

REPORT TO  
**RAC WA**

MARCH 2020

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# BENEFITS TO WESTERN AUSTRALIAN MOTORISTS FROM TAXES, FEES AND CHARGES

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## 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 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 as direct and indirect benefits to WA motorists in the absence of any hypothecation of motorist taxes, fees and charges.

For the purpose of this report, ACIL Allen has defined direct benefits as the amount of spending directly on the provision of motoring related infrastructure and services that directly benefit WA motorists. For example, the amount of spending by:

- Main Roads Asset Investment Program;
- Main Roads;
- Department of Transport; and
- Local Governments.

Indirect benefits have been defined as the amount of spending on the provision of “active”<sup>1</sup> and public transport related infrastructure and services that indirectly benefit WA motorists, by providing alternative modes of transport and helping to manage congestion on WA’s road network. For example:

- transfers from the Commonwealth to the WA Government for specific purposes; and
- transfers from the Commonwealth to WA’s Public Transport Authority’s Asset Investment Program.

For the purposes of this report, it is assumed that every dollar retained in the Commonwealth and State Consolidated Funds represent indirect benefits to the extent that government funding priorities – in this case active and public transport infrastructure and services<sup>2</sup> – indirectly benefit WA motorists. In estimating the indirect benefits to WA motorists from public transport-related infrastructure, ACIL Allen has not quantified the scale of the impact on congestion on WA’s road network, which is outside the scope of this study.

### Direct Benefits to WA Motorists

In 2019-20, it is estimated that the Commonwealth will collect \$3,091 million from WA motorists, of which \$754 million is estimated will be transferred to the State Government and a further \$60 million to

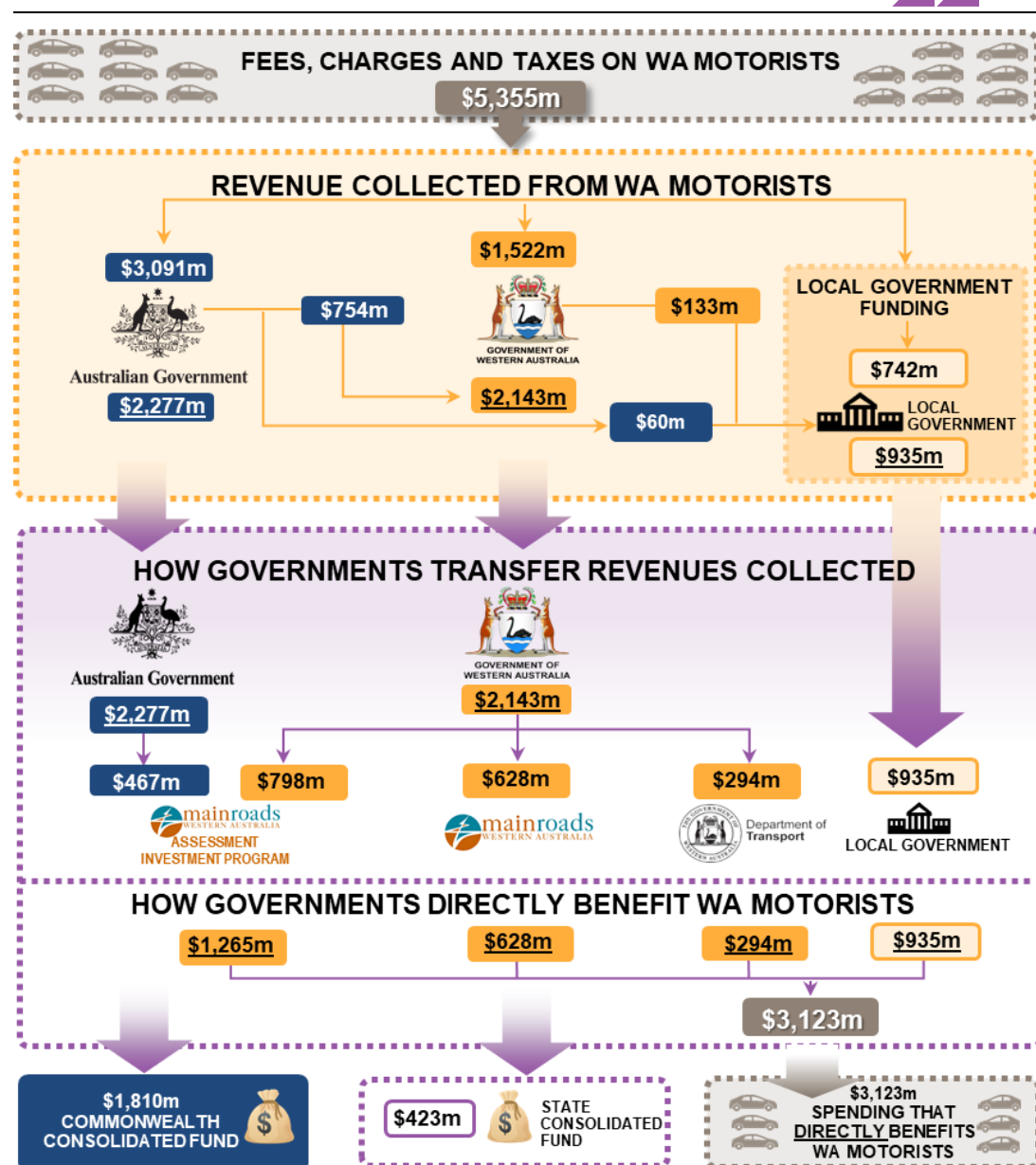
<sup>1</sup> Active transport infrastructure is classified as bikeways and footpaths that are part of road and rail infrastructure projects.

<sup>2</sup> Total spending on active and public transport infrastructure and services in WA is not accounted for in this report. Rather, the retained revenue of the Commonwealth and State governments (after direct expenditure on WA motorists has been allocated) is the assumed contributions from WA motorists to the provision of active and public transport related infrastructure and services.

Local Government and the Main Roads WA AIP (\$467 million)<sup>3</sup>. The majority of the revenue collected by the Commonwealth Government from WA motorists is estimated to be retained in its Consolidated Fund (\$1,810 million).

The State Government is estimated to directly collect a further \$1,522 million in 2019-20, which after top up payments from the Commonwealth Government (\$754 million) will be transferred to State Government departments (\$2,143 million) and Local Government (\$133 million). **Figure ES 1** below shows that in 2019-20, the State Government is estimated to raise more revenue than they spend on WA motorists, with \$423 million returned to the State's Consolidated Fund.

**FIGURE ES 1** FLOW OF TOTAL REVENUE GENERATED FROM WA MOTORISTS AND TOTAL RELATED **DIRECT** ROAD NETWORK SPENDING ON WA MOTORISTS, 2019-20, \$ MILLION



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

<sup>3</sup> Over \$1,000 million of transfers from the Commonwealth to the State are tied to the Tonkin Highway and Bunbury Outer Ring Road projects.

Local Government is estimated to spend \$935 million on roads on 2019-20, which is principally funded from local government fees and charges (\$742 million) with the remainder coming from the Commonwealth (\$60 million) and the State (\$133 million) governments.

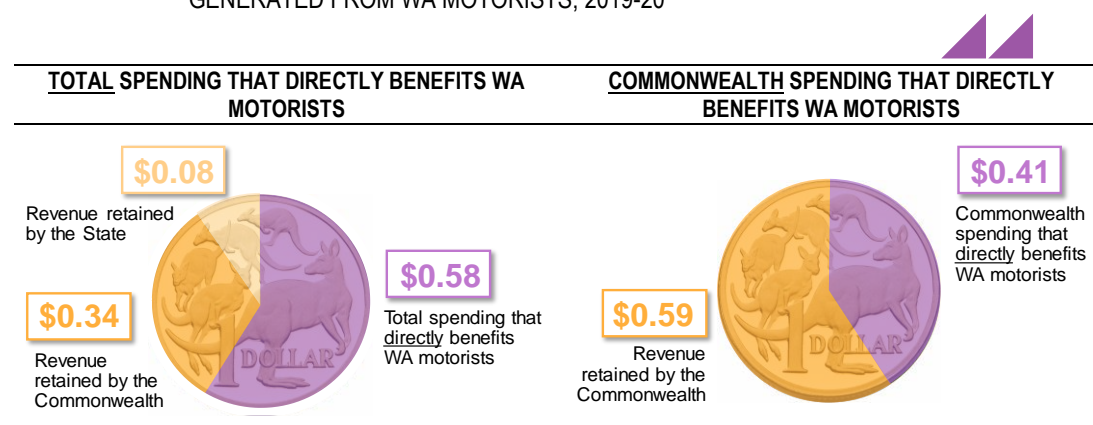
Overall, ACIL Allen estimates that WA motorists will receive \$3,123 million in direct benefits from all levels of government in 2019-20, which represents 58 per cent of the estimated total revenue collected by all levels of government from taxes, fees and charges levied on WA motorists in that year (\$5,355 million).

By estimating the flow of funds by each level of government, ACIL Allen is able to estimate the value of spend that directly benefits WA motorists per dollar collected from WA motorists.

Overall, for every dollar in Commonwealth, State and Local Government taxes, fees and charges paid by WA motorists in 2019-20, \$0.58 is estimated to be returned directly to benefit WA motorists in the form of motoring related infrastructure and services (refer to **Figure ES 2**).

For every dollar collected by the Commonwealth Government (total collections of \$3,091 million), it is estimated that \$0.41 will be returned to directly benefit WA motorists through the transfers to the State Government, Local Governments or to the Main Roads AIP (total transfers of \$1,281 million) in 2019-20.

**FIGURE ES 2** **DIRECT ROAD NETWORK SPENDING ON WA MOTORISTS PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2019-20**



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

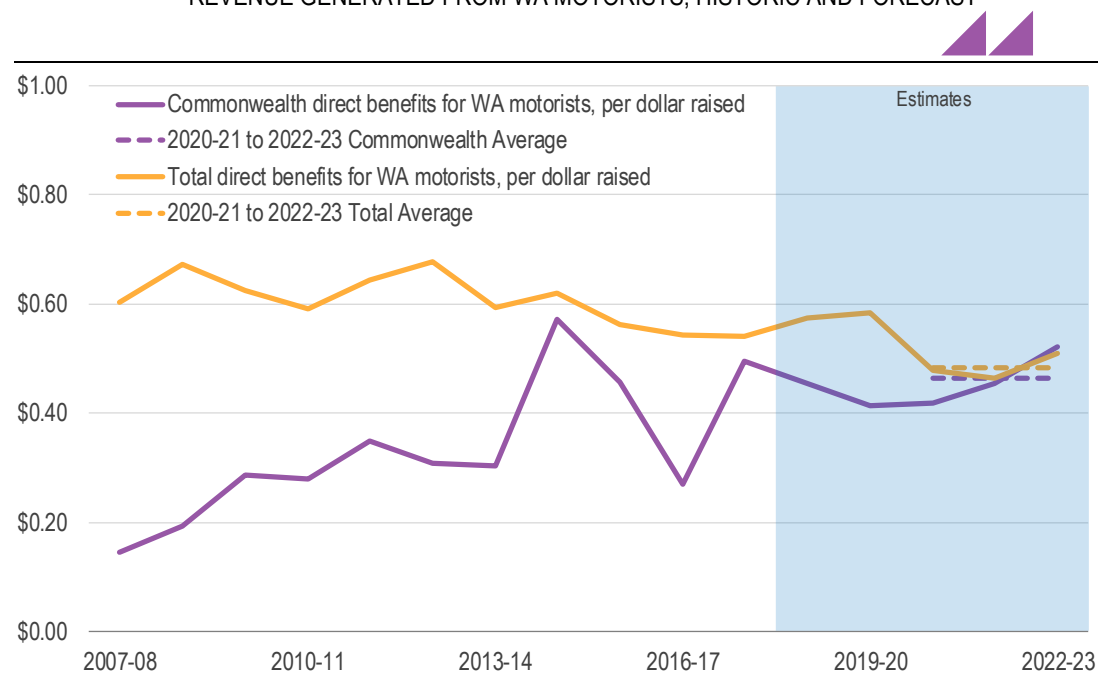
**Figure ES 3** shows that the total direct benefit to WA motorists per dollar collected from the taxes, fees and charges it pays has averaged \$0.61 since 2007-08, peaking at \$0.68 in 2012-13. In 2019-20, total direct benefits per dollar collected are estimated to be below this long term average, at \$0.58. Over the remainder of the estimates period, the total direct benefit to WA motorists per dollar collected is estimated to average \$0.48 per annum, falling to a low of \$0.46 by 2021-22 and a peak of \$0.51 in 2022-23. The expected decline over the estimates period to 2021-22 is due to a decrease in the State's allocation to the Main Roads AIP but is partially offset in 2022-23 by an increase in the Commonwealth's allocation to Main Road's AIP.

The total direct benefits to WA motorists per dollar collected from the taxes levied by the Commonwealth has averaged \$0.33 per annum, peaking at \$0.57 in 2014-15. In 2019-20, total direct benefits per dollar collected are estimated to reach \$0.41. Over the remainder of the estimates period, the Commonwealth direct benefit to WA motorists per dollar collected is estimated to average \$0.46 per annum, a low of \$0.42 in 2020-21 and a peak of \$0.52 in 2022-23. This is due to a larger allocation of Commonwealth funds to Main Roads' AIP and an increase in Commonwealth transfers to the State Government (ie Road investment component).



On a per motorist basis, ACIL Allen estimates that in 2019-20 each of WA's 1.9 million<sup>4</sup> motorists paid \$2,750 to all levels of government in the form of taxes, fees and charges, with \$1,604 directly returned to each motorist in the form of road related infrastructure and services.

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



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

## Indirect Benefits to WA Motorists

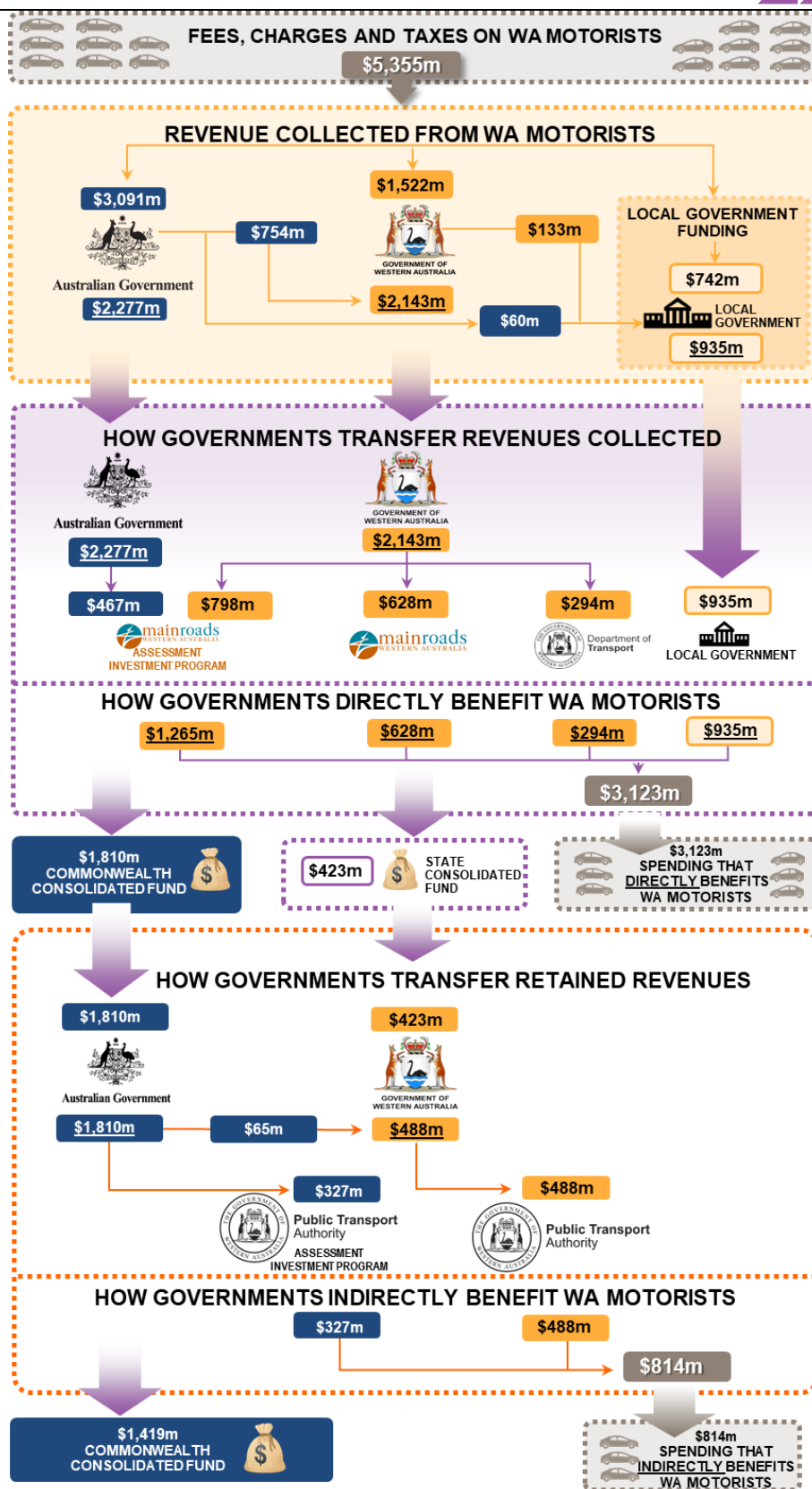
The direct flow of funds diagram above (**Figure ES 1**) shows how each level of government raises revenue from WA motorists and how it flows back to directly benefit WA motorists through the provision of motoring related infrastructure and services.

**Figure ES 4** below also shows how the Commonwealth and State government's retained revenue from WA motorists also indirectly benefits WA motorists through the provision of active and public transport infrastructure and related services, which help to manage congestion on WA's road network through the provision of alternative modes of transport.

**Figure ES 4** shows that of the total revenue collected by WA motorists that is retained by the Commonwealth in its Consolidated Fund in 2019-20, (\$1,810 million), this helps to fund further transfers from the Commonwealth to the State Government for active and public transport projects (\$65 million) and to the PTA's AIP (\$327 million), with the remaining \$1,419 million to be retained in the Consolidated Fund.

<sup>4</sup> Excludes learners permits. As at 31 December 2018.

**FIGURE ES 4** FLOW OF REVENUES GENERATED FROM WA MOTORISTS AND TOTAL DIRECT AND INDIRECT BENEFITS FOR WA MOTORISTS, 2019-20, \$ MILLION



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

The State Government is estimated to retain revenue of \$423 million from WA motorists in 2019-20, for other government priorities including the provision of active and public transport related infrastructure and services<sup>5</sup>. For the purpose of this study, ACIL Allen has assumed this amount is a \$423 million is transferred to the PTA as part of the PTA's total appropriation.

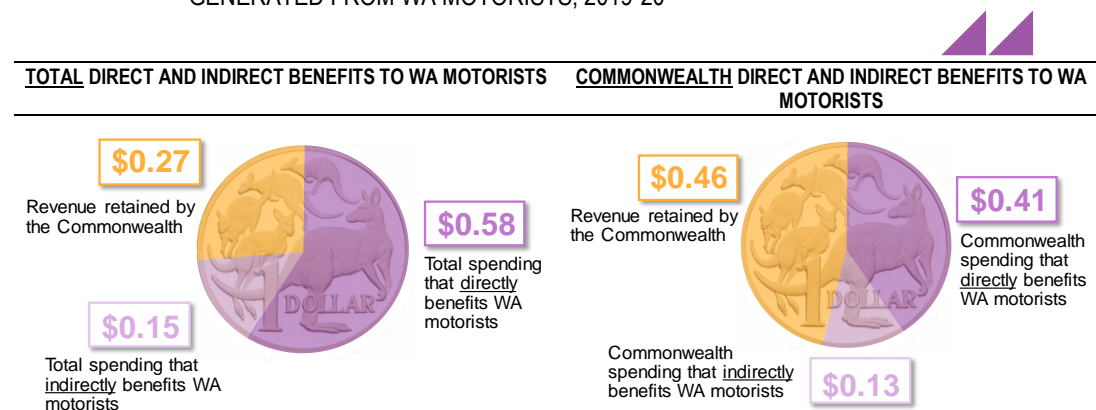
Based on this stylised flow of funds, ACIL Allen estimates that WA motorists supported the provision of active and public transport related infrastructure and services to the value of \$814 million in 2019-20, which supports the provision of alternative modes of transport and in turn helping to manage congestion on WA's road network. This represented 36 per cent of the total revenue retained from taxes, fees and charges levied on WA motorists by the Commonwealth and State governments (\$2,233 million) in 2019-20.

By following the direct and indirect flow of funds by each level of government, ACIL Allen is able to estimate the value of direct and indirect benefits that WA motorists receive per dollar collected from WA motorists. This is represented in **Figure ES 5** below.

Overall, for every dollar in Commonwealth, State and Local Government taxes, fees and charges paid by WA motorists in 2019-20, an estimated \$0.58 is directly returned to WA motorists in the form of motoring related infrastructure and services, and an estimated \$0.15 is indirectly returned to WA motorists in the form of active and public transport infrastructure and related services.

For every dollar in taxes paid by WA motorists to the Commonwealth Government in 2019-20, an estimated \$0.41 is directly returned to WA motorists in the form of motoring related infrastructure and services, and an estimated \$0.13 is indirectly returned to WA motorists in the form of active and public transport infrastructure and related services.

**FIGURE ES 5** DIRECT AND INDIRECT BENEFITS FOR WA MOTORISTS, PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2019-20



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

**Figure ES 6** below shows that the total direct and indirect benefits to WA motorists from the taxes, fees and charges it pays has averaged \$0.66 since 2007-08, peaking at \$0.82 in 2017-18. Over the estimates period, the total direct and indirect benefit to WA motorists is estimated to average \$0.76 per annum, falling to \$0.73 in 2020-21 before peaking at \$0.77 in 2021-22 and 2022-23.

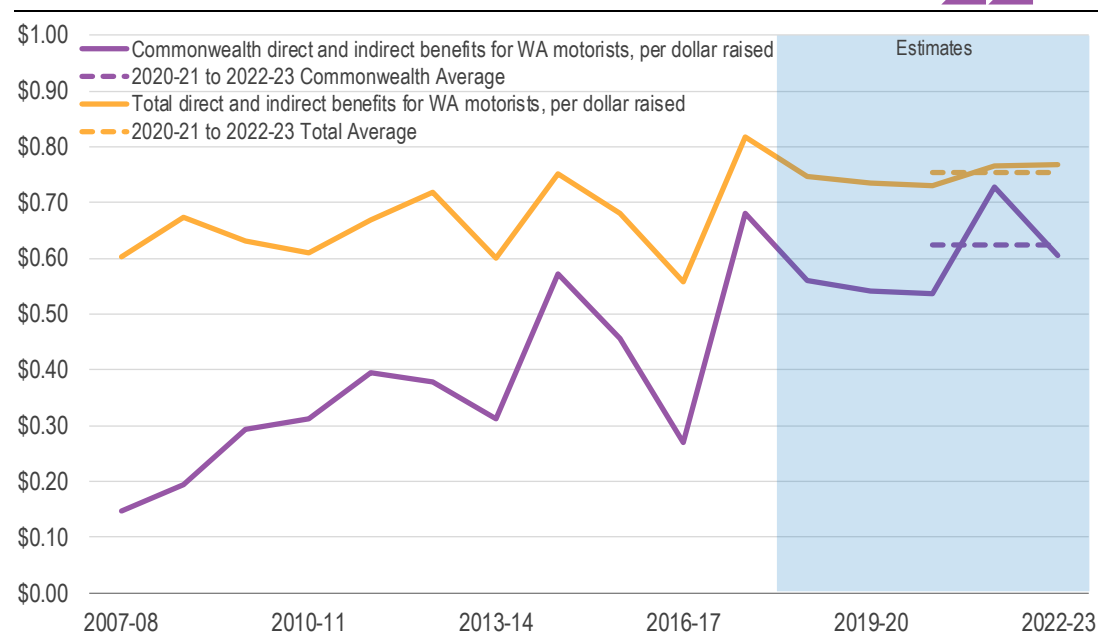
The direct and indirect benefits to WA motorists from the taxes levied by the Commonwealth has averaged \$0.36 per annum since 2007-08, peaking at \$0.68 in 2017-18. Over the estimates period, the Commonwealth direct and indirect benefit is estimated to average \$0.59 per annum, falling to a low of \$0.54 by 2020-21 and peaking at \$0.73 in 2021-22. Total benefits to WA's motorists are estimated to decline over the estimates period due to a smaller allocation of funding from the

<sup>5</sup> Total spending on active and public transport infrastructure and services in WA is not accounted for in the modelling. Rather, the retained revenue of the Commonwealth and State governments (after direct expenditure on WA motorists has been allocated) is the assumed contributions from WA motorists to the provision of active and public transport related infrastructure and services.

Commonwealth to Main Road's AIP to 2020-21 before recovering in 2021-22 due to higher Commonwealth transfers to State Government (ie Road investment component).

On a per motorist basis, ACIL Allen estimates that in 2019-20 each of WA's 1.9 million<sup>6</sup> motorists paid \$2,750 to all levels of government in the form of taxes, fees and charges, with \$2,022 directly and indirectly returned to each motorist in the form of road, active and public transport related infrastructure and services.

**FIGURE ES 6** DIRECT AND INDIRECT BENEFITS FOR WA MOTORISTS PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND FORECAST



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

<sup>6</sup> Excludes learners permits. As at 31 December 2018.



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 the RAC WA 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.

## 1.1 About This Report

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 as direct and indirect benefits to WA motorists in the absence of any hypothecation of motorist taxes, fees and charges.

For the purpose of this report, ACIL Allen has defined direct benefits as the amount of spending directly on the provision of motoring related infrastructure and services that directly benefit WA motorists. For example, the amount of spending by:

- Main Roads Asset Investment Program;
- Main Roads;
- Department of Transport; and
- Local Governments.

Indirect benefits have been defined as the amount of spending on the provision of active and public transport related infrastructure and services that indirectly benefit WA motorists, by providing alternative modes of transport and helping to manage congestion on WA's road network. For example:

- transfers from the Commonwealth to the WA Government for specific purposes; and
- transfers from the Commonwealth to WA's Public Transport Authority's Asset Investment Program.

For the purposes of this report, it is assumed that every dollar retained in the Commonwealth and State Consolidated Funds represent indirect benefits to the extent that government funding priorities – in this case active and public transport infrastructure and services<sup>7</sup> – indirectly benefit WA motorists. In estimating the indirect benefits to WA motorists from transport-related infrastructure, ACIL Allen has not quantified the scale of the impact on congestion on WA's road network, which is outside the scope of this study.

<sup>7</sup> Total spending on active and public transport infrastructure and services in WA is not accounted for in the modelling. Rather, the retained revenue of the Commonwealth and State governments (after direct expenditure on WA motorists has been allocated) is the assumed contributions from WA motorists to the provision of active and public transport related infrastructure and services.

Each of these benefits streams are detailed throughout this report, based on 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), Innovation and Science, Commonwealth Department of Environment and Energy and the Federal Chamber of Automotive Industries.

## 1.2 Report Structure

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.
- **Section 5** contains estimates of spending on active and public transport in WA by the Commonwealth and State governments.
- **Section 6** estimates the degree to which revenue collected from WA motorists supports spending on WA's active and public transport network.
- **Appendix A** contains further details on the provision of spending on WA's transport infrastructure including roads, active and public transport networks.
- **Appendix B** contains data table of the figures presented in this report.
- **Appendix C** contains further details on ACIL Allen methodology for estimates in this report.

## 1.3 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
PTA	Western Australian Public Transport Authority
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>8</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>8</sup> Current thresholds are \$75,526 for fuel efficient vehicles and \$67,525 for other vehicles. See, <https://www.ato.gov.au/Rates/Luxury-car-tax-rate-and-thresholds/>.



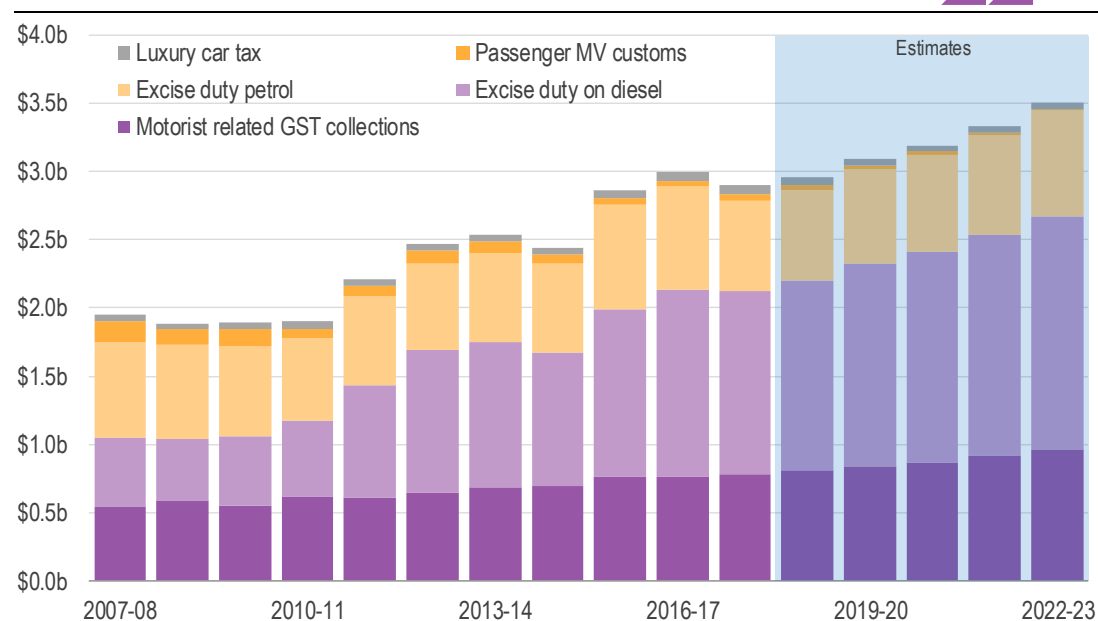
## 2.1 Commonwealth Government Revenue

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 ABS), 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 new car sales.
- 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.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

In 2019-20, ACIL Allen has estimated the Commonwealth will collect \$3,091 million in revenue from WA motorists, which represents an increase of 4.3 per cent from 2018-19 estimates. Excise duties on diesel<sup>9</sup> are estimated to make up the largest share of the Commonwealth's total revenue collected from WA motorists (\$1,487 million or 48 per cent).

The derived level of GST collected in WA on motorist-related items is estimated to make up the next largest component (\$835 million), followed by excise duties on petrol (\$692 million), taxes on luxury cars (\$41 million) and custom duties on passenger motor vehicles (\$35 million).

<sup>9</sup> Note: excise duties on diesel are calculated as the net amount collected from WA motorists, the net amount includes ACIL Allen's estimate of the diesel excise rebate to WA motorists.

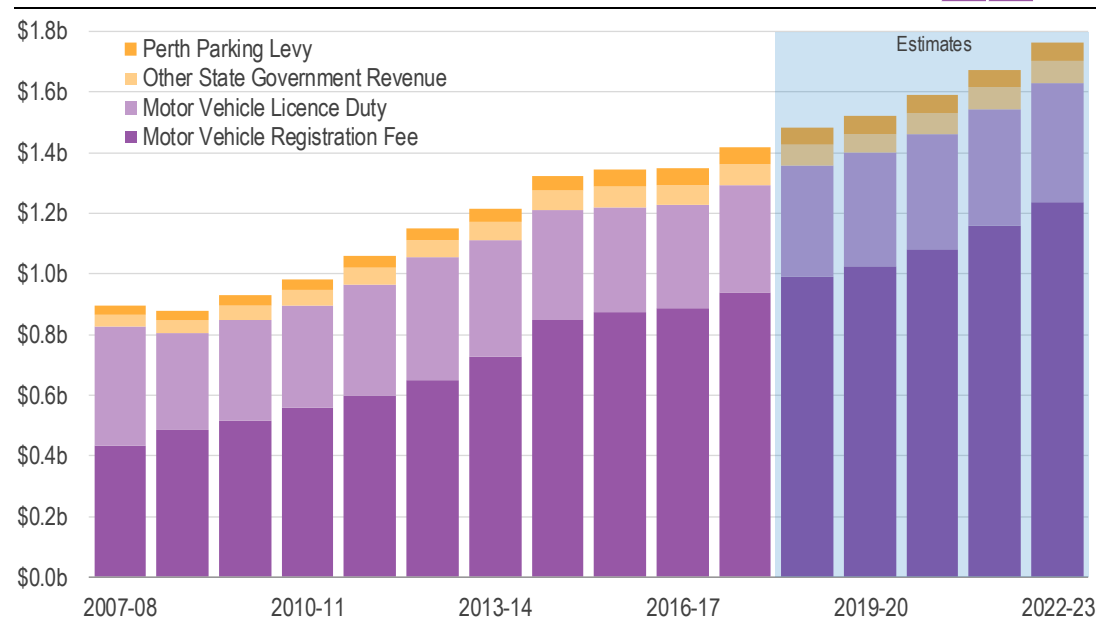


Over the remainder of the estimates period, total Commonwealth Government revenue attributed to WA motorists is estimated to grow by an average of 4.3 per cent per annum to \$3,503 million by 2022-23<sup>10</sup>.

## 2.2 State Government Revenue

The level of revenue collected by the State Government 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.

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

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE STATE BUDGET PAPERS

ACIL Allen estimates the State will collect \$1,522 million from WA motorists in 2019-20, which is an increase of 2.6 per cent from the previous year. Motor vehicle registration fees are the largest component of total motor vehicle related revenue raised by the State (67.5 per cent), with total fees increasing by 3.6 per cent to \$1,027 million in 2019-20.

Motor Vehicle Licence Duties are estimated will increase by 1.4 per cent in 2019-20 to \$373 million, with revenues generated from the Perth Parking Levy estimated to increase by 1.2 per cent to \$59 million.

Over the remainder of the estimates period, total revenue collected by the State Government from WA motorists is estimated to increase on average by 5.1 per cent per annum to \$1,765 million by 2022-23.

## 2.3 Local Government Funding for Road Expenditure

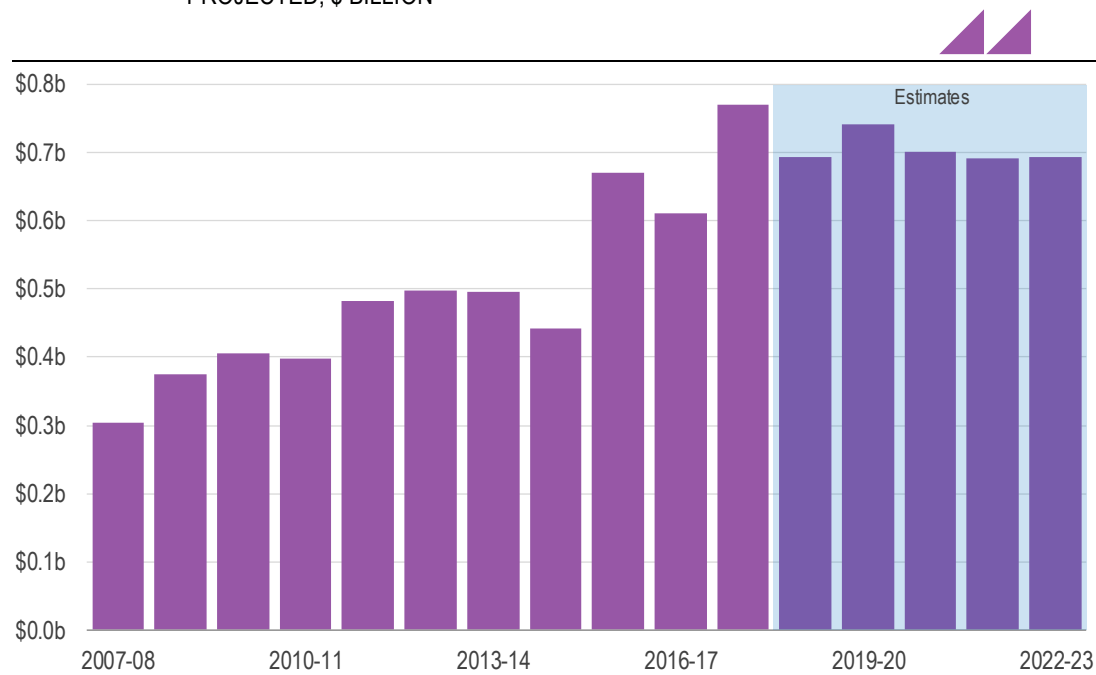
ACIL Allen has estimated that Local Government funding for road expenditure as the difference between transfers from the WA Local Government Grants Commission and total Local Government road network expenditure in any one year, to avoid double counting. These estimates are presented below in **Figure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

Sources of funding for Local Governments budgets include:

<sup>10</sup> ACIL Allen estimates based on Commonwealth Budget papers.

- local council rates;
- local council fees;
- loan funds;
- local government charges 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.

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

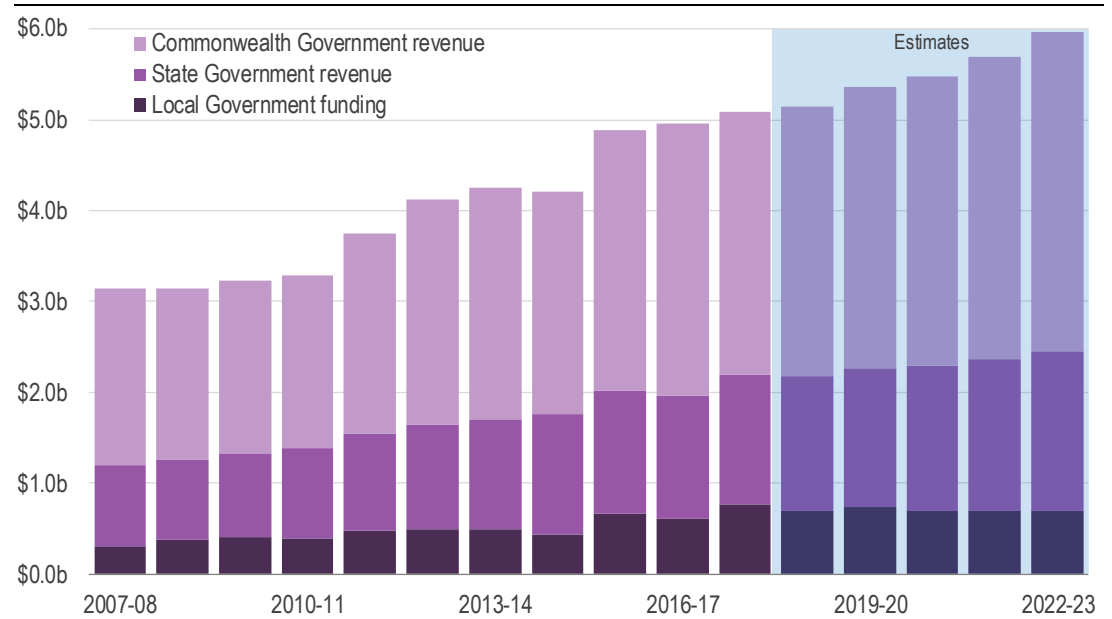
ACIL Allen estimates that in 2019-20, Local Governments will allocate funding of \$742 million for road expenditure, a seven per cent increase from the previous year. Over the remainder of the estimates period, Local Government allocations are projected to fall on average by just under one per cent per annum to \$694 million by 2022-23.

## 2.4 Total Revenue

**Figure 2.4** below presents the total revenue collected by all levels of government from WA motorists. In 2019-20, it is estimated that \$5,355 million in total revenue will be collected from WA motorists, an increase of 4.2 per cent from 2018-19. Over the remainder of the estimates period, total revenue is estimated to grow on average by 3.6 per cent per annum to \$5,962 million by 2022-23.

The Commonwealth consistently raises more revenue from WA motorists than both State and Local governments. In 2019-20, it is estimated that Commonwealth taxes will account for 58 per cent of total revenues collected from WA motorists, followed by the State Government (28 per cent) and Local Government (14 per cent).

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



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

## PROVISION OF MOTORING RELATED INFRASTRUCTURE AND SERVICES

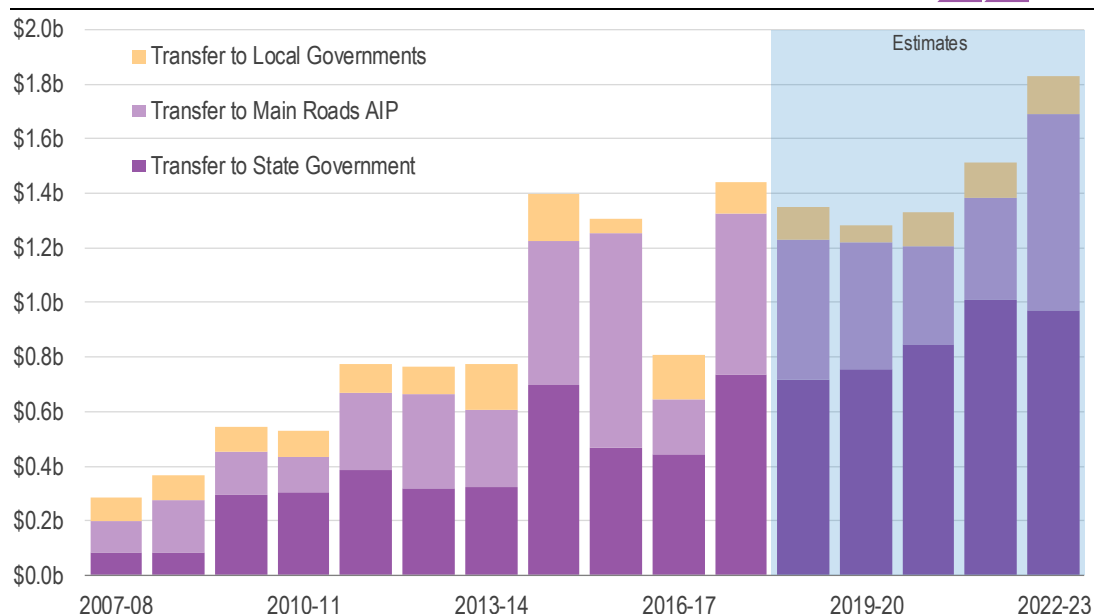
# 3

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 directly benefit WA motorists. The Commonwealth instead transfers funding to the State and Local governments as either transfers for specific projects or as block grants to the State Government's Consolidated Fund.

### 3.1 Commonwealth Spending

Total transfers to WA are estimated to total \$1,281 million in 2019-20 which is estimated to be some five per cent less than 2018-19 (**Figure 3.1**).

**FIGURE 3.1** COMMONWEALTH GOVERNMENT TRANSFERS TO THE STATE, HISTORIC AND PROJECTED, \$ BILLION



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS

This is driven by a nine per cent decrease (or \$47 million) in Commonwealth Government transfers to the Main Roads Asset Investment Program (AIP), and an estimated 49 per cent reduction (or \$58 million) in transfers to Local Government from the Commonwealth.

Commonwealth transfers to the State's Consolidated Fund are estimated to increase by 4.9 per cent to \$754 million<sup>11</sup> in 2019-20, while transfers to Local Government are estimated to decrease by 49 per cent to \$60 million.

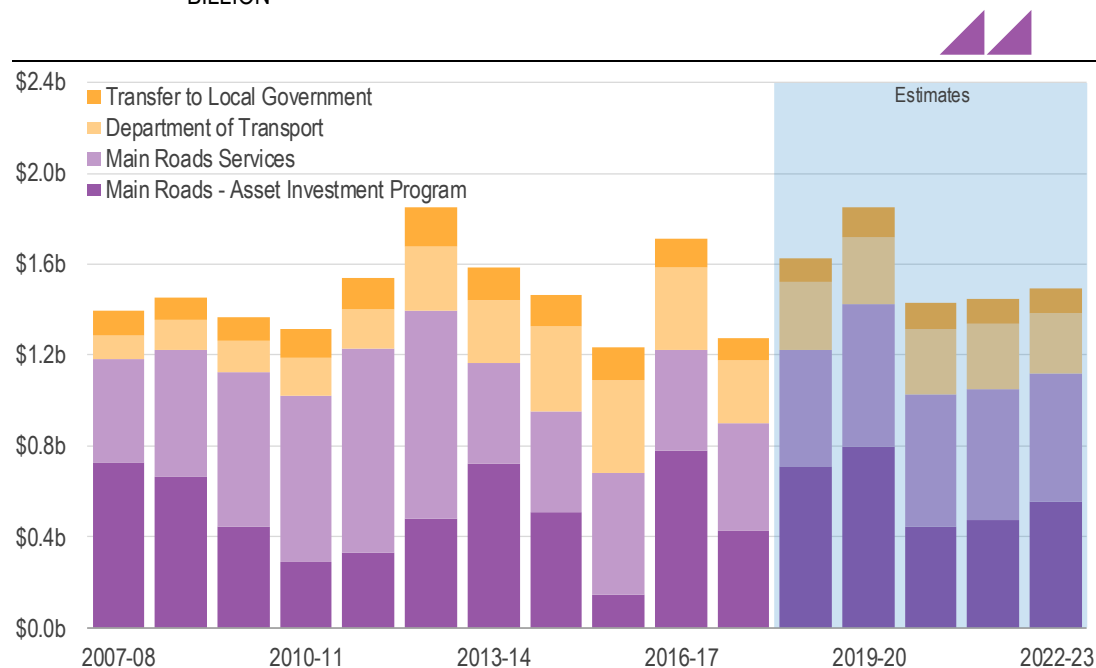
Over the remainder of the estimates period, total Commonwealth transfers are expected to trend upwards to a peak of \$1,828 million in 2022-23, which represents an average increase of 12.8 per cent per annum over the remainder of the estimates period. This is expected to be driven by transfers to Main Roads AIP (up by an average of \$84 million or 24 per cent per annum), the State Government (up by an average of \$73 million or nine per cent per annum) and the Local Government (up by \$25 million or 39 per cent per annum).

### 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 an estimated 77 per cent of total expenditure in 2019-20 (see **Figure 3.2** below). Further details on the Main Roads expenditure areas is presented in Appendix A.

Total spending by the State is estimated to increase by 14 per cent to \$1,853 million in 2019-20. After reaching this peak, spending is estimated to decrease on average by 6.2 per cent per annum over the estimates period to \$1,494 million by 2022-23, as a result of the scaling down of the State's AIP and corresponding shift to spending on the Public Transport Authority's (PTA) AIP.

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



Note: Figures may be subject to rounding.

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

<sup>11</sup> Commonwealth Budget Paper 3, Part 2: Payments for specific purposes, National Partnership payments for infrastructure. This has been updated to reflect the National Partnership payments for infrastructure as per the Mid-Year Economic and Fiscal Outlook 2019-20.

### 3.2.1 Main Roads – Asset Investment Program

The State Government's transfer to the Main Roads AIP in 2019-20 is estimated to total \$798 million<sup>12</sup>, representing an increase of 11.3 per cent from 2018-19. The funding increase is expected to come from a combination of capital appropriations, agency borrowings, internal funds and balances and Commonwealth transfers. Through the remainder of the estimates period to 2022-23, the State Government is estimated to fund a smaller share of Main Roads' AIP when compared to 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 \$628 million<sup>11</sup> in 2019-20, representing an increase of 22 per cent from 2018-19. Transfers to Main Roads Services are estimated to peak at \$628 million in 2019-20, before returning to average \$574 million for the remainder of the estimates period. The peak in 2019-20 is driven by an 83 per cent increase (\$112 million) in spending on Main Roads' *Road Efficiency Improvements* program and a 213 per cent (\$68 million) increase in the *Infrastructure for community access 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 \$294 million<sup>11</sup> in 2019-20, representing a decrease of 1.1 per cent from 2018-19. Over the remainder of the estimates period, transfers to the Department of Transport are estimated to decrease on average by 3.2 per cent per annum to \$266 million by 2022-23.

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

### 3.2.4 Local Governments

The State transfers funding to Local Governments through the Local Government Grants Commission. In 2019-20, the estimated total transfer from the State will be \$133 million, an increase of 25 per cent on 2018-19. Over the remainder of the estimates period, it is estimated funding will decrease on average by 6.6 per cent per annum to \$108 million by 2022-23. In 2019-20, the State Government will also transfer a one-off additional \$10 million for the *Local Government Commodity Freight Routes* program (see Appendix A.3 for further details).

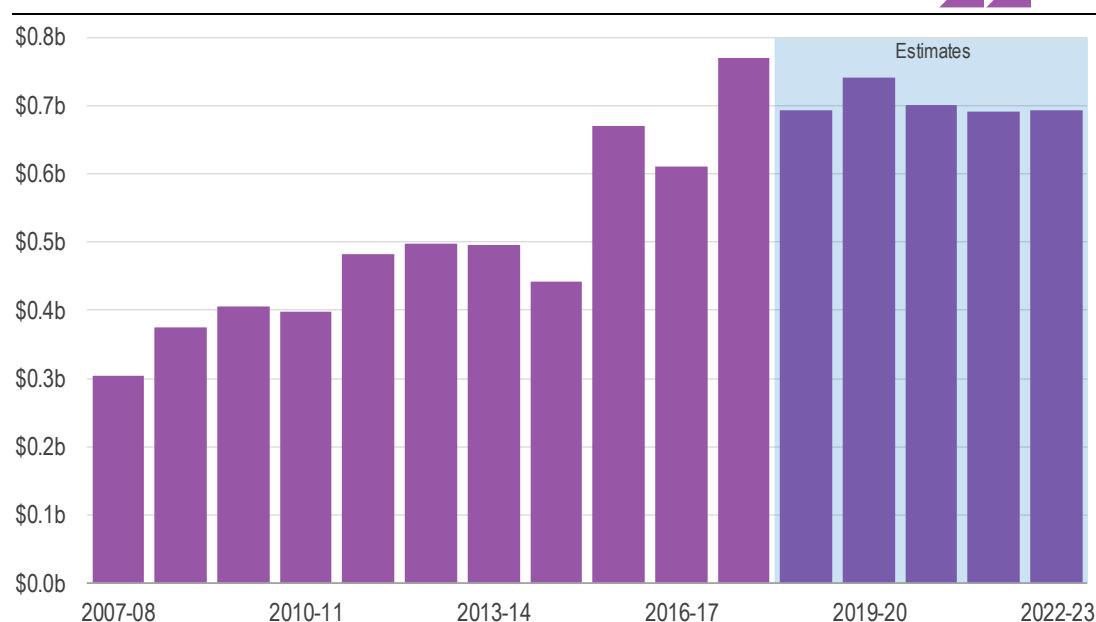
## 3.3 Local Government Spending

Spending by Local Government is estimated to total \$742 million in 2019-20<sup>13</sup>, an increase of seven per cent on 2018-19. Over the remainder of the estimates period, spending by Local Government is estimated to decline on average by 2.2 per cent per annum to \$694 million by 2022-23.

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

<sup>12</sup> These figures include block transfers from the Commonwealth Government (\$741 million in 2019-20). This figure also includes funds expenditure by the Road Safety Commission. The Commission is currently administered by the WA Police Force, but funded by the Road Trauma Trust Account, which is administered by the Department of Transport.

<sup>13</sup> ACIL Allen estimation for 2019-20 based on Commonwealth and State budget papers and on WALGA's report on Local Government Road Assets and Expenditure.

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

Note: Figures may be subject to rounding.

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

### 3.4 Total Spending

**Figure 3.4** below presents total spending by all levels of government that directly benefit WA motorists. Overall, it is estimated that a total of \$3,123 million will be spent by all levels of government on activities that directly benefit WA motorists. The State Government is estimated to be responsible for the largest share of spending, followed by the Commonwealth<sup>14</sup> and Local Government.

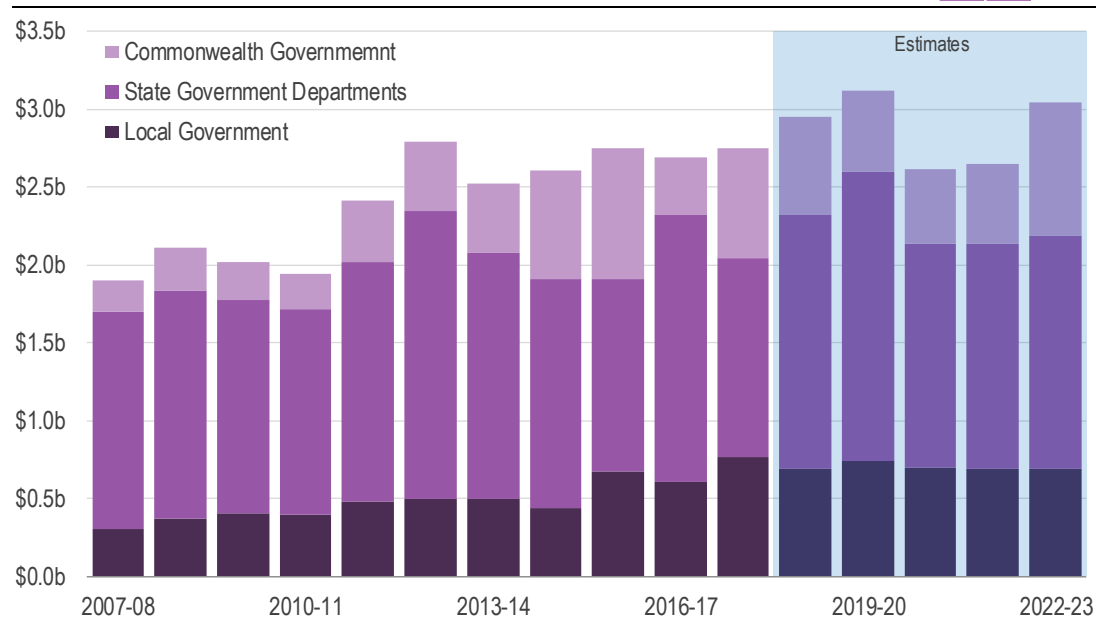
In 2019-20, it is estimated the State Government will spend a total of \$1,853 million<sup>15</sup> on the provision of motoring related infrastructure and services that directly benefit WA motorists, an increase of 13.8 per cent from the previous year. At the same time, Commonwealth spending is estimated to decline by 16.5 per cent to \$527 million and spending by Local Government is estimated to increase by 6.9 per cent to \$742 million<sup>16</sup>.

Over the remainder of the estimates period, total spending is estimated to decrease by 16 per cent in 2020-21 and 2021-22 relative to 2019-20 levels, before increasing by 15 per cent to \$3,043 million in 2022-23. These trends are largely due to a fall in State Government spending in 2020-21 (\$420 million) and an increase in Commonwealth funding in 2022-23 (\$348 million). Despite these changes, the State Government will still make up the largest share of spending across the estimates period (averaging 54 per cent of total spending).

<sup>14</sup> Commonwealth Government estimates do not include block transfers in this section and is to eliminate double counting. This is because block transfers cannot be accounted for in any State government departments, however, form part of the overall spending by the departments.

<sup>15</sup> ACIL Allen estimation based on Commonwealth and State budget papers and on WALGA's report on Local Government Road Assets and Expenditure.

<sup>16</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.

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



# 4

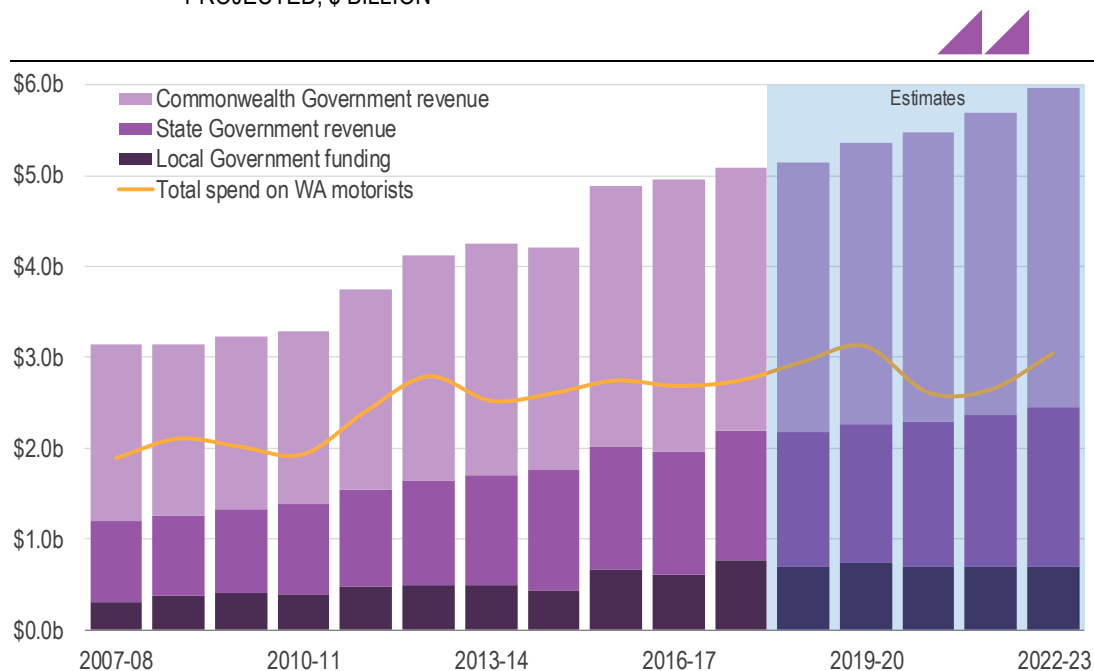
## REVENUE AND DIRECT SPENDING COMPARISONS

This section details the flow of revenues that are raised by all levels of government from WA motorists, and how they flow back to directly benefit WA motorists as a result of the spending by all levels of government on the provision of motoring related infrastructure and services.

### 4.1 Total Revenue and Direct Spending

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

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



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

The Commonwealth consistently raises more revenue from WA motorists than both State and Local governments. In 2019-20, it is estimated that of the \$5,355 million collected from WA motorists, 57.7 per cent (\$3,091 million) will come from Commonwealth taxes, \$1,522 million (or 28.4 per cent) to be collected by the State Government and \$742 million (or 13.9 per cent) collected by Local Government. By comparison, it is estimated that total expenditure on WA motorists will reach \$3,123 million in 2019-20.

Over the remainder of the estimates period, ACIL Allen has estimated that total revenue from WA motorists will increase on average by 3.6 per cent per annum to \$5,962 million by 2022-23. By contrast, total spending that directly benefits WA motorists is estimated to fall slightly over the estimates period, to \$3,043 million by 2022-23 (**Figure 4.1**).

## 4.2 Flows of Total Revenue and Total Direct Spending

To understand how each level of government is raising revenue from WA motorists and how it is being spent to directly benefit WA motorists, ACIL Allen has developed a flow of funds diagram represented in **Figure 4.2** below. The flow of funds diagram is shown for 2019-20 but can be replicated for any year.

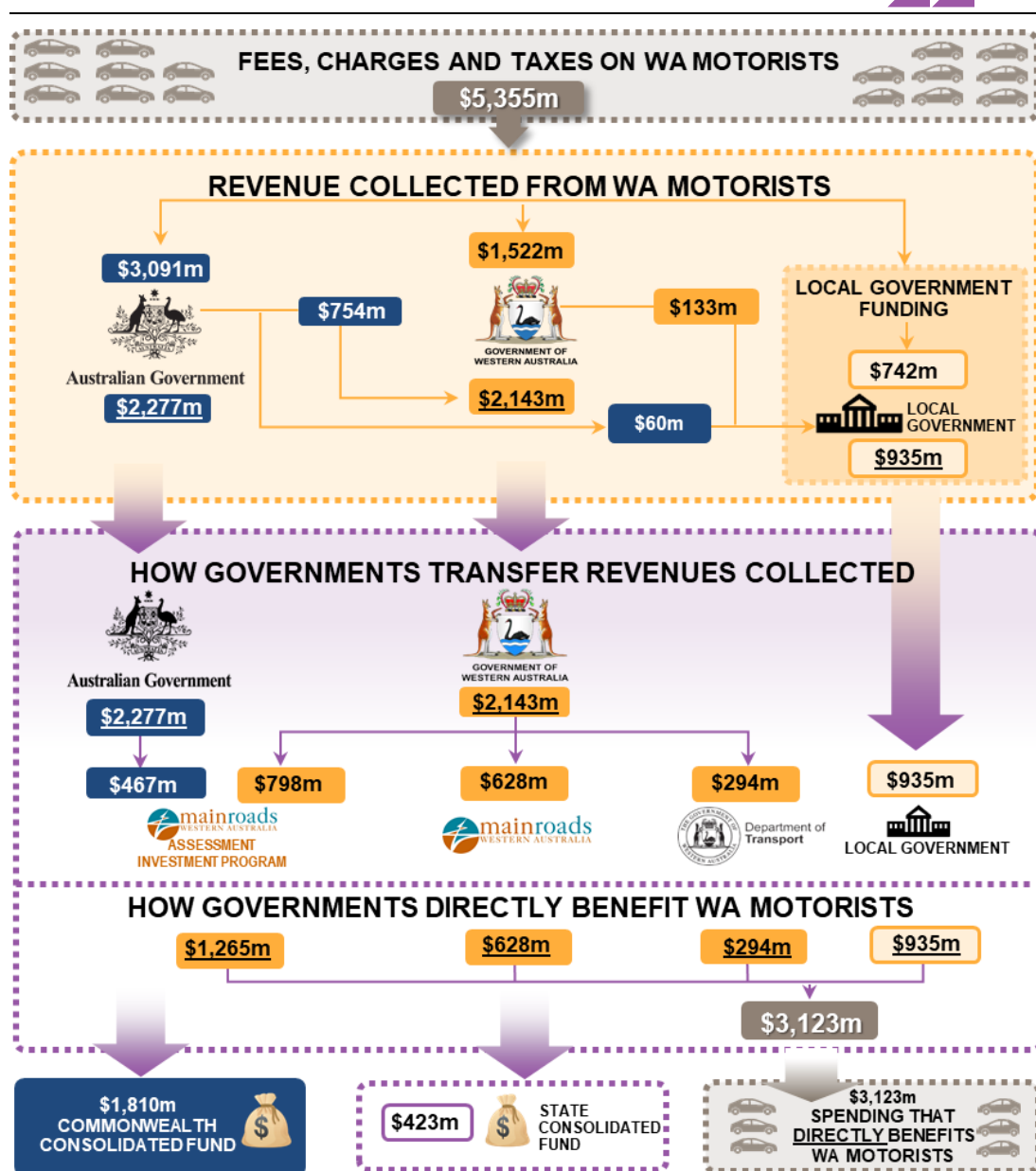
The diagram shows that in 2019-20, the Commonwealth is expected to collect the majority of total revenue from WA motorists (\$3,091 million), and then transfer amounts to the State Government (\$754 million), Local Government (\$60 million) and the Main Roads WA AIP (\$467 million). The majority of the revenue collected by the Commonwealth Government from WA motorists is retained in its Consolidated Fund (\$1,810 million).

The State Government is estimated to collect the next largest share of revenue (\$1,522 million), which after top up payments from the Commonwealth Government (\$754 million), is transferred to State Government departments (\$2,143 million) and Local Government (\$133 million). The diagram shows that in 2019-20, the State Government is estimated to raise more revenue than they spend on WA motorists, with \$423 million returned to the State's Consolidated Fund.

WA Local Governments are estimated to spend \$935 million on roads in 2019-20, which is principally funded from local government fees and charges (\$742 million), with the remainder coming in the form of grants from the Commonwealth (\$60 million) and the State Government (\$133 million).

Overall, ACIL Allen estimates that WA motorists will receive \$3,123 million in direct benefits from all levels of government in 2019-20, representing 58.3 per cent of the total revenue collected by all levels of government from taxes, fees and charges levied on WA motorists (\$5,355 million). This is explored further in the next section.

**FIGURE 4.2** FLOW OF TOTAL REVENUE GENERATED FROM WA MOTORISTS AND TOTAL RELATED **DIRECT** ROAD NETWORK SPENDING ON WA MOTORISTS, 2019-20, \$ MILLION



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

### 4.3 Direct Returns to Western Australian Motorists

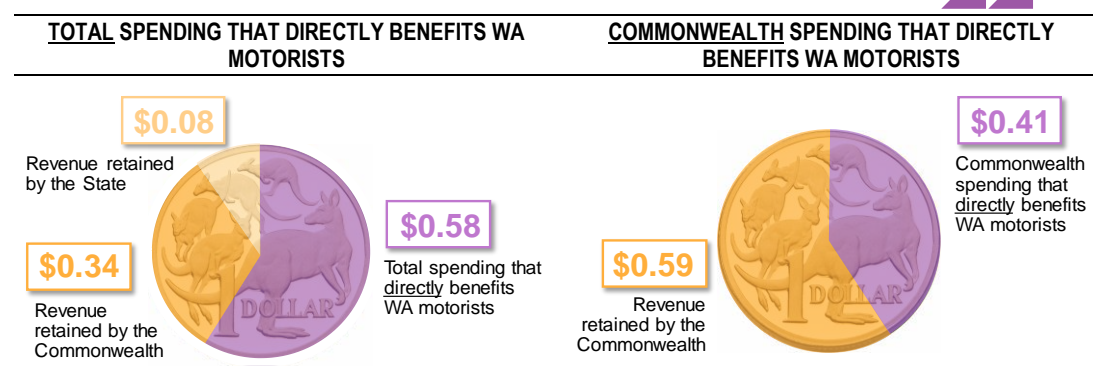
By estimating the flow of funds by each level of government, ACIL Allen is able to estimate the value of spend that directly benefits WA motorists per dollar collected from WA motorists.

Overall, for every dollar in Commonwealth, State and Local Government taxes, fees and charges paid by WA motorists in 2019-20, \$0.58 is estimated to be returned directly to benefit WA motorists in the form of motoring related infrastructure and services (refer to **Figure 4.3**).

For every dollar collected by the Commonwealth Government (total collections of \$3,091 million), it is estimated that \$0.41 will be returned to directly benefit WA motorists through the transfers to the State

Government, Local Governments or to the Main Roads AIP (total transfers of \$1,281 million) in 2019-20.

**FIGURE 4.3** **DIRECT** ROAD NETWORK SPENDING ON WA MOTORISTS PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2019-20



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

Figure 4.4 shows that the total direct benefit to WA motorists per dollar collected from the taxes, fees and charges it pays has averaged \$0.61 since 2007-08, peaking at \$0.68<sup>17</sup> in 2012-13. In 2019-20, total direct benefits per dollar collected are estimated to be below this long term average, at \$0.58<sup>18</sup>. Over the remainder of the estimates period, the total direct benefit to WA motorists per dollar collected is estimated to average \$0.48 per annum, falling to a low of \$0.46<sup>19</sup> by 2021-22 and a peak of \$0.51 in 2022-23.

The total direct benefits to WA motorists per dollar collected from the taxes levied by the Commonwealth has averaged \$0.33 per annum, peaking at \$0.57<sup>20</sup> in 2014-15. In 2019-20, total direct benefits per dollar collected are estimated to reach \$0.41. Over the remainder of the estimates period, the Commonwealth direct benefit to WA motorists per dollar collected is estimated to average \$0.46 per annum, a low of \$0.42<sup>21</sup> in 2020-21 and a peak of \$0.52<sup>22</sup> in 2022-23. This is due to a larger allocation of Commonwealth funds to the Main Roads AIP and an increase in Commonwealth transfers to the State Government (ie Road investment component).

Total direct benefits to WA's motorists per dollar raised has averaged \$0.61 since 2007-08 and is expected to be \$0.58 per dollar raised in 2019-20. This return is expected to decline over the estimates period due to a decrease in the State's allocation to Main Roads' AIP but is offset in 2022-23 by an increase in the Commonwealth's allocation to Main Road's AIP.

Compared to last year's forward estimates period, the direct benefits to WA motorists from the Commonwealth have increased by an average of \$493 million per annum<sup>23</sup> due to increases in transfers to the Main Roads' AIP and to the State Government.

On a per motorist basis, ACIL Allen estimates that in 2019-20 each of WA's 1.9 million<sup>24</sup> motorists paid \$2,750 to all levels of government in the form of taxes, fees and charges, with \$1,604 directly returned to each motorist in the form of road related infrastructure and services.

<sup>17</sup> Total collections of \$4,117 million and total spending of \$2,793 million.

<sup>18</sup> Total collections of \$5,355 million and total spending of \$3,123 million.

<sup>19</sup> Total collections of \$5,696 million and total spending of \$2,647 million.

<sup>20</sup> Commonwealth collections of \$2,444 million and Commonwealth spending of \$1,399 million.

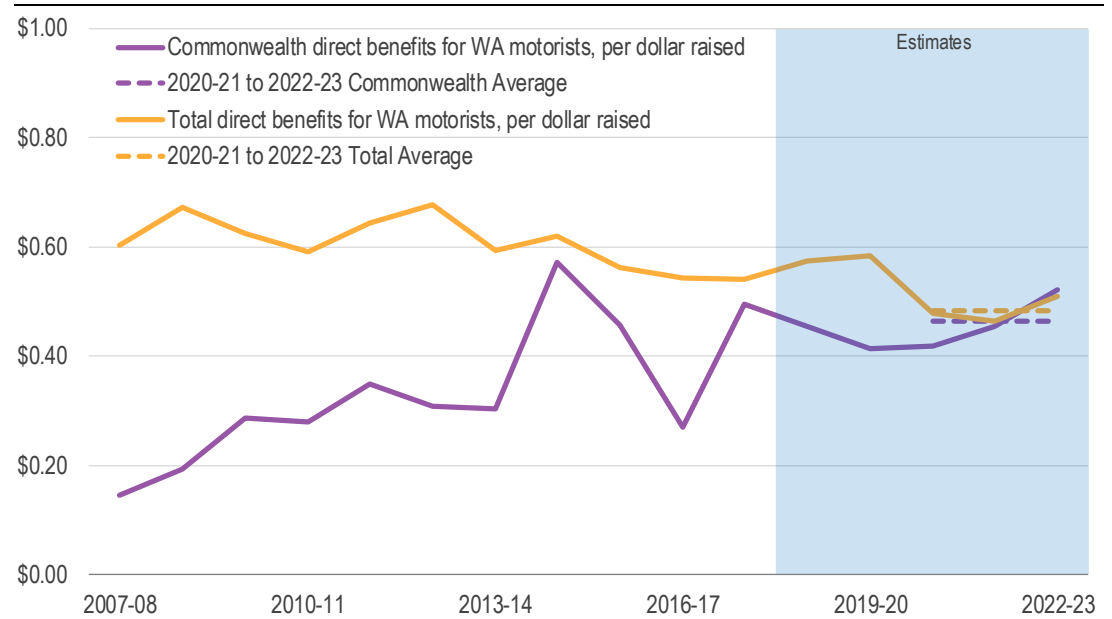
<sup>21</sup> Commonwealth collections of \$3,191 million and Commonwealth spending of \$1,332 million.

<sup>22</sup> Commonwealth collections of \$3,503 million and Commonwealth spending of \$1,828 million.

<sup>23</sup> Comparing the average between 2018-19 and 2021-22 in the 2018-19 report, and the average between 2019-20 and 2022-23 in the 2019-20 report. This includes any updates included in the Mid-Year Economic and Fiscal Outlook 2019-20.

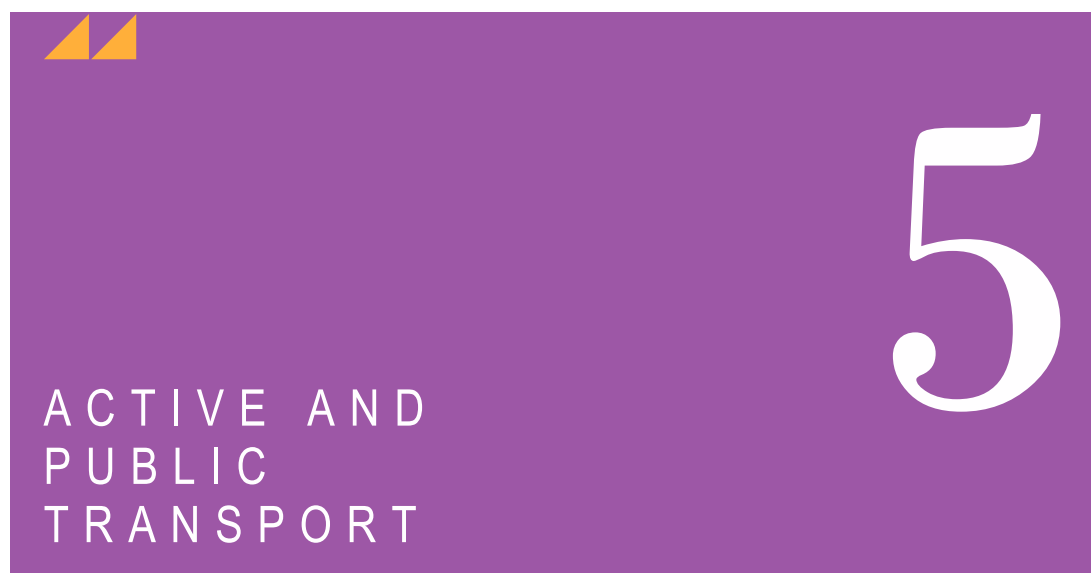
<sup>24</sup> Excludes learners permits. As at 31 December 2018.

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



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES



This report examines how the fees, charges and taxes on WA motorists are used to benefit WA motorists. However, WA motorists also indirectly benefit from Commonwealth and State government funding for the provision of active and public transport related infrastructure and services, which provide alternative modes of transport and help to manage congestion on WA's road network.

This section details how the revenue raised from WA motorists supports the Commonwealth, State and Local governments in funding the provision of active and public transport related infrastructure and services that indirectly benefit WA motorists.

For the purposes of this report, it is assumed that every dollar retained in the Commonwealth and State Consolidated Funds represent indirect benefits to the extent that government funding priorities – in this case active and public transport infrastructure and services<sup>25</sup> – indirectly benefit WA motorists. In estimating the indirect benefits to WA motorists from transport-related infrastructure, ACIL Allen has not quantified the scale of the impact on congestion on WA's road network, which is outside the scope of this study.

## 5.1 Revenue Raised from WA Motorists

As discussed in the previous section, in 2019-20 the Commonwealth Government is estimated will retain \$1,810 million from WA motorists and the State Government is estimated will retain \$423 million from WA motorists (refer to **Figure 4.2** above in **Section 4.2**). It is these retained revenues that will be considered in the context of WA motorists' contribution to the provision of active and public transport related infrastructure and services.

## 5.2 Indirect Spending on Active and Public Transport by WA Motorists<sup>26</sup>

### 5.2.1 Indirect Commonwealth Government Spending

The Commonwealth transfers funds to the PTA via transfers for specific projects or transfers for the PTA's AIP (refer to **Figure 5.1** below). The Commonwealth has traditionally funded road infrastructure in WA, which is reflected in the transfers to the Main Roads AIP. However, with the McGowan Government's key election platform being to build MetroNet, the Commonwealth's funding is now being redirected to heavy rail infrastructure under the PTA's AIP.

<sup>25</sup> Total spending on active and public transport infrastructure and services in WA is not accounted for in the modelling. Rather, the retained revenue of the Commonwealth and State governments (after direct expenditure on WA motorists has been allocated) is the assumed contributions from WA motorists to the provision of active and public transport related infrastructure and services.

<sup>26</sup> Total spending on active and public transport infrastructure and services in WA is not accounted for in this report. Rather, the retained revenue of the Commonwealth and State governments (after direct expenditure on WA motorists has been allocated) is the assumed contributions from WA motorists to the provision of active and public transport related infrastructure and services.

Over the estimates period, transfers for active and public transport infrastructure is estimated to increase from an average of \$36 million between 2007-08 and 2016-17, to an estimated \$391 million in 2019-20. Over the remainder of the estimates period, Commonwealth transfers are expected to average \$526 million, peaking in 2021-22 at \$908 million.

### 5.2.2 Indirect WA Government Spending

If the WA Government raises more revenue from WA motorists than it directly spends on WA motorists (refer to **Figure 4.2** above in Section 0), the amount is retained in the State's Consolidated Fund. Similarly, when the WA Government directly spends more on WA motorists than it collects from WA motorists, the amount is effectively funded out of the State's Consolidated Fund.

In the years when an amount is retained in the State's Consolidated Fund, it becomes available to be spent on other government priorities. For the purpose of this study, the retained revenue collected from WA motorists is assumed to be used to fund active and public transport related infrastructure and services.

The State funds the provision of active and public transport related infrastructure and services through several channels, largely through:

- appropriations;
- borrowings; and
- the sale of goods and services.

The largest share of the PTA's funding is through an appropriation (either for spending on capital or as an operating subsidy) from the State's Consolidated Fund. In the absence of any hypothecation of funds for specific purpose, the source of the PTA's funding cannot be traced through the State's budget papers.

In 2019-20, it is estimated the State will retain \$423 million in revenue collected from WA motorists which can theoretically then be transferred to the PTA (refer to **Figure 5.1** below), which represents a decrease of 26.3 per cent from 2018-19. Over the remainder of the estimates period, transfers are estimated to peak at \$1,244 million in 2022-23, representing an increase of 194 per cent from 2019-20 levels.

### 5.2.3 Total Indirect Government Spending

**Figure 5.1** below presents total indirect spending by the Commonwealth and WA governments on WA motorists based on the revenues generated from WA motorists. In 2019-20, the State Government is estimated to be responsible for the largest share of spending, followed by transfers made by the Commonwealth.

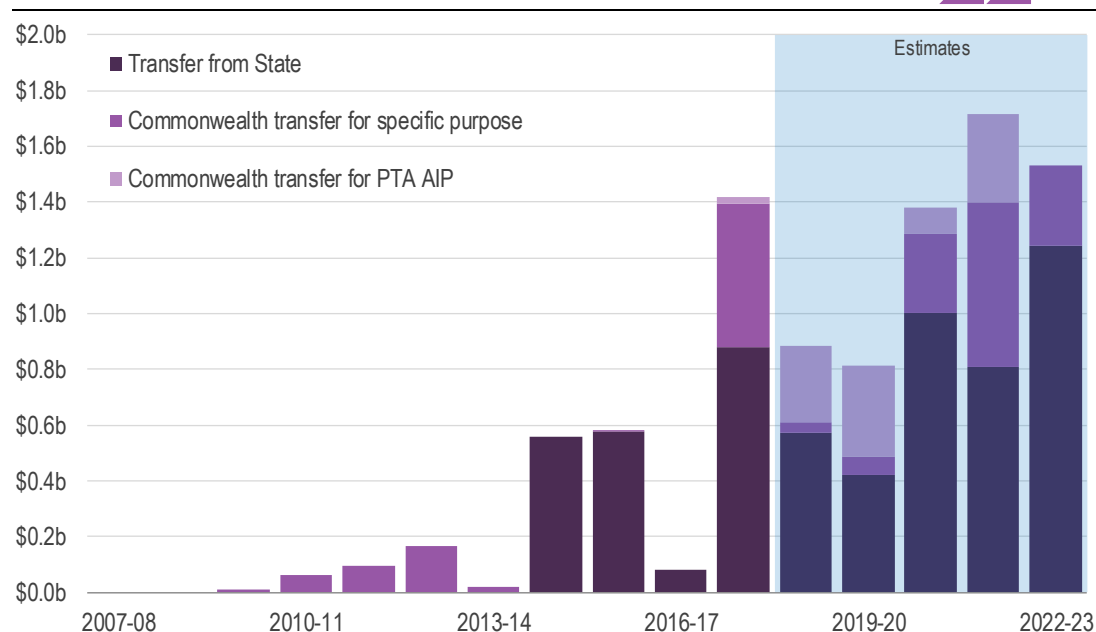
In 2019-20, it is estimated spending on the provision of active and public transport related infrastructure and services will total \$814 million, indirectly benefiting WA motorists by helping reduce congestion on the State's roads. If realised, this will be a decrease of 8.1 per cent on 2018-19 levels due to a \$151 million cut in funding from the State Government.

Thereafter, it is estimated that total spending will increase, peaking at \$1,718 million<sup>27</sup> by 2021-22. The State is expected to make up the largest share of total spending between 2019-20 and 2022-23, through its transfers for appropriations for service delivery and capital.

<sup>27</sup>Total transfers have been capped in 2021-22 at \$1,718 million, reflecting ACIL Allen's assumption that spending on Active and Public Transport will not exceed the PTA's total cost of services. Transfers from the State were originally estimated at \$2,172 million.



**FIGURE 5.1** TRANSFERS FROM GOVERNMENT FOR THE PROVISION OF ACTIVE AND PUBLIC TRANSPORT INFRASTRUCTURE AND SERVICES FROM REVENUE RAISED FROM WA MOTORISTS, HISTORIC AND FORECAST



Note: Figures may be subject to rounding.

Total spending on active and public transport infrastructure and services in WA is not accounted for in this report. Rather, the retained revenue of the Commonwealth and State governments (after direct expenditure on WA motorists has been allocated) is the assumed contributions from WA motorists to the provision of active and public transport related infrastructure and services.

Total transfers have been capped in 2021-22 at \$1,718 million, reflecting ACIL Allen's assumption that spending on Active and Public Transport will not exceed the PTA's total cost of services. Transfers from the State were originally estimated at \$2,172 million.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH AND STATE BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20

### 5.3 Retained Revenue and Indirect Benefits Comparison

To understand how the Commonwealth and State governments retain revenue from WA motorists and how it indirectly benefits WA motorists, ACIL Allen has developed the flow of funds diagram that is represented in **Figure 5.2** below. The flow of funds diagram is shown for 2019-20, but can be replicated for any year.

The diagram shows that in 2019-20, the Commonwealth is expected to retain most of its revenue from WA motorists (\$1,810 million), and then transfer amounts to the State Government for specific purposes (\$65 million) and the PTA's AIP (\$327 million). The majority of the revenue retained by the Commonwealth Government from WA motorists is expected to be retained in its Consolidated Fund (\$1,419 million).

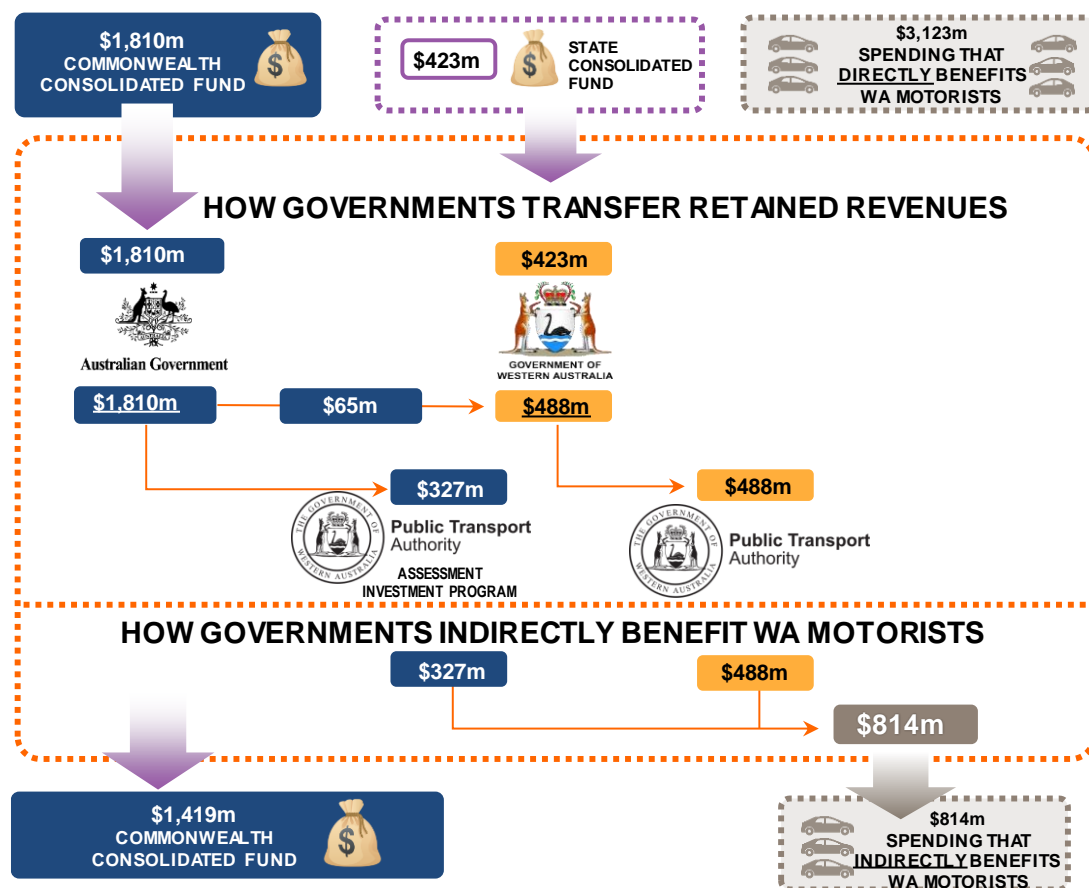
The State Government is estimated to retain revenue of \$423 million from WA motorists in 2019-20. For the purpose of this study, ACIL Allen has assumed this amount is a \$423 million transfer to the PTA to be used for other government priorities including the provision of active and public transport related infrastructure and services.

Based on this stylised flow of funds, ACIL Allen estimates that WA motorists supported the provision of active and public transport related infrastructure and services to the value of \$814 million in 2019-20, helping provide alternative modes of transport and manage congestion on WA's road network.

This accounted 36.5 per cent of the total revenue retained from taxes, fees and charges levied on WA motorists by the Commonwealth and State governments (\$2,233 million). This is explored further in the next section.



**FIGURE 5.2** FLOW OF RETAINED REVENUE BY GOVERNMENT FROM REVENUE THAT IS GENERATED FROM WA MOTORISTS AND HOW IT **INDIRECTLY** BENEFITS WA MOTORISTS, 2019-20, \$ MILLION



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

### 5.3.1 Indirect Benefits to Western Australian Motorists

By following the flow of funds by the Commonwealth and State governments (presented in **Figure 5.2**), ACIL Allen is able to estimate the value of indirect benefits WA motorists receive per dollar that is retained from WA motorists by the Commonwealth and State governments.

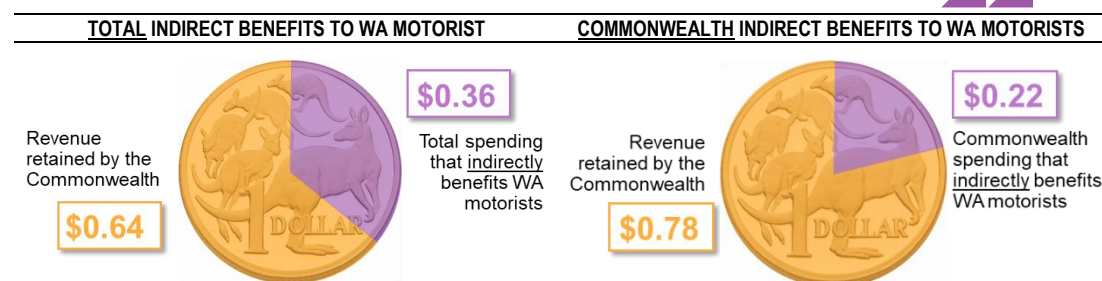
Overall, for every dollar retained that was revenue (taxes, fees and charges) paid by WA motorists in 2019-20, an estimated \$0.36 is spent on the provision of active and public transport related infrastructure and services, which indirectly benefits WA motorists by providing alternative modes of transport and helping to manage congestion on WA's road network<sup>28</sup>.

The estimated \$0.36 per dollar spent on the provision of active and public transport related infrastructure and services in 2019-20 is less than the \$0.41 per dollar spent in 2018-19. This is mainly a result of a reduction in the appropriation from the State to the PTA, an increase in Commonwealth collections and a decrease in Commonwealth transfers to Main Roads AIP in 2019-20.

<sup>28</sup> Based on estimated total retained revenue of \$2,233 million by the Commonwealth and State governments (that is collected from WA motorists), and \$814 million of spend on the provision of active and public transport related infrastructure and services from the Commonwealth and State governments (that can be attributed to WA motorists) in 2019-20.

For every dollar retained by the Commonwealth, \$0.22 is spent on the provision of active and public transport related infrastructure and services, which indirectly benefits WA motorists by providing alternative modes of transport and helping to manage congestion on WA's road network<sup>29</sup>.

**FIGURE 5.3** ACTIVE AND PUBLIC TRANSPORT SPENDING THAT **INDIRECTLY** BENEFITS WA MOTORISTS, PER DOLLAR OF REVENUE RETAINED BY GOVERNMENT, 2019-20



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

## 5.4 Total Spend on Public Transport

Total spending on the State's PTA has averaged \$1,437 million between 2007-08 and 2017-18, peaking at \$1,834 million in 2012-13. In 2019-20, total spending on public transport is estimated to reach \$1,589 million, a 7.4 per cent increase on 2018-19 levels (refer to **Figure 5.4**). Over the remainder of the estimates period, total spending on public transport is expected to increase by an average of 2.6 per cent per annum, reaching \$1,713 million by 2022-23.

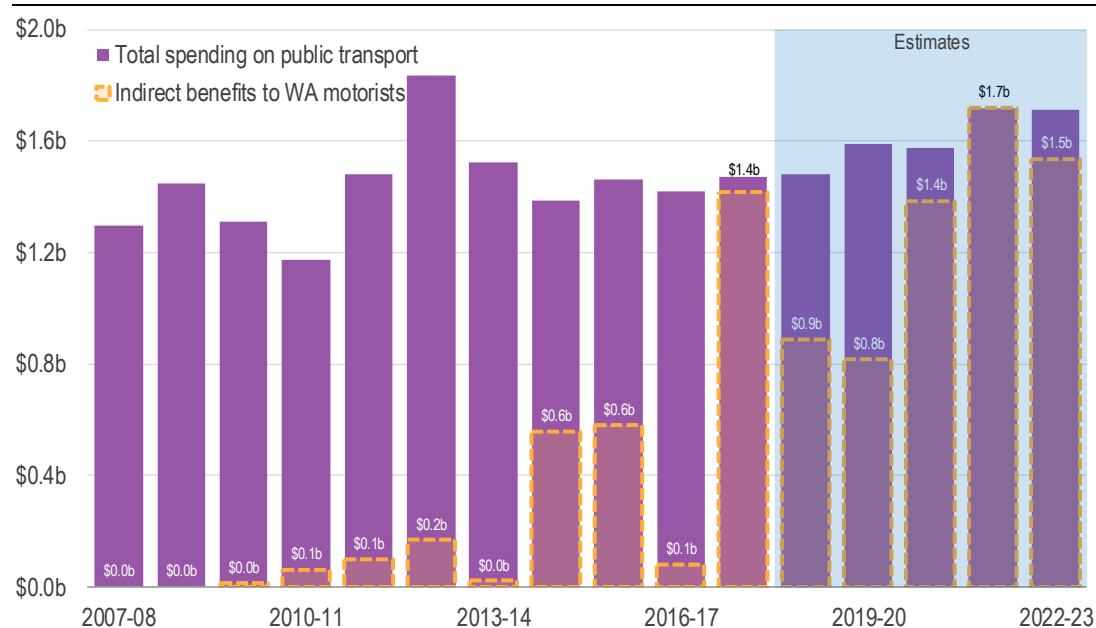
Over the same period, indirect spending on public transport related infrastructure and services from the Commonwealth and State governments has averaged \$157 million between 2007-08 and 2016-17, accounting for 11 per cent of the PTA's total cost of service. In 2017-18 indirect spending increased nine-fold on the 10 year annual average to \$1,417 million (driven by transfers from the State and from the Commonwealth for specific purposes).

Indirect spending in 2019-20 is estimated to total \$814 million, making up 51.3 per cent of the PTA's total cost of service. Over the remainder of the estimates period, indirect spending is expected to increase on average by 32.1 per cent per annum to \$1,534 million in 2022-23, making up 89.6 per cent of the PTA's total cost of service. At its peak in 2021-22, total indirect spending is estimated to cover the PTA's total cost of service<sup>30</sup>.

<sup>29</sup> Based on a total retained revenue estimate of \$1,810 million by the Commonwealth (that is collected from WA motorists), and \$391 million of spend on the provision of active and public transport related infrastructure and services from the Commonwealth (that can be attributed to WA motorists) in 2019-20.

<sup>30</sup> Indirect spending reflects the estimates and forecasts contained in the Mid-Year Economic and Fiscal Outlook 2019-20 whilst the PTA's total cost of service reflects the State Budget paper 2 volume 2 2019-20 which may therefore understate the forecast total spend on public transport.

**FIGURE 5.4** TOTAL SPENDING ON PUBLIC TRANSPORT AND TOTAL CONTRIBUTION TO THE PUBLIC TRANSPORT AUTHORITY (PTA) \$BILLION



Note: This is the total contribution to the Public Transport Authority. Due to the updated forward estimates contained in the Mid Year Economic and Fiscal Outlook 2019-20 (which impact the estimated indirect benefits to WA motorists), ACIL Allen has assumed that spending on Active and Public Transport will not exceed the PTA's total cost of services in 2021-22 which is based on forward estimates contained in the 2019-20 State Budget Paper.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE STATE BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20



# 6

## REVENUE AND DIRECT AND INDIRECT BENEFITS COMPARISON

This section details the flow of funds from the revenue that is raised by all levels of government from WA motorists to the spending by all levels of governments, that directly benefit WA motorists through the provision of road infrastructure and road related services, and indirectly benefit WA motorists through the provision of active and public transport infrastructure and related services that helps to provide alternative modes of transport and helping to manage congestion on WA's road network.

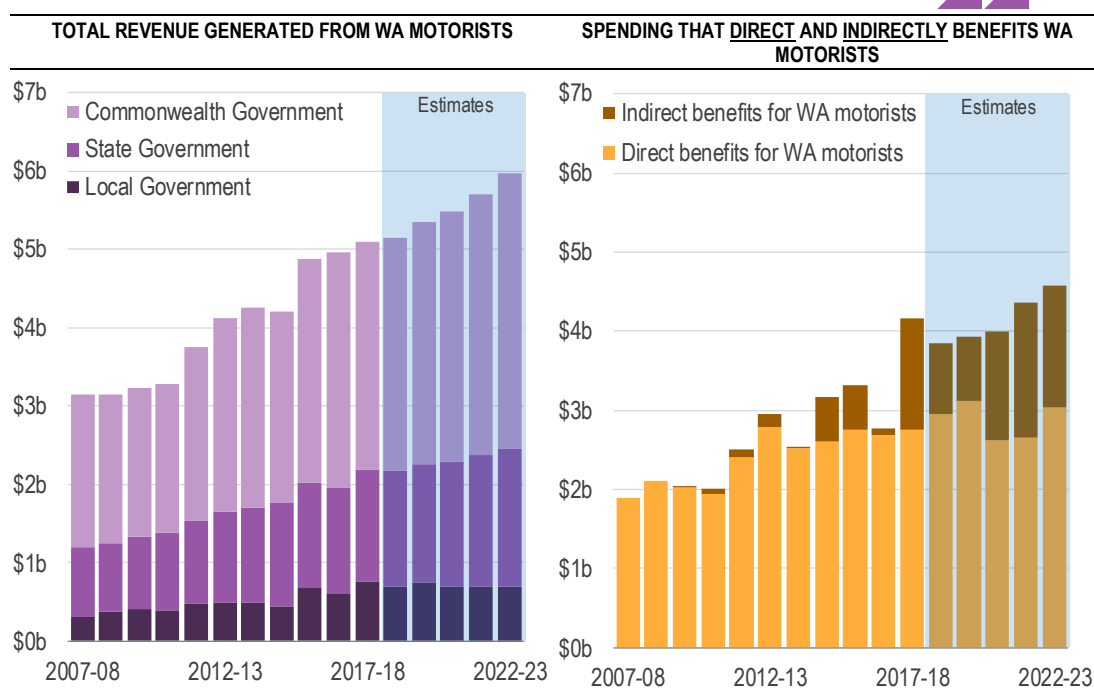
### 6.1 Total Revenue and Spending

**Figure 6.1** presents a comparison between the total amount of revenue collected from WA motorists and the total amount of spending that directly and indirectly benefits WA motorists.

The Commonwealth consistently raises more revenue from WA motorists than both State and Local governments. In 2019-20, it is estimated that of the \$5,355 million collected from WA motorists, 57.7 per cent (or \$3,091 million) was from Commonwealth taxes, with 28.4 per cent (or \$1,522 million) collected by the State Government and 13.9 per cent (or \$742 million) collected by Local Government. By comparison, it is estimated that total direct expenditure on WA motorists totalled \$3,123 million and total indirect expenditure on WA motorists totalled \$814 million in 2019-20.

Over the remainder of the estimates period, ACIL Allen has estimated that total revenue from WA motorists will increase by an average of 3.6 per cent per annum to \$5,962 million by 2022-23. By contrast, total spending that directly benefits WA motorists is estimated to fall slightly over the estimates period, to \$3,043 million by 2022-23, which is expected to be slightly offset by a projected average annual increase of 32.1 per cent in indirect spending on WA motorists to \$1,534 million by 2022-23.

**FIGURE 6.1** TOTAL VEHICLE RELATED REVENUE GENERATED FROM WA MOTORISTS AND RELATED **DIRECT** AND **INDIRECT** SPENDING ON WA MOTORISTS, HISTORIC AND PROJECTED, \$ BILLION



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES.

## 6.2 Flows of Total Revenue and Total Benefits

**Figure 6.2** depicts how all levels of government raise revenue from WA motorists and how it flows back to directly and indirectly benefit WA motorists.

The diagram shows that in 2019-20, the Commonwealth is estimated to collect the majority of total revenue from WA motorists (\$3,091 million), and then transfer amounts to the State Government (\$754 million), Local Government (\$60 million) and the Main Roads WA AIP (\$467 million). The majority of the revenue collected by the Commonwealth Government from WA motorists is retained in its Consolidated Fund (\$1,810 million).

The State Government collects the next largest share of revenue (\$1,522 million), which after top up funding from the Commonwealth Government (\$754 million), is transferred to State Government departments (\$2,143 million) and Local Government (\$133 million). The diagram shows that in 2019-20, it is estimated that the State Government will not transfer all of the revenue it raised from WA motorists, with \$423 million being retained in the State's Consolidated Fund.

Local Government is estimated to spend \$935 million on roads on 2019-20, which is principally funded from local government fees and charges (\$742 million) with the remainder coming from the Commonwealth (\$60 million) and the State (\$133 million).

The diagram shows that of the Commonwealth Government's retained funds generated from WA motorists, some \$65 million can be notionally transferred to the State Government for active and public transport projects and a further \$327 million to the PTA's AIP in 2019-20. The majority of the revenue generated from WA motorists is still estimated will be retained in the Commonwealth's Consolidated Fund (\$1,419 million).

The estimated \$1,419 million to be retained in the Commonwealth Consolidated Fund is \$118 million more than 2018-19. The higher level of retained funds in 2019-20 is a result of the reduction in

Commonwealth transfers to Main Roads' AIP and higher overall Commonwealth collections from WA motorists.

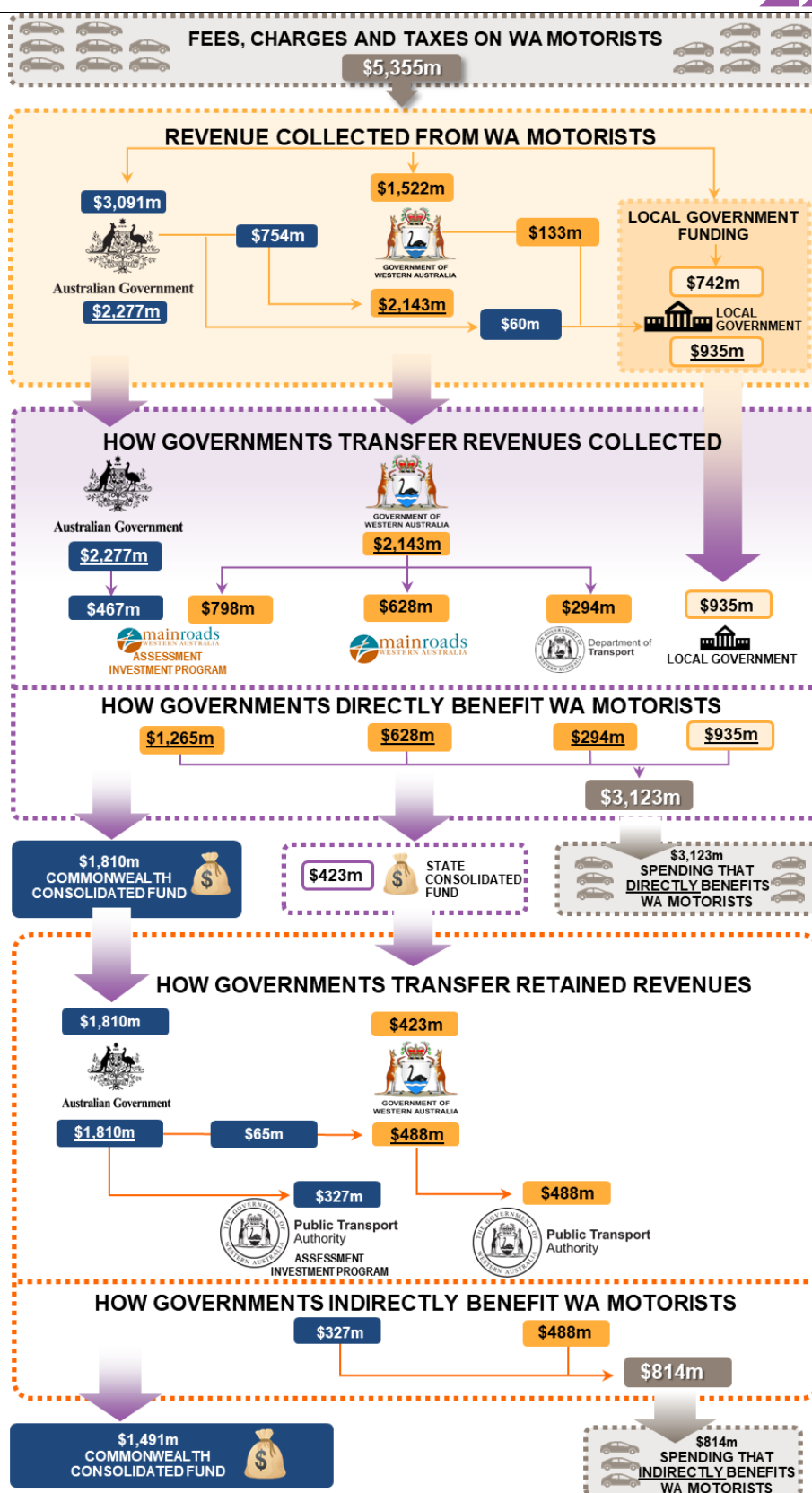
Of the State Government's estimated \$423 million in retained revenues from WA motorists in 2019-20, this is then available to the State Government for other government priorities including the provision of active and public transport related infrastructure and services<sup>31</sup>. For the purposes of this study, ACIL Allen has assumed this amount is a \$423 million is transferred to the PTA as part of the PTA's total appropriation.

Based on this stylised flow of funds, ACIL Allen estimates that WA motorists supported the provision of active and public transport related infrastructure and services which are expected to cost \$814 million in 2019-20. This accounted for 36.5 per cent of the total revenue retained from taxes, fees and charges levied on WA motorists by the Commonwealth and State governments (\$2,233 million) in 2019-20.

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<sup>31</sup> Total spending on active and public transport infrastructure and services in WA is not accounted for in this report. Rather, the retained revenue of the Commonwealth and State governments (after direct expenditure on WA motorists has been allocated) is the assumed contributions from WA motorists to the provision of active and public transport related infrastructure and services.

**FIGURE 6.2** FLOW OF REVENUES GENERATED FROM WA MOTORISTS AND TOTAL DIRECT AND INDIRECT BENEFITS FOR WA MOTORISTS, 2019-20, \$ MILLION



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES



### 6.2.1 Direct and Indirect Benefits to Western Australian Motorists

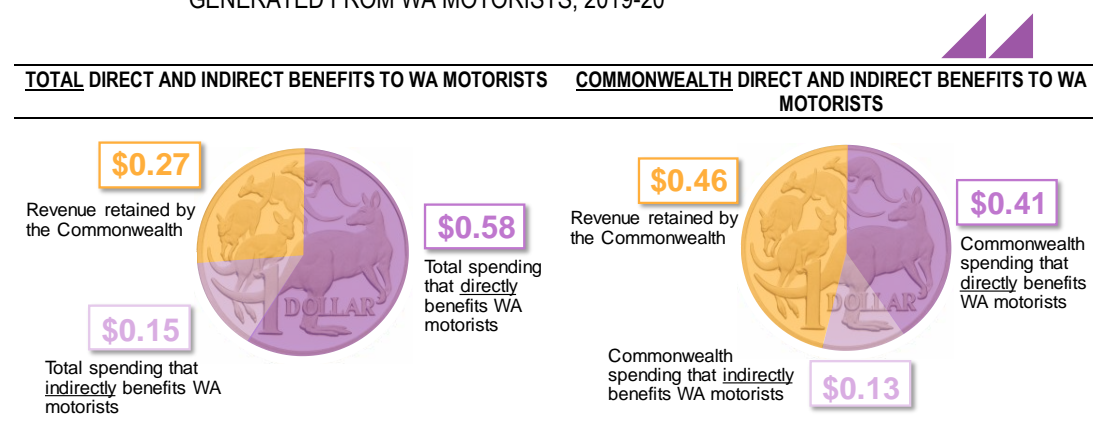
By following the flow of funds by each level of government (presented in **Figure 6.2**), ACIL Allen is able to estimate the value of direct and indirect benefits that WA motorists receive per dollar collected from WA motorists.

Overall, for every dollar in taxes, fees and charges paid by WA motorists in 2019-20, \$0.58 is directly returned to WA motorists in the form of motoring-related infrastructure and services<sup>32</sup>, and \$0.15 is indirectly returned to WA motorists in the form of active and public transport infrastructure and related services<sup>33</sup>.

The remaining \$0.27 is estimated to be retained by the Commonwealth. The Commonwealth's retained funds is more than in 2018-19 due to an increase in revenue collected from WA motorists and a decrease in allocation to Main Roads' AIP. On the other hand, indirect spending on WA motorists by the Commonwealth in 2019-20 is estimated will be greater than in 2018-19 due to higher payments to the PTA's AIP. In net terms, the level of funding retained by the Commonwealth is estimated will be greater in 2019-20 than 2018-19.

For every dollar in taxes paid by WA motorists to the Commonwealth Government in 2019-20, an estimated \$0.41 is directly returned to WA motorists in the form of motoring-related infrastructure and services<sup>34</sup>, and \$0.13 is indirectly returned to WA motorists in the form of active and public transport infrastructure and related services<sup>35</sup>.

**FIGURE 6.3** DIRECT AND INDIRECT BENEFITS FOR WA MOTORISTS, PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2019-20



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

**Figure 6.4** shows that the total direct and indirect benefits to WA motorists from the taxes, fees and charges it pays has averaged \$0.66 between 2007-08 and 2017-18, peaking at \$0.82<sup>36</sup> in 2017-18. Over the estimates period, the total direct and indirect benefit to WA motorists is estimated to average \$0.75 per annum, peaking at \$0.77<sup>37</sup> in 2021-22 and falling to \$0.73<sup>38</sup> in 2020-21.

The direct and indirect benefit to WA motorists from the taxes levied by the Commonwealth has averaged \$0.36 per annum since 2007-08, peaking at \$0.68<sup>39</sup> in 2017-18. Over the estimates period,

<sup>32</sup> Based on total collections of \$5,355 million collected from WA motorists and \$3,123 million spent on WA road networks in 2019-20.

<sup>33</sup> Collections of \$5,355 million collected from WA motorists and \$814 million transferred to active and public transport related infrastructure and services from the Commonwealth and State governments in 2019-20.

<sup>34</sup> Collections of \$3,091 million collected from WA motorists and \$1,281 million spent on WA road networks in 2019-20.

<sup>35</sup> Collections of \$3,091 million collected from WA motorists and \$391 million transferred to active and public transport related infrastructure and services from the Commonwealth Government in 2019-20.

<sup>36</sup> Total collections of \$5,093 million and total spending of \$4,166 million.

<sup>37</sup> Total collections of \$5,696 million and total spending of \$4,365 million.

<sup>38</sup> Total collections of \$5,481 million and total spending of \$4,001 million.

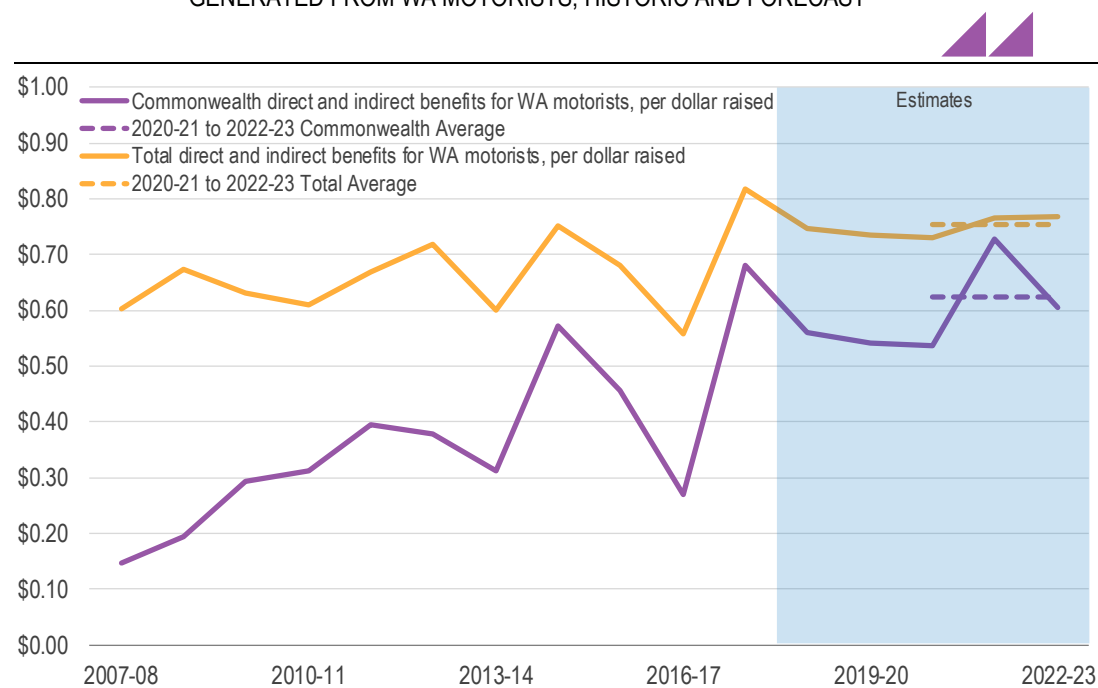
<sup>39</sup> Commonwealth collections of \$2,904 million and Commonwealth spending of \$1,978 million.



the Commonwealth direct and indirect benefit is estimated to average \$0.60 per annum, peaking at \$0.73<sup>40</sup> in 2021-22 after falling to a low of just \$0.54<sup>41</sup> in 2020-21. Total benefits to WA's motorists are estimated to increase slightly over the estimates period due to larger Commonwealth transfers for specific purposes (ie the National Rail Program and the Rail component) and Commonwealth transfers to the State Government (ie Road component) and Main Roads' AIP.

Compared to last year's forward estimates period, total direct and indirect benefits to WA motorists from the Commonwealth have increased by an average of \$541 million<sup>42</sup> per annum due to increases in Commonwealth transfers to Main Roads AIP, Commonwealth transfers to State Government and State transfers to Main Roads AIP.

**FIGURE 6.4** DIRECT AND INDIRECT BENEFITS FOR WA MOTORISTS PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, HISTORIC AND FORECAST



Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

<sup>40</sup> Commonwealth collections of \$3,329 million and Commonwealth spending of \$2,423 million.

<sup>41</sup> Commonwealth collections of \$3,191 million and Commonwealth spending of \$1,711 million.

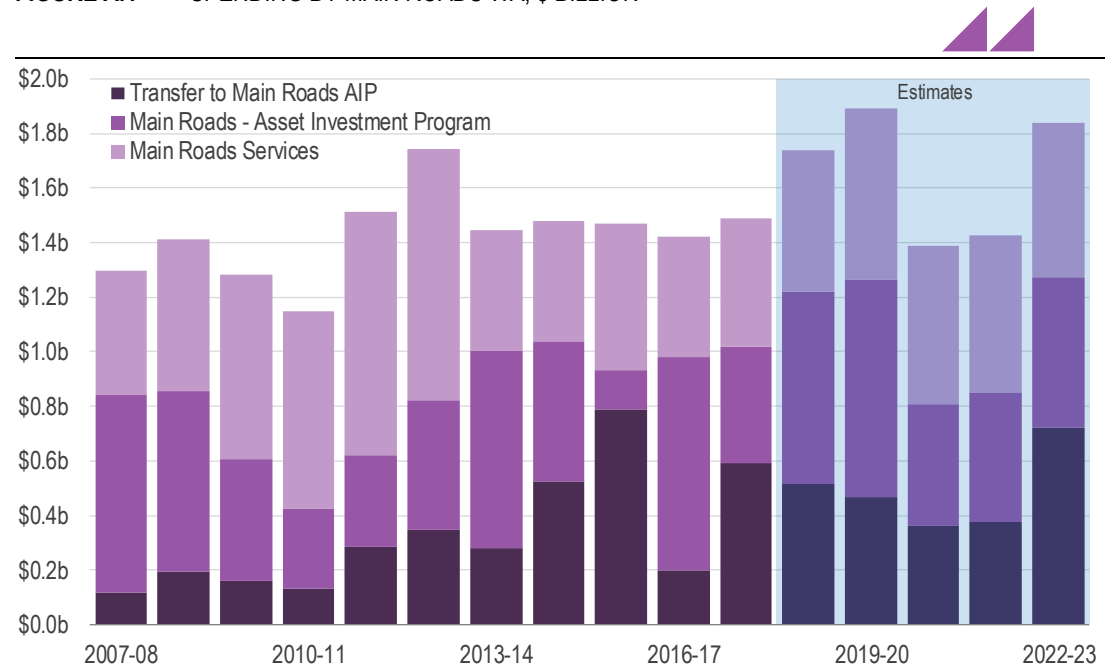
<sup>42</sup> Comparing the average between 2018-19 and 2021-22, and the average between 2019-20 and 2022-23.



## 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



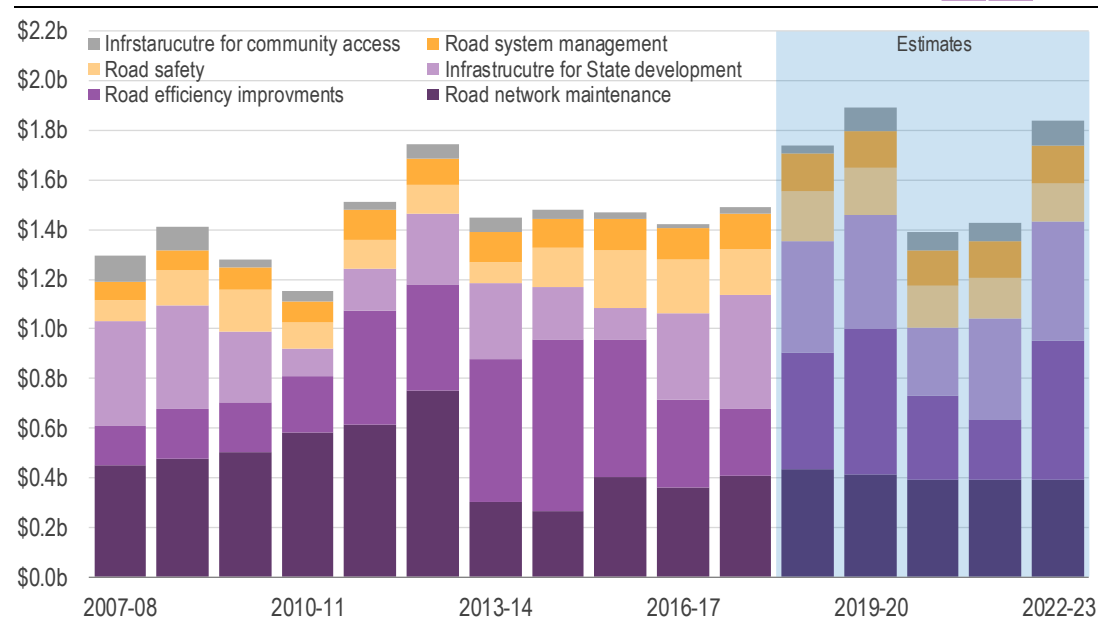
Note: Figures may be subject to rounding.

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.<sup>43</sup> The funding associated with these services is presented in **Figure A.2** and further details on each service is presented thereafter.

**FIGURE A.2** MAIN ROADS SERVICES



SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE STATE BUDGET PAPERS

Historically, road network maintenance spending has made up the largest share of total spending at an average of \$465 million per annum and accounting for 33 per cent of total Main Roads Services spending. This was followed by spending on road efficiency improvements (average of \$374 million per annum or 26 per cent of total spending), infrastructure for State development spending (average \$286 million per annum or 20 per cent of total spending), with the remaining services accounting for an average of \$301 million per annum or 21 per cent of total spending.

Over time the composition of Main Roads Services spending has changed. For example, between 2007-08 and 2012-13 spending on:

- road network maintenance averaged \$562 million per annum and accounted for 39 per cent of total spending;
- infrastructure for State development averaged \$283 million per annum and accounted for 20 per cent of total spending;
- road efficiency improvements averaged \$279 million per annum and accounted for 20 per cent of total spending; and
- all other services averaged \$275 million per annum and accounted for 19 per cent of total spending.

However, between 2013-14 and 2017-18 the composition of spending changed, with:

- road network maintenance spending on average falling by 38 per cent to \$349 million per annum and accounting for 24 per cent of total spending;
- infrastructure for State development spending on average increasing by four per cent to \$291 million per annum and accounting for 20 per cent of total spending;

<sup>43</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. 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.

- road efficiency improvements spending on average increasing by 75 per cent to \$488 million per annum and accounting for 34 per cent of total spending; and
- all other services spending on average increasing by 21 per cent to \$333 million per annum and accounting for 23 per cent of total spending.

Over the forward projections (between 2018-19 and 2022-23), the following trends emerge:

- road network maintenance spending is projected to be 13 per cent lower than the long term average at \$405 million per annum and account for 28 per cent of total spending;
- infrastructure for State development spending is projected to be 44 per cent greater than the long term average at \$413 million per annum and account for 29 per cent of total spending;
- road efficiency improvements spending is projected to be 17 per cent greater than the long term average at \$439 million per annum and account for 31 per cent of total spending; and
- all other services spending is projected to be 33 per cent greater than the long term average at \$399 million per annum and account for 28 per cent of total spending.

### **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>44</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.

### **Road network maintenance**

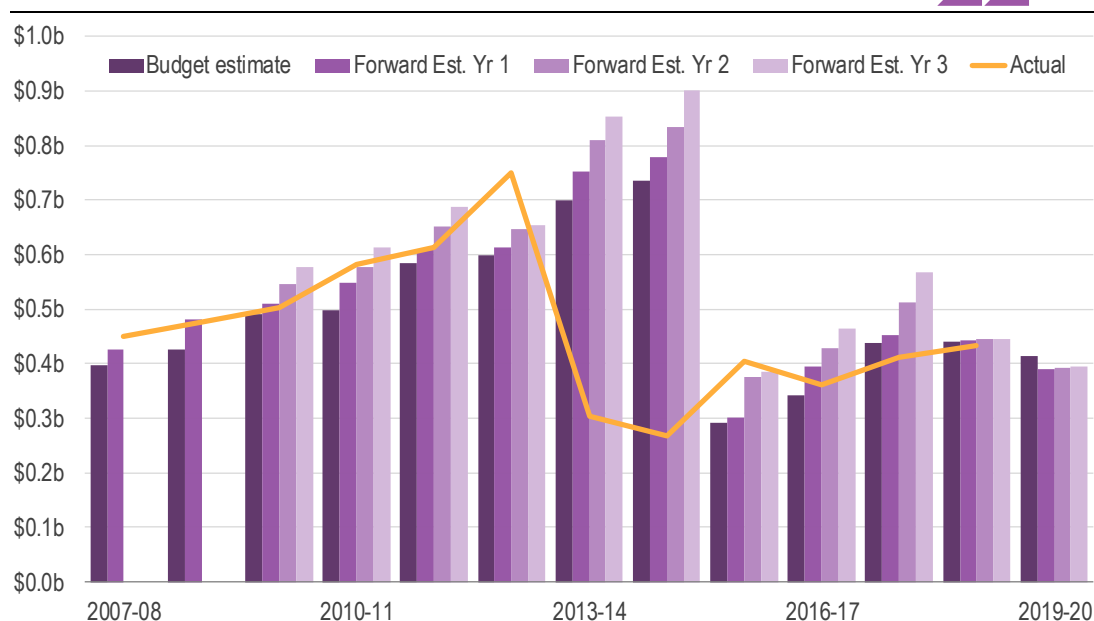
The objective of this program is to maintain existing networks by prolonging the life of road and bridge assets and minimising maintenance costs. Routine maintenance includes crack patching, pothole patching, plant and weed management, graffiti removal and litter collection. Periodic maintenance includes pavement culverts, bridge repairs, sealing, resealing and line marking. Services also include the administration of service arrangements.

Since 2007-08, Main Road's actual spend on road network maintenance has been an average of \$32.4 million less than the budget estimate per annum. When excluding 2013-14 and 2014-15, the actual spend was \$47.5 million more than the budget estimate on average per annum (**Figure A.1**).

The significant fall (\$482.2 million or 64.3 per cent) in actual spending between 2012-13 and 2014-15 was due to a reallocation of spending to Main Road's road efficiency improvements service (see **Figure A.2**). This resulted in actual spending being \$431.9 million less than the budget estimate on average per annum.

Since 2015-16, the actual spend on road network maintenance has been \$24.3 million more than the budget estimate on average per annum. Over the same period, the actual spend has been an average of \$44.5 million more than the previous year's one year forward estimate.

<sup>44</sup> Main Roads Western Australia, Annual Reports (various editions), and website, <https://www.mainroads.wa.gov.au>.

**FIGURE A.1 ROAD NETWORK MAINTENANCE**

Note: Two and three year forward estimates were unavailable for 2007-08 and 2008-09 budget papers.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE STATE BUDGET PAPERS

### 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>45</sup>

- Tonkin Highway Corridor Upgrade (total estimated cost \$1,161 million). This project includes the extension of Thomas Road to South Western highway and the construction of a 14 km, four lane extension south of Mundijong Road. The preferred option for the project will ensure that the trainline between Perth and Bunbury is retained. Secondly, this project will include the widening of Guildford Road to Great Eastern Highway which will provide the initial works for MetroNet. Thirdly, the project will include the construction of grade separations at Hale Road, Welshpool Road and Kelvin Road which will cater for the increased projected traffic volumes.

<sup>45</sup> Western Australia Department of Treasury, 2019-20 State Budget, Budget Paper number two, volume two, <https://www.ourstatebudget.wa.gov.au/Budget-Papers/>

- Mitchell Freeway Extension, Hester Avenue to Romeo Road (total estimated cost \$215 million). This project is a 5.6km extension of Mitchell Freeway and includes an interchange at Hester Avenue (north and south ramps); interchange at Lukin Drive; construction of a rail tunnel at Butler; freeway terminus at Rodeo Road; construction of several new roads including Romeo Road and principal shared pathway along Romeo Road. The aim of this project is to reduce congestion, improve regional connectivity and support economic development within the Northern corridor of the metro area.
- Roe Highway, Great Eastern Highway Bypass, Grade-Separated Interchange (including Abernethy Road) (total estimated cost \$180 million). This project will include an interchange at the Roe Highway and Great Eastern Highway Bypass intersection, as well as at the interchange at Abernethy Road and Great Eastern Highway Bypass. The project aim is to reduce congestion, improve road safety and improve the productivity growth by ensuring infrastructure is optimally connected.
- Leach Highway, Welshpool Road Grade Separation (total estimated cost \$93 million). This project will construct an interchange with a bridge over Welshpool Road, from Leach highway. The aim of the project is to reduce vehicle congestion, improve safety, reduce noise, reduce vehicle operating costs and reduce vehicle collisions.
- Great Northern Highway - Construct New Alignment (Bindoon Bypass) (total estimated cost \$275 million). This two-lane highway project will include a 45.6 km long, 10-metre-wide bypass, west of Bindoon. This project seeks to increase freight efficiency between Perth and the State's North West. The road construction will enable triple road trains to travel closer to Perth and linking it to the NorthLink project.
- Queen Victoria Street - Swan River Crossing (Fremantle Road and Rail Bridge) (total estimated cost \$230 million). This project includes the construction of a 257 metre, four lane, concrete road bridge with a three track rail bridge. This project will enhance safety for all users of the bridge including pedestrians, cyclists and vessels. Additionally, freight rail access will improve by removing the passenger rail conflict and increase access to the Port of Fremantle.
- Albany Ring Road (total estimated cost \$175 million). This project includes 10 km construction of new carriageway between Albany Highway and Princess Royal Drive. This is expected to remove the conflict between heavy vehicles that service the Port and general traffic. This will also support the development and growth of Albany and also provide a route for the international export facility.
- Karratha to Tom Price Road – Stages 3 and 4 (total estimated cost \$310 million). This project will complete the remaining 155 km of road to connect Karratha and Tom Price. The benefits of this project include improved access to mining, tourism, pastoral land and access to Aboriginal communities. This project will reduce the distance between the two towns by 56 km, enhance the safety of the route and likely result in less road closures during wet weather events.
- NorthLink WA - Central and Northern Sections - Swan Valley Bypass (total estimated cost \$1,018.9 million). This project is part of the \$1 billion NorthLink WA program. It will provide a 37 km free-flowing link from the intersection of Reid Highway and Tonkin Highway to Muchea. A new road train assembly area will be included, as will new cycling and pedestrian facilities, including a four metre wide shared path to Muchea. The overall NorthLink WA project will provide a vital link between Morley and Muchea, improving freight capacity, efficiency and productivity, reducing travel times and congestion and improving road safety.
- Bunbury Outer Ring Road – Stages 2 and 3 (total estimated cost \$852 million). Planning and pre-construction activities continue on this 25 km long project which will extend from the existing Australind Bypass north of Treendale to Bussell Highway south of Gelorup, providing improved access to the Bunbury Port as well as bypassing Bunbury and its growing residential areas. Construction of the road will facilitate the development of the Bunbury Port and adjacent industry, reduce congestion, improve travel times and freight efficiency and improve road safety. It will also improve access to existing and developing industrial areas south east of Bunbury.

## A.2 Department of Transport

The Department of Transport has a number of roles associated with transport more generally, 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 87 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 28.1 per cent and 22.2 per cent of local government expenditure is funded by the State and Commonwealth Governments<sup>46</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
- capital expansion, expenditure on extending the road infrastructure network, e.g. constructing a new road or bridge.

### A.4 Other Government Priorities, Public Transport Authority

The Public Transport Authority (PTA) is responsible for the following transport services:

- rail, bus and ferry services in the metropolitan area (Transperth);
- public transport services in regional centres (TransRegional);
- coach and rail passenger services to regional areas (Transwa);
- school bus services;
- designing, building and maintaining transport infrastructure (see our Projects); and
- protecting the long-term viability of the State's freight rail corridor and infrastructure.

The PTA is facing significant changes in how they deliver their infrastructure and services, as a result of changes in government priorities. The Government's METRONET vision will transform Perth's public transport network, which means the PTA's budget outlook now includes funding for the construction of the Forrestfield-Airport Link, the Thornlie-Cockburn Link, the Yanchep Rail Extension, the removal of the Denny Avenue level crossing, existing train station upgrades, and for the procurement of an additional 102 railcars.

In addition, funding has been allocated to the PTA for the planning of the new Morley-Ellenbrook line, the Midland Station project and the Armadale to Byford extension, new and existing train station upgrades, improved signalling, and level crossing removals.

<sup>46</sup> WALGA report on WA Road Assets and Expenditure, 2017-18



### 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)
2007-08	895	304	1,948	3,148
2008-09	880	375	1,887	3,141
2009-10	930	405	1,895	3,230
2010-11	983	398	1,901	3,281
2011-12	1,058	482	2,209	3,749
2012-13	1,151	497	2,469	4,117
2013-14	1,213	496	2,541	4,250
2014-15	1,324	442	2,444	4,210
2015-16	1,344	671	2,867	4,883
2016-17	1,350	611	2,997	4,957
2017-18	1,418	770	2,904	5,093
2018-19	1,483	694	2,964	5,141
2019-20	1,522	742	3,091	5,355
2020-21	1,589	701	3,191	5,481
2021-22	1,675	691	3,329	5,696
2022-23	1,765	694	3,503	5,962

Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES



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

Date	Motor vehicle licence duty (\$m)	Motor vehicle registration fee (\$m)	Other state government (\$m)	Perth parking levy (\$m)	Total (\$m)
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	367	599	53	39	1,058
2012-13	404	650	56	41	1,151
2013-14	385	728	60	40	1,213
2014-15	363	848	65	48	1,324
2015-16	346	874	67	57	1,344
2016-17	344	885	65	56	1,350
2017-18	355	937	68	58	1,418
2018-19	368	991	66	58	1,483
2019-20	373	1,027	63	59	1,522
2020-21	379	1,083	67	60	1,589
2021-22	385	1,158	72	60	1,675
2022-23	393	1,235	77	60	1,765

Note: Figures may be subject to rounding.

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)
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	611	611
2017-18	770	770
2018-19	694	694
2019-20	742	742
2020-21	701	701
2021-22	691	691
2022-23	694	694

Note: Figures may be subject to rounding.

ACIL Allen estimates from 2018-19 to 2022-23, based of Commonwealth Budget Papers, State Budget Papers, and WALGA's Report on Local Government Road Assets & Expenditure.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE WALGA REPORTS 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)
2007-08	536	47	706	510	148	1,948
2008-09	587	40	687	456	117	1,887
2009-10	554	52	660	507	122	1,895
2010-11	620	57	610	554	61	1,901
2011-12	611	46	651	819	81	2,209
2012-13	646	46	638	1,042	96	2,469
2013-14	680	50	651	1,070	89	2,541
2014-15	699	56	646	980	64	2,444
2015-16	757	64	762	1,235	49	2,867
2016-17	766	70	755	1,368	39	2,997
2017-18	779	72	665	1,346	42	2,904
2018-19	809	66	654	1,397	38	2,964
2019-20	835	41	692	1,487	35	3,091
2020-21	869	42	709	1,542	29	3,191
2021-22	913	44	736	1,620	16	3,329
2022-23	961	47	779	1,711	5	3,503

Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

## 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)
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	442	362	780	131	1,714
2017-18	473	276	427	98	1,274
2018-19	516	297	708	106	1,628
2019-20	628	294	798	133	1,853
2020-21	582	284	447	120	1,433
2021-22	573	288	476	112	1,449
2022-23	566	266	553	108	1,494

Note: Figures may be subject to rounding.  
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)
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	611	904
2017-18	113	-	98	770	982
2018-19	118	-	106	694	918
2019-20	60	10	123	742	935
2020-21	125	-	120	701	945
2021-22	130	-	112	691	933
2022-23	136	-	108	694	938

Note: Figures may be subject to rounding.

Figures include transfers from Commonwealth and State governments and do not total amounts presented in the body of this report.

ACIL Allen estimates from 2018-19 to 2022-23, based of Commonwealth Budget Papers, State Budget Papers, and WALGA's Report on Local Government Road Assets & Expenditure.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS 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)
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	736	591	113	1,441
2018-19	719	514	118	1,350
2019-20	754	467	60	1,281
2020-21	847	360	125	1,332
2021-22	1,008	377	130	1,515
2022-23	973	719	136	1,828

Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS

## Spending on Active and Public Transport, Historic and Projected, \$ Million

Date	Appropriation from State (\$m)	Transfer to State (\$m)	Transfer to PTA AIP (\$m)	Total (\$m)
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	13	-	13
2010-11	-	61	-	61
2011-12	-	98	-	98
2012-13	-	168	-	168
2013-14	-	21	-	21
2014-15	557	-	-	557
2015-16	577	1	-	578
2016-17	80	-	-	80
2017-18	880	517	20	1,417
2018-19	574	36	276	886
2019-20	423	65	327	814
2020-21	1,004	283	96	1,383
2021-22	811*	591	317	1,718 <sup>^</sup>
2022-23	1,244	290	-	1,534

<sup>^</sup>Due to the updates contained in the Mid Year Economic and Fiscal Outlook 2019-20, ACIL Allen has assumed that spending on Active and Public Transport will not exceed the PTA's total cost of services in 2021-22 which is based on forward estimated contained in the 2019-20 State Budget.

\*Appropriation from the State has been reduced from an estimated \$1,235 million to \$811 million to ensure that spending on Active and Public Transport doesn't exceed the PTA's total cost of services in 2021-22. For the purposes of this study, ACIL Allen has assumed that the State will only provide the required level of appropriation for spending on public transport.

Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS

## Total Spending on Public Transport, Historic and Projected, \$ Million

Date	Spending on Active and Public Transport (\$m)	PTA total cost of services (\$m)
2007-08	-	1,297
2008-09	-	1,446
2009-10	13	1,311
2010-11	61	1,175
2011-12	98	1,481
2012-13	168	1,834
2013-14	21	1,525
2014-15	557	1,387
2015-16	578	1,461
2016-17	80	1,421
2017-18	1,417	1,470
2018-19	886	1,479
2019-20	814	1,589
2020-21	1,383	1,574
2021-22	1,718 <sup>a</sup>	1,718
2022-23	1,534	1,713

<sup>a</sup> Due to the updates contained in the Mid Year Economic and Fiscal Outlook 2019-20, ACIL Allen has assumed that spending on Active and Public Transport will not exceed the PTA's total cost of services in 2021-22 which is based on forward estimated contained in the 2019-20 State Budget.

Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2019-20, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES





## 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 is outlined in the table below.

**TABLE C.1** ADJUSTED CPI WEIGHTS

Goods Category	Value
<b>Weights of GST Excluded Items</b>	
Bread	0.5%
Beef and veal	0.5%
Pork	0.3%
Lamb and goat	0.2%
Poultry	0.4%
Other meats	0.4%
Fish and other seafood	0.4%
Milk	0.4%
Fruit	1.1%
Vegetables	1.3%
Eggs	0.1%
Rents	7.2%

Goods Category	Value
Pharmaceutical products	1.0%
Therapeutic appliances and equipment	0.2%
Medical and hospital services	3.7%
Dental services	0.5%
Preschool and primary education	0.9%
Secondary education	1.7%
Tertiary education	1.7%
<b>Unadjusted Weights of Motor Vehicle CPI Items</b>	
Motor vehicles	2.8%
Spare parts and accessories for motor vehicles	0.7%
Automotive fuel	2.8%
Maintenance and repair of motor vehicles	1.9%
Other services in respect of motor vehicles	1.4%
<b>Adjusted Weights of Motor Vehicle CPI Items</b>	
Motor vehicles	3.6%
Spare parts and accessories for motor vehicles	0.9%
Automotive fuel	3.6%
Maintenance and repair of motor vehicles	2.5%
Other services in respect of motor vehicles	1.7%

Note: Figures may be subject to rounding.  
 SOURCE: ACIL ALLEN CONSULTING, ABS CAT 6473.0

### 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 ENVIRONMENT AND ENERGY, ABS CAT. 3101.0, ABS CAT. 9314.0, FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

## 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 the number of new cars sold (ABS Cat. 9341.0 and Federal Chamber of Automotive Industries) in WA 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 estimate 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>47</sup>. Therefore, the share of new vehicles sold in WA (ABS Cat. 9341.0 and Federal Chamber of Automotive Industries) was applied to determine customs revenues attributable to WA.

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<sup>47</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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INSTITUTIONS AND GOVERNMENTS  
ON ECONOMICS, POLICY AND  
CORPORATE PUBLIC AFFAIRS  
MANAGEMENT.

WE PROVIDE SENIOR ADVISORY  
SERVICES THAT BRING  
UNPARALLELED STRATEGIC  
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EXPERIENCE TO BEAR ON PROBLEM  
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