



FEDERAL BUDGET AAA BRIEF



Australian
Automobile
Association

May 2018



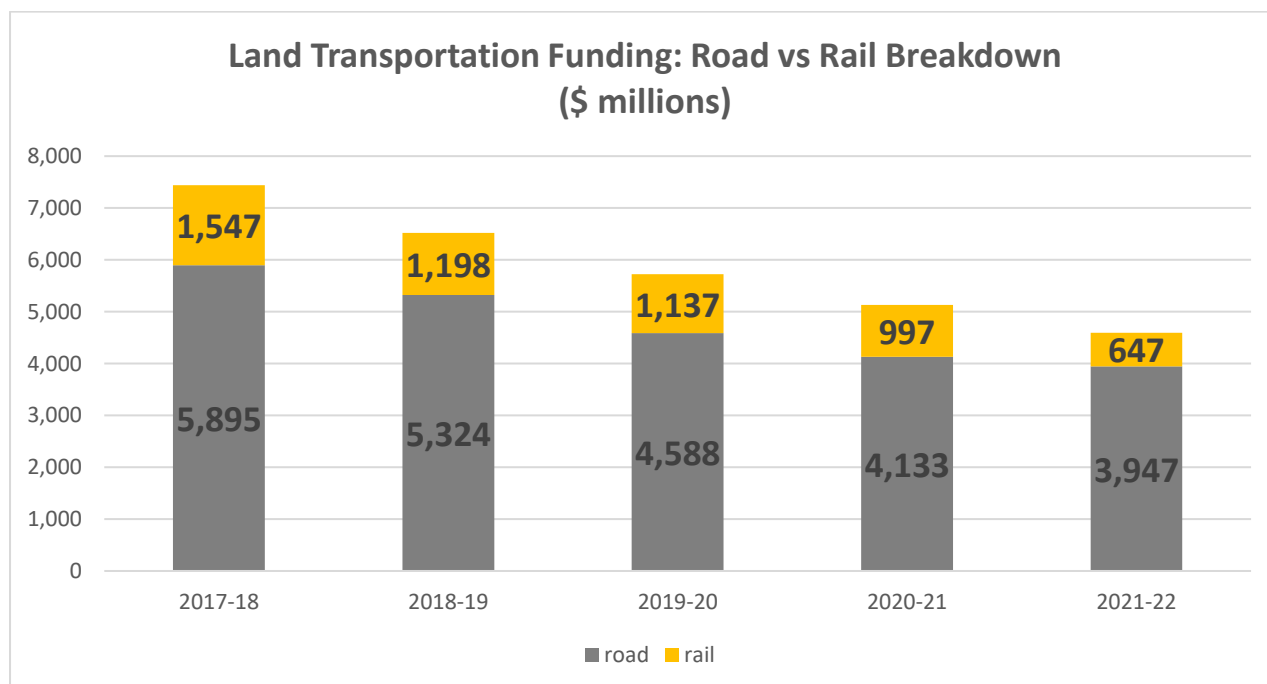
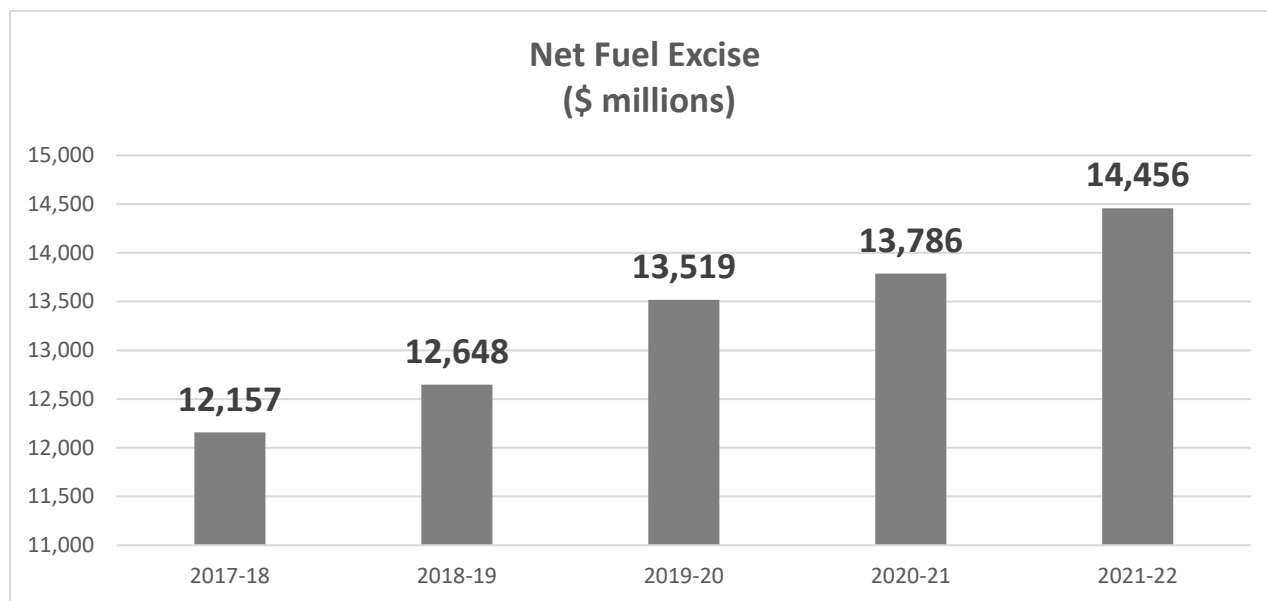
AAA Brief Federal Budget 2018-19

BUDGET HIGHLIGHTS

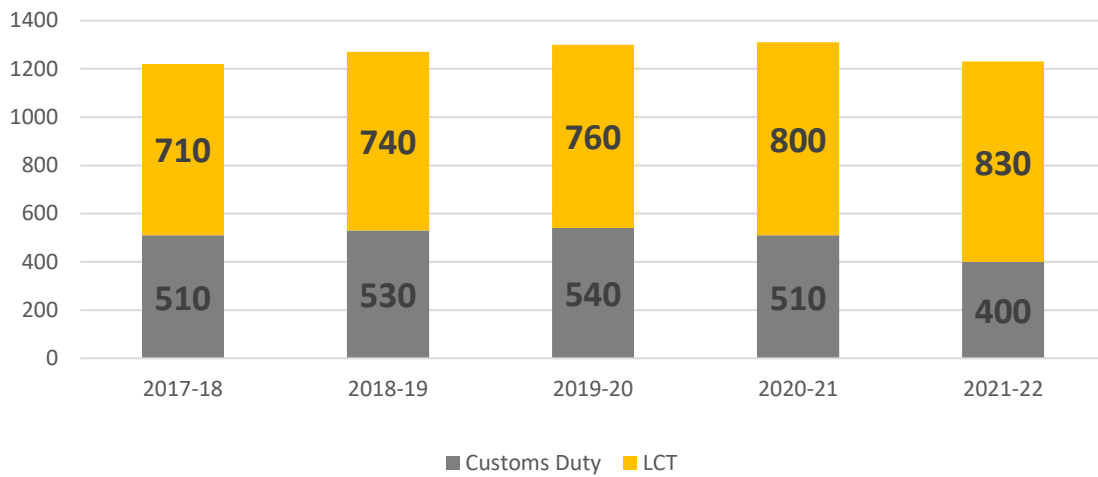
- The focus of the Budget is on a stronger economy, jobs, essential services and the government living within its means. The Budget is expected to have an underlying cash deficit of \$14.5 billion in 2018-19 a decrease from the \$21.4 billion estimated for 2018-19 in the 2017-18 budget. Net debt is estimated to peak at \$350 billion in 2018-19 and then projected to decline to \$319 billion by 2021-22. High levels of net debt impose a call on future revenue flows to service that debt, as it stands, the interest bill on total debt is to peak at \$14.5 billion in 2018-19.
- The AAA supports the Federal Budget's strong focus on transport infrastructure, including the establishment of the Urban Congestion Fund and the Roads of Strategic Importance Fund. However, out of the \$4.5 billion announced for these funds only \$750 million will be spent over the next four years. Where funding has been allocated, the provision for this funding has already been included in the forward estimates i.e. the money is not new money.
- Land transport infrastructure will decrease over the forward estimates by around \$2 billion compared to the last budget. Land transport infrastructure spending is expected to peak in 2017-18 at \$7.4 billion, then fall to \$4.6 billion in 2021-22. Over the forward estimates, the proportion of net fuel excise returned to land transport infrastructure will decrease from 61 per cent in 2017-18 to just 32 per cent in 2020-21.
- Total fuel excise revenue is projected to be \$19.6 billion in 2018-19, up from \$19.1 billion in 2017-18. Net fuel excise (total fuel excise less fuel tax credits) is expected to reach \$12.6 billion in 2018-19 up from \$12.2 billion in 2017-18. Net fuel excise is forecast to increase over the forward estimates compared to the previous budget by around \$850 million, largely due to indexation.
- The Government did not respond to the AAA's calls for it to re-establish the Federal Office of Road Safety so that the Commonwealth can take the necessary leadership role in addressing our nation's increasing rates of death and injury. The Government also continues to charge Australians \$1.3 billion every year for new cars to protect an industry that no longer exists. For a full analysis of the budget against the proposals called for in the AAA's Pre-Budget Submission see **Attachment A**.
- 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 taxes over the forward estimates, dropping from \$530 million in 2018-19 to \$400 million in 2021-22. However, Luxury Car Tax (LCT) receipts are forecast to grow by 5.7 per cent in 2018-19, consistent with strong sales of vehicles subject to LCT. When combined, import taxes on new cars will cost consumers \$5.1 billion over the forward estimate period (2018-19 to 2021-22).

1. Fuel Excise Revenue and Land Transport Expenditure: 2018-19

- Land transport infrastructure is projected to decrease over the forward estimates, and is expected to peak at **\$7.4 billion in 2017-18**, then fall to **\$4.6 billion in 2021-22**.
- Net revenue from fuel excise in 2018-19 will be **\$12.6 billion and increase to \$14.5 billion in 2021-22**.
- Over the forward estimates, the proportion of net fuel excise returned to land transport infrastructure will decrease from **61 per cent in 2017-18 to just 32 per cent in 2020-21**.



Vehicle Import Taxes (\$ millions)



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

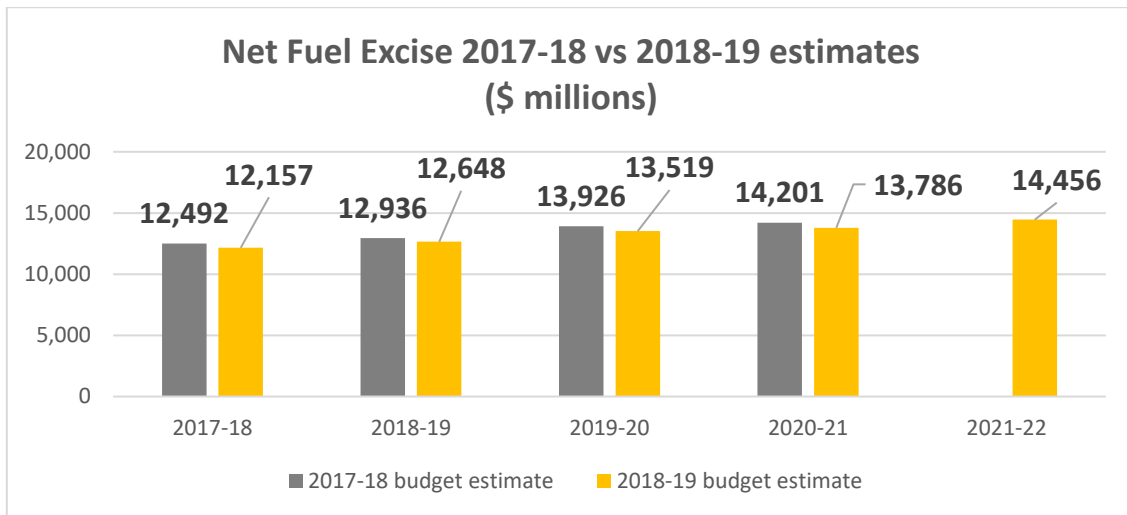
2018-19 Budget

	2017-18	2018-19	2019-20	2020-21	2021-22	4 Yr Total (FEs)	5 Yr Total
Net Fuel Excise Revenue							
Petrol	6,100	6,200	6,500	6,700	7,050	26,450	32,550
Diesel	10,970	11,330	12,130	12,580	13,280	49,320	60,290
Other Fuel Products	2,000	2,040	2,130	2,160	2,240	8,570	10,570
Less Fuel Tax Credits Scheme	-6,913	-6,922	-7,241	-7,654	-8,114	-29,931	-36,844
Net Fuel Excise	12,157	12,648	13,519	13,786	14,456	54,409	66,566
Land Transport Expenditure							
Road	5,895	5,324	4,588	4,133	3,947	17,992	23,887
Rail	1,547	1,198	1,137	997	647	3,979	5,526
Total	7,442	6,522	5,725	5,130	4,594	21,971	29,413
Percentage return							
	61%	52%	42%	37%	32%	40%	44%
Import Taxes							
Customs Duty	510	530	540	510	400	1980	2490
LCT	710	740	760	800	830	3130	3840
Total	1,220	1,270	1,300	1,310	1,230	5110	6330

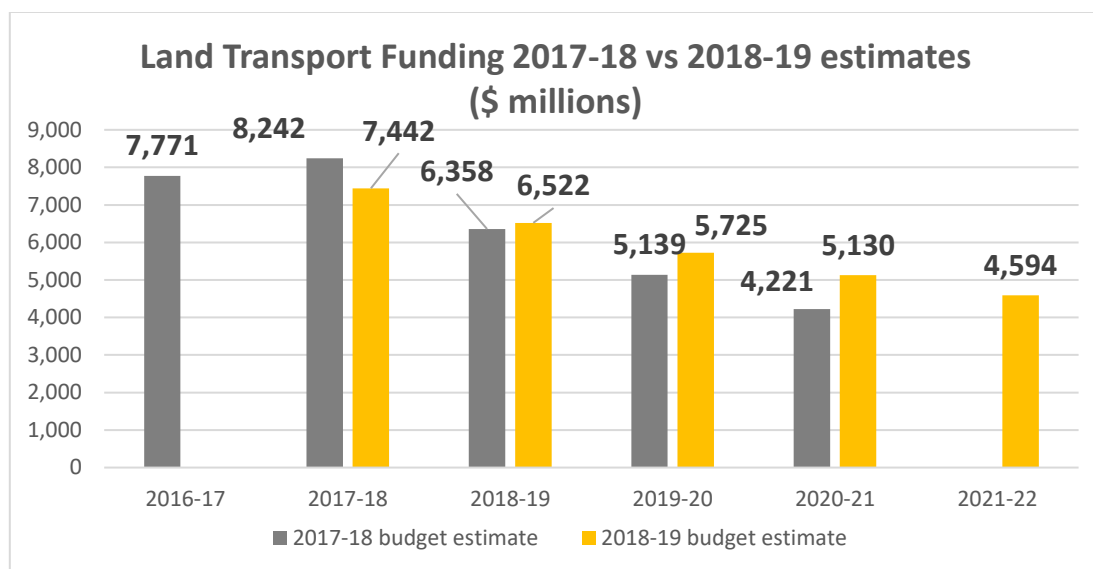
Source: Statement 5 and Statement 6 of Budget Paper No 1.

2017-18 Budget

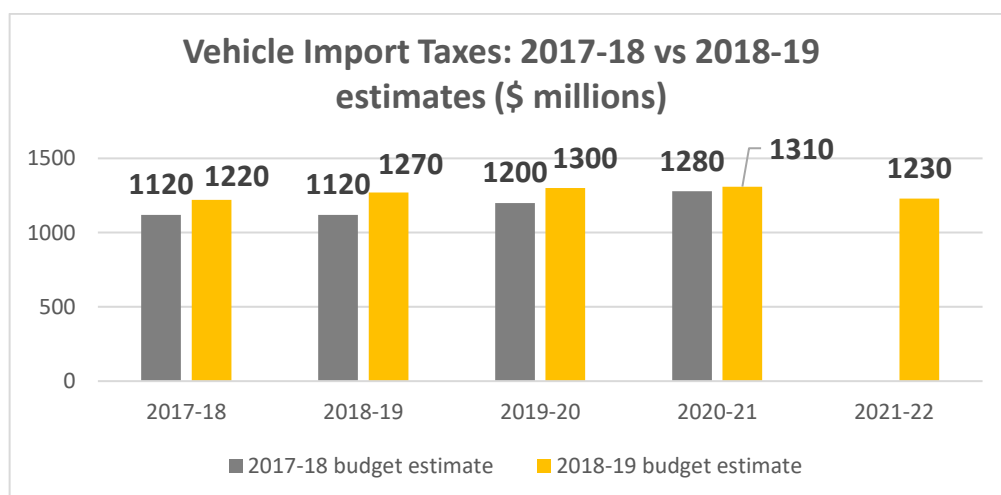
	2016-17	2017-18	2018-19	2019-20	2020-21	4 Yr Total (FEs)	5 Yr Total
Net Fuel Excise Revenue							
Petrol	6,100	6,250	6,400	6,900	7,150	26,700	32,800
Diesel	10,230	10,630	11,130	11,880	12,330	45,970	56,200
Other Fuel Products	1,900	1,920	1,920	2,030	2,070	7,940	9,840
Less Fuel Tax Credits Scheme	-6,194	-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: Budget Paper 1



Source: Statement 6 of Budget Paper 1



Source: Statement 5 of Budget Paper 1

3. National Partnership Payments for Infrastructure

Overview - State and Territory infrastructure totals and ratios

Infrastructure Totals									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	2,879.80	715.40	1,779.60	1,273.60	893.20	193.80	67.20	113.30	7,915.90
2018-19	2072.9	968.1	1650.1	1035.2	545	162.5	34.3	230.6	6698.7
2019-20	1,735.50	922.20	1,778.70	1,163.60	354.30	167.40	41.90	174.50	6,338.10
2020-21	1,339.60	949.80	2,056.60	986.00	180.50	150.30	58.40	98.90	5,820.10
2021-22	1,071.50	973.70	2,137.20	541.30	282.90	190.80	66.20	80.40	5,344.00
Grand Total	9099.3	4529.2	9402.2	4999.7	2255.9	864.8	268	697.7	32,116.80
Ratio of total spend									
2017-18	36.38%	9.04%	22.48%	16.09%	11.28%	2.45%	0.85%	1.43%	
2018-19	30.94%	14.45%	24.63%	15.45%	8.14%	2.43%	0.51%	3.44%	
2019-20	27.38%	14.55%	28.06%	18.36%	5.59%	2.64%	0.66%	2.75%	
2020-21	23.02%	16.32%	35.34%	16.94%	3.10%	2.58%	1.00%	1.70%	
2021-22	20.05%	18.22%	39.99%	10.13%	5.29%	3.57%	1.24%	1.50%	
Ratio of total spend	28.33%	14.10%	29.28%	15.57%	7.02%	2.69%	0.83%	2.17%	
Population	31.96%	25.71%	20.04%	10.49%	7.01%	2.12%	1.67%	1.00%	

Black Spot Projects

Black Spot Projects									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	30	22.8	20.7	12.5	7.3	3	1.6	2.1	100
2018-19	25.5	19.3	17.6	10.6	6.2	2.6	1.4	1.8	85
2019-20	21	15.9	14.5	8.7	5.1	2.1	1.1	1.5	69.9
2020-21	19.2	13.7	12.2	6.6	4.8	1.6	1	1	60.1
2021-22	19.2	15.7	12	4.1	6.2	1.2	1	0.6	60
Total	114.9	87.4	77	42.5	29.6	10.5	6.1	7	375

Bridges Renewal Program

Bridges Renewal Program									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	11	5.4	20.5	4	2.9	2.8	0	0	46.6
2018-19	35.7	8.5	23.4	8.3	2.9	2.6	1.2	2.3	84.9
2019-20	30.7	11	26.1	9.4	5.8	3.6	1.1	8.6	96.3
2020-21	37.3	15.1	16.4	3.5	5.3	1.1	0.9	0.5	80.1
2021-22	26.7	21.9	16.7	5.7	8.6	1.7	1.4	0.8	83.5
Total	141.4	61.9	103.1	30.9	25.5	11.8	4.6	12.2	391.4

Developing Northern Australia – improving cattle supply chains

Developing Northern Australia – improving cattle supply chains									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	0	4.5	0	0	0	0	1.2	5.7
2018-19	0	0	38.3	6.5	0	0	0	19.7	64.5
2019-20	0	0	14.6	6.2	0	0	0	9.2	30
2020-21	0	0	0	0	0	0	0	0	0
2021-22	0	0	0	0	0	0	0	0	0
Total	0	0	57.4	12.7	0	0	0	30.1	100.2

Developing Northern Australia – northern Australia roads

Developing Northern Australia – northern Australia roads									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	0	29.4	42.4	0	0	0	14.7	86.5
2018-19	0	0	55.6	82.9	0	0	0	93.3	231.8
2019-20	0	0	87.2	41.3	0	0	0	69.9	198.4
2020-21	0	0	48.4	8.3	0	0	0	14.7	71.4
2021-22	0	0	0	0	0	0	0	0	0
Total	0	0	220.6	174.9	0	0	0	192.6	588.1

Heavy Vehicle Safety and Productivity Program

Heavy Vehicle Safety and Productivity Program									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	13.3	6	14.4	4.5	6.3	0.5	0	1.4	46.4
2018-19	32.8	7.8	8.1	1.9	1.2	0.5	0	7.6	59.9
2019-20	30.1	11.1	13.4	6.8	3.3	0.7	0.5	4.1	70
2020-21	14.4	11.8	9	3.1	4.6	0.9	0.8	0.4	45
2021-22	19.9	16.4	12.4	4.2	6.4	1.3	1	0.6	62.2
Total	110.5	53.1	57.3	20.5	21.8	3.9	2.3	14.1	283.5

Investment – Rail

National Rail Program									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	0	0	513.3	0	0	0	0	513.3
2018-19	35	13	10	13.4	0	0	0	0	71.4
2019-20	15	30	40	35.7	10	0	0	0	130.7
2020-21	0	55	75	63.2	10	0	0	0	203.2
2021-22	0	110	75	103.4	30	0	0	0	318.4
Total	50	208	200	729	50	0	0	0	1237

Investment – Rail Component									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	37.5	30.6	3.7	183	15	0	0	269.8
2018-19	0	533.5	66.4	95.7	43.9	13.2	0	0	752.7
2019-20	0	391	80	349.2	5.5	15	0	0	840.7
2020-21	0	282	27	339.6	0	15	0	0	663.6
2021-22	0	248.7	0	0	0	15	0	0	263.7
Total	0	1492.7	204	788.2	232.4	73.2	0	0	2790.5

Authorised by Michael Bradley, Australian Automobile Association, 103 Northbourne Ave Canberra ACT 2601

Investment – Road Component

Investment -- Road Component									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	1195.5	313.5	1122.2	474.1	422.1	108.5	1.5	29.2	3666.6
2018-19	993.8	230.4	1253.4	682.8	382.4	101.7	3.7	46.4	3694.6
2019-20	730.4	206.6	1232.5	471.7	212.3	70.3	6.1	49.7	2979.6
2020-21	601.8	299.9	1577.3	293.8	66.2	54	20.8	48.9	2962.7
2021-22	367.2	267	1697.9	137.5	134.7	61.1	25.8	43.3	2734.5
Total	3,888.70	1,317.40	6,883.30	2,059.90	1,217.70	395.60	57.90	217.50	16,038.00

Road to Recovery

Road to Recovery									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	196.6	142.4	142.4	102.4	63	22.8	9.7	20.4	699.7
2018-19	85.4	75.5	85.8	63.3	32.6	11.2	1.5	9.3	364.6
2019-20	111.5	81.4	81.4	58.5	35.9	13	6.4	11.6	399.7
2020-21	111.5	81.4	81.4	58.5	35.9	13	6.4	11.6	399.7
2021-22	111.5	81.4	81.4	58.5	35.9	13	6.4	11.6	399.7
Total	616.5	462.1	472.4	341.2	203.3	73	30.4	64.5	2263.4

Asset recycling initiative

Asset recycling initiative									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	847.8	0	0	0	0	0	30.2	20.2	898.2
2018-19	335.2	0	0	0	0	0	14.2	20.2	369.6
2019-20	0	0	0	0	0	0	0	0	0
2020-21	0	0	0	0	0	0	0	0	0
2021-22	0	0	0	0	0	0	0	0	0
Total	1183	0	0	0	0	0	44.4	40.4	1267.8

New Investments

New Investments									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	4.5	12.9	248.1	0	137.9	1.5	0	6.3	411.2
2018-19	9.7	2.2	8.5	4.5	35	0.7	0	20.8	81.4
2019-20	37	0	0	0	28	0	0	0	65
2020-21	3.6	0	0	0	0	0	0	0	3.6
2021-22	0	0	0	0	0	0	0	0	0
Total	54.8	15.1	256.6	4.5	200.9	2.2	0	27.1	561.2

Western Sydney

Western Sydney Infrastructure Plan									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	328.1	0	0	0	0	0	0	0	328.1
2018-19	386.9	0	0	0	0	0	0	0	386.9
2019-20	479.3	0	0	0	0	0	0	0	479.3
2020-21	243.7	0	0	0	0	0	0	0	243.7
2021-22	206	0	0	0	0	0	0	0	206
Total	1644	0	0	0	0	0	0	0	1644

Western Sydney City Deal									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	0	0	0	0	0	0	0	0
2018-19	18.5	0	0	0	0	0	0	0	18.5
2019-20	22	0	0	0	0	0	0	0	22
2020-21	24.5	0	0	0	0	0	0	0	24.5
2021-22	10	0	0	0	0	0	0	0	10
Total	75	0	0	0	0	0	0	0	75

Interstate road transport

Interstate Road Transport									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	37.8	22	7.8	3.3	9.9	0.4	0.4	0.4	82
2018-19	0	0	0	0	0	0	0	0	0
2019-20	0	0	0	0	0	0	0	0	0
2020-21	0	0	0	0	0	0	0	0	0
2021-22	0	0	0	0	0	0	0	0	0
Total	37.8	22	7.8	3.3	9.9	0.4	0.4	0.4	82

Supplementary road funding to South Australia for local roads component

Supplementary road funding to South Australia for local roads component									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	0	0	0	20	0	0	0	20
2018-19	0	0	0	0	20	0	0	0	20
2019-20	0	0	0	0	0	0	0	0	0
2020-21	0	0	0	0	0	0	0	0	0
2021-22	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	40	0	0	0	40

Financial assistance grants to local government – roads only

Financial assistance to local governments - local road component									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	105.5	75	68.2	55.6	20	19.3	11.7	8.5	363.8
2018-19	219	155.6	141.4	115.4	41.5	40	24.2	17.7	754.8
2019-20	229.7	163.2	148.4	121.1	43.5	42	25.4	18.5	791.8
2020-21	231.1	164.2	149.3	121.8	43.8	42.2	25.5	18.7	796.6
2021-22	0	0	0	0	0	0	0	0	0
Total	785.3	558	507.3	413.9	148.8	143.5	86.8	63.4	2707

New NPPs in the 2018-19 Budget

Roads of Strategic Importance Initiative									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	0	0	0	0	0	0	0	0
2018-19	4.8	0	7.2	2.5	0	10	0.2	0.4	25.1
2019-20	14.3	0	21.6	47.4	0	20	0.7	1	105
2020-21	24	4	42.7	74.6	1.6	20	1.2	1.9	170
2021-22	25.6	5.4	58.3	84.7	2.1	50	1.3	2.5	229.9
Total	68.7	9.4	129.8	209.2	3.7	100	3.4	5.8	530

Urban Congestion Fund									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0	0	0	0	0
2019-20	16	13	10	3.4	5.2	1	0.8	0.5	49.9
2020-21	16	13.1	10	3.4	5.1	1	0.8	0.5	49.9
2021-22	32	26.4	20	6.7	10.2	2	1.7	0.9	99.9
Total	64	52.5	40	13.5	20.5	4	3.3	1.9	199.7

Major Projects Business Case Fund									
	NSW (\$m)	VIC (\$m)	QLD (\$m)	WA (\$m)	SA (\$m)	TAS (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
2017-18	0	0	0	0	0	0	0	0	0
2018-19	0	0	5	5	0	0	0	0	10
2019-20	0	0	10	5	0	0	0	0	15
2020-21	6.4	5.2	4	6.4	2.1	0.4	0.3	0.2	25
2021-22	6.4	5.3	4	6.3	2	0.4	0.3	0.2	24.9
Total	12.8	10.5	23	22.7	4.1	0.8	0.6	0.4	74.9

4. Details of Relevant Programs

Compulsory Recall of Vehicles with Takata Airbags

The Government will provide \$8.6 million over three years from 2018-19 to the Australian Competition and Consumer Commission to oversee the compulsory recall of vehicles fitted with defective Takata airbags requiring replacement. Further information can be found in the press release of 28 February 2018 issued by the Assistant Minister to the Treasurer.

Federal Interstate Registration Scheme Closure

The Government will close the Federal Interstate Registration Scheme to new entrants and re-registrations by existing heavy vehicle operators from 1 July 2018, and to all heavy vehicle operators engaged in interstate trade from 1 July 2019. Heavy vehicle operators will transition to the national registration scheme for heavy vehicles, which commences on 1 July 2018.

Infrastructure Investment Programme – Australian Capital Territory infrastructure investments

The Government will provide \$100.0 million for Monaro Highway upgrades in the Australian Capital Territory (ACT). This is in addition to funding of \$100.0 million provided for the Barton Highway linking the ACT and New South Wales, under the measure titled Infrastructure Investment Programme – Roads of Strategic Importance. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – Major Project Business Case Fund

The Government will provide \$250.0 million to establish a Major Project Business Case Fund to contribute to the development of business cases for future high priority land transport infrastructure investments. This measure includes initial contributions of \$10.0 million for a business case for the Orange Route in Western Australia and \$15.0 million for a business case for the Toowoomba to Brisbane Passenger Rail. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – New South Wales infrastructure investments

The Government will provide \$1.5 billion for priority regional and urban infrastructure in New South Wales, including: • \$971.0 million for the Coffs Harbour Bypass on the Pacific Highway; • \$400.0 million for the Port Botany Rail Line Duplication; and • \$155.0 million for a new Nowra Bridge over the Shoalhaven River. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – Northern Territory infrastructure investments

The Government will provide \$280.0 million for priority regional road projects in the Northern Territory, including: • \$180.0 million for the Central Arnhem Road Upgrade; and • \$100.0 million for the Buntine Highway Upgrade. This is in addition to funding of \$1.5 billion provided for road infrastructure in Northern Australia, including the Northern Territory, under the measure titled Infrastructure Investment Programme – Roads of Strategic Importance. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – Outback Way

The Government will provide \$160.0 million to improve priority sections of the Outback Way, which links Laverton in Western Australia to Winton in Queensland. This will bring the Government's total commitment to Outback Way upgrades to \$330.0 million. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – Queensland infrastructure investments

The Government will provide \$5.2 billion for priority regional and urban infrastructure in Queensland, including: • \$3.3 billion for additional Bruce Highway upgrades, including: – Pine River to Caloundra (\$880.0 million); and – Cooroy to Curra Section D (\$800.0 million); • \$1.0 billion for the M1 Pacific Motorway (Eight Mile Plains to Daisy Hill and Varsity Lakes to Tugun); • \$390.0 million for the Beerburum to Nambour Rail Upgrade; • \$300.0 million for the Brisbane Metro; • \$170.0 million for the Amberley Interchange, Cunningham Highway; and • \$64.2 million for new upgrade projects on the Warrego Highway, including Dalby to Miles, Oakey to Miles and the Carroll Creek culvert replacement. Provision for this funding has already been included in the forward estimates and is in addition to funding of \$1.5 billion provided for road infrastructure in northern Australia, including Queensland, under the measure titled Infrastructure Investment Programme – Roads of Strategic Importance.

Infrastructure Investment Programme – Roads of Strategic Importance

The Government will provide \$3.5 billion to establish the Roads of Strategic Importance initiative to support the upgrade of key regional road corridors in Australia, with initial investments to include: • \$1.5 billion for Northern Australia (Queensland, Northern Territory and Western Australia); • \$400.0 million for Tasmanian road corridors, including the Bass Highway; • \$220.0 million for the Bindoon Bypass in Western Australia; and • \$100.0 million for further upgrades of the Barton Highway corridor linking the Australian Capital Territory and New South Wales. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – South Australian infrastructure investments

The Government will provide \$1.8 billion for priority regional and urban infrastructure in South Australia, including: • \$1.4 billion for Adelaide North-South Corridor future priorities, including \$177.0 million for the Regency Road to Pym Street section; • \$220.0 million for the Gawler Rail Line electrification; and • \$160.0 million for the Joy Baluch Bridge duplication. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – Tasmanian infrastructure investments

The Government will provide \$520.8 million for priority regional infrastructure in Tasmania, including: • \$461.0 million for the Bridgewater Bridge Replacement; and • \$59.8 million as a co-contribution towards Tranche Two of the Tasmanian Freight Rail Revitalisation project. This is in addition to funding of \$400.0 million provided for road infrastructure in Tasmania, including the Bass Highway, under the measure titled Infrastructure Investment Programme – Roads of Strategic Importance. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – Urban Congestion Fund

The Government will provide \$1.0 billion to establish the Urban Congestion Fund which will support projects to remediate pinch points, improve traffic safety and increase network efficiency for commuter and freight movements in urban areas. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – Victorian infrastructure investments

The Government will provide \$7.8 billion for priority regional and urban infrastructure in Victoria, including: • up to \$5.0 billion for the Melbourne Airport Rail Link, with specific funding arrangements, including an option for equity investment, to be settled at a later date and with an equivalent contribution to be provided by the Victorian Government; • \$1.75 billion for the North East Link; • \$475.0 million for planning and pre-construction of a rail connection to the Monash employment centre in Melbourne's South-East; • \$225.0 million for the Frankston to Baxter Line electrification upgrade; • \$140.0 million for additional urban priority road projects; • \$132.0 million for the Princes Highway duplication between Traralgon and Sale; and • \$50.0 million to support the duplication of the Geelong Rail Line between South Geelong and Waurin Ponds. Provision for this funding has already been included in the forward estimates.

Infrastructure Investment Programme – Western Australian infrastructure investments and GST top-up payment

The Government will provide \$3.2 billion for priority regional, urban and water infrastructure in Western Australia (WA), including a further GST top-up payment of \$188.9 million in 2017-18.

Funding will be provided for the following infrastructure projects which will boost WA's local economy and create thousands of jobs during construction: • an additional \$1.1 billion for Metronet projects, including the Morley to Ellenbrook line, the Armadale line, Midland Station and business case funding for Lakelands Station; • \$580.5 million for the Tonkin Highway; • \$560.0 million for the Bunbury Outer Ring Road; • \$144.0 million for the Roe Highway (Great Eastern Highway Bypass interchange); • \$107.5 million for the Mitchell Freeway extension (Hester Avenue to Romeo Road); • \$65.0 million for the Stephenson Avenue extension; • \$46.5 million for the Leach Highway (Welshpool Road interchange); • up to \$140.0 million in grant funding and a concessional loan of up to \$50.0 million towards the Myalup-Wellington Dam Project to improve the quality of water stored in and released from the dam for agriculture; • \$220.0 million for the Bindoon Bypass (funding provided under the measure titled Infrastructure Investment Programme – Roads of Strategic Importance; and • \$10.0 million for a business case for the Orange Route (funding provided under the measure titled Infrastructure Investment Programme – Major Project Business Case Fund). Provision for this funding has already been included in the forward estimates. The GST top-up payment of \$188.9 million in 2017-18 would effectively lift WA's share of the GST in 2018-19 to 50 cents in the dollar to support the following hospital projects: • \$158.0 million for the Joondalup Hospital Expansion; • \$20.3 million for the Royal Perth Hospital refurbishment; and • \$10.6 million for the Osborne Park Hospital expansion.

Infrastructure, Regional Development and Cities Portfolio – other priorities

The Government will invest \$518.9 million from uncommitted funding in the Infrastructure, Regional Development and Cities portfolio, towards: • Building Better Regions Fund – round three; • Stronger Communities Programme – round four; • Remote Airstrip Upgrade Programme – extension; • Western Sydney City Deal and a Western Sydney Airport Visitor and Information Centre; • Launceston City Deal – Tamar River; • Regional Australia Institute; • Myalup-Wellington project; • Indian Ocean Territories – essential infrastructure and air services; • Management of Drones; • Aviation, Air Cargo and International Mail Security Package; and • other policy priorities.

National Freight and Supply Chain Strategy – development

The Government will provide \$5.1 million over four years from 2018-19 to the Department of Infrastructure, Regional Development and Cities to lead the development of a National Freight and Supply Chain Strategy, which will aim to improve the efficiency and productivity of freight movements, including through ports, airports and intermodal terminals, and along supply chains. The cost of this measure will be met from within the existing resources of the Department of Infrastructure, Regional Development and Cities.

Western Sydney City Deal

The Government will provide \$125.0 million over five years from 2017-18 to support infrastructure projects and liveability initiatives under the Western Sydney City Deal, including: • up to \$50.0 million towards the development of a business case for Western Sydney Rail, including an investigation of integrated transport and delivery options for a full North South Rail Link from Schofields to Macarthur, to be funded on a 50:50 basis with the NSW Government; • \$60.0 million to improve community infrastructure in Western Sydney; and • \$15.0 million to accelerate planning and zoning reforms to support housing supply in Western Sydney. Funding of \$95.0 million for this measure has already been provided for by the Government.

Removing luxury car tax on re-imported cars following refurbishment overseas

The Government will remove luxury car tax on cars re-imported into Australia, following a refurbishment overseas, from 1 January 2019. Currently, cars that are refurbished in Australia are not subject to luxury car tax. However, cars exported from Australia to be refurbished overseas and then re-imported are subject to the tax where the value of the car exceeds the relevant luxury car tax threshold. The Government will remove the inconsistency in tax treatment of refurbished cars in order to align with Australia's trade obligations with its foreign trading partners. This measure will ensure the same tax treatment applies, regardless of where the car is refurbished. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

National Consumer Data Right

The Government will provide \$44.6 million over four years from 2018-19 (including \$1.4 million in capital funding in 2018-19) to establish a national consumer data right (CDR) that will allow consumers and small to medium enterprises to access and transfer their data between service providers in designated sectors.

This measure will include:

- \$20.2 million over four years from 2018-19 for the Australian Competition and Consumer Commission to assist in determining the costs and benefits of designating sectors that will be subject to the CDR, and to develop and implement rules to govern the data right and the content of data standards;
- \$12.9 million over four years from 2018-19 for the Office of the Australian Information Commissioner to assess the privacy impact of designating sectors subject to the CDR, and to ensure consistency of rule-making with the Privacy Act 1988; and
- \$11.5 million over four years from 2018-19 to support the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in its role as the data standards setter.

Attachment A: AAA Pre-Budget Submission Analysis

AAA Budget Snapshot		
1. The Safety of our Roads	Recommendation	2018-19 Budget
a) AAA Road Safety Platform – establish a dedicated unit responsible for developing and implementing road safety at the federal level	<p>The AAA supports the reinstatement of a body similar to the former Federal Office of Road Safety which would be responsible for developing and implementing integrated road safety strategies and programs at the federal level.</p> <p>This would require an increase to existing road safety departmental resourcing of around \$7 million per annum, bringing total resourcing across the forward estimates to \$25 million per annum.</p>	Not funded.
b) Australian Road Assessment Program (AusRAP) – targeted funding to save lives	<p>The AAA urges the Australian Government to implement cost effective safety upgrades, raise the overall star rating of the national land transport network and prioritise upgrades based on risk-based safety assessments.</p> <p>The Australian Government should also incentivise states and territories to utilise proven risk assessment methods such as AusRAP in order to effectively prioritise projects requiring road safety investment.</p>	Not specifically detailed in the Budget.
c) Prioritising road safety in infrastructure delivery	<p>The AAA considers that road safety needs to be prioritised within Infrastructure Australia's Assessment Framework. Road safety also needs to be outlined as a key objective in IA's statement of expectations.</p> <p>Incentive payments in infrastructure agreements could also strengthen road safety outcomes.</p>	Not shown in budget papers.
d) Inquiry into the National Road Safety Strategy 2011-2020	The AAA welcomed the commencement of an Inquiry into the National Road Safety Strategy and urges the Government to formally respond to key findings and associated funding proposals.	Inquiry has not reported yet.
e) Prioritising Black Spot funding	The Australian Government permanently increase funding to \$100 million per year in recognition that the program prevents over 4,000 crashes and saves more than 30 lives each year, as well as improving and reviewing program guidelines to ensure funding is not underspent.	The Budget did not increase the program to \$100m per annum however has funding of \$375 million over the forward estimates.
f) Making the Australian vehicle fleet safer - continued support for the Australasian New Car Assessment Program (ANCAP)	<p>The Australian Government undertake commitments to ensure a safer vehicle fleet by:</p> <ul style="list-style-type: none"> - committing at least \$3.8 million over three years from 2018-19 to support a range of expanded activities by 	The AAA welcomed the Government's \$6.64 million commitment to fund ANCAP for another five years. The funding will assist ANCAP to continue the role it plays in

		<p>ANCAP to improve vehicle safety for all Australians;</p> <ul style="list-style-type: none">- Direct the ACCC to develop a new advertising guideline for the portrayal and display of vehicle safety information; and- Mandate 5-star cars, with a date stamp of no more than three years old, for Australian Government fleet purchases.	testing and assessing new cars, providing information for consumers about vehicle safety and general advocacy about safety on Australia's roads
g)	Developing a national metric for measuring serious injuries – continued focus	The Australian Government must continue to focus on developing and funding a national metric for measuring serious injuries as a result of road crashes.	Not shown in budget papers.
h)	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.
2. Congestion in our Cities			
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 infrastructure funding.	A 52% return for this financial year, but declining to 32% in 2021-22. No commitment given to a guaranteed minimum of 50%.
b)	Transport market reform - budget for findings of study into road user charging	<p>The AAA is urging the Australian Government to:</p> <ul style="list-style-type: none">• commence and formally respond to recommendations from the study into road user charging and the investigation into the independent price regulation of heavy vehicles;• consult extensively with the AAA as the study into road user charging progresses to ensure motorists are fully represented; and• commit to educating consumers about the failings of the current model by including fuel excise on petrol station tax invoices and funding government road user charging trials.	Not supported.
3. The Cost of Transport			
a)	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.	The AAA welcomed the Government's announcement in December 2017 that it had issued a new direction to the ACCC giving them the power to monitor the prices, costs and profits relating to the supply of petroleum products and related services in

			Australia for the next two years. ¹
b)	Removal of tariffs on imported vehicles	The Australian Government urgently review federal taxes and charges that can decrease the cost of new vehicles to encourage fleet renewal.	
a.	Tariffs on imported vehicles	The Australian Government abolish the five per cent tariff on imported vehicles, saving consumers an estimated \$2.1 billion over four years.	Not supported. However, forecast to decrease from \$530m in 2018-19 to \$400m in 2021-22.
b.	Luxury Car Tax	The Australian Government abolish the Luxury Car Tax, saving consumers an estimated \$2.8 billion over four years. As a first step, the AAA supports a phased removal of the LCT, starting with an increased threshold of \$100,000 for electric vehicles.	Not supported. Forecast to increase from \$740m in 2018-19 to \$830m in 2021-22.
c)	Mandatory agreement on access to service and repair information –resourcing	The Australian Government ensure that a new mandatory agreement on access to service and repair information is introduced and adequate resources are made available for its administration.	Not shown in budget papers, however the government has committed to look into models for a mandatory agreement.
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 and prioritise projects included on Infrastructure Australia's Infrastructure Priority List.	Not supported.
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. The projects would require a combined investment of almost \$130 billion . See further information at Appendix A	Projects were funded from the priority list, however several projects remain unfunded.
5. Ensuring Australia has a robust, cost effective, vehicle emissions framework			
a)	Real-world vehicle emissions testing – empowering Australians to make better informed choices that suit their family budget, health, and their concern for the environment	Real-world emissions testing is urgently needed in the Australian car market to ensure consumers and policy makers are basing decisions on real-world performance. The AAA is calling for a program to be established, which could be funded through a \$3 levy on every new car sold in Australia.	Not funded.
b)	Providing user-friendly information on emissions based on real world results	The Australian Government return the Green Vehicle Guide to its former star rating approach and incorporate real-world emissions testing data to ensure that consumers are provided with accurate and relevant vehicle emissions information that is easily understood.	Not funded.

¹ <http://sjm.ministers.treasury.gov.au/media-release/135-2017/>

c) Incentivising uptake of electric vehicles	<p>The Australian Government should:</p> <ul style="list-style-type: none"> consider federal tax related incentives (i.e. changes to LCT or FBT) to encourage adoption of electric and other high efficiency vehicles; incentivise research and development in electric vehicle batteries and other associated technologies through the provision of grant funding and taxation exemptions; establish an inter-governmental working group, representing governments, industry and consumers, tasked with establishing a roadmap for the co-ordinated transition to electric road transport, including the deployment of associated infrastructure. 	Not funded.
6. Ensuring Australians receive maximum benefit from technological advances in motoring		
a) Unlocking the benefit of automated vehicle technology	<p>The Australian Government should:</p> <ul style="list-style-type: none"> work actively with state and territory governments to incentivise the development, testing and roll-out of vehicles with increased automation including supporting further trials; seek to harmonise legislation that will ultimately allow the operation of these vehicles on the road network; support research projects that seek to better prepare all Australian governments for a sustainable future with highly automated and autonomous vehicles; and lessons learned through trials should be well publicised and communicated through relevant intergovernmental bodies. 	Not shown in budget papers.
b) Access to vehicle data - ensuring Australians receive the greatest benefit from connected cars	<p>The AAA urges the Government to formally respond to and act on recommendations from current inquiries relating to vehicle data access. This includes:</p> <ul style="list-style-type: none"> Productivity Commission's review into Data Availability and Use NTC's upcoming project that seeks to clarifying regulatory access to vehicle data 	Not shown in budget papers.

-
- ACCC's Market Study of the New Car Retailing Industry
-

Mailing Address:
GPO Box 1555
Canberra ACT 2601

P 02 6247 7311
T @aaacomms
W www.aaa.asn.au

Address:
103 Northbourne Ave
Canberra ACT 2601

