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AUSTRALIAN LAND TRANSPORT (FINANCIAL ASSISTANCE)
AMENDMENT BILL 1986

Date introduced: 20 August 1986
House: House of Representatives
Presented by: Hon. Peter Morris, M.P.,
Minister for Transport

DIGEST OF BILL

Purpose

To reduce the rate of excise allocated to the Australian Land Transport Program (ALTP).

Background

The ALTP was established by the Australian Land Transport (Financial Assistance) Act 1985 (the Principal Act) and replaced previous assistance programs which expired in 1985. (For a history of assistance to the States for road programs, refer to the Digest for the Australian Land Transport (Financial Assistance) Bill 1985.)

The ALTP is a five year scheme and will operated till 1990. It is financed through a share of the excise on motor fuel, including diesel. The funds are paid into a trust account and may only be used for ALTP purposes which are listed in the Principal Act. They include expenditure on national, urban arterial and rural arterial roads, approved railway capital projects and for research. Of the \$810 million allocated to ALTP in 1985-86, the vast majority went towards roads.

Section 14 of the Principal Act contains the formula for calculating the proportion of excise that will go towards ALTP from 1 July 1986. Under this formula, 3.845 cents per litre would be allocated to ALTP. On 12 June 1986 the Minister for Transport announced that this rate would be reduced by 0.235 cents per litre to 3.61 cents per litre. In the Second Reading Speech for this Bill the Minister estimated that this would reduce the allocation to ALTP by approximately \$50 million a year. For 1986-87 \$832 million

has been allocated to ALTP of which \$405 million will go to national roads, \$112.7 million to urban arterial roads, \$99.1 million to rural arterial roads, \$209.9 million to local roads and \$5.3 million to research. The sum of \$832 million represents a \$22 million, or 2.7%, increase over 1985-86.

The other major Commonwealth funded road project is the Australian Bicentennial Road Development (ABRD) scheme which was introduced in 1982 and will run until 1989. The ABRD scheme received \$440 million in 1985-86 and this level of funding will be maintained in 1986-87. As a result total assistance for roads will be \$1272 million in 1986-87, a \$22 million or 1.8% increase over 1985-86.

Main Provisions

Clause 3 will insert a new section 14A into the Principal Act to deem the rate of excise to be allocated to ALTP to be 3.61 cents from 1 July 1986.

By clause 5, the ALTP Fund will be required to refund to Consolidated Revenue the difference between payments since 1 July made at the higher rate and the rate to be introduced by this Bill and any interest earned on such funds.

For further information, if required, contact the Economics and Commerce Group.

25 September 1986

Bills Digest Service
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