

Government Spending on Road and Rail

There have been a number of comparisons in recent years of the amount of spending on road and railways. All the studies confirm there has been a massively higher investment in roads relative to rail.

The estimates of the disparity in spending on the two modes vary due to the different methodology of the studies. The amount by which spending on roads has exceeded that of rail differs according to:

- # Which level of Government is being measured;
- # The years between which the disparity is measured; and
- # Whether items such as track signalling is taken into account.

Here are some of the findings of the various studies:

The Productivity Commission

“Progress in Rail Reform”, Productivity Commission draft report, 1999, Ausinfo, Canberra, pp. 195-196

Between 1977-78 and 1986-87, the Federal Government spent *8 times* more on roads than it did on rail. This figure was calculated by the Commonwealth Department of Finance and Administration in its submission, and accepted by the Productivity Commission.

The same report quantifies the relative spending on road and rail at all levels of Government between the 1950s and 1990s in terms of GDP. In 1960, public investment in roads was about 1.9% of GDP, while that in rail was about 0.25%. This disparity remained relatively constant throughout the sixties but has steadily declined since then. Nevertheless throughout the 1980s Governments were still spending roughly 0.5% of GDP more on roads than on rail, and roads still had a 0.2% advantage towards the end of the 1990s.

Associate Professor Philip Laird

“Intercity Land Freight Transport in Eastern Australia”, Centre for Resource and Environmental Studies Working Paper, 1996/6, ANU, pp.18-19 and Appendix C at pp. 28-29.

This report shows the relative spending by the Commonwealth Government on road and rail from the advent of the National Highway Scheme on 1st July 1974 until 30th June 1994. In 1994 dollars the Commonwealth spent \$3.882 billion on rail, and nearly ten times more, \$30.07 billion, on roads.

This disparity was reflected in the important Sydney-Melbourne corridor, where Commonwealth spending on the Hume Highway was approximately \$2.7 billion, with less than \$30 million being spent on the railway between the two cities.

*House of Representatives Standing
Committee on Communications, Transport
and Microeconomic Reform*

“Tracking Australia - An Inquiry into the role of rail in the national transport network”, July 1998, Commonwealth of Australia, Canberra.

The Committee reported that the Bureau of Transport Economics had estimated that between 1987-88 and 1996-97 the total investment in rail by all levels of Government was \$12.75 billion, compared to \$53.39 billion on road related expenditure. For this ten year period, spending on roads was therefore more than 4 times higher than that on rail.

Being a whole of Government figure, this suggests that most of the disparity between the modes arises from the massive imbalance in the Commonwealth Government’s spending.