of Population Committee which recommended that the T.R.B. be empowered to issue " permits outside the two-thirds rail/one-third road formula for the road transport of scantling timber in house lots where it can be shown that road transport is necessary on the grounds of cost and/or convenience to enable the sawmiller to compete effectively ".

10.39 Before turning to the response of the T.R.B. and the Railways Commissioners, it is well to restate that the State Cabinet took a deliberate decision excluding sawmillers from eligibility for consideration as approved decentralised industries.

10.40 It can hardly be said that the T.R.B. has not sympathetically approached the problems of the timber industry. Well before the 1963 legislation with its paragraph (ca), the T.R.B. was granting discretionary licences for the transport of logs to sawmills and of sawn timber to rail head and granting permits, automatically, to move by road sticked kiln dried hardwood timber on the grounds that, when transported in this form, the tendency of the timber to move presented problems for rail consignment. The two-thirds rail/one-third road formula was adopted by the T.R.B. as far back as 1953 to provide flexibility for millers to handle urgent requirements, special orders, long length timber and house lots. Even this formula has been relaxed where the Board saw special circumstances: there have been cases where the T.R.B. has allowed 50/50 and even one-third rail/two-thirds road movement.

10.41 The T.R.B. in considering applications for the use of road transport from East Gippsland, has been concerned about the duplication of transport facilities. The road parallels the railway to Orbost for 230 miles, the railway providing a main line service for most of the distance. Of course, there has been duplication if for no other reason than the T.R.B.'s two-thirds/one-third formula. Equally has the T.R.B. been troubled about the level of road cartage rates. In the words of the T.R.B. " over the years the level of cartage rates for timber and logs can only be described as depressed. This is why for a number of years the Victorian Road Transport Association pressed the Board and the Government to fix these rates to provide carriers with reasonable earnings ". The T.R.B. informed this Board that " low earnings lead to evasion of road charges payments and permit fees. A number of these carriers are currently in financial difficulty. . . . . It is significant . . . . . that the sawmilling industry has been disinclined to seek licences for mill-owned trucks . . . . . ".

10.42 In this connection, a comparison between V.R.T.A. recommended rates for the cartage of logs and sawn timber and the going rates paid to carriers is instructive. Applied to the Gippsland mills referred to in paragraph 10.35, the going rate ranges from 22 per cent to 45 per cent less than the V.R.T.A. recommended rate, with road maintenance charges and permit fees assumed in both cases. Moreover, the inquiries made directly by this Board suggest that cartage charges have remained virtually unchanged for many years and

that, judged by consideration of the accounts of several carriers engaged in timber cartage in East Gippsland, it is doubtful whether current cartage charges always cover full costs.

10.43 On the subject of permit fees, the T.R.B. advised that the same scale of fees " applies to road transport of sawn timber as to other commodities ..... The revenue obtained from permit fees is required by the Board to meet its costs of administration ".

10.44 It is to be noted that rail revenue from timber traffic currently approaches $2 million per annum and that there has been considerable investment by the Railways in handling equipment, sidings, and 250 odd specially adapted wagons whose sole purpose is the movement of timber.

10.45 The Railways grant a discount of 10 per cent to those sawmillers who agree to rail at least 85 per cent of their output. The Commissioners told this Board that, of the East Gippsland mills, 11 use rail transport for 95 per cent of their output and 16 for 85 per cent, despite their having road freedom for one-third of their output, and that these mills produce 47 per cent of the total output of East Gippsland. This is seen by the Railways to prove that the rail service is satisfactory and economical, and that there is no justification for a division of traffic between road and rail, particularly on a main line. On the other hand, the sawmilling interests argue that the fact that many millers prefer to use their one-third road entitlement is indicative of their general attitude to rail. Needless to say, the Railways Commissioners found no joy in the suggestion of the Division of State Development that their discounted rates should be extended to all sawmillers irrespective of their preparedness to agree to rail at least 85 per cent of their output.

10.46 The Commissioners considered the Railways are now providing a regular and reliable service. " The bulk of the timber for framework ", they said, " comes from the East Gippsland area and moves by rail in train load lots ". They acknowledged that deliveries had, on occasions, been delayed to " across town " stations because of the Melbourne Yard reconstruction, but they gave " reliable overnight service from East Gippsland to Narre Warren, Dandenong, Westall, Oakleigh and Graham ..... (which) would account for approximately 85 per cent of all timber received by rail in Melbourne ". They asserted that " damage to timber is extremely minimal and occurs only in very isolated instances ". They did not deny the occasional breakdown of unloading equipment but asserted that some of the congestion at receival stations was due to carriers not taking prompt delivery.

10.47 The Commissioners advised that the level of timber traffic from Mansfield on rail is at present quite small. Incidently, it is the view of the Forests Commission that the closure of the Tallarook–Mansfield line would have very little effect on the sawmills at Mansfield and Alexandra.

10.48 The Commissioners were at pains to argue that road maintenance charges, T.R.B. permit fees, and Railways freight rates had remained unchanged for some time in a period when costs generally were rising. In these circumstances, it could hardly be claimed that the transport factor was prejudicing the timber industry's competitive position. Naturally enough, they argued that if the timber industry's total contribution to State and semi Government authorities, including the Railways, was $10 million, as the industry asserted, this was no reason why the industry should concentrate on relief from the Railways to which it paid some $2 million.

10.49 The Railways Commissioners acknowledged that concessional rates applied to 150–200 ton loads of hardwood timber from the far north coast of New South Wales to Hastings and Graham; to softwoods from the Mount Gambier area to Melbourne and points in the Western districts of Victoria; and to hardwood timber from Manjimup, Western Australia to Melbourne. They went on to point out that certain concessional rates applied to hardwood railed from Orbost to Wingfield, South Australia and to hardwood sleepers from various localities in Victoria to Islington near Adelaide.

10.50 The following emerge:—

- This Board does not feel itself entitled to question the decision of Cabinet that sawmills are not eligible for consideration as decentralised industries;
- This Board, confined as it is to transport problems, does not feel entitled to concern itself with any broader malaise that affects the industry;

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- There is no reason for doubting that, to the user, the cost of rail transport of timber is often greater than the cost of direct road transport. Such delays and damage as do occur in rail transport must obviously be included as cost elements;
- The Gippsland line is the one glaring example of duplication of rail/road services in relation to the timber industry. From the Bairnsdale–Orbost section of this line, the Railways revenue from timber cartage is of the order of $1·29 million out of a total of $1·86 million revenue derived from all rail transport of timber. Moreover the revenue from timber constitutes 91 per cent of the total outwards goods revenue derived from the Bairnsdale–Orbost section;
- *Prima facie,* the longer the rail haul the greater the likelihood that, with properly computed costs, rail use would show an advantage over direct road haulage. However, this Board has made no study of the costs of operating the Bairnsdale–Orbost line;
- So long as the Orbost line remains open, it would not be in the State's best interests to depart from current practices in relation to the regulation of timber traffic between East Gippsland and Melbourne, but the Railways should be at pains to ensure the best possible service to the industry on this route;
- For the rest of the State, such is the extent of road freedom already existing, whether as a result of the policies of the T.R.B. or because of Section 92 of the Constitution, that it is only sensible that the sawmilling industry should be entitled to resort to hire and reward carriers for the transport of its products. This must be subject to any contractual arrangements a sawmill has with the Railways. The first and second points in paragraph 10.29 will apply, *mutatis mutandis.* Also influencing this conclusion is the obviously doubtful future of the Tallarook–Mansfield line (see paragraph 8.16).
- So far as this Board can judge, and taking into account the role of the Forests Commission in determining sawmill input, the East Gippsland sawmills should not be prejudiced by adoption of these proposals.

10.51 *The Oil Industry*

Submissions were made to this Board by an oil industry group representing the views of Ampol, B.P., Caltex, Esso, Golden Fleece, Mobil and Shell. This Board was told that these views were endorsed by Amoco but the figures later quoted relate only to the first seven named Companies unless otherwise indicated.

10.52 The present regulatory arrangements affecting petroleum products stem back to the 1933 Inquiry. Its Report referred to the large companies using rail tankers to supply their depots whence products were distributed by road tankers or in drums on trucks. Since the smaller companies found the expense of establishing country depots prohibitive, they transported their petrol in road tankers or in drums, heavy and light (the one-trip drum), the latter being of a type the Railways would not carry " on account of their supposed danger ". So the Report recommended that road vehicles used for no other purposes than carriage of one-trip drums should be free of restriction as to route and distance. Then, rather curiously and at odds with its basic premises, the Report took the view that, since " the carriage of petrol in bulk by the Railways necessitates a costly tank installation at the terminal point ", petrol road tankers should equally be allowed to operate without restriction as to route and distance.

10.53 It was not until 1941 that State-wide road freedom for petroleum products in drums was, by an amendment to the Third Schedule of the Commercial Goods Vehicles Act reduced to carriage within 50 miles radius of a depot. It was apparently thought at the time that distribution of petroleum products through country bulk depots should be encouraged, as a measure of decentralisation. When, after the War, the oil companies resumed normal trading, the Railways were unable to handle all the petroleum traffic and there was a shortage of drums. The T.R.B. began a review of the position in 1953, and in late 1955, after discussions between the oil companies and the then responsible Minister, rail transport was accepted as adequate for drum products beyond 160 miles from Melbourne.

10.54 In March 1967, agreement was reached in discussions between the then responsible Minister and the industry that there would be such rail carriage of petroleum products as would restore the Railways freight revenue from

that source to the 1962–63 level. These discussions were instigated by the Government because of its concern over the trend to road transport of petroleum products. Longest established companies were making greater use of rail because their country depot network was established with integrated rail facilities, but other companies were tending to employ rail only where length of haul favoured it, and to use road where they considered it was physically and economically impossible to establish rail-served depots. The agreement was the alternative to direct governmental action. The restoring of the Railways revenue was to be spread among the companies in proportion to their respective shares of the total country petroleum market.

10.55 Flowing from the 1967 Agreement, Caltex added facilities at 15 country depots, Sleigh at four and Ampol at an unstated number. The three companies also commissioned additional rail tankers. Whether the Railways revenue was restored to the 1962–63 level depends on what revenue is taken into account. The Railways say the target was $2·75 million, yet the revenue for the years ended February 1968 was $1·96 million; 1969, $2·22 million; and 1970, $2·28 million. (The unusual terminating date comes from the Agreement having operated from 1st March 1967.) While these figures do not markedly differ from the oil companies' figures, the companies add that they have to pay the Railways for maintenance and hiring of rail tank cars and rental of rail sidings. This amounted to $1 million over the three and three-quarter years to December 1970.

10.56 So, currently, the situation is that—

- road tankers can " as of right " carry bulk petroleum products anywhere;
- drummed and packaged products can " as of right " be carried by road within a 50 mile radius of specified places;
- permits are granted without question for road carriage of drummed products up to 160 miles, and of packaged products, anywhere;
- Section 92 enables the industry to circumvent in large degree the 160 mile radius rule;
- there is the Agreement about maintaining the Railways revenue;
- the only payments made by the oil companies for road usage are the vehicle registration and related imposts, the Road Maintenance Charge, $4 per annum per licence for tankers and vehicles carrying drummed products, and a relatively small sum for permits for the latter vehicles.

10.57 In Victoria, the oil industry certainly enjoys a privileged position when it comes to road transport. In no other State, except South Australia, does the movement of petroleum products have such road freedom. To the common motorist, it is doubtless a source of surprise to find massive road tankers, based in Melbourne for example, trundling along roads paralleling railway lines and appearing to serve garages and other consumers far from the city and even to stock depots in centres served by rail. To the same observer, the thought must often have occurred that if the Railways had any function it was to carry bulk petroleum products and free the roads of at least some monsters. Some background to the structure and rationale of the present arrangements is thus necessary.

10.58 The bulk products have their origin mainly in the refineries at Crib Point, Altona and Geelong. Victoria, for distribution purposes, has four areas. One around Portland is supplied by Terminals there. The remainder of Western Districts is supplied by the Geelong Refinery and Terminals. Eastern Victoria, south of the Range, is supplied by the Crib Point Refinery and Dandenong Terminal, and the rest of Victoria by Melbourne Terminals.

10.59 Between them, the seven companies serve nearly 300 Country depots of which 120 odd have rail siding facilities and the rest do not. Only 14 of these depots are company owned and operated and the maximum personnel employed at these depots is 8. The rest, though Company owned, are operated by commission agents or by direct purchase " jobbers " who own their own vehicles and employ their own staff. At Appendix XXVI is a list of the centres where there are depots. It shows which have, or are without, rail sidings.

10.60 Between them, the Companies use on the average 187 road tankers—their own and those of contractors—to supply areas beyond the Melbourne metropolitan, and Geelong urban, areas. They transport somewhat more than 1 million tons of product annually.

10.61 The Companies' rail tanker fleet comprises 317 white oil cars, of which 154 are of 7,000–9,000 gal. capacity, and 129 of 10,000–12,500 gal. capacity. Fuel oil and bitumen tankers add another 134. Of the total, Shell has 123 tankers, Mobil 108, B.P. 87, Esso 42, Ampol 37, Caltex 29, Sleigh 16, and Amoco 9. Some 19 tankers have been constructed during the last decade. The oldest of the balance is around 70 years.

10.62 Putting things in very simplified form, the road tankers are used primarily to supply depots not served by rail, carrying about 660,000 tons per annum, and to carry about 425,000 tons per annum direct to large garages and individual consumers. The rail tankers carry around 300,000 tons per annum to depots served by rail but by no means is rail the sole supplier of such depots. By serving their large individual consumers by road direct, the industry avoids storage and double handling problems and all the charges that go with them. The remaining country consumers are widely dispersed and have a diversity of demands in gallonage and time requirements. These, who consume about 970,000 tons, are served by road tankers from the country depots, involving the storage and double handling problems referred to whether the depots are supplied by rail or road. Where depots, not rail-served, are supplied from rail-served depots, treble handling occurs before the consumer point.

10.63 None of these country depots serves as supply points for other companies though, as is well known, the Dandenong Terminal is the supply point for different companies, each of which supplies its additive to its tankers as loaded.

10.64 The industry claims that under these arrangements the Victorian consumer fares, pricewise, better than his N.S.W. counterpart.

10.65 Prices outside Melbourne are determined by freight differentials added to Melbourne prices and, under the Commonwealth Price Differential Subsidy Scheme, where the freight differential exceeds 3·3 cents per gallon, the Commonwealth pays the excess by subsidy to the oil companies. The industry says that the Victorian consumer does not reach the price differential of 3·3 cents until about 160 miles from the seaboard whereas in N.S.W. the consumer does so at roughly half that distance: this being due to the lower Victorian freight rates and the greater use of road transport. This, it might be added, is doubtless in turn due to much more severe restrictions in N.S.W. on road movement of petroleum products. But if the consequence of the Victorian lower freight rates and the greater use of road transport is that the consumer in Victoria between 80 and 160 miles from the seaboard pays less than his N.S.W. counterpart, it is equally true that Commonwealth pays no subsidy on sales in Victoria up to 160 miles as contrasted with 80 miles in N.S.W.

10.66 The industry told this Board that the cost of arresting the decline in the railways revenue, which was the purpose of the 1967 Agreement, was higher transportation costs for the country community and this was contrary to the interests of the State. It provided figures that rail costs of transportation exceeded road costs by 106 per cent for a 50 mile haul, by 68 per cent for a 100 mile haul, and by from 31 per cent declining to 13·5 per cent for hauls of 150 progressively increasing to 300 miles. To these differentials had to be added the costs etc. of slower turnaround of rail tankers, secondary road movement from a country depot to point of sale, some product loss and capital charges arising from extra stock holdings in depots and in transit.

10.67 The industry argued for a transportation mode permitting delivery in bulk to the point of sale, thus minimising the need for intermediate intervessel transfers and warehousing. It calculated that it incurred a total transportation expenditure of $10 million per annum in meeting its inland country markets, including the cost of secondary road movement. It asserted that, were least cost transportation methods employed in Victoria, on an unrestricted and fully competitive basis, a reduction in transportation costs, hence costs to the consumer, of $2 million per annum could be achieved. These costs embraced the difference in freight costs, employing road where cheaper than rail; maintenance and depreciation of rail tankers and rentals; eliminating double handling through depots and secondary road costs; eliminating siding maintenance and rentals; and reduction in working capital associated with reduced depot and in transit stocks. All Victorian consumers would benefit, so this Board was told, but country consumers would do so

on a differential basis because of the operation of the Commonwealth subsidy. There could be a reduction in the amount of that subsidy. The industry saw its own economic position as remaining generally unchanged because of the Commonwealth Subsidy Scheme. Among the restrictions pointed to were the limits under the Commercial Goods Vehicles Act restricting carriage of packaged petroleum and allied products beyond radii of 50 and 160 miles depending on the nature of the package, and legislation aimed at revenue raising, safety, and consumer protection and governing vehicle lengths, speeds and axle loads.

10.68 The industry pointed to the changes since the 1933 Inquiry affecting the industry, including the development of the road tanker from rigid chassis vehicles of 1,200 gallons capacity to articulated vehicles of 6,500 gallons capacity; the great improvement in the road network; and the mechanisation of rural industry with its demands for petroleum products, a considerable cost element in rural production.

10.69 While the industry sought full freedom of choice of mode to optimise the overall transportation of petroleum, it did not contend that road transport of its products was " essentially to be preferred to rail ". It said that " rail service could present significant economic advantages on the medium-to-long distance haulage if freight rates were reduced, where the margins arising from the lower freighting costs should be able to adequately subsidise the additional costs incurred in feeder services and double handling. Furthermore, in many cases, irrespective of distance, rail usually presents advantages in the handling of high volume and continuing movements provided a high degree of utilisation of rolling stock is achieved ". It felt that " much of the apparent sub-optimum performance of the rail system could be eliminated by a joint attack on ..... inefficiencies, provided greater scope and incentive were to be provided by the setting of realistic rail freight rates commensurate with actual rail costs ". It saw the possibility of scope for making up fast petroleum freight trains involving a minimum of marshalling and enabling quick turn-arounds which could be facilitated by the development of large depots at strategic locations; for increasing axle loads to achieve higher payloads by commissioning larger aluminium tankers which could replace the ancient tankers in service; for greater co-ordination between the Railway systems to encourage over-border freighting.

10.70 All of this makes a deal of sense and one would have thought the industry and the Railways would have got together to achieve results. The companies asserted that they had approached the Railways on a number of occasions on the possibilities of rationalising tanker movements and left the initiative with the Railways to determine how they could effect economies with full or part train loads and what freight rates could be offered under the circumstances. Without this information the companies said they were unable to make decisions on capital investment on increased storages and loading and unloading facilities.

10.71 On the other hand, the Railways said they had discussed co-ordinating petroleum products into train loads with several oil companies and, of their own initiative, had introduced a tanker train to Seymour where the tankers are broken up for despatch to individual depots. To use the Chairman of Commissioners' words, " The concept requires active participation in planning by the companies because it envisages industry members using a common depot at some point or points in the country with possible supply from one terminal, for example, the Corio Refinery ". The Chairman went on to say that, in July 1971, the industry had been asked " to supply us with such information as source of supply, common depot locations, volumes to various points, turn round of tankers, etc. .....". Apparently this has not yet been forthcoming.

10.72 The oil companies emphasised the faster turnround achieved by road tankers, and this Board is satisfied that, as matters stand, far greater utilisation is achieved by road than by rail tankers. After all, for primary bulk distribution road tankers numbering roughly half the rail tankers carry over three times as much product. The companies and the Railways do not see eye to eye about the reasons for the slower turnround of rail tankers. The companies have admitted that tankers are sometimes used as storages. Where the blame for the rest of the delays occurs is hard to judge. Some certainly rests with the Railways.

10.73 Ancient though much of the existing rail tanker fleet is, it seems capable of fulfilling the March 1967 Agreement and obviously it could do much more than that if the average turnround were improved. This Board finds it hard to believe that a turnround of under 3 days could not be feasible at least to depots on main lines. Better than that should be the objective to provide an economically acceptable utilisation of the heavy capital investment involved in commissioning new and larger capacity rail tankers.

10.74 Considering the oil industry's asserted concern with costs to the consumer, one would have expected an acute interest generally in the industry in the rationalisation of individual country depot activities. Such would certainly facilitate the organising of tanker train consists and should reduce costs. True, it could, initially, involve capital outlays in increasing storages and facilities at some centres. As this Board sees it, if the companies succeeded in getting together at the Dandenong terminal to service all companies, which add their own additives to their outgoing road tankers, there is every reason for the same course being followed at country depots. Dandenong is served by a fixed pipeline: country depots would be served by a mobile pipeline—the railway tanker. It is fair to add that some of the companies share this view.

10.75 The industry told this Board that the feasibility of a pipeline from Geelong–Melbourne to Wodonga via Ballarat, Bendigo, Shepparton and Wangaratta had been studied and that discussions on the scheme had been opened with the Government in 1963. The studies had shown that initial costs would be considerable; the pipeline would mean a diversion from rail and road transport, road losing to the pipeline about 2½ times the quantity which rail would lose; loss of revenue to the Railways would be of the order of $1·25 million annually; the pipeline would transport about two-fifths of the tonnage now moved by road; the pipeline would have the advantage that its transportation costs would be subject only marginally to subsequent general cost increases whereas rail and road, with their high manpower cost elements, could increase considerably; the actual economics would clearly be influenced by rail freight rates; and the construction of a pipeline would only alter the balance of land transport usage in areas the pipeline served.

10.76 While the pipeline would reduce the tonnage of petroleum products moved by road and by rail, it is not inconceivable that, without a pipeline, a diversion to rail of much the same order could, at least for some years, result from lower rail freights which could be the product of real rationalisation of country depots and rail handling of petroleum products. Whether and when the pipeline proposal will be pursued with the Government would appear to rest, at least in part, on the Railways response to the freight rate issue but also on there being unanimity among the companies generally and as to timing.

10.77 That, as matters stand, the average cost of rail haulage of bulk petroleum products to depots exceeds that of road is clear when account is taken of shunting charges, rental and maintenance of sidings, the capital invested by the companies in rail and road tankers and the fact that the industry loads and unloads the tankers. The industry puts the average excess cost at 2c per ton mile. The Railways believe it to be not that great. The oil industry argues that with a fully effective rail system, the gap could be closed: perhaps it could—if there were depot rationalisation.

10.78 But the oil companies say that their secondary distribution average costs from depots are of the order of $3.70 per ton and that therefore if the industry were to substitute, for present direct road delivery, rail delivery to depots and then secondary road distribution, rail freight rates would have to take account of these secondary distribution costs. On the companies' figuring, a rail line haul rate of 2c per ton per mile would break even between 100 and 150 miles and then constantly improve so that at 300 miles the rail rate, including the $3.70, would be $9.70 per ton as against a road rate of $12.48. In this sort of situation, say the companies, there would be scope for transfer to rail for delivery to depots and then by road to the consumer of much of the 425,000 tons that now goes by road direct to the larger consumers.

10.79 Viewed from another angle, the companies say that, if there were a complete restriction on road freighting of bulk products and therefore all products went by rail, then all the 425,000 tons mentioned above would have to carry

the extra $3.70 per ton average secondary distribution cost and that part of the 660,000 tons that goes by road to depots not served by rail would be subject to the $3.70 per ton cost of transfer from rail served depots plus the final distribution cost of about $3.70 per ton.

10.80 This Board places no imprimatur on these figures: they are mentioned as an indication of the cost problems associated with the respective rail-depot-road, road-depot-road, and direct road modes of transportation of bulk petroleum.

10.81 From the viewpoint of the consumer, if he lives around 150 or more miles from the seaboard, his fuel price would be unaffected whatever the mode employed, i.e. because of the Commonwealth Subsidy Scheme. But if he lives closer to the seaboard, his price would be subject to increase by the difference between his present country price differential and the 3·3c at which the Commonwealth subsidy becomes applicable. The companies have said that their economic position would be largely unaffected whichever mode were used.

10.82 There were suggestions before this Board that the rates paid by oil companies to their contractors for road haulage might not be economic nor provide a fair return to the contractors employed. The companies say that many of these contractors have been working for them for years. In Chapter VII reference is made to costs of road transport of oil and to some of the considerations which distinguish it from the transport of other goods. Such inquiries as this Board made did not lead it to support the suggestions referred to above: certainly in respect of long-term contractors.

10.83 The data available indicates that the accident record of the 180 odd tankers referred to in paragraph 10.60 compares favourably with the average for commercial vehicles generally. Over the last three years, outside the metropolitan area, there were 27 accidents: 13 involved damage to other vehicles or property, 7 injury to tanker crew and 3 to occupants of other vehicles, and 4 damage to tanker only. This equalled one accident per 7,596 journeys or per 812,000 miles run. Not even the Railways' record was without blemish. In 1970, there were three derailments involving fuel tankers.

10.84 It is the opinion of this Board that the present situation, as described in paragraph 10.56, is unsatisfactory. In a negative sense, the Commonwealth is the chief beneficiary in that the current extent of road freedom means that it pays less subsidy in relation to Victorian sales of petroleum products. *Prima facie,* far more bulk petroleum should be going by rail, and that should be the goal. However, such are the complexities of present distribution patterns and the changes that would be needed to achieve that goal in an orderly fashion that it would be preferable to find the best solution in discussions between the Railways and the oil companies rather than by fiat. Major problems which must be resolved are rationalization of country depots, involving maybe expansion of some and contraction or elimination of others; rail tanker trains enabling quick turnround, involving more modern and larger capacity tankers; and that recasting of freight rates that would be appropriate in these circumstances and still cover all proper costs and provisions.

10.85 This Board recommends that the suggested discussions be instituted without delay and that, because the Government may ultimately have to take a stand, they should be chaired by some independent person required to report to the Government. Meantime there should be a substantial adjustment in licence fees for road tankers to ensure a more appropriate contribution to the costs of the roads they use, etc. This will have the effect of placing rail and road costs, in relation to the transport of bulk petroleum products, on a more comparable basis.

The Wool Industry

10.86 Much was put to this Board about the transport problems of the wool industry and the cost disadvantage under which it operated in Victoria because of the present transport regulation system. Submissions specially devoted to the industry came from the Australian Wool Board (A.W.B.), the Graziers Association of Victoria, and the Honorable Member of the Legislative Council for the Bendigo Province.

10.87 The A.W.B. brought to attention planning models for the optimum size and location of wool selling centres in all six States, the first based on continuation of the existing transport legislation and the second, on open competition between road and rail transport. Now, where wool selling centres should be located is hardly a matter for this Board, but the submission contained information of direct relevance to this Inquiry:

- According to a "Survey of Victorian Wool Stores, early in 1971", receivals to store were by the following mode:—

	by road	by rail
Melbourne	63% (*a*)	37%
Geelong	57% (*b*)	43%
Portland	77% (*c*)	23%

	(*a*)	(*b*)	(*c*)
Growers' own transport ..	13%	34%	54%
Victorian origin ..	11%	16%	
Interstate origin ..	39%	7%	23%

- The average cost of moving a bale of wool to the three centres was estimated at:—

—under perfectly competitive conditions and under one model's selling location pattern	$0.65–$1.11
—under existing conditions and under the present selling location pattern	$1.36–$1.81

- The average difference between the model pattern and present arrangements was $0.70 in cost per bale or $630,000 a year for the Victorian clip, with the difference for some growers being as high as $1.50 per bale.

10.88 To be seen at once is that the foregoing has nothing to do with what might be the difference in cost between wool movements to the present selling centres under the present regulatory system and under free rail/road competition. Into the bargain, and forgetting that perfectly competitive conditions would be unattainable, the figuring as done is open to challenge on a series of grounds. First, it assumes, for the road mode, an annual mileage of 46,000 with back loading freely available, which is unrealistic. Second, it assumes an average distance of 19 miles between farm and railhead, which does not seem sustainable. Third, it imputes a cartage rate of 45c per mile for semi-trailer and 32c per mile for a 7-ton tray top operation under given conditions. Judged by this Board's own studies of like semi-trailer operations, the 45c per mile rate would appear to be realistic if the first ground noted above were unchallenged and provided the cartage were done by a contractor. It would not be if the cartage were in the hands of a sub-contractor unless, of course, he were to subsidise the wool industry by accepting from the main contractor a rate which did not cover his costs. This Board has no check point by which to measure the 32c rate.

10.89 To return to the backloading element and making some permissible assumptions in relation to the semi-trailer operation, if the backloading were 75 per cent, 50 per cent and 25 per cent and nil, the effective forward wool rate would not be 45c per mile but something like 51c, 60c, 69c and 79c respectively. Interestingly enough, the A.W.B. quoted charges for two movements in South Australia as "indicative of charges under perfectly competitive conditions". Assuming that the same type of semi-trailer was used, the rates quoted are consistent with the figures given above on the premise of a 25 per cent to nil backloading component. Applying then this South Australian experience to the A.W.B.'s difference in costs for Victoria, nearly one half of the 70c differential disappears on one ground alone. In its supplementary submission, the A.W.B. agreed that the costs to a grower using his own transport would be higher than to a professional carrier: a point of some significance considering the high volume of wool carried to store in growers' own vehicles and confirming the conclusions stated elsewhere about the uneconomic use of primary producers' vehicles.

10.90 The Graziers Association of Victoria thought that the A.W.B.'s investigations were revealing but unrealistic in talking of "perfectly competitive conditions". The Association added that the A.W.B.'s "submission is also considered to be rather narrowly based in that it takes no cognizance of the requirements of woolgrowers for the transport of other goods and livestock".

Free competition, said the Association, would bring short-term benefits to woolgrowers, but implications would be:—

> "It would bring substantial loss of revenue to the Railways and raise the per unit cost of transporting the reduced freight tonnage. The increased flow of trucks to Melbourne in particular would create a heavy added community cost due to increased air pollution, road depreciation and traffic congestion. Although transport costs to many growers would decline (in shifting from rail to road) the average cost per bale to the trucking industry would be unlikely to show any significant decline as a result of the increased tonnage moved by road ..... economies of scale are negligible for the trucking industry and the decline in average costs would be small ..... In effect any short term solution which fails to recognize the needs for complementary long term action is likely to cause more problems than already exists".

10.91 The Association then went on to propound its remedies (see paragraph 4.13), one of which virtually amounted to free rail/road competition where it currently does not exist.

10.92 Enough has been said above to cast grave doubts on the cost propositions advanced by the A.W.B. This Board certainly could not accept that the total extra costs to the Victorian wool grower of the present regulatory system are anything like the $984,000 per annum or 88c per bale later put forward by the A.W.B. Perhaps, for current purposes, it is desirable to put into some perspective the savings in transport costs that could flow from untrammilled resort to the road mode. Let it be assumed that, on the average, transport by rail is, under present arrangements, 30c per bale more than by road and that a bale contains 300 lbs; the difference becomes 0·1c per lb. of wool, or a cost of something like $15 to a farmer with 1,500 sheep. By contrast, a 1c increase in the per lb. price of wool would return the farmer $150.

10.93 Perhaps the item that sticks most painfully in the industry's craw is the Railways' current rating practice as applied to wool. The rate to Melbourne from Seymour is $1.20 per bale, which equals 1·97c per bale per mile; from Benalla, $1.60 and 1·33c; from Wangaratta, $1.40 and 0·97c; and from Wodonga, $1.20 and 0·64c. These distortions are the direct consequence of the Railways, at one end of the scale, taking advantage of their protected position under the present regulatory system, and, at the other end, seeking to compete with road hauliers. Whether the Railways come out on the right side of the ledger with these rates, this Board does not know: its studies of Railway costs did not extend to the transport of wool. To be noted is that, in 1969–70, the Railways revenue from pre-sale movements of wool was of the order of $1·1 million. Not to be overlooked in the total transport cost equation affecting the wool industry is the contribution the Railways make to the producer through cheap rates for items like fertilizers. Non extension to wool of the recent general increase in freight rates is another example.

10.94 Apropos the claim for complete freedom of transport choice, this Board finds no reason which would justify the wool industry being singled out for specially favoured treatment. True the economic position of the wool industry is currently precarious but it is not alone in this. Nor would that position be relieved if transport of wool were free. The special claim of the wool industry granted, those of others could not be resisted. It is not beside the point to mention:—

- the wry comments made to this Board even by some propounding the case for the wool industry that, in the days of the wool price boom, the Railways rates were not correspondingly increased;
- that some before this Board saw scope for rationalizing transport of wool through the elimination of many sidings, the development of Regional Freight Centres, heavier bales and so on. This Report deals elsewhere with some of these possibilities.

10.95 Consequences of this Board's proposals will be:—

- to extend the area within which there will be freedom of transport choice, i.e. the extension of freedom of road transport within 50 miles radius of the Melbourne G.P.O. and of Portland; and

- at the same time, to narrow the area within which the Railways will, in the carriage of wool, still have the protection afforded by the regulatory system.

10.96 This will do nothing to assuage the bitterness about railway freight rates of the woolgrowers who will remain the reduced meat in the sandwich. To the maximum extent possible, this somewhat peculiar inequity should be relieved. Wool will be in the unique position of being the only primary product some limited number of whose producers, namely those in the area remaining subject to regulation, will find themselves in the position that their freight costs could be relatively higher than those of all other wool producers, whether they are closer to or further from stores.

10.97 Accordingly this Board recommends that the Railways Commissioners should, without delay, undertake a detailed study of the optimum manner of handling wool, e.g. including closing of sidings and concentration of receivals at key stations and of their costs in relation to the handling and transport of wool. This could reveal methods which would be cost saving to both the Railways and the growers. When proper account is taken of the financial provisions they should make, the Railways could conceivably find it practicable to reduce the rates for wool from stations in the area where alone the movement of wool will remain regulated. These same studies may equally conceivably require rethinking of the Railways' role in relation to the wool from further afield for whose transport rates are now less.

The Tip-Truck Industry

10.98 Submissions were made to this Board on behalf of the Gippsland Tip Truck Hiring Co-operative Ltd. and by individual tip truck operators.

10.99 A large number of trucks is engaged in operations connected with road construction and associated work. They are generally in the hands of owner/drivers. Some own more than one truck, but there are few tip truck fleets outside the metropolitan area.

10.100 Just what is the number of tip trucks could not be ascertained: they may have " Ea ", " Eb " or " Ec " licences or discretionary licences either to operate within a nominated Division of the C.R.B. or a local government area or within 50 miles of a road contractor's *bona fide* base of operations.

10.101 Points placed before this Board were:—

- the comparatively small capital cost of a tip truck means that tipping operations are easy to enter and easier to leave—even more so than in the road transport industry at large;
- tip trucks tend to be used beyond their economic life because there is insufficient margin to permit an adequate replacement program;
- many operators suffer a depressed standard of living;
- the incidence of bankruptcy is high among operators;
- supply of vehicles has invariably exceeded the demand;
- the seasonal influence on work availability;
- the holders of " D " licences have an advantage over holders of other licences;
- while the T.R.B.'s policy of issuing permits to operate in an area outside the licence area only when all trucks in the former area are engaged is applauded, the real rub is lack of control over access to " as of right " licences;
- this occurs where licensees move their address and is facilitated by the inadequacy of the $4 " as of right " licence fee;
- the standards of maintenance of tip trucks are suspect;
- overloading of vehicles is notorious;
- the hourly rates on 6 ton tip trucks employed by the C.R.B. had risen only 51c in the last 20 years.

10.102 Recommendations made to this Board were:—

- the number of tip trucks operating in any given area should be regulated;
- the area should be within 25 miles radius of place of residence;
- licences should be granted, after applications had been called for, paying regard to the financial position, length of residence in the area and character of the applicant and subject to need for additional tip trucks;

- a temporary need for additional vehicles should be met by continuing the present T.R.B. permit policy;
- licences should be transferable between operators in an area but not between areas;
- there should be a government rate fixing and policing authority;
- licence holders should provide a bond to cover the Road Maintenance Charge which should be based on total miles travelled to simplify the administrative burden;
- there should be government loans to enable tip truck operators to meet commitments during " poor revenue periods ";
- overloading should be stamped out;
- there should be a roadworthiness inspection every 12 months;
- licences should be suspended for rate cutting, operating outside licence conditions, overloading and neglect of road safety.

10.103 The limited study of costs of operation of tip trucks and income deriving from road contracting operations which this Board made confirmed that tip truck operators are rather " rate takers " than " rate setters ". However income is not normally confined to road operations. But another element in tip truck operations came to attention in the Horsham area where a considerable proportion of successful tendering is achieved by contractors who own not a single truck. It appears that contractors undercut the operators and then engage the operators at rates that bear sorely on them.

10.104 The C.R.B. agreed that it was generally correct that tip truck operators outside the metropolitan area were dependent for work on road contractors. A very high percentage of the roadmaking materials used by the C.R.B. is obtained by contract. In many cases, these contracts are for the supply and delivery of surfacing materials. The tender is usually awarded to the lowest tenderer provided that the tender amount compares favourably with the estimate prepared by the C.R.B. engineers. As the C.R.B. saw it, anyone entering the tip truck business elects to accept the usual business risks, including those of supply and demand, and no distinction should be drawn between the present system used to purchase roadmaking materials and the arrangements for the purchase of any other goods on the open market.

10.105 The views expressed elsewhere in this Report about restrictions on entry (paragraphs 11.8 (*j*) and 11.40), rate setting (paragraphs 11.67 and 11.68), Road Maintenance Charge (paragraphs 13.54–13.56), vehicle inspection (paragraphs 16.11 and 16.12), cancellation or suspension of licence for breakers of traffic laws and licence conditions (paragraph 11.41), and licences for specialised vehicles (paragraph 11.8 (*j*)), have relevance to the proposals put to this Board by the tip truck operators. It is only necessary to add that this Board sees every justification for the continuation of the T.R.B. policy of controlling entry into areas where there is work for tip trucks, by operators licensed to operate elsewhere.

CHAPTER XI.

PROPOSED REGULATION OF COMMERCIAL GOODS TRAFFIC

Proposed Regulation of Commercial Goods Traffic

11.1 In considering the shape of the regulation that should apply in future to the carriage of goods by road, this Board has weighed all relevant factors. They include the costs to the community, the costs to the individual consumer of a transport service, the long and short term financial consequences to the Railways, the long term scope that would be afforded the Railways to develop a structure and transportation system which would enable them to discharge the role for which they are best fitted to the advantage of the community, and the capacity of the existing and planned road system. To be noted in this latter connection is that the C.R.B. advised this Board that its current programs provide for the completion of divided highway conditions between Melbourne and Seymour by 1974 and Melbourne and Ballarat shortly afterwards, but that there are no immediate prospects of the C.R.B. being able to provide similar conditions generally between Melbourne and Bendigo or between Seymour and Wodonga.

11.2 Two particular questions have concerned this Board. First, why should operators be required to make application for " D " licences or permits when those applications will be granted automatically? Second, what is the justification for a permit system where the carriage of goods under permit has continued for a considerable time and is not likely to be terminated or it is evident that the carriage of such goods is no occasional affair? The Melbourne–Geelong permit system is the clearest example of this latter question. Had Discretionary licences been issued, the cost for each would have been $4 per annum ; under the permit arrangements, fees for vehicles have ranged from $559 per annum to $2,718 per annum. In passing, the amount of the payments made for permit fees is a pointer to the profitability of the Melbourne–Geelong road operations and to the sort of licence fee that would be appropriate to a licence to operate within a radius of 50 miles from the Melbourne G.P.O.

11.3 The T.R.B. explains its present policy regarding the issue of " D " licences, and particularly permits, in terms of its desire to maintain some flexibility in its regulatory function and of its need for revenue for its administration. Applied to the Melbourne–Geelong traffic situation, it is true that there have been some variations in the goods permitted to be carried—a major change being to reduce the amount of wool carried by road—and that, as the Commercial Goods Vehicles Act currently stands, the conditions attaching to a Discretionary licence cannot be varied during its currency. But this Board cannot escape the conclusion that a major influence on the T.R.B.'s policy of retaining the permit system for the Melbourne–Geelong traffic has been the revenue it provided. In 1969–70, this amounted to $202,000.

11.4 To revert to the first question, this Board feels that it is thoroughly unsatisfactory to maintain a practice that places avoidable and unnecessary burdens on transport operators, and indirectly on transport users : that, in short, is the consequence of the automatic " D " licence and permit system. If the situation calls for regulation, there should be due process that leads to a considered conclusion as to whether regulation is warranted or not : automatic grant of an application involves no such consideration and therefore the process is surely an unnecessary bureaucratic intervention. This Board considers that it is equally unsatisfactory to maintain a permit system in a continuing situation. These considerations have guided this Board in favouring the new licences which will later be proposed.

11.5 While this Board sees no reason for departing from the long standing principle of " as of right " licences for which Section 5 (1) of the Commercial Goods Vehicles Act presently provides, its conclusion is that the principle should not be extended and that the circumstances call for some variation of the character of some of the existing "as of right " licences.

11.6 Developing this, this Board sees no need for varying the present provisions for such licences in respect of—

(*a*) vehicles operating within a radius of 25 miles of the Melbourne G.P.O. or the chief post offices at Ballarat, Bendigo or Geelong (i.e., " Ea " and " Eb " licences);

(*b*) butter, cheese or milk factory vehicles operating in the circumstances described in paragraph (*e*) of Section 5 (1) (i.e., " Ef " licences);

(*c*) approved decentralised secondary industry vehicles (i.e., " Ei " licences).

11.7 In the following cases, the Board recommends that there should be variations of the present " as of right " licence provisions of Section 5 (1)—

(*d*) the limitation of 30 miles on carriage of individual consignments presently contained in paragraph (*c*) of Section 5 (1) and applicable to vehicles operating within 25 miles radius of the owner's place of business (i.e., " Ec " licences should apply only where the place of business is within 40 miles of the Melbourne G.P.O.;

(*e*) the present provisions regarding primary producers vehicles (" Ed " licences) in paragraph (*d*) of Section 5 (1) should be limited to vehicles, with a load capacity not exceeding 6 tons, used solely for the carriage of produce deriving from the primary producer's property and goods in connection with his business as a primary producer or goods for his own use or for the use of any member of his household or any person in his employ;

(*f*) the present provisions regarding ancillary vehicles (" Eg " licences) in paragraph (*f*) of Section 5 (1) should be extended to substitute six tons load capacity for the present four tons ;

(*g*) paragraph (*g*) of Section 5 (1) should be confined to vehicles used solely for any or some of the purposes mentioned in a recast Third Schedule which would contain only the present paragraphs 1, 2, 3, 4, 6, 10 and 11, plus paragraph 5, pending a decision on the outcome of the discussions between the Railways and the Oil industry recommended in paragraph 10.84;

(*h*) there should be an accompanying provision which says, in effect, that any licensed vehicle or vehicle that is exempt from licensing is entitled to carry goods in the circumstances described in the present paragraphs 7, 8, 9 and 12 of the Third Schedule.

11.8 This Board recommends that there be three new licences which should be issued to applicants only if the T.R.B. is satisfied of their fitness and qualifications to hold such licences. These licences will, on that account, have some of the characteristics of the present ' D ' licences:—

(*i*) the first should be a licence applicable to vehicles operating within a radius of 50 miles of the Melbourne G.P.O., or the chief post office at Portland, or within the area which is within 25 miles of the Victorian borders. Any such licence should exclude, in the case of 50-mile radius of Melbourne licences, the carriage of bulk cement and of bagged cement from cement manufacturing plants, iron, steel and aluminium unfabricated (i.e. rolled, drawn and butt welded) products, wire products from Rylands works at Geelong, motor vehicle bodies, parts and components, and wool from Geelong to Melbourne, and, in the case of all these licences, coal, beer, flour, bran, pollard, etc. grains, containers, petroleum products, lime, sand and shell grit;

(*j*) the second should be a licence applicable to vehicles specially designed for the carriage of particular types of goods in respect of which the T.R.B. presently grants automatic " D " licences or permits and authorise merely the carriage of such goods subject to such limitations of distance as the T.R.B. lays down in the licence in relation to any such goods. This Board envisages retention of the T.R.B.'s present distance limitations. Such a licence (which for convenience will be called a specialised vehicle licence) should be granted to an applicant only if the T.R.B. is satisfied that the licences already issued are not of such a number as reasonably to meet all demands for carriage of such goods in such vehicles. The T.R.B. should not construe this too narrowly: it must certainly avoid a situation leading to monopoly conditions. This Board would see merit in the T.R.B. continuing the practice it has followed under the " D " licensing arrangements applicable to such vehicles, of consulting with, e.g. the industry and governmental and local governmental agencies concerned, in the case of applications involving road contractors, brick carriers, timber carriers, etc. Such a licence would exclude carriage of timber from East Gippsland to Melbourne (see paragraph 10.50). In the case of tip trucks, the licence should permit operations only within 30 miles of the licensee's bona fide

place of residence or within a nominated Division of the C.R.B. or local Government area. This would enable the T.R.B., under its permit policy, to exercise much better control over out-of-area operations of tip trucks;

(*k*) the third should be a supplementary licence available to holders of licences under paragraphs (*a*) and (*b*), and (*c*), amended as proposed above, of Section 5 (1) and to holders of the new licences mentioned in (*i*) above, authorising the carriage of goods described in the Third Schedule (amended as proposed above) and of such goods in respect of which the T.R.B. presently grants automatic " D " licences or permits. It should extend only to the carriage of such goods from within, or to, the area covered by the applicant's basic licence and be subject to such limitations of distance as the T.R.B. lays down in the licence in relation to any such goods. This Board envisages retention of the T.R.B.'s present distance limitations. However, a supplementary licence should not be issued for carriage of goods in the circumstances for which a 50 miles radius of Melbourne licence is appropriate.

It is this Board's view that the T.R.B. should publish a list of the goods and the distance limitations related thereto for the information of all concerned. That list should embrace the goods, subject to current distance limitations, for which the T.R.B. currently issues " D " licences or permits automatically, i.e. without any examination on an application by application basis.

11.9 This Board recommends that vehicles up to 10 cwt. load capacity should, like primary producers vehicles up to 2 tons capacity, be exempt from licensing. They would, of course, still be subject to the Motor Car Act and Regulations.

11.10 The T.R.B. has estimated that the number of licensed vehicles of up to 10 cwt. load capacity is of the order of 33,000. The great bulk of these have " as of right " licences but about 3,400 hold " D " licences. Vehicles of up to 10 cwt. load capacity include station wagons and it is pellucidly clear that many such vehicles are not licensed. Moreover the problem of policing the licensing requirements is probably insuperable. If such vehicles were exempted from licensing there would be a loss of revenue to the T.R.B. in current terms amounting to about $130,000 though the net loss, after allowing for costs of issuing licences and enforcement would be much less. There could also be some loss of revenue to the Railways in relation to parcels and smalls but, as is shown elsewhere, the consequence to the Railways overall finances of such switch to road transport of parcels and smalls as may occur may well be positive rather than negative.

11.11 This Board considers that several savings provisions are called for to avoid prejudice to present licence holders who have made arrangements or entered into commitments on the basis of the existing legislation. It recommends:—

- first, that existing primary producers vehicles in excess of 6 tons load capacity should be entitled to have their " as of right " present licences renewed so long as there is strict compliance, as to use, with the provisions of paragraph (*d*) of Section 5 (1), amended as proposed in paragraph 11.7 (*e*);
- second, that route operators under existing " D " licences, whose area of operations falls as to whole or part within 50 miles radius of the Melbourne G.P.O. or the chief post office at Portland, or within the area which is within 25 miles of the Victorian borders, who apply for the new licence mentioned in paragraph 11.8 (*i*) should be granted licences without having to submit to the fitness and qualifications test.

11.12 The following paragraphs are by way of support for the foregoing recommendations.

11.13 Approved decentralised secondary industries will continue to be entitled to " as of right " licences for their own vehicles and, in relevant circumstances, to ancillary licences. They will also have access, per medium of " D " licences or permits, to hire and reward carriers and to the vehicles of other approved decentralised industries. (Paragraph 10.27.)

11.14 The 30 mile limit in Section 5 (1) (*c*) of the Commercial Goods Vehicles Act was introduced to meet the particular problem of a carrier setting up business midway between Melbourne and Geelong and therefore able to enter the Melbourne–Geelong traffic. Because its terms were not so restricted, the T.R.B. has granted holders of " as of right " licences under paragraph

(*c*) in country areas either " D " licences or permits to operate within a 40 mile single journey limit. This Board sees no need for this 40 mile limit, and its recommendation will avoid the need for many applications to the T.R.B. for " D " licences or permits. Retention of the 30 mile single journey limit where the place of business is within 40 miles of the G.P.O. Melbourne will maintain the original purpose of the existing 30 mile single journey limit which must still be protected if there is not to be an intrusion upon the proposed new 50 mile radius of Melbourne licence.

11.15 This Board gave most careful consideration to the position of primary producers' vehicles. It took into account the evidence of uneconomic use of such vehicles, coming not merely from road transport operators but also from primary producers' organisations and this Board's own studies of the relative costs of different types of operators and operations. This Board was also influenced by studies made by the T.R.B., on behalf of this Board, of the use made of larger capacity vehicles operating under primary producer " as of right " licences.

11.16 It is clear that many primary producers' vehicles are idle for long periods in the year. Registration maintained for only so long as a vehicle is seasonally required is well known: the vehicle being deregistered for the rest of the year and used entirely within farm boundaries. There was, as well, evidence of primary producers with larger vehicles engaging, outside the terms of their " Ed " licences, in hire and reward operations and journeying far and wide, including interstate operations. Some vehicles are being used for the carriage of primary produce other than the farmer's own production, e.g. in trading operations where the farmer has purchased the produce for sale. This has led to complaints of unfair discrimination by merchants engaging entirely in trading operations. Hence the proposed new limitation.

11.17 There are no fewer than 321 trucks under " Ed " licences of load capacity from 9 to 12 tons, and 202 of 12 tons and over. The number of trucks under " Ed " licence of load capacity from 6 to 9 tons is 2,049.

11.18 This Board's conclusion is that trucks of larger load capacity are being used rather more in the character of a carrying business and that this has relevance to the licence fees and other charges appropriate in the circumstances. It believes that the restriction of the " as of right " licences to vehicles of a load capacity not exceeding 6 tons, i.e. vehicles of 10 tons approximately gross weight, will effectively provide for the legitimate needs of the primary producer. Taking the figures for the 30th June 1970, 85 per cent of the primary producers vehicles will continue to qualify for " Ed " " as of right " licences. And, under this Board's proposals, none of the vehicles presently licensed " Ed " will be deprived of their licences, with the lesser fees they will bear. If primary producers wish to indulge in trucks with a load capacity exceeding 6 tons they can resort to the normal licences appropriate to their circumstances, e.g. "Ec " licences. All primary producers will continue to have access to hire and reward carriers.

11.19 The lifting of the load capacity limit from 4 tons to 6 tons in the case of ancillary vehicles will render unnecessary applications for permits or " D " licences for such vehicles which are now automatically granted. Exemption from licensing of vehicles up to 10 cwt. load capacity will have the same effect.

11.20 This Board has no doubt of the need to retain " as of right " licences for ancillary operators and this despite the fact that, often, ancillary vehicles may operate less economically than hire and reward carriers. The very extent of this uneconomic use of resources is sometimes unknown by their owners for the reason that they do not always include all expenses in calculating the cost of providing their own transport service. For instance, loading expenses such as labour, forklifts and cranes may be charged elsewhere and overheads may not be allocated.

11.21 But the fact is that ancillary vehicles perform not so much a normal transport operation as a service to customers and a function which is an integral part of the production process of a business and this has a value to be included in any equation concerning cost/benefits. This internal service type of operation seems likely to increase with the continuing expansion of the Geelong/ Melbourne/Westernport Bay complex and to require in some degree larger capacity vehicles. No need is seen to alter the existing radius of operations

limitation. If an industry wishes to employ vehicles of greater than 6 tons load capacity it would have to resort to, e.g. " Ea ", " Eb " or " Ec " or the new 50 mile radius licences.

11.22 In the Board's view, paragraphs 7, 8, 9 and 12 of the Third Schedule deal with situations which are really inappropriate to a special " as of right " type of licence and the requirement of report to the T.R.B. appears a tiresome and avoidable burden.

11.23 The matters that influenced this Board in relation to the proposed new 50-mile radius of Melbourne licence included:—

- the growth of the metropolitan conurbation which is steadily marching around Port Phillip and across to Westernport Bay;
- were the existing 25-mile radius of the Melbourne G.P.O. provisions not to be supplemented, transport inefficiencies would be accentuated;
- the T.R.B. treats vehicles under permit in the Melbourne–Geelong traffic as having, in effect, access to the whole Melbourne metropolitan area and to the Westernport Bay area;
- an enormous tonnage of goods is presently carried by road between Melbourne and Geelong and, with the exclusions proposed for the 50-mile radius licence, the extra tonnage between the two cities would be relatively small;
- the present arrangements under which the Melbourne–Geelong traffic has continued to be carried under permit for many years are very hard to justify on any reasonable basis of principle;
- the bulk items proposed to be excluded from the licences constitute most of the present railway traffic between Melbourne and Geelong;
- a sizeable proportion of the remainder of the goods carried by the Railways within a radius of 50 miles of Melbourne is, under existing circumstances, probably carried unprofitably.

11.24 In the case of the 50 mile radius of Portland licence, factors influencing this Board included:—

- the extensive road freedom already existing in relation to wool movements to Portland;
- the number of regular road goods services already operating in the area;
- the advantages of Section 92 already being enjoyed in the area;
- the greater advantages possessed by road over rail operations having regard to the railway network within this area.

11.25 If the Casterton and Coleraine lines were closed and the Goroke–Carpolac and Hamilton–East Natimuk lines were kept open only for seasonal traffic requirements, which the Railways Commissioners believe detailed examination could well support, it would make good sense to extend the recommended 50 mile radius of Portland to include the area west of the Grampians and south of the Carpolac line.

11.26 In the case of the licence for operations within an area of 25 miles of the borders, factors influencing this Board included:—

- the road movement of goods that is currently occurring along the borders under the protection of Section 92;
- the obvious advantages possessed by road over rail operations having regard to the railways network with the long distance needing to be covered to get from one line to another line serving a border area;
- the desirability of eliminating the dead running, with the added costs to the consumer, involved in avoidable border crossing and at the same time obtaining revenue under licence fees by way of contribution to the costs of the regulatory system and of the use of roads and their facilities.

Discretionary Licences and Permits

11.27 This Board does not propose that there should be any change in the system of discretionary licences and permits, that is to say, in respect to the area over which the T.R.B. will continue to exercise its remaining regulatory functions. However, it sees discretionary licences, like permits, available for grant to applicants who are already holders of a basic licence and therefore as being additional thereto.

11.28 So, for example, the T.R.B. could issue " D " licences and permits, e.g. for route operations outside radius limited licence areas and, carefully and sparingly in appropriate circumstances, for the carriage of goods excepted from the new licence mentioned in paragraph 11.8 (*i*) and excepted in paragraph 10.27 relating to approved decentralised secondary industries. There would be other cases as well where issue of discretionary licences or permits could be justified on the adequacy of service principle but the T.R.B. should, for the future, lean against the issue of permits unless the proposed operation is clearly temporary in character.

11.29 The T.R.B. should not, however, issue permits to holders of " Ea " licences, of Geelong " Eb " licences or of " Ec " licences whose place of residence is within 25 miles of the Melbourne G.P.O. or Geelong chief post office for journeys within 50 miles radius of Melbourne.

11.30 Adoption of this Board's recommendations will certainly mean that there will be far fewer cases where applications for " D " licences and permits will be required: the need will practically disappear in the areas where such licences and permits are now granted more or less automatically.

11.31 This Board endorses the practice of the T.R.B., where permits are sought for carriage of goods where there is already a licensed general goods service, i.e. a route operator, of considering the ability of the existing carrier to handle the traffic, and the further question whether the route carrier's right to some protection extends beyond the normal loading of a carrier running a regular service.

Control over Entry to the Road Transport Industry

11.32 This Board gave much thought to the submissions that there should be control over entry into the road transport industry. Both Section 21 of the Transport Regulation Act dealing with passenger vehicles and Section 8 of the Commercial Goods Vehicles Act dealing with goods vehicles provide that the T.R.B. shall take into consideration " the character, qualifications and financial stability of the applicant ". Both sections are directed to situations where the T.R.B. is exercising a discretion. There is no such provision applicable to " as of right " commercial goods vehicle licences.

11.33 The T.R.B. pays heed to this statutory provision in considering issue, renewal and transfer of passenger vehicle licences. For example, applicants for the initial issue and later purchase of taxi licences are carefully screened on finances by personal interview and production of documents, pass books, etc. If certificated drivers already, as most are, applicants would have earlier been through a screening which embraces (*inter alia*) check for traffic and criminal convictions.

11.34 When considering the issue of Drivers' Certificates to the drivers of licensed commercial passenger vehicles (buses and taxis) and tow trucks, the T.R.B. has to be satisfied the applicant is a " fit and proper person to be authorised to drive a licensed vehicle " (Regulation 53). The Board may also revoke or suspend a certificate in force " if, in its opinion, the holder is no longer a fit and proper person " (Regulation 59). Court convictions for traffic and/or criminal offences, misdemeanours reported by the public, failure to pay in takings to owners, etc. are all matters on which the Board acts. The driver is given the opportunity of being heard by the Board.

11.35 Turning to commercial goods vehicles, save in the case of route licences, the T.R.B. does not, in practice, pay much regard to character and financial stability in the generality of " D " licence cases. Because route licences call for a regular freight service, the T.R.B. considers whether the operator is of good standing and financially able to conduct the route service successfully.

11.36 The T.R.B.'s practice has obviously been influenced by the " as of right " nature of most licences issued and the fact that most " D " licences have been seen by the T.R.B. as extensions of " as of right " licences. As to these " as of right " licences, there is the statutory mandate that the Board " shall grant without variation (so far as relates to routes, areas and classes of goods) every application."

11.37 There is still on the Statute Books a Carriers and Innkeepers Act, first enacted in 1859. Under this Act a person wishing to carry on the business of a carrier for hire has to satisfy a Magistrates' Court that he is of good character and

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reputation and a fit and proper person to be licensed as a carrier. The T.R.B. advised this Board that it knew of no application currently before the Courts for a carrier licence, although a number of the old established firms may well still hold such licences. Some carrier depots and forwarding agents have, the T.R.B. understands, taken out the necessary licences and keep them up to date, and also display the required notices.

11.38 This Board has no sympathy for the various proposals advanced that there should be some form of quantitative restriction over entry to the road transport industry. These proposals were the more strange accompanied as they were by propositions directed to unrestricted competition between road and rail modes. There were the predictable arguments that lack of restriction on entry would lead to rates uneconomic to the operator, mean a continuation of failures among operators, cause a decline in standards of service, and continue the present risks associated with inadequate attention to vehicle maintenance. These arguments, of course, lead inevitably not to a reduction in the present bureaucracy associated with the regulatory system but to a vastly enlarged one. Moreover they provide no justification for singling out this industry for special treatment and they have little concern for the user of the transport service and the ultimate consumer whose interest lies in the cheapest service that satisfies his needs.

11.39 Quantitative restrictions on entry would be extremely difficult, if not impossible, to determine in any system of licences related to areas encompassed within radii: the same problems would not exist in the case of, e.g. discretionary route licences or specialised vehicle licences. Yet, in the latter case, the T.R.B. must always be on guard to prevent anything like a monopolistic situation developing. It had this in mind in the Heathcote case in licensing two operators. In the broader sense, the indications derived from overseas experience of quantitative restrictions are that they tend to promote the larger carrier with many vehicles at the expense of the individual with one, and the progressive emergence of fewer but larger operators. Without comprehensive controls over rates and quality of service, cartels are the outcome and standards of service and technological development may suffer.

11.40 As this Board views the matter, with the minor qualifications proposed for specialised vehicle licences, any surveillance of entry to the road transport industry should be directed to qualitative, not quantitative, aspects. The first consideration should be whether the applicant for a licence is a fit and proper person to be granted the licence. Under this head, factors should include the applicant's relevant history, e.g. convictions for offences like theft and assault, relating to roadworthiness of vehicles, overloading, speeding, driving hours, keeping of records, non payment of Road Maintenance Charge, and so on. The second consideration should be whether the applicant will have satisfactory facilities or make satisfactory arrangements to maintain his vehicle in fit and serviceable condition, and to ensure that it does not operate until deficiencies are corrected. In some degree this Board's proposals about vehicle inspection will meet this point. A third consideration should be the applicant's ability to provide the service. As to the financial aspect of this, the Board's proposals about licence fees, and prepayment of Road Maintenance Charge will, in large measure, meet this point. But in some cases the T.R.B. should go further. The new 50 mile radius licence, in particular, will confer very considerable benefits and transport users, the road transport industry and indeed the community are entitled to some assurance that those granted such licences will be of the right calibre and likely to provide the quality of service called for. In these cases the T.R.B. should, as it has in the case of applications for route licences, be concerned with such matters and with the applicant's prior experience. Having held an " as of right " licence should be some evidence of this.

11.41 Under this Board's proposals " as of right " licences will not so completely dominate the field. While this Board does not suggest that tests of fitness and the like should apply to applicants for " as of right " licences, it does believe that continued possession of these licences should depend on proper observance of the basic requirements the community is entitled to expect of licence holders. So this Board recommends that the T.R.B.'s present powers should be strengthened to enable it to cancel or suspend a licence, irrespective of type, where there has been in any period of, say, twelve months a number

of breaches of provisions dealing with the roadworthiness of vehicles, overloading, speeding, failure to observe driving hours and keep records and pay Road Maintenance Charge and so on. This Board recognises that some problems of vicarious responsibility may arise where the driver and the owner are different but it should be possible to develop a points system such as applies in the case of driver offences. Where an " as of right " licence is cancelled or suspended, the person deprived should be denied access to another " as of right " licence for such period as the T.R.B. determines.

11.42 Finally this Board doubts the appropriateness of the present phrase " character, qualifications and financial stability " which appears in the legislation. If " fitness " extends to commercial as well as to relevant personal attributes, perhaps " fitness and qualifications " would better meet the sorts of conditions that have been described.

Fees

11.43 The fee for all licences under the Commercial Goods Vehicles Act is $4 per annum except the primary producers " as of right " licence for which the fee is 50c. In the original legislation the fee for all " as of right " licences was 50c and for " D " licences $10. " As of right " licences have a currency of one year and " D " licences four years. All fees have to be paid before the issue of licences except that, in the case of the " D " licence, successive annual fees have to be paid before the commencement of each twelve months period. Licence fees have not been altered since 1951.

11.44 Between 1947 and 1956 there was superimposed on the normal fees for discretionary licences an additional fee based on load capacity—in the form of a maximum of initially 50c and later $1 per cwt. of load capacity. The purpose of the levy was to meet administrative expenses. The T.R.B. responded by introducing a graduated scale of fees for " D " licences, relating the actual charge to its assessment of the value of the rights conferred by the licence.

11.45 Permit fees were not levied until October 1941 when the maximum was set at $10, in the context that fees were required to support the T.R.B.'s administration. Permit fees which have recently been increased now range from $2 to $19.50. They depend on:—

- load capacity in steps of 10 cwt. to 20 cwt., and thereafter of 20 cwt. to 120 cwt. and of 40 cwt. to 240 cwt. beyond which there is a flat rate; and
- distance with a first step of up to 50 miles, and thereafter in steps of 25 miles to 300 beyond which there is a flat rate.

11.46 Even if all costs properly attributable solely to the issue of most " as of right " licences are covered by the $4 per annum fee this is certainly not the case with primary producers licences for which the fee is only 50c or " D " licence cases involving public hearings. For the latter, the T.R.B. estimates the costs at close on $200 where only a one day hearing is involved. It seems equally clear from the detailed particulars included in some of the permits issued that the costs of issuing some permits may often equal, and sometimes even exceed, the fee charged.

11.47 The original concept was that revenues from fees for licences and permits would cover the T.R.B.'s administrative and capital expenditures. As has been seen, to some degree the T.R.B.'s policy in relation to permits has been influenced by revenue considerations. Recently the T.R.B. varied its fees for permits, simply because of its financial position.

11.48 In the opinion of this Board, this concept and policy require review. Instead, for the reasons advanced in Chapter IX, fees for licences and permits should desirably be considered along with Road Maintenance Charge, registration fees and other imposts (excluding those of a general revenue character) in the setting of a total transport policy.

11.49 However because the devising of a scale of total imposts will take time, it is necessary to devise an interim scale of licence fees in support of the foregoing recommendations about licences. The following are relevant considerations—

- For the reasons which earlier appear, the fees should no longer be uniform;

- The need to make an appropriate contribution to all proper costs of road transport so that when it is in a competitive situation with the rail mode, it will be on a reasonably comparable basis as to costs;
- The product of the licence fees should, at least, cover the T.R.B.'s costs;
- The community's dependence on road transport in certain areas as the sole means of transport;
- The advantages sometimes possessed by road transport that then make it inherently the preferable mode;
- The extent to which road transport can and should be organised to provide, in conjunction with the Railways, the most efficient transport service. One aspect of this relates to the development of Regional Freight Centres;
- The desirability of encouraging the best use of transport resources. In mind here are the indications of uneconomic use of vehicles by some classes of operators and the need to cause prospective entrants to the road transport industry to ponder more carefully their decisions;
- The value of a licence to its holder. Here, the amounts licensees have paid for permits have some relevance. On the other hand, the primary producer warrants special consideration as to less heavy trucks in that such have a rather unique place in his total production process;
- Any fee scale should be easily understood and simple to administer.

11.50 For lack of sufficient data, it is not possible to construct a licence fee scale which is patently defensible in all respects. Accordingly what follows represents the best judgment this Board is able to make. As a starting point there are the calculations appearing in paragraph 9.39 which have to be read in the light of paragraph 9.38. If those calculations were used and trucks with an 11–40 cwt., load capacity were treated as unity, an index of relativities emerges of the order given in the second column of the table below. It is felt that, for an interim scale of licence fees, an index of the order given in the third column would be appropriate—

Carrying Capacity	*Index*	*Suggested Index*
Cwt.	*based on paragraph* 9.39	
11–40	1	1
41–80	1·5	1·5
81–120	5	3
121–160	11	7·5
161–200	20	14
201–260	35	23
261–320	60	40
321–	not provided	40

11.51 If then the minimum fee for the normal run of licences which will apply, under this Board's proposals, to vehicles not engaged in any sense in a road/rail competitive situation, were $5 for a vehicle of 11–40 cwt. carrying capacity, the fees for the other classes referred to above would be $7.50, $15, $37.50, $70, $115, and $200 respectively. The licences to which fees of the foregoing order would appear appropriate are the present "Ea", "Eb", "Ec" and "Ef" licences; the new 25 miles of the border, specialised vehicle and supplementary licences; and discretionary licences.

11.52 To be noted in relation to the maximum fee suggested of $200 is that if the daily average run was 40 miles per day the fee would be the equivalent of about 2c per mile. If the vehicle were of, say, 300 cwt. carrying capacity and only half loaded each trip the fee would be the equivalent of 0·25c per ton mile. For a vehicle of 121–160 cwt. carrying capacity the comparable figures would be less than one-fifth of those given.

11.53 Turning to the licences which will relate to vehicles operating in "competition" with the Railways, it seems to this Board that the new 50 miles radius of Portland licences should be at the bottom end of the scale; that the ancillary, decentralised industry and Third Schedule licences should rank in the middle; and that the new 50 miles radius of Melbourne licence should rank at the top end of the scale. In this Board's view, this ranking would be appropriately reflected if the fees mentioned in paragraph 11.51 were multiplied by 1·5, 2 and 5 respectively.

11.54 Bulk petroleum product tankers require a separate mention. Much of the running is done in direct " competition " with the Railways and there is little doubt that the rail/road pattern of petroleum products distribution would be rather different if the road tankers paid their full contribution to the roads they use. However, the same tankers are flexibly used to serve cities and provincial centres, depots not served by rail and consumers all over the country who whatever happened would have to be road served. In addition, this Board has proposed discussions with the oil companies to work out a more rational use of transport resources than currently obtains. In these circumstances this Board suggests that the appropriate interim fees would be obtained by multiplying by three those mentioned in paragraph 11.51

11.55 The application of the proposals covered in paragraph 11.50 *et seq.* is to be found in Appendix XXVII. This Board estimates that the product of such a scale of fees would be of the order of $3 million in a full year.

11.56 The following points should be made:—

- The fees proposed for the 50 miles radius of Melbourne licence, which incidentally will authorise journeys of over 100 road miles, are far less than the permit fees that have been paid by operators on the Melbourne–Geelong run. Those permit fees have ranged from $682 to $1,368 in one year for 81–120 cwt. load capacity vehicles, from $808 to $1,433 for 121–160 cwt. vehicles, from $559 to $1,514 for 161–200 cwt. vehicles, from $725 to $1,545 for 201–240 cwt. vehicles, and from $1,697 to $2,718 for 240 cwt. and over load capacity vehicles;
- The fees applicable to decentralised industries will be the same as those applicable to hire and reward carriers to whom they will be able to resort under this Board's proposals: those carriers will obtain discretionary licences to supplement their basic licences. Amongst other things these arrangements should encourage decentralised industries to weigh more carefully decisions to enter the transport industry which would be in keeping with what many before this Board argued;
- To meet the case of the decentralised industry which is also engaged in separate trading activities and wishes to use a vehicle for ancillary, as well as its main, activities a special concessional rate is proposed;
- This Board's proposals for supplementary and discretionary licences require a departure from the T.R.B.'s previous practice of insisting on no vehicle having more than one licence. The supplementary and discretionary licences will be additional to a basic licence and obviously mean carriage beyond the scope of that licence;
- Were this Board proposing that the T.R.B. should issue discretionary licences giving rise to a fully competitive situation between road and rail, the fee for such licences would necessarily be decidedly higher to ensure equality of the cost basis of competition;
- Relevant to the proposed fees is that in Western Australia the scale of commercial goods vehicle licence fees finishes at not far short of $1,000 and in the legislation now before the Tasmanian Parliament licence fees run up to $1,000 though in that State there is no Road Maintenance Charge.
- Of more than passing interest, licence and permit fees, like Road Maintenance Charge and registration fees, are tax deductable.

11.57 As to permits this Board proposes a recasting of the present scale of charges to employ the same load capacity subdivisions as have been proposed for licence fees, with fewer mileage steps. Like licence fees, permit fees should take account of the progressively increasing cost responsibilities of vehicles as their load capacity increases. Under the present permit fee scale, the charge for a vehicle with carrying capacity of over 12 tons is never more than twice that for a vehicle of 2 tons capacity. There is the further point that, having regard to the earlier proposals about new licences, permits will tend to be granted in circumstances approaching a rail/road mode competitive situation.

Proposed Regulation of Commercial Goods Traffic

11.58 At Appendix XXVIII is this Board's proposed new permit fee scale. It will be noted that, because of the considerations just mentioned, the permit fees in respect of vehicles up to 160 cwt. load carrying capacity will, generally, be lower than is currently the case. The present maximum of $30 in Section 13 of the Commercial Goods Vehicles Act will have to be increased. With the permit fee scale recast the T.R.B. should have a revenue from that source of about $500,000.

11.59 The total product of adoption of the licence and permit fees indicated would be of the order of $3·5 million. This compares with the T.R.B. income from the same sources in 1969–70 of $1·3 million. The proposals later made in relation to Road Maintenance Charge will yield about $15 million. In Appendix XVII, registration and like fees were shown to have produced about $5·6 million which is spent on roads. The total of these three imposts would therefore be of the order of $24 million i.e. $22 million short of the $46 million cost responsibility of trucks with a carrying capacity in excess of four tons referable solely to track costs after allowing for the subsidy referred to in paragraphs 9.26 and 9.27. There is thus much scope for further attention to the totality of these imposts. (*Vide* paragraphs 9.38–9.41).

Rate Fixing

11.60 The T.R.B. was authorised to fix rates by the Transport Regulation (Licences and Fees) Act No. 5220 which came into effect as from 1st July, 1947.

11.61 In April, 1948, the T.R.B. commenced its first public rates inquiry. It related to the carriage of logs and sawn timber. The T.R.B. finally settled a schedule of rates which provided increases beyond the average prevailing at the time.

11.62 The T.R.B.'s proposal that a regulation should be made embodying these rates as a condition of all licences held for timber and log carting was not approved by the Governor in Council. The T.R.B. went on record in saying that, for the purpose of prescribing and enforcing cartage rates for goods, the statutory provisions seemed cumbersome and might well become unworkable in certain circumstances. It stated that, if rate fixing were to be applied effectively in all circumstances, it would need to have the power directly to declare rates instead of imposing them as a condition of licence. It would also need power to vary rates.

11.63 The response of the Government of the day led the T.R.B to take no further action under its rate fixing powers. However, the Victorian Road Transport Association asked that these powers be used to assist carriers forced to operate at depressed rates in carting timber and logs. The Sawmillers' Association opposed this. The T.R.B. agreed to revise the initial Table of Rates for such cartage in the light of operating cost increases between September, 1948 and December, 1950, and to make the information available for the guidance of both millers and carriers. At the further request of the organisations concerned, the T.R.B. agreed to revise these costing tables at six-monthly intervals. This was discontinued in 1952. Cartage rates for timber and logs continued to be by agreement between individual millers and their carriers, or on a local area basis between local branches of the two organisations acting on behalf of members. This is the current situation.

11.64 The T.R.B. also took part in discussions on cartage rates for brown coal from mines at Bacchus Marsh in 1952. Costing of the operation of a 6 ton tip truck carting coal from Bacchus Marsh to Melbourne was undertaken by T.R.B. officers, and the information made available to the mine owners and coal carters to assist them in settling a dispute which arose on rates.

11.65 In 1963, the T.R.B. adjudicated in a conflict between members of the Tip Truck Operators' Association and the successful contractor for the supply of gravel to the Shires of Heytesbury and Portland concerning cartage rates. The T.R.B. reserved its decision for seven days to give further opportunity for the parties to get together, and then indicated that, on the evidence presented, it was unable to conclude that the rates offered by the contractor were uneconomic to the carriers. As local carriers, members of the Association, refused to carry at the contractor's rates, permits were issued to carriers brought in from Melbourne and elsewhere by the contractor.

11.66 The T.R.B. made it clear in these instances that it was not assuming the functions of a rate fixing tribunal, but it was concerned if depressed cartage rates induced non-compliance with statutory obligations, e.g. failure by carriers to pay the Road Maintenance Charge and breaches by them of laws governing overloading, speeding, excessive hours of driving etc. In the T.R.B.'s experience, such practices invariably occur where cartage rates are unduly low, the vehicle owner being forced to resort to illegal practices in order to keep earnings at a satisfactory level.

11.67 This Board has no sympathy with proposals made to it that the T.R.B. should have a rate fixing power. It can see no particular justification for price control in the transport industry. This apart, viewed from the operators angle, rate fixing would require not merely the fixing of maximum rates, the normal function of price control, but the fixing of minimum rates. Official intervention could not stop there. To have power to fix rates would be meaningless without power of enforcement and in an area where discounts and other devices are legion this would be more than a herculean task.

11.68 Yet this Board considers the T.R.B. could usefully continue to discharge, as required, the role of independent consultant and, by agreement, of arbitrator where there are disputes of the types described above. Moreover, this Board considers the T.R.B. should have the further role of considering complaints about the charges made, and the standards of service provided, by road operators where road services replace rail. Public hearings would be appropriate in some circumstances. The powers of the T.R.B. should extend to suspension or cancellation of licences where the operator failed to comply with the T.R.B.'s decisions.

11.69 Broadly it should be expected that where road services completely replace rail, the road charges should approximate the rail charges obtaining before closure. Escalation for cost increases would obviously have to be allowed for and sometimes road operators might well establish that the Railway rates were unremunerative. Arrangements of this type seem to have worked satisfactorily in the case of the closed Heathcote line.

CHAPTER XII

PASSENGER SERVICES

Passenger Services

12.1 The submissions about passenger services have been detailed in Chapter IV. For current purposes, it suffices to restate that:—

- there was general agreement that, as to intrastate services, the Railways should surrender to road services all but the main trunk routes serving centres that would provide economic traffic, and that trains should have air-conditioned carriages and stop only at major centres;
- some saw the Railways intrastate services confined to serving Geelong, Ballarat, Bendigo, Seymour and the Latrobe Valley. They argued that if buses took over from the Railways beyond these points, they should be permitted to run express to Melbourne from those points;
- the Railways took the view that where rail services continued, direct competition by road operators should be subject to the closest regulatory control;
- there was opposition on the road side to the concept of co-ordinated rail/road passenger services but it was by no means unanimous;
- the Railways took the view that the available public transport patronage was relatively inelastic in relation to feasible improvement of service standards, but the road operators asserted that their services would attract patronage from private car users.

12.2 Proposals were also put to this Board directed to the greater security of licence tenure of bus operators: the detailed submissions are set out in paragraph 4.20.

12.3 If this Board's studies, in conjunction with the Railways, have established one thing, it is that none of the present intrastate country passenger services pays its way. They also show that the main line services to Serviceton, Mildura, Bendigo, Shepparton, Wodonga, Sale, Leongatha and Geelong between them, lose far more than the remainder of the present passenger services. The intersystem services appear to be in the same boat. This Victorian experience is not unique in Australia and it is shared by countries overseas.

12.4 It will be recalled that the Commissioners put to this Board their forward look which predicated " A " and " B " class lines carrying passenger trains at speeds of up to 80 m.p.h. and 70 m.p.h. respectively. (See Appendix XIV.)

12.5 Before the detailed cost studies of passenger services had revealed their sorry story, this Board asked the Commissioners to unfold their ideas about their proposed passenger services. They responded with schedules predicting that times to Bendigo would be clipped by 15 minutes, to Swan Hill and Adelaide by 70 minutes, to Albury, Tocumwal, Warrnambool, Yarram and Horsham by 40 minutes, to Echuca by 35 minutes, to Ballarat by 10 minutes, to Maryborough by an hour, to Mildura by 2¾ hours and to Bairnsdale by 25 minutes. They saw, in due course, modern self-propelled cars replacing some locomotive hauled trains. All trains would be air-conditioned.

12.6 Now services of these sorts would require heavy expenditures on tracks and, on main trunk routes, automatic signalling: some such expenditures may, for current purposes, be regarded as inevitable simply for satisfactory operation of express goods services on those routes. But the faster the passenger service the more disproportionate is its occupancy of track. And with the Commissioners' view that passenger patronage is relatively inelastic in relation to feasible improvement of service standards (and the introduction of the handsome new self-propelled car costing $250,000 plus on the Ararat–Portland line provides an unhappy confirmation of this) and with the results of this Board's cost studies before him, anyone with a mind to give attention to investment priorities would boggle at the idea of heavy expenditure on new passenger rolling stock, whether cars or self-propelled vehicles and all that would go with high speed passenger services.

12.7 One of the lessons the passenger services costs studies most sharply teaches is that, before any such investment could be contemplated, there would have to be the most detailed analysis to determine the wisdom of proceeding. And it would have to extend to consideration of the relative returns to be had from investing the sums involved in other directions.

12.8 This is reinforced, first, by experience around the world that only where there is high density traffic spread around the clock is there likely to be an acceptable return on investment. And, second, by the fact that today's modern buses can, without doubt, in Victoria satisfy the Railways criteria for passenger services of frequency, comfort, safety, speed and reliability. Perhaps only in respect of comfort might the best of the Railways air-conditioned passenger coaches outdo the modern bus. There is also the additional factor of convenience: for no fault of their own, railway stations are frequently away from the centres of towns, and the bus normally passes through the centres. Moreover, there is the cost factor. The cost of buses is less (the most luxurious bus costs roughly a quarter of the Railways newest self-propelled rail car), and, except in situations rarely found in Victoria, the operating costs of buses are lower. There is perhaps a further argument. It is that, if the State is content to deprive itself of the product of the Road Maintenance Charge on buses, it should not be willing also to shoulder an avoidable Railways deficit springing from the operation of country passenger services.

12.9 The data before this Board leaves it with one conclusion only regarding rail passenger services. It is that they must be severely pruned. In Chapter XIV, procedural arrangements will be indicated. The material before this Board leads to the conclusion that, pending the further review later proposed (paragraph 18.19); there would be justification for passenger services of no less than present frequencies limited to no more than to Sale, Leongatha, Geelong, Serviceton, Mildura, Bendigo, Tocumwal and Albury and, perhaps, for passenger services, of less than current frequencies, to Warrnambool and Swan Hill. Many, if not all, of these services are likely to continue to lose heavily, no matter what is done. At least the consists could include more air-conditioned and more modern cars than do present trains: these cars would be released by the contraction of other services. For the remainder of the present rail passenger services, the road bus is admirably suited to take over. And in saying this, this Board is inclined to feel that buses might attract patronage and to that extent reduce the number of motor cars on the road.

12.10 Subject to an exception in the case of bus services beyond Geelong, this Board does not respond to the argument that bus services that take over from rail should run through to Melbourne. Co-ordinated services can work well: they already work well in Victoria, as was affirmed by some appearing before this Board. This Board makes the exception in the case of Geelong because, with the relatively short 45 miles distance to Melbourne, a change from rail to bus or *vice versa* would, allowing the necessary safety time margins for connections, add considerably to journey times. A bus would be halfway to Melbourne in the time involved in the change.

12.11 In other cases, two things have to be borne in mind:—

- the importance of so arranging route licences as to maximise the utilisation of buses. To illustrate: let it be assumed that the co-ordinating point is railway station X, greater utilisation may occur if a licence is given to an operator who will serve several routes that radiate from X. He could run a service from A to enable passengers to catch a train and pick up passengers from that train to proceed to B;
- the importance of minimising inconvenience to travellers. This will call for adequate interchange arrangements at railway stations, e.g. shelters and the like and provisions for assisting transfer of passengers and their luggage. It will also call for fast comfortable trains to and from Melbourne. In a situation where fast trains stop infrequently, superimposed on the closure of a number of stations, the case for buses handling sweeper services is the stronger. And, finally, it will call for through or combined tickets with satisfactory arrangements for seats for passengers on co-ordinated services. In essence, the journey must be seen as a " through " journey even though there is a change of transport mode *en route*.

12.12 There seems no reason why, in appropriate cases, licences to provide passenger services in replacement of rail services should not be granted to interstate bus operators provided their vehicles are registered. The T.R.B. has already granted licences to interstate operators in several cases (paragraph 3.25).

12.13 The maximisation of use of buses leads this Board to observe that it can see no justification for the maintenance of a large fleet of ancient railway passenger coaches simply to move large numbers for great occasions or to meet the occasional needs of travellers. Easter Thursday is the dominant illustration. Travellers who resort to the Railways on such occasions should be prepared to do what air travellers accept without grumble: travel, if needs be, not at the time of their choosing but when there is a seat available. There seems no shortage of buses which could be available to handle abnormal peaks in traffic. School buses and charter buses are plentiful. The former would not be in use at the times mentioned. If the Railways were to introduce seat reservation systems at holiday weekends, the impressment of buses could be sensibly organised and the convenience of the occasional traveller met.

12.14 Obviously any prudent Railway system will maintain rolling stock to cope with a normal peak: none can afford to do more. So the normal peak traffic will be catered for. Reduction in the present stock of passenger coaches will cut maintenance costs, produce some saleable scrap, and free stabling space.

12.15 The Board sees no call for any substantial variation of the present practices of the T.R.B. under the Transport Regulation Act. However, it believes that, in relation to passenger services, adequacy of the railway service imports qualitative considerations among which is convenience to the public. To illustrate, if there is a clear demand for country folk to get to a major centre to shop or transact business and return home in one day, and the rail timetable makes this impossible or provides trains at hours that cannot but be unreasonably inconvenient to the housewife or anyone having to transact business, then there is justification for licensing a bus service.

Security of Licences

12.16 Reference has already been made to the detailed proposals put to this Board directed to the greater security of licence tenure of bus operators. No detailed reasons in support were advanced. Essentially the point made was that " if the private bus operator in the future is to play his part in developing and changing with the passenger transport networks in the State he must do so in a licensing and regulatory climate that provides his business with security of investment ". However, no illustrations were given of past experience that highlighted the need for amendments of the legislation on the lines proposed.

12.17 Section 26 of the Transport Regulation Act provides that a bus licence shall have a life of not less than four years nor more than seven. The seven year period was introduced in 1955: the period was previously four years. When renewal comes up, the T.R.B. is required to renew the licence unless the T.R.B. " for some sufficient reason to be stated in writing ..... is of the opinion that such licence should not be granted to any person or that a renewal thereof should not be granted to the existing holder ". Decisions by the T.R.B. about bus licences are subject to review by the Governor in Council.

12.18 Provisions for compensation in the event of cancellation or alteration of the conditions of a licence are to be found in Sections 24 and 24A. Where the T.R.B. of its own motion cancels or alters the conditions of a licence, compensation for any loss suffered by the licence holder has to be paid from the Transport Regulation Fund. Where a new bus service or an extension of an existing bus service is authorised, and this can only occur after the T.R.B. takes into account existing services, the authorisation may be subject to compensation being paid to a prejudiced operator by the " intruder ".

12.19 In effect, this Board was asked to endorse the view that licences should be renewed automatically unless the T.R.B. felt no licence was needed or the licensed route should be taken over by the Railways, the M. & M.T.B. or some public authority, or there had been unsatisfactory conduct by the licence holder, and that compensation for non renewal of licence should fall on the Transport Regulation Fund in more diverse circumstances than is currently the case.

12.20 This Board was informed that only in isolated instances and then for special reasons had the T.R.B. issued or renewed licences for less than the maximum period. A recent case was the Melbourne–Brighton service for which licences were renewed for five years because of uncertainties about the future of bus traffic in Swanston Street.

12.21 From what has been put to this Board, it is unconvinced that any amendment of the present legislation is called for in respect of the period of the licence or the possible intrusion of other bus services on an existing service.

12.22 On the first aspect, this Board sees some virtue in there being, as it were, a mandatory review of the service a licensee has provided. As to the second aspect, the gravamen of the proposals for amendment to the legislation appears to relate to possible extension of rail or tram services. The electrification of the line from Fern Tree Gully to Belgrave affected the bus services that had been co-ordinating at the former station. Not improbably, further rail or tram lines or extensions may be constructed in the metropolitan area. If this is the problem concerning the bus industry, the question whether there is need for any legislative provision about compensation appears to be beyond this Board's Terms of Reference.

Fees

12.23 Under the Transport Regulation Act, the basic annual licence fee for commercial passenger vehicles has been $4 since 1951. However, buses licensed to operate solely on specific routes in the metropolitan area pay a fee of $6. Then there are goods/passenger vehicle licences which have since 1947 carried a fee of $10 on top of the normal goods licence of $4, unless the vehicles operate beyond a radius of 25 miles of the Melbourne G.P.O., in which case the extra fee is $2. There are now few of these licences.

12.24 In addition, the Act authorises a fee based on passenger seating capacity. The maximum provided for is $3 per seat per annum, except for buses licensed to operate solely on specific routes in the metropolitan area when the maximum is $6.75. In fact, the present fees are $3 per seat for taxis, hire cars and buses provided by employers to transport their staffs and $2 per seat for all other buses.

12.25 The fee for metropolitan and country route buses was reduced to $2 from the beginning of 1959 apparently to meet financial difficulties facing some operators, particularly on country routes. Buses are not subject to Road Maintenance Charge and metropolitan and country buses also enjoy concessional registration fees and sales tax concessions—ostensibly because of operators' financial problems. Yet clearly the profitability of routes varies greatly. In several States, the relative profitability of bus services has been taken into account through taxes on revenue.

12.26 If attention is confined to licence fees, it is immediately apparent that passenger vehicles, and particularly buses, have been charged, in total, decidedly more than goods vehicles. It is true that the costs of the T.R.B.'s administration of bus licences cannot but be relatively higher than of goods licences because relatively more applications for licences and for renewal of licences involve public hearings.

12.27 In principle, the views expressed in Chapter IX about the desirability of road operators meeting the real costs of their operations apply equally to commercial road passenger vehicles. Tables 19 and 23 of Appendix XVI indicate the order of magnitude of the cost responsibility of buses for the construction and maintenance of roads. The same views also lead to the observation in the succeeding Chapter that, in principle, such vehicles should not be exempt from Road Maintenance Charge.

Passenger Services

12.28 It is this Board's view that there is no less a need to review the totality of imposts levied in relation to commercial road passenger vehicles for registration fees, licence fees and Road Maintenance Charge. Considering that the present licence fees for such vehicles are, relative to fees in respect of commercial goods vehicles, decidedly higher and because there is patently an intimate relationship between country buses and metropolitan buses which are outside its Terms of Reference, this Board believes it would be best not to make any specific recommendation, even of an interim character, in relation to licence fees for commercial road passenger vehicles. It is to be doubted whether any real competitive situation between rail and road modes exists where the T.R.B. has licensed country road passenger services.

CHAPTER XIII

THE ROAD MAINTENANCE CHARGE

Road Maintenance Charge

13.1 Perhaps nothing more impressed this Board in the course of its sittings and inquiries than the widespread dissatisfaction with the provisions of Part II of the *Commercial Goods Vehicles Act,* introduced in 1955, dealing with contributions to road maintenance.

13.2 The legislation, as it stands, was the Parliament's response to a series of decisions of the High Court of Australia and the Privy Council dealing with Section 92 of the Constitution in relation to its bearing on interstate goods transport and the imposts that the States could levy on vehicles engaged in that transport. At the risk of gross oversimplification, the Parliament found itself with a series of parameters most of which were ill defined, derived from the Courts' decisions, which constrained its freedom of action to require users of roads to contribute to the costs of their construction and maintenance. Those parameters were and still are:—

- the freedom postulated by Section 92 is capable of reconciliation with the exaction from vehicles using the roads, whether the journey be interstate or not, of some special contribution to their maintenance and upkeep in relief of the general revenue of the State drawn from the public at large;
- there must be no discrimination against interstate commerce; it must be placed under no disadvantage in face of the State's internal commerce;
- any impost must be directed to recouping State expenditures related, in some way, to the use made of the roads and the wear and tear involved;
- " It does not seem logical to include the capital cost of new highways or other capital costs ", said one Judge, but another expressed the view that the impost could " contain an item relating to the cost of widening and reconstructing old roads where some additional width or a strengthened pavement was required to carry the ever growing amount of traffic and the ever increasing size and weight of vehicles using the roads. But the formula should be primarily on the basis of the cost of keeping existing roads in repair ..... " ;
- the impost must provide for a reasonable compensation for that use and this can have regard to the size and weight and other characteristics of a vehicle, for the heavier the vehicle the more wear and tear is caused;
- the impost must relate to the use of a physical facility which the State provides: it seems it can extend to include a reasonable contribution towards the cost of administering any impost, but there appear to be differing views as to whether the impost can extend to the cost of policing the roads in the interests of law and order and in support of the traffic laws;
- a legitimate impost " is probably not susceptible to any precise calculation " ;
- if the impost is reasonable it matters not where the moneys raised are paid;
- the operator, interstate and intrastate, must know exactly what he has to do and there cannot be arrangements which cause unreasonable delays to the making of interstate journeys;
- " a fair degree of latitude must be allowed in prescribing the incidence of a charge and practical considerations attending the collection of the charges must be borne in mind in considering its validity ".

13.3 With a history of successful challenges in the Courts to previous legislation, the draftsman of Part II of the *Commercial Goods Vehicles Act* proceeded warily and with much caution. At least the draftsman has the satisfaction that the results of his efforts have not been successfully challenged.

13.4 The Part provides that the owner of every commercial goods vehicle shall pay to the T.R.B. " towards compensation for wear and tear caused thereby to public highways in Victoria " a Charge at the rate of 5/18c per ton of the sum of the tare weight of the vehicle and 40 per cent of the load capacity of the vehicle, per mile of public highway along which the vehicle travels in Victoria. All moneys received by the T.R.B. have to be paid to C.R.B. funds to the credit of a special account, namely, the " Road Maintenance Account " and moneys to the credit of that account must be applied only for the maintenance of public highways.

Road Maintenance Charge

13.5 Exempted from the Charge are vehicles:—

- with a load capacity, with trailer, of 4 tons or less, and
- while being used solely for any or some of the purposes specified in the Fourth Schedule to the Act, or while travelling unloaded directly to or from the business premises of the vehicle's owner so as to be so used or after having been so used.

13.6 The Fourth Schedule is as follows:—

> " The carriage of berries and other soft fruits, unprocessed market garden and orchard produce (other than potatoes and onions), milk, cream, butter, eggs, meat, fish or flowers, and, on the return trip, any empty containers used on the outward trip for the carriage of any such commodity.
>
> The carriage of livestock to or from agricultural shows or exhibitions, or direct from farm to market or from market to farm or from farm to farm or to or from agistment ".

13.7 The calculation of the Charge depends upon the owner of the vehicle completing and supplying to the T.R.B. a record of all journeys.

13.8 The Victorian legislation has its counterpart in enactments of other States, except Tasmania which has no similar legislation. The legislation of the remaining States is, in basic character, the same as that of Victoria. However, there are some important variations in the range of vehicles and the traffics exempted from the Charge. New South Wales and Queensland share with Victoria the same exemption of vehicles up to 4 tons load capacity. In Western Australia and South Australia the Charge applies only to vehicles exceeding 8 tons capacity. In New South Wales there are no other exemptions. There were none in Western Australia until early in 1971 when livestock and empty mileage associated with livestock pick-up were exempted. In Queensland the carriage of milk and cream and, on the return trip, empty containers is exempted. South Australia has the equivalent of the Victorian Fourth Schedule except that the carriage of livestock is limited only to movements to or from agricultural shows or exhibitions, and farm to farm. The main livestock movement to market is not exempt. So there is no commonality of State provisions except that in none of the States are road passenger vehicles liable for Road Maintenance Charges.

13.9 The Charge of 5/18c has not been varied from its inception. From a revenue derived from the Charge in its first full year of operation, i.e. 1956–57, of $2,631,948, the revenue had grown to $8,555,278 in 1969–70. The T.R.B. estimates that $2·28 million of this related to interstate traffic.

Proceedings before the Board

13.10 To revert to the proceedings before this Board, it must be stated at the outset that there was widespread acceptance that the road transport industry should make a reasonable contribution to the roads it used.

13.11 Some making submissions, generally primary producer interests and organisations backing them, supported the preservation of the exemptions in Part II and the Fourth Schedule as they stand. From these same sources came proposals that the exemption from the Charge should be raised from 4 to 6 tons capacity in the case of primary producers vehicles, and that the range of primary products whose carriage is now exempt from the Charge should be extended. It was argued that primary producers were entitled to special consideration as probably the major return for the local government rates they paid was in roads. On the other hand, there were submissions that the Charge was unfairly discriminatory, cumbersome and uneconomic to administer and promoted inflation; that there should be no exemptions from the Charge; and about the unfairness of some traffics being exempt and others not.

13.12 Preponderating were complaints about the anomalies in the way the Charge fell; the heavy burden of administrative work involved in furnishing the required returns which fell on operators and often required the aid of Consultants, and the associated inconvenience; and the abuse and evasion of the legislation with consequent disadvantage to operators observing the law. Each of these points demands elaboration.

Anomalies

13.13 The Charge applies to vehicles with a load capacity over four tons: it cannot be said that only such vehicles do real damage to the roads. Material the C.R.B. placed before this Board suggested that there could be justification for the exemption from the Charge being lowered at least to vehicles with a capacity of three tons or over. It is estimated that, as the number of vehicles registered in the load capacity grouping 60–79 cwt. is 18,409, the extension of the Charge to these vehicles could bring in about $1·4 million. As already noted there is nothing sacrosanct about 4 tons load capacity in the various States' legislation: in two States the Charge applies only to vehicles of 8 tons or more load capacity.

13.14 The Charge does not apply to vehicles when carrying the primary products listed in the Fourth Schedule. That is where the argument started. People before this Board could not understand how these particular products came to be selected and how some selected could be preferred to others. For instance, new potatoes, the Board was told, were perishable and the Department of Agriculture was perpared to say that it was arguable whether mature potatoes were any less perishable than some of the items in the Fourth Schedule.

13.15 Why, this Board was asked, if some primary products are exempted, should not all be? Why, if the carriage of milk and cream in bulk and butter is exempted, should not cheese and other products of milk and cream also be exempt? And why fresh peas in pod and not shelled peas? And what of wool and grains? Why should the movement of livestock direct to abattoirs not be exempt when all other livestock movements are? Why should the livestock transports, invariably large and heavy vehicles, that many told this Board did much damage to rural roads, be exempted? Incidentally, back in 1967 the T.R.B. estimated road livestock movements at around 43 million vehicle miles for that year.

13.16 The Charge does not apply to vehicles running empty to pick up exempted primary products or after having carried such products. Why, it was asked, should this not apply equally to situations not involving carriage of primary products and why should it apply when in fact the vehicle is running empty after having carried the exempted primary products when it may be on its way to carry non-exempt goods?

13.17 Why also should there be exemptions from the Charge in Victoria and none or different ones in other States?

13.18 Why should passenger buses be exempted? In his Second Reading Speech on the Bill introducing the Road Maintenance Charge, the Victorian Premier of the day said " If practicable it would be desirable to make similar provisions in relation to commercial passenger vehicles. Unfortunately it is not possible to correlate a weight mile basis for an interstate operator with the passenger carrying basis which is the yardstick of charging in the case of the intrastate passenger operator ". It was put to this Board, that interstate buses represented only a very small percentage of the total passenger vehicle population; that school contract buses constituted a fair proportion of the total buses and imposition of the Road Maintenance Charge would have added to Education Department costs; and that the attitude of all States in exempting passenger buses was consistent with a general desire to relieve public transport of charges which would affect fares: this same attitude had expression in taxation concessions to passenger vehicles in other directions too.

Administration

13.19 The Charge is levied as a consequence of returns supplied monthly to the T.R.B. by operators. The form of return is not unduly complex, but this Board was told that many operators found considerable difficulty in completing it and often resorted to Consultants. One such told this Board that Consultants' charges often exceeded the amount of the Charge itself: he put the cost to the operator of complying with the law as high as 10 per cent of the Charge. One large operator advised this Board that his company was often faced with their drivers falsifying returns—not to defraud the company but to outsmart the Government.

Road Maintenance Charge

13.20 The T.R.B.'s costs of collection of the Charge are quite significant. Not merely is there a sizeable administering staff, a great deal of the time of enforcement officers is taken up in making sighting reports which become the basis of follow-up checks with operators. In 1967 the T.R.B. reported that it was collating approximately 60,000 pieces of paper each month, i.e. nearly three-quarters of a million pieces of paper each year, which were linked up with the operators' monthly returns. Non inclusion in a return of a sighted or known trip became the basis for the T.R.B. to begin investigatory and enforcement action.

13.21 In fact, the T.R.B.'s actual costs are of the order of 7½ per cent to 8 per cent of total collections. The T.R.B. was able to identify to this Board $623,817 of its total costs as applicable to its administration of Part II of the Commercial Goods Vehicles Act, but this large sum by no means exhausts the total cost. Since 1966, 6 per cent of the total collections have been reimbursed by the C.R.B. to the T.R.B. as collecting agent, for costs of collection; the amount being paid from the general C.R.B. funds.

Abuse and Evasion

13.22 This Board was told of many abuses: vehicles destined to pick up a load not exempt from Charge or returning having carried such a load, carrying minimal quantities of exempt primary products to escape the Charge on the forward or return journey; vehicles being loaded so that exempt items were visible and non exempt hidden; and so on.

13.23 Yet another form of evasion of the present Charge is well known in the industry. To take an example; one vehicle carries a manufacturer's gross weight of 142 cwt. when fitted with 7·50 x 20 x 8 ply tyres, but, when fitted with 8·25 x 20 x 10 ply tyres, the gross weight becomes 178 cwt. The fact that lighter tyres are fitted to reduce load capacity is not, in itself, a matter for question, but, if tyres are changed or any structural alterations are made after registration without notification to, and the authority of, the T.R.B., the owner is liable to prosecution. However, as the T.R.B. acknowledges, it is well nigh impossible to detect any cases where this has been done. In 1965, the Commercial Goods Vehicles Act was amended to meet the situation of a vehicle with registered load capacity up to 4 tons regularly carrying loads in excess of that. The amendment gave the T.R.B. power to determine the load capacity of the vehicle. Only one case has come to the T.R.B. and the habit was not clearly established.

13.24 Operators complained to this Board of unfair competition resulting from the charging of lower rates by Charge dodgers and that often primary producers reaped no benefit from the exemption of their products from the Charge because the freight rate charged them was not adjusted.

13.25 That there is widespread evasion of payment of the Charge is recognised by the T.R.B. It has been the subject of representations to the responsible Minister. In short, the T.R.B. considers that despite its best efforts, only about 70 per cent of the amounts that should be paid under the Charge are, in fact, being paid. This seems to be the experience also of the New South Wales, Queensland and Western Australia administering Authorities. Road transport operators told this Board that they considered that the percentage collected was much less than the 70 per cent quoted. As the T.R.B. put it to this Board, " many liable vehicle owners regard it (i.e. the Charge) as a tax to be evaded if at all possible. We must rely on evidence of evasion or non-compliance and prove this or obtain admissions from owners. The commodity exemptions in the Victorian Act nullify a lot of evidence of understatement of mileage ".

13.26 In 1969–70, more than 5,000 separate investigations were carried out by T.R.B. officers. These resulted in admissions of unpaid contributions of $563,000. Prosecutions resulted in 5,512 convictions and fines of $160,000 plus orders for payment of $114,000 proved to be owing. Actions in civil courts for recovery of admitted debts numbered 282, and orders for payment of $29,223 were made. Thus, there was this added demand on already hard pressed Courts with all the extra costs associated with legal proceedings.

13.27 The T.R.B. is constantly examining what further steps might be taken to improve collections. These include the fitting of tachographs.

Possible Alternatives

13.28 A tax which, as it stands, costs the administering Authority 8 per cent to collect; which, even then, collects at best 70 per cent of what it should; and which is so obviously disliked, abused and evaded must surely carry its own condemnation. **Road Maintenance Charge**

13.29 Considering this and what was put to it, this Board searched earnestly for a solution which would remove these many causes for complaint, relieve the costly administrative burden, minimise the scope for evasion, and achieve as nearly as practicable the revenue sought to be collected.

13.30 Accepting the obligation of operators of commercial vehicles to contribute to the costs of the roads, a number of those making submissions to the Board suggested that there were, or must be, other forms of impost that would provide an equivalent revenue while avoiding the unsatisfactory features of the Charge. Specific suggestions were that there should be increases in fuel tax, or taxes on tyres, or, with a note of desperation, increases in registration or licence fees to provide the equivalent of the funds raised by the Charge—anything, so it seemed, that was more sensible, equitable and economic than the Charge.

13.31 Any consideration of an alternative to the present Charge has first to accept that it is the heavier vehicles that do the real damage to road pavements. It is not for argument that vehicles with a load capacity of over 4 tons fill the description of heavier vehicles.

13.32 A tax on fuel has great practical advantages in ease and certainty of collection. But the disadvantages are patent if the object is to raise funds for the maintenance and repair of roads from those primarily responsible for creating the conditions calling for that maintenance and repair. To start with, any increase in fuel tax designed to make good the revenue lost, if the Charge were disposed of, would bear also on the private motorist and those operators of the smaller commercial vehicles whose damage to the roads is not to be compared with that done by heavier vehicles. Second, fuel consumption does not increase directly in proportion to the weight and capacity of the vehicle. A third major problem is the distortions that would arise between the users of different types of fuel, i.e. between octane grades and distillate which for correction would require differential rates of tax. Fourth, fuel users extend far beyond vehicle owners and operators. Fifth, there could well be some switch to L.P. gas. Finally, the responsibility for increasing the tax would lie with the Commonwealth and the amount would have to be uniform throughout Australia.

13.33 Many of the same sorts of problems reveal themselves in relation to the suggested tax on tyres. While a tax could apply differentially to tyres used by heavier vehicles some of its proponents appeared to shy away when they worked out the amount of tax that would be needed (roughly 75 per cent) to provide the same revenue as the Charge: others avoided this uncomfortable outcome considering that the tax should have a more general application. Not to be overlooked are the safety problems that could emerge with operators delaying tyre replacements and resorting to recapped tyres; the claims there would be for allowances e.g. for tax-free replacement of tyres accidently damaged; and the immediate efforts that vehicle designers would be bound to make to avert the incidence of the tax.

A Solution

13.34 As the Inquiry proceeded, this Board began to put forward, in the course of its sittings, the idea that a solution might be found in requiring, wherever feasible, payment of the Road Maintenance Charge in advance in one lump sum, e.g. at the time of registration of the vehicle or of obtaining a licence or permit from the T.R.B. This Board recognised that this idea could not, without far more data than was currently available, be applied to interstate operations nor, because of the very diversity of its character and of the vehicles employed, to all forms of intrastate traffic. Yet, because no 100 per cent solution was practicable seemed no reason for not persisting with the idea, wherever it were proved feasible.

13.35 This Board saw the further virtue in this idea that it could contribute to another problem facing this Board, viz. how to find means of encouraging greater efficiency in the use of road transport. In other words, if there were a lump sum payment, a prospective new entrant to the hire and reward

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side of the industry or a primary producer or an industry thinking of acquiring a truck would have to ponder a little more deeply the wisdom of the proposed enterprise; those already in the industry would be encouraged to secure such use from their vehicles as would achieve greater mileages than those represented by the amounts of the lump sums; and those like primary producers and industries already using their vehicles uneconomically would be encouraged to consider leaving their transport requirements to hire and reward carriers.

13.36 Lump sum payment of the Charge made in advance should have the further economic advantage in that the amount of the Charge would be converted from an operating, to a fixed, cost. Thus operators should often be able to quote lower freight rates: they would be aware of the cost they would have to provide for over a full year. One consequence could be a lesser impact of the removal of current exemptions of certain traffic from the Charge.

13.37 In its approach to this matter, this Board was encouraged by the favourable response of many transport operators and others who made submissions and from the T.R.B. and its counterpart administering Authorities in other States with which this Board had discussions.

13.38 To test the feasibility of this idea, the T.R.B., at this Board's request, took out details of the Charges paid in respect of vehicles over a range of load capacities engaged in different types of operations and operating in different geographical areas. To start with, it covered the vehicles of the main operators in the Melbourne–Geelong traffic and a selection of vehicles belonging to:—

- carriers operating within 25 miles of the G.P.O. Melbourne, the chief post offices in Ballarat, Bendigo, Geelong, and of their place of business;
- primary producers;
- regular carriers and regular " specialised " carriers engaged in long and short haul operations under permit;
- ancillary operators;
- route operators;
- border operators;
- inter-capital operators.

13.39 It quickly became apparent from examination of this data that the idea of a pre-paid lump sum Charge could probably only be applied to vehicles engaged in particular situations, e.g. in present circumstances, to vehicles operating under " Ea ", " Eb " and " Ec " licences. Study of the data related to vehicles operating under some types of licences revealed an enormous disparity of operations and journey characteristics.

13.40 So the Board asked the T.R.B. to take out the amounts paid in respect of a random sample of 10 per cent of the vehicles operating under the licences mentioned. This sample revealed, in the case of some load capacity categories, a fairly wide spread of Charge payments made in respect of precisely the same load capacity vehicles, but also that definite clustering occurred around mean points. For the spread beyond the clusters there appeared identifiable reasons. In many cases, the payments recorded at the lower end of the scale appeared to relate to operators, not normally hire and reward carriers, doing some carrying for reward. The payments recorded at the higher end of the scale were clearly inflated by vehicle journeys outside the licence area. Incidentally, the result of the sample immediately re-raised for the T.R.B. the possibilities of wider evasion than it had believed and, therefore, the validity of its estimate that some 70 per cent of the total charges due were being paid. This led the T.R.B. to follow up action with operators which has not yet been concluded.

13.41 Study of this additional data and of other relevant material confirmed for this Board that the idea of an advance lump sum payment of the Charge was feasible with respect to commercial vehicles operating under licence within defined areas or on defined routes. It is also clearly feasible in respect of traffic under permit from the T.R.B. Here, when application is made for a permit for a particular trip, details of the vehicle and the mileage will be known and the sensible thing to do is to collect the Charge when the permit is granted.

13.42 While adoption of the advance lump sum payment idea would by no means extend to the whole area of commercial vehicle operation, the following points to the extensive area that would be covered if the idea applied in present circumstances:—

- " Ea ", " Eb " and "Ec " licences numbered at 30th June 1970, 23,884 out of a total of 111,675 " as of right " licences. In 1969–70 the amount estimated by the T.R.B. to have been collected by way of Charge from liable vehicles in these licence categories was 30 per cent of the total collection;
- just on 160,000 permits were granted in 1969–70. In respect of these permits, the T.R.B. estimates Charge collections accounted for 10 per cent of the total;
- discretionary licences totalled 14,742 in 1969–70, of which some 7,500 vehicles were liable to pay Charges. The T.R.B. estimates that collections accounted for 30 per cent of the total.

13.43 The calculation of the appropriate lump sum is not dependent on the records of payments of the Charge under present arrangements. There are other relevant data for use as check points.

13.44 It is true that, with a lump sum however determined, some operators would pay less and others more than they should or, in fact, do under the present arrangements. Those who would pay more would have an incentive to get greater performance from their vehicles which, in itself, would make for a more economic use of our transport resources. Some could, conceivably, decide to retire from the field, which would equally be an economic advantage.

13.45 Apart altogether from practical feasibility, this Board has been led to believe that the proposals that follow would survive challenge in the Courts.

The Solution Applied

13.46 This Board, for current purposes, starts from the premise of a Charge at the current rate of 5/18c per ton mile on the current formula which is based on vehicles with a load capacity exceeding four tons. *Prima facie,* a rate set fifteen years ago, and upheld by the Courts, would appear to be inadequate now. The following paragraphs bear on this.

13.47 To start with, a number of things are worth noting in relation to the Charge as fixed:—

- it was expected in 1955 that the product of the Charge would be about $1·3 million against a desired expenditure in 1954–55 on roads of $30·3 million, i.e. the product would be 4·3 per cent of that sum;
- the $30·3 million covered the actual expenditure on maintenance, an estimated additional amount which would have been expended had funds been available, and the estimated cost of that proportion of reconstruction costs necessary for maintaining a reasonable running surface with then present grading alignment and width;
- as to the C.R.B., the sum did not include any costs referable to Head Office or Regional Office staff engaged in activities related to road maintenance, provisions for their superannuation or long service leave, or any interest or other capital charges on funds spent on maintenance. The costs taken into account were direct costs of field labour, including payments related to their employment other than long service leave; direct materials; plant hire and other direct expenses;
- the sum did not include any provision for maintenance in respect of road lighting or marking or traffic signals;
- in 1969–70 the Charge produced $8·5 million or 20 per cent of the maintenance expenditure of $45·3 million. But the maintenance expenditure was determined by funds available: not by need. And maintenance was still calculated on the basis mentioned above, save that superannuation and long service leave of field staff were then provided for.

13.48 As has been shown in Chapter VI, it is estimated that the proportion of the total responsibility of vehicles merely for maintenance of roads which should be properly borne by vehicles of a carrying capacity in excess of four tons is 35·2 per cent. This means that the amount which might properly be levied against these latter vehicles for maintenance, on the basis of the $45·3

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million figure, would be of the order of $15·9 million. But, as has been explained, the $15·9 million would not meet all costs properly referable to maintenance let alone the total maintenance needs.

13.49 It is estimated by the C.R.B. that the Charge at the present rate and on the present formula would in 1969–70 have produced about $15 million, if the exemptions currently existing, other than load capacity, had not applied and there had been a 100 per cent collection.

13.50 Based on this Board's proposals about the regulatory arrangements for the future, the following are its recommendations regarding the Charge.

13.51 The following types of licences should carry the obligation to pay the Charge in one lump sum payment in advance at the time of the issue of the licence:—

- " as of right " licences to operate within 25 miles radius of the G.P.O. Melbourne, the chief post offices at Ballarat, Bendigo and Geelong and the place of business of the owner of the licensed vehicle. These licences are those presently known as " Ea ", " Eb " and " Ec ";
- the proposed new licence to operate within a radius of 50 miles of the G.P.O. Melbourne and the chief post office at Portland;
- " as of right " licences relating to ancillary vehicles, i.e. in relation to a radius of 50 miles of the principal place of business of the owner of the licensed vehicle. These licences are those presently known as " Eg ";
- discretionary licences (presently known as " D " licences) granted to route operators and in other circumstances involving regular journeys.

13.52 Permits granted by the T.R.B. should carry a like obligation, the payment being made at the time of the issue of the permit. However, where the permit is granted to a licence holder, who has made a lump sum payment, the obligation would be to pay the Charge in respect only of that part of a journey that goes beyond the area of the licence.

13.53 Any person engaging in an interstate journey, whether his vehicle is licensed or not, and requiring no permit, would remain under the obligation to pay the Charge under the present arrangements, except that where the vehicle is licensed and the licensee had already made a lump sum payment of Charge in advance, the obligation should relate only to that part of a journey beyond the area of his licence. This Board believes it would be possible to develop for interstate operators a scheme under which they had an option to pay annually in advance a lump sum payment in lieu of compliance with the present arrangements which are as obnoxious to them as to other road operators. This Board suggests that this be not overlooked. Meantime steps should be taken to accumulate the data which would enable appropriate payments to be determined.

13.54 All other licence holders should continue to be subject to the present arrangements regarding payment of Charge. However, this Board believes that the Administering Authority will, as it accumulates data about mileages travelled and amounts of Charge paid, find it possible to extend the lump sum payment concept to types of licences other than those noted in paragraph 13.51.

13.55 This Board felt that the data examined by it were not sufficiently comprehensive and refined to enable it to recommend the differing amounts that would be appropriate by way of lump sum payments in advance for the different types of licences mentioned above. Suffice to say here that the amounts should be scaled in steps of, say, two tons intervals, related to the present formula of tare weight and load capacity and to the data available of annual mileages run by vehicles of different load capacities in the differing situations referable to each particular type of licence. While the T.R.B. will face a tedious task in analysing the data it has about the amounts of charge paid in respect of vehicles of differing load capacities and operating under differing circumstances (and this analysis should extend back over a two year period) this Board sees no insuperable obstacles in the way of arriving at the appropriate lump sum payments. In the case of permits, calculation of the Charge would be a simple matter: the facts of the vehicle and distance would be known.

13.56 This Board believes that there is much to be said for the T.R.B. being empowered to require the lodging of a Bond guaranteeing payment of the Charge before the issue of a licence in cases where the issue of a licence will

not be accompanied by a lump sum advance payment of the Charge. Not merely would this be another means of avoiding losses through defaults, bankruptcies, &c., it would be one more condition to be pondered by prospective new entrants to the road transport industry.

Exemptions

13.57 To turn now to the exemptions from Charge provided in the present legislation, it is this Board's view, after considering all the material placed before it, that:—

- the Fourth Schedule with its exemptions should be repealed;
- the dependent exemption of vehicles when " travelling unladen directly to or from the business premises of the owner of the vehicle so as to be so used or after having been so used " should be repealed;
- this latter exemption is particularly lacking in merit and opens the floodgate to evasion. It should be repealed whatever happens about the Fourth Schedule;
- perpetuation of these exemptions can have no other result than continuation of all the discontent in the road transport industry about the exemptions; of all the current abuses and evasions that centre on them ; of the present heavy administrative and enforcement costs of the T.R.B. ; of all the complications and administrative overheads for operators in completing their returns ; and of a massive loss of revenue.

13.58 This Board could find no sensible answer to the criticism, legitimate in its view, of the actual content of the Fourth Schedule. It is by no means clear that primary producers do always benefit from the exemptions in that Schedule, i.e. in the sense that their cartage rates are less than they otherwise would be. And there was no contradiction of the repeated assertions about the damage done to rural roads by heavy transports engaged in stock transport.

13.59 Basic to this Board's approach has been that the heavier vehicles at whose door most damage to the roads lies, should contribute to their repair and maintenance and that this should apply equally to all such vehicles. It follows that this Board sees no reason, in principle, why road passenger buses should be totally exempt from the Charge. Legal problems may well intrude. But, consistently with the views expressed elsewhere in this Report that costs should be borne where they fall and not be the subject of hidden sudsidies, the fact that the Education Department would have to outlay more on its school contract buses should not be a determining consideration.

13.60 If it were considered that some concession for primary producers were justifiable, this cannot be effected by exempting their vehicles from the Charge : any exemption has to be by way of primary products carried, irrespective of the owner of the vehicle. In proposing a concessional rate for primary producer vehicle " as of right " licence fees, this Board took into account the present recommendation that there should be no exemptions from the Charge. Primary producers already receive concessions in relation to registration fees.

13.61 It may be noted, in passing, that payments of Charge are tax deductible.

13.62 It is, of course, impossible to affirm that the foregoing proposals would withstand challenge in the Courts and, while they have not been advanced without consideration having been given to this vexed problem, doubtless the Government would wish to take formal advice of its legal advisers. The Draftsman could no doubt ensure that any new legislation giving effect to the lump sum payment concept did not fall to the ground, if successfully challenged, by the simple device of retaining provisions along the lines of those now appearing but applicable only in the event the lump sum payment provisions did fall.

CHAPTER XIV

PROPOSALS RELATED TO THE RAILWAYS

Proposals Related to the Railways

14.1 It is as plain as a pikestaff that major changes must be made in the Victorian Railways if they are to fulfil their proper role in the State's land transport system. That is, unless Victorians wish, masochistically, to deny themselves the benefits of this and, because of continually mounting massive Railway deficits, to deprive themselves of funds that could be spent in satisfying community needs such as schools, hospitals and other social aspirations.

14.2 The Railways clearly suffer from a deep malaise. It must be cured and quickly because it has been getting progressively worse. It rests in attitudes, psychology and morale; in the very physical structure of the Railways and their facilities and equipment; and in their organisation. This Board sees no profit in considering where the blame for this state of affairs rests: it has been contributed to not least by the community's past disinterest in the total transportation problem. Critically important for the future good of the Victorian land transport system, and particularly the Railways element of it, is to provide and administer the remedy. Then there will be scope to capitalise on the many admirable aspects of the Railways, not least on the technical side, and new horizons for the many devoted and talented personnel in the Railways service.

The Railways Role

14.3 To start with it seems necessary to define the role the Railways are to perform, what the State and Victorians expect of their Railways and what the State will do to enable the Railways to discharge effectively their allotted role. This definition must carry the clear fiat of the Government.

14.4 As this Board sees it, the Railways' role is to perform that part of the total transport task for which they have inherent advantages over the other mode in relation to a system tailored, regardless of historical circumstances, to permit the Railways to maximise those inherent advantages and thus to meet, in conjunction with road transport, the requirements of the State's economy and people. Those advantages are unlikely to exist where labour intensive handling is involved; are less likely to exist in the case of short haul traffic unless it be containers or bulk, mechanically loaded and unloaded, be from siding to siding or be in train loads moving from point to point; and are likely to exist where traffic is long haul, and particularly where it is of the character just noted or it involves large blocks of traffic requiring quick absorption in the transport system, e.g., peak hour commuters, the output of a steelworks, or without compensating backloading. These advantages will be greater if the traffic is concentrated on those lines that enable maximum use of existing facilities. Volume, of itself, gives no assurance of inherent advantage and may even be counter productive.

14.5 It is frequently said that the Railways are best fitted to handle the wholesale side of the transportation business or to provide the equivalent of a mass production service and that conversely they run into financial problems when they engage in the retailing side or attempt to provide a tailor made service.

14.6 This is far too broad a generalisation though it has the germ of good sense. The fact is that no clear cut predetermined division of traffic between road and rail modes is feasible. Some short haul traffic can better be handled by rail, e.g. mechanically loaded and unloaded bulk items like ores and grains. Some long haul traffic can better be handled by road, e.g. where terminal charges are heavy; where special packing is necessary; where transfer between modes at terminals carries risk of damage and involves unacceptable time delays, and so on. However, subject to some necessary qualifications including that both transport modes are efficient and that neither enjoys an advantage over the other in the form of hidden community subsidies, in the long run, such division of traffic between rail and road as does occur should, generally, be the outcome of the choices made by the thousands of users of transport having freedom to choose the transport mode that best suits their goods and their needs. And those choices could be greatly influenced by the wisdom of the decisions the Railways take about investments and operations directed to achieving optimum efficiency.

14.7 It is not to be expected that the Railways any more than any well run business, should cover all proper costs in respect of each individual service they provide. Business interests must allow for some degree of internal cross subsidisation. But the Railways would function most satisfactorily if they were required, as a matter of Government policy, to operate in such a way that their total revenues covered their total costs, including capital charges, and enabled proper provision for depreciation.

14.8 The foregoing requires that the Railways should function primarily as a commercial undertaking, pursuing every management technique known in industry, directed to providing the optimum service to the public, related to its patronage, present and prospective, within the limits of the system that is, from time to time, considered appropriate. Necessarily, this calls for conversion of the present Railways Administration to the type of corporate structure, with operational and financial management and personnel recruitment and other practices appropriate to a commercial undertaking of the size and complexity of the Railways. It means that the Railways should, subject to what follows, have the responsibility for determining their fares and freight rates, adopting differential rating practices as appropriate, and determining the services they will provide, curtail or terminate, responding flexibly to demand. It means too that the Railways should have access to capital funds to permit them to develop their services, facilities and equipment, subject always to proper investment analyses.

14.9 There is nothing novel or strange about these propositions. It is publicly accepted that the State Electricity Commission and the Gas and Fuel Corporation, though State instrumentalities, should function on a commercial basis and on the general lines adumbrated. In fact, their charges do more than cover their current costs: they make a significant contribution to new capital investment.

14.10 It is entirely compatible with these propositions that the State may, for reasons of social policy, decide that the Railways' proposals to raise fares or freight rates or to curtail or terminate services are unacceptable, or require of the Railways that they perform some uneconomic transport service for some section of the community or of the economy or carry passengers or goods at concessional rates. In this event, the Railways responsibility will be to comply but, to sustain their accountability for the commercial operation of the Railways, they should be recompensed the cost of doing so.

14.11 The cost to the State would be no different: instead of the State making good a Railway deficit, the cost would be an item in the expenditure of some Department or Agency of the Government. More important, there would be a vast benefit to the State in a revitalised Railways system with morale restored and a staff, at all levels, given a new sense of purpose to graft on their unsurpassed sense of dedication. There could well be an added benefit to the State in that decisions that would, in future, cost Departments and Agencies real money would first be most carefully pondered and responsibly made. If, in the past, provision of a service by the Railways could not be properly costed, that would not be the case for the future.

14.12 In his recent Budget Speech, the Premier dwelt on the Railways accounts in relation to the total Budget. " I have long felt ", he said, " that these very accounting arrangements have given no worthwhile form of control by the Parliament in the sense that the Parliament exercises control through the power of appropriation, that they diminish the real powers of the Railways Commissioners in financial matters, and that they provide a blurred picture of the railway finances. In short, the arrangements belong to the 19th century and create confusion ".

14.13 The accounting arrangements referred to bear resemblance to those applicable to a normal State Department and markedly differ from those applying in the gas and electricity instrumentalities. If there is to be fixed on the Railways a management responsibility of the character discussed above, the realities of their financial situation and their true commercial costs should be available to the Parliament and to the public in definite and unobscure form. In particular, there can be no separation of revenue from expenditure in the management approach.

Proposals Related to the Railways

14.14 The sorting out of the Railways finances vis a vis the Treasury would be an essential part of the process of fixing management responsibility in the Railways. The mechanics of this sorting out process are not for this Board but it should require no great effort to resolve the matter. It has been done in the case of the other great State instrumentalities and public utilities already named.

14.15 What has been said is not to be put aside on the basis that the Railways in this State could never pay their way. In the course of its Inquiry and of its studies with the co-operation of the Commissioners, it has become patently obvious that a vast improvement in the Railways' financial position is within grasp: closing of uneconomic lines and stations and sidings; confining operations on some lines to limited periods; varying, curtailing and terminating heavily losing services for passengers whose needs, convenience and comfort would be better served by buses; withdrawing from goods carrying activities that are thoroughly uneconomic and could be handled more efficiently and at less cost by road; scrapping antiquated rolling stock, so costly to maintain, that would become surplus to needs—these are some only of means of achieving this financial improvement. This Board's studies have merely opened the door! Direct credits to the Railways by the State, through its Departments and Agencies, of the cost of its requirements of the Railways or of any veto of Railway proposals will substantially close the gap between revenue and expenditure, including necessary provisions.

14.16 The costs to the Railways of operating such country passenger services as exist from time to time call perhaps for special treatment by the State. The likelihood of the Railways being able to operate profitably even a greatly truncated passenger service seems, at this stage, very remote. If this is so, then these services should be seen to have a large social service element in them and the State should recompense the Railways accordingly. It is not suggested that the full costs of providing these services should be recouped. Rather there should be a lump sum payment, to be negotiated between the Treasury, the Ministry of Transport, and the Railways which will cover a substantial part of the costs, with suitable provisions for periodic review and, between reviews, for escalation related to movements in fares and wages.

14.17 Of course, getting the Railways' financial position to a break even basis cannot be achieved overnight. Meantime, the Government should set indicative financial targets: as goals for management they would have the same purpose as the long term objective of the Railways breaking even.

14.18 This Board does not overlook the peculiar problems presented by the metropolitan passenger services which are outside its Terms of Reference. Fitting them into the general pattern discussed above seems merely to require a degree of ingenuity.

14.19 Given that the State accepts the propositions already enumerated, a word about the shape of a possible new corporate structure. It is no function of this Board to propose in any detail the corporate structure and organisation the Railways require. Existing State instrumentalities provide some guidance. Suffice to say that this Board would envisage a mixed governing Board, comprising men from business and high executives from the Railways service, including a Chief Executive, under an outside Chairman able to devote a fair amount of time to his duties. Financial management, personnel policies and marketing would require urgent attention. And a sizable infusion of those required to discharge these functions, including cost accountants, economists, and systems analysts would be a must.

The Railways Public Service Responsibility

14.20 Much play was made of an alleged special responsibility in the Railways to provide a public service to the community. This can, of course, mean all things to all persons. There were examples of the relief of primary producers in times of drought and the like; of concessions to pensioners, scholars and many others; of the Railways ability to shift crowds to great occasions, school children on outings and holiday makers on Easter Thursday; and so on. To go back further, there were references to the role of the Railways in the economic development of this State. Curiously, here and there, there were suggestions that the Railways should be treated like the Police Force or the Education Department.

14.21 Now, as this Board sees it, there is no special quality of public service in any of these directions that plants such a mark on the Railways as to distinguish them from all other public utilities. The Railways do not have any exclusive obligation to provide services of the types described; nor must the Railways be maintained in their present structure just to provide these services: they can be provided by road transport—as experience has frequently demonstrated. And where they are provided by the Railways at concessional rates, the costs should not be against the Railways account but be recouped by the appropriate authority.

14.22 Rather, or so it appeared to this Board, the public service responsibility notion was introduced to justify or excuse continuation of the *status quo*—the preservation of the Railways system as is. This same notion also appeared to carry some connotation of justification for a peculiar standard of management responsibility in which achieving a surplus (the equivalent of the profit motive) had no real meaning and was not to be expected. This appeared to be fed by a sort of fatalistic resignation that political considerations would determine actions which would preclude a surplus and, in turn, by an attitude of mind that, in effect, caused political attitudes to be prejudged and consequently stultified initiative.

14.23 Perhaps there has been a failure to distinguish between a public service responsibility and the responsibility to provide a service to the public. But can it be said that the Railways are rendering a public service, when, to give but a few examples:—

- they produced a published deficit of $21 million in 1969–70, and nearly $30 million in 1970–71, meaning that the community was thereby denied hospitals, schools, and the satisfaction of other needs, and, into the bargain, a really effective Railway service;
- the costs of being required to patronise the Railways may often add to costs of production and prices;
- by stopping trains at wayside stations for the odd passenger or parcel, the travelling time to towns of sizeable population is considerably extended;
- to meet the holidaymakers' desire to travel by train and at the time of their choice on one day each year, the Railways maintain a fleet of ancient passenger cars, at a considerable cost, which has to be borne by the regular users of the Railways;
- the unhappy consequence of persisting with the present arrangements must be a progressive decline in the morale of the Railways Administration and its staff who want nothing more than to be identified with a vigorous, dynamic, efficient and respected transport service.

14.24 It was not suggested that the electricity and gas supply instrumentalities did not provide a public service yet they are expected to pay their way and, in fact, make significant provisions, through their charges, for capital investments to meet future demands.

14.25 The unhappy truth is that there is nothing immutable about the character of a service provided to the public. Gone are the days when the milkman brought his can of milk and the baker delivered his loaves to the back door and of the many other pleasant and convenient services that tradesfolk cheerfully provided. And what of the twice daily post delivery service and those Post Offices that were open on Saturdays? The Railways themselves have cut back the range of their services: they have closed lines, stations and sidings; removed stock handling facilities; limited goods services to some stations to wagon lots, smaller lots being handled at some other station; and so on.

14.26 Even in the heyday of the Railways, they did not reach out to serve directly everyone in the community. They could not have done this. The buggy and the horse wagon were the links with the Railways. In short, there is a total transport task and it has to be shared by the Railways and the road operators.

14.27 Public transport is provided by private enterprise, no less than by State instrumentalities. Between them, they provide a service to the public. The community recognises that private entrepreneurs are in the transport business

to make profits and accepts that services will be tailored to patronage. Why then should the concept of providing a public service as applied to them be considered to differ from that applied to the Railways?

14.28 While the public accepts as inevitable that the users must cover the costs of a privately operated public transport service, a different attitude has prevailed, to date, in respect of the transport service provided by the State. In a situation where the Railways were loaded with the responsibility of operating uneconomic services and required to grant concessions over a wide area it was understandable that any shortfall in the costs of the Railways services, not met by the users, should be paid for by the community. But given acceptance and execution of the role for the Railways earlier enunciated and with the community paying directly for the services the Government requires the Railways to provide to meet social needs, there seems no reason why the stage could not be reached when the users between them could, without undue burden, share the costs of the restructured Railways system.

Relationship between the Railways and the Government

14.29 Now, if the questions of role and corporate structure of the Railways are settled, another major current problem should be on the way to being solved. It concerns the relationship which seems to have developed between the Railways and the Government and its administration, particularly the Treasury and the Ministry of Transport. It appears that, over the years, the Commissioners have seen it as their task to operate the Railways in the structure and network they have. They appear to have assumed that political considerations dictated that this network should be maintained and that proposals on any scale to close lines or curtail services would, in general terms, be unacceptable. They pointed to the enormous efforts called for to achieve results even where in particular cases the circumstances justifying action were patent.

14.30 Deteriorating morale has had a place in this. Partly has this been the despairing product of a feeling that the Railways could never pay their way because they had been starved of the funds they felt were needed to improve their services and operate more efficiently, because governmental decisions awarding concessions were constantly eroding their revenues, because award after award of the Arbitration Tribunals piled wage increase on wage increase, and because the Railways had come to regard it as the affair of the Government to determine when fares and freight rates should be increased, and to expect that this would happen only when the Railways' published deficits got uncomfortably large in the totality of the State Budget.

14.31 Consequently, the Railways seem to have resiled from initiatives in making proposals and concluded that it was their job to run the best service possible over the existing network with such resources as they had. In these circumstances, if there were any goal, it was to try to keep working expenses from getting outrageously ahead of revenue. And because of this, the lack of any provision for depreciation was a matter for abstract lament; it could hardly be a matter of practical moment when revenue came nowhere near covering operating expenses.

The Need for Reorientation

14.32 Sufficient has been said in this Report to make evident the shackles of traditional railway rating systems, philosophies of volume of traffics, attitudes to costing and so on which date back to the last century. These have bound the Railways the more tightly because of their equally traditional personnel recruitment and seniority based promotion policies. These have effectively insulated the Railways from the impacts that could have resulted from, for example, deliberate policies of horizontal recruiting, including those from the disciplines of economics and financial management.

14.33 A major deficiency has been that there has been no overall financial management concept. So, for example, mesmerised by the volume of traffic theory, there was no cause for wondering whether traffic actively sought might conceivably be gained at a nett financial loss, and might, if gained, call for capital expenditures on extra tracks, facilities and rolling stock which

would compound the loss. Although there was the belief that traffic was to be sought if it covered out-of-pocket expenses, those expenses were not known. So, goods have been carried at rates which quick examination would have revealed could not cover anything like out-of-pocket expenses. Concurrently, on the capital funds side, there was no effective development of investment analyses or cost/benefit techniques to aid decision making on the works and equipment programs that should be put to the Government as justifying provision of loan funds. Is it, in these circumstances, to be wondered at that, for example:—

- the amount of loan funds allotted to the Railways has stood at around $15 million per annum for the last 20 years despite the decline in the value of money over the period;
- the freight rate on operator cabins for tractors, earth moving equipment, etc. from Ararat to Melbourne has been 95c, i.e. 0·7c per mile against the road freight charge of $10;
- $4·75 million has been spent in duplicating the line between Newport and Geelong, yet no significant improvement in the Melbourne–Geelong service will be possible until the bottleneck between South Kensington and Footscray is removed by quadruplication;
- the rate for a parcel of 1 lb. weight from anywhere to anywhere in Victoria was until recently 15c (it is now 25c) despite that its transport in a not unusual situation involves at least thirteen different actions and recordings on the part of railway employees, not counting the subsequent accounting and auditing processes at Headquarters;
- the newest self-propelled rail car costing $250,000 was assigned to the Ararat–Portland run, when already the previous rail motor was operating at a loss and when there was no expectation that there would be that increase in patronage that would pay for the actual running costs of the rail car?

14.34 The Railways badly need an infusion of new blood and fresh minds uninhibited by past traditions and habits. At the same time, talented personnel in the Railways' service should be actively sought out and encouraged, e.g. through inter Branch movements and greater opportunities to pursue relevant studies, university and other, that would fit them for advancement. Efficiency should be the dominant feature in promotions. There must be an end to the philosophies that the Railways have an entitlement to transport all the goods they can carry and that the transport user must mould his needs to the Railways pattern, forget any convenience factors and suffer the costs of conforming to that pattern. In place of plaintive reliance on protection which has cost the Railways and the State dearly, the Railways must go out into the market place and win business on their own merits and, at the same time, exhaust every conceivable prospect of improving their efficiency and productivity.

14.35 Financial management is probably the most pressing need. Each year the Railways must make many decisions involving large expenditures on maintenance and improvement of rolling stock, track and so on. Their success as a business enterprise cannot but be directly affected by the soundness of these decisions. Far more attention needs to be given to finding the best way to select and evaluate proposals for capital expenditures. Techniques of investment and cost/benefit analyses must have a powerful place if the Treasury or the Commonwealth is to be persuaded to provide funds to the Railways and if, within the limits of funds that can be made available, the best projects are to be selected for execution. A deal of work on developing these techniques in relation to proposals for crossing loops; alterations to station yards; cranes and other facilities at terminals; signalling; communications; wagons and motive power has already been done by the W.A.G.R.

14.36 Investigation of costs, just begun, must be pressed forward. Without knowledge of costs, the commercial agents seeking traffic are operating in the dark; there can be no understanding of the consequences of rate changes; and there can be no sensible approach to investment decisions.

14.37 The total fare and rating structure, which in part has a historical basis, in part has been determined by government policy, in part rests on what the traffic will bear, and for the rest is influenced by road competition, requires radical revision. Needed is a much more simple and rational goods

classification and rating structure with charges, where appropriate, related to weight or volume and based on proper costing, but not uninfluenced by consideration of what the traffic will bear. Parcel rates, for example, should relate to distance, weight and volume regardless of content and be realistic into the bargain. The appropriateness of the present taper related to mileage and unrelated to the costs of particular branch lines calls for review. Rates that reflected such costs could well temper ephemeral enthusiasms for retaining heavily losing branch lines.

14.38 A new rating structure will aid the process of determining the long term rational division of traffic between rail and road. There will remain scope for rates to meet road competition but not to the point where the carriage by rail would be unprofitable.

14.39 There is surely scope for greater utilisation of rolling stock. There must be a continuing process of verification of performance. There must be an intelligence unit to study going road charges.

14.40 This Board would not suggest that none of these things has had no attention: but that they have not had enough requires no argument. One reason is that the Railways currently lack sufficient personnel with the necessary expertise.

Restructuring the Railways System

14.41 Without a radical restructuring of the present Railways system there is no hope that the Railways can make their proper contribution to the total land transport task: their deficits will grow and the funds required for the satisfaction of many of the community's social aspirations will be so much the less.

14.42 In short, Victorians have a choice. Do they wish to have more schools and hospitals and social benefits than would otherwise be the case and a better railway system serving the needs of the great majority? Or do they wish to perpetuate the present utterly outmoded and oversize system, throwing progressively greater financial burdens on the State, correspondingly reducing the funds available for alternative objects and leading inevitably to a faster run down of the present system and ultimately a more radical revision of the present structure.

14.43 Too great a price can be placed on the emotional attachment so many continue to have for the Railways. Not even the passage of the steam locomotive has dimmed this, even if the ordered and steady growl of the diesel offers less excitement and romance than the smoke belching, steam emitting, iron horse of other days.

14.44 In more practical terms, the community is paying too great a price for the continued operation of many non paying lines; continued all the year around operation of many lines that are really needed only for seasonal traffic; continued operation of many passenger services provided by rattling ancient rail motors and journeys in even more ancient non airconditioned wooden passenger cars, retained principally for use on Easter Thursdays; continued operation of goods rolling stock that long since should have found their way into iron and steel furnaces; and continued operation of stations to serve a passenger once in a blue moon or a negligible quantity of freight.

14.45 There has been a double standard where the Railways were concerned. If it were now proposed to build lines where some exist, the proposal would be laughed to scorn. But, on past experience, to propose to close that same line that already exists is to excite great resentment and opposition, at least initially. The double standard has taken another form. Nobody challenges the concept that the other great public utilities, like gas and electricity, should pay their way, or make provision for capital expansion nor their decisions to eliminate plants that have served their purpose. The Lurgi plant in the Latrobe Valley is a good example. Yet, with the Railways, the habit has been to expect provision of transport services at less than cost and to be willing, without counting the cost, to put up with the run down and inadequate services that are the inevitable consequence of the Railways maintaining their present system and having insufficient funds.

Proposals Related to the Railways

14.46 Repeatedly in the course of this Inquiry, it was pressed upon this Board that services should be withdrawn and lines and stations closed—by representatives of the communities they serve (parliamentarians and men from local government and development bodies) and by many others as well. This is surely an indication of a wideranging awareness that such action is essential if the railway services whose continued existence is justifiable are to be improved and if the State's finances are not to be impoverished by mounting Railway deficits.

14.47 Of course, withdrawal of services and closing of lines and stations will disadvantage some. But count the disadvantages: they are few. In the country, few live within walking distance of many stations: they already use their cars to get to the station: were it closed they would merely have to drive somewhat further. Where stations serve hamlets, buses would replace the trains and they could hardly provide a worse service. For the long distance traveller the only inconvenience would be to transfer from train to bus at some intermediate point. On the goods side, save for the rare parcel that can be carried by hand from the station to home or a nearby shop or store, the only difference would be that the vehicle used for fetching or carrying the goods from or to the present station would have to travel further.

14.48 Where lines are proposed for closure, it is likely that they will be carrying few passengers and small quantities of goods for which rail charges are competitive with or lower than road. Closure and transfer of this traffic to road could result in some increase in cost to some individuals. But even this would not necessarily follow, as the arrangements made in relation to the old Heathcote line have demonstrated. Experience too has pointed to apprehensions lest loss of the rail service would remove a restraint on the charges levied by the road operators. These apprehensions have engendered strong interest in the continued existence of a railway line, often by those who had no intention of using it. There has been sufficient experience of means of taking protective action against this contingency. Experience indicates that public reaction to closure of non paying lines, usually intense immediately prior to closure, almost invariably dies out soon afterwards.

14.49 Now, to propose withdrawal of services or closing lines or stations is not novel, let alone radical. For years now, lines have been closed by Government decision. For years the Commissioners have been closing stations, removing stock yards, confining goods traffic to some stations to wagon loads and so on. Now to be faced is the need to accelerate decisions and actions of these sorts and to pursue them with determination.

14.50 A prerequisite must, however, be proper consideration of the interests of the people who will be affected by the proposed action, starting from the clear understanding that economic considerations will not be the sole determining factor but that where, despite the economic advantages of withdrawing services or facilities, it is decided to retain them, the Railways will be recouped the costs of their retention.

14.51 To start with, as this Board envisages affairs for the future, it must be the responsibility of the Railways Administration to propose to their Minister withdrawal of services or closing lines or stations and to specify the resultant savings. Since the process will take time, the first proposals to be put forward should be those leading to the greatest overall savings. In the case of the least important stations, the Minister may decide to endorse the Railways proposals without more. Otherwise the Minister should remit the proposal to an Investigating Authority which, after considering all necessary data (including the financial savings resulting from the action proposed), and consulting all proper local interests on the spot, would make its recommendations. These would include, where the proposed action was endorsed, the savings the Authority believed would result and, where appropriate, whether the organising of alternative services was called for. Ministerial acceptance of these would be the authority for the Railways Administration to act but, where provision of alternative services was recommended, not before these had been arranged by the T.R.B. Ministerial rejection would carry an obligation by the Government to pay to the Railways the amount of the savings determined by the Authority. The studies already initiated by this Board have developed a methodology for determining financial savings. This, as earlier explained, has scope for refinement, especially as regards secondary financial savings: it should be for the Treasury, in conjunction with the Railways, to put an official imprimatur on an acceptable methodology for use in the circumstances indicated.

Proposals Related to the Railways

14.52 As to the Investigating Authority, it is this Board's view that the Authority should be a sole person detached from and independent of the Ministry of Transport and its associated bodies—the Railways and the T.R.B. A single individual will have greater mobility to move into local communities and to discharge his role with maximum informality. He will combine the functions of weighing all relevant considerations and often of assuaging apprehensions. This is no task for the Director of Transport who should never be placed in the position where he is not only chief adviser to the Minister but protagonist for his own conclusions. Nor is it one for the T.R.B. which, under this Board's proposals, will be seen more in the role of attending to the problems of the road transport industry. But no body would be better fitted than the T.R.B. to organise alternative services where rail services were withdrawn.

Regional Freight Centres

14.53 This Board was much impressed with the proposals put to it that a series of " Regional Freight Centres " should be established at key points, mostly major towns, on the Railways system. They were the concomitant of proposals that stations serving small centres and sidings should be eliminated, that road transport could comfortably handle the traffic the Railways dealt with at those stations, that at the key points effective freight handling facilities should be established, and that the outcome would be a much better transport service for the community at large and a reduction in Railway losses.

14.54 There were suggestions that the key centres could be as much as 50 miles apart, with necessary exceptions. This strikes this Board as carrying a meritorious proposal somewhat to extreme. In this connection, it is to be noted that urban centres in Victoria outside the Melbourne Metropolitan area with a population in excess of 1,000 at the 1966 Census number 108 of which 96 are served by the Railways.

14.55 As matters stand, the facilities and arrangements for handling goods at many stations leaves much to be desired. This is markedly true of the largest cities of Ballarat, Bendigo and Geelong. Stations, sheds and yards were designed to cope with far less traffic and when goods were manhandled by a labor force that was plentiful and cheap. Dead end sidings are common and cranes are so sited that wagons have to be moved along, one by one, until a rake hits the fixed buffers whereupon the rake has to be pulled out before the process can start again.

14.56 It is sufficiently clear from what is said elsewhere in this Report that, in purely economic terms, there is abundant support for the concepts of concentrating capital expenditure on the development of adequate and thoroughly efficient Regional Freight Centres and of eliminating stations serving small communities. That does not mean that no services should be provided to other stations not selected to be Regional Freight Centres.

14.57 The idea of Railways Regional Freight Centres is not new. To succeed, the Centre idea would call for some capital expenditure on new sheds and equipment and more efficient track layouts, but some at least of this might be avoided by the development of freight forwarding agency arrangements. It would, in the Board's view, greatly facilitate the Regional Freight Centre concept if the Railways were to extend to traffic to such centres and others, the freight forwarding arrangements they have encouraged or been party to in relation to intersystem goods traffic.

14.58 Arrangements of this character have been developed to a high degree by the New Zealand Government Railways over recent years. Not merely have they set out to eliminate unprofitable routes and branch lines, they have fostered private forwarding agents, thus unburdening themselves of the heavy manpower costs at terminals and in overall administration, particularly on the accounts side ; obtaining better utilisation of wagons ; reducing their own investment in wagons and in terminal facilities ; and contributing to the provision by forwarders of a marketing service which the Railways had never managed to provide successfully.

14.59 Closer to home, in the intrastate field, the West Australian Government Railways have encouraged the freight forwarding agent with good results to all concerned, including the Railways system. They note, in addition to

the points made above, savings in handling costs and documentation, reductions in depot working, reduction of claims because carriage is at owners' risk and that the scheme meets, at attractive rates, customers requirements for a rail/road door to door service. Two companies are known to have been associated with the W.A.G.R. in this since the early 1960s. Over 30 country stations are now served by these freight forwarding arrangements which handled last year some 40,000 tons of goods. The further extension of these arrangements is now in planning.

14.60 Similar benefits have come to our own Railway system as regards inter-system traffic. The growth of containerisation has contributed. The customer here, as in New Zealand, has benefited through the competition between freight forwarders ; through the organisation of goods movement and his dealings in respect of payments of accounts and claims being in the hands of one person, the freight forwarder ; and so on.

14.61 Much as one would think it advantageous for the Railways to be able to quote through road/rail/road rates (and they have done this on occasions where the business has been big), to undertake this on a general scale introduces many problems of organising carriers, avoiding discrimination among local carriers—which in country towns can raise difficulties— and of accountancy. All in all, this is one more reason why the Railways should be actively encouraging the freight forwarding agent to develop the intrastate traffic potential for this type of arrangement.

Common Carrier Responsibilities

14.62 The Commissioners placed much emphasis on the disabilities attaching to their responsibilities as common carriers. Others before this Inquiry endorsed the view that the Railways should be relieved of this responsibility.

14.63 The Commissioners complained that they had to accept many small items when they knew that the costs of handling and of paperwork often exceeded the revenue received. They instanced galvanised iron water tanks as earning little revenue " because of their light weight " but occupying a complete wagon: if sent on a small branch line with only a weekly service, the wagon could be lost to other traffic for up to a fortnight. There could be a small consignment of green hides needing isolation from other traffic and requiring a whole wagon to be set aside to earn a few dollars revenue. Interstate overnight road parcels operators used the Railways to carry parcels, at the end of the line haul, to a country or suburban station yet, said the Commissioners, they could not refuse to take such parcels or apply a discriminatory charge. Another disadvantage advanced was that the Commissioners were obliged to publish their tariff rates which enabled " competitors to know exactly what they need to quote to undercut us ".

14.64 This Board found the Railways attitude to its common carrier responsibility rather quaint and puzzling : it is clearly another of the many carryovers from last century which so bedevils Railways thinking. The responsibility does not mean that the Railways have to carry goods where, when and at a cost dictated by the consignor. The responsibility has not precluded the Railways from closing lines and stations, reducing the frequency of service and so on. The low freight rate for water tanks is a product of other days when the role of the Railways was vastly different. The interstate parcels carrier, like so many other large consignors of parcels, clearly has played the Railways for suckers because the Railways parcels rate is so low—and, to boot, often unprofitable to the Railways.

14.65 Curiously the Railways have not approached this problem from the premise that it would be no breach of the common carrier responsibility to require of any consignor a charge that would recoup the Railways at least for all proper costs associated with handling the consignment. Such a charge could not but be a reasonable charge for the purposes of the common carrier liability.

Proposals Related to the Railways

14.66 The first consequence would be that the Railways would cease being passively responsible for a loss situation. The second would be that, if traffic went to the roads, the Railways would be no worse off financially : indeed they would be better off. But, of course, a prerequisite would be that the Railways ascertained what their costs were so that they could determine the appropriate charge.

14.67 Given acceptance of this type of approach, the common carrier responsibility would not appear to have the onerous quality presently attributed to it by the Railways and those others who urged that the Railways should be relieved of the responsibility.

14.68 It does not occur to this Board that the obligation to publish a Rate Book is, of itself, to the Railways detriment. The public are surely entitled to know the basic charges of a public instrumentality. In any case, in appropriate cases, the Railways would doubtless resort to their right to negotiate special rates.

Marketing

14.69 Like any other organisation producing goods or services, the Railways have a marketing problem. They have a Commercial Division and Commercial Agents in Melbourne and at key points around the system. The practice is to appoint Agents from within the Railways Service after calling applications. There is a period of six months' training by members of the Division's staff, at the conclusion of which those trainees who have shown themselves adept are appointed as Agents. Some use is made of Salesmanship courses of the Australian Institute of Management.

14.70 From this Board's observations in the course of its Inquiry, the marketing side of the Railways organisation needs much gingering up. Some good work is being done, e.g. the Railways have built specialised wagons and equipment to meet particular needs ; they have developed, in co-operation with their customers, means of facilitating shipments ; they have quoted through rates and organised through rail/road movements in the cases of large consignments. But the scope for aggressive marketing is immense. As matters stand, it could not be said that there is universal recognition within the Railways service that they are operating in a highly competitive field and that business has to be sought by hard driving, dynamic sales techniques. Instead of the customer being always right and the Railways seeing it as their responsibility to tailor their services to his needs, too often this Board formed the impression that it was the Railways attitude that, if something went amiss, it was the customer's fault ; that things would not have gone amiss if only the customer had adjusted his transport needs to the Railways routine, or the customer had provided better packing; and that the customer was being unreasonable in asking that a movement should be accomplished within the time he specified. Partly this is a carryover from the Railways' monopoly days when there was no need to go after traffic and which lingers on particularly where the Railways enjoy protection under the regulatory arrangements and which encourages an assumption that people should use the Railways just as Treasury should be expected to foot any deficit. Partly is it an attitude not uncommon among governmental agencies. Partly these elements may well be compounded by the lack of any worthwhile infusion of experienced marketing and sales oriented personnel from outside the Railways service.

14.71 Now it is not this Board's view that all the faults lie with the Railways. It appeared that, in some cases, consignors went out of their way to make things difficult as part of a campaign to justify the use of road transport. Nonetheless, the job for the Railways is positively to find the transport solutions to the infinite variety of needs of individual consignors and consignees. They cannot expect the customer willy nilly to adjust his production, distribution or marketing practices to conform to the Railways' long established habits: nor that distribution and marketing techniques should remain static, for changes in these areas have the quality and significance of technological developments in others. So the Railways must adjust and respond to the customer, or not expect to hold his business. The case of the Tarax bottles that had an airing before this Board, merely illustrates all this. That company elected to use a bottle that met its requirements, but it travelled badly by rail compared with the bottles of competitors. To change the bottles would cost the company some millions of dollars.

14.72 In a nutshell, radical changes on the marketing side are needed. The Railways future depends much on this happening. This Board noted with satisfaction the Commissioners' advice that the whole of their marketing and sales organisation was being reviewed with the aid of outside Consultants.

14.73 This Board would add but one comment. The marketing people must be associated with the Traffic Branch and it, in turn, with that part of the Finance element concerned with costs. Gathering traffic that does not pay its way must be eschewed like the devil!

Personnel Problems.

14.74 Restructuring the Railways means a smaller system. It must proceed on a broad front having its impact no less on the administrative staff than elsewhere. There will be personnel problems but they should be manageable, the more so for two main reasons. First, the restructuring process will take time and second, with the enormous staff turnover the Railways suffer, wastage through resignations and retirements should avoid difficult redundancy problems. In 1969–70 there was a total personnel reduction of 666 to 26,297 at 30th June, 1970. That was the consequence of 7,080 separations and 6,414 engagements. Closure of lines and stations would have minimal effects in country towns and hamlets: few men would be involved in any one place. And not to be discounted is the possibility that, in their stead, may come some associated with road transport.

14.75 That the Railways are a mainstay of employment in the larger centres is not to be gainsaid. These centres will not be affected by station closures. At the same time, the employment opportunities provided by the road transport industry are very considerable. The workshops at Ballarat and Bendigo call for a word. Those at Ballarat employ nearly 600 men and at Bendigo just over 600. Mr. Brown of the A.R.U. acknowledged that, as a contribution to decentralisation policy, work should, if needs be, be diverted from Newport to Ballarat and Bendigo. One result of adoption of this Board's recommendations would be a decline in the volume of the costly rolling stock repair work now undertaken. However, such is the need for modern goods rolling stock that, given a proper output at costs comparable with outside industry, there should be plenty of work for the country workshops.

Proposals About Particular Lines

14.76 This Board cannot say that it was impressed by the arguments advanced in support of the upgrading of the Hamilton–Horsham line or the construction of the Litchfield–Minyip link. It heard nothing which would lead it to feel that the Railways cannot adequately handle the existing traffic without upgrading or building these lines. There are many projects whose claims for funds rank far ahead of these lines. The case for the standardisation of the Mangalore–Tocumwal line would seem to call for continuing review, particularly if coarse grain production develops in the Riverina as the optimists predict and if there were a change in the present inter-system rating practices.

Inter-system Rating Practices

14.77 The inter-system rating practice differs in its application to passenger fares and to goods rates, and the rules as to the latter are not uniform.

14.78 Passenger fares from Melbourne, in the case of the line to Sydney, are the same as to Sydney, to all stations beyond the point north on the line where the aggregate of the New South Wales and Victorian systems' local fares equals the intercapital arbitrary fare. The actual point at which this occurs varies with the class and type of ticket and is likely to change whenever either local or arbitrary fares are varied.

14.79 The rule is different with goods rates. Under the Railways of Australia freight tariff, with certain exceptions referred to below, uniform classifications apply, and a common schedule of rates is used for the total distance travelled over each system. The effect of this on traffic carried from Melbourne to points short of Sydney is a logical progression of rates, increasing with mileage, up to the Melbourne–Sydney rate which is not reached until a point within 10 miles of Sydney.

14.80 The main commodities excluded from this method of rating are wagon-loads of grains, fertilizers, ores, coal, fresh fruit and vegetables which are charged at each system's classification and the sum of each system's rates for the distances hauled.

14.81 These applications of railway inter-system rating have received some attention at other hands. That they lead to distortion of rational traffic flows from and to the Riverina needs no discussion. Clearly, through inter-system mileage rating applied to the commodities just mentioned would benefit considerably the Victorian Railways: what the nett cost to the N.S.W.G.R. would be is unknown.

14.82 This matter of the impact of present inter-system rating practices on traffic flows and of the likely bearing a change to through mileage rates would have on such flows and on the finances of Railway systems appears one for the attention of the Bureau of Transport Economics. It would doubtless be concerned to examine the changes (if any) that had occurred in traffic patterns as a consequence of the opening of the Standard Gauge line. Maybe it would find that the potential economic benefits of standardisation had not been realised.

CHAPTER XV

COMMUNITY AND SOCIAL FACTORS

Community and Social Factors

15.1 Chief among the community or social costs which this Board was asked to weigh because they were inherent in any growth of road transport at the expense of rail were pollution, congestion, accidents, and the extra costs of roads required to carry the traffic and of policing it. These problems were raised in a generalised fashion and were supported by little or no detailed data.

15.2 It is unlikely that any investigator, having weighed all relevant considerations, would seriously consider turning back the clock, in the sense that a decision would deliberately be taken whose effect would be a significant transfer of traffic back to rail. Looking to the future growth of commercial road traffic, there are two aspects: first, normal growth, and second, a special increment of growth, the consequence of adoption of the recommendations in this Report. This increment would not occur suddenly. A decision to retard normal growth would possess a different quality from one not to supplement normal growth: it would have some of the qualities of a decision to return to rail, traffic presently moving by road.

15.3 Now, as has been shown, the annual average rate of growth in the total tonnage carried by road has been of the order of 6 per cent, while that for the commercial goods vehicle population has been just over 2 per cent. However, the number of trucks exceeding 4 tons load capacity registered in Victoria increased by only 382 or 1 per cent during 1969, and during 1970 by 344 or a little under 1 per cent. There is no reason for thinking that this trend would change radically, given no alteration in the present regulatory arrangements or in the climate of economic activity and development. Next to be remembered are that trucks and buses constitute but 8 per cent of the total vehicle population and that, if past experience holds, for every new truck and bus there will be more than 20 cars, station wagons, utilities and panel vans and the proportion of larger capacity commercial vehicles will grow.

15.4 What of the additional increment stemming from adoption of this Board's recommendations? They involve three major areas where there would be some switch of traffic from rail to road: first, affecting decentralised industry traffic; second, the extension of road freedom to within a 50-mile radius of Melbourne and Portland and within 25 miles of the Victorian borders; and third, the substitution of commercial vehicles for terminated rail services, passenger and freight. As an informed guess perhaps something like 150,000 tons per annum of approved decentralised industry traffic could swing to road. With rather more confidence, it might be said that the maximum annual tonnage that could swing to road by the extension of road freedom could be of the order of 225,000 tons. Withdrawal of rail services would mean more tonnage by road, but in almost all likely cases this would occur preponderantly on roads well away from the metropolitan area and might well be handled by trucks already operating in the districts.

15.5 To put things in perspective, let it be assumed that adoption of this Board's recommendations were to result in 400,000 tons of rail traffic switching to road. That would add about 1,600 tons per day to the goods now being carried on Victorian roads which is about one third of 1 per cent of the tonnage now carried on our roads. Put another way, it would add an extra one-seventeenth to the normal annual increase in tonnage carried on our roads.

15.6 However, there is no reason for expecting an increase in the commercial vehicle population proportionate to that small addition of about 1,600 tons per day. Offsetting factors are the probability of greater utilisation of existing trucks and the trend to larger capacity vehicles, as an addition to stock and in replacement of existing vehicles. Furthermore, the extra tonnage related to decentralised industries and the 50-mile radius extension may not add appreciably to the commercial vehicle traffic in the Melbourne metropolitan area. The reason is that the tonnage that now leaves or enters Melbourne by rail has to be road transported to or from a railway station or goods yard. To the extent that road took over from rail, there would be

a great deal of direct door to door movements. This should be the rule with much of the traffic deriving from the 50-mile radius extension: doubtless much would be carried by trucks now holding a 25-mile radius licence. The balance of this traffic and some of the decentralised industry traffic could be expected to go to or from road depots in Melbourne instead of rail yards and be handled by trucks now servicing those depots. Overall, there could be a decline in the number of trucks presently engaged in cross city running to or from railway stations or goods yards which could more than offset any extra trucks engaged in direct movements out of or into the metropolitan area after loading or for discharging. In any event, remembering that, according to the Metropolitan Transportation Study, there moves daily by road in the metropolitan area some 275,000 tons, an addition of 1,600 tons would be like the proverbial drop in the bucket.

15.7 It is in this setting that pollution, congestion and the like have to be considered.

Pollution

15.8 Expert advice to this Board was that the diesel engines which frequently power the heavier commercial vehicles contribute less to pollution than do petrol engines. In light of the foregoing, the added pollution deriving from continuation of past trends in the growth of the commercial vehicle population and from adoption of this Report's recommendations must be treated as negligible. What is more, it is in the community's hands to reduce the pollution caused by the present motor vehicle engines, let alone the comparatively small daily addition to their numbers. Action has already been taken with the object of effecting a reduction, as from 1st January next, in the carbon monoxide emissions of motor cars and station wagons.

Congestion

15.9 Estimates are many of the costs of present congestion and of the action, by way of additional road space and other facilities, needed to relieve it. While there is much argument about the proper basis for evaluating the cost of congestion, that congestion is serious no one would dispute. In absolute terms each vehicle added to a given traffic flow reduces the road space available to all users and the total costs of the additional congestion resulting from each extra vehicle are greater than those that fall on the user of the extra vehicle. To the extent that congestion affects commercial vehicles, the cost is carried by the consumer of the transport service. The fact is that the scarcest road space is in the Melbourne metropolitan area where virtually there has never been any regulation of road transport. In any case, save in particular locations and on particular roads and at particular times, the responsibility for such congestion as there is can hardly be laid at the door of the commercial vehicles, though, undeniably, they contribute to it.

15.10 Consideration of what has been written above makes evident that any addition to congestion deriving from the continuation of past trends in the growth of commercial vehicle population and from adoption of the recommendations of this Report must be regarded as negligible. And, again, it is already in the community's hands substantially to alleviate the present congestion: it lies in action directed to the private motor car, to the improvement of the public passenger transport system and to the rationalisation and regulation of hours of loading and delivery of goods.

Accidents

15.11 To assist this Board, the Road Safety and Traffic Authority commissioned Messrs. P. G. Pak Poy & Associates to prepare a Report on Truck and Bus Accidents in Victoria. Because of the paucity of information on such accidents an extensive note of the Report appears in Appendix XXIX. Also placed before this Board were papers entitled:—

- "Road Accidents Involving Articulated Vehicles in Queensland (1965–1967)", by J. I. Tonge of the State Health Laboratory in Brisbane (Issue of 8th May 1971 of the Medical Journal of Australia); and
- "Heavy Vehicle Crash Inquiry: A Survey" by M. Henderson and A. Sims of the Traffic Accident Report Unit of the N.S.W. Department of Motor Transport.

15.12 For the purpose of their Report, Messrs. Pak Poy & Associates made a detailed analysis of 3,192 reported accidents involving trucks of a load capacity exceeding 2 tons and buses in Victoria in 1969. Features revealed included the following:—

- Trucks and buses were involved in 9·5 per cent of the accidents, although they represented only 5·2 per cent of all registered vehicles;
- With account taken of the exposure of vehicles to accident situations, using for this purpose number of vehicle miles travelled, articulated trucks had lower accident rates than rigid trucks and than " all vehicles ", though the rate for articulated vehicles in multi vehicle accidents was higher than the " all vehicle " rate;
- The major difference in the accident experiences for trucks when compared with " all vehicles " concerns rear end collisions, with angle and side swipe collisions, in that order, providing the next biggest differences;
- Less than two thirds of the trucks were covered by comprehensive insurance.

15.13 While some of the data drawn out in the analysis confirmed that trucks involved in some accidents were exceeding legal speed limits, and deductions were permissible that some accidents related to mechanical conditions, the analysis revealed no definitive connection between truck accidents and speed and mechanical conditions. There is clearly a need for far more research about road accidents generally.

15.14 Some interesting points were recorded in the Queensland study:—

- The accident involvement of prime movers owned by individuals or companies having less than 10 prime movers was slightly less than half that of prime movers owned and operated by companies having more than 10 prime movers. A variety of reasons might be assigned to this but no reliable explanation is yet available;
- Mechanical defects were recorded as present in 10 per cent of the articulated vehicles involved in accidents.

15.15 The Queensland study referred to a survey published by the Bureau of Motor Carrier Safety of the U.S. Department of Transportation which reported that, in roadside inspections of 46,731 property-carrying motor vehicles (trucks, highway tractors and semi-trailers), 23·1 per cent were found to be mechanically unsafe and were placed out of service until necessary repairs had been made.

15.16 Yet another analysis in 1969 by the same Bureau of 286 accidents revealed that mechanical defects were considered to contribute to 9 per cent of the accidents and one-third of these defects involved truck brakes and one-third truck tyres. This U.S. experience is the more noteworthy because of the stringent mechanical examinations that are part of U.S. registration requirements.

15.17 All that can be said of the data currently available is that the continuing growth in numbers of articulated vehicles as a percentage of the commercial vehicle population should not, of itself, add to the road accident problem. It appears to this Board that to rest on risks of accidents an argument that nothing should be done which leads to more articulated or heavy vehicles appearing on our roads has the same cogency as an argument that motor cars should be banned because of the road accident toll. It is not the vehicles that are intrinsically unsound, it is how they are driven, operated, and cared for. Not even the Railways with their reserved right of way and all the safety precautions they are famed for are immune from accidents.

15.18 Nonetheless this Board feels that the accident problem requires strengthened provisions for enforcement of legal requirements affecting commercial vehicles, their operation and their use and a new requirement for compulsory vehicle inspection. There is much room also for the proper training of drivers of heavy vehicles, particularly articulated vehicles. Apart from the contribution training might make to the avoidance of accidents, there is a productivity aspect which would appear to commend much greater attention to training by truck owners.

15.19 Material placed before this Board points strongly in the direction of a requirement that commercial vehicles should be required to hold a comprehensive insurance policy as a condition of being granted a licence under the Commercial Goods Vehicles Act.

Extra Road Requirements

15.20 Little need be added to what has already been written. First there is the 1967–68 Road Needs Survey which had as assumptions that neither changes in the kind of vehicles employed nor in the system of regulation would alter traffic growth significantly. (Paragraph 3.84). The following table summarises the needs for Victorian roads on the basis of costs applicable at the time of the survey:—

Area	*Type of Work*	*Total Needs* 1969–79
		$M
Melbourne Metropolitan Planing Area (1,942 sq. miles)	Construction ..	1,081
	Maintenance ..	161
		1,242
Remainder of State ..	Construction ..	545
	Maintenance ..	248
		793
Totals for Victoria ..	Construction ..	1,626
	Maintenance ..	409
		2,035

15.21 Any incremental needs flowing from the adoption of this Board's recommendations would be minor.

15.22 One index of the relative demand for road facilities between classes of vehicles is provided by the unit miles of travel. It has been estimated (Appendix XVI) that, in 1969–70, 64 per cent of unit miles of travel in Victoria were attributable to cars and station wagons with only 22 per cent attributable to trucks over 4 tons carrying capacity. Basically, it is cars and station wagons that are the principal claimants for road space.

15.23 A further nice example of this is its application to the Geelong Road (paragraph 3.83).

Policing of Traffic

15.24 The policing arrangements are referred to in paragraph 17.30 *et seq.* Enough has been said to make obvious that adoption of this Board's recommendations would add merely in minute degree to the total traffic policing requirement.

CHAPTER XVI.

OPERATIONAL QUALIFICATIONS

Vehicle Maintenance and Inspection

Operational Qualifications

16.1 The inadequacy of the present arrangements in relation to the maintenance and inspection of commercial goods vehicles was brought vividly to this Board's attention on a number of occasions. The Board was left in no doubt by individual operators that vehicle maintenance often falls below desirable and necessary standards: where there were, as was often the case, competing claims on an operator's financial resources, maintenance was at worst neglected and at best deferred. Skimped maintenance was a means of undercutting rates. The chances of accidents were increased.

16.2 In the submissions to this Board, the importance of a high standard of maintenance of commercial vehicles was never questioned and there was general support for vehicle inspection arrangements though some diversity of views on what should be done.

16.3 While the condition of passenger vehicles and the facilities possessed, or the arrangements proposed, to maintain his passenger vehicle in roadworthy condition by an applicant for a licence have always been closely supervised by the T.R.B., the same factors have never been a consideration for it as to goods vehicles, except tow trucks.

16.4 Section 23 of the *Transport Regulation Act* makes it a condition of every passenger licence that the vehicle is maintained in a fit and serviceable condition. Under Section 30B, the T.R.B., when satisfied that any licensed vehicle is no longer fit and suitable, may, after giving the owner the opportunity to be heard, cancel the licence. It has power under Section 32 to revoke or suspend a licence if any condition attaching to it has not been complied with. Corresponding provisions in respect of goods vehicles appear in the *Commercial Goods Vehicles Act*. Under Section 16 of the *Transport Regulation Act* officers of, and persons authorised by, the T.R.B. and members of the Police Force may require inspection of vehicles, whether passenger or goods.

16.5 Part IIA of the *Motor Car Act*, dealing with roadworthiness, also applies to such vehicles. In short, this Act:—

- requires inspection whenever a vehicle is disposed of or re-registered;
- authorises any member of the Police Force to prohibit the use of a vehicle until a certificate of roadworthiness has been obtained;
- authorises the Chief Commissioner of Police to licence Vehicle Testers and to appoint members of the Police Force as supervisors of such testers and their establishments;
- sets up a Safety Inspection Advisory Committee for the purposes of the Act consisting of the Chairman of the Road Safety and Traffic Authority, the Chief Commissioner of Police, or his nominee, and nominees of the Victorian Automobile Chamber of Commerce, R.A.C.V., Chamber of Automotive Industries and the Society of Automotive Engineers, Australasia.

16.6 In New South Wales all registered vehicles must be inspected as a prerequisite to registration and annual renewal of registration. Department of Motor Transport inspectors attend to licensed commercial passenger vehicles and licensed testing stations test goods vehicles and cars. In Queensland, the Department of Machinery, Scaffolding and Weights and Measures requires compulsory inspection of commercial passenger and goods vehicles once every six months, except in the case of vehicles operating in isolated areas where the inspection may be annually. Inspections are conducted in Brisbane and in 13 major centres elsewhere.

16.7 This Board understands that New Zealand has had a comprehensive inspection system since the thirties, using departmental and municipal inspection centres for all licensed commercial vehicles. In the United Kingdom, operators have to ensure that at all times their vehicles are in a fit and roadworthy condition and to make satisfactory arrangements for maintenance. The legislation requires regular inspection, and this is related to the type of operation in which the vehicle is used.

Operational Qualifications

16.8 The T.R.B. physically checks buses, taxis and tow trucks on issue or renewal of licences and more frequently, if necessary. It can do no more with its present inspection facilities. However, it has no statutory authority to deal with buses solely engaged in interstate services, even though registered in Victoria, nor with commercial goods vehicles operating under " IS " plates.

16.9 The Police Department, though unable to provide figures of the number of commercial goods vehicles declared unroadworthy, advised that in 1969, 7,132 Notices of Repair were issued, and in 1970, 7,992. The T.R.B. has not cancelled any licence for failure to maintain a vehicle in fit and serviceable condition nor has it kept records of vehicles pushed off the roads because of unroadworthiness.

16.10 It is not to be imagined that the answer to vehicle maintenance lies solely in a requirement of compulsory inspection, whether annually or more frequently. Ideally, one would look for a scheme that educated all vehicle operators to the value of planned preventive maintenance, with compulsory inspection at appropriate intervals as a complementary element. In this practical world, that would be braying for the moon ! It is perfectly true that roadworthiness and safety are matters which continue from day to day and require a proper attitude to maintenance by the vehicle owner, but the only guarantee the community will have that attention is focussed on maintenace is a requirement that the owner submits his vehicle to inspection.

16.11 It is this Board's view that there should be a requirement that all commercial goods vehicles with a load capacity in excess of six tons, i.e. vehicles of 10 tons gross weight which number 32,000 should produce a roadworthiness certificate as a condition of registration or renewal of registration each year. The six-ton figure is suggested merely as a commencing point: those of less capacity could be embraced if the Government were to decide that all motor vehicles should be subject to annual inspection. There is no reason why testing should not generally be left to licensed testers and the Licensing Authority should be prepared to licence those operators who satisfied it that they had the facilities for testing. Spot checks by inspectors of these facilities and of the quality of testing would ensure maintenance of standards.

16.12 As this Board sees it, there is much to be said for making the T.R.B. responsible for the inspection of all vehicles with a carrying capacity in excess of 12 tons, i.e. vehicles of 18 tons and more gross weight. Currently the T.R.B. has inspection facilities at Port Melbourne and limited facilities at Geelong. It plans to have four other testing centres in the metropolitan area: the lands required have been purchased. The existing facilities are used for the inspection of buses, taxis and tow trucks, but most buses are inspected at operators' depots and sometimes, in the country, facilities are hired or borrowed to enable a run of inspections to be made. All told, the T.R.B. currently examines between 7,000 and 8,000 vehicles annually. Extension of the T.R.B.'s responsibility to examine trucks of over 12 tons carrying capacity would add roughly 75 per cent to the T.R.B.'s present task.

16.13 In any case, this Board would count it important that statutory authority should be conferred on the T.R.B. to inspect buses engaged on interstate services on the same basis as it inspects buses engaged in intrastate services. Desirably the authority should extend to vehicles operating under " IS " plates.

Dimensions and Weights

16.14 Many submissions favoured increases in permissible axle weight limits and vehicle and load dimensions and weights. Much play was made of the differing prescriptions from State to State. One particular plea was that, to facilitate traffic on the Sturt Highway between Mildura and the South Australian border, the permitted dimensions and weights should be uniform among New South Wales, Victoria and South Australia, meaning, of course, that the Victorian limits should be increased.

16.15 As appears in paragraphs 3.57–3.59, dimensions and weights have not remained static over the years. Length of vehicles is currently under review. The height limit in Victoria of 13 ft. is governed by the large number of

rail-over-road bridges. The C.R.B. advised that the weight regulations in Victoria are specifically those recommended by the A.M.V.S.C. and adopted by the A.T.A.C.

16.16 The C.R.B. brought to attention the relationship of various submissions made to the structure and design loadings of many bridges on our roads, to the construction and maintenance of roads, to road width, to swept path problems, and so on. While an increase in axle loads might well reduce the operational costs per ton of road transport, the costs of construction and maintenance of roads and bridges would be increased. The C.R.B. expressed the firm opinion that the eight ton axle limit for four or more tyres was " essential for the reasonable preservation of the State's road assets ". Our roads are basically designed to cope with such an axle load. The C.R.B. said that if this load were " increased by 10 per cent the destructive effect on pavements would increase by about 40 per cent to 50 per cent."

16.17 On the variations in prescriptions between the States, the C.R.B. observed that differences in terrain, climate and road conditions inevitably influence the conclusions reached by the respective State Authorities.

16.18 On the subject of possible differential arrangements applicable to different roads, the C.R.B. satisfied this Board that more problems would be created by attempting this than would be solved. In fact, for the section of the Sturt Highway referred to, the C.R.B. does issue permits for vehicles to a height of 14 ft. and even turns a blind eye on vehicles whose height does not exceed 14 ft. where a permit has not been issued.

16.19 That the present prescriptions are not being observed is to be seen in the many prosecutions for over-width, over-height, over-length and over-weight goods vehicles. Prosecutions launched by the T.R.B. numbered between 65 and 344 in the four years 1965–69, with 287 in 1969–70. Prosecutions by the C.R.B. numbered 6,536 in 1969–70.

16.20 So far as this Board is concerned, it is content to rely on the C.R.B., working in conjunction with the other Road Authorities and the Australian Transport Advisory Council, to adjust and relax dimension and weight limitations as circumstances permit.

Speeds

16.21 The current provisions regarding speed limits for commercial vehicles are set out in paragraph 3.61. Shortly, outside restricted zones, for passenger vehicles the limit is 50 m.p.h.; and for goods vehicles of a gross weight over 3 tons, 40 m.p.h. and under 3 tons with a trailer under one ton, 45 m.p.h. On their face, there are inconsistencies in these limits. Presumably braking ability and other characteristics of buses are not so different from those of trucks of comparable size that a higher limit should be set for vehicles carrying passengers. Maybe the authorities considered that buses were subject to a greater degree of inspection of their roadworthiness. And the speed limit for taxis is lower than that applicable to private cars, yet taxis may, as a rule, be better maintained.

16.22 A number appearing before this Board urged that speed limits for goods vehicles should be increased. They argued that the traffic flow on roads was impeded by the restrictions applying to goods vehicles, that traffic flowed best if all vehicles move uniformly and that the larger and most modern trucks could not achieve top gear at the present limit of 40 m.p.h. But it was not, by any means, a unanimous view that speed limits should be raised.

Operational Qualifications

16.23 There is no commonality of provisions about speed around Australia as the following table shows:—

	Built-up area m.p.h.	*Elsewhere* m.p.h.
A.C.T.		
Load 3–7 tons	30	40
7–13 tons	25	35
13+ tons	20	30
N.S.W.		
Load 6+ tons	30	
All others	35	
Load 3+ tons		40
Buses		50
QLD.		
All vehicles	35	60
S.A.		
Gross weight 3–7 tons.. ..	30	40
7–13 tons ..	25	35
13+ tons ..	20	30
Buses	35	50
W.A.		
Load –3 tons	35	60
3–7 tons	35	50
7+ tons	35	40
Buses	35	50

Tasmania has complicated provisions related to various tare weights and whether the vehicle is laden or not and in the former case whether the road is sealed or unsealed.

16.24 Some appearing before this Board argued that the penalties in respect of drivers of commercial vehicles were more severe than those in respect of drivers of private motor cars. One assertion was that there was automatic cancellation of a commercial driver's licence after a second speeding offence which did not apply to the normal driver.

16.25 The Road Traffic Regulations (Reg. 1001) govern the speed of private cars. They also fix a limit of 30 m.p.h. in a 35 m.p.h. zone for vehicles with a gross weight of 3 tons or more. Breach carries a maximum penalty of $50 for any offence. Section 33 of the *Motor Car Act* contains the speed limits applicable to commercial vehicles. Breach carries a maximum penalty of $40 for a first offence, and for a second and subsequent offence a penalty of from $40 to $100 or imprisonment for not more than one month. But on a second or subsequent offence it is mandatory on the Court to cancel or suspend the licence to drive. Under Section 26 a Magistrate may suspend or cancel a licence to drive and this could happen on a first conviction if the offence were considered sufficiently serious. Then there is Section 80A of the *Motor Car Act* dealing with reckless or dangerous driving which is applicable to all drivers and which carries a penalty, for a first offence, of a maximum fine of $200 or term of imprisonment not exceeding six months, and for a subsequent offence a term of imprisonment not exceeding 12 months. Upon any conviction, it is mandatory on the Court to cancel the driver's licence and disqualify from obtaining a licence for not less than six months.

16.26 This Board was informed that it was the T.R.B. practice to prosecute under Regulation 1001 in respect of breaches by commercial vehicles in built-up areas. Enquiries of the T.R.B. and the Police do not support the assertion that the Courts adopt a more severe attitude to the commercial driver, but, because of the different scales of penalties described, the incidence of fines and licence cancellation and suspension is greater.

16.27 There is no shadow of doubt that the present speed limits are frequently breached. Any user of Victorian roads knows this for a fact. Many trucks from Mildura cannot but exceed the prescribed limits to make Melbourne markets by the right time.

16.28 Consideration of speeds cannot be disassociated from other factors: to many private drivers, the horrendous dimensions of the bigger of the juggernauts; the road space they occupy; the air displacement pressures and vacuum effect created as they pass, which can have startling consequences for inexperienced drivers of smaller cars; the effects on bridges; the problems of braking in emergencies and of load shifts in those cases, which are the more alarming in light of statements made to this Board about maintenance deficiencies; the effect of centrifugal force whilst rounding curves; the effect of wind resistance at high speeds on vehicles with loads of extreme dimensions and extensive side faces; the damage to roads and so on. At the same time the Board does not overlook the considerable technical improvement in braking systems on the most modern trucks, given that they are properly maintained.

16.29 Prosecutions for speeding as a result of T.R.B. action numbered between 248 and 499 in the four years 1965–69 with 345 in 1969–70. In the same year, C.R.B. action led to 976 prosecutions for speeding. The Police Department has figures for convictions for 1970 related to drivers of commercial passenger and goods vehicles prosecuted under Regulation 1001: they numbered 320. No figures are available of cancellation of licences of drivers of commercial vehicles for speeding. The T.R.B. says that much excessive speeding occurs at night when policing is " thin " and that, when patrols are mounted at night, route deviation occurs. It sees the problem as requiring more enforcement officers.

16.30 As this Board views it, a law so frequently and brazenly defied as the speed limits for goods vehicles normally calls for close attention, either for variation to make it more publicly acceptable, or for closer enforcement if it is to stand unchanged. It seems that very little research has been conducted in Australia on the accident involvement of trucks correlated with speed. Considering braking ability only, the speed limit for heavier vehicles should be somewhat lower than for lighter vehicles. There is no certainty that, if the speed limit were increased, the actual speeds would not exceed the new limits, though perhaps not in the same ratio as presently applies.

16.31 On the best consideration this Board has been able to give to this matter, it stands unconvinced of the desirability of increasing the present speed limits for commercial vehicles. It has been much influenced by doubts about present standards of vehicle maintenance. At the same time, it notes that, as dual highways with wider lanes increase in length, clearer justification could emerge for relaxing the limits on such highways. But, in any case, greater efforts should be concentrated on enforcement of speed limits.

16.32 The Board has not overlooked that a Committee of the Victorian Parliament is concerning itself with Road Safety. Perhaps it will form some views relevant to the matter of speed limits for commercial vehicles.

Driving Hours

16.33 A number of submissions argued that the present prescriptions were unnecessarily inflexible and that the requirements about the keeping of log books were unduly onerous. It could not be denied that individual cases do occur where compliance with the prescriptions causes some irritation. That inevitably occurs with many prescriptions which cannot provide for every conceivable situation but have to provide, in the most sensible way, for the vast majority of situations. In this particular case, greater flexibility would mean, in effect, giving to the driver or the owner of the vehicle a discretion to depart from the norm. The legislator could not but be more than cautious in pondering this: give an inch, and a mile would be taken ! There is, of course, plenty of room for thinking that some stretching already

occurs and, to the extent that it is minimal, no harm may be done. The supreme consideration is not merely the health and avoidance of fatigue of the driver: it is the protection of the other users of the road who could be the victims of the driver's fatigue. Not to be overlooked is the protection of those others who have an interest in the vehicle, its passengers and the goods it carries.

16.34 As matters stand, there are many prosecutions associated with breaches of hours of driving and with log books. Prosecutions by the T.R.B. under these two heads over the years 1965–69 numbered 1,950 and 3,665 with 763 and 1,445 respectively in 1969–70. This does not suggest that there is scope for relaxing the present provisions.

CHAPTER XVII

TRANSPORT POLICY AND ADMINISTRATION

Transport Policy and Administration

17.1 Under the general umbrella of transport policy and administration, submissions to this Board were that there were too many administering agencies; there was need for rationalising the administration of transport matters; there should be a supremo type authority with jurisdiction over all agencies in the transport field; the activities of the C.R.B. should be brought into the fold of transport administration; there should be one Authority to exercise all road transport control, it should embrace one common inspectorate and permit issuing body and the road transport industry should be represented on the Authority which should be empowered to establish rates should there be a proven public need to do so; the Ministry of Transport should be responsible for all matters pertaining to the use of roads, the C.R.B., the use of commercial vehicles and allied equipment and the movement of freight; and the Minister for Local Government should have responsibility for all transport matters and his portfolio be the Ministry of Local Government and Transport.

17.2 A commencing point is to consider the various departments and agencies in the transport sphere and their functions.

Present Administrative Arrangements.

17.3 *The Ministry of Transport:* The functions of this Ministry are set out in paragraph 3.36. The Minister of Transport is also the Ministerial head of the Railways and of the T.R.B. All decisions of the T.R.B. about discretionary commercial goods vehicle licences and all passenger vehicle licences are subject to review via the Minister by the Governor-in-Council. The review may take the form of approving or disapproving a decision or making any determination in the manner which the Board might have made. The relevant provisions are found in the *Transport Regulation Act* 1958 and the *Commercial Goods Vehicles Act* 1958.

17.4 *Transport Regulation Board:* The T.R.B.'s functions in relation to commercial vehicles concern their licensing and the issue of permits entitling temporary operations outside licence conditions. Its inspectors have enforcement functions under:—

- the Transport Regulation Act and the Commercial Goods Vehicles Act—vehicles operating outside the conditions of their licences or permits;
- the Motor Car Act—speeding, hours of driving, safety, overloading, overheight, overwidth, and overlength;
- the Road Traffic Act—illegal parking, speeding in built-up areas.

17.5 *The Country Roads Board:* The C.R.B. is responsible to the Minister for Local Government for carrying out work (construction, reconstruction and maintenance) on State highways, freeways (or by-pass roads), tourists' roads and forest roads, declared or proclaimed under the Country Roads Act. Some C.R.B. declared main roads (see Local Authorities), State highways and freeways extend into and through the Melbourne metropolitan area and provincial cities.

17.6 The C.R.B. issues permits for overdimensional loads—overheight, overwidth, overlength, overweight. The conditions of the operation, mainly in the interests of safety and the protection of the roads, are defined in the permits. They may require provision of a pilot car or police escort. The C.R.B. has a policing staff whose duties include policing of these permits.

17.7 *The Police Department:* The Police Force, which is responsible to the Chief Secretary, can take action for breaches of the Transport Regulation Act, the Commercial Goods Vehicles Act, the Motor Car Act, and the Road Traffic Act. The Police Force also tests vehicle drivers and provides escort services for overdimensional loads for which the necessary permits have been issued by the C.R.B.

17.8 *The Motor Registration Branch (M.R.B.) of the Police Department:* The M.R.B., which is responsible to the Chief Secretary via the Police Department, is the Central authority for the registration of all vehicles and the licensing of all drivers. The registration fee is determined after inspection of the vehicles.

17.9 *The Road Safety and Traffic Authority:* The functions of the Authority, which is responsible to the Chief Secretary, are set out in paragraph 3.37.

17.10 *The Department of Labour and Industry:* This Department, under the Lifts and Cranes Act, issues clearance certificates approving the lifting equipment of mobile cranes with lifting capacity 5 tons and over and tow-trucks.

17.11 *The Department of Mines:* Under the *Inflammable Liquids Act* 1966 and Regulations, the Department of Mines issues permits for the road transport of inflammable liquids transported in drums, portable tanks and tankers. The issue of permits is dependent on specified standards being satisfied and maintained. Inflammable liquids are liquids with a flash point of less than 150°F. This excludes liquefied gases. However, legislation is on the stocks to provide for the issue of permits for the road transport of liquefied gases.

17.12 *The Forests Commission:* The Commission, which is responsible to the Minister of Forests, issues licences to permit sawmillers to take logs from State forests.

17.13 *The Melbourne and Metropolitan Board of Works:* The M.M.B.W., which is responsible to the Minister for Local Government, is responsible for the planning, construction, reconstruction and maintenance of metropolitan main roads and freeways within the Melbourne Metropolitan Planning area with the exception of those which have been declared by the Country Roads Board.

17.14 *Local Authorities:* Local Authorities are responsible for carrying out works (construction, reconstruction, and maintenance) on declared main roads to the satisfaction of the C.R.B.; around 90 per cent of the funds come from the C.R.B. The Authorities are also responsible for carrying out work on unclassified roads with some of the funds coming from the C.R.B.

17.15 *Department of Agriculture:* This Department is concerned with inspection for fruit fly. There are inspection depots in Melbourne and at Mildura, as well as at fruit fly block points at Border crossings.

17.16 *Department of Health:* All vehicles intended for meat transport must be approved by either a Local Authority or the Department of Health.

Amalgamation of Agencies

17.17 In his recent report on the Victoria Police Force, Sir Eric St. Johnston pointed out that, since the introduction of the Motor Car Act, the Chief Commissioner of Police had been responsible for the registration of motor vehicles, the licensing of drivers and the prosecution of offences under the Act and Regulations. These days, the Motor Registration Branch, still under the Chief Commissioner, is the central authority for these registration and licensing functions. The M.R.B. is housed in a fine building beside the equally fine offices of the T.R.B. In country districts, the Branch's functions are performed by police.

17.18 Sir Eric recommended that, as from 1st January 1972, the Police Force should be relieved of the task of registering motor vehicles. He suggested the establishment of a Registration Office, staffed by civilians, in each of the 29 country towns where he proposed the location of Police Divisional Headquarters. He reported that applicants for driving licences are tested by members of the Police Force or public servants employed as civilian licence testers at one of 10 authorised testing and checking stations within a radius of 13 miles of Melbourne and elsewhere by the nearest authorised police officer in the Police District in which the applicant resides. He recommended that the policy of employing public servants on testing duties be continued with a view to completely relieving all police in the metropolitan area and in the larger country towns of this task as soon as possible.

17.19 The T.R.B. has 12 Regional offices in the major provincial centres; the M.R.B. has none.

17.20 Currently a considerable volume of work flows between the Head Offices of the T.R.B. and the M.R.B., the former being dependent on the latter for setting up its own record of commercial vehicles registrations and the continual updating of this. Routine work flow is handled by two T.R.B. female clerks who are virtually engaged full time at the M.R.B. Appendix XXX summarises the work flow between the two agencies. To be noted is that the M.R.B. even levies charges against the T.R.B. for certain services rendered. It is difficult to believe that better and cheaper administration would not result if the T.R.B. and the M.R.B. were amalgamated.

17.21 Moreover, if the periods of licences under the Transport Regulation Act and the Commercial Goods Vehicles Act were related to registration periods under the Motor Car Acts and therefore the various imposts were paid at the one time to the one Agency, and the various windscreen stickers were issued at the same time, much more efficient administration should result with savings in total administrative costs and convenience to the public. There is no reason why an initial licence could not be made to terminate to coincide with the date of re-registration of the vehicle concerned. In N.S.W. the Department of Motor Transport handles both the re-registration for all motor vehicles and the licensing of commercial vehicles. There, the one registration certificate confers the right to operate the commercial vehicle.

17.22 With amalgamation of the T.R.B. and M.R.B., the Regional offices of the T.R.B. would become the first of the provincial offices to attend to registration of motor vehicles proposed by Sir Eric St. Johnston and to control the testing of drivers. Not merely should this mean staff savings, some capital expenditures on building and equipment could well be avoided. The T.R.B. inspection facilities at Port Melbourne and Geelong and the four other testing centres in the metropolitan area (paragraph 16.12) could be keyed in with the Police Testing and Checking Stations (paragraph 17.18).

17.23 It makes equally good sense that the Road Safety and Traffic Authority should be associated with what are now the T.R.B. and M.R.B. The Authority's work is largely concerned with the behaviour of drivers and their vehicles and if the functions of the Police with relation to testing of drivers and of the M.R.B. are amalgamated with the T.R.B. there is no longer any rationale for leaving the Authority under the Chief Secretary. The Authority's liaison with the road auhorities would not be lessened by its association with the T.R.B. and M.R.B.

17.24 As this Board views it, called for is a Road Transport Agency—designate it Department or Board, as you will—which would embrace the functions of the T.R.B., the M.R.B. and the Road Safety and Traffic Authority, and which would be responsible to the Minister of Transport.

17.25 Virtue is seen in retaining the three-man presently constituted T.R.B. for dealing with matters under the Transport Regulation Act and the Commercial Goods Vehicles Act of a quasi judicial character that will continue to require the same sort of handling in which the present T.R.B. has been proficient and earned much respect. The functions of the T.R.B. would include consideration of the issue of new licences proposed in this Report which will call for the exercise of discretion along with the currently known " D " licences and passenger vehicle and tow-truck licences. It would also deal with complaints about charges and services (paragraph 11.68) and questions of revocation or suspension of licences. There is no reason why the three-man T.R.B. should be concerned with the issue of " as of right " licences.

17.26 Adoption of this Board's proposals would lessen the load that presently falls to the three-man T.R.B. and there seems no reason why one individual should not occupy the position of Head of the proposed new Road Transport Agency and that of Chairman of the T.R.B. Indeed there is every reason why this should be the case: it would ensure the best co-ordination of the T.R.B./M.R.B. functions, even if the mechanics of the administration of the M.R.B. side of the house were in the hands of a senior assistant. It is conceivable that when the new organisation settles down, the work load falling to the T.R.B. (paragraph 17.25) might permit the two members of the present T.R.B. to revert to the part time basis on which they have been supposed to function.

17.27 There were suggestions to this Board of variability of treatment in the handling of permit applications in the T.R.B.'s Head, and various Regional, offices. This is a problem met with in every decentralised organisation and it was taken up by this Board. The T.R.B. explained its procedures to ensure that the application of permit policy is closely watched to achieve uniformity and consistency. Applicants do sometimes appeal to the T.R.B. against its Regional offices' decisions. This itself is a safeguard, and the fact that an appeal succeeds cannot be taken as meaning that the T.R.B. Head Office is applying a different policy from that of a Regional Office.

17.28 Consideration was given to the question whether the transport industry would be assisted by stationing at the Carlton offices of the T.R.B. an officer who could deal with applications for permits for overdimensional loads which are the affair of the C.R.B. In 1969–70, 29,669 permit forms were issued: approximately 4,000 were for periods ranging from 90 days to twelve months and most of the balance were for single trips. Incidentally, no charges are made for such permits.

17.29 Checks made suggested that it was rare for an applicant for a C.R.B. permit to have to attend also a T.R.B. office. Moreover, the C.R.B. has recently completely redesigned its procedures for the issue of permits. This Board's conclusion is that there would be no worthwhile advantage in changing the present arrangements.

Policing

17.30 In general, the Police are primarily concerned with driver habit offences; the T.R.B. with implementing the Transport Regulation Act and the Commercial Goods Vehicles Act as they deal with commercial passenger and goods vehicles, taxis, etc.; and the C.R.B. with preservation of the roads, particularly in relation to weight, speed and dimensions of large vehicles. For these policing activities, the T.R.B. uses eleven two-man teams under two supervising inspectors to police commercial goods vehicle traffic within 30 miles of Melbourne, and inspectors attached to each of the T.R.B. Regional offices: the C.R.B. has a staff of 26, including 4 members of the Police Force, Mobile Traffic Section seconded for duty with the C.R.B., of whom 9 are stationed at country Divisional offices. The possibility of having one policing authority has not gone unconsidered, but the conclusion reached in inter-Agency discussions has been that it would be impracticable.

17.31 If regard is paid to the general tenor of the findings of Sir Eric St. Johnston, one would hesitate to suggest that the Police should be burdened with policing the legislation and regulations for which the C.R.B. and T.R.B. are responsible. That there is some overlap between the C.R.B. and T.R.B. in policing activities is quickly apparent from consideration of the prosecutions both Agencies have been launching for such matters as speeding, and overdimensional and overweight vehicles. Normally, one thinks of rationalisation of functions as a means of reducing staff and costs. In the current case, reduction of policing activities would hardly seem appropriate (Chapter XVI). Rationalisation of activities can take other forms, e.g. their co-ordination. There may be scope for this, particularly if there were one Ministerial head of the T.R.B. and C.R.B. This Board suggests that the possibility of achieving greater co-ordination of activities should be further examined by the two Agencies, in concert.

Policy

17.32 Adoption of the proposals put forward above would mean that one Minister would be responsible for the Railways and matters associated with vehicles using the roads, except the functions of the C.R.B. regarding overdimensional vehicles and the specialised responsibilities of the Departments concerned with lifting equipment, inflammable liquids and liquefied gases and fruit fly protection. But the fact that there were the one Minister would narrow the area of liaison between his Department and these other agencies. So the administrative aspects would be decidedly tidier than at present.

17.33 There is, however, a need for much greater co-ordination of policy making as well as of administration in relation to transport matters.

17.34 On the policy side, Cabinet necessarily discharges a co-ordinating role, but it is for consideration whether this is enough. Adoption of this Board's proposals will mean that one Minister will be concerned with policy affecting the Railways, the remaining regulatory system, the registration of vehicles, and safety. But there remains the vital policy area of the resources to be devoted to roads and the control of the characteristics of the commercial vehicles which use the roads.

17.35 After years of Governments, doubtless expressing community attitudes, responding, perhaps pandering, to the demands of the private motor car by enormous expenditures on roads, there are now signs of a growing community awareness that the appetite of the motor car is insatiable and that, for many cogent reasons, attention must increasingly be given to the public transport sector. This embraces privately owned, as well as publicly owned services. The development of the public transport sector will call for heavy capital expenditures and it would be surprising if this were not accompanied by some re-allocation of financial resources between roads and public transport. Adoption of this Board's proposals about the additional contribution that the heavier commercial vehicles should make (*inter alia*) to road construction and maintenance will provide a new source of funds to the State. This may mean that the Treasury has to dig less deeply into normal State funds sources to provide for roads. By the same token, developments in the Commonwealth area, particularly the establishment of the Bureau of Transport Economics, should mean a more balanced Commonwealth aproach to the total transport problem and, with it, grants to the State of funds for public transport services as well as for roads.

17.36 Proper consideration of transport matters, at the State level, ought best to occur where the whole transport spectrum is the affair of one Minister and Department. To start with, there would then be at State level a counterpart to the Commonwealth Minister and Department of Shipping and Transport. One State Minister would be dealing with one Commonwealth Minister in relation to Railways, other public transport and road policy matters.

17.37 The major policy issues ahead concern the proper allocation of resources over the whole transport spectrum. They are not to be solved by a mere allocation between the public transport sector and the roads, leaving priorities to be determined separately within each area. There will be conflicts between the proponents in each area as to the appropriate priorities.

17.38 There is ample experience to establish that, in this sort of situation, the best conclusions are not reached where there are competing departments vieing through their Ministers for Cabinet's favour: either there is no effective consultation or there is horsetrading and unsatisfactory compromise or one department carries more weight than the other in the public service ring. Rarely do Cabinets make more than marginal adjustments to compromises or conclusions reached by the departments, if they are strongly backed by their Ministers.

17.39 So it seems to this Board that policy consideration of the resource requirements of the total transport spectrum and of the allocation between the roads, the Railways and other forms of public transport of such funds as are made available should rest with one Minister and Department. Obviously the Ministry would need to be adequately equipped to analyse and evaluate the competing projects and claims advanced by the Railways, the other public transport services and the roads. The C.R.B. would stand in relation to this Ministry in the same position as the Railways and the proposed new Road Transport Agency.

17.40 Considering its Terms of Reference there is one other administrative oddity upon which this Board feels entitled to comment: it is the division of function in relation to roads between the C.R.B. and M.M.B.W. Considerable duplication of design and field and other staffs must surely exist as things stand at present and be avoidable by transferring the M.M.B.W. function to

the C.R.B. If there is to be one Minister concerned with the whole transport spectrum he should be responsible for policy considerations relating to roads now within the purview of the M.M.B.W.

17.41 With arrangements on the lines adumbrated the responsibility of the State Treasury would be simplified: its major concern would be largely with the total financial resources that could be made available to meet the total transport need. This is not to say that it would be disinterested in the evaluation and cost/benefit and other analyses of projects that would be the concern of the Transport Ministry. Not to be overlooked are the relationships between the C.R.B. and local authorities. The fact that the C.R.B. might require a separate Minister to oversight the administration of the determined road policy does not invalidate the suggestions made.

CHAPTER XVIII

CONCLUSION

Conclusion

18.1 If possession of the facts aids the reaching of conclusions, it is equally important to know the consequences of conclusions reached. Here, inescapably, this Board is less well placed, though there is no gainsaying that not all the data that an Inquiry like this would wish to have was available.

18.2 The transport industry is complex in the extreme. One is not dealing with the finite, if for no other reason than that this industry is so interwoven with so many other industries. What is more, one is not dealing with a few whose behaviour may with some reasonable certainty be predicted. One is considering and making proposals for situations in which thousands of decisions will be taken daily in response to an infinite variety of circumstances which will acquire an added dimension as the economy of this State grows and expands and as the development of the economy makes new demands for transport services.

18.3 This Board has brought a pragmatic empiricism to its approach. Partly has this been for the reasons just noted; more importantly it has been dictated by institutional aspects, and not least by the present state of the Railways. So there has been no room for elaborate, let alone esoteric, economic arguments. The first task is to get the Railways to a viable state to permit them to discharge an unexceptionable role in the land transport system.

18.4 It follows that this Board has favoured a cautious progress from current conditions. This has heavily qualified any disposition it might otherwise have had to propose an even greater relaxation of the present regulatory arrangements.

18.5 There is no dispute that road haulage around the world has been subject to a degree of regulation not generally found in other industries. There is equally some measure of agreement that in most countries regulation has not achieved its objectives, themselves not by any means uniform, and that regulatory arrangements have been undergoing review of one form or another.

18.6 It cannot be said that the transport regulatory system in Victoria has succeeded in its original objective of protecting the Railways financial position. With the great virtue of hindsight, it had no hope of doing so and had it tried to do so in more draconian fashion, perhaps the State and the community would have been worse off. It can equally not be said that when the writ of the regulatory system was annulled by the decisions of the Courts under Section 92, or that, in South Australia where regulation was abolished some years ago, the consequences have been dire. True, the Victorian Railways have lost some traffic but on the main trunk routes to the north and to the west the Railways now offer a service undreamed of before 1956. They have responded to the challenge of the road operator with technological improvements and some innovations in practice: the scope for even more efficient service and recapturing traffic now moving by road is by no means finished.

18.7 In saying this, this Board does not overlook the experience of the removal of regulation of transport in South Australia whose Railways Commissioner reported a dramatic decline in the proportion of rail traffic in wheat, barley, manure and wool following that removal. It seems clear, however, that this decline cannot be attributed entirely to the removal of regulation. In any case, this Board's proposals would have no like effect in Victoria.

18.8 The approach in Victoria to protection of the Railways has not been by way of any penal tax on road hauliers or a system of taxation discriminating against road transport. On the contrary, as has been shown, the imposts on road transport meet only in small degree the costs of constructing and maintaining the roads the hauliers use let alone all the other facilities associated with the roads. Victoria, instead, set out to regulate by reference to the adequacy of the prior established railway system. Adequacy, generally interpreted favourably to the Railways, has been the touchstone.

18.9 Only in paragraph (ca) of Section 8 of the Commercial Goods Vehicles Act is there a mention of costs. So generally the comparative costs of the rail and road modes have been put aside. This one brief and comparatively recent reference to costs in the legislation was clearly deliberate on the legislature's part. In fact, the 1933 legislation with its emphasis on adequacy

of the existing service and its silence on costs represented a concurrence of legislative with historic railway attitudes: the Railways were there; their comprehensive system had to be maintained; it was essential to protect them and their financial position; in particular their high rated traffic had to be preserved to them. Yet, and here the legislators parted company with railway attitudes, road transport was seen to have an important role in the economic life of the community; an extraordinary wide freedom for road operators per medium of " as of right " licences was granted; and for the rest the T.R.B. was given the task of fitting road haulage into the transport framework with as little damage as possible to the Railways.

18.10 Looking back, it is plain to see that, quite early in its post 1933 Report history, the T.R.B. saw faintly that costs to the user were important: the Railways ought to be entitled to protection only if there were such an adjustment in their charges as brought them reasonably close to road transport charges. Regrettably, the significant bearing on the regulatory system of the charges of each mode being based on full costs was not recognised.

18.11 The T.R.B., when faced with adjudicating between competing modes, has known from applications before it the charges the modes were making. It had no authority, except for paragraph (ca) to give any weight to them. And had it done so, it could have been party to a misallocation of transport resources: because the stated charges of neither mode took account of all their costs.

18.12 To put the matter in another way, as things have worked out, broadly speaking, the problem of real competition between rail and road modes has not really been a matter to which the Victorian regulatory system has had to direct itself. The governing legislation did not permit it to do so: Section 92 effectively prevented it from doing so. If the case had been otherwise, it is conceivable that long before now the road operators would have become far more conscious of their own costs and have had brought home to them how little they were contributing to the costs of the roads they use. And the clamour for greater freedom to compete with the Railways might have been rather more subdued.

18.13 To look to the long term, subject to the restructuring and reorganisation of the Railways as earlier proposed and some qualifications referred to earlier in this Report which have no need of repetition, it will be a pricing system that takes into account all the proper costs that should be borne by both rail and road modes and that therefore places the Railways and the road operators on as nearly an equal footing as possible that will offer the best scope for effecting a rational distribution of traffic between road and rail modes. That equal footing will not exist unless those costs include track costs and the costs associated with each mode observing all the rules applicable to it in the matters of vehicle maintenance, speed limits, weights and dimensions, hours of driving, &c., all relevant awards, safety requirements, and so on. Of course, there will be an equal footing if there is an equality of subsidisation of the costs of each mode. To the extent that the general proposition just stated is not faced up to, there will not be a truly competitive rail/road situation and regulation over a wider area within the general framework now operating will have to be continued.

18.14 Acceptance of this proposition involves a radical departure from earlier thinking. The first visible signs of its acceptance will be adoption of this Board's recommendations about such matters as the significance of the totality of imposts like registration, licence and permit fees and Road Maintenance Charge; surveillance of new entrants to the road transport industry; vehicle inspections; cancellation or suspension of licences for improper behaviour; and the restructuring and reorganisation of the Railways.

18.15 It is obvious that payment of their full costs would require road operators to meet higher imposts than is currently the case. The revenue derived from payment of such imposts could enable diversion of funds, now directed to roads, to expenditures in satisfaction of other community aspirations. Where the ultimate community benefit would lie is not for this Report to pursue. Nor is the question whether the State would be willing to place the requisite imposts on the road operator despite the relief to the Budget and benefits flowing from assuaging other social needs. If, however, there are

not to be such imposts there should be as nearly as possible equal subsidisation of both modes, at least whenever operating in a competitive environment.

18.16 Given acceptance of the foregoing, this Board saw special reasons for proceeding cautiously. To start with, until the Railways are freed from those tasks that cannot but increase their deficits and are restructured and reorganised on the lines proposed in this Report, they have no earthly hope of successfully performing their proper role in Victoria's land transport system, let alone entering the competitive fray. There is no point in repeating all the reasons for this.

18.17 In these circumstances, now to extend further the scope for road freedom, even under the predicated bases of competition discussed above, could result in road operators entering upon traffics in which, over the long term, they might not economically survive against a properly equipped, organised and oriented Railway system. So there could be diversion of resources to new vehicles and all the facilities that accompany the road transport industry and an accelerated demand for the provision of roads and associated facilities—all to handle traffic that might, on the free choice of the transport user based on economic grounds, become the preserve of the Railways if they were equipped, organised and oriented to handle it.

18.18 Because of the regulatory system's inbuilt flexibility, the T.R.B. will be well placed to aid the transitional process. For the T.R.B. this will be no new role. It did, in the past, try to help the Railways get on their feet, especially in the post war period. But then they were floundering in the hangover of the philosophies and concepts of 19th Century monopoly days. The T.R.B. must help the Railways again, but for the quite different reasons discussed in paragraphs 9.9–9.11. It should do this through continuation of its discretionary licence and permit policies, qualified as earlier suggested. It should consciously do what it can to further the development of Regional Freight Centres and it should certainly be careful to avoid inroads on railway traffic on major lines where volume is so important, provided it covers its costs. These, on justifiable occasions, may be no more than short term marginal costs, including, of course, all terminal costs.

18.19 It would be something of a miracle if the Railways were able to stand on their own feet in any sort of truly competitive situation in less than five years. With this in mind, this Board recommends that there be a further review before the end of the 1970's of the character entrusted to this Board.

18.20 It should not be assumed that the Railways have lost irrevocably the traffic that has transferred to road, even under the regulatory system, or that because of adoption of this Board's proposals they will lose traffic that they are better placed to handle. Development of the Regional Freight Centre concept coupled with vigorous encouragement of co-operative arrangements with freight forwarders, speeding up of services through elimination of wayside stops, better utilisation of wagons, construction of additional bogie wagons and a cost based revamped rating system offer considerable hope for the Railways.

18.21 As this Board views it, it would be wrong to let the arrangements now proposed stand entirely unchanged pending the outcome of the review proposed. If the time will not be ripe for some years for an environment in which the consignor can choose the transport mode that suits him best, at least he ought not to be compelled indefinitely to be confined to the rail mode simply because it can perform his transport task, regardless of its cost to him. Costs don't stop with the transport user: they have their repercussive effects on commerce and industry and they are ultimately passed on through the whole economic process.

18.22 So, on the assumption that other related recommendations are adopted, this Board recommends that, after the lapse of, say, three years, the T.R.B. should be entitled, in relation to an application to use road transport, to take into account the charges involved in use of rail and road modes and to grant an application where it concludes that the road mode charge would be less and that to require use of rail would involve the transport user in such extra costs that it would be unreasonable, in all the circumstances, to require the user to meet them. Needless to repeat, the charges referred to should be charges based on the full proper costs of each mode.

Conclusion

18.23 In considering applications of these sorts, the T.R.B. might well adopt a differential approach. Loss of further traffic on a line already losing heavily in money terms could well accelerate its closure with consequent financial improvement in the Railways position: the same loss on a heavily trafficked line could, through loss of volume pushing up unit costs, have unfortunate consequences on the charges falling on the remaining transport users. Three years is suggested because it will take the best part of that time for the Railways to get on top of their costing and rate restructuring problems.

18.24 The problem of the Railways' general merchandise traffic revealed in Chapter VIII is really an application of the foregoing proposition. It would seem foolish in the extreme for the T.R.B. to deny traffic to road whose retention on rail simply increased the Railways deficit and whose shift to road did not increase the costs to the transport user. As matters stand, continued carriage by rail on a profitable basis, i.e., after covering appropriately all proper costs, would probably lead to charges on an unacceptable scale, and there is no reason for thinking that road operators, after covering all their proper costs, would not be able to come up with lower charges. So taking the Melbourne–Ballarat/Bendigo general merchandise traffic and like traffic to other stations, the T.R.B. might give the Railways, say, twelve months to decide their course and thereafter be prepared to entertain an application for carriage by road.

18.25 In constructing the licence fee schedule to be found at Appendix XXVII, this Board was strongly influenced by the fact that, putting to one side traffic moving under Section 92 of the Constitution and in the other circumstances previously mentioned, it could be said, by and large, that over a wide area under the existing regulatory system, little traffic has been lost by the Railways to the roads because the road operators have been more favourably treated, in the matter of hidden subsidies, by the State than the Railways. That is, unless one were to adhere to the attitude that the Railways should handle all goods available, in their own time and way, and be hanged to the consumer of the transport service and the interests of all dependent on the movement of goods.

18.26 The extension of road freedom now proposed will certainly lead to a situation where some traffic will be susceptible to loss from rail to road. It is thought, however, that in many instances the Railways should not be unhappy at any loss that does occur.

18.27 It is implicit in all of this that if the State decides that, because, e.g., it wishes transport services to be available to the community at less than they cost, it will not require of the road operator that he should pay his full contribution to the costs of the roads and associated facilities, then the State should equally be prepared to assist the Railways to provide in the sphere in which they have inherent advantages over the road operator a far better transport service than is now possible and at less than its cost. This could take the form of relief from the burden of current capital charges or of special financial assistance for projects that will provide a useful return.

18.28 Much of the same goes for the Commonwealth. Over the best part of 50 years, the Commonwealth has disbursed, as grants to the States, just on $2,300 million for road purposes. Victoria has received $384 million. In more recent times, the Commonwealth has been openhanded in its support of the airways. Shipping has also been well looked after. The same cannot be said of the Commonwealth's attitude to the railways. True it has made funds available for particular projects, mostly in relation to the standardisation projects which, without Commonwealth aid, might still be a matter for discussion. Yet, overall, the total funds provided for railway purposes have amounted to some $240 million (hardly more than one-tenth the funds given for roads), and over half of the money provided for railways is subject to repayment. For the Melbourne–Albury standard gauge line, the Commonwealth provided $32 million, of which Victoria has to repay $4·8 million.

18.29 It is difficult to see how the Commonwealth, with its great interest in an efficient Australia-wide total transport service, can stand aloof from the needs of the railways. However powerful Victoria's present claim for Commonwealth assistance, it should be the stronger if steps are taken with respect to the Victorian Railways on the lines proposed in this Report.

Conclusion

18.30 Many are the projects expenditure on which would be a good investment, giving a return at least as satisfying as the Commonwealth expects of its own instrumentalities, and providing scope for repayment over a relatively short period. Automatic signalling, bogie rolling stock, easing gradients and track realignment are but a few. A most cogent case could be advanced to the Commonwealth that it should be willing to provide funds for projects of this character on an Australia-wide basis, without regard to any discrete division on a State basis but with regard solely to the merits of proposals advanced. Another valuable form of Commonwealth assistance would be funds to provide a pool of general purpose bogie rolling stock under Commonwealth Railways control which could be hired out to the State systems.

18.31 With dieselisation now virtually completed, investment in what are now labour intensive areas would over the years be most productive, taking account of the likely continuing escalation of labour costs.

18.32 It was the deteriorating financial position of the Railways that largely determined the character and philosophy of transport regulation in 1933 with its emphasis on protection of the Railways' comprehensive network of services and a complex value of service rating structure based on concepts deriving from the monopoly days of last Century. Now in 1971, paradoxically, it is a far more serious deterioration in the Railways financial situation that demands a drastic pruning of that comprehensive network and the introduction of a far simpler rating structure based on known costs.

18.33 There are many other compelling supporting factors. Victorians have elected to provide the State with a road system incomparably superior to that of 1933. In it they have invested far more funds than they have devoted to their Railways. So they have accommodated the trucks that have grown increasingly heavier, larger and more sophisticated to meet the correspondingly increasing dependence of trade and commerce on road transport. Victoria's economy today, its spread of industry and commerce and the marketing and distribution practices that go with it bear faint resemblance to those of 1933 and the same will be said of the situation today in much shorter a lapse of time. Today's economy cannot be strapped in the straightjacket of a transport system devised for an earlier era when the technological developments of the time placed the Railways in the exclusive position to undertake the major transport task.

18.34 Victoria's community and economy of 1971 require a land transport system geared not merely to today's needs, but capable of coping satisfactorily with the years ahead. Nothing less can be tolerated.

18.35 It was this Board's commission to discover how best such a transport system could be developed. The recommendations in this Report point the way to such a system. In it the Railways would have, and be placed to discharge, the role outlined in Chapter XIV and road transport would complement and supplement that role. Not merely would this State then have a transport system that would serve it well: the consequential improvement in the State's budgetary position would mean that there would be scope for Victorians to satisfy more quickly some of their many presently unrequited social aspirations.

18.36 This Board has throughout perforce had to confine itself to a time frame terminating in the financial year 1969–70. It is true that the Board had access to the accounts of some of the relevant Agencies for 1970–71 and sometimes to drafts of the Reports of their activities for that year that were being prepared for Ministers and the Parliament. However, this Board saw advantages in working to the common cut off date of 30th June, 1970. All that needs to be said of 1970–71 is that:—

- the T.R.B. found its financial position worsening: one response was an increase in October, 1971 in its scale of permit fees;
- the Railways published deficit for 1970–71 of $29·75 million capped the previous year's all time high by $8·76 million and the forecast deficit for 1971–72 is even higher at $31·34 million despite a recent increase in fares and freights.

Conclusion

18.37 A number of matters were before this Board in respect of which it has made no recommendations. This is either because the Board felt the matters were outside its Terms of Reference or were of no great consequence or because, after due inquiry, it was not convinced that the present arrangements called for review.

Effect on Government Finances.

18.38 This Board's Terms of Reference required it to give attention to six specific matters. This Report has, in its course, dealt with all of these matters. One matter, namely, " What effect any changes proposed would be likely to have on Government finances generally ", requires a little more attention.

18.39 It has seemed to this Board that, for its purposes, community costs are best measured in overall State budgetary terms. In other words, if adoption of the recommendations in this Report meant that the State's total budgetary position were better than is the case under the present arrangements, community costs would be adequately taken care of. That, in fact, will be the case.

18.40 In 1969–70, the State budget carried a Railway deficit of $21 million and provided $16 million of loan funds for Railway purposes. For current purposes, the burden the State budget carried for capital charges on about eight-elevenths of the moneys provided the Railways by the State over the years can be disregarded. Adoption of this Board's recommendations, stemming from the particular studies dealt with in Chapter VIII would bring about an immediate financial improvement in the Railways accounts of the best part of $2 million. This is made up of $1 million in respect of passenger services withdrawn on 27 sections of lines, $360,000 in respect of the closure of seven sections of lines, $100,000 in respect of changes in the operation on eight seasonal lines, $366,000 in respect of closure of stations on four sections of main lines.

18.41 The financial improvement indicated would merely be the start. It relates simply to sections of lines and services studied in the course of the Inquiry. It therefore takes no account of savings flowing from similar action related to other lines and services of similar character. For example, the Railways Commissioners have another 8 sections of lines on their list of candidates for closure, there are another 19 seasonal lines and there are another 7 sections of main lines. Moreover, it disregards savings resulting from greater utilisation of, and higher mileages run by, a lesser number of rolling stock and the discarding of ancient wagons and passenger cars whose maintenance and repair costs are so high; deferred or avoided capital expenditures on locomotives, self-propelled cars and rolling stock; avoided expenditures on track rehabilitation and maintenance; proceeds of sales of assets, and so on.

18.42 Then there are the financial improvements to be had from the Railways being recouped the cost of uneconomic lines and services which the Government directs shall be maintained or provided at concessional rates, shedding the general merchandise traffic on which they are losing so heavily and other traffic that cost studies would establish was losing money, shedding unprofitable parcels traffics or adjusting upwards the rates to cover costs, and adjusting passenger services on the main lines to patronage. Restructuring and simplification of freight rates coupled with some adjustments to rates when profitability or otherwise of certain traffics was known would bring further improvement. It could well be found that fairly minor adjustments of some of the lower rates would significantly increase total revenue.

18.43 In the restructured system, the total provision required for depreciation would be markedly less.

18.44 Without putting too fine a point on it, there is reason for believing that, even with the Railways making proper provision for depreciation and having to meet their present capital charges, had the Railways been operating in 1969–70 on the bases proposed in this Report, the 1969–70 deficit would have been less than half it was.

18.45 At the same time, there would be a vast improvement on the capital funds side. There would be no need for loan funds for renewals and replacements which would, instead, be financed from revenue through depreciation provisions, or for the heavy projected expenditures on lines that

would be closed. Furthermore, deferment or avoidance of purchase of locomotives, self-propelled cars and rolling stock would mean a lesser demand for loan funds on those scores. Thus, with no greater funds provision than has been made by the State to the Railways in recent years, they would have sizeable funds with which to develop their restructured system to reap the full potential of the services in which they have inherent advantages. And, in many cases, such expenditures would have significant repercussive effects by way of reduction of working expenses. Thus, over the long term and using the 1969–70 experience as the base, the gap in the Railways' annual accounts should be substantially closed.

18.46 To turn to the road transport proposals, the recommendations made in this Report about Road Maintenance are estimated to add over $6 million to the funds of the C.R.B. and the interim proposals regarding licence and permit fees some $2·2 million to the revenues of the T.R.B. Adoption of the proposals about administrative aspects should also bring savings. There would, as well, be some marginal increase in revenues derived from truck registration and associated fees. These sums would clearly more than offset the $1·7 million provided the C.R.B. in 1969–70 from State Funds.

CHAPTER XIX.

SUMMARY OF RECOMMENDATIONS

Summary of Recommendations

19.1 The following paragraphs summarise the major recommendations in this Report. The baldness of their presentation may lead to misunderstanding, if each point is not considered in the context of this Report. Even where references to paragraphs are provided, those paragraphs may not expose in full the argument.

General

19.2 The basic concepts that presently underly the administration of transport regulation in Victoria should generally remain unchanged. However, in place of the former objective of protecting the Railways comprehensive system, the objective should be to facilitate their restructuring and reorganisation. At the same time there should be some extension of road freedom and for this purpose there should be variations in some of the current " as of right " licences, and some new types of licences should be introduced. Some of these licences will eliminate some tiresome and unnecessary bureaucratic processes which have been associated with the issue of automatic 'D' licences and permits. Permits should be issued only where the operation is clearly temporary in character.

19.3 Achievement of a land transport system that most efficiently meets Victoria's requirements will be dependent on a radical restructuring of the existing Railway network and services, on reorganisation of the Railways corporate structure, and on the Railways being given a charter by the Government which defines the role they are to perform, what the State and Victorians expect of them and what the State will do to enable them to discharge that role. The alternative is an escalating financial burden on the State's budget and a consequent denial to Victorians of the attainment of cherished social aspirations.

19.4 Taking the long term view, the scope for free competition between rail and road modes should be progressively extended. A truly competitive environment will only exist if both modes bear their real costs or are equally placed in relation to their costs, after taking into account community subsidies. Neither mode presently bears its real costs.

19.5 Meantime, the T.R.B., through its discretionary licence and permit policies and other decisions, should aim to facilitate the Railways restructuring process. (Paragraph 18.18.)

19.6 Beginning in say 1975, in considering applications to use the road mode for the transport of goods which can be transported equally satisfactorily by the Railways, the T.R.B. should take into account the real costs of rail and road modes. (Paragraphs 18.22–18.24.)

19.7 There should be a further review, before the end of the 1970's, of the character entrusted to this Board. (Paragraph 18.19.)

Licensing Arrangements

19.8 The present " Ea ", " Eb " and " Ec " 25 mile radius " as of right " licences should be retained. So should the " Ef " (milk etc. factory vehicles) and " Ei " (approved decentralised industry) licences. (Paragraph 11.6.)

19.9 The present limitation of 30 miles for a single journey applicable to vehicles operating within 25 miles of the licensee's place of business under " Ec " licence should apply only where the place of business is within 40 miles of the Melbourne G.P.O. (Paragraph 11.7 (*d*).)

19.10 " As of right " licences for primary producers vehicles should, for the future, be limited to vehicles with a load capacity not exceeding 6 tons, used solely for the carriage of the produce deriving from the primary producer's property and goods in connection with his business as a primary producer or goods for his own use or for the use of any member of his household or any employee. If primary producers wish to have larger trucks they should resort to the normal licences appropriate to their circumstances. All primary producers will continue to have access to hire and reward carriers. (Paragraphs 11.7 (*e*) and 11.15–11.18.)

19.11 Renewal of the " as of right " present licences of existing primary producer vehicles in excess of 6 tons load carrying capacity should be granted so long as there is strict compliance with the conditions as to use just indicated. (Paragraph 11.11.)

19.12 " As of right " licences for ancillaries should be available for vehicles not exceeding 6 tons carrying capacity. (Paragraph 11.7 (*f*).)

19.13 There should be three new licences which the T.R.B. should issue only if satisfied of the applicant's fitness and qualifications, viz.:—

(*a*) a licence applicable to vehicles operating within—

(i) a radius of 50 miles of the Melbourne G.P.O.;

(ii) a radius of 50 miles of the chief post office at Portland ;

(iii) the area which is within 25 miles of the Victorian border ;

(*b*) a specialised vehicle licence applicable to vehicles specifically designed for the carriage of particular types of goods ;

(*c*) a supplementary licence available to holders of 25 miles radius " as of right " licences and of the licences mentioned in (*a*) above.

Each of these licences should be subject to the qualifications referred to in paragraph 11.8 but the fitness and qualifications test should not apply in the circumstances mentioned in paragraph 11.11.

19.14 If it is decided that the Casterton and Coleraine lines should be closed and the Goroke–Carpolac and Hamilton–East Natimuk lines be kept open only for seasonal traffic, the 50 miles radius of Portland licence should be extended to include the area west of the Grampians and south of the Carpolac line. (Paragraph 11.25.)

19.15 Vehicles up to 10 cwt. load capacity should, like primary producers' vehicles up to 2 tons capacity, be exempt from licensing. (Paragraph 11.9).

19.16 There should be no change in the present policies related to discretionary licences and permits where it is appropriate that they should be issued. Discretionary licences should be additional to " basic " licences. Permits should be issued only where the operation is clearly temporary in character. Permits should not be issued for journeys within 50 miles of the Melbourne G.P.O. to holders of " Ea " licences and specified holders of " Eb " and " Ec " licences. (Paragraphs 11.27–11.31.)

Entry to the Road Transport Industry

19.17 With minor qualifications in relation to specialised vehicle licences, surveillance of entry to the road transport industry should be directed to qualitative aspects. Relevant considerations are detailed in paragraphs 11.40–11.42. This Board's proposals in relation to licence fees (paragraphs 11.51–11.55) and advance payment of Road Maintenance Charge (paragraph 13.35) should cause some prospective entrants to ponder their course.

19.18 The T.R.B. should have a strengthened power to cancel or suspend a licence where there have been breaches of provisions dealing with, e.g. the roadworthiness of vehicles, overloading, speeding, and failure to observe driving hours, keep records, and pay Road Maintenance Charge. (Paragraph 11.41.)

Costs and Charges in the Road Transport Industry

19.19 The principle should be accepted that road operators should meet the costs, attributable to their vehicles, of the construction and maintenance of the roads they use and of the facilities and services associated with the roads and the operators' use of them.

19.20 Vehicle registration fees, fees for licences and permits under the *Transport Regulation Act* and the *Commercial Goods Vehicles Act*, and Road Maintenance Charge should be considered together as constituting imposts designed to ensure that road operators meet such costs.

19.21 The Government should decide the degree to which application of this principle is carried bearing in mind that—

- increased imposts would mean dearer transport;
- to the extent that road users do not bear their full costs, the community would be subsidising them and thereby depriving itself of satisfaction of other aspirations;

- where there were a situation of contest between rail and road for the carriage of goods that could be transported equally satsifactorily by either mode, no truly competitive environment would exist unless both modes were to bear their true costs or be equally placed in relation to their costs, after taking into account community subsidies.

19.22 As an interim measure, fees for licences for commercial goods vehicles should be those set out in Appendix XXVII. Fees for permits should be those set out in Appendix XXVIII. The supporting argument appears in paragraphs 11.43–11.59.

19.23 While the T.R.B. should not have power to fix hauliers' rates, it could usefully discharge the role of independent consultant and, by agreement, of arbitrator where there are disputes about cartage rates and should be empowered to deal with complaints about rates charged and services provided by road hauliers. (Paragraph 11.68.)

19.24 The Road Maintenance Charge should be retained as the most equitable form of impost for recouping the costs of maintaining roads by relation to the responsibility of vehicles for that maintenance. Wherever possible, there should be substituted for the present execrated arrangements for the levying of the Charge, payment of the Charge in a lump sum in advance at the time of issue of a licence. To start with, lump sum payments should be associated with the licences mentioned in paragraph 13.51. Lump sum payments should also be made as permits are issued. (Paragraph 13.52.)

19.25 The possibility of developing a scheme for lump sum payments in advance applicable to interstate hauliers and to other types of licence holders should be pursued. Meantime they will pay the Charge under the present arrangements. (Paragraphs 13.53 and 13.54.)

19.26 The T.R.B. should be empowered to require a Bond guaranteeing payment of the Charge when it is not paid in advance. (Paragraph 13.56.)

19.27 There should be no exemptions from the Road Maintenance Charge. (Paragraphs 13.57–13.59.)

Particular Industries

19.28 Approved decentralised secondary industries should, in addition to their present right to operate their own vehicles, have freedom of transport choice on the bases indicated in paragraphs 10.27–10.29.

19.29 Except in relation to the Orbost line (so long as it remains open), the sawmilling industry should be entitled to resort to hire and reward carriers for the transport of its products subject to the points made in paragraph 10.50.

19.30 Prima facie, far more bulk petroleum products should be going by rail and that should be the goal. Such are the complexities of the present distribution patterns and the changes needed to achieve that goal in an orderly fashion that it would be preferable to find the best solutions in discussions between the Railways and the oil companies. Such discussions should be instituted without delay and be chaired by an independent person required to report to the Government. (Paragraphs 10.84 and 10.85.)

19.31 The Railways should, without delay, undertake a detailed study of the optimum manner of handling wool and of their costs in relation to the handling and transport of wool. (Paragraph 10.97.)

19.32 The problems of tip truck operators should be dealt with within the ambit of other recommendations respecting the road transport industry. (Paragraph 10.105 and other paragraphs therein referred to.)

The Railways

19.33 Major changes must be made in the Railways if they are to take their proper place in the Victorian land transport system. The present Railways system is unsuited to the requirements of today and the future, and its preservation can only compound its present problems. Many sections of lines should be closed, others should be operated only to move seasonal freights, passenger services on many lines should be replaced by buses, many stations should be closed and services to others restricted, and traffics that are losing money and could be handled by the road mode at less cost to the consumer and the community should be shed. Then, much antiquated rolling stock, so costly to maintain, could be scrapped and heavy expenditures on locomotives, tracks and facilities would be avoided or deferred.

19.34 The role of the Railways for the future should be to perform that part of the total transport task for which they have inherent advantages over road transport in relation to a system tailored to permit the Railways to maximise these advantages and thus to meet, in conjunction with road transport, the transport needs of the State's economy and people. The Railways should, therefore, be freed as quickly as possible of tasks whose continued performance cannot but mean continued growth in their annual deficits and which can better be performed by the road mode. (Paragraph 14.4 *et seq.*)

19.35 There should be no attempt to predetermine the division of traffic between rail and road modes. In the long run, such division of traffic as does occur should generally be the outcome of the choices of transport users made in an environment where each mode is highly efficient and neither mode enjoys an advantage over the other in the form of hidden community subsidies. (Paragraph 14.6.)

19.36 The Railways should be required, as a matter of Government policy, to operate in such a way that their total revenues cover their total costs, including capital charges and proper provision for depreciation. (Paragraph 14.7.)

19.37 The Railways should function primarily as a commercial undertaking. Subject to what follows, they should determine their fares and freight rates and the services they will provide, curtail or terminate, responding flexibly to demand. They should have access to capital funds to permit them to develop services, facilities and equipment appropriate to their future role, subject always to proper investment analyses. (Paragraph 14.8.)

19.38 Where the State, for reasons of social policy, decides that Railways' proposals to raise fares or freight rates or to curtail or terminate services are unacceptable, or requires that the Railways perform some uneconomical transport service for some section of the community or the economy or carry passengers or goods at concessional rates, the Railways should be recouped the cost of complying with the decisions taken. (Paragraphs 7.51 *et seq.*, 14.10 and 14.11.)

19.39 Pending such time as the Railways get to a financial break-even point, the Government should set indicative financial targets. (Paragraphs 14.15–14.18.)

19.40 If the Railways are to discharge their new role and function as indicated, the present Railways Administration should be converted to the type of corporate structure appropriate to a commercial undertaking of the size and complexity of the Railways. A mixed governing Board comprising men from business and high executives from the Railways service, including a Chief Executive, under an outside Chairman able to devote a fair amount of time to his duties, would be appropriate. (Paragraphs 14.8 and 14.19.)

19.41 Early tasks of the new corporate body should be to develop an overall financial management concept, to eradicate the philosophies and concepts related to railway monopoly days, to institute effective cost determination procedures, to recast the fares and rating structure, to introduce personnel recruitment and other policies permitting external recruitment and putting primary emphasis on efficiency in promotion, to revamp the marketing function and to develop the Regional Freight Centre concept in association with the encouragement of freight forwarding arrangements.

19.42 It should be the responsibility of the Railways:—

- to propose adjustments of fares and freight rates and of services;
- to effect all possible improvements in efficiency and productivity;
- to establish, after proper analysis, a priority list of projects with first attention to those that will enable the Railways to maximise their inherent advantages;
- to initiate action with the Government designed to secure funds to undertake those projects which will give the greatest return. Particular attention should be directed to investments in areas which are currently labour intensive.

Summary of Recommendations

19.43 The Railways should perfect such procedures as will enable them to establish their costs in relation to different classes of traffic and the goods they carry or contemplate carrying, in sufficient particularity to permit them to take responsible management decisions:—

- about fares and rates that should be charged;
- as to the extent to which the Railways could go in lowering fares and rates to meet competition while at the same time meeting all proper costs;
- about the traffics which should be sought or discouraged;
- in regard to programs for investment, rehabilitation and renewal of assets, and development. (Paragraph 7.34.)

19.44 It is not necessary that the costing process should extend to every commodity or to every single transport task. A study of one commodity will establish the costs of other commodities of like weight and dimensions requiring the same sort of handling at terminal points. (Paragraph 7.34.)

19.45 Because of their great significance, terminal costs should be the subject of most careful study. (Paragraphs 7.37 and 7.38.)

19.46 The Railways should replace the present value of service rating structure with one based on costs. Rates should take account of volume as well as weight and pay full regard to the varying incidence of terminal costs. Charges related to what the traffic will bear should have a place and therefore the Railways should be free to fix differential fares and freight rates. The appropriateness of the present tapering scale should be examined, with particular reference to the differing costs of branch line operations. (Paragraph 14.37.)

19.47 The whole rating structure should be overhauled with a view to simplification.

19.48 It should be the Railways responsibility to initiate action with the Government designed to close lines and stations and withdraw and restrict services wherever they consider their continued operation or provision is unprofitable and there are no overriding reasons of such significance as to justify inaction. It is no function of the Railways to attempt to prejudge political reactions to their proposals. (Paragraph 14.51.)

19.49 Starting with those cases leading to the greatest overall savings, the Railways should process action to withdraw passenger services on the sections of lines dealt with in Appendices XVIII and XIX, to close those sections of lines, some of which are dealt with in Appendix XX, from which revenues do not meet operating costs, and to close stations or restrict services to stations where such is warranted on economic considerations.

19.50 Further refinement of the methodology developed in the Appendices mentioned above should be undertaken by the Railways. In particular, attention should be focussed on secondary savings, e.g. in deferred or avoided capital expenditures on locomotives, self-propelled cars and rolling stock, in avoided repairs and maintenance expenditures related to rolling stock, in avoided expenditures on tracks, etc. and on proceeds of sales of scrap, etc. (Paragraph 14.51.)

19.51 Machinery for dealing with proposals of these sorts is detailed in paragraphs 14.51 and 14.52.

19.52 The Railways should, in concert with the Grain Elevators Board, undertake without delay a detailed study of the action necessary to implement the "merry-go-round" unit train method of handling seasonal traffic projected in the paper at Appendix XXV and of its feasibility and implications (paragraph 8.22). Such action should not inhibit steps meantime to restrict to limited periods traffic on unprofitable lines that cannot be closed altogether. (Paragraphs 8.18 *et seq.*)

19.53 The Railways should as quickly as possible, decide their course in relation to their general merchandise traffic. If it cannot be carried without loss, save at unacceptable charges, the Railways should inform the T.R.B. that they have no objection to the traffic being handled by road hauliers, subject to it being established that the latter will handle the traffic at less cost to the transport service consumer. (Paragraphs 8.32 *et seq.* and 18.24.)

19.54 The Railways should adopt a similar course as to other traffics which will generally be of small lots deriving from or destined for a multitude of individuals, in relation to which the Railways find themselves similarly placed.

19.55 The Railways should review their parcels traffic business and the rates charged for parcels. The present complex rating structure should be reduced to the simplest form based on mileage, volume and weight regardless of content, and be designed to recoup all proper costs. (Paragraphs 7.42 and 8.37 *et seq.*)

19.56 After the lapse of say three years, the T.R.B. should be entitled to grant an application to use road transport where it concludes that the charge by the road mode would be less if each mode were meeting all its proper costs and that to require use of rail would involve the transport user in such extra costs that it would be unreasonable, in all the circumstances, to require the user to meet them. (Paragraphs 18.21–18.24.)

Common Carrier Responsibility

19.57 There is no need to repeal the Railways common carrier responsibilities provided it is accepted that charges should be made which recoup all proper costs. (Paragraphs 14.62 *et seq.*)

Railway Road Vehicles

19.58 The Railways should be empowered to use their own road vehicles where it is established to the satisfaction of the T.R.B. that local carriers are charging exhorbitant rates. (Paragraph 7.4.)

Passenger Services

19.59 Pending the further review (paragraph 18.19), there would be justification for passenger services of no less than present frequencies limited to Sale, Leongatha, Geelong, Serviceton, Mildura, Bendigo, Tocumwal and Albury and, perhaps for passenger services, of less than current frequencies, to Warrnambool and Swan Hill. (Paragraph 12.9.)

19.60 Other existing country rail services should be replaced by buses co-ordinating with rail services, except that bus services to and from places beyond Geelong should be permitted to run from and to Melbourne. The co-ordinating arrangements should maximise the utilisation of buses and minimise inconvenience to passengers. (Paragraphs 12.10–12.12.)

19.61 There is no justification for maintaining a fleet of ancient railway passenger coaches simply to handle traffic for the odd great occasion or to meet the abnormal peak demands of, for example, Easter Thursday. (Paragraphs 12.13–12.14.)

19.62 The present provisions about term of licence for commercial passenger vehicles and, as to country bus services, compensation should remain unchanged. (Paragraphs 12.16 *et seq.*)

19.63 Fees for licences for commercial passenger vehicles should be considered in a review of the totality of imposts applicable to such vehicles, including registration fees and Road Maintenance Charge. (Paragraphs 12.23 *et seq.*)

Mangalore–Tocumwal Line

19.64 The case for standardisation of the Mangalore–Tocumwal line should be kept under review. (Paragraph 14.76.)

Accidents

19.65 The accident problem requires strengthened provisions for enforcement of legal requirements affecting commercial vehicles, their operation and their use and a new requirement for compulsory vehicle inspection. There is room for the proper training of drivers of heavy vehicles, particularly articulated vehicles. (Paragraph 15.18.)

19.66 Commercial vehicles should be required to hold a comprehensive insurance policy as a condition of being granted a licence under the Commercial Goods Vehicles Act. (Paragraph 15.19.)

19.67 Far more research into road accidents involving commercial vehicles is required. (Paragraphs 15.13 and 16.30.)

Vehicle Inspection

19.68 A roadworthiness certificate should be required of all commercial vehicles with a load capacity in excess of 6 tons as a condition of registration or renewal of registration. Vehicles of lesser capacity should be embraced if annual inspection of motor cars is introduced. (Paragraph 16.11.)

19.69 The T.R.B. should inspect all vehicles with a carrying capacity in excess of 12 tons. (Paragraph 16.12.)

19.70 The T.R.B. should be authorised to inspect buses engaged on interstate services. Desirably this should extend to vehicles operating under "IS" plates. (Paragraph 16.13.)

Vehicle Dimensions and Weights

19.71 The C.R.B., working in conjunction with the other Road Authorities and the A.T.A.C., should adjust and relax dimensions and weight limitations as circumstances permit. (Paragraph 16.20.)

Speed

19.72 Speed limits for commercial vehicles should be kept under review. (Paragraph 16.31.)

Administration and Policy

19.73 There should be a new Road Transport Agency which should embrace the functions of the T.R.B., the Motor Registration Branch and the Road Safety and Traffic Authority and be responsible to the Minister of Transport. The Regional offices of the T.R.B. could then provide the nucleus of the provincial offices to attend to registration of motor vehicles and the testing of drivers. (Paragraphs 17.17–17.24.)

19.74 The presently constituted three member T.R.B. should be retained to deal with functions of a *quasi* judicial character such as those specified in paragraph 17.25.

19.75 The possibility of achieving greater co-ordination of the policing activities of the T.R.B. and C.R.B. should be further examined. (Paragraph 17.31.)

19.76 Policy consideration of the resource requirements of the total transport spectrum and of the allocation between the roads, the Railways and other forms of public transport of such funds as may be made available should rest with one Minister and Department. The C.R.B. would stand in relation to this Ministry in the same position as the Railways and the proposed new Road Transport Agency. (Paragraphs 17.32–17.41.)

19.77 The division of function in relation to roads between the C.R.B. and the M.M.B.W. should be reviewed. (Paragraph 17.40.)

Matters involving the Commonwealth

19.78 The impact of intersystem rating practices on traffic flows and the bearing a change to through mileage rates would have on such flows and on the finances of the Railway systems are matters that call for the attention of the Bureau of Transport Economics. (Paragraphs 14.77 *et seq.*)

19.79 In light of the decisions taken upon this Report, a further approach to the Commonwealth should be made for assistance to the Railways. (Paragraphs 18.28–18.31.)

ACKNOWLEDGMENTS

This Report would be incomplete without a special tribute to those most intimately associated with this Board during the course of its Inquiry. I refer to Miss Anna Ghiurekian, my personal secretary; Miss Isabel Pobjoy; Mr. Lindsay Stewart, Secretary to this Board; and Messrs. E. C. Brownbill, E. W. Easton and F. Gallagher. To each of them, I express my deep appreciation. Without their devoted help and their very considerable forbearance, this Report might still be in the making.

Melbourne
7 January, 1972.

(Sgd.) H. A. BLAND

PERSONS AND ORGANISATIONS WHO MADE SUBMISSIONS TO THIS BOARD

Name	*Address*
Ansett Pioneer (A Division of Ansett Transport Industries (Operations) Pty. Ltd.)	Melbourne
Ansett Roadways & Mildura Bus Lines (A Division of Ansett Transport Industries (Operations) Pty. Ltd.)	Melbourne
Archie's Creek Dairy Produce Co. Ltd.	Archie's Creek
Associated Kiln Driers Ltd.	Colac
Australian Coarse Grain Growers Association	
Australian Dairy Produce Board	Melbourne
Australian Portland Cement Ltd.	Sydney
Australian Railways Union (Victorian Branch)	Melbourne
Australian Rubber Manufactures Association Ltd.	Canberra
Australian Wool Board	Sydney
The Avenue Food Centre Pty. Ltd.	Seymour
Bairnsdale—Town of	Bairnsdale
Ballarat Chamber of Commerce	Ballarat
Ballarat Development Committee	Ballarat
Ballarat North Rail Workshops Inter-Union Shop Committee	Ballarat
Benalla Chamber of Commerce	Benalla
Benders Busways Pty. Ltd.	North Geelong
Bendigo General District Council, Victorian Farmers Union	Marong
Bendigo North Combined Union Shop Committee	Bendigo
Blakiston's Ltd.	Geelong
BLH—Australia Pty. Ltd.	St. Albans
Bodey, Allen	Horsham
Bright Pine Mills Pty. Ltd.	Bright
Bruck (Australia) Ltd.	Wangaratta
Buckley, John	Euroa
Burow, James W.	Penshurst
Burton Stores (Euroa) Pty. Ltd.	Euroa
Burwood Timber Mills Pty. Ltd.	Springvale
Bus Proprietors' Association (Vic.)	South Melbourne
Cameron, L. A.	Dunkeld
Campbell's Soups (Aust.) Pty. Ltd.	Shepparton
Carnation Company Pty. Ltd.	Melbourne
Carter, Donald	Horsham
Chamber of Automotive Industries (Vic.)	Melbourne
Cohn Bros. Ltd.	Bendigo
Cook, I. J. & Son	Geelong
Country Brick Manufacturers Association	Shepparton
Country Party of Victoria	Melbourne
Country Roads Board	Kew
Decentralisation and Development Association of Victoria	Ballarat
R. G. Dent & Sons Pty. Ltd.	Warragul
Develop Shepparton Committee	Shepparton
Downard's Transport Industries Pty. Ltd.	Caulfield East
Dyer's Transport Pty. Ltd.	Sale
Eureka Terra Cotta & Tile Co. of Australia Ltd.	Ballarat
Evans, Bruce James—Member of the Legislative Assembly for Gippsland East	
Fallon, George	Iona
Forest Commission of Victoria	Melbourne
A. F. Gason Pty. Ltd.	Ararat
Geelong Chamber of Commerce and Manufactures	Geelong
Geelong Promotion Committee	Geelong
Gippsland Consolidated Milk Ltd.	Maffra
Gippsland Tip Truck Hiring Co-operative Ltd.	Morwell
Glenelg Regional Committee	Ararat
Grain Elevators Board	Melbourne
Graziers' Association of Victoria	Melbourne
Grimwade, The Honorable Frederick Sheppard—Member of the Legislative Council for Bendigo Province	
Hall, Martin	Seymour
James Hardie & Co. Pty. Ltd.	South Melbourne
Hardy, David W.	Geelong

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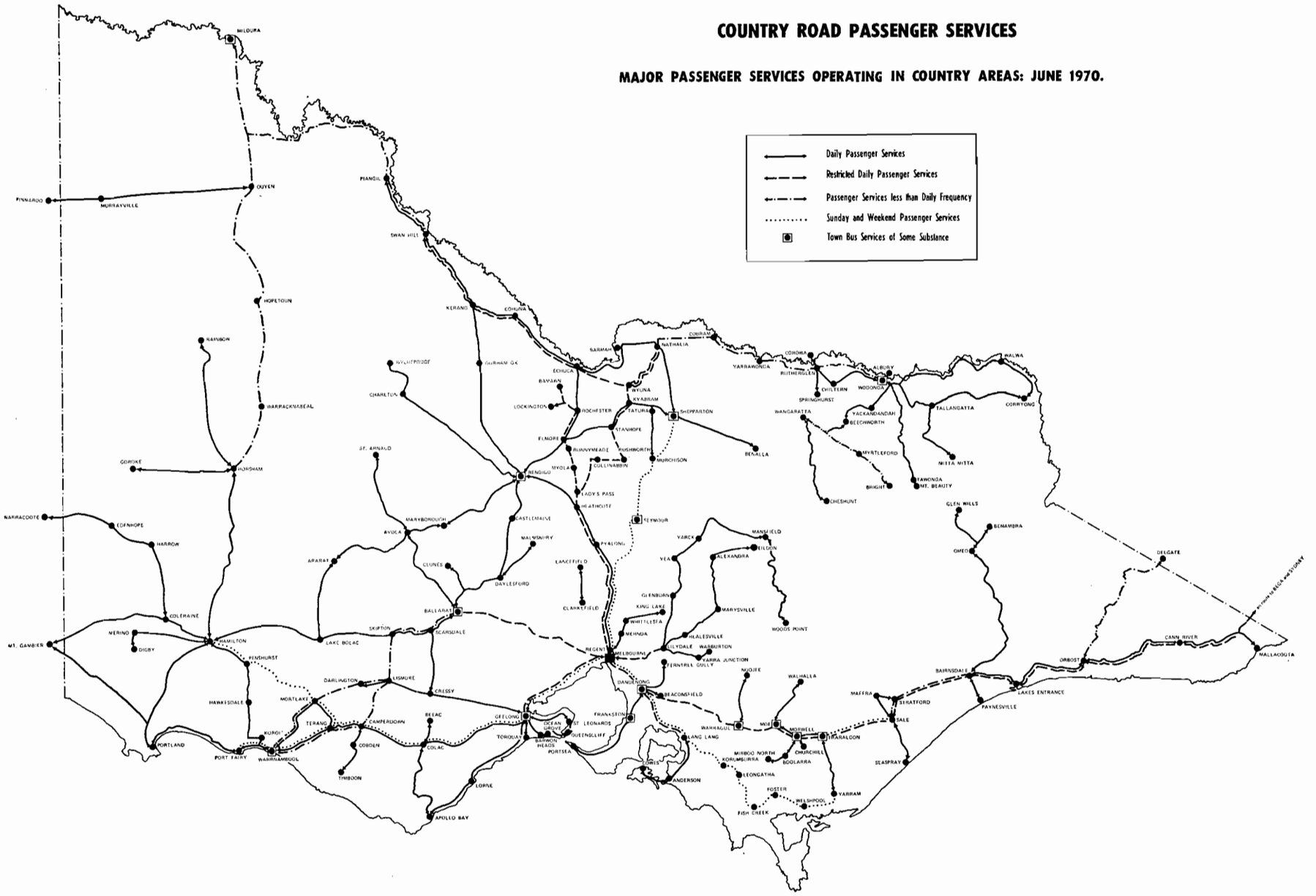
Henderson, John	Morwell
Hooper's Food Market (N. C. Hooper)	Ararat
Hunter, W. B.	Shepparton
Illingworth, Geo. D.	Prairie
Division of Industrial Development	Melbourne
Jenkins, The Honorable Owen Glyndwr—Member of the Legislative Council for South Western Province	
Keays, Raymond George	Strath Creek
Kolsen, Professor H. M.	University of Queensland
Kraft Foods Ltd.	Port Melbourne
Department of Labour and Industry	Melbourne
Latrobe Cake Supply (B. P. Ipsen)	Moe
Lennie, K. S.	Blackburn South
Little's Gippsland Coaches Pty. Ltd.	Sale
Mackay, W. J.	Maryborough
Marbut Gunnerson Pty. Ltd.	Port Melbourne
Maryborough—City of	Maryborough
Mayne Nickless Ltd.	Warrnambool Terminal
John N. McCann Pty. Ltd.	Geelong
McCosh, Robert J.	Mailors Flat
Mercury Meats (A Division of H. C. Sleigh Ltd.)	Camperdown
Mildara Wines Ltd.	Merbein
Mills, R. K. & Lawson, D. L.	Horsham
Noseda, A.	Warrnambool
Nyah West Traders Association	Nyah West
Oil Industry in Victoria	Melbourne
Portland Development Committee	Portland
Proprietary Dairy Factories Association of Australia	Melbourne
The W. A. Purvis Stores Pty. Ltd.	Moe
Reynolds, B.	Horsham
Rice Bros. Farms Pty. Ltd.	Moe
Richards, T. J.	Seymour
Road Safety and Traffic Authority	Kew
Road Transport Defence League	Lakes Entrance
Roll, A. A.	Glenthompson
Royal Automobile Club of Victoria	Melbourne
"Schiedam" (Australasia) Pty. Ltd.	Healesville
A. R. Scoones & Co. Fertilizer Pty. Ltd.	Kyabram
Shire of Alexandra	Alexandra
Shire of Birchip	Birchip
Shire of Maffra	Maffra
Shire of Mirboo	Mirboo
Shire of Morwell	Morwell
Shire of Newstead	Newstead
Shire of Omeo	Omeo
Shire of Seymour	Seymour
Shire of South Gippsland	Foster
Shire of Swan Hill	Swan Hill
Shire of Tambo	Tambo
Shire of Wycheproof	Wycheproof
Smorgan Consolidated Industries Ltd.	West Footscray
South Gippsland Milk Industries Ltd.	Korumburra
State Electricity Commission of Victoria	Melbourne
R. A. Steel Buildings Pty. Ltd.	Warrnambool
Stuchbery, M. G. & M. D.	Portland
Sunraysia Transport Operators Association	Mildura
Superior Coachlines (R. & M. Boreham)	Trafalgar
Tait, D.	Euroa
Tarax Drinks Holdings Ltd.	Huntingdale
Taylor, B. & J.	Calawadda
Terang and District Chamber of Commerce	Terang
Terang and District Co-operative Society Ltd.	Terang
Tierney, E. B.	South Morang
Tippett, G. T.	Nurrabiel
Tocumwal—Mangalore Railway League	Jerilderie, N.S.W.
Trans Otway Ltd.	Geelong
Transport Regulation Board	Carlton
Trewin, Thomas Campion—Member of the Legislative Assembly for Benalla	

Victorian Chamber of Manufactures—Ballarat Branch	Ballarat
Victorian Chamber of Manufactures—Country Members Branch	Melbourne
Victorian Chamber of Manufactures—Geelong Branch	Geelong
Victorian Dairyfarmers' Association	Melbourne
Victorian Dried Fruits Board	Melbourne
Victorian Employers' Federation	Melbourne
Victorian Farmers' Union	Melbourne
Victorian Farmers' Union—Dean Newlyn Branch	Dean
Victorian Farmers' Union—Goornong Branch	Goornong
Victorian Farmers' Union—Lindenow Branch	Lindenow
Victorian Farmers' Union—Processed Bean Section	Lindenow
Victorian Farmers' Union—Seymour Branch	Seymour
Victorian Railways	Melbourne
Victorian Road Transport Association	South Melbourne
Victorian Sawmillers Association	Melbourne
Warrnambool Potato Growers and Merchants	Warrnambool
Wimmera Regional Committee	Horsham
Wright, Ron	University of Melbourne
Walter H. Wright Pty. Ltd.	West Melbourne
Young, James E.	Mallacoota
Zanker, David	Horsham

COUNTRY ROAD PASSENGER SERVICES

MAJOR PASSENGER SERVICES OPERATING IN COUNTRY AREAS: JUNE 1970.



APPENDIX III

REVENUE AND EXPENDITURE OF THE T.R.B. 1969–70

	$	$
Revenue—		
Metropolitan and Urban Omnibus Licences ..	68,829	
Other Discretionary Passenger Licences ..	242,660	
Transfer Fees	98,107	
Discretionary Goods Licences	67,318	
"As of Right" Goods Licences	417,732	
		894,646
Permit Fees—		
Goods	914,671	
Passenger	18,234	
		932,905
Drivers' Certificates	22,143	
Fines Collected	269,801	
Metropolitan Omnibus Registration Fees	10,204	
Miscellaneous	25,995	
		328,143
Total Board Revenue		2,155,694
Road Maintenance Charge Collections	8,557,664	
Motor Boat Registrations	253,786	
Log Book Fees	10,831	
Metropolitan Transportation Committee Report ..	7,020	
		8,829,301
Total Revenue and Collections		10,984,995
Expenditure—		
Salaries and Overtime	1,939,472	
Other Administrative Costs	392,339	
Replacement and Maintenance of Cars ..	52,948	
	2,384,759	
Less Costs of Collection of Road Maintenance Charge recouped from C.R.B.	506,146	
Total Administrative Expenditure	1,878,613	
Capital Expenditure	109,292	
Total Board Expenditure		1,987,905
Payments to Government and Local Government Bodies—		
C.R.B. Fund—		
Road Maintenance Charge Collections	8,557,664	
Log Book Fees	10,831	
Tourist Fund—		
Motor Boat Registrations	253,786	
Municipalities—		
Metropolitan and Urban Omnibus Fees	43,011	
Transfer Fees	24,547	
Treasury—		
Metropolitan Transportation Committee Report	7,020	
		8,896,859
Total Expenditure and Payments		10,884,764

Appendix V

REVENUES OF THE C.R.B.

($'000s)

	1932/33	1969/70
Motor Car Act (nett)	2,172	30,868
Municipal Contributions	212	1,904
Commercial Goods Vehicles Act (gross)		8,555
Special Grants		849
Miscellaneous Receipts	377	498
State Loan Funds	231	900
Roads (Special Projects) Fund (nett)		3,533
F.A.R. and C.A.R. Moneys	664	38,160
Total	3,656	85,267

Appendix VI

EXPENDITURES OF THE C.R.B.

($'000s)

	1932/33	1969/70
Road Construction	3,232	49,903[1]
Road Maintenance		24,838
Plant Purchase, Buildings, Workshops	19	2,436
Interest and Sinking Funds on Loans (nett) ..	641	2,443
Statutory Payments to T.R.B., Tourist Fund, and Road Safety and Traffic Authority		1,337
All other, including management and operating expenditure	80	7,014
Total	3,972	87,971

(1) Includes $857,000 Grade Separation Projects.

COUNTRY ROADS BOARD

VICTORIA

C.R.B. ROAD SYSTEM 1933

STATE HIGHWAY

MAIN ROAD

DEVELOPMENTAL ROAD

MELBOURNE

BENDIGO

GEELONG

PORT PHILLIP BAY

AUSTRALIA

NEW SOUTH WALES

SOUTHERN OCEAN

BASS STRAIT

TASMAN SEA

COUNTRY ROADS BOARD 1913 VICTORIA

LEGEND

MUNICIPAL BOUNDARIES

STATE HIGHWAYS

DECLARED BY-PASS ROADS

MAIN ROADS

FOREST ROADS

TOURISTS ROADS

G. S. AUG. 1969

COUNTRY ROADS BOARD

VICTORIA

SHOWING BOARD'S ROAD SYSTEM

SCALE OF MILES

0 5 10 20 30 40 50 60 70 80 90

BENDIGO

BALLARAT

GEELONG

MELBOURNE

SHOWING C.R.B. ROADS WITHIN MELBOURNE & METROPOLITAN BOARD OF WORKS PLANNING AREA

PORT PHILLIP BAY

SCALE OF ENLARGEMENT

AUSTRALIA

NEW SOUTH WALES

SOUTHERN OCEAN

BASS STRAIT

TASMAN SEA

COUNTRY ROADS BOARD VICTORIA 1913

LEGEND

MUNICIPAL BOUNDARIES

STATE HIGHWAYS 31

DECLARED BY-PASS ROADS

MAIN ROADS

FOREST ROADS

TOURISTS ROADS

G.S. AUG. 1969

APPENDIX VII

SOURCES OF C.R.B. REVENUE

(i) Fees under Motor Car Act—

- (*a*) motor registration fees less cost of collection (bus registration fees and the specified proportion of registration fees paid to the Roads (Special Projects) Fund are excluded);
- (*b*) two-thirds of additional motor registration fees levied on first registration and subsequent change of ownership ;
- (*c*) trailer registration fees less cost of collection other than the amount paid to the Roads (Special Projects) Fund ;
- (*d*) one-quarter drivers' licence fees less one-quarter cost of collection ;
- (*e*) drivers' licence testing fees less cost of collection ;
- (*f*) one-half of driving instructors' licence fees less one-half cost of collection ;
- (*g*) examiners' licence fees (motor car roadworthiness examination) less cost of collection ;
- (*h*) fees for the issue of authorised log books less cost of collection ;

(ii) Receipts under Part II of the Commercial Goods Vehicles Act (Road Maintenance Charge).

(iii) Municipal contributions to permanent works on and maintenance of main roads.

(iv) Loan Moneys.

(v) Fines under Country Roads Act.

(vi) Special Government Grants.

(vii) Funds provided by the Treasurer—

- (*a*) from the Roads (Special Projects) Fund ;
- (*b*) from the Level Crossings Fund of a proportion of the cost of abolition of level crossings ;
- (*c*) from moneys paid to the State under the *Commonwealth Aid Roads Act* 1969.

Notes

(1) An amount equal to 2 per cent of the amount received under (i) above is paid by the C.R.B. to the Tourist Fund administered by the Ministry of Tourism and an amount equal to 1 per cent of the amount received under (i) above is paid to the Road Safety and Traffic Authority.

(2) An amount equal to 6 per cent of (ii) above is paid to the T.R.B., as a cost of collection, from the amount received in respect of motor car registration fees.

APPENDIX X

SUGGESTED DEPRECIATION BASIS—PRINCIPAL WAY AND WORKS ASSETS

Item	*Estimated Life — years*
Earthworks for track	100
Tunnels	100
Bridges and culverts—	
Timber	50
Steel and concrete	80
Fencing of track	35
Track—	
Rails and fastenings, sleepers, ballasting, &c. including tracklaying	100
Buildings—other than workshops and power supply	60
Water services	50
Signals and interlocking—	
Mechanical	50
Power	40
Telegraph and telephone lines	30

Residual values are assumed where appropriate.

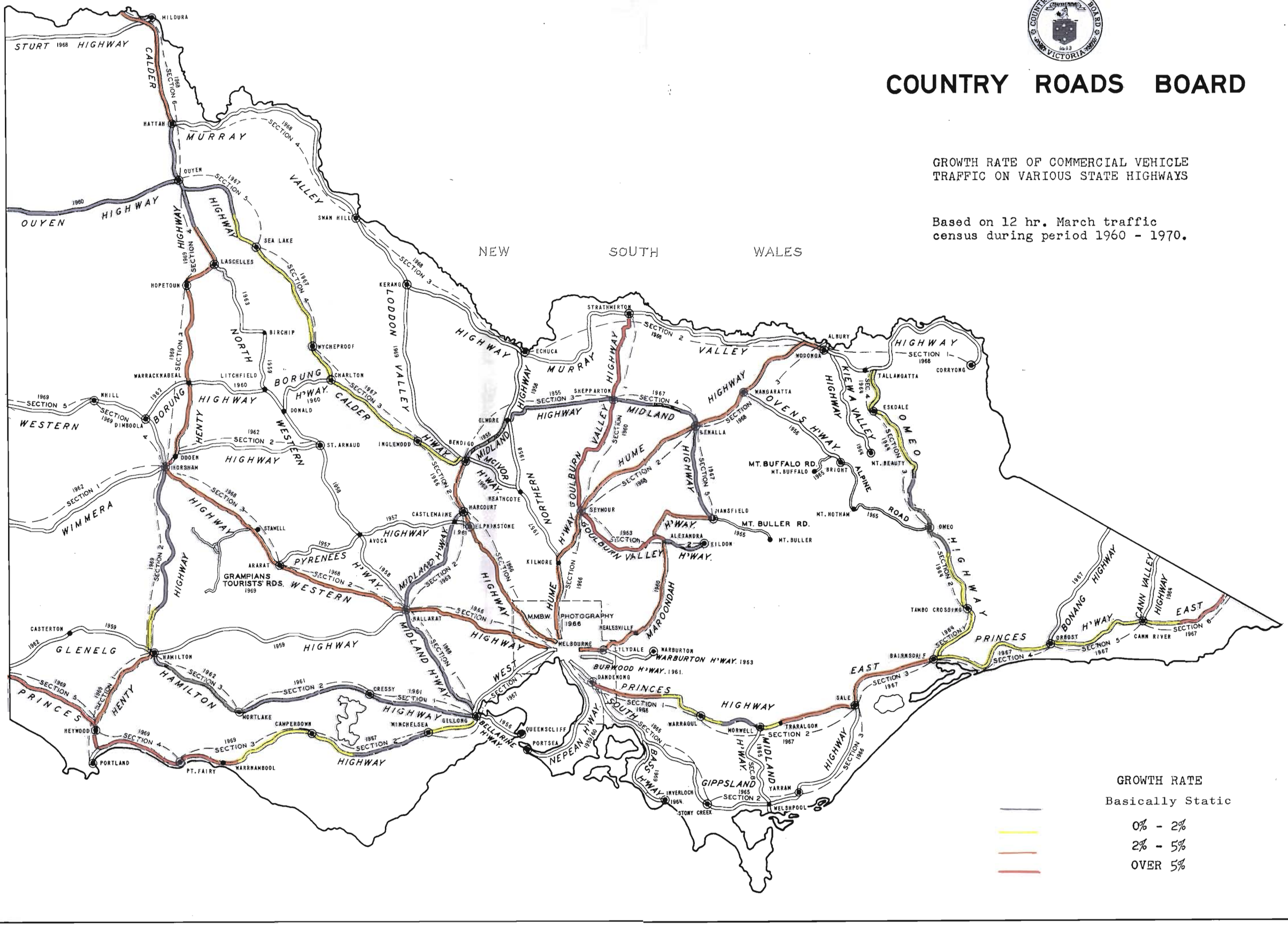
The " track " is regarded as a structural entity of which the rails, sleepers, etc. are component parts. The entity is maintained and constructed as a unit. The suggestion is that costs of maintenance and renewals and replacements to keep the track at its original standard would be charged to working expenses, with only that part of any expenditure designed specifically to improve or expand the asset being a capital charge.

This approach on " track " conforms closely with the practice of several other Railway Administrations.

COUNTRY ROADS BOARD

GROWTH RATE OF COMMERCIAL VEHICLE TRAFFIC ON VARIOUS STATE HIGHWAYS

Based on 12 hr. March traffic census during period 1960 - 1970.



GROWTH RATE

Basically Static

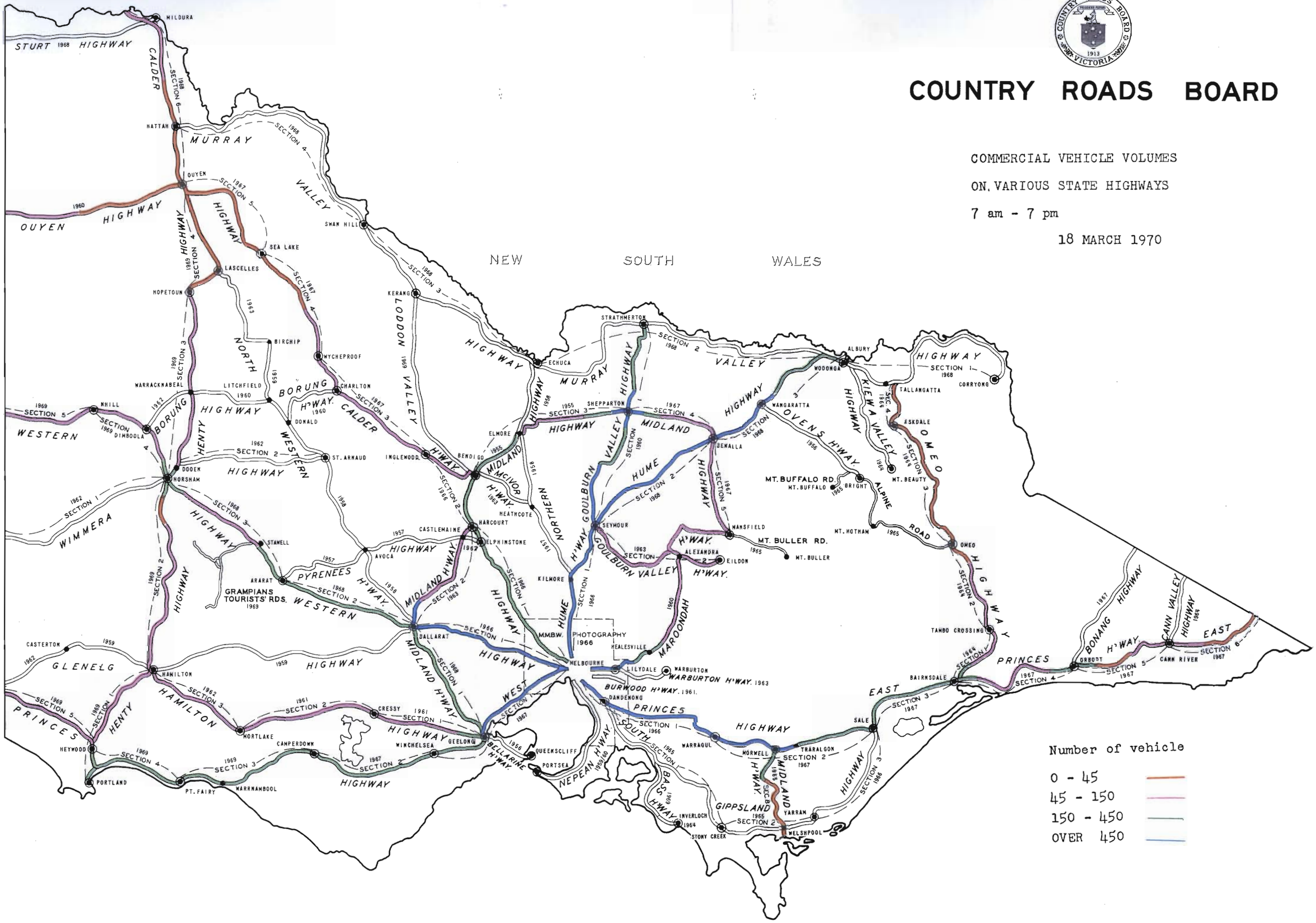
0% - 2%

2% - 5%

OVER 5%

COUNTRY ROADS BOARD

COMMERCIAL VEHICLE VOLUMES
ON VARIOUS STATE HIGHWAYS
7 am - 7 pm
18 MARCH 1970



APPENDIX XI

VICTORIAN RAILWAY LINES ON WHICH PASSENGER SERVICES HAVE BEEN TERMINATED IN THE LAST 20 YEARS

	Date last Passenger train ran (including car goods, mixed and passenger, carrying postal motors).
Northern and Midland District	
Piangil–Yungera	3.9.54
Clarkefield–Lancefield	13.8.56
Ouyen–Pinnaroo	1.11.68
North Creswick–Daylesford	29.7.52
Mildura–Merbein	1.7.67
Dunolly–Inglewood	15.1.51
Western and South Western District	
Maryborough–Ararat	4.5.57
Hamilton–Coleraine	28.7.52
Branxholme–Casterton	31.7.56
Horsham–Goroke	16.4.65
Horsham–Balmoral	20.8.51
Hamilton–Balmoral	9.3.55
Gheringhap–Maroona	14.1.52
Birregurra–Forrest	30.4.52
Colac–Ferguson	13.1.55
Ferguson–Crowes	9.12.54
Dimboola–Rainbow	30.1.54
North Eastern District	
Heathcote Junction–Heathcote	20.6.65
Wangaratta–Bright	11.6.52
Everton–Beechworth	10.4.53
Springhurst–Wahgunyah	13.4.62
Wodonga–Tallangatta	30.9.61
Shepparton–Katamatite	29.4.53
Numurkah–Picola	30.7.54
Murchison East–Rushworth	13.1.56
Rushworth–Girgarre	30.7.52
Wangaratta–Whitfield	10.10.53
Eastern and South Eastern District	
Moe–Platina	24.6.54
Morwell–Mirboo North	7.9.68
Metropolitan	
Epping–Whittlesea	28.11.59
Emerald–Gembrook	30.4.54
Hawthorn–Kew	15.8.52
Lilydale–Warburton	13.12.64
Bittern–Red Hill	29.6.53

VICTORIAN RAILWAY LINES ON WHICH PASSENGER SERVICES NOW OPERATE

Melbourne–Bendigo

Bendigo–Deniliquin

Carlsruhe–Daylesford

Elmore–Cohuna

North Bendigo Junction–Piangil

Kerang–Koondrook

Barnes–Balranald

Eaglehawk–Sea Lake

Korong Vale–Robinvale

Castlemaine–Maryborough

North Ballarat Junction–Mildura

Sunshine–Serviceton

Linton Junction–Linton

Murtoa–Hopetoun

Ararat–Portland

Geelong–Queenscliff (Summer Sunday excursion traffic only)

Geelong–Warrenheip

Melbourne–Port Fairy

Melbourne–Albury

Mangalore–Tocumwal

Strathmerton–Cobram

Toolamba–Echuca

Tallarook–Mansfield

Benalla–Yarrawonga

Melbourne–Bairnsdale (via Sale)

Traralgon–Maffra

Melbourne–Yarram

Nyora–Wonthaggi

Frankston–Stony Point

Baxter–Mornington

Lilydale–Healesville

Crib Point–Naval Base

Belgrave–Emerald (" Puffing Billy " Excursions)

Appendix XII

STATIONS ON LINES STILL CARRYING PASSENGER TRAFFIC, CLOSED FOR PASSENGERS AND NOT RE-OPENED OR CONVERTED TO RAIL MOTOR STOPPING PLACES WITHIN THE LAST 20 YEARS

Melbourne–Bendigo
- Redesdale Junction
- Ravenswood

Bendigo–Deniliquin
- Epsom
- Huntly
- Wellsford
- Avonmore
- Strathallan
- Hill Plain
- Southdown

Elmore–Cohuna
- Warragamba
- Roslynmead
- Patho

North Bendigo Junction–Piangil
- Myers Flat
- Woodvale
- Sebastian
- Tandarra
- South Kerang
- Fairley
- Pental

Barnes–Balranald
- Thyra
- Berambong
- Moolpa
- Impini
- Yangalake

Eaglehawk–Sea Lake
- Leichardt
- Derby
- Kurting
- Glenalbyn
- Fairview
- Dumosa
- Warne
- Boigbeat

Korong Vale–Robinvale
- Oakvale
- Gowanford
- Cocamba
- Koimbo
- Margooya

Castlemaine–Maryborough
- Campbell
- Joyce's Creek

North Ballarat Junction–Mildura
- Waubra Junction
- Sulky
- Tourello
- Daisy Hill
- Simson
- Havelock
- Carapooee
- Sutherland
- Swanwater

North Ballarat Junction–Mildura—continued
- Buloke
- Massey
- Morton Plains
- Karyrie
- Gama
- Gypsum
- Bronzewing
- Nunga
- Kiamal
- Trinita
- Boonoonar
- Yatpool

Sunshine–Serviceton
- Ardeer
- Staughton Siding
- Rowsley
- Ingliston
- Bradshaw
- Llandeilo
- Millbrook
- Dobie
- Ashens
- Wail
- Salisbury
- Tarranginnie

Linton Junction–Linton
- Cardigan
- Nintingbool
- Happy Valley

Murtoa–Hopetoun
- Nullan
- Mellis
- Goyura

Ararat–Portland
- Langi Logan
- Calvert
- Stavely
- Moutajup
- Milltown
- Heathmere
- Gorae
- Old Portland

South Geelong–Queenscliff
- Leopold
- Curlewis
- Mannerim
- Marcus

Footscray–Port Fairy
- Manor
- Marshall
- Grovedale
- Pettavel
- Buckley
- Armytage
- Warncoort
- Irrewarra
- Larpent
- Stoneyford

Footscray–Port Fairy—continued
Weerite
Garvoc
Cudgee
Dennington
Crossley
Kirkstall
Moyne
Rosebrook

North Melbourne–Albury
Somerton
Monea
Creighton
Balmattum
Winton

Mangalore–Tocumwal
Mywee

Toolamba–Echuca
Hendersyde

Tallarook–Mansfield
Granite
Cheviot

Benalla–Yarrawonga
Chesney
Nooramunga

Melbourne–Bairnsdale
Nilma
Loy Yang
Flynn
Fulham
Montgomery

Dandenong–Yarram
Caldermeade
Jeetho
Whitelaw
Kardella
Ruby
Boys
Hoddle
Agnes

Nyora–Wonthaggi
Glen Forbes

Traralgon–Maffra
Dawson

APPENDIX XIII

NON-METROPOLITAN LINES CLOSED SINCE 1933

Line.		Length Miles.	Date of Closure.
Welshpool to Welshpool Jetty	D	3·23	1.1.41
Yannathan to Triholm	D	14·00	7.9.41
Ballarat East to Buninyong	D	6·25	28.2.47
Benalla to Tatong	D	17·04	1.7.47
Burrumbeet Junction to Burrumbeet Racecourse	D	1·13	1.7.48
Moriac to Wensleydale	D	10·92	20.10.48
Alberton to Port Albert	D	4·20	14.2.49
Stawell to Grampians	D	15·48	29.3.49
Bayles to Yannathan	D	6·50	15.4.50
Jumbunna to Outtrim	D	2·40	4.9.51
Bungaree Junction to Racecourse Reserve	D	1·53	4.9.51
Black Diamond Junction to Black Diamond	D	1·52	10.5.51
Maffra to Briagolong	D	11·79	16.7.52
Erica to Walhalla	PD	6·57	14.10.52
Yarram to Woodside	D	18·30	25.5.53
Bittern to Red Hill	D	9·91	1.7.53
Daylesford to Newlyn	D	14·25	28.7.53
Korumburra to Jumbunna	D	3·74	1.10.53
Wangaratta to Whitfield	D	30·49	12.10.53
Irrewarra to Beeac	D	8·70	18.11.53
Beeac to Newtown	D	34·95	18.11.53
Ben Nevis to Navarre	D	22·87	24.2.54
Upper Fern Tree Gully to Gembrook (Lakeside to Gembrook 6·68 miles)	D	18·18	30.4.54
Moe to Erica	D	18·49	25.6.54
Redesdale Junction to Redesdale	D	16·25	29.6.54
Beechworth to Yackandandah	D	12·84	2.7.54
Weeaproinah to Crowes	PD	9·90	10.12.54
Colac to Alvie	D	8·76	18.12.54
Clarkefield to Lancefield	D	14·50	13.8.56
Birragurra to Forrest	D	19·80	4.3.57
Hernes Oak to Yallourn	D	2·45	31.3.57
Kooloonong to Yungera	D	6·71	6.8.57
Warragul to Neerim South	D	13·49	1.10.58
Neerim South to Noojee	D	14·01	1.10.58
Heathcote to Rangelea	D	25·10	3.12.58
Moe to Thorpdale	D	10·67	4.12.58
Koo-Wee-Rup to Bayles	D	4·50	4.2.59
Epping to Whittlesea		13·70	29.11.59
Colac to Weeaproinah	PD	33·87	1.7.62
Kerang to Murrabit		16·11	5.2.64
Murrabit to Stony Crossing		38·59	5.2.64
Lilydale to Warburton		23·97	29.7.65
Waubra Junction to Waubra		13·74	1.2.68
Heathcote Junction to Heathcote		39·83	7.11.68
Maldon to Shelbourne		9·89	1.1.70

D—Dismantled. PD—Partly Dismantled.

EXTENT OF FREEDOM FOR ROAD FREIGHT TRAFFIC UNDER COMMERCIAL GOODS VEHICLES LEGISLATION (INCLUDING T.R.B. POLICY) AS AT 30.6.71.

LEGEND

25 MILE RADIUS FROM G.P.O. MELBOURNE
B'RAT, B'DGO, GEELONG - HIRE AND REWARD.

REGULAR SERVICES - DISCRETIONARY
LICENCES AND REG. PERMITS FROM GEELONG & MELB.

SEASONAL & UNRESTRICTED MOVEMENTS
UNDER SEC. 92. (CHIEFLY WOOL & GRAIN.)

REGULAR & UNRESTRICTED MOVEMENTS
UNDER SECTION 92.

PERMITS - SUPERPHOSPHATE
100 MILES OF MELB., GEELONG & PORTLAND.

PERMITS - DRUMMED PET. PRODUCTS
160 MILES OF MELB.

STATE WIDE MOVEMENT OF GOODS "AS OF RIGHT" LICENCES AND AUTOMATIC PERMITS.

E.D. - FARMERS.

E.I. - DECENTRALISED INDUSTRIES.

E.H. - BULK PET. PRODUCTS, FRUIT, VEGETABLES, LIVESTOCK, MEAT, FISH, FLOWERS, HOUSEHOLD FURNITURE, ETC.

PERMITS - C.I.G., HIDES, SKINS, TALLOW (10 DRUMS) ITEMISED BLDG. MATERIALS, UNCRATED MACHINES, ETC.

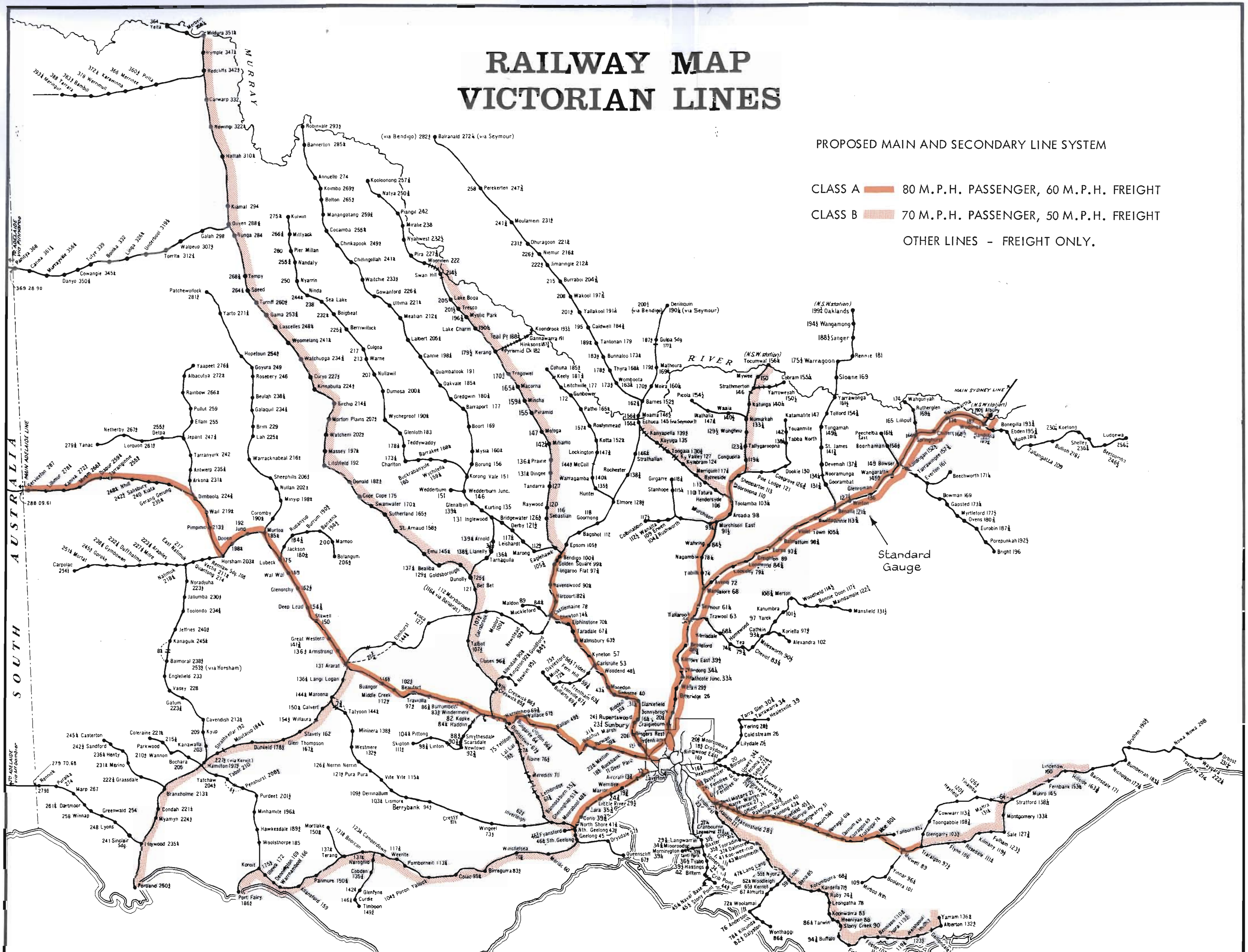
D LICENCE - MARINE GOODS, CONTRACTORS EQUIP., CARS, REFRIGERATED TRAFFIC, ETC.

OTHER "AS OF RIGHT" LICENCES

E.C. - 25 MILE RADIUS PLACE OF BUSINESS, OWNER OF VEHICLE.

E.F. - BUTTER FACTORIES, (PICK-UP AREA.)

E.G. - 50 MILE RADIUS PRINCIPAL PLACE OF BUSINESS, ANCILLARY OPERATION, (UNDER 4 TON.)


RAILWAY MAP
VICTORIAN LINES
PROPOSED MAIN AND SECONDARY LINE SYSTEM
CLASS A 80 M.P.H. PASSENGER, 60 M.P.H. FREIGHT
CLASS B 70 M.P.H. PASSENGER, 50 M.P.H. FREIGHT
OTHER LINES - FREIGHT ONLY.
Standard Gauge
SOUTH AUSTRALIA
MURRAY RIVER
MAIN ADELAIDE LINE
MAIN SYDNEY LINE

APPENDIX XVI

THE COST RESPONSIBILITY OF ROAD USERS TO THE CONSTRUCTION AND MAINTENANCE OF ROADS

The specific objective of the analysis was to ascertain the relative cost responsibility of trucks exceeding three and four tons carrying capacity respectively for the construction and maintenance of roads.(1)

The working party developed an analytical framework in order to obtain an estimate of the cost responsibility, in 1969–70, of heavy trucks of over 3 tons and over 4 tons carrying capacity for road construction (including reconstruction) and maintenance expenditure. The methodology for distributing costs between vehicle classes was based on the incremental method used by the U.S. Department of Transportation.(2)

This is the method now generally adopted as a basis for comparing cost responsibilities and revenue contributions of various vehicle classes.

The components of the analysis were—

(*a*) classification of construction and maintenance expenditures into basic items;

(*b*) determination of criteria for assigning each basic cost item to vehicle classes;

(*c*) calculation of cost responsibilities of vehicle classes for each basic construction and maintenance item;

(*d*) determination of total cost responsibility of the vehicle classes.

Each of these components are discussed in detail below.

Classification of Expenditures

The terms of reference of the working party required the consideration of road costs other than construction and maintenance, for example, of street lighting and policing. As these types of costs would be relatively small compared with road construction and maintenance costs and difficult to estimate and allocate between vehicles and non-road users, as well as between classes of vehicles, the working party concentrated on the analysis of the two largest cost elements: construction and maintenance of roads. Also, in the time available, it has not been possible to estimate and allocate the administrative costs of road activities between vehicle classes.

For the classification of construction expenditures six, and for the maintenance expenditures two, basic items were selected—

Basic Construction Items

(*a*) Land acquisition and R.O.W. clearance.

(*b*) Earthwork and drainage.

(*c*) Bridge construction.

(*d*) Pavement and shoulders.

(*e*) Bitumen surfacing.

(*f*) Other expenditures, including investigation and survey.

Basic Maintenance Items

(*a*) Pavement and shoulder maintenance, major patching, resurfacing.

(*b*) Roadside, landscape, bridge and culvert maintenance, trees, traffic control devices, etc.

In calculating the costs to be distributed between vehicle classes, a static approach has been adopted in that the capital costs of the road system were taken to be equivalent to construction costs incurred in 1969–70.

---

(1) It is to be noted that costs obtained from this cost responsibility approach "are not the public costs that would be saved were these vehicles to cease to use the roads if, for example, traffic was transferred from road to rail". Para. 95, Chapter 8, "Road Track Costs", Report Ministry of Transport, H.M.S.O. 1968. These latter costs would be relevant to any question involving the efficient allocation of resources between rail and road modes.

(2) "Allocation of Highway Cost Responsibility and Tax Payments, 1969". U.S. Department of Transportation, Federal Highway Administration, Bureau of Public Roads 1970.

A dynamic approach would have involved calculating the capital charges associated with construction expenditure in all previous years on the existing road system, and the distribution of the current construction expenditure over future years for the benefits will accrue beyond the immediate year. Such an exercise has been attempted by other analysts overseas but is subject to numerous and inevitably arbitrary judgements, including what past construction expenditure produced the road system now existing, and seems to produce no more reliable a result than that obtained from the static approach adopted.

The classification of expenditures into basic cost items used the 1969–70 State highways allocations of the Country Roads Board and the results of a detailed investigation of the Board's expenditure on 110 construction and reconstruction projects.

Although the State highways allocation ($14·4 million) represented only around 15 per cent of the total construction and reconstruction costs ($97·0 million) incurred by all road authorities in Victoria in 1969–70, it was considered that it would be reasonable to assume that the cost structure for the State highways could be taken as representative of the total construction and reconstruction expenditure. Compared with the State highways, the higher proportion of costs incurred for land acquisition, right-of-way clearance and bridges for freeway construction would tend to balance the higher proportion of costs for pavement and earthwork for lower standard roads.

Details of the classifications of expenditures are shown in Tables 1–4 (construction costs) and in Table 20 (maintenance costs). The percentage distribution of cost elements is very close to the distribution which is presented in the U.S. study (see Table 4).

Determination of Cost Assignment Criteria

Based on the manner in which work items are affected by vehicle type, size, weight or operating characteristics, construction and maintenance work items were divided into groups for cost determination to vehicle classes. The following assignment criteria were adopted—

(*a*) passenger car unit miles of travel (as used in road traffic capacity analysis);

(*b*) vehicle miles of travel;

(*c*) ton-miles of travel (average loaded weight);

(*d*) axle-miles of travel.

The estimates of vehicle miles, ton-miles, p.c.u. miles and axle-miles in 1969–70 for each vehicle class are shown in Table 5.

The number of motor vehicles was compiled from the Commonwealth Bureau of Census and Statistics Report on Motor Vehicles on the Register in June 1970 and from Motor Registration Branch Data Processing information. For the annual average miles and average load of vehicle classes, the data of the " Survey of Motor Vehicle Usage 1963 " (Comm. Stat.) was adopted as this was the latest information available.

The passenger car units for each vehicle class adopted in this analysis were derived from the U.S. Highway Capacity Manual. Estimates of average axles in each vehicle class were made using U.S. and unpublished Victorian data.

Table 6 shows the criteria which were adopted for assigning each expenditure group to vehicle classes.

Three alternative criteria were adopted for cost assignment to vehicle classes for pavement, shoulder, seal and surface construction. These criteria were—

(*a*) ton-miles incrementally for all pavement, shoulder, seal and surface costs;

(*b*) axle-miles of travel incrementally as under (*a*);

(*c*) ton-miles incrementally for increasing depths of pavements and shoulders with constant pavement width as required for cars (including station wagons, utilities and panel vans); passenger car unit miles incrementally for increasing widths (as required for trucks and buses) of pavement, shoulders, seal and surface.

The results obtained by using criterion (*c*) are those obtained in the detailed workings presented in this paper. However, the results of using the other two alternative criteria (*a*) and (*b*) are also shown in Table 19.

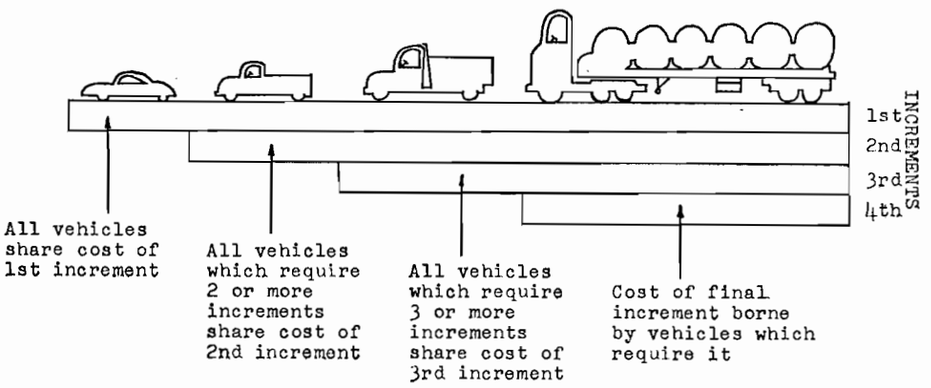
Calculations of Cost Responsibilities

The incremental method was adopted for the distribution of costs between vehicle classes.

At this stage therefore a brief explanation of the incremental method of assigning costs is appropriate.

The incremental method seeks to assign responsibility for each element of highway cost to the vehicles which cause it. The foundation of the method is the concept that each element of highway design and cost can be broken down into the increments caused by vehicles of different types, sizes and weights.

The incremental concept, as it applies to the structural design of highway pavement is illustrated in the figure below. For simplicity sake, only one component of the pavement is shown although all pavement courses must be taken into account.



Since the first pavement increment is required by even the lightest vehicles and is an integral part of the total pavement thickness required by heavier vehicles, the cost of this increment was distributed among all vehicle classes according to the criterion shown in Table 6. Similarly, the cost of the second pavement increment was distributed among all vehicle classes except those that only required the first increment. The cost of each successive pavement increment was distributed in the same manner.

Detailed computations of the cost responsibilities of each vehicle class for each construction cost group are shown in Tables 7–18.

The pavement depths shown in Table 8 were calculated with factors considered to be representative for Victorian State highways. These were an average soil type (design California Bearing Ratio = 6) and an average daily traffic composition of 1,700 cars, utilities and panel vans, 75 trucks under 2 tons, 55 trucks between 2 and 4 tons, and 170 trucks over 4 tons carrying capacity.

For the determination of the bridge construction cost increments, an appropriate calculation was carried out using different axle loads, conforming with the separate vehicle classes.

The calculations for maintenance cost responsibilities using the criteria shown in Table 6 are presented in Tables 21 and 22. In the distribution of pavement and shoulder maintenance costs, the incremental cost attributable to heavy vehicles (classes 6 to 9) was assumed to be 20 per cent in conformity with U.S. experience.

Cost Responsibility of Vehicle Classes

Table 19 shows that the percentage of total construction costs attributable to trucks exceeding 4 tons carrying capacity is 41·7 per cent, 37·3 per cent and 41·1 per cent according to whether criteria (*a*), (*b*) or (*c*) respectively were used for distributing pavement, shoulder, seal and surfacing costs. It has been estimated that, for trucks, exceeding 3 tons carrying capacity, the equivalent cost responsibilities would approximate 44·2 per cent, 39·8 per cent and 43·6 per cent.

The middle values of 41·1 per cent and 43·6 per cent have been used to provide an indication of the magnitude of the cost responsibility in money terms for construction expenditure for trucks exceeding 4 tons and 3 tons carrying capacity.

The maintenance cost responsibility calculations are summarised in Table 23. The percentage cost responsibility for trucks exceeding four tons carrying capacity is 35·2 per cent. For trucks exceeding three tons carrying capacity, it has been estimated that the percentage cost responsibility would approximate 37·5 per cent.

Total road expenditure for 1969–70 was as follows:—

—	Construction.	Maintenance.	Total.
	$'000	$'000	$'000
Country Roads Board	49,903	24,838	74,741
Melbourne and Metropolitan Board of Works ..	12,372	92	12,464
Local Government Authorities (*a*)	34,723	20,417	55,140
	96,998	45,347	142,345

(*a*) 1968–69 Latest data available.
Local Government Finance 1968–69.
Commonwealth Bureau of Census and Statistics, Victorian Office.

A comparison of the estimated cost responsibility of trucks with carrying capacity in excess of three tons and in excess of four tons is as follows:—

—	Construction.		Maintenance.		Total.	
	%	Amount. $M	%	Amount. $M	%	Amount. $M
Trucks with Carrying Capacity in Excess of Three Tons	43·6	42.3	37·5	17.0	41·7	59.3
Trucks with Carrying Capacity in Excess of Four Tons	41·1	39.9	35·2	15.9	39·2	55.8
Difference	2·5	2.4	2·3	1.1	2·5	3.5

Melbourne—11th October 1971.

E. C. Brownbill, B.Com. (Hons),
Economist, State Treasury,
Chairman.

N. S. Guerin, B.C.E., C.E.,
C.H.T. (Yale), M.I.E. (Aust.),
Chief Planning Engineer,
Country Roads Board, Victoria.

L. Kovacs, B.C.E. (Hungary),
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Chief of Finance Division,
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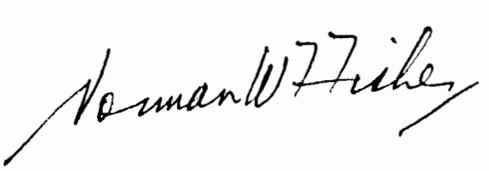

P. L. Golden, A.A.S.A.,
Research Officer,
Transport Regulation Board.

TABLE 1

DISTRIBUTON OF ROAD AND BRIDGE CONSTRUCTION EXPENDITURE ALLOCATIONS IN 1969–70 FOR STATE HIGHWAYS BY THE COUNTRY ROADS BOARD

Item.	Allocated Expenditure.	
	$'000.	(%)
Investigation and Survey	146.3	1·0
Land Acquisition	804.3	5·6
Right of Way Clearance	504.0	3·5
Bridge Construction	1,963.1	13·6
Road Construction	9,589.3	66·4(*a*)
Sealing, Hot Mix	1,426.4	9·9
Total	14,433.4	100·0

(*a*) Road construction proportion was distributed between " Pavement and shoulder ", " Earthwork and drainage " and " Other activities " as per Table 2 and Table 3.

TABLE 2

DISTRIBUTION OF ROAD CONSTRUCTION EXPENDITURES ON SELECTED JOBS

Item.	Expenditure. $'000.	Distribution of Expenditures Excluding R.O.W. (%)
R.O.W. Clearance	176.0	..
Earthwork and Drainage	2,936.0	37·7
Pavement and Shoulder	3,767.0	48·5
Other Activities	1,072.0	13·8
Total	7,951.0	100·0

This table presents the results of a detailed investigation of expenditures of 110 jobs on State highways.

TABLE 3

DISTRIBUTION OF ROAD CONSTRUCTION PROPORTION

Item.	Proportions.(*a*) (%)	Distribution of Road Construction Proportion. (%)
Earthworks and Drainage	37·7	0·664 × 37·7 = 25·0
Pavement and Shoulder	48·5	0·664 × 48·5 = 32·2
Other Activities	13·8	0·664 × 13·8 = 9·2
Total	100·0	66·4(*b*)

(*a*) See Table 2.
(*b*) See Table 1.

TABLE 4

DISTRIBUTION OF THE 1969–70 ROAD CONSTRUCTION AND RECONSTRUCTION EXPENDITURES INTO BASIC CONSTRUCTION ITEMS

Item.	Proportion.(*a*) (%)	Actual Expenditure. $'000	U.S. Expenditure Distribution.(*c*) (%)
R.O.W. and Land Acquisition	9·1	1,357	19·0
Bridge Construction	13·6	2,028	15·0
Earthwork and Drainage	25·0	3,728	26·0
Pavement and Shoulder	32·2	4,802	40·0
Sealing and Hot Mix	9·9	1,476	
Others (incl. Investigations and Survey)	10·2	1,521	..
	100·0	14,912(*b*)	100·0

(*a*) See Tables 1 and 3.
(*b*) This amount includes $ million 1·157 reconstruction expenditure classified as maintenance for the purpose of the C.R.B. 1969–70 Annual Report.
(*c*)" Allocation of Highway Cost Responsibility and Tax Payments, 1969 " Page 19 (excluding Interstate Freeways.)

9342/71.—13

TABLE 5

ESTIMATED 1969–70 DATA ON DISTRIBUTION CRITERIA BY VEHICLE CLASSES

Vehicle Classes. (T = tons carrying capacity.)	Number of Vehicles.	Annual Average Miles.	Total Vehicle Miles.		Average Tare.	Average Load.	Average Gross Weight.	Gross Tons–Miles.		P.C.U. per Vehicle.	P.C.U. Miles.		Axle Miles.	
	'000	'000	Million.	(%)	Tons.	Tons.	Tons.	Million.	(%)		Million.	(%)	Million.	(%)
1. Cars and Station Waggons	1,067·9	8·6	9,184	80·7	1·1	..	1·1	10,102	49·5	1·0	9,184	64·0	18,368	78·2
2. Utilities and Panel Vans	130·9	8·7	1,139	10·0	1·2	0·18	1·4	1,595	7·8	1·0	1,139	7·9	2,278	9·7
3. Trucks up to 2T	31·0	8·5	263	2·3	1·75	0·54	2·3	605	3·0	1·0	263	1·8	526	2·2
4. Trucks over 2T to 3T	9·1	6·5	59	0·5	2·75	1·13	3·9	230	1·1	1·0	59	0·4	118	0·5
5. Trucks over 3T to 4T	18·4	6·0	110	1·0	3·5	1·83	5·3	583	2·8	2·0	220	1·5	220	0·9
6. Trucks over 4T to 5T	6·2	6·0	37	0·3	4·5	1·83	6·3	233	1·1	3·5	130	0·9	74	0·3
7. Trucks over 5T (Rigid)	21·5	11·5	247	2·2	6·5	3·3	9·8	2,421	11·9	5·0	1,235	8·6	618	2·6
8. Trucks over 5T (Articulated)	10·4	24·0	250	2·2	8·0	7·9	15·9	3,975	19·5	7·0	1,750	12·2	1,125	4·8
9. Buses	4·8	20·0	96	0·8	6·0	1·0	7·0	672	3·3	4·0	384	2·7	200	0·8
Total for all classes	1,300·2	..	11,385	100·0	..	..	..	20,416	100·0	..	14,364	100·0	23,527	100·0
Trucks more than 4T (6, 7, 8)	38·1	..	534	4·7	..	..	..	6,629	32·5	..	3,115	21·7	1,817	7·7

For sources and methods of calculation see Text.

TABLE 6

CRITERIA FOR COST ASSIGNMENT TO VEHICLE CLASSES

Major Expenditure Categories.	Basic grouping for cost assignment to vehicles by :				
	Passenger car unit miles with no increment.	Vehicle miles of travel with no increment.	Vehicle miles of travel incrementally.	Average loaded weight ton-miles, incrementally.	Passenger car unit miles incrementally.
Construction.	Land acquisition, R.O.W., earthworks and drainage.	Other expenditure.	Bridges.	Pavement and shoulders,* for constant width as required for cars.	Pavement and shoulder* sealing and surfacing, for widening as required for trucks.
Maintenance.		Roadside, landscape, trees, bridge and culvert maintenance, &c.		Pavement and shoulder maintenance.	

*Alternative criteria.—(*a*) Average loaded weight ton-miles incrementally : for all pavement and shoulders, sealing and surfacing construction costs.
(*b*) Axle miles of travel incrementally : for all pavement and shoulders, sealing and surfacing construction costs.

TABLE 7

COST RESPONSIBILITY CALCULATIONS FOR (*a*) RIGHT OF WAY AND EARTHWORK AND DRAINAGE (*b*) OTHER EXPENDITURES

Vehicle Classes.	Right of Way and Earthwork and Drainage.		Other Expenditures.	
	Distribution Criterion. P.C.U. Miles. (%)	Cost. $'000	Distribution Criterion. Vehicle Miles. (%)	Cost. $'000
1	64·0	3,255	80·7	1,226
2	7·9	402	10·0	152
3	1·8	92	2·3	35
4	0·4	20	0·5	8
5	1·5	76	1·0	15
6	0·9	46	0·3	5
7	8·6	437	2·2	34
8	12·2	620	2·2	34
9	2·7	137	0·8	12
	100·0	5,085	100·0	1,521

TABLE 8

BASIC DATA FOR PAVEMENT AND SHOULDER COST ALLOCATION

Vehicle Class.	Pavement.	Seal.	Pavement Thickness.	Pavement.(*a*)	Seal.(*b*)
	Width—Feet.			Cost per Mile—$.	
1, 2	20	18	4″	9,375	5,280
3	20	18	6″	14,062	5,280
4, 5	24	22	8″	22,500	6,450
6, 7, 8, 9	26	24	15″	45,750	7,040

(*a*) Pavement cost at 20 cents per sq. yard per inch thickness.
(*b*) Seal cost at 50 cents per sq. yard.

TABLE 9

PAVEMENT COST FOR THICKNESS INCREMENTS WITH CONSTANT WIDTH (20 FT. AS REQUIRED FOR CARS)

Vehicle Classes.	Pavement.		
	Width—Feet.	Depth—Inches.	Cost/Mile—$.
1, 2	20	4	9,375
3	20	6	14,063
4, 5	20	8	18,750
6, 7, 8, 9	20	15	35,160

TABLE 10

INCREMENTAL COST FACTORS FOR CONSTANT PAVEMENT WIDTH

Vehicle Classes.	Incremental Cost per Mile—$.(*a*)	Index of Cost. (%)	Incremental Index Cost. (%)
1, 2	9,375	26·7	26·7
3	14,063 − 9,375 = 4,688	40·0	13·3
4, 5	18,750 − 14,063 = 4,687	53·3	13·3
6, 7, 8, 9	35,160 − 18,750 = 16,410	100·0	46·7

(*a*) See Table 9.

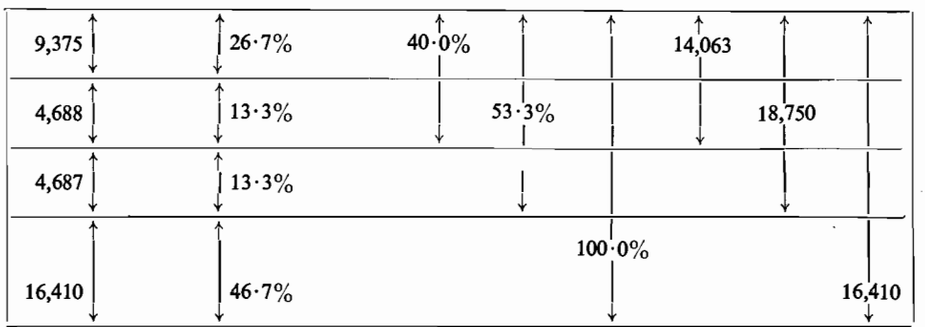

TABLE 11

PAVEMENT COST FOR WIDTH INCREMENTS (AS REQUIRED FOR TRUCKS)

Vehicle Classes.	Pavement Width (ft.) for			Pavement.	
	Cars.	Trucks.	Widening.	Thickness—Inches.	Cost/Mile—$.
1, 2	20	20	..	4	..
3	20	20	..	6	..
4, 5	20	24	4	8	3,750
6, 7, 8, 9	20	26	6	15	10,590

TABLE 11 (A)

DISTRIBUTION OF PAVEMENT COST BETWEEN THICKNESS INCREMENT AND WIDTH INCREMENT

—	Basic Pavement Cost per Mile. $	All Pavements Cost. $'000
Thickness Increment	35,160(*a*)	3,700
Width Increment	10,590(*b*)	1,102
Total	45,750(*c*)	4,802(*d*)

(*a*) See Table 9.
(*b*) See Table 11.
(*c*) See Table 8.
(*d*) See Table 4.

TABLE 12

INCREMENTAL COST FACTORS FOR WIDTH INCREMENTS (AS REQUIRED FOR TRUCKS)

Vehicle Classes.	Incremental Cost per Mile. $ (*a*)	Index of Cost. (%)	Increment of Index Cost. (%)
1, 2, 3	..	..	..
4, 5	3,750	35·5	35·5
6, 7, 8, 9	10,590 − 3,750 = 6,840	100·0	64·5

(*a*) See Table 11.

TABLE 13

INCREMENTAL COST RESPONSIBILITY CALCULATION FOR PAVEMENT AND SHOULDER CONSTRUCTION (CONSTANT PAVEMENT WIDTH)

Vehicle Classes.	Increment of Index Cost (%)	Incremental Cost $'000						Cumulative ton-miles million.
							672	
						7301		
					8114			
				8719				
			20416					
			11697	605	813	6629	672	Million ton-miles per class.
			Incremental cost $ per million ton-miles.					
			1, 2	3	4, 5	6, 7, 8	9	Vehicle class
1, 2 ..	26·7	988	48·39	48·39	48·39	48·39	48·39	988,000
								20,416
3	13·3	492	..	56·43	56·43	56·43	56·43	497,000
								8,719
4, 5 ..	13·3	492	..	..	60·64	60·64	60·64	492,000
								8,114
6, 7, 8, 9 ..	46·7	1,728	..	..	..	236·68	236·68	1,728,000
								7,301
	100·0	3,700	48·39	104·82	165·46	402·14	402·14	
Cost Responsibility		$'000	566	63	135	2666	270	3,700
		%	15·3	1·7	3·6	72·1	7·3	100%

TABLE 14

INCREMENTAL COST RESPONSIBILITY CALCULATION FOR PAVEMENT AND SHOULDER CONSTRUCTION (PAVEMENT WIDENING)

Vehicle Class.	Increment of Index Cost. %	Incremental Cost. $'000						Cumulative Million p.c.u. Miles.
							384	
						3499		
					3778			
				4041				
			14364					
			10323	263	279	3115	384	Million p.c.u. miles per class.
			Incremental Cost $ per Million p.c.u. Miles.					
			1, 2	3	4, 5	6, 7, 8	9	Vehicle Class.
1, 2	..	..	..	..	..	..	..	..
3	..	..	..	..	..	..	..	..
4, 5	35·5	390	..	..	103·23	103·23	103·23	390,000
								3,778
6, 7, 8, 9	64·5	712	..	..	..	203·43	203·43	712,000
								3,499
	100·0	1,102	..	..	103·23	306·66	306·66	..
Cost Responsibility		$'000	..	..	29	955	118	1,102
		%	..	..	2·6	86·7	10·7	100·0%

TABLE 15

TOTAL COST RESPONSIBILITY FOR PAVEMENT AND SHOULDER CONSTRUCTION

		Cost Responsibility for Vehicle Classes. ($'000)					
		1, 2	3	4, 5	6, 7, 8	9	Total.
Constant width (*a*) ..		566	63	135	2,666	270	3,700
Widening (*b*)		..	..	29	955	118	1,102
Cost Responsibility	$'000	566	63	164	3,621	388	4,802
	%	11·8	1·3	3·4	75·4	8·1	100·0%

(*a*) See Table 13.
(*b*) See Table 14.

TABLE 16

INCREMENTAL COST FACTORS FOR SEAL

Vehicle Class.	Incremental Cost per Mile. ($)	Index of Cost. (%)	Increment of Index Cost. (%)
1, 2, 3	5,280	75·0	75·0
4, 5	6,450 − 5,280 = 1,170	91·6	16·6
6, 7, 8, 9	7,040 − 6,450 = 590	100·0	8·4

TABLE 17

INCREMENTAL COST RESPONSIBILITY CALCULATION FOR SEAL

Vehicle Class.	Increment of Index Cost. (%)	Incremental Cost. $'000					384	Cumulative Million p.c.u. Miles.
						3499		
					3778			
				4041				
			14364					
			10323	263	279	3115	384	Million p.c.u. Miles per Class.
			Incremental Cost $ per Million p.c.u. Miles.					
			1, 2	3	4, 5	6, 7, 8	9	Vehicle Class.
1, 2, 3	75·0	1,107	77·07	77·07	77·07	77·07	77·07	110,700 / 14,364
4, 5	16·6	245	..	..	64·85	64·85	64·85	245,000 / 3,776
6, 7, 8, 9	8·4	124	..	..	..	35·43	35·43	124,000 / 3,499
	100·0	1,476	77·07	77·07	141·92	177·35	177·35	..
Cost Responsibility		$'000	796	20	40	552	68	1,476
		%	53·9	1·4	2·7	37·4	4·6	100·0

TABLE 18

INCREMENTAL COST RESPONSIBILITY CALCULATION FOR BRIDGE CONSTRUCTION

Vehicle Classes.	Increment of Index Cost. (%)	Incremental Cost. $'000.	96	630	740	799	1062	11385	Cumulative Vehicle Miles (Million).
			10323	263	59	110	534	96	Vehicle Miles per Classes. (Million).
			Incremental Cost $ per Million Vehicle Miles.						
			1, 2	3	4	5	6, 7, 8	9	Vehicle Class.
1, 2	51	1,034	90·82	90·82	90·82	90·82	90·82	90·82	1,034,000 / 11,385
3	11	223	..	209·98	209·98	209·98	209·98	209·98	223,000 / 1,062
4	7	142	..	..	182·28	182·28	182·28	182·28	142,000 / 799
5	7	142	..	..	..	191·89	191·89	191·89	142,000 / 740
6, 7, 8, 9	24	487	..	..	..	..	773·02	773·02	487,000 / 630
	100·0	2,028	90·82	300·80	483·08	674·97	1,447·99	1,447·99	..
Cost Responsibility		$'000	936	79	29	74	772	138	2,028
		%	46·1	3·9	1·4	3·7	38·1	6·8	100·0

TABLE 19

DETERMINATION OF CONSTRUCTION COST RESPONSIBILITY FOR VEHICLE CLASSES

Vehicle Classes. (T = tons carrying capacity.)	Detailed Calculation.							Alternative Calculations.	
	R.O.W. Earthworks and Drainage.	Pavement and Shoulders.	Seal.	Bridge.	Other Activities.	Total.	(%)	(%)	(%)
		Criterion. (*c*)						Cost assignment for pavements and shoulders, sealing and surfacing distributed incrementally with alternative criterion.	
	$ Millions.							(*a*)	(*b*)
1. Cars and Station Wagons ..	3·255	0·566	0·796	0·936	1·226	7·333	49·1	47·0	51·4
2. Utilities and Panel Vans	0·402				0·152				
3. Trucks up to 2T	0·092	0·063	0·020	0·079	0·035	0·289	1·9	2·6	2·9
4. Trucks over 2T to 3T	0·020	0·164	0·040	0·029	0·008	0·426	2·9	3·9	3·9
5. Trucks over 3T to 4T	0·076			0·074	0·015				
6. Trucks over 4T to 5T	0·046	3·621	0·552	0·772	0·005	6·121	41·1	41·7	37·3
7. Trucks over 5T (rigid)	0·437				0·034				
8. Trucks over 5T (articulated) ..	0·620				0·034				
9. Buses	0·137	0·388	0·068	0·138	0·012	0·743	5·0	4·8	4·5
Total	5·085	4·802	1·476	2·028	1·521	14·912	100·0	100·0	100·0

TABLE 20

DISTRIBUTION OF ROAD AND BRIDGE MAINTENANCE EXPENDITURE ALLOCATIONS IN 1969–70 FOR STATE HIGHWAYS

Item.	Allocated Expenditure.	
	$'000	(%)
Trees	136	2·9
Medians	102	2·2
Signs	33	0·7
Resheet	411	8·9
Reseal	916	19·8
Rest Areas	12	0·3
Kerbs, etc.	25	0·5
Patrol Maintenance	2,992	64·7
Total	4,627	100·0

TABLE 20 (A)

DISTRIBUTION OF MAINTENANCE EXPENDITURE ALLOCATIONS BETWEEN PAVEMENT AND SHOULDER MAINTENANCE AND OTHER MAINTENANCE ALLOCATIONS

Item.	Pavement and Shoulder Maintenance.	Other Maintenance Activities.
	Allocated Expenditure $'000	
Resheet (*a*)	411	..
Reseal (*a*)	916	..
Patrol Maintenance (*b*)	2,244	748
Trees, Medians, Signs (*a*), Rest Areas, Kerbs, etc. ..	..	308
Total	3,571	1,056

(*a*) See Table 20.
(*b*) See Table 20, patrol maintenance is assumed to be 50% pavement maintenance, 25% shoulder maintenance and 25% other maintenance activities.

TABLE 21

INCREMENTAL COST RESPONSIBILITY CALCULATION FOR PAVEMENT AND SHOULDER MAINTENANCE

INCREMENTAL COST FOR HEAVY VEHICLES REPRESENTS: 20 PER CENT

Vehicle Classes.	Increment of Index Cost (%)	Incremental Cost $'000						Cumulative ton-miles million.
							672	
						7301		
					8114			
				20416				
			11697	605	813	6629	672	Million ton-miles per Vehicle Class.
			Incremental cost $ per million ton-miles.					
			1, 2.	3	4, 5.	6, 7, 8.	9.	Vehicle Classes.
1–5	80	2,857	139·94	139·94	139·94	139·94	139·94	2,857,000
								20,416
6–9	20	714	..	..	..	97·80	97·80	714,000
								7,301
	100	3,571(*a*)	139·94	139·94	139·94	237·74	237·74	..
Cost Responsibility		$'000	1,636	85	114	1,576	160	3,571
		%	45·8	2·4	3·2	44·1	4·5	100·0

(*a*) See Table 20(A).

TABLE 22

COST RESPONSIBILITY CALCULATION FOR "OTHER" MAINTENANCE COSTS

Vehicle Class.	Distribution Criterion Total Vehicle Miles.(*a*) (%)	Cost Responsibility. ($'000)
1, 2	90·7	958
3	2·3	24
4, 5	1·5	16
6, 7, 8	4·7	50
9	0·8	8
	100·0	1,056(*b*)

(*a*) See Table (5).
(*b*) See Table 20(A).

TABLE 23

DETERMINATION OF MAINTENANCE COST RESPONSIBILITY FOR VEHICLE CLASSES

—	Vehicle Classes T = tons carrying capacity.	Pavement and Shoulder Maintenance Cost.	Other Maintenance Cost.	Total Maintenance Cost.	%
		$ Millions.			
1.	Cars and Station Waggons ..	1·636	0·958	2·594	56·1
2.	Utilities and Panel Vans ..				
3.	Trucks Up to 2T	0·085	0·024	0·109	2·3
4.	Trucks over 2T to 3T	0·114	0·016	0·130	2·8
5.	Trucks over 3T to 4T				
6.	Trucks over 4T to 5T	1·576	0·050	1·626	35·2
7.	Trucks over 5T (rigid)				
8.	Trucks over 5T (Articulated) ..				
9.	Buses	0·160	0·008	0·168	3·6
		3·571	1·056	4·627	100·0

APPENDIX XVII

THE CONTRIBUTIONS MADE TO REVENUE BY TRUCKS EXCEEDING FOUR TONS CARRYING CAPACITY

In order to examine whether or not trucks exceeding four tons carrying capacity " pay their way ", a comparison has been made between the cost responsibility incurred (see Appendix XVI) and the various taxes and charges paid during 1969–70 by this category of trucks. It was not possible to make a similar comparison for trucks exceeding three tons carrying capacity as the data relating to taxes and charges was not available.

The estimated taxes and charges paid during 1969–70 relating to trucks exceeding four tons carrying capacity are as follows—

—	Allocation.		Total.
	Roads.	Non-Roads.	
	$M.	$M.	$M.
Victorian Taxes and Charges	14·1	2·5	16·6
Commonwealth Taxes and Charges—Consolidated Revenue—			
Fuel Excise	..	11·3	11·3
Sales Tax—Vehicles	..	6·1	6·1
Tyres	..	1·8	1·8
Spare Parts	..	2·1	2·1
	14·1	23·8	37·9

It is noted that the Commonwealth has rejected the notion of a nexus between fuel excise revenue and road expenditure since 1959.

The details regarding Victorian Taxes and Charges will be found in Table 24.

It will be noted that the road maintenance contributions was $8·56 million. However, if exempt trips had paid this charge and there were no evasions, the amount collected would have been increased by at least $6 million.

The method employed for estimating the fuel excise is illustrated in Table 25. The details regarding the estimates of sales tax paid in 1969–70 for vehicles, tyres and spare parts will be found in Tables 26 and 27.

The relationship between the cost responsibility estimated in Appendix XVI and the estimated taxes and charges relating to trucks exceeding four tons carrying capacity is as follows :

—	$M.	$M.	Percentage.
Estimated Cost Responsibility	..	55·8	100·0
Estimated Taxes and Charges Paid—			
Roads	14·1	..	..
Non-Roads	23·8	..	..
Total	..	37·9	67·9
Difference	..	17·9	32·1

Whilst the cost responsibility shown is associated with all vehicles in this class, the taxes and charges paid relate to most but neither all vehicles nor all trips. For instance, there are around 7,500 primary producer vehicles exempted from road maintenance contributions for the great majority of their trips. Also registration fees are not paid or a reduced fee is paid on Commonwealth, State, or Local Government vehicles or on some trucks in interstate trade, whilst primary producers usually pay lower registration fees. Finally, Government vehicles are generally exempt from various taxes and charges.

It is difficult to estimate the magnitude of the amount of exemptions and evasions. If there had been no exemptions or evasions of the road maintenance charge, the amount available for road maintenance would have been increased by around $6 million. The magnitude of the other exemptions and reduced rates of imposts is not readily assessable.

Melbourne—11th October 1971.

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TABLE 24

ESTIMATED VICTORIAN TAXES AND CHARGES PAID 1969–1970
TRUCKS EXCEEDING FOUR TONS CARRYING CAPACITY

—	Allocation.				Total.
	—	Roads.	—	Non-roads.	
		$'000		$'000	$'000
(*a*) Vehicle Registration Fees and Taxes—					
(i) Registration Fees ..	C.R.B.	3,060		340	3,400
(ii) Road (Special Projects) Fund	M.M.B.W. and C.R.B.	2,340		260	2,600
Transfer Fees	C.R.B.	65		..	98
	Level Crossings Fund	33		..	
Additional Registration ..	C.R.B.	28		..	42
	Level Crossings Fund	14			
Number Plates, &c. ..	C.R.B.	18		..	18
(*b*) Drivers Licences and Fees—					
Drivers Licences and Duplicates	C.R.B.	12	Consolidated Fund	48	95
			Treasury Suspense A/C	12	
			Municipalities Assistance Fund	23	
Drivers Test Fees	C.R.B.	31		..	31
(*c*) Stamp Duty (Vehicle Registration)			Consolidated Fund	655	655
(*d*) Road Transport Taxes ..			T.R.B.	1,004	1,004
(*e*) Road Maintenance Contribution	C.R.B.	8,555		..	8,555
(*f*) Motor Car Third Party Insurance Surcharge		..	Consolidated Fund	145	145
		14,156		2,487	16,643

TABLE 25

ESTIMATED FUEL EXCISE PAID 1969–1970
TRUCKS EXCEEDING FOUR TONS CARRYING CAPACITY

Carrying Capacity.	Number Registered 30th June, 1970.	Annual Mileage. (*a*)	Fuel Consumption (*b*)	Fuel Consumption per Vehicle.	Total Fuel Consumption.	Excise 12·3 cents/gall. (*c*)
		miles.	m.p.g.	galls.	galls.	$M
Rigid—						
4 to 12 tons ..	27,700	11,360	6·885	1,650	45,705,000	5·6
Articulated—						
8 tons and over ..	10,400	23,940	5·440	4,400	45,760,000	5·7
						11·3

(*a*) Based on Survey of Motor Vehicle Usage 1963, Table 2—Comm. Stat.
(*b*) Based on Survey of Motor Vehicle Usage 1963, reduced by 15% to allow for overestimation.
(*c*) Rate applicable 1969–70.

TABLE 26

ESTIMATED SALES TAX PAID 1969–1970
ON NEW TRUCKS OVER 4 TONS CARRYING CAPACITY REGISTERED

Load Capacity.	Number.	Rigid.	Articulated.	H.P.	Number.	Average Retail Price (*a*).	Retail Value.
tons.						$	$
4–8 ..	1,402	1,385	17	30–40	1,334	5,000	6,670,000
				40–50	68	10,000	680,000
8–12 ..	709	482		40–50	482	10,000	4,820,000
			227	40–50	227	20,000	2,540,000
12–16 ..	573	77		40–50	77	10,000	770,000
			496	40–50	131	20,000	2,620,000
				50–60	327	25,000	8,175,000
				60–70	38	30,000	1,140,000
16–20 ..	336	..	336	60–70	307	30,000	9,210,000
				+70	29	40,000	1,160,000
Over 20 ..	15	..	15	+70	15	40,000	600,000
							40,385,000

Average Retail Price 13,300

Sales Tax Rate 15%

Sales Tax Paid 15% on $40·4M : $6·1M

(*a*) Excludes Sales Tax.

TABLE 27

ESTIMATED SALES TAX PAID IN 1969–1970 BY TRUCKS EXCEEDING 4 TONS CARRYING CAPACITY

Tyres—Sales tax 15 *per cent*

- Retail price of 8.25 x 20: 10 ply—$86.00 (includes Sales Tax)
- Cost for 6 tyres—$516.00
- Estimate that each set of 6 tyres lasts 20,000 miles
- Estimated mileage —534,000,000
- Total tyre cost—$13,777,200
- Sales Tax therefore represents $1,797,000.

Parts—Sales tax 15 *per cent*

- Estimate parts at 3 cents per mile (includes Sales Tax)
- Estimated mileage—534,000,000
- Cost of Parts—$16,020,000
- Sales Tax therefore represents $2,090,000.

APPENDIX XVIII

VICTORIAN RAILWAYS

LOSSES AND SAVINGS ON PASSENGER SERVICES LINES OUTSIDE CLASSES "A" AND "B"

Scope of Study

1. Passenger services, all rail motor, operate on 18 country lines, shown in blue on the map at Appendix XXI, not classed as "A" or "B" lines—

Line.	Length (miles).	No. Rail Motors Return trips per week.	Average No. Passengers per trip.	
			Peak (*a*).	Normal (*b*).
Bendigo–Echuca	54½	11	22	12
Echuca–Deniliquin	45¼	6	9	5
Barnes–Balranald	119¾	2	5	3
Bendigo–Sea Lake	137¼	6	26	19
Korong Vale–Robinvale	142½	6	8	7
Elmore–Cohuna	57	6	13	6
Swan Hill–Piangil	27½	5	15	12
Kerang–Koondrook	14	5	56 (*c*)	51 (*c*)
Carlsruhe–Daylesford	22½	13	68	15
Castlemaine–Maryborough	34	12	12	8
Murtoa–Hopetoun	69¼	6	13	11
Linton Junction (Ballarat)–Linton ..	22¼	5	66 (*c*)	64 (*c*)
Tallarook–Mansfield	75½	6	13	12
Strathmerton–Cobram	9¼	10	6	2
Benalla–Yarrawonga	40¼	12	22	8
Lilydale–Healesville	15½	40	26	20
Traralgon–Maffra	33¾	12	18	11
Nyora–Wonthaggi	30¾	13	16	9
Total mileage	950¾			

(*a*) Easter traffic, week beginning Wednesday pre Easter and ending Tuesday, post Easter.
(*b*) Weeks in October, which is regarded as an "average" month.
(*c*) Mainly school children.

Objects of Study

2. A study was undertaken—

(*a*) to establish the total losses in respect of these passenger services in 1969–70 : and

(*b*) to determine the possible changes in the total financial position with respect to these lines for the future, if no passenger services operated.

Total Losses

3. For the 18 non "A" and "B" class lines, the study indicates losses on passenger services aggregating $1,101,002 in 1969–70—see Statement "A". Costs were estimated at $1,314,255 and revenue from passengers and parcels at $213,253. It is to be noted that some of the cost items that follow are directly related to the operation of passenger services and others represent a sharing of total costs between the existing passenger services and freight services.

4. Factors taken into account in assessing losses include—

Costs

(*a*) *Rolling Stock Labour.*—Actual figures were obtained for crew costs, and a loading of 33⅓ per cent for overhead applied. This loading takes account not only of overheads within the Rolling Stock Branch but also of general administrative overheads, including pensions, long service leave, etc.

(*b*) *Traffic Branch Labour*—

(i) *Operating.*—Actual labour costs of guards (where employed) are shown, plus a loading of 30 per cent for overhead.

(ii) *Station staff.*—Actual total labour costs were obtained and a comprehensive overhead loading of 30 per cent applied. The proportion deemed to be associated with passenger services is 25 per cent.

(*c*) *Maintenance and Running Supplies.*—This item covers costs of fuel and other running supplies, overhaul, maintenance and repairs associated with rail motors.

(*d*) *Maintenance—Way and Works.*—For most of these lines actual total maintenance costs were available for a recent year.

As 30 per cent of these costs tend to be constant per mile of track rather than variable with traffic, lightly trafficked lines such as those included in the study are generally relatively costly to maintain.

One-third of the total maintenance costs has been allocated to passenger services ; appropriate overhead loadings have been included.

(*e*) *Interest.*—This relates only to new investment since 1/7/60 and renewals and replacements expenditure since 1/7/60. The proportion for passenger services has been assessed at 20 per cent.

(*f*) *Depreciation—Rail cars.*—This relates to total asset values, except when rail cars in use have already been fully depreciated.

(*g*) *Depreciation—Way and Works.*—This relates to total asset values and is based on current depreciation practice. One-seventh of total depreciation on the lines has been allocated to passenger services.

(*h*) *Other Costs.*—These include—

(i) an adjustment for depreciation on the basis now proposed ; and

(ii) an adjustment for parcels costs in Melbourne.

5. The percentages of costs allocated to passenger services have been based on the best data available in the Railways.

Revenue

For ten (10) lines, indicated by an asterisk (*) in Statement "A", special studies have been undertaken to ascertain the "line proportion" of "inwards" and "outwards" passenger and parcels revenue. For other lines, estimates of the "line proportion" have been based on the general pattern. Line proportion means all revenue from traffic originating and terminating on the line, plus a proportion of revenue from traffic originating or terminating beyond the line, calculated on a mileage basis.

Education Department subsidies of $25,195, shown in brackets for each line concerned, are included in total revenue of $258,720.

Summary

6. In summary—

(*a*) Total costs were $1,314,255 ;

(*b*) Total revenue (line proportion only) was $213,253—Passengers $115,968, parcels $97,285 ;

(*c*) Aggregate losses were $1,101,002 ;

(*d*) Lowest losses were on the Kerang–Koondrook ($7,848) and Linton Junction–Linton lines ($13,945), which derived most of their revenue from Education Department subsidies. Without these subsidies the losses would have been $13,208 and $26,810 respectively ;

(*e*) Three lines showed losses in excess of $100,000—Bendigo–Sea Lake ($139,133), Korong Vale–Robinvale ($137,784) and Tallarook–Mansfield ($106,098) ;

(*f*) Ten other lines each lost more than $50,000 ;

(*g*) The remaining three lines lost $33,199, $21,971 and $38,530;

(*h*) In four cases, revenue was less than one-tenth of costs.

Financial effect of terminating Passenger Services

7. The possible annual financial improvement which could result from the termination of passenger services on the 18 lines has been assessed at $502,721—see Statement " B ". In addition, some advantage would be derived from sales of assets and avoidance of capital expenditure. Notes on the bases used to assess cost savings and revenue losses appear below—

Cost Savings

(*a*) *Rolling Stock labour.*—All direct costs should be saved quickly, as the labour could be used elsewhere in the Railway system. Most, if not all, overhead costs should also be saved in the short-term and almost certainly within 12 months.

(*b*) *Traffic Branch labour*—

(i) *Operating.*—Most, if not all, costs, including overheads, should be saved within 12 months.

(ii) *Station staff.*—The Traffic Branch has assessed possible savings, as shown in Statement " B ", in respect of station and signalling staff. The total of $145,315 could be conservative in the light of total station staff costs of $650,000 on the 18 lines.

(*c*) *Maintenance and Running Supplies.*—These rail motor costs should be saved in their entirety.

(*d*) *Maintenance—Way and Works.*—The Way and Works Branch considers that savings would be small, as way maintenance standards are currently geared to goods traffic on these lines.

(*e*) *Alternative use of equipment.*—Several economical-to-operate rail motors would become available to replace relatively costly units on other lines. The total annual cost advantage would be $91,000.

(*f*) *Interest.*—Statement " A " shows a current figure of $63,155 for interest on assets, or the proportion of assets, associated with passenger services on these lines. Where assets are transferable or realisable, it is proper that the relevant interest costs should remain as a charge on the system as a whole. Interest related to other asset values concerned involves wider questions. A case could be developed for the Railways to be relieved of debt charges in respect of eliminated services, since otherwise the burden would have to be spread over all other rail services, without any increase in their capacity to earn revenue. In this case, the amount involved is small and estimates have not been included in Statement " B ". However, the principle is important and is discussed in greater depth in the paper on lines which suggest themselves as candidates for closure to all types of traffic. (See Appendix XX).

Financial Improvement

Annual losses of revenue have been estimated at $227,315 ; this figure includes the Education Department subsidy of $25,195 shown in Statement " A ".

The net overall effect would be an annual financial improvement of $502,721 from withdrawal of passenger services on the 18 lines studied.

The estimates of revenue losses have been made on the assumption that:—

(*a*) where appropriate, a co-ordinated road service would replace the rail motor withdrawn, with the road operator receiving the mileage proportion of the present through railway fare, and

(*b*) traffic on other lines would be accommodated on existing or appropriately varied road services.

If passenger services *only* were terminated, the loss of parcels revenue would be small if the frequency of goods services was three or more weekly, as is the case on most of the lines concerned. On other lines, it has been assumed that parcels revenue would fall by up to two-thirds.

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Proceeds of Sales of Assets

The estimates available indicate that the amounts associated with termination of passenger services *only* would be relatively small.

Capital and Renewals and Replacement Expenditure Avoided

Again, no estimates are available. However, most of the rail motors are at the stage of requiring replacement, many having been fully depreciated. The minimum cost of purchasing a new rail car for branch line service would be of the order of $100,000.

Summary

8. In summary, disregarding prospective capital expenditures on rail motors, the possible overall financial effect of termination of passenger services on the 18 lines covered by the study would be—

(*a*) a reduction in annual costs of $730,036 ;

(*b*) a loss of annual revenue of $227,315 ;

(*c*) a net annual improvement of $502,721.

The Traffic Branch estimate of $145,315 for savings on station and signal staff cost is probably conservative in view of the total station staff costs of $650,000 and the level of the " revenue to be lost " estimate.

Savings might also be made in Way and Works maintenance costs but the Railways consider such savings would be relatively small.

Some future savings in expenditure of a capital nature and on renewals and replacements would be avoided. The order of magnitude is not readily ascertainable.

Some proceeds would accrue from sales of assets but no estimates are available.

A case could be developed for the Railways to be relieved of interest of about $63,000 yearly.

Although depreciation has been omitted as a cost saving, it is interesting to note that the Joint Steering Group set up in the United Kingdom to report on certain aspects of Railway Policy recommended (paragraph 3.8 of Report) that a grant payable in respect of unremunerative passenger services " should include depreciation " and went on to recommend " that this should be assessed on a replacement cost basis and not on historical costs ".

STATEMENT "A"

COUNTRY PASSENGER SERVICES ON OTHER THAN CLASS "A" AND "B" LINES—ESTIMATED LOSSES 1969–70

Line.	Costs.										Revenue (*f*) (*g*).			Losses.
	Rolling Stock Labour. (*a*)	Traffic Branch Operating Labour. (*a*)	Traffic Branch Station &c. Labour. (*b*)	Maintenance and Running Supplies. (*c*)	Maintenance W. & W. (*b*)	Interest. (*b*), (*d*)	Depreciation Rail Cars. (*e*)	Depreciation W. & W. (*b*)	Other Costs.	Total Costs.	Passengers.	Parcels.	Total.	
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Bendigo–Echuca	9,035	832	20,280	9,750	23,400	1,490	1,620	3,600	3,500	73,507	1,831	5,101	6,932	66,575
Echuca–Deniliquin	7,550	267	11,730	5,822	15,700	1,860	876	820	2,400	47,025	2,430	6,065	8,495	38,530
Barnes–Balranald	5,135	..	5,190	2,565	37,700	2,160	676	1,600	2,000	57,026	384*	3,733	4,117	52,909
Bendigo–Sea Lake	13,714	3,565	34,240	15,823	59,000	20,360	2,607	3,750	3,800	156,859	7,693	10,033	17,726	139,133
Korong Vale–Robinvale	15,322	9,183	20,870	13,840	61,000	20,640	1,972	2,580	4,000	149,407	3,211	8,412	11,623	137,784
Elmore–Cohuna	10,666	..	16,400	12,771	18,600	35	6,305	370	2,200	67,347	2,977*	6,337	9,314	58,033
Swan Hill–Piangil	8,316	..	5,750	7,509	11,800	10	..	150	1,000	34,535	4,946	2,898	7,844	21,971
											(4,720)		(4,720)	
Kerang–Koondrook	5,281	..	1,950	2,347	4,400	110	..	60	350	14,498	194*	1,096	1,290	7,848
											(5,360)		(5,360)	
Carlsruhe–Daylesford	22,642	..	17,100	10,613	17,800	..	..	290	1,200	69,645	9,713*	3,169	12,882	56,763
Castlemaine–Maryborough ..	12,285	..	3,760	13,659	30,800	3,590	..	1,490	900	66,484	767	483	1,250	65,234
Murtoa–Hopetoun	8,014	3,767	18,600	6,368	29,800	2,240	1,260	1,150	3,300	74,499	5,969	8,250	14,219	60,280
Linton Junction (Ballarat)–Linton ..	5,873	1,061	1,340	5,051	12,000	30	1,347	230	180	27,112	94*	208	302	13,945
											(12,865)		(12,865)	
Tallarook–Mansfield	13,125	9,376	19,160	30,805	53,000	160	..	1,240	3,600	130,466	15,111*	9,257	24,368	106,098
Strathmerton–Cobram	10,994	..	12,720	5,706	6,500	370	..	170	1,300	37,760	834*	3,727	4,561	33,199
Benalla–Yarrawonga	14,786	..	13,150	12,285	37,300	8,160	..	1,500	2,600	89,781	9,922*	5,876	15,798	73,983
Lilydale–Healesville	13,084	1,560	7,400	14,666	21,000	..	5,466	310	2,300	65,786	3,221*	6,716	9,937	53,599
											(2,250)		(2,250)	
Traralgon–Maffra	14,977	2,946	13,400	13,368	30,600	1,480	..	920	3,000	80,691	12,170	7,920	20,090	60,601
Nyora–Wonthaggi	13,370	..	13,700	13,047	27,600	460	..	650	3,000	71,827	9,306*	8,004	17,310	54,517
Totals	204,169	32,557	236,740	195,995	498,000	63,155	22,129	20,880	40,630	1,314,255	115,968	97,285	213,253	1,101,002

(*a*) Actual costs, plus overheads.

(*b*) Proportion of costs deemed to be associated with passenger services.

(*c*) Rail cars.

(*d*) On new investment since 1.7.60 and renewals and replacements since 1.7.60.

(*e*) On total investment, except where fully depreciated.

(*f*) Line proportion only ; figures in brackets are Education Department subsidies.

(*g*) Lines marked with asterisk (*) have been the subject of special revenue studies ; estimates for other lines have been based on general pattern shown by studies.

STATEMENT "B"

COUNTRY SERVICES ON OTHER THAN CLASS "A" AND "B" LINES—FINANCIAL EFFECT OF TERMINATION OF PASSENGER SERVICES

Line.	Annual Cost Savings.						Annual Loss of Revenue.	Annual Financial Improvement.
	Rolling Stock Labour.	Traffic Branch Labour.		Maintenance and Running Supplies.	Alternative Use of Rail Motors.	Total.		
		Operating.	Stations &c.					
	$	$	$	$	$	$	$	$
Bendigo–Echuca	9,035	832	14,775	9,750	18,200	52,592	6,000	46,592
Echuca–Deniliquin	7,550	267	1,793	5,822	..	15,432	10,000	5,432
Barnes–Balranald	5,135	..	1,743	2,565	18,200	27,643	4,150	23,493
Bendigo–Sea Lake	13,714	3,565	19,439	15,823	18,200	70,741	7,700	63,041
Korong Vale–Robinvale	15,322	9,183	2,826	13,840	18,200	59,371	3,200	56,171
Elmore–Cohuna	10,666	..	16,256	12,771	..	39,693	17,000	22,693
Swan Hill–Piangil	8,316	..	2,600	7,509	..	18,425	7,800	5,905
							(4,720)	
Kerang–Koondrook	5,281	..	6,354	2,347	..	13,982	3,500	5,122
							(5,360)	
Carlsruhe–Daylesford	22,642	..	12,425	10,613	..	45,680	30,000	15,680
Castlemaine–Maryborough	12,285	..	3,078	13,659	..	29,022	770	28,252
Murtoa–Hopetoun	8,014	3,767	15,120	6,368	18,200	51,469	6,000	45,469
Linton Junction (Ballarat)–Linton ..	5,873	1,061	806	5,051	..	12,791	400	(Loss) 474
							(12,865)	
Tallarook–Mansfield	13,125	9,376	10,394	30,805	..	63,700	32,000	31,700
Strathmerton–Cobram	10,994	..	8,262	5,706	..	24,962	11,400	13,562
Benalla–Yarrawonga	14,786	..	9,286	12,285	..	36,357	10,000	26,357
Lilydale–Healesville	13,084	1,560	9,048	14,666	..	38,358	10,000	26,108
							(2,250)	
Traralgon–Maffra	14,977	2,946	7,179	13,368	..	38,470	12,200	26,270
Nyora–Wonthaggi	13,370	..	3,931	13,047	..	30,348	30,000	348
Totals	204,169	32,557	145,315	195,995	91,000	730,036 (*a*)	227,315 (*b*)	502,721 (*a*)

(*a*) Does not take account of interest (see para. 6—Item (*f*) of Cost Savings), savings in way maintenance, proceeds of sales of assets, and future savings in capital and/or renewals and replacements costs. Depreciation, as a non-cash cost, is also excluded. Also includes estimated saving of $60,000 on Works maintenance costs and annual interest savings (at 7%) of $1,000 related to scrap values of rail cars ($14,000).

(*b*) Including Education Department subsidies of $25,195 shown in brackets.

APPENDIX XIX

VICTORIAN RAILWAYS

LOSSES AND SAVINGS ON PASSENGER SERVICES ON SELECTED "B" LINES

Scope of Study

Passenger services on the following "B" class lines shown in yellow on the map at Appendix XXI were studied—

Line.	Length (miles).	Return trains per week.	Average No. of Passengers per trip.	
			Peak*	Normal*
Geelong–Warrnambool	121	13	239	30
Warrnambool–Port Fairy	20½	6	19	6
Ararat–Hamilton**	66½	(17)	48	22
Hamilton–Portland**	53	(6)	14	12
Bendigo–Swan Hill	113¾	6	74	35
Toolamba–Echuca	41¾	(17)	45	30
Shepparton–Tocumwal	43¼	6	49	15
Sale–Bairnsdale	43¼	8	85	20
Leongatha–Yarram	58¼	6	33	20

Rail motor Services are shown in brackets.

* For definitions, see Appendix XVIII.

** Regarded as one section of line for financial assessments.

Objects of Study

2. The study was undertaken for the same objects as those in the paper at Appendix XVIII.

Total Losses

3. Factors taken into account in assessing total losses were generally as shown in the paper at Appendix XVIII. However, in this study, regard had also to be paid to the existence of locomotives and passenger carriages. Details appear in Table I.

In summary—

(*a*) total costs were $1,495,800;

(*b*) total revenue (line proportion) was $556,000, passengers accounting for $386,300 and parcels $169,700;

(*c*) total losses were $939,800;

(*d*) the heaviest losses were on the lines Ararat–Portland ($244,300) and Bendigo–Swan Hill ($160,900);

(*e*) on five of the lines, revenue was less than 25 per cent of costs.

Financial Effects of discontinuing Passenger Services

4. On the assumption that co-ordinated services would replace the trains and rail motors withdrawn, with the road operator receiving his mileage proportion of the present through railway fare, an annual improvement of $493,400 has been estimated.

5. The factors taken into account are generally as shown in the paper at Appendix XVIII. However, an additional factor, "Goods standing time", representing costs of delays to freight trains because of the operation of passenger services, has been covered. It was not taken into account in the other paper because of its minor significance on lightly-trafficked lines.

6. Details of estimates of cost savings and revenue losses are shown in Tables 2A and 2B. With the operation of co-ordinated services, it has been assumed that, in general, most of the parcels traffic would be retained and transported by goods train.

4th November, 1971.

TABLE 1

PASSENGER SERVICES ON SELECTED " B CLASS " LINES—ESTIMATED ANNUAL LOSSES

Line.	Costs.											Revenue.			Losses.
	Rolling Stock Labour.	Traffic Branch Labour.		Rolling Stock Maintenance and Running Supplies.	Way and Works Maintenance.	Way and Works Interest.	Way and Works Depreciation.	Rolling Stock Interest.	Rolling Stock Depreciation.	Other Costs.	Total Costs.	Passengers.	Parcels.	Total.	
		Operating.	Station Yd. Sig. Service.												
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Geelong–Warrnambool ..	25,700	13,000	97,000	147,000	84,600	16,900	6,300	3,600	4,800	35,000	433,900	221,000	84,200	305,200	128,700
Warrnambool–Port Fairy ..	4,200	2,000	5,000	11,500	7,000	..	500	400	600	500	31,700	2,000	1,300	3,300	28,400
Ararat–Portland	26,000	5,800	73,000	51,300	84,200	30,200	5,800	..	5,000	20,000	301,300	30,600	26,400	57,000	244,300
Bendigo–Swan Hill	19,000	6,700	46,500	49,200	80,200	5,000	2,600	2,700	3,600	21,000	236,500	50,400	25,200	75,600	160,900
Toolamba–Echuca	12,800	6,400	20,000	40,800	29,600	2,200	800	..	1,500	22,500	116,600	18,800	6,100	24,900	111,700
Shepparton–Tocumwal ..	11,900	3,100	15,500	20,800	30,400	1,200	1,400	1,100	1,500	16,300	103,200	12,900	3,100	16,000	87,200
Sale–Bairnsdale	5,000	4,000	33,200	31,600	30,400	2,100	1,800	1,100	1,500	15,800	126,500	33,000	14,000	47,000	79,500
Leongatha–Yarram	8,300	3,400	26,000	25,600	40,900	2,800	1,000	1,800	2,400	13,900	126,100	17,600	9,400	27,000	99,100
Totals	112,900	44,400	316,200	377,800	387,300	60,400	20,200	10,700	20,900	145,000	1,495,800	386,300	169,700	556,000	939,800

TABLE 2A

ANNUAL COST SAVINGS RESULTING FROM CANCELLATION OF RAIL PASSENGER SERVICES ON SELECTED " B CLASS " LINES

Line.	Rolling Stock Labour.	Traffic Branch Labour.		Rolling Stock Maintenance and Running Supplies.	Works Maintenance.	Goods Train Standing Time.	Other Savings.	Total.
		Operating.	Station Yard and Signal Service.					
	$	$	$	$	$	$	$	$
Geelong–Warrnambool	25,700	13,000	62,800	147,000	19,000	6,800	11,200	285,500
Warrnambool–Port Fairy	4,200	2,000	7,600	11,500	1,500	300	..	27,100
Ararat–Portland	26,000	5,800	48,000	51,300	15,200	19,000	10,600	175,900
Bendigo–Swan Hill	19,000	6,700	22,700	49,200	12,700	2,300	11,200	123,800
Toolamba–Echuca	12,800	6,400	15,000	40,800	5,000	1,700	12,000	93,700
Shepparton–Tocumwal	11,900	3,100	15,300	20,800	5,200	1,700	9,600	67,600
Sale–Bairnsdale	5,000	4,000	13,600	31,600	5,500	..	11,900	71,600
Leongatha–Yarram	8,300	3,400	20,800	25,600	7,100	4,500	7,300	77,000
Totals	112,900	44,400	205,800	377,800	71,200	36,300	73,800	922,200(*a*)

(*a*) Does not take account of interest, savings in way maintenance, proceeds of sales of assets and future savings in capital and/or renewals and replacements costs. Depreciation, as a non-cash cost, is also excluded.

TABLE 2B

REPLACEMENT OF PASSENGER SERVICES ON SELECTED "B CLASS" LINES WITH BUSES—ANNUAL FINANCIAL IMPROVEMENT

—	Cost Savings (See Table 2A).	Loss of Revenue to Railway System.	Financial Improvement.
	$	$	$
Geelong–Warrnambool	285,500	244,400	68,200
Warrnambool–Port Fairy ..	27,100		
Ararat–Portland	175,900	37,200	138,700
Bendigo–Swan Hill	123,800	56,700	67,100
Toolamba–Echuca	93,700	20,300	73,400
Shepparton–Tocumwal	67,600	13,700	53,900
Sale–Bairnsdale	71,600	36,500	35,100
Leongatha–Yarram	77,000	20,000	57,000
Totals	922,200	428,800	493,400

APPENDIX XX

VICTORIAN RAILWAYS

LOSSES ON SELECTED COUNTRY LINES

Scope of Study

The lines selected for study were—

Line.	Length (miles).	No. of Return Services per Week.	
		Passenger.	Goods.
Warragamba–Cohuna	45	6	2
Carlsruhe–Daylesford	23	13	2
Koroit–Hamilton	52	Nil	1
Tallarook–Mansfield/Alexandra	84	6	6 (Incl. 2 to Alexandra)
Lilydale–Healesville	16	40	1
Nyora–Wonthaggi	31	13	2
Morwell–Mirboo North	20	Nil	2

The lines are marked in red on the map at Appendix XXI.

Objects of Study

The objects of the study were—

(*a*) to establish the losses sustained in 1969–70 on a number of sections of lines, selected in consultation with the Railways as " obvious candidates for closure in whole or in part "; and

(*b*) to assess the overall financial position that would obtain in the event of their closure.

Losses in 1969–70

Statement " A " shows the losses estimated for each line in 1969–70 and the elements of costs and revenue taken into account in establishing these losses on a basis generally consistent with commercial accounting principles. Factors taken into account included—

Costs

Rolling stock labour and overhead.
Traffic branch labour and overhead.
Maintenance and running supplies—passenger and goods services.
Maintenance—Way and Works; actual costs for a recent year were available.
Interest—on Rolling Stock and Way and Works asset expenditure since 1/7/60.
Depreciation—on Rolling Stock and Way and Works Assets.
Other, including adjustments for proposed depreciation system and parcel costs incurred centrally.

Revenue

Line proportion of revenue—passenger, parcels and goods.

Principles and Methods of Calculation

The principles applied and the methods of calculation are outlined in the paper at Appendix XVIII. In this paper it has not been necessary to apportion costs as between passenger and goods services.

Financial Result of Closure

Statement " B " assesses the likely financial result of the closure of each line. It shows, in respect of each line, estimates of—

(*a*) annual cost savings, i.e. costs which could be avoided in the event of closure;

(*b*) proceeds of sales of assets, including scrap; and

(*c*) projected new investment and expenditure on renewals and replacements, if the line remains open.

Elements taken into account are shown in the Statement. In most cases, estimated revenue losses exceed the " on-line " figures shown in Statement " A ". Where this is so, " off-line " savings in crew costs and rolling stock maintenance and running supplies, based on mileages run, have been assumed. The figures could be conservative.

Interest

Interest on assets taken out of service and not assumed to be sold nor usable elsewhere in the system has not been included in cost savings, but only because the estimated proceeds from sales of assets are substantially higher than the existing line assets on which interest is payable. In principle, a strong case could be developed for the Railways to be relieved of interest on assets not saleable nor usable elsewhere; such assets are no longer capable of earning revenue and, in such circumstances, the financing of interest (or sinking fund payments) would have to be met by charges against other sectors of the Railway system.

It is pertinent to note that the Joint Steering Group set up in the United Kingdom to report on certain aspects of Railway policy recommended (paragraph 3.8 of its September, 1967, Report) that grants payable in respect of unremunerative passenger services " should include an allowance for appropriate interest charges on the assets used in providing these . . . services ". The argument for abating interest payments is even stronger when all services on a line are terminated.

Cost Advantages From Use of Assets Elsewhere

It was not possible to obtain an estimate of such cost advantages but it was stated that any benefits would be relatively small. The major benefits would arise from asset sales.

Sale of Assets

Proceeds of sales of assets are estimated at $1·69 million; the estimates are considered conservative and would probably be achieved or bettered if the lines were closed. Financial benefits would include interest in perpetuity, $118,000 yearly at 7 per cent. Alternatively, the proceeds could be applied to new investment with a high return (e.g. power signalling) which might not otherwise be practicable within the limits of available funds.

Projected New Investment and Renewals and Replacements Expenditure

If the seven lines covered by the study were closed, projected new investment and renewals and replacements expenditure, based on current costs, would be avoided—

	$
Within 5 years	472,000
5–10 years	1,396,000
10–15 years	448,000
15–20 years	96,000
Total	$2,412,000

Present value = $1·249 million.

Melbourne, 16th June, 1971.

STATEMENT "A"

SELECTED NON-PAYING LINES—LOSSES IN 1969–70

Line.(*m*)	Costs.									Revenue.(*l*)				Losses.
	Rolling Stock Labour. (*d*)	Traffic Branch Labour. (*e*)	Maintenance and Running Supplies. (*f*)	Maintenance W. and W. (*g*)	Interest. (*h*)	Depreciation Rolling Stock. (*i*)	Depreciation W. and W. (*j*)	Other. (*k*)	Total.	Passenger.	Parcels.	Goods.	Total.	
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Warragamba–Cohuna (*a*) (*n*) ..	12,500	35,400	18,200	55,800	3,500	9,500	2,600	2,400	139,900	3,000	6,300	37,500	46,800	93,100
Carlsruhe–Daylesford	26,500	36,500	12,800	53,600	1,300	1,300	2,000	1,700	135,700	9,700	3,200	8,900	21,800	113,900
Koroit–Hamilton (*b*)	2,600	6,400	2,400	59,300	1,400	1,300	2,700	1,400	77,500	Nil	100	6,500	6,600	70,900
Tallarook–Mansfield–Alexandra (*c*)	25,600	52,800	42,500	159,400	7,600	6,600	8,700	6,000	309,200	15,100	9,300	124,700	149,100	160,100
Lilydale–Healesville	15,400	17,200	15,600	63,100	400	5,800	2,200	3,000	122,700	3,200	6,700	3,400	13,300	109,400
Nyora–Wonthaggi	16,800	30,000	16,300	83,000	3,000	2,700	4,600	3,700	160,100	9,300	8,000	33,700	51,000	109,100
Morwell–Mirboo North (*b*) ..	3,900	10,800	1,800	28,400	1,000	1,000	1,700	1,000	49,600	Nil	600	11,500	12,100	37,500
Totals	103,300	189,100	109,600	502,600	18,200	28,200	24,500	19,200	994,700	40,300	34,200	226,200	300,700	694,000

(*a*) Some figures for this line are based on the Elmore–Cohuna section, which is 11¾ miles longer.
(*b*) No passenger services operate.
(*c*) No passenger services operate between Cathkin and Alexandra.
(*d*) Actual engine and rail motor crew costs for 1969–70, plus overheads.
(*e*) Actual guards, vanmen and station staff costs for 1969–70, plus overheads.
(*f*) Average rate per mile.
(*g*) Actual costs of labour and materials plus overheads.
(*h*) On new investment and renewals and replacements since 1.7.1960, a small amount of interest on locomotives and wagons has been ignored.
(*i*) Average rate per mile.
(*j*) On current basis.
(*k*) Adjustment for proposed depreciation and Melbourne parcels cost.
(*l*) Line proportion basis.
(*m*) Grain storages do not exist at any of the stations on this group of lines. The storages at Hunter and Warragamba would be served by the seasonal only Elmore–Warragamba section.
(*n*) Warragamba will be re-named Diggora West from 1st July, 1971.

SELECTED NON-PAYING LINES—FINANCIAL EFFECT OF CLOSURE

STATEMENT "B"

Line.(*l*)	Annual Cost Savings.						Annual Revenue Loss to System. (*i*)	Net Annual Savings.	Other Financial Benefits.						
									Sale of Assets.		Projected Capital or Renewals and Replacements Expenditure.(*k*)				
	R.S. Labour. (*d*)	Traffic Branch Labour. (*e*)	Maint. and Running Supplies. (*f*)	Maint. W. and W. (*g*)	Off -line and Other Costs. (*h*)	Total.			Receipts. (*j*)	Annual Interest Saving. (7%)	5 Years.	5–10 Years.	10–15 Years.	15–20 Years.	Present Value (7% discount rate).
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Warragamba–Cohuna (*a*) (*m*)	12,500	35,400	18,200	55,800	34,100	156,000	71,000	85,000	281,000	19,700	12,000	732,000	12,000	12,000	392,400
Carlsruhe–Daylesford	26,500	36,500	12,800	53,600	6,000	135,400	77,000	58,400	125,400	8,800	12,000	12,000	364,000	12,000	150,100
Koroit–Hamilton (*b*)	2,600	6,400	2,400	59,300	2,700	73,400	35,000	38,400	270,000	18,900	Nil	24,000	12,000	12,000	19,700
Tallarook–Mansfield–Alexandra (*b*) ..	25,600	52,800	42,500	159,400	49,900	330,200	293,000	37,200	515,900	36,100	424,000	592,000	24,000	24,000	628,600
Lilydale–Healesville (*c*)	15,400	17,200	15,600	63,100	3,700	115,000	42,000	73,000	181,000	12,700	Nil	12,000	12,000	12,000	13,600
Nyora–Wonthaggi	16,800	30,000	16,300	83,000	16,300	162,400	136,000	26,400	210,100	14,700	12,000	12,000	12,000	12,000	22,300
Morwell–Mirboo North (*b*)	3,900	10,800	1,800	28,400	6,100	51,000	10,000	41,000	107,000	7,500	12,000	12,000	12,000	12,000	22,300
Totals	103,300	189,100	109,600	502,600	118,800	1,023,400	664,000	359,400	1,690,400	118,400	472,000	1,396,000	448,000	96,000	1,249,000

(*a*) Some figures for this line are based on the Elmore–Cohuna section which is 11¾ miles longer.

(*b*) Passenger services do not operate on the Koroit–Hamilton, Morwell–Mirboo North and Cathkin–Alexandra lines.

(*c*) Annual revenue loss for this line is based on the 2½ mile section Lilydale–Coldstream being retained for bulk wheat and superphosphate traffic only.

(*d*) Actual engine and rail motor crew costs for 1969–70, plus overheads.

(*e*) Actual guards, vanmen and station staff costs for 1969–70, plus overheads.

(*f*) Average rate per mile.

(*g*) Actual costs of labour and materials plus overheads.

(*h*) Estimated avoidable cost of goods and passenger trains on main lines plus Melbourne parcels costs.

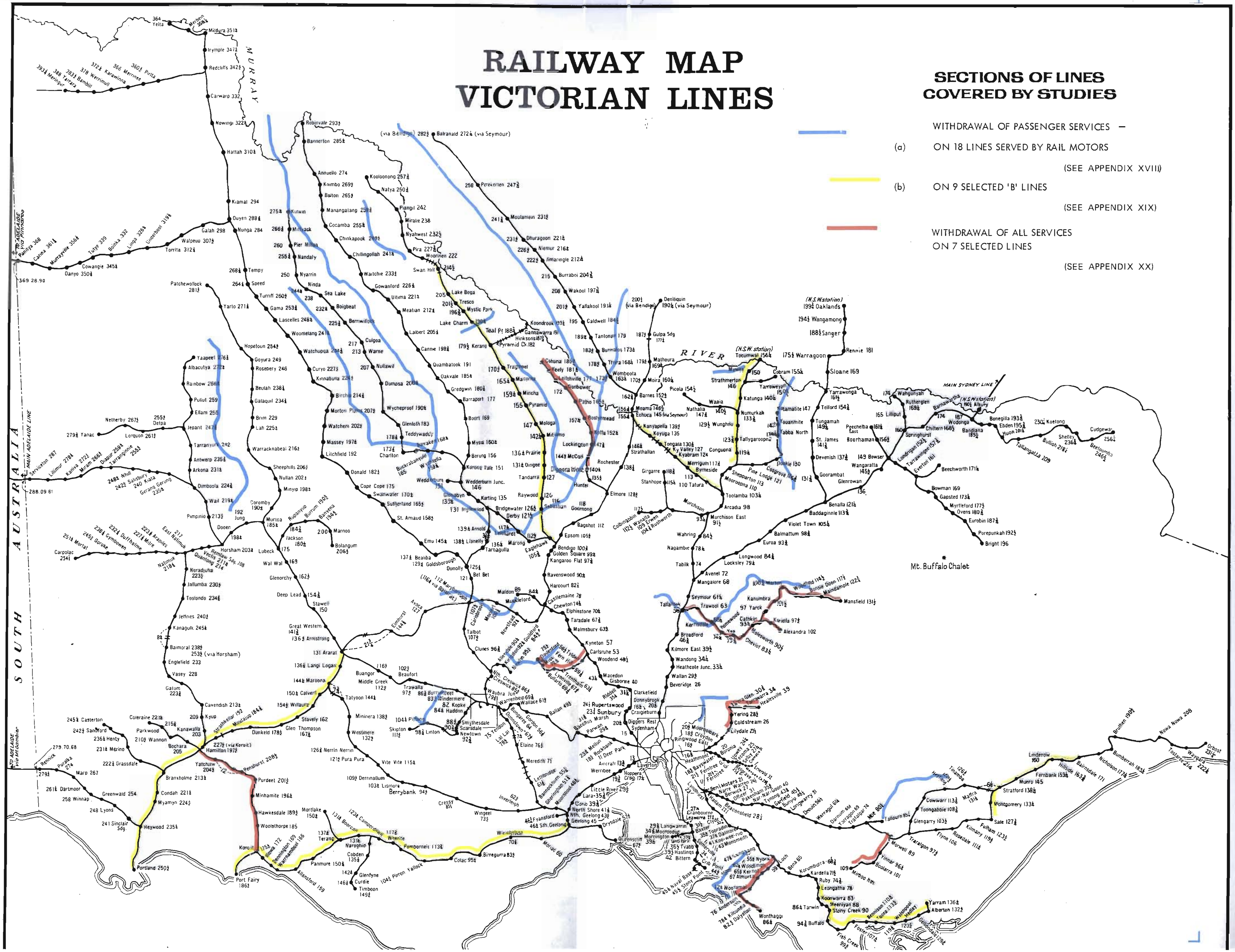
(*i*) Estimated revenue loss from the traffic that would transfer completely to road or transfer to road for portion of the journey.

(*j*) Scrap values of sleepers are conservatively estimated at 10c. each, rails at $40 per ton and bridge steel at $20 per ton. (These values are prior to the recent 8% increase in the price of steel). Dwellings are valued at $125–$250 each and land at the considered value obtainable.

(*k*) At 1971 prices.

(*l*) Grain storages do not exist at any of the stations on this group of lines. The storages at Hunter and Warragamba would be served by the seasonal only Elmore–Warragamba section.

(*m*) Warragamba will be re-named Diggora West from 1st July, 1971.

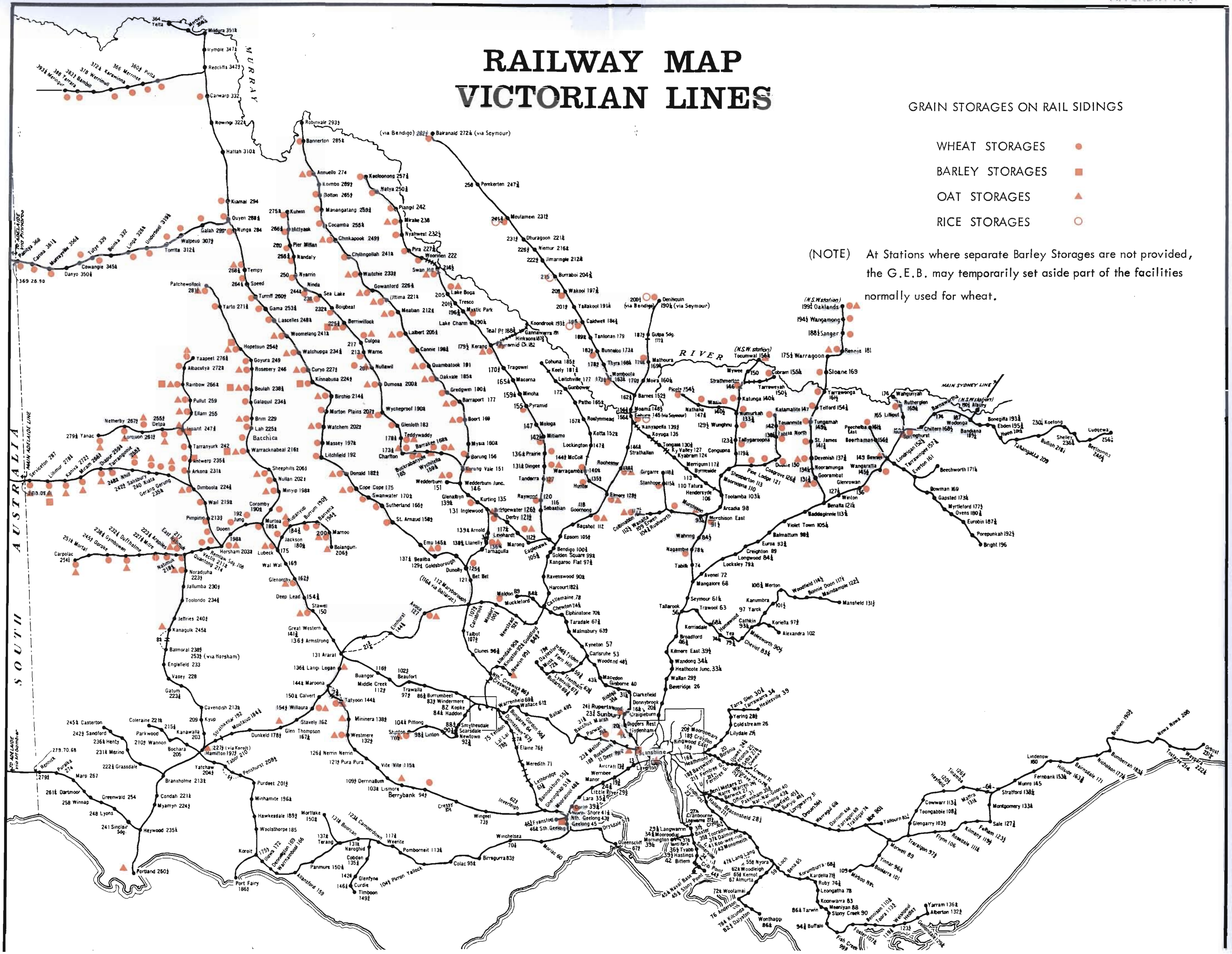

RAILWAY MAP
VICTORIAN LINES
SECTIONS OF LINES
COVERED BY STUDIES
WITHDRAWAL OF PASSENGER SERVICES –
(a) ON 18 LINES SERVED BY RAIL MOTORS
(SEE APPENDIX XVIII)
(b) ON 9 SELECTED 'B' LINES
(SEE APPENDIX XIX)
WITHDRAWAL OF ALL SERVICES
ON 7 SELECTED LINES
(SEE APPENDIX XX)
MURRAY
RIVER
SOUTH AUSTRALIA
MAIN ADELAIDE LINE
TO ADELAIDE via Pinnaroo
TO ADELAIDE via Mt.Gambier
MAIN SYDNEY LINE
Mt. Buffalo Chalet
Mildura 351¾
Ouyen 288¾
Swan Hill
Kerang
Echuca 145
Bendigo 100¾
Ballarat
Ararat
Horsham 203¾
Hamilton 197½
Portland 250½
Port Fairy 186½
Warrnambool 166
Geelong 45
Sunbury
Seymour 61½
Benalla 121¼
Wangaratta 145½
Wodonga
Albury
Bright 196
Mansfield 131½
Sale 127¾
Bairnsdale 171
Orbost 231¼
Wonthaggi 86¼
Yarram 136¼

RAILWAY MAP VICTORIAN LINES

GRAIN STORAGES ON RAIL SIDINGS

- WHEAT STORAGES ●
- BARLEY STORAGES ■
- OAT STORAGES ▲
- RICE STORAGES ○

(NOTE) At Stations where separate Barley Storages are not provided, the G.E.B. may temporarily set aside part of the facilities normally used for wheat.



APPENDIX XXIII

CLOSURE OF STATIONS ON MAIN LINES STUDY OF SELECTED SECTIONS

Scope of Study

1. The study covered stations on the following sections of main lines:—

Woodend–Bendigo.

Ballan–Serviceton.

Ballarat–Mildura.

Seymour–Wodonga.

Objects of Study

2. The study was undertaken to determine:—

(*a*) which stations should be considered for closure to all traffic ;

(*b*) which stations should be considered to remain open to wagon-load commodity traffic only ;

(*c*) which stations should remain open to all traffic ; and

(*d*) the likely financial effect of such action, having regard to possible savings in costs, losses of passenger, parcels and goods revenue, etc.

Commodity Analysis

3. To assist in the determination of stations which might be considered for complete or partial closure, an analysis was made of goods traffic to and from all but the major stations on each section of line covered by the study, in relation both to commodities and station of origin or destination.

4. A summary of the commodity–station analysis is given in Table 1. It will be seen that this summary subdivides Inwards goods revenue into " Manures " and " Other " and Outwards goods revenue into " Grains ", " Wool " and " Other ". This break-up gives some indication of the division of traffic between seasonal and year-round goods traffic.

5. In Table 2 information is given as to single items of major value included in the " Other " categories in Table 1. Table 2 also shows the major stations on the lines not included in the analysis and the stations already closed to passenger traffic.

Passenger and Freight Traffic

6. Table 3 gives the following information in respect of each station covered by the study:—

(*a*) the number of staff ;

(*b*) the centre nearest to the station ;

(*c*) the distance of the station from such centre ;

(*d*) the number of passenger trains weekly ;

(*e*) the number of outwards passenger journeys in 1969–70 ;

(*f*) goods train frequencies from Melbourne ;

(*g*) time of delivery from Melbourne ;

(*h*) inwards and outwards freight tonnages in 1969–70.

7. The Table also includes an analysis of freight—inwards and outwards, in March 1971. It shows wagon-loads and tonnages, classified under " Seasonal " and " Other ". Grain storage facilities are indicated by asterisks.

Designation of Stations

8. After studying the information shown in these Tables and taking into account other relevant factors, the Railways have designated the stations on the sections of lines studied which might be considered for:—

(*a*) closure to all traffic except goods in wagon-loads ; and

(*b*) closure to all traffic.

These stations are listed in the first and second columns of Table 4 and the stations which would be retained for all traffic and to which traffic from the stations in (*a*) and (*b*) would be diverted are listed in the third column. In summary, it is indicated that 48 stations might be retained for wagon-load traffic only and that 25 could be considered for closure to all traffic. Some notes on special aspects, such as the suitability of retained stations as bases for co-ordinated road services and, the improved running times of the existing passenger services possible with fewer stops, are set out in Table 5.

Financial Effect

9. If action were taken as indicated in Table 4, an annual financial improvement of $789,000 is estimated. This would result from cost savings of $867,000, offset in part by revenue losses of $78,000 on the assumptions made. (See Table 6.) However, until the introduction of automatic signalling, staff would have to be retained for safeworking purposes at the stations marked with an asterisk in Table 4 at an estimated annual cost of $423,000. The introduction of automatic signalling would involve considerable capital cost, with associated annual charges. However, these are not subject to escalation on anything like the scale associated with wage and salary payments. No allowance is made for a possible greater passenger patronage resulting from accelerated services.

10. Costs associated with stopping, starting, shunting, mashalling, etc., and the operation of trains which would no longer run on the lines, account for $279,000 of the estimated savings—Goods trains $225,000; Passenger trains $54,000.

11. Included in the goods train savings of $225,000 are savings in costs from cancellation of " roadside goods " services. The primary purpose of roadside goods trains is to service all stations on a section of line. Their schedules are time-consuming and crew costs per train-mile are therefore high. Each train can service only a limited number of stations and still give a reasonable delivery time.

12. The Ballan–Serviceton line, for example, is divided into three sections for the working of roadside goods trains. On the Ballarat to Ararat section, three stations have been suggested as suitable for retention for wagon-load traffic only, two suggested for consideration for closure, and one proposed for use as a central depot. Currently five roadside goods trains per week each way operate this section. The low speed of these trains makes them of low priority, and for this reason they are used to convey over the section miscellaneous traffic, empty wagons, etc.

13. With complete or partial closure of some stations, it would probably still be necessary to provide a minimum of one roadside train per week on each section of line for wagon-load and internal traffic, with roadside trains on other days eliminated.

14. Where the faster through trains are currently loaded to capacity, the wagons of miscellaneous traffic could be attached but the released roadside locomotives might still have to be used as additional power. (This would not require an extra crew.) However, especially during seasonal slacks in traffic, there should be sufficient excess capacity in the through freight trains to avoid use of displaced locomotives.

The estimates of financial improvement do not include savings:—

(*a*) in locomotive fuel and running costs when a released roadside locomotive is not required to assist the alternative through service;

(*b*) from a better load/tare ratio achieved by greater concentration of traffic at central depots. Combined with the expected loss of some traffic from the small stations, this would produce a wagon surplus which would enable better wagons to be placed in more efficient service, thus releasing more obsolete and uneconomical (higher operating and maintenance costs) vehicles for sale as scrap, with associated financial benefits;

(*c*) from future renewals and replacement expenditure on locomotives and rolling stock which could be postponed or avoided; and

(*d*) on busy lines, from the cancellation of roadside trains enabling the more efficient and economical working of other services.

15. The bases for estimates of avoidable costs and losses of revenue are set out in notes to Table 6.

TABLE 1

FREIGHT TRAFFIC AT SELECTED MAIN LINE STATIONS

SUMMARY OF REVENUE – 1969–70

Station.	Inwards Freight.			Outwards Freight.			
	Manures.	Other.	Total.	Grain.	Wool.	Other.	Total.
	$	$	$	$	$	$	$
BALLARAT—MILDURA LINE.							
Creswick	912	6,359	7,271	..	1,057	12,144	13,201
North Creswick	..	22	22	..	..	6,097	6,097
Clunes	4,769	3,847	8,616	1,381	4,997	2,285	8,663
Talbot	419	1,236	1,655	..	2,424	16,658	19,082
Bet Bet	905	89	994	1,453	1,011	29	2,493
Dunolly	6,589	3,938	10,527	18,613	2,898	4,489	26,000
Goldsborough	155	..	155	..	102	2,071	2,173
Bealiba	2,289	1,928	4,217	26,756	3,560	415	30,731
Emu	2,586	43	2,629	..	1,514	117	1,631
Sutherland	710	413	1,123	28,848	..	73	28,921
Swan Water	331	311	642	38,034	..	..	38,034
Cope Cope	2,092	450	2,542	28,730	611	34	29,375
Litchfield	499	1,428	1,927	56,097	..	745	56,842
Massey	433	728	1,161	27,302	..	128	27,430
Watchem	3,952	4,027	7,979	82,699	2,829	472	86,000
Morton Plains	60	378	438	55,230	..	..	55,230
Kinnabulla	362	1,414	1,776	95,077	86	..	95,163
Curyo	1,829	448	2,277	59,127	113	252	59,492
Watchupga	1,482	140	1,622	74,264	53	572	74,889
Lascelles	2,328	3,952	6,280	66,833	1,704	208	68,745
Gama	1,240	615	1,855	26,317	..	5	26,322
Torpey's Sdg.	..	..	..	643	..	..	643
Turriff	2,017	350	2,367	30,586	855	191	31,632
Speed	2,849	2,127	4,976	17,370	844	350	18,564
Tempy	4,124	2,280	6,404	75,346	112	263	75,721
Nunga	1,455	590	2,045	22,034	..	184	22,218
Kiamal	3,380	1,145	4,525	32,441	..	2,017	34,458
Hattah	55	5,221	5,276	21,005	174	30,336	51,515
Nowingi	..	407	407	147,996	95	912	149,003
Carwarp	1,621	2,363	3,984	44,694	1,276	2,026	47,996
Total	49,443	46,249	95,692	1,078,876	26,315	83,073	1,188,264
SEYMOUR—WODONGA LINE.							
Mangalore	784	5,447	6,231	..	..	884	884
Avenel	4,891	6,127	11,018	..	5,192	849	6,041
Locksley	1,098	309	1,407	..	1,404	110	1,514
Longwood	12,415	2,408	14,823	..	9,562	2,369	11,931
Creighton	145	..	145	..	..	..	..
Balmattum	318	40	358	..	..	148	148
Violet Town	14,542	5,795	20,337	319	5,132	726	6,177
Baddaginnie	1,993	729	2,722	..	385	138	523
Winton	150	97	247	..	..	..	..
Glenrowan	13,155	3,153	16,308	13,088	1,404	1,402	15,894
Bowser	1,559	231	1,790	11,553	..	506	12,059
Springhurst	3,651	1,655	5,306	28,455	1,845	1,492	31,792
Chiltern	1,522	2,048	3,570	..	130	380	510
Barnawartha	3,131	1,567	4,698	213	269	1,098	1,580
Total	59,354	29,606	88,960	53,628	25,323	10,102	89,053
WOODEND—BENDIGO LINE.							
Carlsruhe	52	40	92	..	..	6	6
Malmsbury	1,029	2,665	3,694	..	842	248	1,090
Taradale	..	29	29	..	..	1	1
Elphinstone	5,902	3,820	9,722	..	4,026	439	4,465
Harcourt	1,697	1,977	3,674	..	658	849	1,507
Ravenswood	666	331	997	66	760	2	828
Kangaroo Flat	441	15,471	15,912	..	95	373	468
Totals	9,787	24,333	34,120	66	6,381	1,918	8,365

APPENDIX XXIII—*continued.*

Station.	Inwards Freight.			Outwards Freight.			
	Manures.	Other.	Total.	Grain.	Wool.	Other.	Total.
	$	$	$	$	$	$	$
			BALLAN—SERVICETON LINE.				
Gordon	128	2,933	3,061	..	58	218	276
Wallace	135	4,937	5,072	..	..	199	199
Bungaree	71	342	413	126	..	630	756
Dunnstown	..	138	138	..	..	3	3
Warrenheip	..	53	53	..	..	17	17
Windermere	174	1,174	1,348	839	88	263	1,190
Burrumbeet	338	489	827	2,119	1,229	4,229	7,577
Trawalla	2,623	1,701	4,324	3,412	4,038	341	7,791
Middle Creek ..	888	494	1,382	2,125	668	243	3,036
Buangor	4,379	614	4,993	3,989	8,010	382	12,381
Armstrong	369	60	429	..	..	138	138
Great Western ..	2,242	2,608	4,850	753	1,421	2,112	4,286
Deep Lead	1,454	1,065	2,519	..	262	247	509
Glenorchy	8,976	727	9,703	78,404	3,810	144	82,358
Wal Wal	2,734	100	2,834	1,960	767	64	2,791
Lubeck	4,789	615	5,404	71,358	2,168	778	74,304
Jung	2,940	1,573	4,513	47,101	..	421	47,522
Dooen	5,928	6,984	12,912	66,409	290	413	67,112
Pimpinio	1,217	670	1,887	32,717	192	84	32,993
Wail	616	2,392	3,008	53,990	..	25	54,015
Gerang Gerung ..	3,375	1,582	4,957	44,986	1,165	867	47,018
Kiata	1,027	385	1,412	24,578	487	307	25,372
Salisbury	425	25	450	33,987	..	1	33,988
Tarranginnie ..	1,376	68	1,444	30,581	..	38	30,619
Diapur	2,355	96	2,451	27,189	606	87	27,882
Miram	4,528	1,584	6,112	46,046	2,608	145	48,799
Lillimur	4,592	908	5,500	69,300	1,393	192	70,885
Serviceton	18,597	3,113	21,710	35,836	4,310	1,432	41,578
Totals	76,276	37,430	113,706	677,805	33,570	14,020	725,395

TABLE 2

FREIGHT TRAFFIC AT SELECTED MAIN LINE STATIONS.

Notes on Summary of Revenue.

BALLARAT-MILDURA LINE.

Stations not Analysed.

Maryborough, Dunolly Wheat Storage, St. Arnaud, Donald, Birchip, Woomelang, Ouyen, Redcliffs and Irymple.

Stations Closed for Passenger Traffic.

Sutherland, Swan Water, Massey, Morton Plains, Gama, Nunga, Kiamal.

Single Items of Major Value included under " Other ".

			$
Creswick	Pulpwood	To Maryvale	10,492
North Creswick	Goods (191)		4,984
Talbot	Gravel, stone, etc.	To Mildura and Yelta	10,518
Goldsborough	Firewood	To Melbourne	1,779
Hattah	Gypsum	To Traralgon	29,702

SEYMOUR-WODONGA LINE.

Stations not Analysed.

Euroa, Benalla and Wangaratta.

Stations Closed since 1969–70.

Creighton and Winton.

Single Items of Major Value included under " Other "

			$
Mangalore	Goods (Class 2)	From Melbourne	4,275
Avenel	Sheep	From various stations	2,570

WOODEND-BENDIGO LINE.

Stations not Analysed.

Kyneton, Castlemaine and Golden Square. Of Golden Square's total revenue of $70,271, $48,351 was for petroleum products.

Stations Closed to Passengers.

Ravenswood

Single Items of Major Value Included under " Other "

			$
Elphinstone	Iron, steel, etc	From Melbourne	1,421
Kangaroo Flat	Goods (Classes A and B)	From Melbourne	6,556
	Goods (Class 2)	From Melbourne and Geelong	2,668
	Beer	From Melbourne	2,908
	Cement	From Waurn Ponds	1,415

BALLAN-SERVICETON LINE.

Stations not Analysed.

Ararat, Stawell, Murtoa, Dimboola, Nhill and Kaniva.

Stations Closed to Passengers.

Wail, Tarranginnie and Salisbury.

Single Items of Major Value Included under " Other "—

			$
Gordon	Goods (N.O.S.)	From Mt. Gambier	2,185
Wallace	Milk, etc.	From various stations — now sent to Ballarat	3,689
Windermere	Sheep	From Melbourne	986
Burrumbeet	Hay	To Gippsland and Melbourne	3,374
Deep Lead	Cement-bagged	From Fyansford	1,023

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PASSENGER AND FREIGHT TRAFFIC—SELECTED MAIN LINE STATIONS. TABLE 3.

* Grain Storages.

(*a*) The discrepancies between wagon-load statistics and details of net tonnage are caused by some waybills not being brought to account in the month the traffic actually moved.

C.T. Caretaker.
NM. Next morning.
NA. Next afternoon.

Station	No. of Staff	Nearest Town	Road Dist. (Miles)	Passengers 1969–70		Freight 1969–70				Freight Analysis (March 1971) (*a*)							
								Freight Tonnage		Wagon Loads				Total Net Tonnage			
										Inwards		Outwards		Inwards		Outwards	
				Trains p.w.	Annual Outwards Journeys	Train Freq. p. w.	Deliv.	Inwards	Outwards	Seas.	Other	Seas.	Other	Seas.	Other	Seas.	Other
WOODEND-BENDIGO LINE																	
Carlsruhe	2	Kyneton	3	18	321	W.	NM	21	1	Nil	1	Nil	Nil	Nil	Nil	Nil	Nil
Malmsbury	2	Kyneton	7	20	2,164	M. W.	NM	655	158	16	9	1	1	65	10	8	1
Taradale	C.T.	Kyneton	11	12	771	M. W.	NM	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Elphinstone	3	Castlemaine	8	18	580	M. W.	NM	2,467	532	Nil	Nil	Nil	3	181	6	Nil	1
Chewton	..	Castlemaine	3	12	233	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Harcourt	2	Castlemaine	5	18	1,876	M. W.	NA	811	145	2	6	1	3	36	23	1	4
Ravenswood	..	Castlemaine	12	Nil	186	M. W.	NA	231	81	3	Nil	Nil	Nil	13	Nil	Nil	Nil
Kangaroo Flat	2	Bendigo	4	20	1,861	M. W.	NA	2,109	113	2	40	Nil	10	No analysis			
BALLARAT-MILDURA LINE																	
Creswick	4	Ballarat	14	17	1,996	M. W.	NM	994	2,752	10	14	4	6	88	62	7	26
North Creswick	..	Ballarat	15	11	52	M.	NM	10	1,276	1	Nil	Nil	2	7	Nil	Nil	67
Clunes	4	Maryborough	20	17	27,029	M. W.	NM	2,142	983	19	12	2	2	336	15	10	12
Talbot	2	Maryborough	9	17	14,513	M. W.	NM	290	3,613	Nil	11	4	14	Nil	8	2	440
Bet Bet	1	Maryborough	9	6	207	W.	NM	295	302	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dunolly*	3	Maryborough	14	12	1,559	M. W.	NM	2,638	4,455	22	16	1	14	568	37	22	17
Goldsborough	C.T.	Maryborough	18	6	7	W.	NM	53	456	4	Nil	2	8	37	Nil	5	31
Bealiba	2	Maryborough	27	12	265	M. W.	NM	874	4,915	13	Nil	3	Nil	217	12	215	1
Emu*	1	St. Arnaud	17	6	78	W.	NM	775	105	11	Nil	3	1	225	3	3	Nil
Sutherland*	..	St. Arnaud	7	Nil	Nil	W.	NA	268	6,503	2	Nil	87	Nil	30	Nil	2,058	Nil
Swanwater*	..	St. Arnaud	11	Nil	Nil	W.	NA	95	6,691	1	Nil	17	Nil	20	Nil	277	Nil
Cope Cope*	2	Donald	8	6	14	W.	NA	606	6,118	5	Nil	98	Nil	96	Nil	1,524	1
Litchfield*	C.T.	Donald	10	6	62	M. W.	NM	160	10,428	Nil	Nil	151	Nil	Nil	Nil	2,456	Nil
Massey*	..	Donald	15	Nil	Nil	M. W.	NM	165	3,605	2	3	59	Nil	33	Nil	999	16
Watchem*	2	Birchip	11	6	149	M. W.	NM	1,219	13,378	5	5	39	Nil	44	44	370	1
Morton Plains*	..	Birchip	7	Nil	Nil	M. W.	NM	43	8,006	Nil	6	92	Nil	Nil	Nil	1,534	Nil
Kinnabulla*	..	Birchip	11	6	21	M. W.	NM	166	14,813	3	Nil	54	Nil	35	Nil	539	Nil
Curyo*	1	Birchip	15	6	7	M. W.	NM	413	8,360	5	10	71	Nil	81	40	1,938	Nil
Watchupga*	C.T.	Woomelang	8	6	87	M. W.	NM	376	10,204	4	Nil	2	Nil	172	Nil	597	Nil
Lascelles*	2	Woomelang	10	6	237	M. W.	NA	720	9,915	20	3	Nil	Nil	268	15	245	21
Gama*	..	Speed	11	Nil	Nil	M. W.	NA	300	3,818	7	Nil	59	Nil	519	Nil	721	Nil
Turriff*	C.T.	Speed	4	6	68	M. W.	NA	434	4,218	10	Nil	36	Nil	173	2	1,334	Nil
Speed*	2	..	..	6	222	M. W.	NA	734	2,419	9	1	6	Nil	116	4	110	Nil
Tempy*	C.T.	Speed	4	6	210	M. W.	NA	1,031	9,992	15	6	21	1	173	21	678	2
Nunga*	..	Ouyen	4	Nil	Nil	M. W.	NA	310	3,061	5	Nil	24	Nil	16	Nil	192	Nil
Kiamal*	..	Ouyen	5	Nil	Nil	M. Tu. Th.	NA	690	4,317	5	Nil	16	2	87	Nil	635	Nil
Hattah	2	Ouyen	21	6	59	M. Tu. Th.	NM	359	5,934	Nil	1	1	35	Nil	1	2	518
Nowingi	C.T.	Redcliffs	21	6	2	M. Tu. Th.	NA	390	17,819	Nil	5	Nil	76	Nil	18	Nil	1,557
Carwarp*	2	Redcliffs	11	6	82	M. Tu. Th	NM	441	5,889	1	1	27	Nil	19	3	1,068	2

BALLAN-SERVICETON LINE																			
Gordon	3	Ballan	7	12	791	W.	NM	557	124	1	16	1	2	22	278	2	106
Wallace	C.T.	Ballan	11	12	144	W.	NM	335	40	Nil	3	Nil	Nil	Nil	6	1	Nil
Bungaree	3	Ballarat	9	14	1,207	W.	NM	91	119	Nil	2	Nil	2	Nil	6	15	1
Dunnstown	C.T.	Ballarat	8	12	151	W.	NM	35	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Warrenheip	3	Ballarat	5	6	286	W.	NM	1	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Windermere	1	Ballarat	10	6	87	Tu. Th.	NA	79	167	1	2	1	1	Nil	Nil	Nil	Nil
Burrumbeet	3	Ballarat	13	13	246	Tu. Th.	NA	227	1,325	3	2	1	1	57	4	11	11
Trawalla	1	Beaufort ..	5	13	193	Tu. Th.	NA	1,310	1,060	20	2	10	Nil	383	3	41	2
Middle Creek	1	Beaufort ..	8	7	137	Tu. Th.	NA	324	497	Nil	Nil	4	8	60	92	54	Nil
Buangor	3	Beaufort ..	13	12	411	M. W. F.	NM	1,561	1,380	17	4	3	1	270	5	14	2
Armstrong	1	Ararat	6	7	39	M. W.	NM	127	12	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Great Western	2	Stawell	8	13	943	M. W.	NM	915	495	18	17	Nil	Nil	386	104	Nil	4
Deep Lead	1	Stawell ..	5	6	5	M. W.	NM	691	233	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Glenorchy*	3	Stawell	13	13	232	M. W.	NM	2,676	13,423	32	1	38	9	672	4	795	1
Wal Wal	1	Murtoa	13	6	33	M. W.	NM	748	412	11	1	Nil	Nil	130	2	Nil	Nil
Lubeck*	3	Murtoa	7	13	285	M. W.	NM	1,413	11,977	16	Nil	73	10	338	1	1,378	Nil
Jung*	2	Murtoa	6	13	113	M. Th.	NA	875	8,449	5	Nil	27	Nil	80	5	480	Nil
Dooen*	1	Horsham ..	5	6	31	M. Th.	NA	2,318	11,848	13	8	17	1	277	13	590	3
Pimpinio*	1	Horsham ..	9	7	4	M. Th.	NA	356	4,049	Nil	Nil	Nil	Nil	60	Nil	1,840	3
Wail*	..	Dimboola ..	5	Nil	1	M. Th.	NA	350	7,705	Nil	Nil	45	Nil	10	Nil	612	Nil
Gerang Gerung* ..	C.T.	Dimboola ..	5	6	61	M. W. Th.	NM	924	7,688	Nil	Nil	Nil	Nil	66	Nil	732	3
Kiata*	..	Nhill	8	6	46	M. W. Th.	NM	244	3,832	3	2	1	1	25	Nil	205	Nil
Salisbury*	2	Nhill	6	Nil	Nil	M. W. Th.	NM	115	5,099	2	Nil	2	Nil	37	Nil	Nil	Nil
Tarranginnie*	..	Nhill	8	Nil	Nil	M. W. Th.	NM	310	5,245	Nil	11	13	2	178	Nil	Nil	Nil
Diapur*	2	Nhill	12	6	87	M. W. Th.	NM	514	5,695	15	Nil	4	Nil	287	1	428	Nil
Miram*	C.T.	Kaniva	5	6	285	M. W. Th.	NA	1,129	8,066	14	Nil	107	Nil	174	7	1,455	Nil
Lillimur*	C.T.	Kaniva	6	6	158	M. W. Th.	NA	1,034	9,842	8	Nil	Nil	Nil	122	Nil	8	Nil
Serviceton	11	Kaniva	16	13	353	M. W. Th.	NA	7,055	8,740	55	6	10	6				
SEYMOUR-ALBURY LINE																			
Mangalore	3	Seymour ..	5	12	689	M. Th.	NM	546	76	Nil	4	Nil	1	19	Nil	2	6
Avenel	3	Seymour ..	9	14	1,504	M. W.	NM	2,192	525	22	10	Nil	2	399	26	14	Nil
Locksley	2	Euroa	14	14	315	M. W.	NA	403	120	3	Nil	Nil	Nil	41	Nil	Nil	Nil
Longwood	2	Euroa	8	14	674	M. W.	NA	3,874	866	25	6	3	12	376	16	19	58
Creighton	..	Euroa	4	Nil	Nil	Nil	Nil	44	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balmattum	..	Euroa	5	Nil	Nil	M. W.	NA	103	31	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Violet Town	5	Euroa	12	14	2,218	M. W.	NA	4,697	568	25	18	7	1	350	27	21	1
Baddaginnie	2	Benalla	8	12	557	M. W.	NA	591	34	8	1	Nil	Nil	155	10	Nil	Nil
Winton	..	Benalla	6	Nil	Nil	Nil	Nil	39	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Glenrowan*	3	Wangaratta ..	10	14	1,755	Tu. F.	NM	3,573	2,318	65	7	Nil	14	1,123	13	Nil	77
Bowser*	1	Wangaratta ..	3	6	7	M. Th.	NM	392	1,491	Nil	Nil	Nil	Nil	126	Nil	Nil	8
Springhurst*	3	Wangaratta ..	15	14	4,585	Tu. F.	NM	1,042	3,996	19	3	37	6	340	9	241	25
Chiltern	3	Wodonga ..	19	14	2,110	Tu. F.	NM	500	44	4	11	2	15	74	7	Nil	21
Barnawartha	2	Wodonga ..	14	14	999	Tu. F.	NM	839	68	9	5	Nil	1	128	15	Nil	151

TABLE 4

STATIONS ON SELECTED MAIN LINES WHICH COULD BE CONSIDERED FOR CLOSURE OR RETENTION FOR WAGON-LOAD TRAFFIC ONLY.

Retain for Wagon-load Traffic Only.	Close.	Divert Traffic to—
	WOODEND–BENDIGO LINE.	
	Carlsruhe*	Woodend
	Malmsbury*	Kyneton
	Taradale	Kyneton
Elphinstone*	..	Castlemaine
	Chewton	Castlemaine
Harcourt*	..	Castlemaine
	Ravenswood*	Castlemaine
Kangaroo Flat*	..	Bendigo
	BALLARAT–MILDURA LINE.	
North Creswick	..	Creswick
Clunes*	..	Creswick
Talbot*	..	Creswick
	Bet Bet	Maryborough
	Goldsborough	Dunolly
Bealiba*	..	Dunolly
	Emu*	Dunolly
Sutherland	..	St. Arnaud
Swanwater	..	St. Arnaud
Cope Cope*	..	Donald
Litchfield	..	Donald
Massey	..	Donald
Watchem	..	Birchip
Morton Plains	..	Birchip
Kinnabulla	..	Birchip
Curyo*	..	Birchip
Watchupga	..	Woomelang
Lascelles*	..	Woomelang
Gama	..	Woomelang
Turriff	..	Woomelang
Speed*	..	Woomelang
Tempy	..	Ouyen
Nunga	..	Ouyen
Kiamal	..	Ouyen
Hattah	..	Ouyen
Nowingi*	..	Ouyen
Carwarp*	..	Redcliffs
	BALLAN-SERVICETON LINE.	
	Gordon*	Ballan
	Wallace	Ballan
	Bungaree*	Ballarat
	Dunnstown	Ballarat
	Warrenheip*	Ballarat
	Windermere*	Ballarat
Burrumbeet*	..	Ballarat
Trawalla*	..	Beaufort
	Middle Creek*	Beaufort
Buangor*	..	Beaufort
	Armstrong*	Ararat
Great Western*	..	Stawell
	Deep Lead*	Stawell
Glenorchy*	..	Stawell
Wal Wal*	..	Murtoa
Lubeck*	..	Murtoa
Jung*	..	Murtoa
Dooen*	..	Horsham
Pimpinio*	..	Horsham
Wail	..	Dimboola
Gerang Gerung	..	Dimboola
Kiata*	..	Nhill
Salisbury	..	Nhill
Tarranginnie	..	Nhill
Diapur*	..	Nhill
Miram	..	Kaniva
Lillimur	..	Kaniva
	SEYMOUR-ALBURY LINE.	
	Mangalore*	Seymour
	Locksley*	Avenel
Longwood*	..	Euroa
	Creighton	Euroa
	Balmattum	Euroa
	Baddaginnie*	Benalla
	Winton	Benalla
Glenrowan*	..	Benalla
Bowser*	..	Wangaratta
	Chiltern*	Springhurst
	Barnawartha*	Springhurst

* Stations that would have to be retained pending the introduction of automatic signals.

TABLE 5

NOTES ON SPECIAL ASPECTS

Suitability of retained stations as bases for co-ordinated services.

1. Criteria for determining stations which it is considered should be retained include :—

(*a*) the existing volume of passenger and parcels traffic handled.

(*b*) population of the centre, and

(*c*) the distance from other proposed stopping places.

2. The stations recommended to be retained have adequate facilities, such as crane power and siding accommodation, to handle any traffic diverted from those stations recommended to be closed, or to be open for goods in wagon-loads only. In addition they are at centres of sufficient size, and of such location, as to be suitable for co-ordinated services to serve areas affected by partial or complete closure of other stations. Road surfaces generally are sealed, and, in addition the retained stations are generally at commercial centres for the surrounding countryside.

Improved services.

Examples of improvement in running times of passenger services include :—

—	Present running time.		Proposed running time.	
	Hrs.	Mins.	Hrs.	Mins.
Woodend-Bendigo	1	21	1	6
Ballan-Serviceton	5	00	4	40
Ballarat-Mildura	8	35	6	30
Seymour-Wodonga	2	41	2	19

APPENDIX XXIII—*continued.*

SMALL STATIONS ON MAIN LINES 1969–70

TABLE 6.

FINANCIAL EFFECT OF CLOSING OR PROVIDING WAGON-LOAD ONLY SERVICE AT SMALL STATIONS

Line Surveyed	Stations Closed	Stations W'load Only	Avoidable Cost of			Maintenance of Stations	Interest on Scrap Value Station Assets	Total Avoidable Costs	Goods Revenue Lost	Passenger Revenue Lost	Total Loss Revenue	Financial Improvement
			Station Staff (*a*)	Goods Trains (*b*)	Passenger Trains (*b*)	(*c*)	(*d*)	(*e*), (*h*)	(*f*)	(*g*)		(*h*)
			$	$	$	$	$	$	$	$	$	$
Woodend–Bendigo	5	3	64,000	8,000	11,000	10,000	2,000	95,000	4,000	6,000	10,000	85,000
Ballan–Serviceton	9	18	220,000	122,000	19,000	23,000	3,000	387,000	17,000	3,000	20,000	367,000
Ballarat–Mildura	3	24	97,000	43,000	12,000	17,000	2,000	171,000	23,000	4,000	27,000	144,000
Seymour–Wodonga	8	3	134,000	52,000	12,000	14,000	2,000	214,000	13,000	8,000	21,000	193,000
Totals	25	48	515,000	225,000	54,000	64,000	9,000	867,000	57,000	21,000	78,000	789,000

NOTES :—

(*a*) Under the existing safeworking system, staff would have to be retained at many stations until automatic signalling or other appropriate facilities could be introduced. The estimated cost of this staff is $423,000 (Woodend–Bendigo $59,000 ; Ballan–Serviceton $186,000 ; Ballarat–Mildura $67,000 ; Seymour–Wodonga $111,000). There would be substantial annual capital charges (interest and depreciation) associated with automatic signalling.

(*b*) Includes savings in costs associated with operating, stopping, starting, shunting, marshalling, &c. of trains.

(*c*) Maintenance based on $1,500 per annum for closed, and $500 per annum for wagon-load only stations.

(*d*) Interest is taken at 7 per cent of scrap values.

(*e*) The avoidable costs do not include allowance for savings, which should be considerable, associated with more economic and effective use of rolling stock.

(*f*) Wagon-load and various proportions of other traffics are assumed to remain on rail.

(*g*) Parcels traffic and 75 per cent. of passenger traffic are assumed to remain on rail.

(*h*) Depreciation, as a non-cash cost, has not been included in the estimates of avoidable costs and financial improvement.

APPENDIX XXIV.

VICTORIAN RAILWAYS : CONCESSION FARES.

Type of Concession Fare	*Revenue*	*Estimated Value of Concession*	*Nature of Concession*
	$	$	
Pensioners—			
Suburban	390,000	390,000	Pensioners Concession Half Adult Fare.
Country	194,000	194,000	
Interstate	47,000	47,000	
	631,000	631,000	Loss equal to exact Revenue.
Incapacitated Ex Service Personnel Male and Female	166,000	230,000	Totally incapacitated :—50 per cent. of fare debit to Treasury. Partially incapacitated :—66⅔ per cent. of fare debit to Treasury.
Blind Persons	1,400	115,000	Blind—Free in suburbs, single plus ⅓ fare in country or interstate.
Navy Personnel ex Crib Point	5,070	3,900	Ordinary return fare $2.30—Navy fare $1.30. 44 per cent. reduction.
School Term Tickets	872,700	672,600	Under 15 years—⅓ Adult fare. 15-18 years—½ Adult fare. 18 years and over—⅔ Adult fare.
School Vacation Tickets	194,600	128,000	Under 16 years—⅔ Single Adult fare. 16 and over—Single Adult fare.
School Weekend Tickets	88,150	58,000	Under 16 years—⅔ Single Adult fare. 16 and over—Single Adult fare.
School Sports and Excursions	66,600	116,000	Students under 16 years—Approx. 33 per cent. Adult fare. Students 16 to under 19 years—Approx. 46 per cent. Adult fare. Teachers and Adults—Approx. 63 per cent. Adult fare.
Trainee Nurses Annual and Weekly Leave	64,000	48,300	Return tickets at single fare—Approx. 57 per cent. Adult fare.
Daily Tickets for Education Department—Classes and Examinations	2,500	3,000	Day Return Tickets—Approx. 46 per cent, Adult fare.
Daily Tickets to Technical Schools	39,100	46,000	Day Return Tickets—Approx. 46 per cent, Adult fare.
Boy Scouts, Girl Guides, Sea Cadets	40,400	20,200	Students under 16 years—Approx. 33 per cent. Adult fare. Students 16 to under 19 years—Approx. 46 per cent. Adult fare. Teachers and Adults—Approx. 63 per cent. Adult fare.
Athletic Bodies Delegates to Conferences	6,000	2,400	Return Tickets at Single Fare plus one third.
Children Travelling to Holiday Camps	5,000	3,500	⅔ Adult Single Fare.
Females Not in Business	4,600	2,300	Periodical Tickets at ⅔ Adult rate.
Youths and Females in Business—earnings not exceeding $8.00 per week	9,000	4,600	Under 18 years at Half Adult rate.
	2,196,120	2,084,800	
	Less Govt. Recoup	1,250,000*	
		834,800	

* Previously $200,000 per annum.

CHIEF COMMERCIAL MANAGER'S OFFICE,
26TH OCTOBER, 1971.

APPENDIX XXV.

LINES WITH HIGH PROPORTION OF SEASONAL TRAFFIC

Scope of Study

A special study covered stations on the following sections of lines:—

Hamilton–East Natimuk
Dimboola–Yaapeet
Jeparit–Yanac
Redcliffs–Meringur
Beulah–Patchewollock
Sea Lake–Kulwin
Dookie–Katamatite
Elmore–Diggora West (Warragamba)

A second, but less detailed study, was made of the seasonal incidence of traffic on other sections of lines where seasonal traffic was high.

Objects of Study

The objects of the first study were to:—

(*a*) analyse the nature and seasonal incidence of traffic at stations on these lines ; and

(*b*) assess the financial advantages arising from restriction of operations to seasonal activity.

Traffic Analysis

Annexure 1 shows the total inwards and outwards freight at stations on lines with a high proportion of seasonal traffic—defined as grain, superphosphate, lime and wool. Stations with grain silos are indicated by asterisks. Notes to the Annexure give details of major items of " non-seasonal " traffic.

Annexure 2 shows similar information in respect of stations on other sections of lines where seasonal traffic is significant.

The whole of the freight traffic was analysed by commodities, stations of origin or destination and revenue, in respect of each station on the sections of lines covered by the special study.

Annexure 3 shows for each line in the special study:—

(*a*) silo capacity ;

(*b*) siding capacity ;

(*c*) wagons and trains required to clear silos—

(i) under present operating methods ; and

(ii) with the operation of unit trains using bogie hopper wagons.

In spite of the high preponderance of " seasonal " traffic on the lines covered by the special study, the actual scope for financial savings from seasonal operation of these lines appears to be limited under present operating methods.

Maximum saving from seasonal operation would be obtained by restricting the operation of each individual line to the minimum period necessary to clear its storages on a " merry-go-round " unit train basis, clearing the various lines in rotation.

Implications of this approach would be:—

(1) both the Geelong terminal and the grain storage and loading facilities at country stations—on both seasonal and non-seasonal lines—would have to be adapted to this method of working ;

(2) a mobile staffing organization would have to be set up by both the Railways and the grain handling authority to prepare each line in turn for the running of trains and to man the grain facilities on that line for the quick loading of wagons ;

(3) the quick clearance of each line, and the fact that the rotation of lines would have to cover the whole period from the end of one harvest to the beginning of the next, would make the handling of inward traffic, even in bulk, difficult. Such traffic would probably have to be diverted to stations on the nearest line open for the full year.

Annexure 4 analyses the financial aspects of restricting to seasonal activity operations on the lines covered by the special study.

The analysis shows that, under existing operating methods, the financial improvement would probably not exceed $100,000 in respect of the lines studied. There are, of course, many other " seasonal " lines (See Annexure 1). In addition, there is, on other lines, a considerable number of stations served all the year round which have little traffic apart from seasonal freight (See Annexure 2).

The estimated savings referred to are related to:—

	$
Station staff	27,300
Train costs	42,000
Maintenance—Way and works	71,800
Total avoidable costs	141,100
Revenue loss	46,300
Financial improvement	$94,800

Very few of the stations on the lines included in the study have full-time staff.

The number of out of season trains per week (return service) on the eight sections of lines studied are:—

Hamilton–East Natimuk	1 per week
Dimboola–Yaapeet	1 per week
Jeparit–Yanac	1 per week
Redcliffs–Meringur	1 per fortnight
Beulah–Hopetoun	2 per week
Hopetoun–Patchewollock	1 per week
Sea Lake–Nandaly	2 per week
Nandaly–Kulwin	1 per week
Dookie–Katamatite	1 per week
Elmore–Diggora West	2 per week

It has been assumed that loss of revenue would be restricted to 50 per cent of non-bulk traffic.

As in other studies, no allowance has been made for opportunity costs associated with rolling stock availability but the impact in this case would be relatively small.

STATIONS ON SEASONAL LINES.

INWARDS AND OUTWARDS FREIGHT TRAFFIC, 1969–70.

Station	Tonnage Capacity Cranes	Total Tons	Seasonal Tons (*a*)	% Seasonal	Other Tons	Average Weekly Other Tons
Maryborough–Ararat Line (*b*) 54½ miles						
Avoca	4	6,995	5,474*	78	1,521	29
Elmhurst	..	1,216	1,162	96	54	1
Inglewood–Dunolly Line (*b*) 24¾ miles						
Tarnagulla	..	44	Nil	Nil	44	1
Llanelly	..	7,871	7,801*	90	70	1
Arnold	..	456	454	100	2	Nil
Ouyen–Pinnaroo Line (*c*) 84¼ miles..						
Galah	..	7,408	7,383*	100	25	Nil
Walpeup	..	7,725	7,114*	92	611	12
Torrita	..	5,249	5,171*	99	78	1
Underbool	3	7,689	7,012*	91	677	13
Linga	..	10,891	4,686*	43	6,205(*d*)	119
Boinka	..	202	46	23	156	3
Tutye	..	6,429	6,067*	94	362	7
Cowangie	..	6,553	4,801*	73	1,752(*e*)	34
Danyo	..	691	288	42	403	8
Murrayville	6	10,481	9,205*	88	1,276	25
Carina	..	3,715	3,382*	91	333	6
Panitya	..	10,993	10,075*	92	918	18
Redcliffs–Meringur Line 50¾ miles†						
Pirlta	..	3,978	3,968*	99	10	Nil
Merrinee	..	1,732	1,615*	93	117	2
Karawinna	..	4,679	4,640*	99	39	1
Werrimul	..	7,426	7,297*	98	129	2
Bambill	..	118	118	100	Nil	Nil
Yarrara	..	4,081	4,059*	99	22	Nil
Meringur	..	6,909	6,559*	95	350	7
Sea Lake–Kulwin Line 37¼ miles†						
Ninda	..	3,535	3,535*	100	Nil	Nil
Nyarrin	..	1,993	1,993*	100	Nil	Nil
Nandaly	..	5,391	3,041*	56	2,350(*g*)	45
Pier Millan	..	4,655	4,655*	100	Nil	Nil
Mittyack	..	9,262	9,262*	100	Nil	Nil
Kulwin	..	4,723	4,723*	100	Nil	Nil
Wedderburn Line 5 miles						
Wedderburn..	4	8,041	6,924*	86	1,117	21
Nyah West–Kooloonong Line 25¼ miles						
Miralie	..	2,666	2,666*	100	Nil	Nil
Piangil	2½	15,038	14,833*	99	205	4
Natya	..	3,228	3,201*	99	27	1
Kooloonong..	3	9,768	9,471*	97	297	6
Elmore–Warragamba (*Diggora West*) *Line* 11½ miles (*f*)†						
Hunter	..	4,409	4,406*	100	3	Nil
Warragamba (Diggora West)	..	6,204	6,204*	100	Nil	Nil
Barnes–Balranald Line 119¾ miles						
Womboota	..	2,535	2,481*	98	54	1
Thyra	..	193	16	8	177	3
Bunnaloo	..	5,788	5,536*	96	252	5
Tantonan	..	343	272	79	71	1
Caldwell	..	19,101	18,416*	96	685	13
Yallakool	..	580	170	29	410	8
Wakool	5	6,903	6,213*	90	690	13
Burraboi	..	20,638	20,486*	99	152	3
Jimaringle	..	70	63	90	7	Nil
Niemur	..	422	354	84	68	1
Dhuragoon	..	117	99	99	18	Nil
Moulamein	2½	14,717	13,452*	91	1,265	24
Perekerton	..	258	244	95	14	Nil
Balranald	6	17,463	14,208*	81	3,255	63
Koroit–Hamilton Line 52 miles						
Woolsthorpe	..	1,247	1,247	100	Nil	Nil
Hawkesdale	..	1,958	1,713	87	245	5
Minhamite	..	836	826	99	10	Nil
Purdeet	..	586	586	100	Nil	Nil
Penshurst	..	5,716	4,911	86	805	16
Tabor	..	133	133	100	Nil	Nil
Yatchaw	..	500	500	100	Nil	Nil
Linton Junction–Skipton Line 35 miles						
Haddon	..	306	306	100	Nil	Nil
Smythesdale	..	206	11	5	195	4
Scarsdale	..	1,513	15	1	1,498(*h*)	29
Newtown	..	Nil	Nil	Nil	Nil	Nil
Linton	..	1,489	102	7	1,387(*h*)	27
Pittong	..	849	784	92	65	1
Skipton	..	10,608	9,984*	94	624	12

Station	Tonnage Capacity Cranes	Total Tons	Seasonal Tons (*a*)	% Seasonal	Other Tons	Average Weekly Other Tons
Hamilton–East Natimuk Line 77½ miles†						
Kanawalla	..	483	483	100	Nil	Nil
Kyup	..	1,029	1,029	100	Nil	Nil
Cavendish	..	7,081	6,813	96	268	5
Gatum	..	1,288	1,234	96	54	1
Vasey	..	2,087	2,028	97	59	1
Englefield	..	1,612	1,612	100	Nil	Nil
Balmoral	6	7,590	6,808	90	782	15
Kanagulk	..	5,784	5,775*	99	9	Nil
Jeffries	..	825	825	100	Nil	Nil
Toolondo	..	2,162	2,135	99	27	1
Jallumba	..	6,726	6,697	99	29	1
Noradjuha	..	10,665	10,639*	99	26	1
Hamilton–Coleraine Line 23 miles						
Bochara	..	273	273	100	Nil	Nil
Wannon	..	1,199	1,199	100	Nil	Nil
Parkwood	..	1,067	1,067	100	Nil	Nil
Coleraine	4	18,705	6,487	35	12,218(*i*)	235
Branxholme–Casterton Line 32 miles						
Grassdale	..	519	505	97	14	Nil
Merino	..	1,771	808	46	963	19
Henty	..	309	287	93	22	Nil
Sandford	..	355	238	67	117	2
Casterton	6	16,354	10,709	65	5,645(*j*)	109
Lubeck–Bolangum Line 31½ miles						
Jackson	..	4,138	4,138*	100	Nil	Nil
Rupanyup	4	14,474	14,004*	97	470	9
Burrum	..	7,190	7,170*	99	20	Nil
Banyena	..	5,503	5,451*	99	52	1
Marnoo	2½	15,511	14,749*	95	762	15
Bolangum	..	13,548	13,548*	100	Nil	Nil
Beulah–Hopetoun Line 42¾ miles†						
Rosebery	..	7,182	7,135*	99	47	1
Goyura	..	3,199	3,199*	100	Nil	Nil
Hopetoun	4	25,980	24,476*	94	1,504	29
Yarto	..	2,342	2,342*	100	Nil	Nil
Patchewollock	2½	10,858	10,463*	96	395	8
Horsham–Goroke Line 42¼ miles						
Remlaw	..	4,729	4,729*	100	Nil	Nil
Vectis	..	3,513	3,513*	100	Nil	Nil
Quantong	..	177	177	100	Nil	Nil
East Natimuk	..	518	510	99	8	Nil
Natimuk	2	11,932	11,512*	96	420	8
Arapiles	..	3,893	3,893*	100	Nil	Nil
Mitre	..	6,442	6,414*	99	28	1
Duffholme	..	20	20	100	Nil	Nil
Gymbowen	..	7,066	7,029*	99	37	1
Goroke	4	13,717	11,870*	87	1,847	36
Goroke–Carpolac Line 9 miles						
Mortat	..	2,905	2,426	84	479(*k*)	9
Carpolac	..	4,232	4,203*	99	29	1
Dimboola–Rainbow Line 41½ miles†						
Arkona	..	4,462	4,462*	100	Nil	Nil
Antwerp	..	13,858	13,801*	90	57	1
Tarranyurk	..	4,963	4,925*	99	38	1
Jeparit	6	13,541	12,417*	92	1,124	22
Ellam	..	5,245	5,191*	99	54	1
Pullut	..	12,942	12,928*	99	14	Nil
Rainbow	6	21,128	19,765*	94	1,363	26
Rainbow–Yaapeet Line 10½ miles†						
Albacutya	..	5,649	5,615*	99	34	1
Yaapeet	..	15,791	15,762*	99	39	1
Jeparit–Yanac Line 32 miles						
Depta	..	4,386	4,320*	98	66	1
Lorquon	..	9,973	9,973*	100	Nil	Nil
Netherby	..	7,410	7,245*	98	165	3
Yanac	..	15,888	15,823*	99	65	1
Rushworth–Colbinabbin Line 12¾ miles						
Erwen	..	611	611	100	Nil	Nil
Wanalta	..	643	643	100	Nil	Nil
Colbinabbin	2½	11,480	11,218*	98	262	5
Murchison East–Girgarre Line 27¼ miles						
Murchison	..	1,244	1,195	96	49	1
Rushworth	4	3,301	2,622*	79	679	13
Stanhope	4	18,438	8,061*	44	10,377(*l*)	200
Girgarre	..	1,158	233	20	925(*l*)	18

APPENDIX XXV.—*continued.*

Station	Tonnage Capacity Cranes	Total Tons	Seasonal Tons (*a*)	% Seasonal	Other Tons	Average Weekly Other Tons
Shepparton–Katamatite Line 34 miles†						
Pine Lodge	..	7,010	6,977*	99	33	1
Cosgrove	..	3,014	3,014*	100	Nil	Nil
Dookie	4	6,680	6,240*	93	440	8
Yabba North	..	2,343	2,343*	100	Nil	Nil
Youanmite	..	4,387	4,366*	99	21	Nil
Katamatite	..	4,649	4,467*	96	182	4
Numuurkah–Picola Line 20¾ miles						
Waaia	..	3,699	3,407*	92	292	6
Nathalia	3	10,086	8,333*	83	1,753	34
Picola	4	5,215	4,253*	42	962	19
Yarrawonga–Oaklands Line 38¼ miles						
Sloane	..	5,696	5,673*	99	23	Nil
Warragoon	..	3,000	2,890*	96	110	2
Rennie	..	5,904	5,726*	97	178	3
Sanger	..	8,393	8,233*	98	160	3
Wangamong..	..	5,424	5,386*	99	38	1
Oaklands (*m*)	5	..	..	..	..	..
Bowser–Peechelba East Line 12¼ miles						
Boorhaman	..	706	557	79	149	3
Peechelba East	..	8,884	8,870*	99	14	Nil

† Included in study.

NOTES—

(*a*) Seasonal traffic is nominally regarded as all grain, superphosphate, lime and wool loading. In the South Western District (Casterton, Coleraine, Koroit–Hamilton and Hamilton–Balmoral lines) there is very little grain traffic. Stations with grain silos are indicated with an asterisk.

(*b*) " Cross Country " lines. Traffic shown is generated on the line. Substantial through movements of grain pass over these lines in season.

(*c*) Line connects at Pinnaroo with the South Australian Railway line to Adelaide (distance 162 miles). Pinnaroo is 5 miles from Panitya and 373 miles from Melbourne.

(*d*) Includes 6,012 tons of salt in wagon-loads.

(*e*) Includes 1,288 tons of gypsum in wagon-loads.

(*f*) At present the line continues to Cohuna. If this section is closed considerable tonnages of superphosphate currently handled at Lockington may transfer to Warragamba (Diggora West).

(*g*) Includes 1,567 tons of salt in wagon-loads. This traffic is irregular.

(*h*) Includes pulpwood in wagon-loads : Scarsdale 1,495 tons, Linton 1,127 tons.

(*i*) Includes 9,534 tons of sand in wagon-loads.

(*j*) Includes 1,787 tons of livestock.

(*k*) Includes 388 tons of poles which is probably an irregular movement.

(*l*) Includes products of butter factories. Stanhope 8,282 tons, Girgarre 717 tons. Stanhope is only eleven road miles from Tatura (on the Class B main line to Echuca).

(*m*) New South Wales Railway station. Statistics not available.

* Stations with grain silos.

STATIONS ON OTHER LINES WITH HIGH PROPORTION OF SEASONAL TRAFFIC.

INWARDS AND OUTWARDS FREIGHT TRAFFIC, 1969–70.

Station (*a*)	Tonnage Capacity Cranes	Total Tons	Seasonal Tons (*b*)	% Seasonal	Other Tons (*c*)	Average Weekly Other Tons
Bendigo–Deniliquin Line 99¾ miles						
Epsom	..	455	86	19	369	7
Bagshot	..	756	698	92	58	1
Goornong	2	6,539	6,254*	95	285	5
Elmore	6	17,498	16,755*	95	743	14
Rochester	6	24,358	15,124*	62	9,234	178
Strathallan	..	103	103	100	Nil	Nil
Echuca	8	179,442	121,023*	67	58,419	1,123
Moama	..	455	35	8	420	8
Barnes	..	379	109	29	270	5
Moira	..	150	150	100	Nil	Nil
Mathoura	4	7,646	6,925*	91	721	14
Gulpa Siding	..	213	111	52	102	2
Deniliquin	5	55,835	30,887*	55	24,948	480
Castlemaine–Maryborough Line (*d*) 34 miles						
Guildford	..	300	183	61	117	2
Newstead	2	963	357	37	606	12
Moolort	..	9,190	9,126*	99	64	1
Carisbrook	4	1,162	445	38	717	14
Maryborough–Mildura line 239¼ miles						
Maryborough	5	31,957	6,498	20	25,459	490
Bet Bet	..	590	582	99	8	Nil
Dunolly	5	6,832	5,729*	84	1,103	21
Dunolly Wheat Storage	..	170,733	170,733*	100	Nil	Nil
Goldsborough	..	531	67	13	464	9
Bealiba	2½	5,527	5,273*	95	254	5
Emu	..	889	872	98	17	Nil
St. Arnaud	6	45,171	30,463*	67	14,708	283
Sutherland	..	7,069	7,030*	99	39	1
Swanwater	..	6,716	6,669*	99	47	1
Cope Cope	..	6,402	6,343*	99	59	1
Donald	4	40,151	35,172*	88	4,979	96
Litchfield	..	11,760	11,570*	98	190	4
Massey	..	4,601	4,539*	99	62	1
Watchem	4	14,691	14,357*	98	334	6
Morton Plains	..	8,723	8,680*	99	43	1
Birchip	6	18,480	16,786*	91	1,694	33
Kinnabulla	..	14,611	14,497*	99	114	2
Curyo	..	9,005	8,934*	99	71	1
Watchupga	..	10,925	10,884*	99	41	1
Woomelang	6	16,536	15,329*	93	1,207	23
Lascelles	..	10,484	10,022*	96	462	9
Gama	..	4,229	3,918*	93	311	6
Turriff	..	4,657	4,629*	99	28	1
Speed	..	3,168	3,004*	95	164	3
Tempy	..	11,100	10,920*	98	180	3
Nunga	..	3,374	3,320*	99	54	1
Ouyen	6	15,472	8,025*	52	7,447	143
Kiamal	..	5,383	5,282*	98	101	2
Hattah	..	6,370	34	1	6,336	122
Nowingi	..	17,813	162	1	17,651	339
Carwarp	..	6,516	6,120*	94	396	8
Sunraysia Area	..	(*e*)	(*e*)	(*e*)	(*e*)	(*e*)
Eaglehawk–Sea Lake Line 132¼ miles						
Marong	..	654	533	81	121	2
Leichardt	..	3,856	3,803*	99	53	1
Derby	..	191	191	100	Nil	Nil
Bridgewater	3	81,672	48,383*	59	33,289	640
Inglewood	5	1,010	503	50	507	10
Kurting	..	5,561	5,538*	99	23	Nil
Glenalbyn	..	97	44	45	53	1
Wedderburn Jnc.	..	490	234	48	256	5
Korong Vale	6	1,107	398*	36	709	14
Wychitella	..	4,390	4,336*	99	54	1
Buckrabanyule	..	6,361	6,296*	99	65	1
Barrakee	..	2,666	2,590*	97	76	1
Charlton	5	45,359	21,023*	46	17,336	333
Teddywaddy	..	4,349	4,295*	99	54	1
Glenloth	..	8,170	8,154*	99	16	Nil
Wycheproof	4	21,000	18,981*	90	2,019	39
Wycheproof G.E.B.	..	13,950	13,950*	100	Nil	Nil
Dumosa	..	6,049	6,016*	99	33	1

Station (*a*)	Tonnage Capacity Cranes	Total Tons	Seasonal Tons (*b*)	% Seasonal	Other Tons (*c*)	Average Weekly Other Tons
Eaglehawk–Sea Lake Line 132¼ miles —*continued*						
Nullawil	..	12,580	12,477*	99	103	2
Warne	..	8,906	8,893*	99	13	Nil
Culgoa	4	9,365	9,172*	98	193	4
Berriwillock	3	20,542	20,098*	98	444	9
Boigbeat	..	2,734	2,434*	84	300	6
Sea Lake	6	41,304	16,943*	41	24,361	468
Korong Vale–Robinvale Line 142½ miles						
Borung	..	3,890	3,784*	97	106	2
Mysia	..	630	572	91	58	1
Boort	6	27,515	26,289*	96	1,226	24
Barraport	..	8,769	8,734*	99	35	1
Gredgwin	..	5,107	5,087*	99	20	Nil
Oakvale	..	1,629	1,579*	97	50	1
Quambatook	6	36,388	35,687*	98	701	13
Cannie	..	5,038	5,000*	99	38	1
Lalbert	2½	18,580	18,054*	97	526	10
Meatian	..	9,736	9,690*	99	46	1
Ultima	6	18,029	17,648*	98	381	7
Gowanford	..	3,968	3,909*	99	59	1
Waitchie	..	5,221	5,041*	97	180	3
Chillingollah	2½	7,907	7,858*	98	49	1
Chinkapook	..	10,205	10,037*	98	168	3
Cocamba	..	5,120	5,059*	99	61	1
Manangatang	6	12,511	11,602*	93	909	17
Bolton	..	5,623	5,124*	91	499	10
Koimbo	..	131	113	86	18	Nil
Annuello	2	11,701	11,513*	98	188	4
Bannerton	..	6,234	5,911*	95	323	6
Robinvale	2½	7,882	812	10	7,070	136
Eaglehawk–Nyahwest Line 126¾ miles						
Sebastian	..	115	100	87	15	Nil
Raywood	..	8,183	8,112*	99	71	1
Tandarra	..	8,268	8,185*	99	83	2
Dingee	..	4,171	3,902*	94	269	5
Prairie	..	5,939	5,856*	99	83	2
Mitiamo	2	9,455	9,189*	97	266	5
Mologa	..	874	843	96	31	1
Pyramid	4	12,301	10,214*	83	2,087	40
Macorna	..	3,296	3,147	95	149	3
Tragowel	..	193	178	92	15	Nil
Kerang	5	34,743	14,790*	43	19,953	384
Lake Charm	..	454	277	61	177	3
Mystic Park	..	7,740	7,617*	98	123	2
Tresco	..	151	135	89	16	Nil
Lake Boga	..	11,250	10,675*	95	575	11
Swan Hill	8	54,537	22,236*	41	32,301	621
Woorinen	..	6,652	6,219*	93	433	8
Pira	..	7,089	7,050*	99	39	1
Nyahwest	2½	13,453	10,369*	77	3,084	59
Ballarat–Serviceton Line 213¼ miles						
Windermere	..	419	222	53	197	4
Burrumbeet	..	1,437	704	49	733	14
Trawalla	..	2,352	2,135	91	217	4
Beaufort	6	5,350	3,678	69	1,672	32
Middle Creek	..	851	672	78	179	4
Buangor	..	2,913	2,495	86	418	8
Ararat	6	20,432	4,172	20	16,260	313
Armstrong	..	139	124	89	15	Nil
Great Western	..	1,390	891	64	499	10
Stawell	6	34,231	18,049*	53	16,182	311
Deep Lead	..	716	472	66	244	5
Glenorchy	..	16,129	16,055*	99	74	1
Wal Wal	..	1,152	1,094	95	58	1
Lubeck	..	13,328	13,091*	98	237	5
Murtoa	3	42,062	17,797*	42	24,265	467
Marmalake	..	79,326	79,326*	100	Nil	Nil
Jung	..	8,440	8,294*	98	146	3
Dooen	..	13,912	13,299*	96	613	12
Horsham	2½-3-8	(*e*)	(*e*)*	(*e*)	(*e*)	(*e*)
Dahlen	..	3,433	3,433*	100	Nil	Nil
Pimpinio	..	5,169	5,111*	98	58	1
Wail	..	8,378	8,189*	98	189	4
Dimboola	2½-6	24,036	18,363*	76	5,673	109
Gerang Gerung	..	8,223	8,099*	98	124	2
Kiata	..	4,172	4,073*	98	99	2
Salisbury	..	5,213	5,213*	100	Nil	Nil
Nhill	6	24,129	16,601*	69	7,528	145
Tarraginnie	..	5,545	5,061*	90	484	8
Diapur	..	4,911	4,875*	99	36	1
Miram	..	8,976	8,146*	91	830	16
Kaniva	4	14,769	12,472*	84	2,297	44
Lillimur	..	10,861	10,793*	99	68	1
Serviceton	2	10,638	10,131*	95	507	10

Station (*a*)	Tonnage Capacity Cranes	Total Tons	Seasonal Tons (*b*)	% Seasonal	Other Tons (*c*)	Average Weekly Other Tons
Gheringhap–Maroona line 100¼ *miles*						
Inverleigh	..	145	25	17	120	2
Wingeel	..	102	Nil	Nil	102	2
Cressy	6	277	71	26	206	4
Berrybank	..	8,307	8,202*	99	105	2
Lismore	6	4,916	3,954*	80	962	19
Derrinallum	..	2,763	2,176	79	587	11
Vite Vite	..	813	793	98	20	Nil
Pura Pura	..	765	501	65	264	5
Nerrin Nerrin	..	1,502	1,127	75	375	7
Westmere	2	20,954	20,357*	97	597	11
Mininera	..	8,371	8,324*	99	47	1
Tatyoon	..	15,840	15,809*	99	31	1
Ararat–Heywood line 104¼ miles						
Langi Logan	..	6,748	6,748*	100	Nil	Nil
Maroona	..	6,289	6,085	97	204	4
Calvert	..	226	226	100	Nil	Nil
Willaura	6	30,335	29,296*	97	1,039	20
Stavely	..	726	691	95	35	1
Glenthompson	..	8,602	8,007	93	595	11
Dunkeld	2	4,213	3,711	88	502	10
Moutajup	..	763	757	99	6	Nil
Strathkellar	..	629	627	99	2	Nil
Hamilton	3–4–8	(*e*)	(*e*)*	(*e*)	(*e*)	(*e*)
Branxholme	1½	3,451	3,043	88	408	8
Condah	..	1,500	1,142	76	358	7
Heywood	6	2,892	647	22	2,245	43
Heywood–Rennick (S.A. Border) Line 44¼ miles (*f*)						
Sinclair	..	746	746	100	Nil	Nil
Lyons	..	180	168	93	12	Nil
Greenwald	..	182	180	100	2	Nil
Winnap	..	1,007	981	99	17	Nil
Dartmoor	6	3,402	1,560	46	1,842	35
Marp	..	852	852	100	Nil	Nil
Puralka	..	3,209	2,787	87	422	8
Rennick	..	430	421	98	9	Nil
Murtoa–Beulah Line 53½ miles						
Coromby	..	5,624	5,609*	99	15	Nil
Minyip	3	17,160	16,371*	95	789	15
Nullan	..	5,697	5,697*	100	Nil	Nil
Sheep Hills	3	14,846	14,763*	99	83	2
Warrackside	..	12,253	12,253*	100	Nil	Nil
Warracknabeal	5	28,162	17,108*	61	11,054	213
Batchica	..	4,752	4,752*	100	Nil	Nil
Lah	..	8,391	8,343*	99	48	1
Brim	4	14,896	14,704*	99	192	4
Galaquil	..	10,132	9,981*	99	151	3
Beulah	3	35,582	34,814*	98	768	15
Seymour–Wodonga Line 125¾ miles						
Mangalore	..	776	371	48	405	8
Avenel	..	2,966	2,282	77	684	13
Locksley	..	557	483	81	74	1
Longwood	..	5,775	4,594	80	1,181	23
Euroa	2½–6	14,807	7,900	53	6,907	133
Balmattum	..	134	104	78	30	1
Violet Town	4–6	5,797	4,757	82	1,040	10
Baddaginnie	..	785	606	77	179	3
Benalla	4–6–6	(*e*)	(*e*)	(*e*)	(*e*)	(*e*)
Glenrowan	..	6,088	5,563*	91	525	10
Wangaratta	8	(*e*)	(*e*)*	(*e*)	(*e*)	(*e*)
Bowser	..	2,022	1,842*	91	180	3
Springhurst	..	5,621	5,262*	94	359	7
Chiltern	..	557	396	71	161	3
Barnawartha	..	1,098	769	70	329	6
Wodonga	5–8–8–8	(*e*)	(*e*)	(*e*)	(*e*)	(*e*)
Mangalore–Tocumwal and Cobram Line 104¼ miles						
Tabilk	..	1,144	778	68	366	7
Nagambie	4	10,676	8,413*	79	2,263	44
Wahring	..	425	345	81	80	1
Murchison East	6	16,694	11,793*	71	4,901	94
Arcadia	..	1,395	850	61	545	10
Toolamba	3	1,480	770	52	710	14
Mooroopna/Shepparton	6/ 3–5–8–25	(*e*)	(*e*)	(*e*)	(*e*)	(*e*)
Congupna	..	3,309	1,795	54	1,514	29
Tallygaroopna	..	4,966	4,611*	93	355	7
Wunghnu	..	2,169	2,125*	98	44	1
Numurkah	4	19,442	9,589*	49	9,853	189
Katunga	..	6,021	3,919*	65	2,102	40
Strathmerton	..	6,296	3,198*	51	3,098	51

Station (*a*)	Tonnage Capacity Cranes	Total Tons	Seasonal Tons (*b*)	% Seasonal	Other Tons (*c*)	Average Weekly Other Tons
Mangalore–Tocumwal and Cobram Line 104¼ miles—*continued*						
Mywee	..	47	24	50	23	..
Tocumwal (*g*)	2½–8		*			
Yarroweyah	..	2,307	2,269	99	8	Nil
Cobram	6	16,703	6,960*	42	9,743	187
Benalla–Yarrawonga Line 40¼ miles						
Goorambat	4	10,775	10,321*	96	454	9
Devenish	2½	7,114	6,655*	94	459	9
St. James	..	4,439	4,069*	92	370	7
Tungamah	2½	6,238	5,742*	92	496	10
Telford	..	6,770	6,767*	99	3	Nil
Yarrawonga/Mulyarra ..	2½–6	29,597	16,066*	54	13,531	260

NOTES—

(*a*) Main stations have been shown together with seasonal stations to give an indication of the total density of traffic on a given line. The figures for these larger stations do not include interstate traffic.

(*b*) Seasonal traffic is nominally regarded as all grain, superphosphate, lime and wool loading. In the South Western District (Gheringhap–Maroona, Ararat–Heywood and Mount Gambier lines) there is very little grain traffic.

(*c*) Traffic other than the commodities included in (*b*) above.

(*d*) " Cross Country " line. Traffic shown is generated on the line.

(*e*) Major centres with considerable general merchandise and other traffic.

(*f*) Line connects at Mount Gambier with the South Australian Railways line to Adelaide.

(*g*) New South Wales Railway station. Details not available.

* Stations with grain silos.

ANNEXURE 3

DETAILS OF WHEAT HANDLING FACILITIES ON SEASONAL LINES.

Line and Station	Silo Capacity Bushels	Siding Capacity GY Wagons	Wagon Loads to Clear Silo		Train Loads to Clear Line		Number of Weeks Operation	
			GY	GJX	Present Service	Unit Train Service	Present Daily Service Mon.-Fri.	Unit Train Service Mon.-Sat.
Hamilton–East Natimuk								
Noradjuha ..	180,000	16	225	90	14	4	3	½
Dimboola–Yaapeet								
Arkona	140,000	8	175	70	..	..	..	..
Antwerp	360,000	20	450	180	..	..	..	..
Tarranyurk ..	465,000	16	580	233	..	..	..	..
Jeparit	310,000	10	398	155	..	..	..	..
Ellam	420,000	10	525	210	..	..	..	..
Pullut	335,000	14	419	168	..	..	..	..
Rainbow ..	68,000	8	85	34	..	..	..	..
	685,000	14	856	343	..	..	..	..
(Barley)	150,000	8	188	75	..	..	..	..
Albacutya ..	310,000	13	388	155	..	..	..	..
Yaapeet	335,000	16	419	168	140	71	28	12
Jeparit–Yanac								
Detpa	480,000	19	600	240	..	..	..	..
Lorquon ..	360,000	18	450	180	..	..	..	..
Netherby	525,000	18	656	268	..	..	..	..
Yanac	380,000	18	475	190	48	35	12	6
Redcliffs–Meringur								
Pirlta	80,000	14	100	40	..	..	..	..
Merrinee	100,000	10	125	50	..	..	..	..
Karrawinna ..	240,000	14	300	120	..	..	..	..
Werrimull ..	445,000	12	556	223	..	..	..	..
Yarrara	100,000	10	125	50	..	..	..	..
Meringur ..	485,000	10	606	243	60	29	12	5
Beulah–Patchewollock								
Rosebery	260,000	15	325	130	..	..	..	..
Goyura	180,000	8	225	90	..	..	..	..
Hopetoun ..	790,000	15	988	395	..	..	..	..
(Barley)	150,000	8	188	75	..	..	..	..
Yarto	80,000	15	100	40	..	..	..	..
Patchewollock ..	385,000	12	481	193	106	37	22	6½
Sea Lake–Kulwin								
Ninda	110,000	9	138	55	..	..	..	..
Nyarrin	180,000	8	225	90	..	..	..	..
Nandaly	514,000	10	643	257	..	..	..	..
Pier Millan ..	180,000	10	225	90	..	..	..	..
Mittyack	310,000	9	388	155	..	..	..	..
Kulwin	180,000	10	225	90	64	29	14	5
Dookie–Katamatite								
Yabba North	75,000	14	94	38	..	..	..	..
Youanmite ..	75,000	11	94	38	..	..	..	..
Katamatite ..	195,000	14	224	98	18	7	5	1
Elmore–Diggora West (Warragamba)								
Hunter	145,000	10	181	73	..	..	..	..
Diggora West ..	260,000	19	325	130	17	8	4	1
Total ..	..	..	..	..	467	220	100	37

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ANNEXURE 4

SPECIAL STUDY OF LINES WITH A HIGH PROPORTION OF SEASONAL TRAFFIC, 1969–70.

FINANCIAL EFFECT OF RESTRICTING OPERATIONS TO SEASONAL ACTIVITY.

Line Surveyed	Length of Line	Avoidable Cost of			Total Avoidable Costs	Revenue Lost (*b*)	Financial Improvement (*c*)
		Station Staff	Train Costs (*a*)	Maintenance Way and Works			
	miles	$	$	$	$	$	$
Hamilton–East Natimuk ..	78	5,800	7,400	17,400	30,600	7,500	23,100
Dimboola–Yaapeet ..	52	14,400	11,000	12,000	37,400	17,700	19,700
Jeparit–Yanac	32	700	4,100	6,000	10,800	2,400	8,400
Redcliffs–Meringur ..	51	300	3,600	11,400	15,300	2,200	13,100
Beulah–Patchewollock ..	43	5,800	7,800	9,000	22,600	14,000	8,600
Sea Lake–Kulwin ..	37	No staff	3,800	6,000	9,800	1,700	8,100
Dookie–Katamatite ..	17	300	1,900	5,000	7,200	800	6,400
Elmore–Diggora West ..	12	No staff	2,400	5,000	7,400	Nil	7,400
Totals	322	27,300	42,000	71,800	141,100	46,300	94,800

(*a*) Train costs include the actual costs of train crews used on these lines during the period June-November, 1969. Running costs have been assessed using estimated train mileage and average numbers of vehicles per train.

(*b*) A 50 per cent. revenue loss is assumed for the non seasonal, non bulk traffics. If all non seasonal traffic is retained on rail to the nearest main line station it is likely that some extra cost would be incurred in arranging road transport to the destination. These costs have not been estimated, but rather a higher revenue loss is assumed to compensate.

(*c*) No estimate has been made of the opportunity costs of seasonally releasing wagons and locomotives used on these lines. Some general merchandise loading could be concentrated in fewer wagons to distributing stations.

APPENDIX XXVI.

COUNTRY DEPOTS OF SEVEN OIL COMPANIES

* with rail sidings

† served by road

Depot.	Ampol.	B.P.	Caltex.	Esso.	Golden Fleece.	Mobil.	Shell.
Albury			*			*	*
Alexandra					†		†
Ararat			†	†	†	*	*
Bacchus Marsh ..				†	†		
Bairnsdale		*	*	†	†	*	*
Ballarat	*	*	*	*	*	*	†
Balranald					†		
Barham				†			
Benalla		*	†		†	*	*
Bendigo	*	*	*	*	*	*	*
Beulah			†				
Birchip					†	*	
Bonang						†	
Boort			†				†
Bright							†
Brocklesby			†				
Buchan						†	
Camperdown ..					†	*	*
Cann River ..						†	
Caramut			†				
Charlton	*		†	*	†		*
Clyde North ..				†			
Cobram			†	†			
Cohuna			†	†			
Colac		*	†	*	†	*	*
Corryong						†	
Cudgewa	*	*					*
Culcairn					†		
Deniliquin			*†	†			*
Dennington ..							*
Devenish			†				
Dimboola			†		*	*	
Donald		*	†		†	*	
Drouin					†		
Echuca		*	*		*	*	*
Edenhope			†		†		
Ensay						†	
Euroa				†	†		
Euston					†		
Fish Creek ..						†	
Goroke						†	
Hamilton		*	*	*	†	*	*
Hawksdale ..							†
Hazeldene						†	
Henty			†				
Heyfield							†
Heytesbury ..							†
Hopetoun			†		†		
Horsham	*	†	*	*	†	*	*
Irymple					*		
Jeparit			†			†	
Jerilderie				†			
Kerang		*	†		*	*	*
Kilmore				†			
Kongwak			†				
Koo-Wee-Rup ..				†			†
Korumburra ..			†	†			
Kyabram					†		†
Kyneton			†	†	†	*	†
Lang Lang ..			†				
Leongatha		†		†	†	*	*
Lexton			†				
Lilydale			†				†
Manangatang ..			†				
Mansfield			†				†
Maryborough ..			†			†	*
Melton				†			†
Mildura		*	*	*		*	*
Minyip					†		
Mittyack			†				
Moe				†			
Mornington ..						†	
Mortlake							†
Morwell	†	†	†	†	†	†	
Moulamein ..			†	†			
Mt. Evelyn ..						†	
Murray Downs ..				†			
Murtoa			†				
Myrtleford	*	†	†		†	*	†
Natimuk			†				
Netherby			†				

APPENDIX XXVI—*continued.*

COUNTRY DEPOTS OF SEVEN OIL COMPANIES—*continued*

Depot.	Ampol.	B.P.	Caltex.	Esso.	Golden Fleece.	Mobil.	Shell.
Nhill			†			*	
Numurkah							†
Omeo						†	
Orbost			†		†		†
Ouyen			†	*	*		
Pyramid Hill			†				
Quambatook			†				
Red Cliffs	*						
Robinvale			†			†	
Rochester							†
Rosebud							†
Rye				†			
Sale		*	*†	*		*	†
Sea Lake		*	†		†	*	*
Seymour		*	†	†		*	†
Shepparton	*	*	*†	*	†	*	*
St. Arnaud			*				†
Stawell		†		†			†
Stratford					*		
Strathmerton					†		
Swan Hill		*	*		†	*	*
Tarraville			†				
Terang				†			
Thornton			†				
Tocumwal		*					*
Tooradin					†		
Traralgon						†	†
Tyabb							†
Wahgunyah			*	*		*	*
Wakool				†			
Wangaratta			*	†	†	*	*
Warracknabeal		*	†	†	*	*	*
Warragul		†	†	†		*	†
Warrnambool		†	*	*	†	*	†
Wedderburn			†				
Wentworth					†		
Werribee					†		
Werrimull			†				
Westmere			†				
Winchelsea				†			
Wodonga	*	*		*	*		*T.T.
Wollert							†
Wonthaggi			†	†			
Woodside							†
Wycheproof					†	*	
Yanac						†	
Yarrawonga							†
Yaapeet			†				

T.T.—Transit Terminal

APPENDIX XXVII.

PROPOSED SCALE OF LICENCE FEES.

—	Load capacity.						
	11–40 cwt	41–80 cwt	81–120 cwt	121–160 cwt	161–200 cwt	201–260 cwt	261 cwt and over
	$	$	$	$	$	$	$
Ea, i.e., 25 miles of Melbourne ..							
Eb, i.e., 25 miles of Ballarat, Bendigo and Geelong							
Ec, i.e., 25 miles of place of business							
Ef, i.e., butter, etc., factory vehicles..							
New 25 miles of border	5	7·50	15	37·50	70	115	200
Specialised vehicle licences ..							
New supplementary licence, i.e., additional fee							
Discretionary licence, i.e., additional fee							
New 50-mile radius of Portland ..	7·50	11·25	22·50	56·25	105	172·50	300
New 50-mile radius of Melbourne..	25	37·50	75	187·50	350	575	1,000
Ancillary	10	15	30	..	..	..	..
Third Schedule licences (excluding bulk petroleum products tankers)	10	15	30	75	140	230	400
Decentralised industries	10	15	30	75	140	230	400
Vehicles also operating as ancillary	15	22·50	45	..	..	..	..
Primary producers	..	5	5	..	..	..	..
Bulk petroleum products tankers ..	15	22·50	45	112·50	210	345	600

APPENDIX XXVIII.

PROPOSED SCALE OF PERMIT FEES.

Load Capacity cwt.	Up to 75 miles.	76–125 miles.	126–175 miles.	176–225 miles.	226–275 miles.	276 miles and over.
11– 40	4	4	5	5	6	6·50
41– 80	4	5	6	6	7·25	8·75
81–120	4	5	6	7·25	9·25	11·50
121–160	4	6	8·25	10·50	12·75	15
161–200	5	8	11	14	17	20
201–260	7	11	15	19	23	27
261 and over	10	16	22	28	34	40

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NOTE OF THE REPORT ON TRUCK AND BUS ACCIDENTS IN VICTORIA

The following is taken from a detailed analysis of the 3,192 reported accidents in Victoria in 1969 involving trucks with a load capacity exceeding 2 tons and buses, made for this Board by Messrs. P. G. Pak Poy and Associates by the commission of the Road Safety and Traffic Authority.

Accident Exposure

Trucks and buses were involved in 9·5 per cent of the reported accidents although they represented only 5·2 per cent of all registered vehicles. Truck casualty accidents represented 8·5 per cent of all casualty accidents in urban areas and 10·6 per cent in rural areas.

A comparison of the number of reported accidents per 1,000 registered vehicles according to severity and vehicle type is shown in the following table:—

*Reported Accidents/*1,000 *Registered Vehicles*

	Fatal	*Injury*	*Property*	*Total*
Trucks (Rigid) ..	1·4	17·1	20·9	39·4
Trucks (Articulated) ..	4·9	29·4	39·7	74·0
Buses	0·8	32·2	41·1	74·1
All Vehicles	0·7	11·9	13·0	25·6

This table indicates that—

- articulated trucks and buses have the highest number of accidents per registered vehicle,
- a relatively high ratio of fatal to injury accidents for articulated trucks,
- high accident rates for rigid trucks when compared with other vehicles.

These accident rates do not take into consideration the degree of exposure of vehicles to accident situations. This exposure is a function of many factors. The most common exposure index used is the number of miles travelled, although this index gives no measure of the effect of traffic or road conditions. Using the C.B.C.S.'s 1963 survey of vehicle miles of travel together with vehicle registration and petrol consumption data for 1963 and 1969, an estimate was made of the total vehicle miles of travel for various vehicle types and journeys. The derived casualty accident rates per 100 million vehicle miles for 1969 are as follows—

*Casualty accident rates/*100 *million vehicle miles*

—	Urban			Rural			Total		
	Single Vehicle	Multi Vehicle	Total	Single Vehicle	Multi Vehicle	Total	Single Vehicle	Multi Vehicle	Total
Trucks (Rigid)	..	..	..	..	..	..	45	195	240
Trucks (Articulated)	..	..	..	..	..	..	30	115	145
All Trucks	70	350	420	23	52	75	38	166	204
All Vehicles	89	169	258	37	23	60	63	97	160

It can be seen that—

- in urban areas, truck accident rates are approximately 60 per cent higher than the average for all vehicles (over 100 per cent higher in the case of multi vehicle accidents);
- in rural areas, truck accident rates are 25 per cent higher than the average for all vehicles (approximately 125 per cent higher in the case of multi vehicle accidents);
- trucks are involved in lower single vehicle accident rates than other vehicles;
- the higher accident rates for trucks in both urban and rural areas are due to multi vehicle accidents;
- articulated trucks have lower single vehicle and multi vehicle accident rates than rigid trucks;
- articulated trucks have lower accident rates than the average for all vehicles though their rate is above the average for multi vehicle accidents.

It might be concluded that the continued increase of articulated vehicles as a percentage of all commercial vehicles should not add to the accident problem, although it may change the distribution of accident types and thus require a different approach to alleviate the problem. This is consistent with the conclusion reached by a U.K. study.(1) Another significant conclusion of that study was that further restriction of the permitted length of a vehicle in the U.K. would not reduce accidents if this meant a greater exposure of smaller trucks to carry the same total amount of goods.

The major difference in the accident experience for trucks when compared with all vehicles arises because of rear end collisions. Angle collisions and side swipe collisions, in that order, show the next biggest discrepancies from the accident experience for all vehicles.

In urban areas, the discrepancy for articulated trucks is in the main identified with accidents between intersections. For rigid trucks, the discrepancy includes approximately equal proportions of intersection and non-intersection accidents.

All told, in urban areas, trucks hit stationary cars in 207 rear end accidents and the reverse occurred in 44 accidents; and trucks side swiped cars in 154 cases and the reverse occurred in 47 cases.

Same direction side swipe accidents on rural roads numbered 16 involving cars overtaking trucks compared with 7 accidents involving trucks overtaking cars. Rear end accidents on rural roads were 24 accidents involving stationary or parked vehicles, of which 17 involved a parked or stationary truck. Twenty-nine accidents involved two moving vehicles.

Accidents by Time of Day

The peak for articulated truck single vehicle accidents on rural roads occurs at night.

The peak for both rigid and articulated truck single vehicle accidents on urban roads occurs in the early afternoon.

The peak for articulated truck multi vehicle accidents on rural roads occurs late morning.

The peak for rigid truck multi vehicle accidents on both urban and rural roads occurs mid afternoon.

The peak for bus accidents on urban roads occurs early afternoon, with a predominance of angle, rear end, side swipe and pedestrian collisions.

For rigid trucks, rear end, side swipe (same direction) and pedestrian collisions reach a peak in the early afternoon and give the reason for the peak at this time on urban roads.

For both rigid and articulated trucks on rural roads, the predominant accident type in the early morning (before 4.00 a.m.) is that of running off the road.

The total number of overturning articulated trucks is higher than overturning rigid trucks, and is patricularly characteristic of the articulated vehicle.

Accidents and Speed

On urban roads the frequency of trucks (rigid and articulated) hitting stationary or slow moving vehicles is more than twice that of other vehicles hitting stationary trucks (rigid and articulated).

Conversely, on rural roads, accidents involving another vehicle colliding with a stationary or slow moving truck are twice as frequent as trucks hitting other stationary vehicles.

Driver Age

88 per cent of truck drivers involved in accidents are in the 21 to 49 age group, compared with 85 per cent in the 17 to 49 age group for other vehicle accidents. 43·3 per cent of truck drivers were in the 30 to 39 age group and 22·9 per cent of other drivers were in the 21 to 25 age group.

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(1) Farr B. N. and Neilson I. D. "A Survey into the Accident Rates of Articulated and Rigid Commercial Vehicles", 1968. RRL Report L.R.197.

Drinking Drivers

There does not appear to be any significant difference between the incidence of alcohol in accidents involving trucks, and all other vehicles.

81 per cent of truck accidents involving " had been drinking " truck drivers occur between 2.00 p.m. and 10.00 p.m.

The peak periods for involvment of drinking truck drivers are 2.00 p.m. to 4.00 p.m. and 6.00 p.m. to 8.00 p.m.

Incidence of reported drunken driving is negligible amongst truck drivers involved in fatal accidents.

Licence or Log Book Offences

Of approximately 300 truck drivers involved in accidents where a sample of accident files were studied in depth, 3 per cent were noted with licence or log book offences.

Vehicle and Road Characteristics

Of the 127 fatal accidents with 139 fatalities involving trucks, vehicle failure was reported in four fatal accidents.

Five fatal accidents occurred on steep grades and of these three involved loss of control.

Six fatal accidents (three urban, three rural) were noted as occurring on a bad bend.

Railway Crossing Accidents

Four fatal truck collisions with trains occurred, two in urban areas (both involving petrol tankers failing to stop) and two in rural areas.

Of 18 truck accidents at signalled level crossings, five involved a train and thirteen another vehicle or railway equipment.

The total number of level crossing accidents at signalled crossings was 81 in 1969. Therefore trucks were involved in 22 per cent of these accidents.

For all types of vehicles, there were 377 level crossing accidents in 1969 involving 24 killed and 63 injured. The country figures were 11 killed and 37 injured.

Economic Aspects

A summarised estimate by Pak Poy and Associates of the accident costs incurred in 1969 by trucks and buses exceeding two tons carrying capacity is as follows—

	$M
Property Damage—	
• Fleet	3·90
• Other	4·55
Personal Injury	1·30
Loss of use of Vehicles	0·65
Other*	3·25
Total	13·65

* The item " Other " includes loss of earnings, insurance company overheads, legal expenses and Police costs in investigating accidents. No provision is made for subjective items such as pain and suffering.

The figure of $13·65 million represents about 16 per cent of the total annual cost of all road accidents in Victoria, estimated on the same basis.
Features related to accident costs are as follows:—

- Less than two thirds of trucks are covered by comprehensive insurance.
- The number of comprehensive insurance claims per registered vehicle does not vary significantly between truck types and sizes.
- The average value of comprehensive insurance claims increases with truck size.
- The number of accidents per truck appears to be three times the number involving comprehensive insurance claims.
- There is a wide range in accident involvement between truck operators: variations ranged from one accident for 20 vehicles to three accidents per vehicle.
- Third Party personal injury claims per registered vehicle increase according to vehicle size.

Opportunities for Reducing Accidents

Opportunities for reducing the accident involvement of trucks will present themselves through design standards, legislation and enforcement. The range of opportunities includes, but is not necessarily limited to the following aspects—

Vehicle Characteristics

Design standards and regulations concerning vehicle characteristics could be reviewed to improve:—

- braking ability and safety, especially in wet weather, to reduce angle and rear end collisions ;
- manoeuvring ability of trucks in urban traffic, to reduce side swipe and reversing accidents ;
- signalling equipment (braking and turning) to reduce rear end and side swipe accidents involving turning vehicles ;
- all round vision for drivers, to reduce angle, rear end, side swipe and reversing acidents. All round vision should assist also in reducing level crossing accidents ;
- stability against overturning, including stability of loads ;
- severity of accidents involving other vehicles by installation of crash guards to prevent under-run accidents ;
- lighting of trucks (moving and stationary), to reduce rear end collisions ;
- safety equipment for drivers and truck cabin design to reduce number of drivers' deaths and severity of injuries ;
- rigid protection, either at the back of the prime mover or at the front of the trailer, to prevent movement of load during normal running and particularly after impact.

Traffic Regulations

Special consideration could be given to review of, or new regulations concerning:—

- safe travelling distance of trucks from other vehicles in urban areas ;
- turning regulations for trucks, to minimise same direction side swipes because of swept path requirements and because of slower manoeuvring speeds, perhaps by banning turning trucks at problem intersections ;
- overtaking regulations for trucks on rural roads, to reduce side swipe accidents ;
- regulations in respect of parked or broken down trucks, to reduce rear end accidents.

Driver Regulations and Licensing

Regulations concerning truck drivers could be reviewed in respect of:—

- permitted hours of driving related to time of day at which driving is undertaken. Special consideration could be given to reviewing permitted hours of driving, where night driving is involved, particularly in the early morning ;
- permitted hours of driving related to truck size or type.

Penalties and Enforcement

Consideration could be given to:—

- increasing penalties for selected offences, where there is an indication such offences may lead to higher accident rates or severity because trucks are involved. In particular, increasing penalties for selected offences according to accident types, such as speeding and careless driving, including failure to give way ;
- selective patrolling and enforcement according to frequency of accident type, by time of day.

APPENDIX XXX

SUMMARY OF WORK FLOW BETWEEN T.R.B. AND M.R.B.

Enquiry Classification.	Purpose of Enquiry.	Required By.	Weekly Volume.	Remarks.
Licensed Drivers	Name and address Prior convictions Date of birth	Prosecution and Passenger Sections	130	
Certified Extracts of Drivers Licence ..	Prosecution brief	Prosecution Section	50 (at a cost of 30 cents each)	
Certified Extracts of Vehicle Ownership	Prosecution brief	Prosecution Section	40–50 (cost 30 cents each)	
Interstate Vehicle Checks (VIC IS....)	For investigation of mileage travelled in other States	Interstate Transport Authorities	100 weekly	
Interstate Vehicle Checks (VIC IS....)	Road Charges investigation	Road Charges Section	50–70 weekly	
Commercial Goods Vehicle Transfers of ownership	Road Charges and Licence updating of records	Records Section	375 weekly	Also used as follow up to correct licensing of vehicle
Registration Copies of Commercial Goods Vehicles	Updating of appropriate records	Records Section	420 weekly	Also used as follow up of unlicensed C.G.V.'s
Engine Number Checking	To confirm ownership type and vehicle description	Goods and Prosecution Sections	25 weekly	
Registration Application Check ..	To determine description and type of vehicle	Goods, Road Charges and Inspectorate Sections	30–35 weekly	
Registration Checks for Ownership ..	To establish current ownership details	Records, Goods, Road Charges and Inspectorate Sections	400–420 weekly	
General Enquiries with M.R.B. Accounts Section	To establish change of vehicle construction and variety of other purposes	Goods and Road Charges Sections	20 weekly	
Change of Construction	Updating of T.R.B. records	Records Section	20 weekly	
Exchange of Incorrectly Sorted Mail ..	.. ..	.. ..	5–50 daily	

By Authority: C. H. RIXON, Government Printer, Melbourne.