

Budget 2018: Federal budget provides little relief for Australia's motorists

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Australia's peak motoring organisation says transport cost pressures for Australian families will continue to increase as a result of tonight's budget with less returned to transport infrastructure and road safety projects.

This budget will again see a decline in the proportion of federal motoring taxes being re-invested into land transport infrastructure, with only limited new commitments to infrastructure beyond projects already announced.

The Government expects to collect \$54.4 billion from motorists over the forward estimates from net fuel excise, and a further \$5.1 billion from luxury car tax and tariffs. Only \$22 billion will be returned in the form of land transport infrastructure grant funding over this period.

The Government has also not responded to the AAA's calls for it to urgently show national leadership in road safety, despite continued increases in road fatalities and injuries over recent years.

AAA Chief Executive Michael Bradley said "At a time when Australians are paying higher taxes than ever to use the transport network, Australian motorists want to see the Government taking concrete steps to make the transport system safer and more efficient."

“This Budget fails to appropriately reinvest the taxes paid by Australian motorists in the programs so desperately needed to improve safety, affordability, and mobility.”

Infrastructure investment

Australia’s peak motoring organisation welcomes the Government’s commitment to transport infrastructure over the next ten years. However, the AAA is concerned that total infrastructure funding has declined by almost \$2 billion over the forward estimates when compared to the forward estimates period of the last budget, with the majority of new funding appearing to be years away.

Mr Bradley said: “While Australian motorists will this year pay a record level of motoring-related taxes, they will likely still see congestion pressures continue to increase. It is pleasing to see the Government establish the dedicated Urban Congestion Fund, the Roads of Strategic Importance Fund, and the Major Project Business Case Fund.

“However, land transport infrastructure commitments over the forward estimates have declined since last year’s budget, at the very time that funding needs to increase if we’re going to relieve the strain on existing transport assets as our population booms.

“Infrastructure is the bedrock upon which future economic growth will be built, it is critical that Australia keeps investing in activities that boost productivity and create jobs.”

Fuel Excise

The AAA remains concerned about the proportion of fuel excise returned to land transport infrastructure investment.

Motorists will pay \$12.6 billion in net fuel excise in 2018-19, an increase from \$12.2 billion in 2017-18. However, over the forward estimates the proportion returned to land transport infrastructure will decrease from 61 per cent in 2017-18 to just 32 per cent in 2021-22.

The AAA pre-budget submission called for the Government to guarantee a minimum of at least 50 per cent of fuel excise revenue, net of fuel tax credits, to be earmarked transparently for land transport infrastructure funding.

The Federal Budget makes clear motorists continue to pay more in fuel excise yet will see fewer of those dollars returned to them in the form of better land transport infrastructure. This underscores the need for the Government to continue with the work of developing a more transparent, fairer and more sustainable model to fund land transport infrastructure.

Road safety

The AAA is very disappointed that the Government has not used tonight's Budget to commit to reducing road trauma, which currently costs the Australian economy \$30 billion each year and Australian governments \$3.7 billion annually. The AAA will continue to call on the Government 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 AAA estimates less than \$10 million of the \$15 billion paid annually in federal taxes and charges by Australian motorists would be required to re-establish the office.

In the absence of a major commitment to road safety, the AAA welcomes the Government's continued support for the Black Spot and Roads to Recovery programs to address road safety problems in local areas.

Import taxes

The AAA is also disappointed that the Government has not seized the opportunity presented by improved economic conditions to abolish redundant import taxes on vehicles. The Budget shows that Australians will pay an extra \$5.1 billion for newer, cleaner and safer cars over the next four years.

The Government needs to explain to voters how it justifies continuing to add \$1.3 billion dollars every year to Australian car prices, in order to protect an industry that no longer exists.

Continuing to drive up Australian car prices is precisely the wrong policy at a time when government needs to help Australians into newer, safer, cleaner vehicles.

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