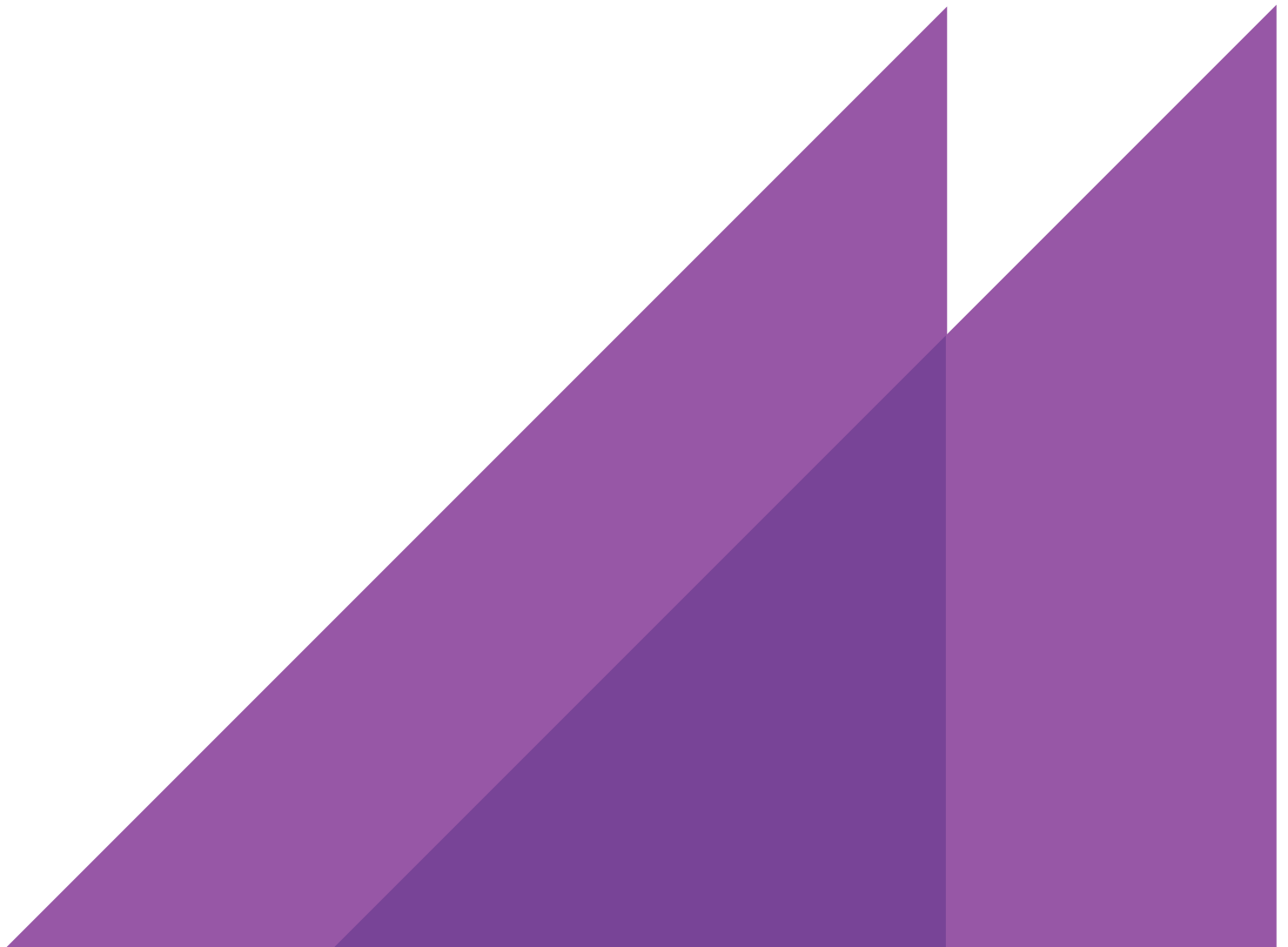


REPORT TO  
**RAC WA**  
JANUARY 2018

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# MOTORIST TAXATION REVENUE AND ROAD SPENDING IN WESTERN AUSTRALIA

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# C O N T E N T S

## 1

	<i>INTRODUCTION</i>	<i>5</i>
1.1	List of Acronyms	6

## 2

	<i>GOVERNMENT REVENUE</i>	<i>7</i>
2.1	Commonwealth Revenue	8
2.2	State Government Revenue	9
2.3	Local Government Funding for Road Expenditure	9
2.4	Total Revenue	10

## 3

	<i>GOVERNMENT SPENDING</i>	<i>12</i>
3.1	Commonwealth Spending	12
3.2	State Government Spending	13
3.3	Local Government Spending	15
3.4	Total Spending	15

## 4

	<i>REVENUE AND SPENDING COMPARISONS</i>	<i>17</i>
4.1	Total Revenue and Spending	17
4.2	Flows of Total Revenue and Total Spending	18
4.3	Returns to Western Australian Motorists	20

## A

	<i>PROVISION OF ROAD NETWORK SPENDING</i>	<i>A-1</i>
A.1	Main Roads WA	A-1
A.2	Department of Transport	A-3
A.3	Local Governments	A-3

## B

	<i>DATA TABLES</i>	<i>B-1</i>
--	--------------------	------------

## C

	<i>METHODOLOGY</i>	<i>C-1</i>
--	--------------------	------------

# C O N T E N T S

## FIGURES

<b>FIGURE ES 1</b>	FLOW OF TOTAL REVENUE GENERATED FROM WA MOTORISTS AND TOTAL RELATED ROAD NETWORK SPENDING ON WA MOTORIST, 2016-17, \$ MILLION	II
<b>FIGURE ES 2</b>	ROAD NETWORK SPENDING PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2016-17	III
<b>FIGURE ES 3</b>	ROAD NETWORK SPENDING ON WA MOTORIST PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND FORECAST	IV
<b>FIGURE 2.1</b>	COMMONWEALTH VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION	8
<b>FIGURE 2.2</b>	STATE VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION	9
<b>FIGURE 2.3</b>	LOCAL GOVERNMENT FUNDING FOR ROAD EXPENDITURE, HISTORIC AND PROJECTED, \$ BILLION	10
<b>FIGURE 2.4</b>	TOTAL VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION	11
<b>FIGURE 3.1</b>	COMMONWEALTH ROAD NETWORK SPENDING, HISTORIC AND PROJECTED, \$ BILLION	13
<b>FIGURE 3.2</b>	STATE ROAD NETWORK SPENDING, HISTORIC AND PROJECTED, \$ BILLION	14
<b>FIGURE 3.3</b>	LOCAL ROAD NETWORK SPENDING, HISTORIC AND PROJECTED, \$ BILLION	15
<b>FIGURE 3.4</b>	TOTAL ROAD NETWORK SPENDING, HISTORIC AND PROJECTED, \$ BILLION	16
<b>FIGURE 4.1</b>	TOTAL VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS AND RELATED ROAD NETWORK SPENDING ON WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION	18
<b>FIGURE 4.2</b>	FLOW OF TOTAL REVENUE GENERATED FROM WA MOTORISTS AND TOTAL RELATED ROAD NETWORK SPENDING ON WA MOTORIST, 2016-17, \$ MILLION	19
<b>FIGURE 4.3</b>	ROAD NETWORK SPENDING ON WA MOTORIST PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2016-17	20
<b>FIGURE 4.4</b>	ROAD NETWORK SPENDING ON WA MOTORIST PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND FORECAST	21
<b>FIGURE A.1</b>	SPENDING BY MAIN ROADS WA, \$ BILLION	A-1



## EXECUTIVE SUMMARY

Each year, ACIL Allen Consulting (ACIL Allen) is commissioned to prepare a report for the RAC WA detailing the taxes, fees and charges paid by Western Australian (WA) motorists compared to the spending by all levels of government on roads and activities that directly benefits WA motorists. In developing this report, ACIL Allen has traced the flow of revenue generated from WA motorists by the Commonwealth, State and Local governments, and how these revenue flows are returned to WA motorists.

Overall, the largest share of revenue generated from WA motorists is collected by the Commonwealth Government, with the State and Local governments primarily responsible for the provision of motoring related infrastructure and services that benefit WA motorists. The Commonwealth does not directly spend on WA's road networks, but rather transfers funding to State and Local governments as transfers for specific projects or as block grants to the State's Consolidated Fund.

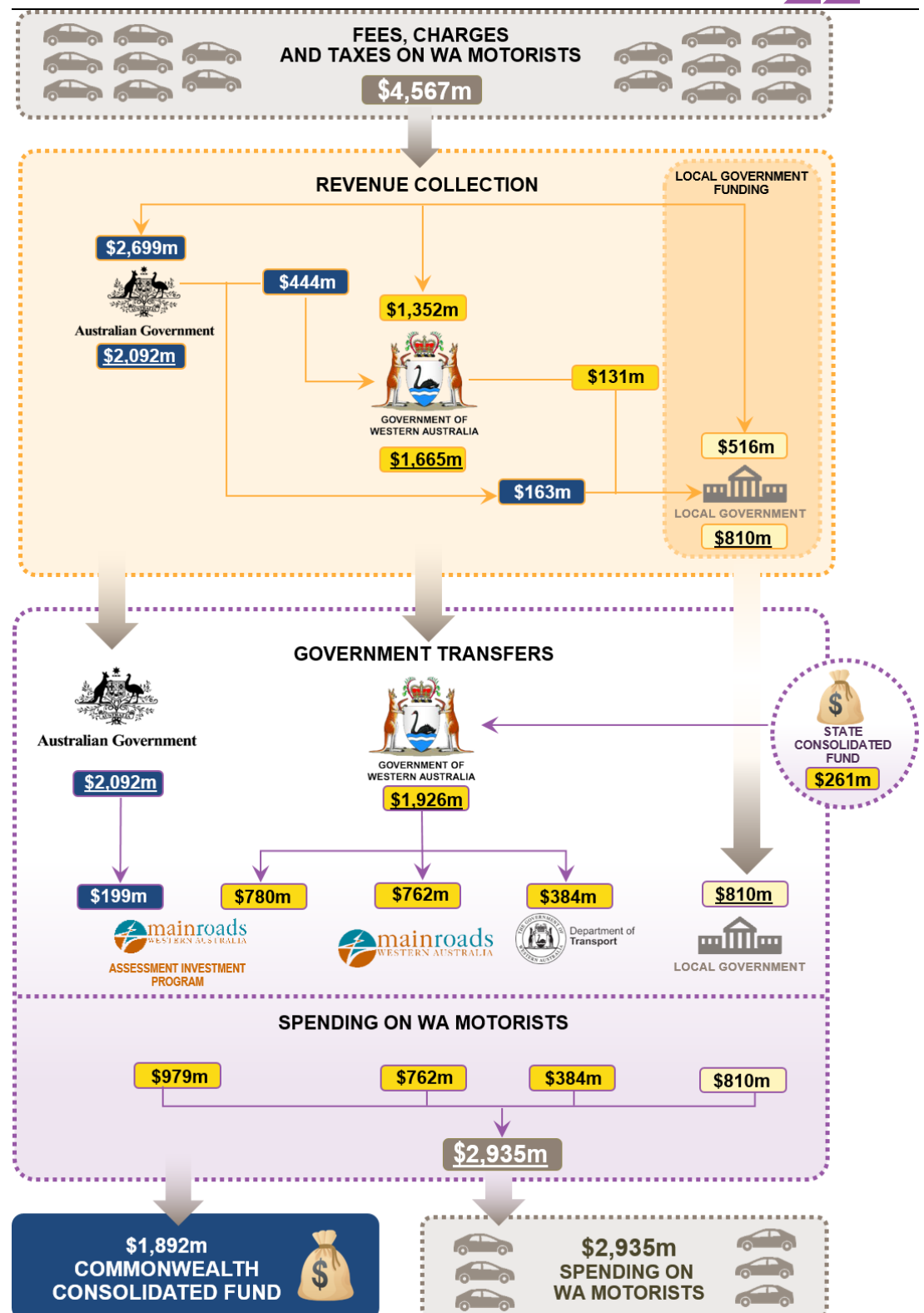
In 2016-17, it is estimated that the Commonwealth Government collected \$2,699 million in taxes from WA motorists, with \$444 million transferred to the State Government, \$199 million to Main Roads WA for its asset investment program, and \$163 million to Local Government. Significantly, the majority of the revenue collected by the Commonwealth Government from WA motorists (\$1,892 million) was retained in the Commonwealth's Consolidated Fund.

The State Government collected \$1,352 million in taxes, fees and charges from WA motorists in 2016-17. Revenue also included an internal transfer from the State's Consolidated Fund (\$261 million) and a transfer from the Commonwealth Government to the State's Consolidated Fund (\$444 million). The State then transferred \$1,926 million to its departments and to the Local Government Grants Commission (\$131 million). Overall, the State Government spent more on WA motorists than they collected, assisted by the transfers from the Commonwealth Government and the draw from the State's Consolidated Fund.

Local Governments budgeted \$810 million for expenditure on WA's road networks in 2016-17. Expenditure is funded from own sources and supplemented by transfers from the Commonwealth and State governments.

ACIL Allen estimates that WA motorists received \$2,935 million in spending from all levels of government in 2016-17, representing 64 per cent of the total revenues collected by all levels of government from taxes, fees and charges levied on WA motorists (\$4,567 million).

**FIGURE ES 1** FLOW OF TOTAL REVENUE GENERATED FROM WA MOTORISTS AND TOTAL RELATED ROAD NETWORK SPENDING ON WA MOTORIST, 2016-17, \$ MILLION



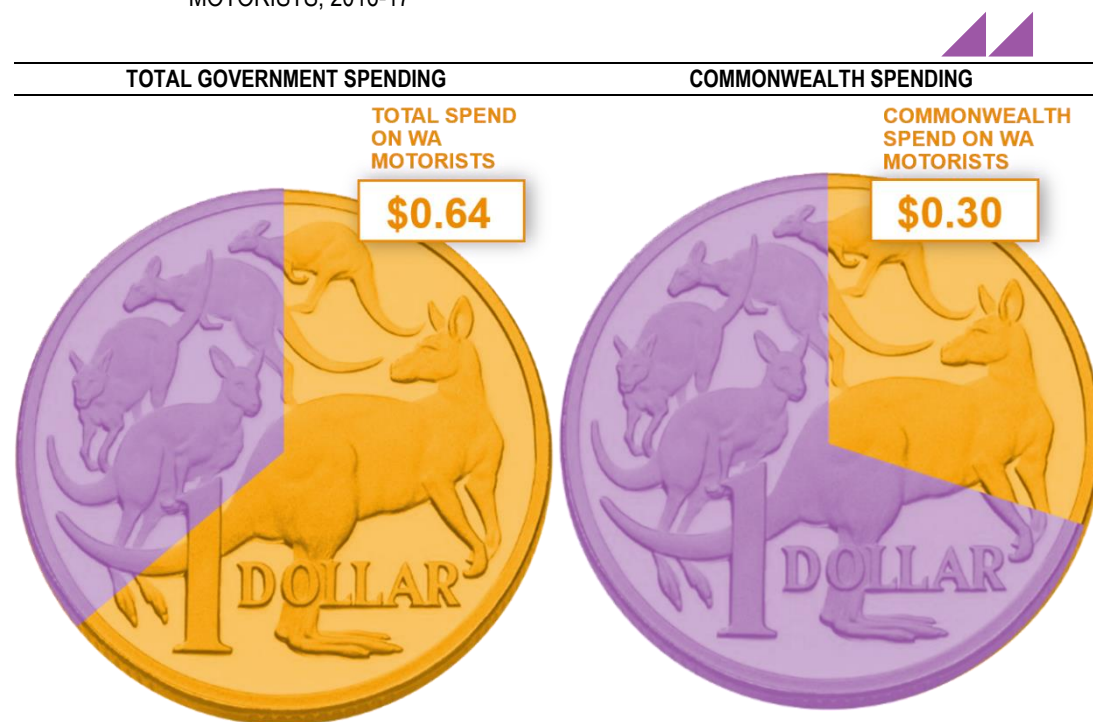
Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0

This suggests that on average, for every dollar in taxes, fees and charges paid by WA motorists in 2016-17, \$0.64 is returned to WA motorists in the form of motoring related infrastructure and services.

For every dollar collected by the Commonwealth Government (total collections of \$2,699 million), \$0.30 will be returned to WA motorists through the form of transfers to the State Government, Local Governments or to the Main Roads asset investment program (total transfers of \$806 million) in 2016-17.

**FIGURE ES 2** ROAD NETWORK SPENDING PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2016-17



Note: Figures may be subject to rounding errors.

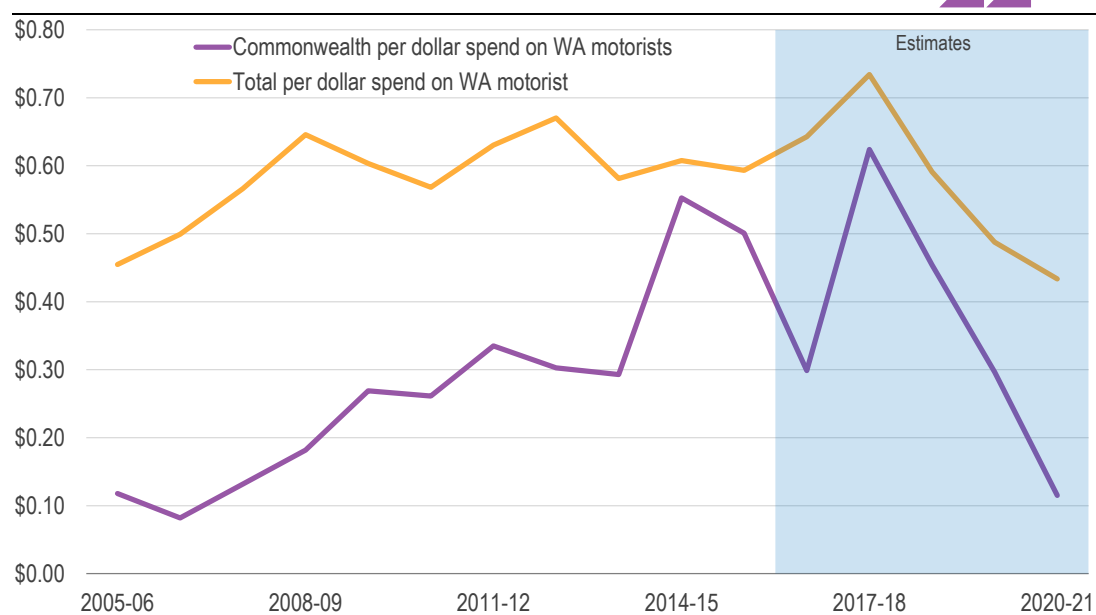
SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0

Historically (between 2005-06 and 2015-16), the total return to WA motorists from the taxes, fees and charges it pays has averaged \$0.58 per dollar collected, peaking at \$0.67 per dollar collected in 2012-13. Over the estimates period,<sup>1</sup> the total return to WA motorists is estimated to average \$0.58 per dollar collected per annum, peaking at \$0.73 per dollar collected in 2017-18 and falling to \$0.43 by 2020-21.

The total return to WA motorists from the taxes levied by the Commonwealth has averaged \$0.28 per dollar collected per annum, peaking at \$0.55 per dollar collected in 2014-15. Over the estimates period, the Commonwealth return is estimated to average \$0.36 per dollar collected per annum, peaking at \$0.62 per dollar collected in 2017-18 and falling to a low of just \$0.12 per dollar collected by 2020-21.

<sup>1</sup> 2016-17 to 2020-21

**FIGURE ES 3** ROAD NETWORK SPENDING ON WA MOTORIST PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND FORECAST



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0



## 1

## INTRODUCTION

Each year, ACIL Allen Consulting (ACIL Allen) is commissioned to prepare a report for the RAC WA detailing the taxes, fees and charges paid by WA motorists compared to the spending by all levels of government on roads and activities that directly benefits WA motorists.

The findings presented in this report assist RAC in advocating for a fairer distribution of funding from the revenue collected from WA motorists to enhance the safety and efficiency of WA's road networks, and address the maintenance backlog.

In developing this report, ACIL Allen has traced the flow of revenue generated from WA motorists by the Commonwealth, State and Local governments, and how these revenue flows are returned to WA motorists. To do this, ACIL Allen has analysed data collected from Commonwealth and WA Budget papers, the Australian Bureau of Statistics (ABS), the Western Australian Local Government Association (WALGA), the Australian Taxation Office (ATO) and the Commonwealth Department of Industry, Innovation and Science.

This report is structured as follows:

- **Section 2** contains estimates of revenue collected from WA motorists by the Commonwealth, State and WA Local governments.
- **Section 3** contains estimates of spending on road networks in WA by the Commonwealth, State and Local governments.
- **Section 4** contains key conclusions and identifies the relationship between revenue collected from WA motorists and spending on WA's road networks.
- **Appendix A** contains further details on the provision of spending on WA's road networks.

## 1.1 List of Acronyms

Acronym	Definition
ABS	Australian Bureau of Statistics
ACIL Allen	ACIL Allen Consulting
AIP	Asset Investment Program
ATO	Australian Taxation Office
CPI	Consumer Price Index
Commonwealth (Government)	Commonwealth Government of Australia
GST	Goods and Services Tax
Local (Government)	Western Australian Local Governments
MV	Motor Vehicle
RAC WA	Royal Automobile Club of Western Australia
State (Government)	State Government of Western Australia
WA	Western Australia
WALGA	Western Australian Local Government Association



Motorists pay a range of taxes, fees and charges associated with their vehicle.

The **Commonwealth Government** collects motor vehicle related revenue primarily through the following heads of revenue:

- **GST**: raised from motor vehicle related transactions such as the purchase of motor vehicles and fuel;
- **luxury car tax**: paid on the purchase of new cars for which the value exceeds the Government's luxury car threshold<sup>2</sup>;
- **excise duty on petrol and diesel**: taxes paid on the purchase of petrol and diesel; and
- **passenger motor vehicle customs duty**: paid on imported vehicles on entry into Australia.

The **State Government** collects motor vehicle related revenue through various fees and charges, including:

- **vehicle licence duties**: collected when a vehicle is licenced or a vehicle licence is transferred;
- **motor vehicle registrations**: collected for the ongoing registration of motor vehicles;
- **"other fees"**: including licences and associated fees, taxes from oversized motor vehicles and motor vehicle recording fees; and
- **Perth Parking Levy**: is paid by all owners of non-residential parking bays within the Perth Parking Management Area (constituting the Perth CBD and sections of West Perth, East Perth and Northbridge). It is designed to manage the level of private parking in the Perth CBD, with the revenue generated from this levy reinvested into a range of transport initiatives, including the free Central Area Transport (CAT) bus system, cycle paths and for funding a proportion of the Perth Busport.

The other State Government tax that is paid by WA motorists is Insurance Duty, but this has not been included in this analysis as the revenue generated from motor vehicle insurance policies is not separately collected by the State Government, or able to be identified separately from all other dutiable insurance policies.

For **local governments**, they receive revenues in the form of grants from the Commonwealth and State Governments, which is in turn supplemented by its own source revenues including council rates, fees, charges for services, loan funds, and from Accumulated Reserves.

This section contains ACIL Allen's estimates of the total motor vehicle related government revenue generated from WA motorists.

<sup>2</sup> Current thresholds are \$ 75,526 for fuel efficient vehicles and \$ 65,094 for other vehicles. See, <https://www.ato.gov.au/Rates/Luxury-car-tax-rate-and-thresholds/>.

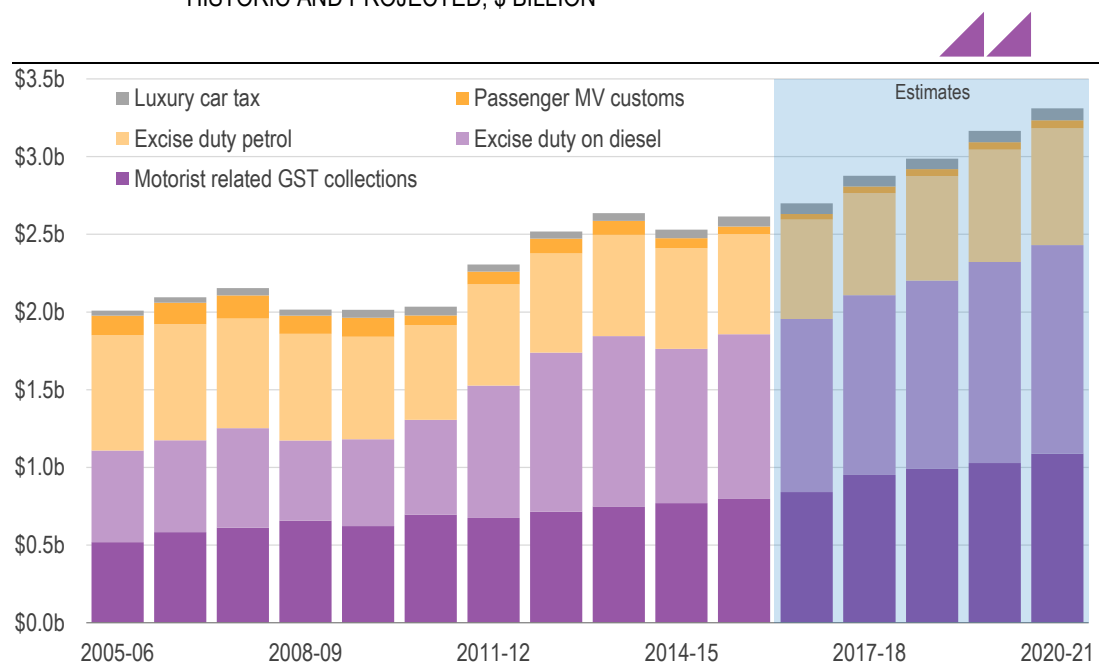
## 2.1 Commonwealth Revenue

As the Commonwealth Government does not provide estimates of its taxes generated in each State or Territory, ACIL Allen has developed estimates based on a set of core assumptions.

- Motorist related GST collections have been estimated based on the Consumer Price Index (CPI) weightings for motor vehicle related items (produced by the Australian Bureau of Statistics), with WA's share of this revenue then based on the weighted average share of WA's population, fuel consumption and car sales.
- The share of luxury car tax collected by the Commonwealth from WA motorists has been estimated based on the weighted average share of WA's population.
- The share of excise duty on petrol and diesel collected by the Commonwealth from WA motorists has been estimated based on the weighted average share of petrol and diesel consumption in WA.
- The share of passenger motor vehicle customs duty collected by the Commonwealth from WA motorists has been estimated based on the weighted average share of new car sales in WA.

The level of revenue collected by the Commonwealth from WA motorists is presented below in **Figure 2.1**.

**FIGURE 2.1** COMMONWEALTH VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0

In 2016-17, ACIL Allen estimated the Commonwealth collected \$2.7 billion in revenue from WA motorists, which represents an increase of 3.2 per cent from 2015-16. Excise duties on diesel<sup>3</sup> are estimated to make up the largest share (\$1.1 billion or 41 per cent) of the Commonwealth's total revenue collected from WA motorists.

The derived level of GST collected in WA on motorist related items is estimated to make up the next largest component, totalling \$841 million, followed by excise duties on petrol (\$640 million), taxes on luxury cars (\$68 million) and custom duties on passenger motor vehicles (\$36 million).

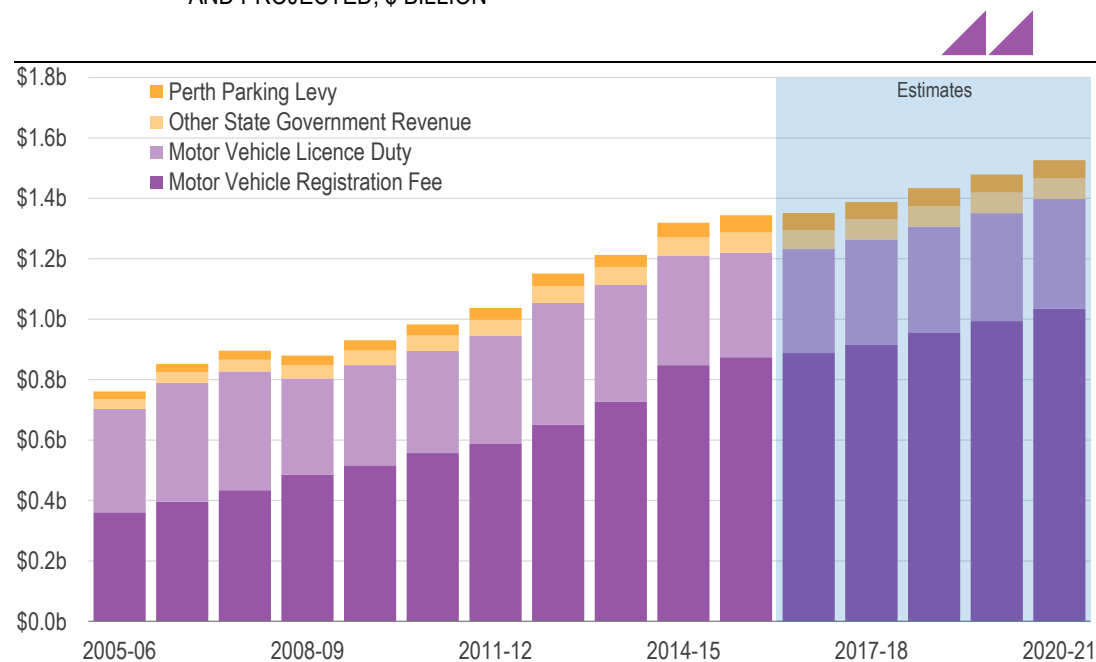
<sup>3</sup> Note: excise duties on diesel are calculated as the net amount collected from WA motorists, amount includes ACIL Allen's estimate of the diesel excise rebate to WA motorists.

Over the remainder of the estimates period, total Commonwealth Government revenue attributed to WA motorists is estimated to grow by an average of 5.2 per cent per annum to \$3.3 billion by 2020-21<sup>4</sup>.

## 2.2 State Government Revenue

The level of revenue collected by the State across the major heads of revenue is presented in **Figure 2.2** below. The revenue estimates have been primarily sourced from consecutive State Budget papers.

**FIGURE 2.2** STATE VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION



Note: Figures may be subject to rounding errors.

Other: includes taxes from oversized motor vehicles and motor vehicle recording fees.

SOURCE: SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE STATE BUDGET PAPERS

ACIL Allen estimates the State collected \$1.4 billion from WA motorists in 2016-17, which was an increase of 0.6 per cent from the previous year. Motor vehicle registration fees are the largest component of total motor vehicle related revenue raised by the State (66 per cent), with the 2017-18 State Budget reporting that total fees increased by 1.6 per cent to \$888 million in 2016-17.

Revenue generated from the Perth Parking Levy is estimated to have increased by 1.4 per cent to \$57.9 million in 2016-17, while a decrease in revenue is estimated to have been recorded from Vehicle Licence Duties (a fall of 0.6 per cent to \$344 million) and "other fees" (a fall of 7.5 per cent to \$62 million).

Over the remainder of the estimates period, total revenue collected by the State Government from WA motorist is estimated to increase on average by 3.1 per cent per annum to \$1.5 billion by 2020-21.

## 2.3 Local Government Funding for Road Expenditure

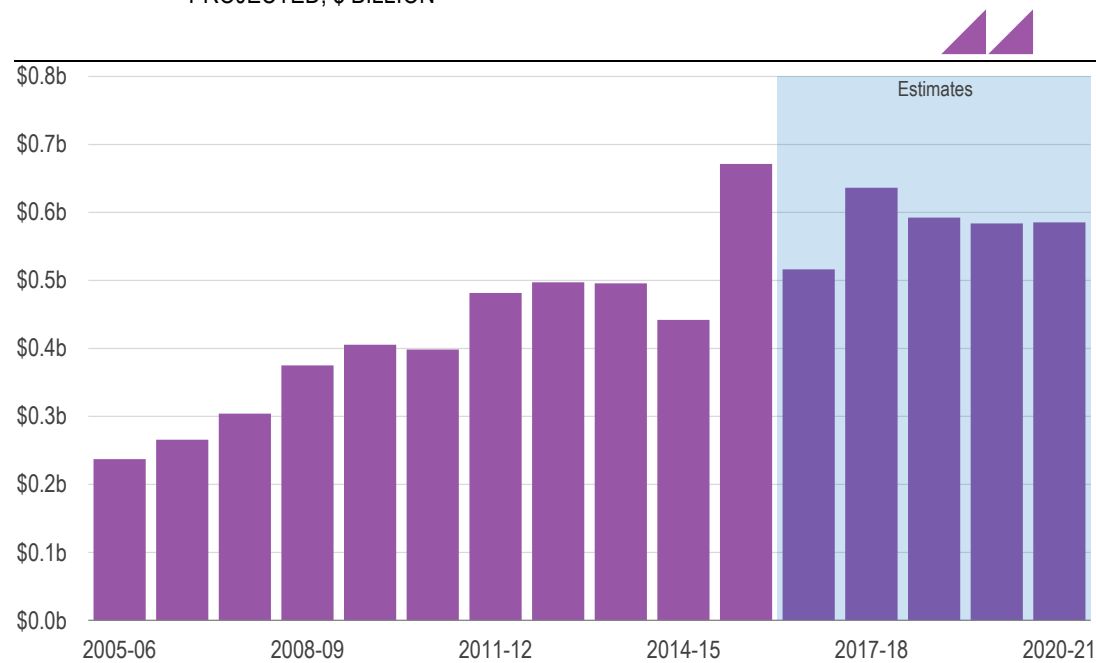
ACIL Allen has estimated that Local Government funding for road expenditure as the difference between transfers from the WA Local Government Grants Commission and total Local Government road network expenditure in any one year, to avoid double counting. These estimates are presented below in **Figure 2.3**.

<sup>4</sup> ACIL Allen estimates based on Commonwealth Budget papers.

Sources of funding for Local Governments budgets include:

- local council rates;
- local council fees;
- local government chargers for services;
- internal transfers from Accumulated Reserves; and
- transfers from the WA Local Government Grants Commission (via the Commonwealth and State governments).

**FIGURE 2.3** LOCAL GOVERNMENT FUNDING FOR ROAD EXPENDITURE, HISTORIC AND PROJECTED, \$ BILLION



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE COMMONWEALTH BUDGET PAPERS

It is estimated that Local Governments funded \$516 million in road expenditure in 2016-17, a 23 per cent fall from the previous year. This is largely the result of higher than average transfers from the Commonwealth (\$163 million) and State (\$131 million) governments in 2016-17.

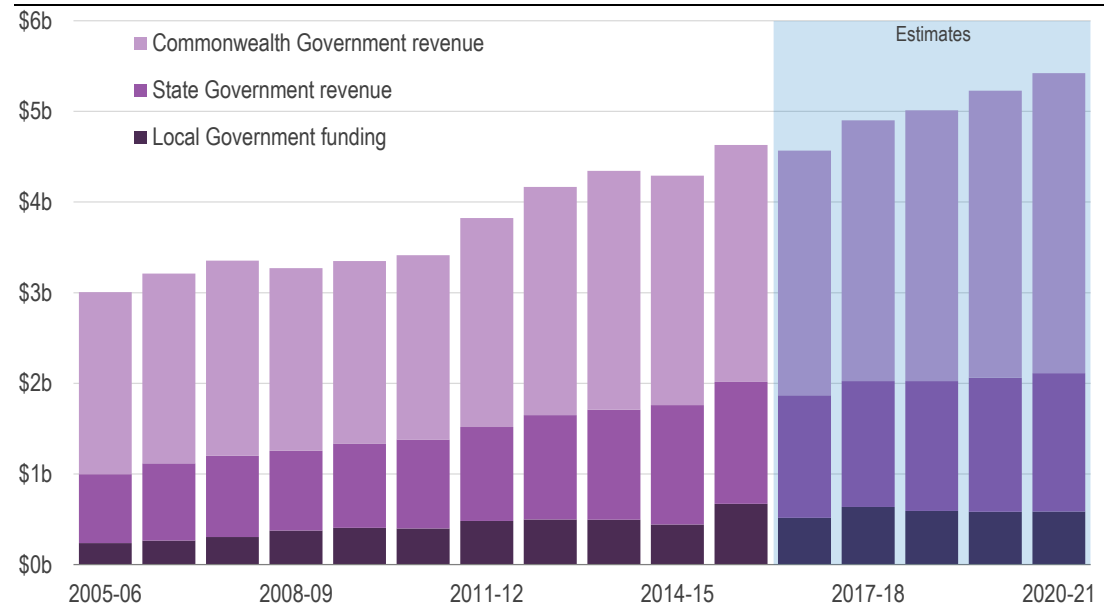
Over the estimates period, Local Government funding is projected to grow on average by five per cent per annum to \$586 million by 2020-21.

## 2.4 Total Revenue

**Figure 2.4** below presents the total revenue collected by all levels of government from WA motorists. In 2016-17, it is estimated that \$4.6 billion in total revenue has been collected from WA motorists, a decrease of 1.4 per cent from 2015-16, due largely to a decrease in the level of collections made by Local Governments.

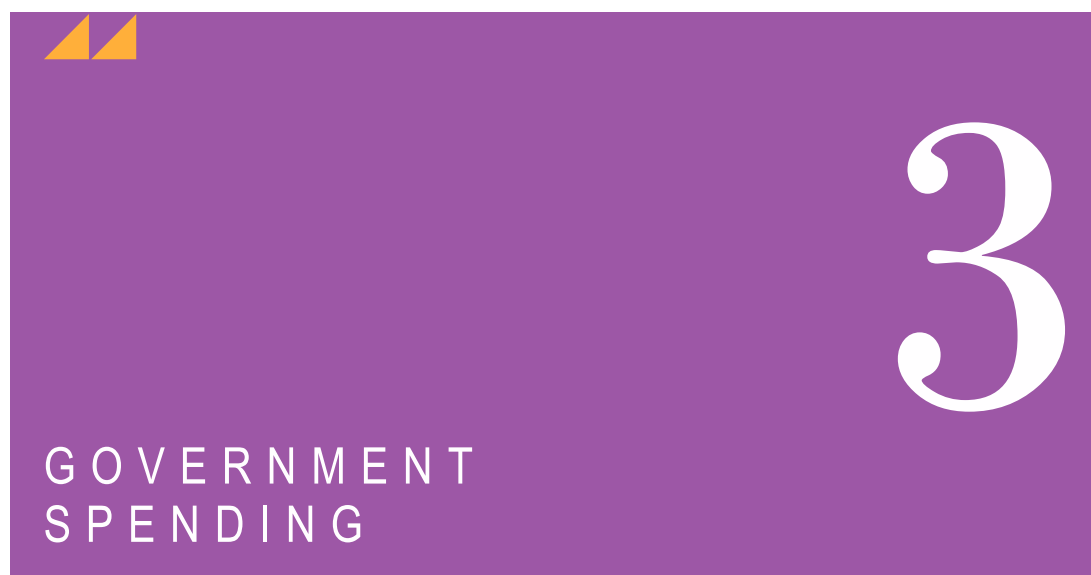
Over the estimates period, total revenue is estimated to grow on average by 3.2 per cent per annum to \$5.4 billion by 2020-21.

**FIGURE 2.4** TOTAL VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0



While the largest share of revenue generated from WA motorists is collected by the Commonwealth, it is the State and Local governments that are primarily responsible for the provision of motoring related infrastructure and services that benefit WA motorists. The Commonwealth does not directly spend on WA's road networks, rather it transfers funding to the State and Local governments as either part of transfers for specific projects or as block grants to the State's Consolidated Fund.

### 3.1 Commonwealth Spending

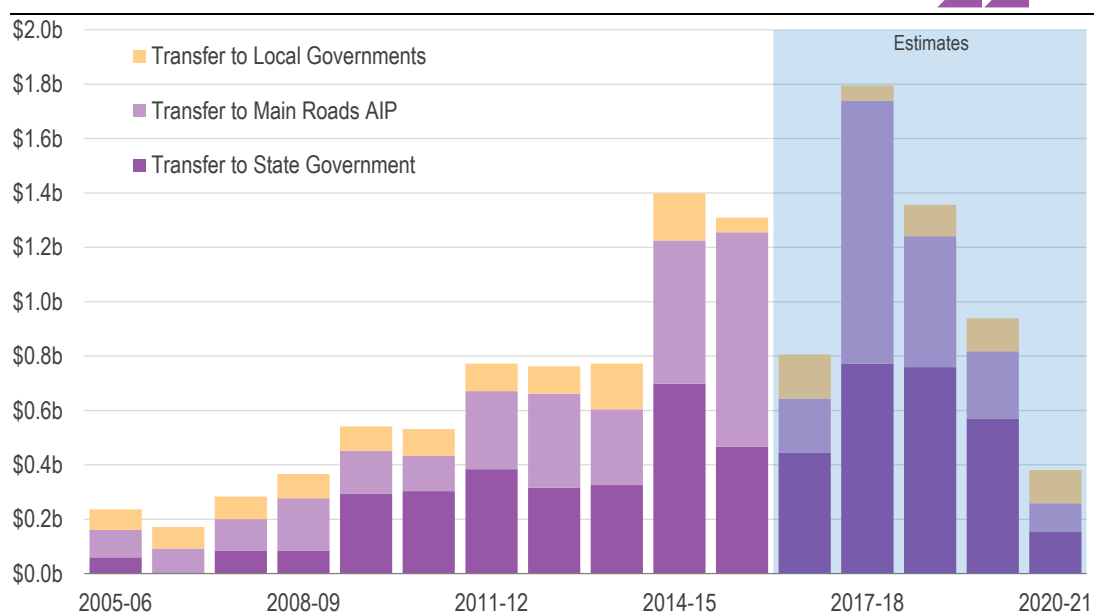
Total transfers to WA are estimated to total \$807 million in 2016-17 (see **Figure 3.1** below), some 38 per cent lower than the previous year. This reflected a 75 per cent reduction in the total Commonwealth Government transfer to the Main Roads Asset Investment Program to \$199 million in 2016-17.

Transfers to the State's Consolidated Fund in 2016-17 are estimated to have fallen by five per cent to \$444 million, while transfers to Local Government are estimated to have increased by 204 per cent to \$163 million.

In 2017-18, it is estimated transfers to WA will increase by 123 per cent to a record high of \$1.8 billion, due primarily to a large increase in the transfer to the State's Asset Investment Program (AIP).

Over the remainder of the estimates period, transfers to WA are estimated to peak in 2017-18 (at \$1.8 billion), and then decrease on average by 38 per cent per annum to \$381 million by 2020-21.



**FIGURE 3.1** COMMONWEALTH ROAD NETWORK SPENDING, HISTORIC AND PROJECTED, \$ BILLION

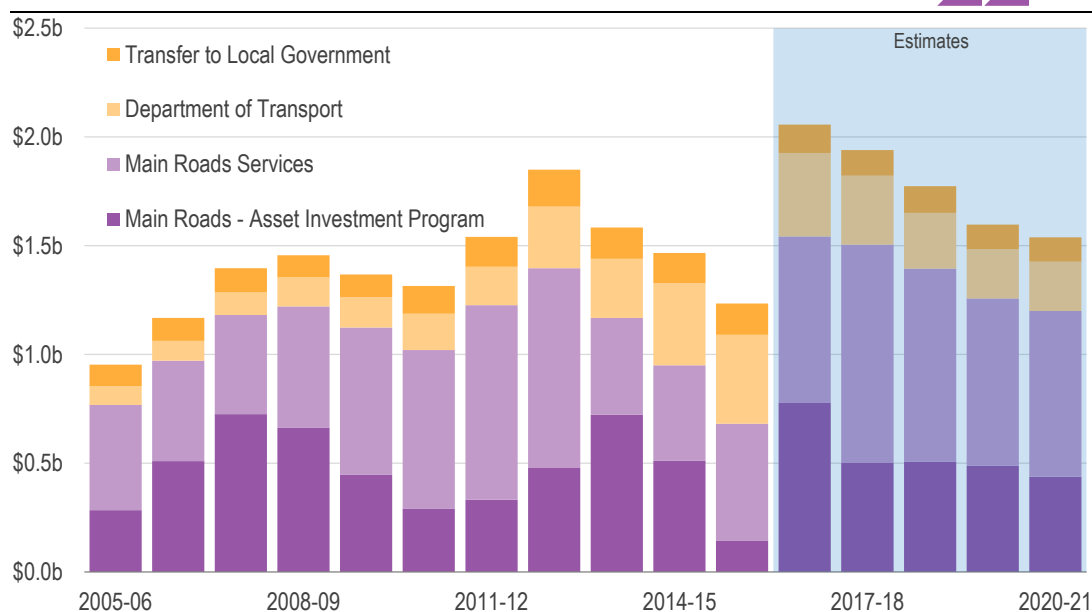
Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS

## 3.2 State Government Spending

The State Government is responsible for the largest share of the total expenditure for motoring related infrastructure and services in WA. The largest share of this spending is directed to Main Roads, making up 75 per cent of total expenditure (see **Figure 3.2** below). Further details on the Main Roads expenditure areas is presented in Appendix A.1.

Total spending by the State is estimated to increase by 67 per cent to \$2.1 billion in 2016-17. Over the remainder of the estimates period, spending is estimated to decrease on average by seven per cent per annum to \$1.5 billion by 2020-21, as a result of the scaling down of the State's AIP and corresponding shift to spending on the Public Transport Authority's AIP.

**FIGURE 3.2** STATE ROAD NETWORK SPENDING, HISTORIC AND PROJECTED, \$ BILLION

Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS

### 3.2.1 Main Roads – Asset Investment Program

The State's transfers to the Main Roads AIP in 2016-17 are estimated to total \$780 million,<sup>5</sup> growth of 438 per cent from 2015-16. The funding increase came from a combination of capital appropriations, agency borrowings, internal funds and balances and Commonwealth transfers. This is different from previous years, where the State's AIP was largely funded by transfers from the Commonwealth. Through the remainder of the estimates period to 2020-21, State's AIP will again be largely funded by the Commonwealth (see Figure 3.1 above).

### 3.2.2 Main Roads – Services

Transfers to the services arm of Main Roads is estimated to total \$762 million<sup>4</sup> in 2016-17, growth of 42 per cent from the previous year. Transfers to Main Roads Services are estimated to peak at \$1 billion in 2017-18, before returning to average levels for the remainder of the estimates period. The peak in 2017-18 is driven by an 84 per cent increase in spending on Main Road's *Road System Management* program (see Appendix A.1.1 for further details).

### 3.2.3 Department of Transport

Transfers to the Department of Transport are estimated to total \$384 million<sup>4</sup> in 2016-17, a decrease of six per cent on the previous year. The decrease is driven by a 60 per cent decrease in spending by the *Office for Road Safety*. Over the remainder of the estimates period, transfers to the Department of Transport is estimated to decrease on average by 12 per cent per annum to \$227 million by 2020-21.

See Appendix A.2 for further information on the Department of Transport's spending lines.

### 3.2.4 Local Governments

The State transfers funding to Local Governments through the Local Government Grants Commission. In 2016-17, it is estimated total transfer from the State reached \$131 million, a decrease of 9.1 per cent on 2015-16. Over the remainder of the estimates period, it is estimated funding will decrease on average by 4.7 per cent per annum to \$112 million by 2020-21. In 2018-19, the State Government will

<sup>5</sup> These figures represent the WA Government spending after netting off the Commonwealth's funding contribution to these programs or services. This is to ensure no double counting of spending.

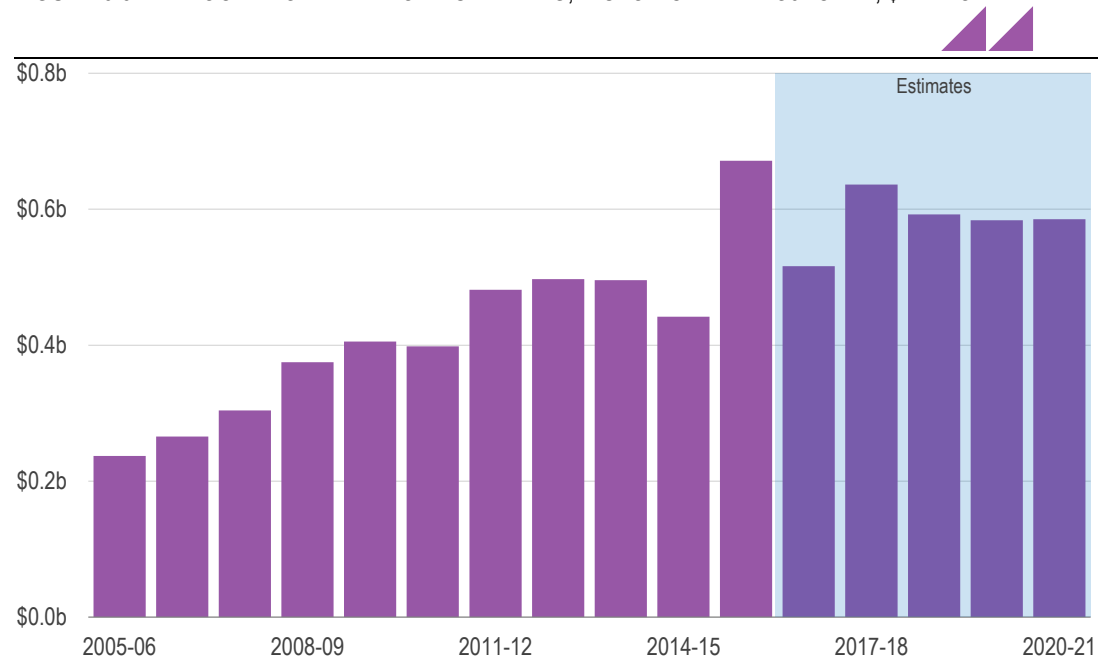
also transfer a one-off additional \$10 million for the *Local Government Commodity Freight Routes* program (see Appendix A.3 for further details).

### 3.3 Local Government Spending

Spending by Local Governments is estimated to total \$516 million in 2016-17<sup>6</sup>, a decrease of 23 per cent on 2015-16. This is likely a timing issue, with spending by Local Governments estimated to increase by 23 per cent to \$636 million in 2017-18. Over the remainder of the estimates period, spending by Local Governments is estimated to average growth of 3.8 per cent per annum to \$585 million by 2020-21.

See Appendix A.3 for further information on Local Government's spending lines.

**FIGURE 3.3** LOCAL ROAD NETWORK SPENDING, HISTORIC AND PROJECTED, \$ BILLION



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE

### 3.4 Total Spending

**Figure 3.4** below presents total spending by all levels of government on WA motorists. In 2016-17, the State Government is estimated to be responsible for the largest share of spending, followed by transfers made by the Commonwealth and spending by Local Governments.

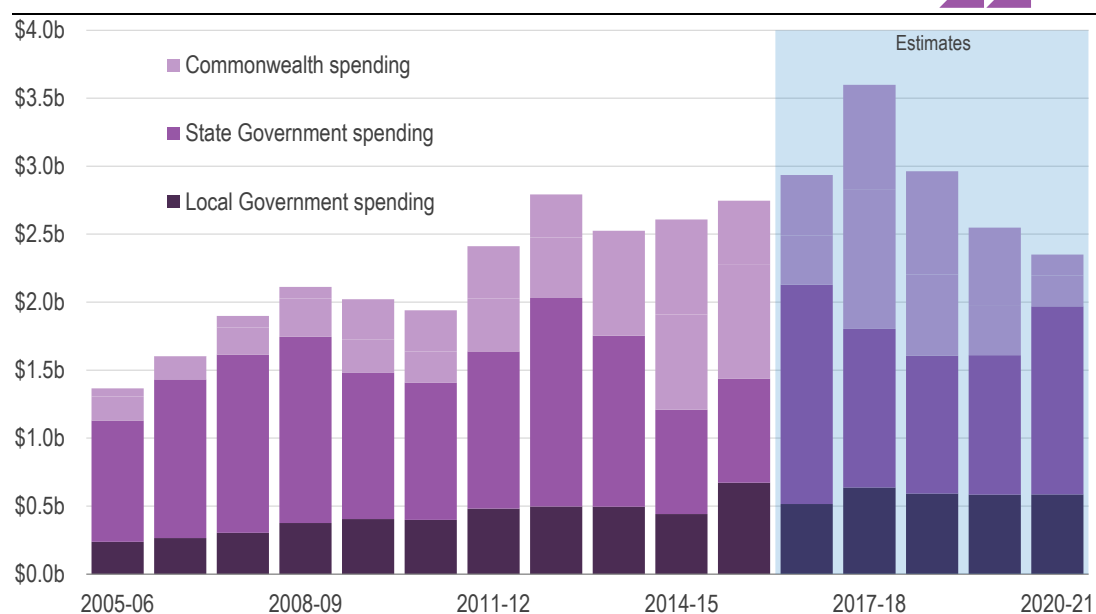
In 2016-17, it is estimated State Government departments spent a total of \$1.6 billion<sup>7</sup> on WA motorists, an increase of 110 per cent from the previous year, offsetting an estimated decrease of 38 per cent by the Commonwealth to \$807 million in 2016-17. Spending by Local Governments is estimated to have fallen by 23 per cent to \$516 million<sup>8</sup> in 2016-17.

Over the estimates period, total spending is estimated to peak at \$3.6 billion in 2017-18, but decrease on average by 4.2 per cent per annum to \$2.4 billion by 2020-21. The Commonwealth is expected to make up the largest share of total spending between 2017-18 and 2019-20.

<sup>6</sup> ACIL Allen estimation based on Commonwealth and State budget papers and on WALGA's report on Local Government Road Assets and Expenditure.

<sup>7</sup> ACIL Allen estimation based on Commonwealth and State budget papers and on WALGA's report on Local Government Road Assets and Expenditure.

<sup>8</sup> To ensure there is no double counting, this figure does not include expenditure as a result of transfers from Commonwealth and State governments.

**FIGURE 3.4** TOTAL ROAD NETWORK SPENDING, HISTORIC AND PROJECTED, \$ BILLION

Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE



# 4

## REVENUE AND SPENDING COMPARISONS

This section details the flow of funds from WA motorists from the revenue that is raised by all levels of government, and back to WA motorists as a result of the spending by all levels of government.

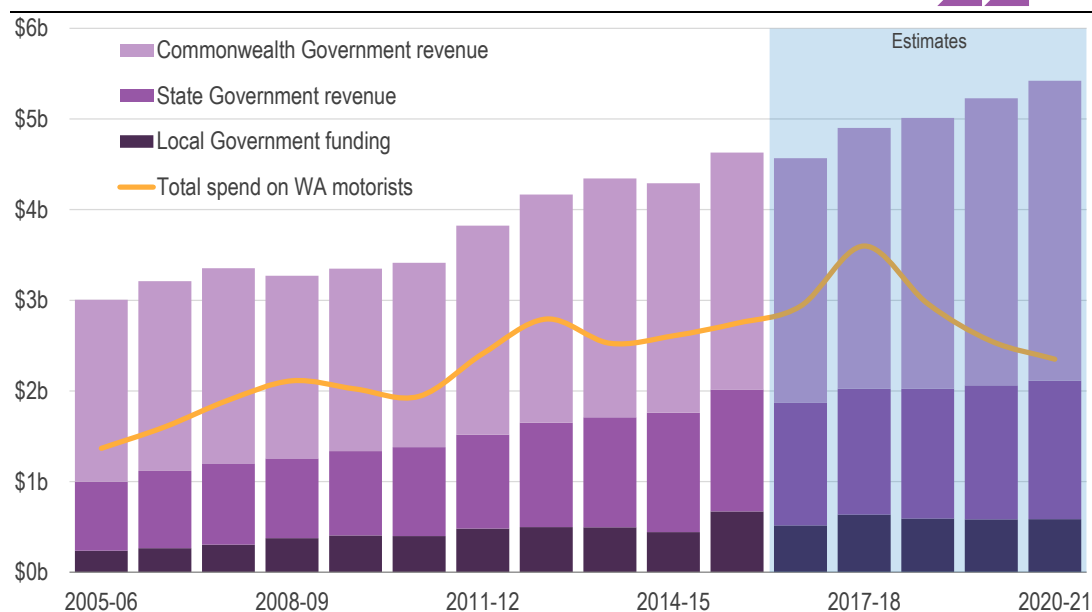
### 4.1 Total Revenue and Spending

**Figure 4.1** presents a comparison between the total amount of revenue collected from WA motorists and the total amount spent on WA motorists.

The Commonwealth consistently raises more revenue from WA motorists than both State and Local governments. In 2016-17, it is estimated that of the \$4.6 billion collected from WA motorists, 59 per cent was from Commonwealth taxes, with \$1.4 billion (or 30 per cent) collected by the State Government and \$516 million (or 11 per cent) collected by local governments. In the same year, it is estimated that total expenditure on WA motorists totalled \$2.9 billion.

Over the remainder of the estimates period, ACIL Allen has estimated that total revenue from WA motorists will increase by 19 per cent to \$5.4 billion by 2020-21. By contrast, total spending on WA motorists will fall by 20 per cent to \$2.4 billion by 2020-21.

**FIGURE 4.1** TOTAL VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS AND RELATED ROAD NETWORK SPENDING ON WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0

## 4.2 Flows of Total Revenue and Total Spending

To understand how each level of government is raising revenue from WA motorists and how it is being spent on WA motorist, ACIL Allen has developed the flow of funds diagram presented in **Figure 4.2**. The flow of funds diagram is shown for 2016-17, but can be replicated for any year.

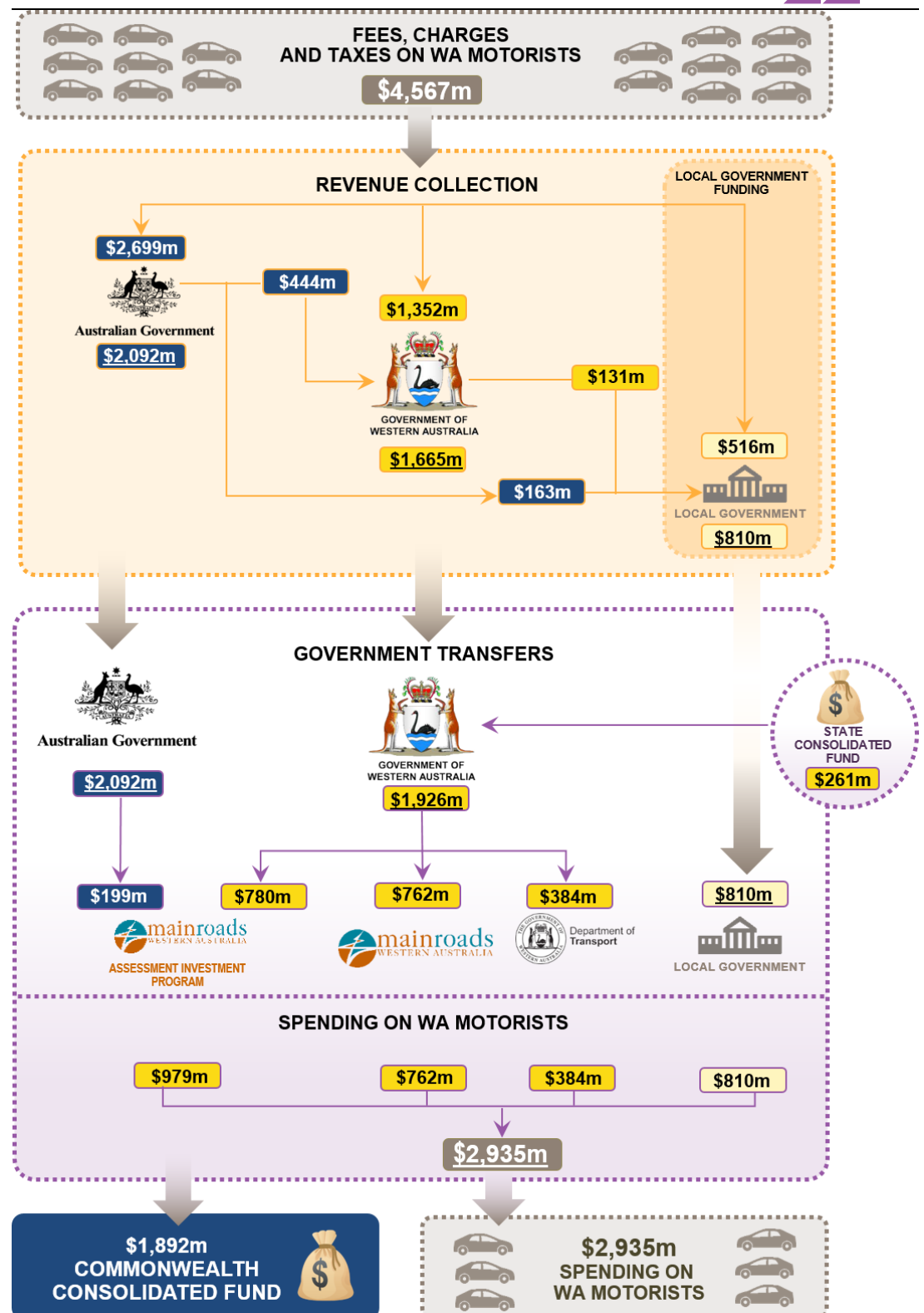
The diagram shows that in 2016-17, the Commonwealth collected the majority of total revenue from WA motorists (\$2,699 million), and then transferred amounts to the State Government (\$444 million), Local Government (\$163 million) and the Main Roads WA AIP (\$199 million). The majority of the revenue collected by the Commonwealth Government from WA motorists is retained in its Consolidated Fund (\$1,892 million).

The State Government collects the next largest share of revenue (\$1,352 million), which after top up funding from the Consolidated Fund (\$261 million) and the Commonwealth Government (\$444 million) is transferred to State Government departments (\$1,926 million) and Local Government (\$131 million). The diagram shows that in 2016-17, the State Government spent more on WA motorists than they collected, assisted by the transfer from the Commonwealth and the draw from the State's Consolidated Fund.

Local Governments also spend more than they allocate to road expenditure (\$810 million in spend versus an estimated allocated \$516 million for spend), with the gap filled by transfers from the Commonwealth and State Government.

At the end of the process, it is estimated by ACIL Allen that WA motorists received \$2,935 million in spending from all levels of government in 2016-17, which is 64 per cent of the total revenue collected by all levels of government from taxes, fees and charges levied on WA motorists (\$4,567 million). This is explored further in the next section.

**FIGURE 4.2** FLOW OF TOTAL REVENUE GENERATED FROM WA MOTORISTS AND TOTAL RELATED ROAD NETWORK SPENDING ON WA MOTORIST, 2016-17, \$ MILLION



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0

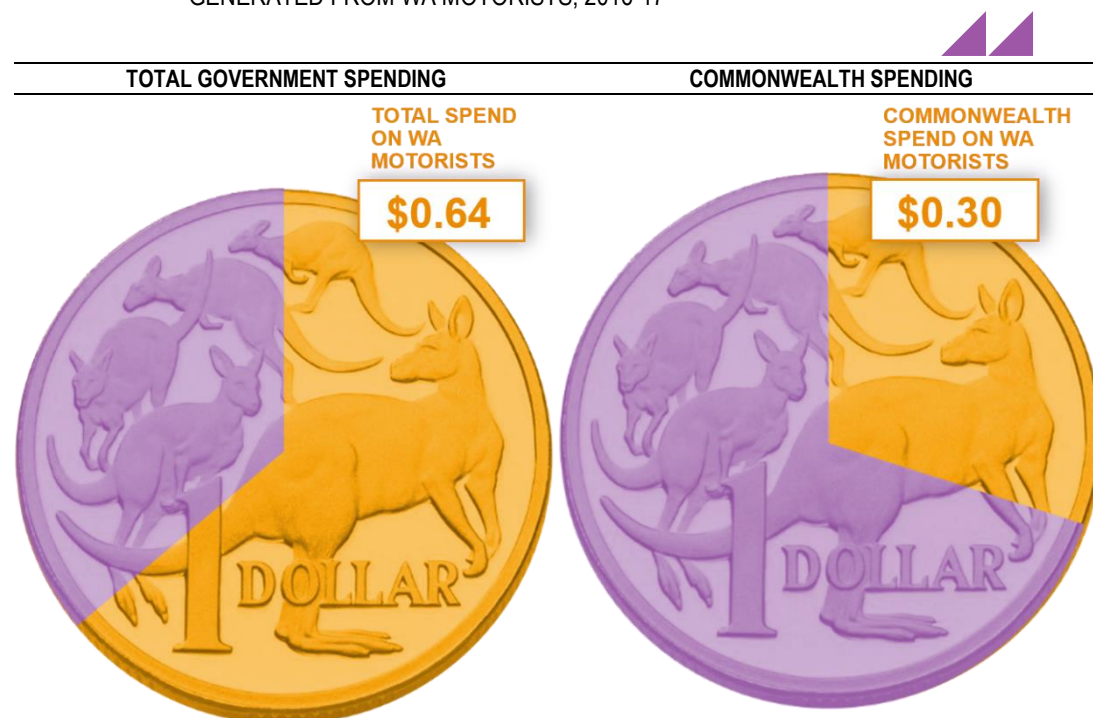
### 4.3 Returns to Western Australian Motorists

By following the flow of funds by each level of government (presented in **Figure 4.2**), ACIL Allen is able to estimate the value of spend on WA motorists per dollar collected from WA motorists.

Overall, for every dollar in taxes, fees and chargers paid by WA motorists in 2016-17, \$0.64 is returned to WA motorists in the form of motoring related infrastructure and services.<sup>9</sup>

For every dollar collected by the Commonwealth Government (total collections of \$2,699 million), \$0.30 will be returned to WA motorists through the form of transfers to the State Government, Local Governments or to the Main Roads AIP (total transfers of \$806 million) in 2016-17.

**FIGURE 4.3** ROAD NETWORK SPENDING ON WA MOTORIST PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2016-17



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0

**Figure 4.4** shows that the total return to WA motorists from the taxes, fees and charges it pays has averaged \$0.58, peaking at \$0.67<sup>10</sup> in 2012-13. Over the estimates period, the total return to WA motorists is estimated to average \$0.58 per annum, peaking at \$0.73<sup>11</sup> in 2017-18 and falling to \$0.43<sup>12</sup> by 2020-21.

The total return to WA motorists from the taxes levied by the Commonwealth has averaged \$0.28 per annum, peaking at \$0.55<sup>13</sup> in 2014-15. Over the estimates period, the Commonwealth return is estimated to average \$0.36 per annum, peaking at \$0.62<sup>14</sup> in 2017-18 and falling to a low of just \$0.12<sup>15</sup> by 2020-21.

<sup>9</sup> Based on total collections of \$4,567 million collected from WA motorists and \$2,935 million spent on WA road networks in 2016-17.

<sup>10</sup> Total collections of \$4.2 billion and total spending of \$2.8 billion.

<sup>11</sup> Total collections of \$4.9 billion and total spending of \$3.6 billion.

<sup>12</sup> Total collections of \$5.4 billion and total spending of \$2.4 billion.

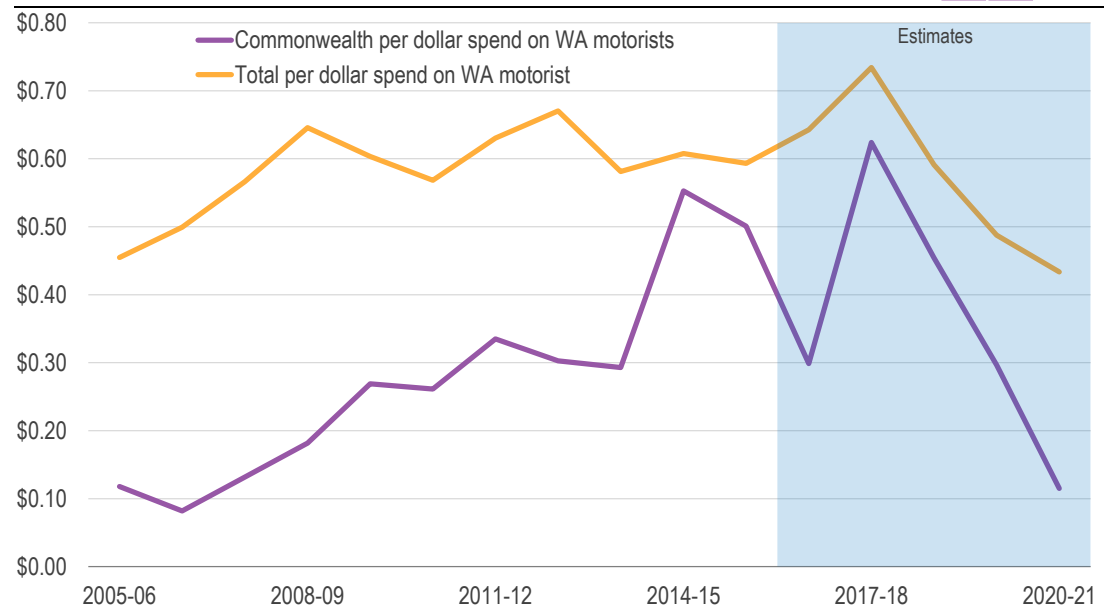
<sup>13</sup> Commonwealth collections of \$2.5 billion and Commonwealth spending of \$1.4 billion.

<sup>14</sup> Commonwealth collections of \$2.9 billion and Commonwealth spending of \$1.8 billion.

<sup>15</sup> Commonwealth collections of \$3.3 billion and Commonwealth spending of \$381 million.



**FIGURE 4.4** ROAD NETWORK SPENDING ON WA MOTORIST PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND FORECAST



Note: Figures may be subject to rounding errors.

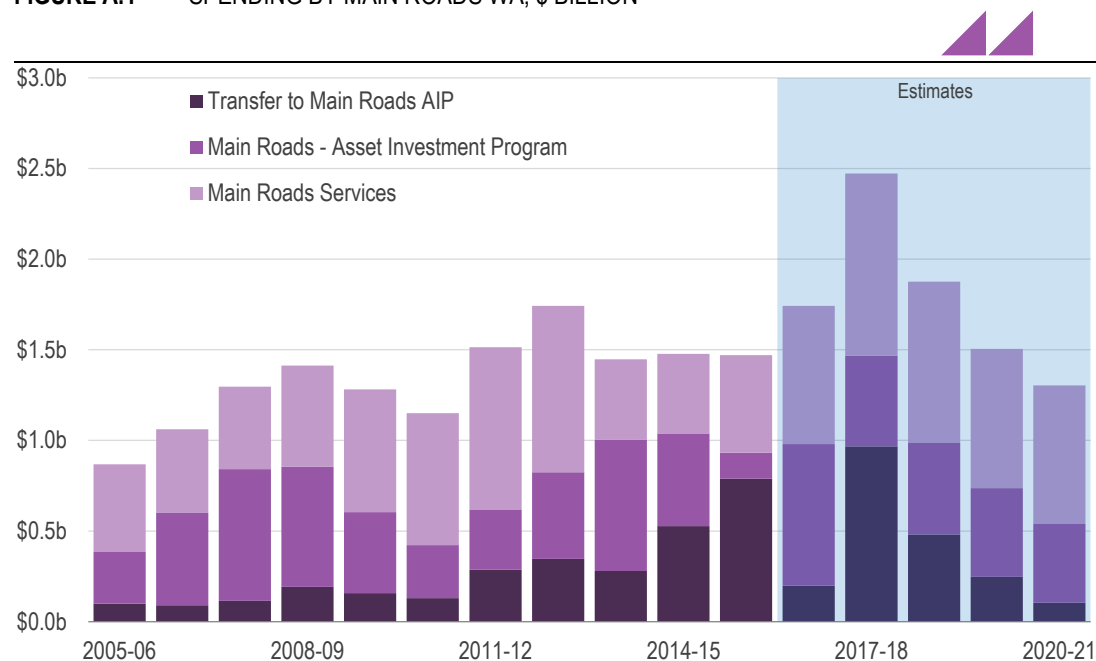
SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0



## A.1 Main Roads WA

ACIL Allen has examined two key components to Main Roads WA's spending profile, its Asset Investment Program and its delivery of services (see figure below). A portion of its AIP spending is funded through transfers from the Commonwealth, while the remainder is funded by the State through capital appropriation, agency borrowings and internal funds and balances.

**FIGURE A.1** SPENDING BY MAIN ROADS WA, \$ BILLION



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE STATE BUDGET PAPERS

### A.1.1 Services

Main Roads WA is responsible for the provision and maintenance of WA's highways and main roads, and also for the provision of road-related services. These services are detailed below.<sup>16</sup>

<sup>16</sup>The Office of Road Safety has been removed from Main Roads and is now a standalone agency. The Road Safety Commission was formed as of 1 July 2015. Expenditure by the previous Office of Road Safety and Road Safety Commission has **not** been captured in this

## Road safety

The objective of this program, which is separate from the Road Safety Commission, is to reduce the road fatality rate, minimise road factors contributing to road trauma and reduce the serious crash injury rate. Works undertaken must have safety as the foremost factor and include the State and National Black Spot programs and various projects that improve safety on the existing road network.

## Road system management

The objective of this program is to optimise real time management of the network, provide traveller information and support delivery of projects. Works include activities of the traffic operation centre, heavy vehicle operation activities, metropolitan and regional road asset management, road user and customer services, emergency telephones, street lighting, intelligent transport systems, traffic signals and road advisory services, such as traffic alerts, to the community.<sup>17</sup>

## Road efficiency improvements

The objective of this program is to improve the efficiency, capacity and utilisation of the existing road network. Improvements include geometric improvements, bridge strengthening and intersection improvements including roundabouts and interchanges.

## Infrastructure for community access

The objective of this program is to provide infrastructure that will improve personal mobility and community access, including increasing the quality of access where appropriate, providing levels of access commensurate with community expectations and meeting minimal levels of appropriate access. Works include providing access to remote communities, pedestrian facilities, cyclist facilities, road user amenities, public transport integration and improvements such as new bridges to address flood closures.

## Infrastructure for state development

The objective of this program is to expand the road network in accordance with government transport and land use strategies that will facilitate the economic and regional development of the State. These works are mostly aimed at increasing the capacity of the road network through the addition of new links.

### A.1.2 Asset Investment Program

The Asset Investment Program of Main Roads Western Australia is designed to deliver road improvements which are aimed at increasing the efficiency of the existing road network as part of an integrated transport system.

#### Asset Investment Program – Major Projects<sup>18</sup>

- **Karratha - Tom Price Road (total budget of \$50 million):** The first stage of sealing the remaining 155 km section of the Karratha-Tom Price Road will improve access between the two regional centres and provide better driving conditions for tourists and mining operations. This will reduce the journey from Karratha to Tom Price by 60 kms, equating to an hour of travel time compared to the current low standard, unsealed road.
- **Reid Highway, Altone Road to West Swan Road (total budget of \$70 million):** Construction of a Dual Carriageway Reid Highway is a strategic east-west route for industry and commuters traversing Perth's northern suburbs. The 4 km section between Altone Road and West Swan Road is the final remaining single carriageway section on the entire length of Reid Highway. Widening this section of

The majority of expenditure undertaken by the Office of Road Safety is funded from traffic fine revenues. Traffic fines are designed to change behaviour, rather than to fund roads.

<sup>17</sup> Main Roads Western Australia, Annual Reports (various editions), and website, <https://www.mainroads.wa.gov.au>.

<sup>18</sup> Western Australia Department of Treasury, 2017-18 State Budget, Budget Paper number two, volume two, <https://www.ourstatebudget.wa.gov.au/Budget-Papers/>

road will ease congestion, improve travel times and enhance safety. A new shared path will also improve cyclist and pedestrian access to the Swan Valley.

- **Roe Highway and Kalamunda Road, Grade Separated Intersection (total budget of \$86 million):** This intersection is one of the last remaining signalised intersections on Roe Highway. The scope of work involves lowering Roe Highway under Kalamunda Road. The outcomes of this project will be reduced congestion and enhanced safety for all road users. It will also allow more efficient, reliable movement of freight on Perth's primary orbital route.
- **Wanneroo Road and Ocean Reef Road, Grade Separated Intersection (total budget of \$50 million):** This intersection has been recognised for many years as a critical point on the regional road network for freight and general traffic. This intersection is the seventh most congested intersection in Perth and both roads carry very high volumes of traffic. Grade separating this intersection will improve traffic flow and ease congestion as well as improve safety for all road users.
- **Armadale Road Bridge (North Lake Road) (total budget of \$237 million):** Construction of the bridge will connect North Lake Road and Armadale Road and include north facing on and off ramps to Kwinana Freeway. This project will reduce congestion, enhance safety and improve access to the Cockburn Central Train Station. It will also complement additional investment in the surrounding area including the widening of Armadale Road between Anstey Road and Tapper Road and the Kwinana Freeway northbound between Russell Road and Roe Highway, supporting continued residential and commercial expansion in Cockburn and Armadale.
- **Smart Freeways - Kwinana Freeway (total budget of \$47 million):** Smart Freeway technology will be used for the first time to create an additional lane using the emergency lanes from Canning Highway to the Narrows Bridge, enabling lanes to be opened and closed in response to congestion and incidents, while safely managing traffic flow at all times. The project will be complemented by coordinated ramp signals from Farrington Road to Cranford Avenue to improve merging and reduce stop-start traffic conditions.
- **Kwinana Freeway Northbound Widening, Russell Road to Roe Highway (total budget of \$49 million):** Kwinana Freeway northbound south of Roe Highway is currently two lanes and experiences a high level of congestion, particularly in the morning peak. This project involves widening the Freeway to provide a third lane from Russell Road to Roe Highway. It will reduce travel times, improve safety and address congestion for road users in Perth's southern suburbs.

## A.2 Department of Transport

The Department of Transport has a number of roles associated with transport in general, but plays only a minor role in aspects of transport that are directly related to infrastructure delivery. One of the Department's main responsibilities is monitoring and enforcing the registration of motor vehicles and licensing of drivers. Such services are important for road safety and hence are considered to fall into the classification of road-related expenditure.

## A.3 Local Governments

Local roads account for about 80 per cent of the total road network in WA. Local government agencies spend a large share of their budgets on preserving, repairing, upgrading and constructing roads. Approximately 21 per cent of local government expenditure is funded by the State Government<sup>19</sup>.

Local Government spending is classified into four categories:

- maintenance, expenditure which maintains the asset but does not increase its service potential or life e.g. repairing potholes, grading an unsealed road;
- capital renewal, expenditure which increases the service potential or extends the life of a road, e.g. resealing a sealed road, resheeting a gravel road;
- capital upgrade, expenditure on upgrading an existing asset to provide a higher level of service, e.g. widening a road pavement or bridge, providing a second carriageway or replacing a bridge with one having a greater traffic capacity; or

<sup>19</sup> WALGA report on WA Road Assets and Expenditure, 2015-16

- capital expansion, expenditure on extending the road infrastructure network, e.g. constructing a new road or bridge.



### Total Vehicle Related Revenue Generated from WA Motorists, Historic and Projected, \$ Million

Date	State Government Revenue (\$m)	Local Government Revenue (\$m)	Commonwealth Government (\$m)	Total revenue (\$m)
2005-06	761	237	2,009	3,007
2006-07	852	266	2,094	3,212
2007-08	895	304	2,153	3,353
2008-09	880	375	2,016	3,271
2009-10	930	405	2,014	3,350
2010-11	983	398	2,034	3,415
2011-12	1,037	482	2,306	3,824
2012-13	1,151	497	2,519	4,167
2013-14	1,213	496	2,636	4,345
2014-15	1,319	442	2,530	4,291
2015-16	1,344	671	2,614	4,630
2016-17	1,352	516	2,699	4,567
2017-18	1,389	636	2,877	4,902
2018-19	1,434	592	2,987	5,013
2019-20	1,479	584	3,166	5,229
2020-21	1,527	585	3,310	5,422

Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0

## State Vehicle Related Revenue Generated from WA Motorists, Historic and Projected, \$ Million

Date	Motor vehicle license duty (\$m)	Motor vehicle registration fee (\$m)	Other state government (\$m)	Perth parking levy (\$m)	Total (\$m)
2005-06	342	361	33	25	761
2006-07	393	396	36	27	852
2007-08	393	434	39	29	895
2008-09	318	486	44	32	880
2009-10	332	516	48	34	930
2010-11	338	557	51	37	983
2011-12	357	589	52	39	1,037
2012-13	404	650	56	41	1,151
2013-14	385	728	60	40	1,213
2014-15	363	848	60	48	1,319
2015-16	346	874	67	57	1,344
2016-17	344	888	62	58	1,352
2017-18	348	916	67	58	1,389
2018-19	352	954	68	60	1,434
2019-20	357	994	68	60	1,479
2020-21	363	1,035	69	60	1,527

Note: Figures may be subject to rounding errors.

Other: includes taxes from oversized motor vehicles and motor vehicle recording fees.

SOURCE: SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE STATE BUDGET PAPERS

## Local Government Funding for Road Expenditure, Historic and Projected, \$ Million

Date	Own source (\$m)	Total (\$m)
2005-06	237	237
2006-07	266	266
2007-08	304	304
2008-09	375	375
2009-10	405	405
2010-11	398	398
2011-12	482	482
2012-13	497	497
2013-14	496	496
2014-15	442	442
2015-16	671	671
2016-17	516	516
2017-18	636	636
2018-19	592	592
2019-20	584	584
2020-21	585	585

Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE



## Commonwealth Vehicle Related Revenue Generated from WA Motorists, Historic and Projected, \$ Million

Date	WA motorist related GST collections (\$m)	Luxury car tax (\$m)	Excise duty on petrol (\$m)	Net excise duty on diesel (\$m)	Passenger motor vehicle customs (\$m)	Total (\$m)
2005-06	518	32	742	590	127	2,009
2006-07	583	34	747	591	139	2,094
2007-08	611	47	706	641	148	2,153
2008-09	657	40	687	515	117	2,016
2009-10	623	52	660	558	122	2,014
2010-11	697	57	610	609	61	2,034
2011-12	675	46	652	852	81	2,306
2012-13	715	46	638	1,023	96	2,519
2013-14	749	50	652	1,096	89	2,636
2014-15	770	56	647	992	64	2,530
2015-16	798	64	645	1,059	49	2,614
2016-17	841	68	640	1,114	36	2,699
2017-18	951	68	655	1,157	45	2,877
2018-19	991	67	671	1,212	46	2,987
2019-20	1,028	72	724	1,294	49	3,166
2020-21	1,089	75	750	1,343	53	3,310

Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, ATO TAXATION STATISTICS, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0

## State Road Network Spending, Historic and Projected, \$ Million

Date	Main Road services (\$m)	Department of Transport (\$m)	Main Roads AIP (\$m)	Transfer to Local Government (\$m)	Total (\$m)
2005-06	483	87	284	99	953
2006-07	462	91	510	106	1,168
2007-08	456	103	726	111	1,396
2008-09	559	134	662	101	1,456
2009-10	677	140	447	104	1,368
2010-11	729	167	292	128	1,315
2011-12	894	177	332	137	1,541
2012-13	918	283	478	170	1,849
2013-14	444	271	724	144	1,583
2014-15	440	377	511	139	1,466
2015-16	537	408	145	144	1,234
2016-17	762	384	780	131	2,056
2017-18	1,004	316	501	119	1,940
2018-19	886	257	508	122	1,773
2019-20	768	228	489	112	1,597
2020-21	761	227	438	112	1,538

Note: Figures may be subject to rounding errors.

Table does not include internal transfers.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS

## Local Road Network Spending, Historic and Projected, \$ Million

Date	Transfer from Commonwealth (\$m)	Local Government Commodity Freight Routes (\$m)	Transfer from State (\$m)	Local Government Internal Transfer (\$m)	Total (\$m)
2005-06	76	-	99	237	412
2006-07	79	-	106	266	451
2007-08	83	-	111	304	499
2008-09	89	-	101	375	565
2009-10	90	-	104	405	600
2010-11	98	-	128	398	624
2011-12	101	-	137	482	721
2012-13	101	-	170	497	768
2013-14	168	-	144	496	807
2014-15	173	-	139	442	753
2015-16	54	-	144	671	869
2016-17	163	-	131	516	810
2017-18	56	-	119	636	811
2018-19	115	10	112	592	830
2019-20	121	-	112	584	817
2020-21	122	-	112	585	819
2005-06	76	-	99	237	412
2006-07	79	-	106	266	451

Note: Figures may be subject to rounding errors. Figures include transfers from Commonwealth and State governments and do not total amounts presented in the body of this report.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORT ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE

## Commonwealth Road Network Spending, Historic and Projected, \$ Million

Date	Transfer to State (\$m)	Transfer to Main Road AIP (\$m)	Transfer to Local (\$m)	Total (\$m)
2005-06	60	100	76	237
2006-07	2	90	79	172
2007-08	85	115	83	283
2008-09	85	192	89	366
2009-10	294	158	90	542
2010-11	303	130	98	531
2011-12	384	287	101	773
2012-13	316	346	101	763
2013-14	325	279	168	772
2014-15	699	527	173	1,399
2015-16	467	788	54	1,309
2016-17	444	199	163	807
2017-18	773	967	56	1,795
2018-19	759	481	115	1,356
2019-20	570	247	121	939
2020-21	155	104	122	381

Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS



## GST

The GST is apportioned in two steps:

1. Calculation of the amount of GST raised from motor vehicle related transactions, and
2. Determination of Western Australia's contribution to each category.

### GST Contribution of Motor Vehicle Related Transactions

The GST contribution of motor vehicle related transactions is determined by applying the weights of motor vehicle related groups from the CPI to the total GST revenue. The group specific weight is estimated by the ABS and measures what share of its income an average household spends on a certain good. Therefore, it is a good proxy for the share of total spending on this good in Australia and thus the generated GST revenue. ACIL Allen adjusted the weights by excluding GST free products (see table below) from the weighting to ensure consistent results. The derivation of the adjusted CPI weights are outlined in the table below.

**TABLE C.1** ADJUSTED CPI WEIGHTS

Goods Category	Value
<b>Weights of GST Excluded Items</b>	
Bread	0.6%
Beef and veal	0.4%
Pork	0.4%
Lamb and goat	0.3%
Poultry	0.5%
Other meats	0.4%
Fish and other seafood	0.4%
Milk	0.4%
Fruit	1.6%
Vegetables	1.3%
Eggs	0.1%
Rents	6.7%

Goods Category	Value
Pharmaceutical products	1.2%
Therapeutic appliances and equipment	0.1%
Medical and hospital services	3.4%
Dental services	0.6%
Preschool and primary education	0.5%
Secondary education	1.3%
Tertiary education	1.4%
Unadjusted Weights of Motor Vehicle CPI Items	
Motor vehicles	3.3%
Spare parts and accessories for motor vehicles	1.0%
Automotive fuel	3.6%
Maintenance and repair of motor vehicles	1.7%
Other services in respect of motor vehicles	1.4%
Adjusted Weights of Motor Vehicle CPI Items	
Motor vehicles	4.1%
Spare parts and accessories for motor vehicles	1.3%
Automotive fuel	4.5%
Maintenance and repair of motor vehicles	2.1%
Other services in respect of motor vehicles	1.7%

Note: Figures may be subject to rounding errors.  
 SOURCE: ACIL ALLEN CONSULTING, ABS CAT 6471.0

### Western Australian Contribution

The GST associated with each these groups generated in WA is calculated by applying the relevant share of consumption of motor vehicles, consumption of petrol and population in WA. Statistics for the three groups are provided either by the ABS or by the Department of Industry, Innovation and Science. In order to estimate the WA contribution to Federal tax revenue, ACIL Allen applied 10 year averages of historic data to the national GST revenue of each category (details in the table below).

**TABLE C.2** WA GST CONTRIBUTION PROXIES

Weight	WA Contribution Proxy
Motor vehicles	WA new car sales
Spare parts and accessories for motor vehicles	WA's population
Automotive fuel	WA's petrol consumption
Maintenance and repair of motor vehicles	WA's population
Other services in respect of motor vehicles	WA's population

SOURCE: ACIL ALLEN CONSULTING, DEPARTMENT ON INDUSTRY, INNOVATION AND SCIENCE, ABS CAT. 3101.0, ABS CAT. 9314.0.

## Luxury Car Tax

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The WA contribution to the luxury car tax revenue was estimated by determining the share of luxury cars in the State based on WA's population and applying it to the Federal revenue from this tax.

## Excise Duty on Petrol and Diesel

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Commercial vehicles can reclaim 50 per cent of the excise duty on petrol and diesel. Therefore, it is necessary to estimate the fuel consumption of commercial vehicles in WA.

ACIL Allen has estimated WA's share of excise duty based on fuel consumption statistics published by the Department of Industry, Innovation and Science. Shares of petrol and diesel consumption in WA were applied to excise duty revenues to provide an estimates of the share of excise duty generated in the State.

## Customs on Passenger Motor Vehicles

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Customs duties are paid on imported vehicles when they enter the country. Since transport to Australia tends to be expensive, it has been assumed that all imported vehicles are new<sup>20</sup>. Therefore, the share of new vehicles sold in WA (ABS Cat. 9341.0) was applied to determine customs revenues attributable to WA.

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<sup>20</sup> It is recognised that imports of used vehicles do occur, but this does not change the overall conclusions of this report.

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