AAA BRIEF:
FEDERAL BUDGET

Australian Automobile Association

May 2017

NRMA RACV RACQ RAA RAC RACT

AAA Brief Federal Budget 2017–18

BUDGET HIGHLIGHTS

- The focus of the Budget is on fairness, security and opportunity. The Budget is expected to have an underlying cash deficit of $29.4 billion in 2017-18 an increase from the $26.1 billion estimated for 2017-18 in the 2016-17 budget.

- The AAA welcomes the focus on road safety in the 2017-18 budget with the commitment for four years funding for keys2drive and the Government's commitment to conduct an inquiry into the national road safety strategy in line with the AAA's Pre-Budget Submission (full analysis at **Attachment A**). The AAA looks forward to working with the Government to develop a co-funding model for the keys2drive program.

- The AAA supports the Federal Budget's strong focus on transport infrastructure. The Budget will increase its total funding and financing commitments to transport infrastructure projects to more than $70 billion over the period 2013-14 to 2020-21, including an equity investment of up to $5.3 billion in a new Commonwealth-owned company, Western Sydney Airport Corporation (WSA Co), to develop Western Sydney Airport and an additional $8.4 billion equity investment in the Australian Rail Track Corporation to deliver Melbourne to Brisbane Inland Rail. In addition, the AAA welcomes the $10 billion investment over 10 years for the national rail program which will focus on urban and regional rail programs, which brings the total investment in rail to around $20 billion.

- The AAA was pleased to see a $11.9 million commitment to Infrastructure Australia to support reform initiatives announced as part of the Government's response to the Australian Infrastructure Plan including a study into the potential benefits and impacts of road reform. The AAA looks forward to working with Infrastructure Australia as the study progresses.

- Total fuel excise revenue is projected to be $18.8 billion in 2017-18, up from $18.2 billion in 2016-17. Net fuel excise (total fuel excise less fuel tax credits) is expected to reach $12.492 billion in 2017-18 up from $12.036 billion in 2016-17. However, net fuel excise, is forecast to decline over the four years 2016-17 to 2019-20 by around $472 million compared to the estimates in the 2016-17 budget, largely due to declining revenue from petrol excise. This has been partially offset by strong growth in diesel excise.

- Infrastructure expenditure on land transport for 2017-18 is $8.242 billion which represents a decrease on the 2016-17 estimate for 2017-18, which was $9.04 billion. Land transport infrastructure is projected to decrease over the forward estimates, and is expected to peak in 2017-18, then fall to $4.221 billion in 2020-21. Over the forward estimates, the proportion returned to land transport infrastructure will decrease from 66 per cent in 2017-18 to just 30 per cent in 2020-21.

- Passenger vehicle customs duties continue to be affected by the phasing-in of tariff cuts as part of free trade agreements, contributing to a reduction in import taxes over the four years 2016-17 to 2019-20 by around $450 million compared to the estimates in the 2016-17 budget. However, Luxury Car Tax (LCT) receipts are forecast to grow by 7.9 per cent in 2016-17, consistent with strong sales of vehicles subject to LCT. When combined, import taxes on new cars will cost consumers $4.72 billion over the forward estimate period (2017-18 to 2020-21).

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1. Fuel Excise Revenue and Land Transport Expenditure: 2017–18

- There has been an increase in funding for land transport infrastructure in 2017-18 from 2016-17.
- Infrastructure expenditure on land transport for **2017-18 is $8.242 billion**. This represents a decrease on the 2016-17 estimate for 2017-18, which was **$9.04 billion**.
- The total road infrastructure expenditure for **2017-18 is $7.024 billion**. This is a decrease on the 2016-17 expenditure estimate for 2017-18, which was **$8.3 billion**.
- Land transport infrastructure is projected to decrease over the forward estimates, and is expected to peak at **$8.242 billion in 2017-18**, then fall to **$4.221 billion in 2020-21**.
- Net revenue from fuel excise in 2017-18 will be **$12.492 billion**, an increase from the 2016-17 estimate for 2017-18 of **$12.448 billion**.

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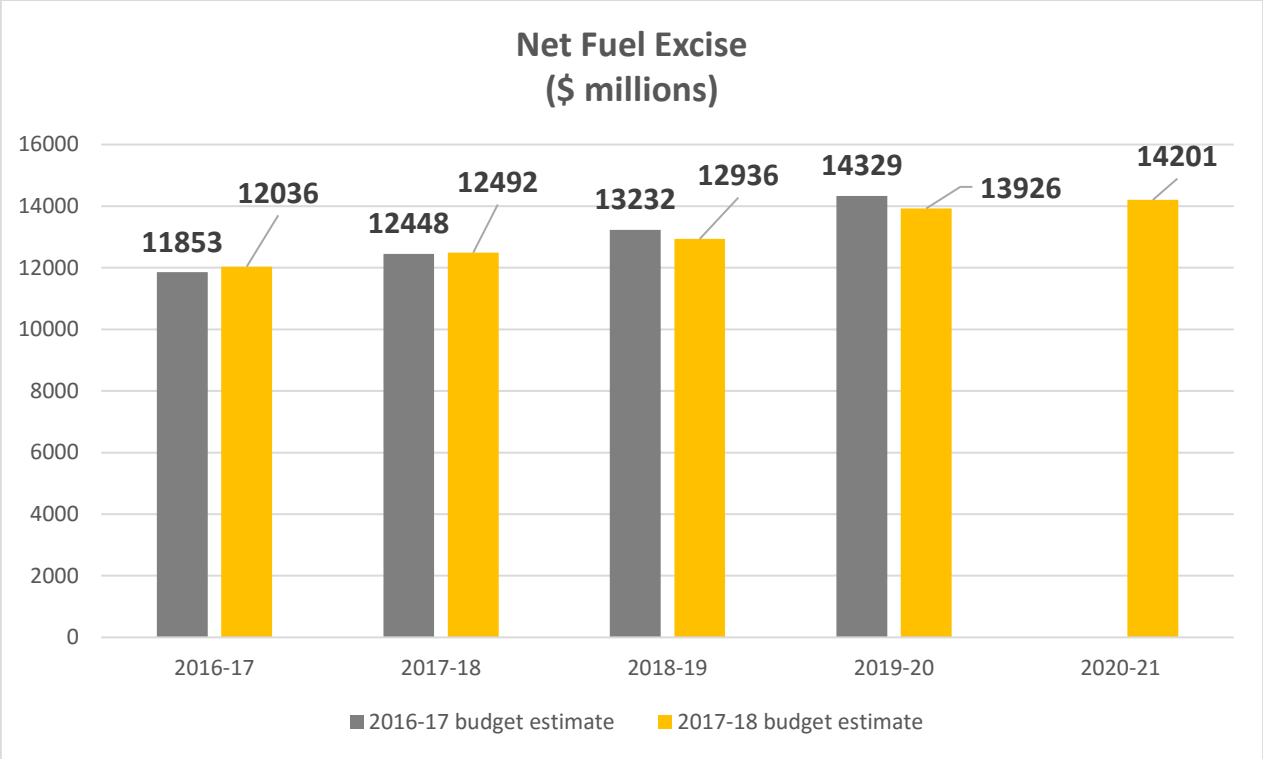
2. Motoring Related Revenue and Transport Infrastructure Funding (cash receipts)

	2016-17	2017-18	2018-19	2019-20	2020-21	4 Yr Total (FEs)	5 Yr Total
Net Fuel Excise Revenue							
Petrol	6,100	6,250	6,400	6,900	7,150	26,700	32,800
Diesel	10,230	10,630	11,130	11,880	12,330	45,970	56,200
Other Fuel Products	1,900	1,920	1,920	2,030	2,070	7,940	9,840
***Less* Fuel Tax Credits Scheme**	-6,194	-6,308	-6,514	-6,884	-7,349	-27,055	-33,249
Net Fuel Excise	12,036	12,492	12,936	13,926	14,201	53,555	65,591
Land Transport Expenditure							
Road	6,726	7,024	5,642	4,586	3,163	20,415	27,141
Rail	1,045	1,218	716	553	1,058	3,545	4,590
Total	7,771	8,242	6,358	5,139	4,221	23,960	31,731
Percentage return							
	65%	66%	49%	37%	30%	45%	48%
Import Taxes							
Customs Duty	500	470	480	510	560	2020	2520
LCT	650	650	640	690	720	2700	3350
Total	1,150	1,120	1,120	1,200	1,280	4720	5870

Source: Statement 5 and Statement 6 of Budget Paper No 1.



Source: Statement 5 of Budget Paper 1

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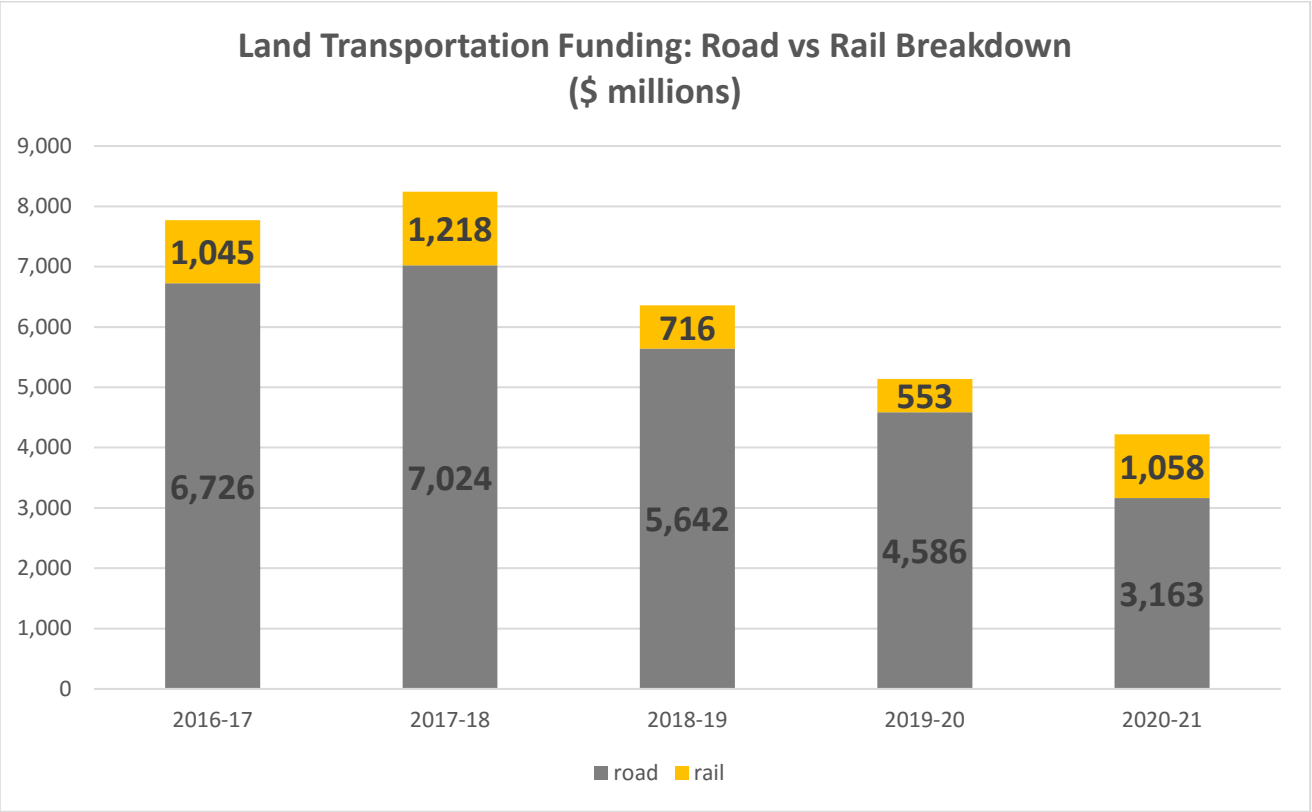

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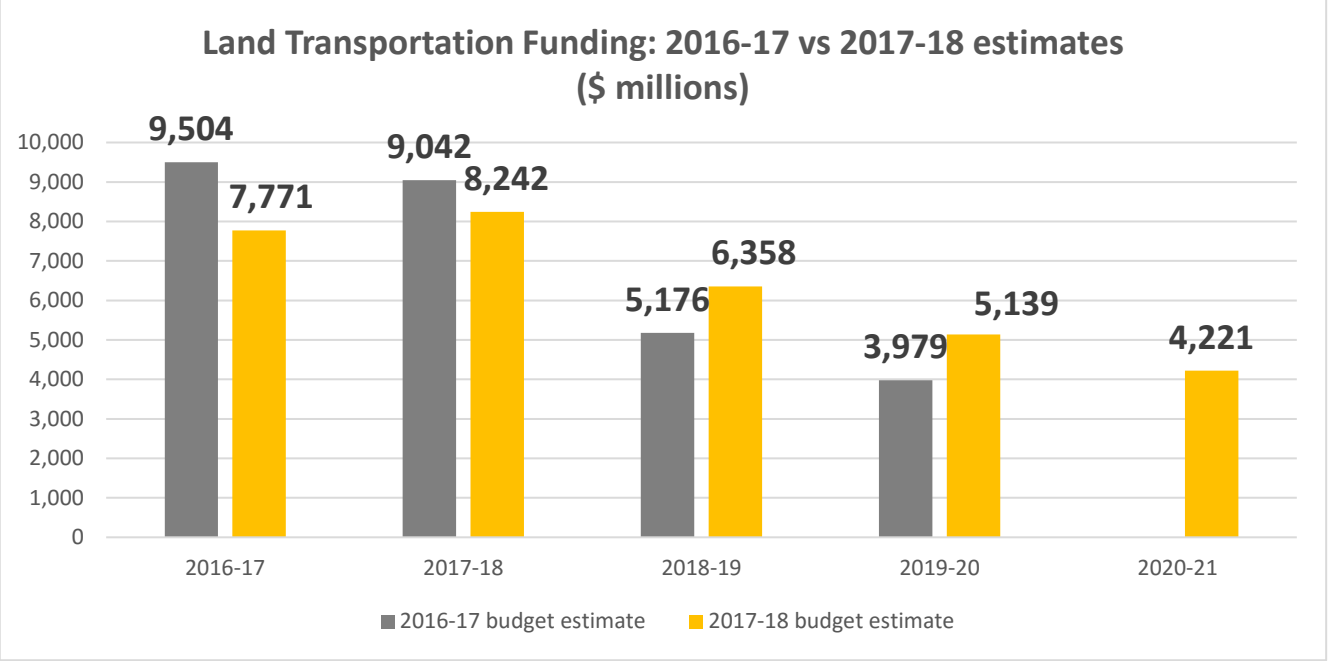

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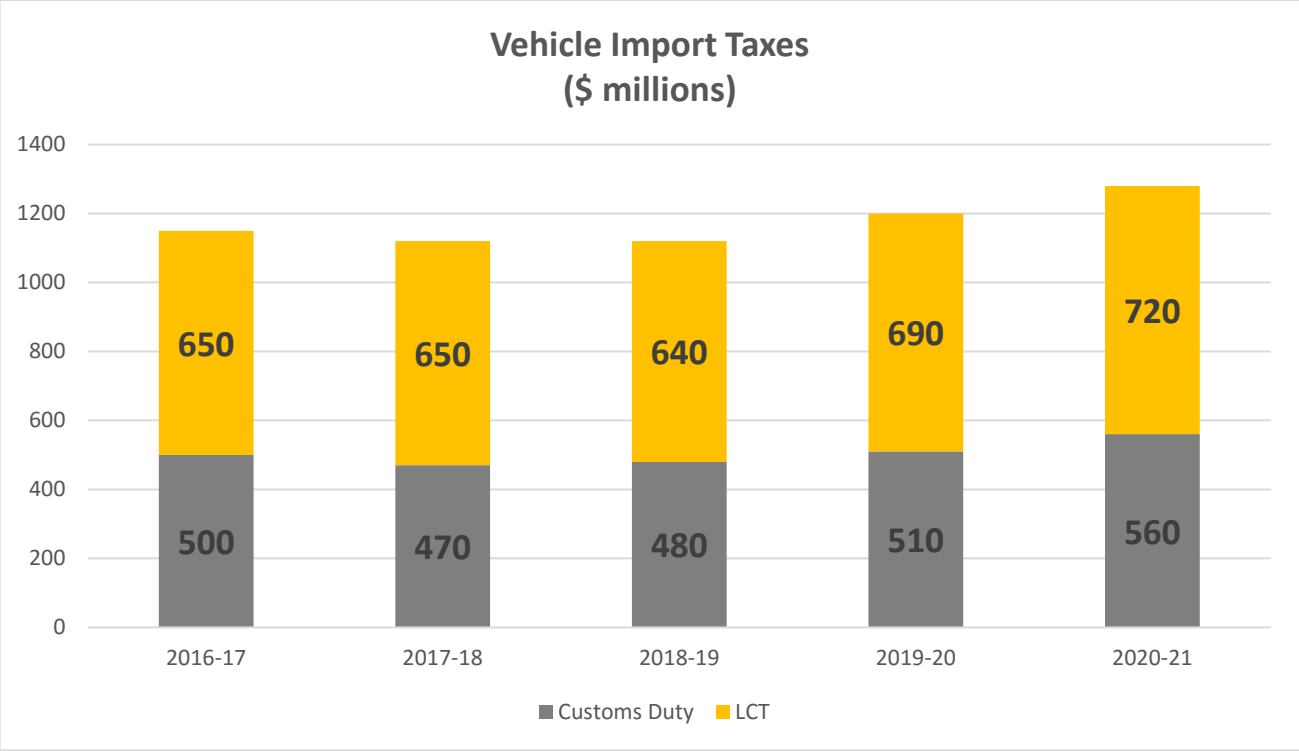

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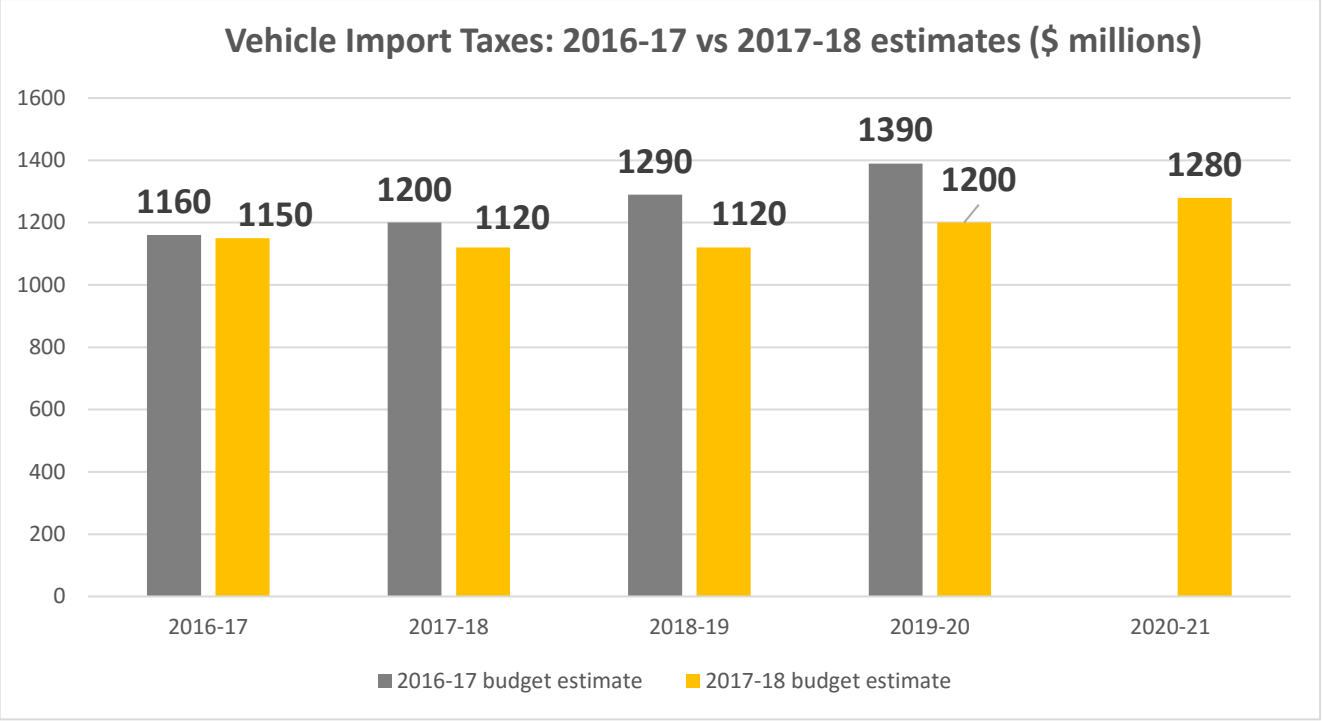

Source: Statement 5 of Budget Paper 1

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3. National Partnership Payments for Infrastructure

Black Spot Projects

2016-17 Budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	31.1	26.0	23.1	6.6	5.5	2.9	1.6	3.3	100.0
2017-18	19.2	13.7	12.2	6.6	4.8	1.6	1.0	1.0	60.0
2018-19	19.2	13.7	12.2	6.6	4.8	1.6	1.0	1.0	60.0
2019-20	19.2	15.2	12.0	6.7	4.2	1.2	1.0	0.6	60.0
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 Budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	7.8	6.5	5.8	1.7	1.4	0.7	0.4	0.8	25.0
2017-18	27.0	20.2	17.9	8.2	6.2	2.3	1.4	1.8	85.0
2018-19	27.0	20.2	17.9	8.2	6.2	2.3	1.4	1.8	85.0
2019-20	27.0	20.2	17.9	8.2	6.2	2.3	1.4	1.8	85.0
2020-21	19.2	13.7	12.2	6.6	4.8	1.6	1.0	1.0	60.0

Bridges Renewal Program

2016-17 Budget Estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	16.1	17.9	27.8	5.8	3.1	1.9	0.7	6.7	80.0
2017-18	25.3	20.3	24.9	8.9	5.8	1.8	1.3	0.8	90.0
2018-19	30.3.	14.6	11.7	6.4	4.2	1.3	1.0	0.6	70.0
2019-20	19.2	15.2	12.0	6.7	4.2	1.2	1.0	0.6	60.0
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 Budget Estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	15.4	8.0	31.5	2.9	0.9	2.4	0.7	2.5	64.3
2017-18	34.4	12.3	26.9	6.1	4.6	1.1	0.5	4.1	90.0
2018-19	32.0	17.2	20.9	6.8	4.1	1.7	1.1	1.1	85.0
2019-20	25.2	18.2	24.3	7.8	4.6	2.1	1.3	1.6	85.0
2020-21	19.2	15.2	12.0	6.7	4.2	1.2	1.0	0.8	60.0

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Developing Northern Australia – improving cattle supply chains

2016-17 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	-	-	21.9	12.0	-	-	-	1.1	35.0
2017-18	-	-	21.9	12.0	-	-	-	1.1	35.0
2018-19	-	-	18.7	10.3	-	-	-	0.9	30.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	-	-	1.7	-	-	-	-	-	1.7
2017-18	-	-	26.2	6.1	-	-	-	13.0	45.4
2018-19	-	-	28.8	6.5	-	-	-	7.0	42.3
2019-20	-	-	0.5	0.1	-	-	-	10.0	10.6
2020-21	-	-	-	-	-	-	-	-	-

Developing Northern Australia – northern Australia roads

2016-17 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	-	-	62.7	34.2	-	-	-	3.2	100.0
2017-18	-	-	131.4	72.0	-	-	-	6.6	210.0
2018-19	-	-	140.5	77.4	-	-	-	7.0	225.0
2019-20	-	-	40.5	22.5	-	-	-	2.0	65.0
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	-	-	12.0	-	-	-	-	-	12.0
2017-18	-	-	37.3	56.3	-	-	-	94.9	188.5
2018-19	-	-	86.8	64.2	-	-	-	69.2	220.2
2019-20	-	-	95.4	55.5	-	-	-	28.4	179.3
2020-21	-	-	-	-	-	-	-	-	-

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Heavy Vehicle Safety and Productivity Program

2016-17 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	26.4	11.6	7.8	8.6	4.8	0.8	0.6	4.0	64.6
2017-18	17.4	12.0	9.6	5.2	3.4	1.0	0.8	0.5	50.0
2018-19	12.8	10.0	8.0	4.4	2.9	0.9	0.7	0.4	40.0
2019-20	12.8	10.1	8.0	4.4	2.8	0.8	0.7	0.4	40.0
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	21.8	1.3	10.7	4.5	3.4	0.7	-	7.8	50.2
2017-18	16.7	11.0	15.1	5.7	6.3	2.3	0.3	2.7	60.0
2018-19	23.6	9.3	14.5	4.8	5.0	0.7	0.4	1.7	60.0
2019-20	28.4	10.6	8.1	6.9	5.1	1.1	0.2	9.5	70.0
2020-21	12.8	10.1	8.0	4.4	2.8	0.8	0.7	0.4	40.0

Investment – Rail Component

2016-17 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	25.0	14.3	147.5	-	7.8	20.4	-	-	214.9
2017-18	-	15.0	37.5	-	35.3	12.9	-	-	100.6
2018-19	-	18.0	10.0	-	-	15.3	-	-	43.3
2019-20	-	-	-	-	-	-	-	-	-
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	25.0	0.1	160.4	-	2.0	20.4	-	-	207.9
2017-18	-	149.4	91.3	9.5	175.1	12.9	-	-	438.1
2018-19	-	235.0	85.0	25.0	55.3	15.3	-	-	415.6
2019-20	-	218.0	27.0	100.0	-	-	-	-	345.0
2020-21	-	-	-	658.0	-	-	-	-	658.0

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Investment – Road Component

2016-17 Budget Estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	2,265.4	435.9	1,488.3	419.5	268.8	114.3	6.3	47.4	5,045.8
2017-18	1,584.3	585.9	1,855.3	520.7	587.3	54.7	6.6	20.7	5,215.5
2018-19	809.7	262.6	1,246.8	388.9	455.3	80.9	3.0	18.5	3,265.7
2019-20	786.6	377.0	1,205.5	473.0	228.3	66.0	20.7	12.7	3,169.8
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 Budget Estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	1,941.7	351.0	1,211.8	228.5	369.9	91.3	0.8	36.4	4,231.5
2017-18	1,149.3	428.7	1,430.0	495.4	483.0	129.8	2.8	39.3	4,158.4
2018-19	1,179.9	190.8	1,522.6	602.8	303.6	83.5	2.7	30.1	3,916.1
2019-20	845.9	238.9	1,604.8	430.6	284.7	34.5	1.2	17.7	3,458.4
2020-21	234.5	141.3	1,532.3	75.9	38.9	44.6	9.1	6.8	2,083.5

Road to Recovery

2016-17 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	234.7	163.8	163.7	117.8	72.4	26.2	12.9	23.5	815.1
2017-18	195.0	142.4	142.4	102.4	63.0	22.8	11.2	20.4	699.6
2018-19	97.6	72.6	79.4	55.4	32.9	11.5	4.0	11.0	364.5
2019-20	111.4	81.4	81.4	58.5	36.0	13.0	6.4	11.7	399.8
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	233.2	163.8	163.7	117.8	72.4	26.2	14.5	23.5	815.1
2017-18	196.6	142.4	142.4	102.4	63.0	22.8	9.7	20.4	699.6
2018-19	85.4	75.5	85.8	63.3	32.6	11.2	1.5	9.3	364.5
2019-20	111.5	81.4	81.4	58.5	35.9	13.0	6.4	11.6	399.7
2020-21	111.5	81.4	81.4	58.5	35.9	13.0	6.4	11.6	399.7

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New Investments

2016-17 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	42.0	51.3	220.9	234.5	174.8	1.6	10.4	34.7	765.4
2017-18	30.0	3.7	256.6	345.1	142.6	-	-	17.6	795.6
2018-19	17.4	0.1	-	307.3	42.2	-	-	-	367.0
2019-20	-	-		-	-	-	-	-	-
2020-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2017-18 budget estimates

	NSW ($m)	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2016-17	35.3	40.4	218.0	31.8	160.6	3.4	1.0	25.1	515.5
2017-18	23.0	8.2	252.8	4.3	156.3	2.2	-	27.1	473.8
2018-19	30.0	1.0	3.3	-	40.3	-	-	-	74.6
2019-20	1.8	-	0.5	-	4.4	-	-	-	6.7
2020-21	-	-	-	-	-	-	-	-	-

4. Details of Relevant Programs

Keys2drive — additional funding

The Government will provide $16.0 million over four years from 2017-18 to extend the Keys2drive program for a further four years. Under the measure, the Australian Automobile Association will make a co-contribution of $1.0 million per year. Keys2drive is a learner driver education program that provides a free coaching session from a professional driving instructor to participating learners and supervising drivers. The program is delivered by the Australian Automobile Association and state motoring clubs. This measure builds on the 2016-17 Budget measure titled Keys2drive — additional funding.

Infrastructure and Project Financing Agency — establishment

The Government will provide $17.0 million over four years from 2017-18 to establish an Infrastructure and Project Financing Agency to assist in the identification, development and assessment of innovative financing options for investment in major infrastructure projects. This measure will be partially offset by redirecting funding from the Infrastructure Investment Programme within the Department of Infrastructure and Regional Development.

Infrastructure Investment Programme — new investments

The Government will provide $908.6 million over seven years from 2016-17 for infrastructure projects including:

- $843.8 million for Bruce Highway projects in Queensland including the Pine River to Caloundra upgrade, Wide Bay Highway and Bruce Highway intersection upgrade, Deception Bay interchange upgrade and Bruce Highway safety package;
- $45.0 million in additional funding for the Walkerston Bypass upgrade in Queensland, bringing the total Government commitment for the project to $120.0 million;
- $6.0 million in additional funding for the Mt Lindesay Highway upgrade in Queensland, bringing the total Government commitment for the project to $16.0 million; and
- $13.8 million for the Far North Collector Road in New South Wales.

The cost of this measure with the exception of the Far North Collector Road will be met from within the existing resources of the *Infrastructure Investment Programme*.

Infrastructure Investment Programme — National Rail Program

In addition to the $500.0 million investment in Victorian regional rail, the Government will provide $600.0 million over two years from 2019-20 as part of a $10 billion *National Rail Program* to better connect our cities and regions and grow the economy. This transformational investment will reduce congestion in capital cities, revitalise regional economies and provide families and businesses with more affordable options on where to live and invest. Building on the Commonwealth's work with State and Territory Governments on the Urban Rail Plans, this Program will allow the Government to partner with States and Territories in the planning and delivery of key rail infrastructure projects.

Infrastructure Investment Programme — Victorian infrastructure investments

The Government will provide $1 billion to fund priority regional and urban infrastructure in Victoria. The measure aims to reduce travel times and improve transport connections between regional centres and metropolitan Melbourne, with the initial investments to include:

- $500.0 million over three years from 2017-18 to upgrade regional rail, including $100.0 million for the Geelong Rail Line duplication, $100.0 million for the North East Rail Line upgrade, $195.0 million for Eastern Line duplication projects, $10.0 million for a Shepparton Line Passenger and Freight Upgrade Planning Study, and a further $95.0 million for the Avon River Bridge duplication;
- $20.2 million in 2017-18 for the Murray Basin Rail; and
- $30.0 million over two years from 2017-18 for business case development for the Tullamarine Rail Link.

The remaining $461.2 million will be provided for future projects identified with the Victorian Government. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme — offsets

The Government will redirect $1.6 billion in 2020-21 from uncommitted funding in the Infrastructure Investment Programme for other priority projects in the Infrastructure and Regional Development Portfolio.

Delivery of Inland Rail

The Government will provide an additional equity investment of $8.4 billion over seven years from 2017-18 to the Australian Rail Track Corporation (ARTC) for the delivery of the Inland Rail project. Under the measure, the ARTC will leverage greater debt and enter into a public private partnership for the Gowrie to Kagaru section, the most complex element of the project.

Supplementary Local Roads Funding for South Australia

The Government will provide $40.0 million over two years from 2017-18 in supplementary local road funding for South Australia to assist councils to upgrade and maintain the local road network.
South Australia is responsible for 11.7 per cent of national local roads and currently receives 5.5 per cent of total local road funding from the Commonwealth.

This funding is in addition to funding provided through the *Financial Assistance Grants* and *Roads to Recovery Programme*, and will ensure that Commonwealth funding provided to South Australia is more appropriate to the level of local road maintenance required.

Infrastructure Australia — additional funding for reform initiatives

The Government will provide $11.9 million over four years from 2017-18 to enable Infrastructure Australia to continue to deliver its core functions of assessing projects and producing an infrastructure pipeline, and to support reform initiatives announced as part of the Government's response to the Australian Infrastructure

Plan including:

- an independent inquiry to inform a national freight and supply chain strategy; and
- a study into the potential benefits and impacts of road reform.

Faster Rail Connecting Capital Cities and Major Regional Centres

The Government will provide $20.0 million in 2017-18 to support the development of business cases for infrastructure projects which would deliver faster rail connections between major cities and major regional centres.

The Government will issue a prospectus seeking submissions from proponents, including State and Territory Governments, interested in partnering in the design, build and operation of faster rail in key transport corridors.

WA Infrastructure and GST Top-Up Payment

The Commonwealth Government remains committed to the construction of the Perth Freight Link. Consistent with the assessments by Infrastructure Australia, the Government considers this to be an important project of national significance, which will boost productivity, reduce congestion and improve road safety across a critical freight route in Western Australia and surrounding arterial roads.

The Government will provide $1.2 billion for the Perth Freight Link to any future Western Australian (WA) Government which proceeds with the project. This commitment is formalised as a Contingent Liability in Statement 9 of the 2017-18 Budget Papers.

The newly elected WA Government has advised the Commonwealth that it is not proceeding with this project. To ensure other important and agreed priority projects in WA can proceed as soon as possible, the Government has reached an agreement with the WA Government in relation to the re-allocation of $1.2 billion in Perth Freight Link funding.

The Government has also again committed to a further GST top-up payment to WA of $226.0 million to effectively maintain its GST relativity at the 2014-15 level.

A further $211.0 million in savings from underspends in jointly funded projects has been identified (including a $166.0 million federal contribution) and re-allocated to agreed priority infrastructure projects in WA. This has enabled the Government to allocate $1.6 billion in federal funding towards a $2.3 billion infrastructure package for WA.

This includes funding for WA road infrastructure projects, including:

- Armadale Road/North Lake Road (Kwinana Freeway) — Constructing bridge and collector roads;
- Leach Highway (Carrington Street to Stirling Highway) — Upgrade to High Street;
- Fiona Stanley Hospital and Murdoch Activity Centre Access from Kwinana Freeway and Roe Highway;
- Roe Highway (Kalamunda Road) — Constructing Grade Separated Intersection;
- Reid Highway (Altone Road to West Swan Road) — Constructing Dual Carriageway;
- Wanneroo Road (Ocean Reef Road) — Constructing Grade Separated Intersection;
- Wanneroo Road (Joondalup Drive) — Constructing Grade Separated Intersection;
- Kwinana Freeway (Russell Road to Roe Highway) — Widening of Northbound Lanes;
- Kwinana Freeway (Roe Highway to Narrows Bridge) — Implementing Smart Freeways;
- Mitchell Freeway (Cedric Street to Vincent St) — Widening of Southbound Lanes;
- Kwinana Freeway (Manning Road) — Constructing Freeway On-Ramp;
- Outback Highway Seal Priority Sections;
- Wanneroo Road (Joondalup Drive to Flynn Drive) — Constructing Dual Carriageway;
- Karel Avenue (Farrington Road to Berrigan Drive) — Constructing Dual Carriageway;
- Bunbury Outer Ring Road — Planning Work; and
- Woolworths Drive/Hale Road Intersection Upgrade.

As part of this package, the Government will also provide $44.2 million toward regional road projects to improve regional road safety across WA.

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Finally, the Government has also agreed to provide funding for WA rail related projects, including:

- Metronet — Denny Avenue and Davis Road (Armadale Rail Line) — Level Crossing Removal Project;
- Metronet — Herne Hill Depot Facilitation (Relocation of Brookfield Rail to Kenwick); and
- Metronet — Business Case Development.

Subject to positive assessment of business cases by Infrastructure Australia — Future Metronet Projects, including Thornlie and Yanchep line extensions.
The provision for the infrastructure projects, over and above projects funded from the GST top-up payment, has already been included in the forward estimates.

Extending the immediate deductibility threshold for small businesses

The Government will extend the 2015-16 Budget measure *Growing Jobs and Small Business — expanding accelerated depreciation for small businesses* by 12 months to 30 June 2018 for businesses with aggregated annual turnover less than $10 million. This measure is estimated to have a cost to revenue of $650.0 million over the forward estimates period.

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Attachment A: AAA Pre-Budget Submission Analysis

AAA Budget Snapshot			
1.	**The Safety of our Roads**	**Recommendation**	**2017-18 Budget**
a)	Keys2drive - continuation and expansion	The Australian Government continue and expand the keys2drive program by committing $20 million over the forward estimates	Funded for $4m over four years with a co-contribution of $1m per annum from the AAA.
b)	Australian Road Assessment Program – targeted funding to save lives	The Australian Government upgrade the two lowest star rated roads by spending $4.7 billion over the next four years	Not specifically detailed in the Budget.
c)	Prioritising Blackspot Funding	The Australian Government permanently increase funding to $100 million per year in recognition that the program prevents over 4,000 accidents and saves more than 30 lives each year	The Budget did not increase the program to $100m per annum however funds in 2016-17 were rolled over to outer years. The budget included an additional year of funding in 2020-21 of $60m.
d)	Continuation of the Australasian New Car Assessment Program and Used Car Safety Ratings	The Australian Government commit at least $8 million over four years to allow ANCAP to continue to release about 45 safety ratings per year and undertake 22 local assessments	No funding shown in the budget, however funding previously secured for 2017-18.
e)	Introduction of a Trauma Registry	The Australian Government commit $150,000 annually to measure and curb the carnage on our roads.	Funded in December 2016.
f)	Ensuring Foreign Aid is dedicated to Road Safety	The Australian Government direct future international development assistance towards projects which deliver tangible improvements on road safety outcomes through the inclusion of road safety criteria as a condition of funding.	Policy principle. Not shown in budget papers.

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2.	**Congestion in our Cities**		
	a) Federal commitment to Public Transport	The Australian Government assess land transport infrastructure projects on their merits and not discriminate between road and public transport projects.	Rail funding commitment in the budget includes urban public transport projects within the $20 billion package announced.
	b) The use of smart technology to better manage the road network	The Australian Government work to identify Intelligent Transport System projects within the current National Innovation and Science Agenda worth $1.1 billion over four years.	Not specifically shown in Budget papers.
3.	**The Cost of Motoring**		
	a) Fuel Excise Revenue and Road Funding – a fair go for motorists where 50 per cent of net excise is returned in infrastructure spending	The Australian Government guarantee a minimum of at least 50 per cent of fuel excise revenue, net of fuel tax credits, be earmarked transparently for land transport funding.	A 66% return for this financial year, but declining to 30% in 2020-21. No commitment given to a guaranteed minimum of 50%.
	b) Renewed commitment by the Government for the ACCC's fuel monitoring activities	The Australian Government renew its commitment to the ACCC's fuel monitoring activities given the significant benefits accrued already since these activities have been increased.	Not funded.
	c) Removal of tariffs on imported vehicles		
	a. Tariffs on imported vehicles	The Australian Government abolish the five percent tariff on imported vehicles saving consumers $2,280 million over the forward estimates	Not supported. Forecast to increase from $470m in 2017-18 to $560m in 2020-21.
	b. Luxury Car Tax	The Australian Government abolish the Luxury Car Tax with savings to consumers totalling $2,090 million over the forward estimates.	Not supported. Forecast to increase from $650m in 2017-18 to $720m in 2020-21.

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4.	**The State of our National Infrastructure**		
	a) Support for strong Infrastructure Governance	The Australian Government continually seek to bolster the governance arrangements around the selection and funding of land transport infrastructure.	Support for Infrastructure Australia secured in the budget.
	b) Infrastructure Australia led public inquiry into transport market reform and road user charging	The Australian Government commit to an Infrastructure Australia led public inquiry into transport market reform and the benefits of road user pricing in the context of the fragmented, underfunded road network at a cost of $10 million over two years.	Funding of $11.9 million was provided to Infrastructure Australia to support reform initiatives and operations, including conducting a study into the potential benefits and impacts of road reform.
	Priority Road and Land Transport Infrastructure	The Australian motoring clubs have developed a list of key land transport infrastructure projects for each State and Territory. Combined, these projects entail a total investment of almost $92 billion.	Projects were funded from the priority list, however several projects remain unfunded.
5.	**Ensuring Australia has a robust vehicle emissions framework**		
	a) Establishing a robust Australian emission testing framework	The Australian Government commit to a 50 percent contribution to the vehicle emissions independent audit program initiated by the AAA, and fund the ongoing audit function at a cost of $1 million over four years.	Not funded.
	b) Providing user friendly information on emissions	The Australian Government return the Green Vehicle Guide to its former star rating approach to ensure that consumers are provided with accurate and relevant vehicle emissions information that is easily understood. The cost of this initiative could be met within existing departmental resources.	Not supported.

6. Ensuring Australians have access to future technological advances in motoring			
	a) Unlocking the benefit of Autonomous Vehicles	The Australian Government should work actively with State and Territory Governments to incentivise the development and testing of autonomous vehicles and seek to harmonise legislation that will ultimately allow the operation of autonomous vehicles on the road network. Where possible, funding through the $1.1 billion National Innovation and Science Agenda should be leveraged to support trials and start-ups that focus on driverless car technology.	Not shown in budget papers.

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