

2 April 2019

Federal Budget delivers “investment injection” for transport infrastructure

- AAA welcomes much-needed \$29.6 billion “investment injection” for transport infrastructure
- Average household to pay \$1,288 in fuel excise in 2019-20
- 53% of fuel excise to be re-invested in transport infrastructure (up from 40% on previous forecasts).

The Federal Budget 2019 delivers a much needed “investment injection” for new transport infrastructure across Australia that will improve road safety, crackdown on traffic congestion and facilitate increased use of public transport; according to the nation’s peak motoring body, the Australian Automobile Association (AAA).

The AAA, whose state and territory member clubs represent 8 million members, welcomed the \$100 billion 10-year investment in transport infrastructure, but noted that motorists themselves would largely bankroll the projects.

“The Budget Papers confirm that over the next four years alone, the government expects to collect \$55.9 billion in net fuel excise. Our analysis shows that equates to the average household paying \$1,288 in fuel excise in this year alone,” said AAA Chief Executive Michael Bradley.

Mr Bradley said the 2019-20 Federal Budget substantially boosted transport infrastructure funding – \$29.6 billion will be allocated over the next four years which represents a \$7.6 billion increase compared to last year’s budget forecasts.

Over the forward estimates, the percentage of net fuel excise returned to land transport infrastructure will be 53%, with a peak of 60% in 2022-23.

“This is a vast improvement from last year’s budget where only 40% of fuel excise was budgeted to be returned over the four years; and was forecast to drop to just 32% in 2021-23,” Mr Bradley said.

While the Federal Budget outlines a long-term vision for transport infrastructure, it does not offer a long-term plan to reform motoring taxes. The Budget Papers reveal the government plans to collect a further \$640 million in the so-called ‘luxury car’ tax in 2019-20, and \$420 million from import tariffs.

“These taxes and tariffs were put in place to protect Australia’s car manufacturing industry, which is now extinct,” Mr Bradley said. “All these taxes do nowadays is deter people from upgrading their vehicles, which impedes the transition to cleaner and safer cars. If we are serious about road safety and about reducing carbon emissions, government must get serious about removing tax impediments to people wanting to purchase these vehicles.”

Mr Bradley said about 100 people die on Australia’s roads each month, and that the AAA has consistently demanded that the Federal Budget deliver a ‘laser focus’ on road safety initiatives.

“The government’s commitment to invest \$5.9 million to create an Office of Road Safety supported by a new \$12 million Road Safety Innovation Fund, and ongoing funding of \$8 million over the next two-years for the successful Keys2Drive program that helps young learner drivers, are very positive announcements,” Mr Bradley said.

Earlier this week the Government also promised the Budget would provide an additional \$2.2 billion for road safety initiatives including the life-saving Black Spot Program.

“We welcome raising annual Blackspot funding from \$60 million to \$110 million. This is a serious and meaningful investment in trying to reduce the road toll and road injuries,” Mr Bradley said.

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