Australian Land Transport (Financial Assistance) Amendment Bill 1987

Dated Introduced: 15 September 1987
House: House of Representatives
Presented by: Hon. Peter Duncan, M.P., Minister for Land Transport and Infrastructure Support

Digest of Bill

Purpose
To reduce the rate of customs duty and excise on petrol and diesel allocated to the Australian Land Transport Program (ALTP) Trust Fund.

Background
The ALTP was established by the Australian Land Transport (Financial Assistance) Act 1985 (the Principal Act) to replace programs of financial assistance to the States for road construction and maintenance 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 which will operate until 1990. It is financed through the allocation of a share of the excise on motor spirit and diesel fuel. Funds from the excise are paid into a trust account and may only be used for ALTP purposes listed in the Principal Act. These include expenditure on national, urban arterial and rural arterial roads, approved railway capital projects and for research. In the 1987-88 Budget, it was announced that a total of $769.8m will be provided under the Principal Act. Of this, $763.8m will go to the States for road construction and maintenance, while $6.0m will be used for land transport research and road safety, and ALTP administration costs.1

Section 14 of the Principal Act contains the formula for calculating the proportion of excise that will go towards ALTP. Under this formula, 3.964 cents per litre would be allocated to ALTP. Although the share of excise allocated to the ALTP is generally indexed to the CPI, the Government announced in the May Statement and confirmed in the 1987-88 Budget that outlays to the ALTP in 1987-88 would be maintained level (which itself was maintained at the 1985-86 level). This will require a reduction in the rate of excise calculated in accordance with the formula in section 14 from 3.964 cents per litre to 3.241 cents per litre, applicable from 1 July 1987.

The grants to the States under ALTP in 1987-88 represent a reduction of $41.6 million on the grants in 1986-87, though this is matched approximately by increased funding under the Australian Bicentennial Road Development Program. Thus, road grants to the States in 1987-88 will remain at the same nominal level as in 1986-87, i.e. approximately $1250 million.
Main Provisions

Section 14A of the Principal Act deems the rate of excise to be allocated to the ALTP to be 3.61 per litre from 1 July 1986. Clause 5 will amend the section by inserting a cut-off date of 30 June 1987.

Clause 6 will insert a new section 14B into the Principal Act to deem the rate of excise from 1 July 1987 to be 3.241 cents per litre.

The ALTP Fund will be required to refund to Consolidated Revenue the difference between payments made after 1 July at the higher rate and the rate to be introduced by the Bill, together with any interest earned on the difference (clause 13).

References


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

24 September 1987

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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