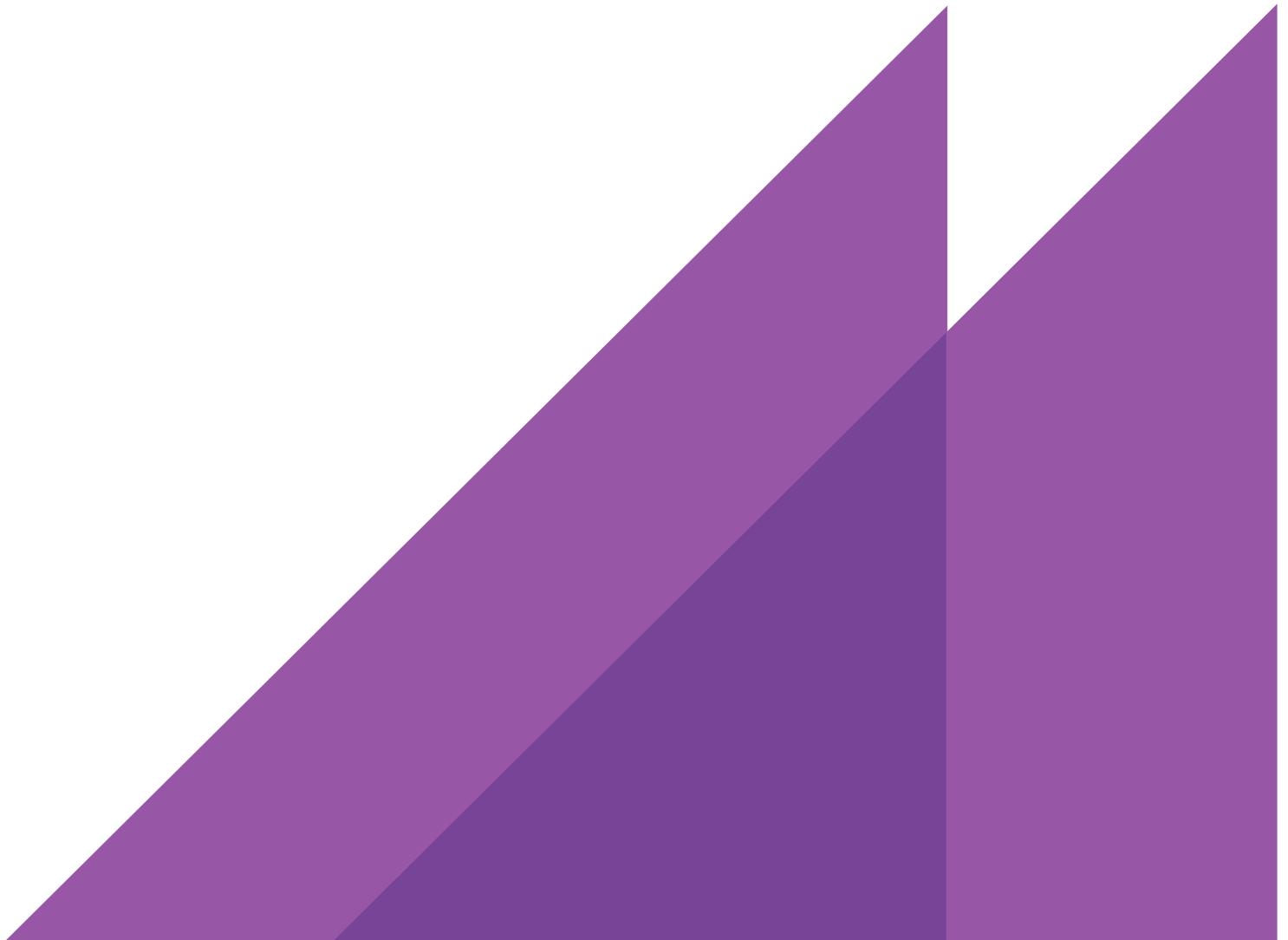


REPORT TO
RAC WA

OCTOBER 2018

MOTORIST TAXATION REVENUE AND SPENDING IN WA





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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. Revenue flows and how they are returned require tracing because, at any level of government, there is no hypothecation of revenue raised from motorists.

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”¹ 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 purpose; 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 are indirect benefits to the extent that government funding priorities – in this case active and public transport infrastructure and services² – indirectly benefit WA motorists.

For the purpose of this study, ACIL Allen has only traced the flow of funds in determining the indirect benefits to WA motorists. It is outside of the scope of this study to quantify the scale of the impact on congestion on WA’s road network.

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

² 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.

Direct Benefits to WA Motorists

The Commonwealth collected the majority of total revenue from WA motorists (\$2,876 million), and then transferred amounts to the State Government (\$863 million), Local Government (\$58 million) and the Main Roads WA AIP (\$764 million)³. The majority of the revenue collected by the Commonwealth Government from WA motorists is retained in its Consolidated Fund (\$1,191 million).

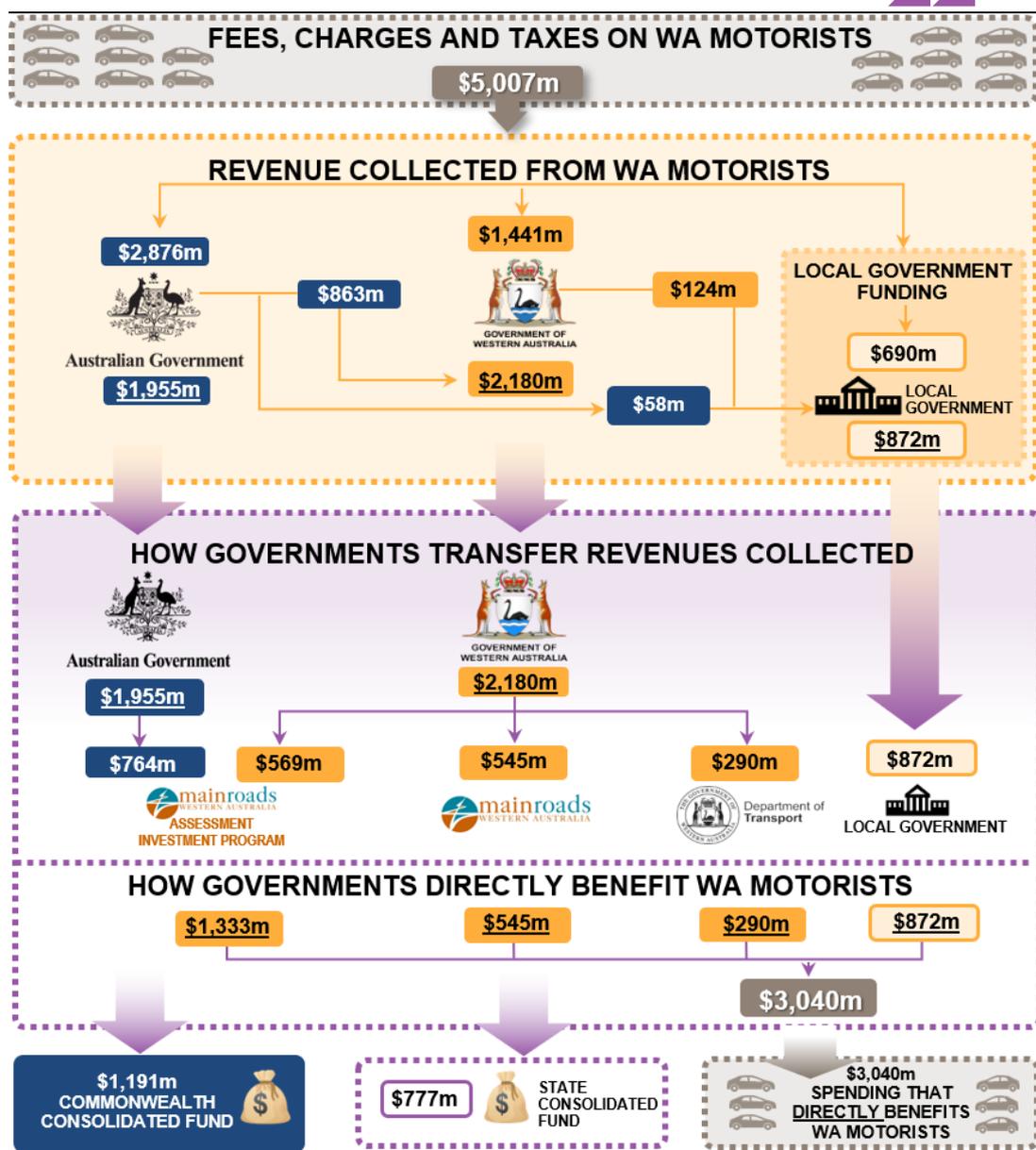
The State Government collects the next largest share of revenue (\$1,441 million), which after top up payments from the Commonwealth Government (\$863 million) is transferred to State Government departments (\$2,180 million) and Local Government (\$124 million). The diagram below shows that in 2018-19, the State Government will raise more revenue than they spend on WA motorists, with \$777 million returned to the State's Consolidated Fund.

Local Government is estimated to spend \$872 million on roads on 2018-19, which is principally funded from local government fees and charges (\$690 million) with the remainder coming from the Commonwealth (\$58 million) and the State (\$124 million).

Overall, ACIL Allen estimates that WA motorists will receive \$3,040 million in direct benefits from all levels of government in 2018-19, which is 61 per cent of the total revenue collected by all levels of government from taxes, fees and charges levied on WA motorists (\$5,007 million).

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

FIGURE ES 1 FLOW OF TOTAL REVENUE GENERATED FROM WA MOTORISTS AND TOTAL RELATED DIRECT ROAD NETWORK SPENDING ON WA MOTORISTS, 2018-19, \$ MILLION



Note: Figures may be subject to rounding.

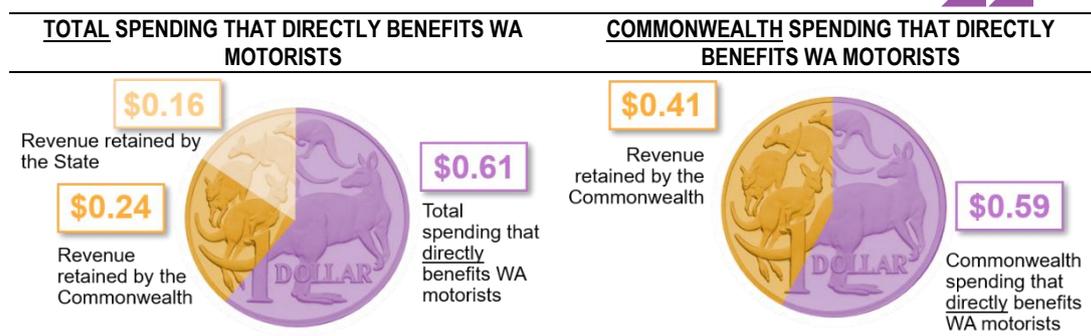
SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE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

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 taxes, fees and charges paid by WA motorists in 2018-19, \$0.61 is estimated to be returned directly to benefit WA motorists in the form of motoring related infrastructure and services.

For every dollar collected by the Commonwealth Government (total collections of \$2,876 million), it is estimated that \$0.59 will be returned to directly benefit WA motorists through the form of transfers to the State Government, Local Governments or to the Main Roads AIP (total transfers of \$1,685 million) in 2018-19.

FIGURE ES 2 **DIRECT ROAD NETWORK SPENDING ON WA MOTORISTS PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2018-19**



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

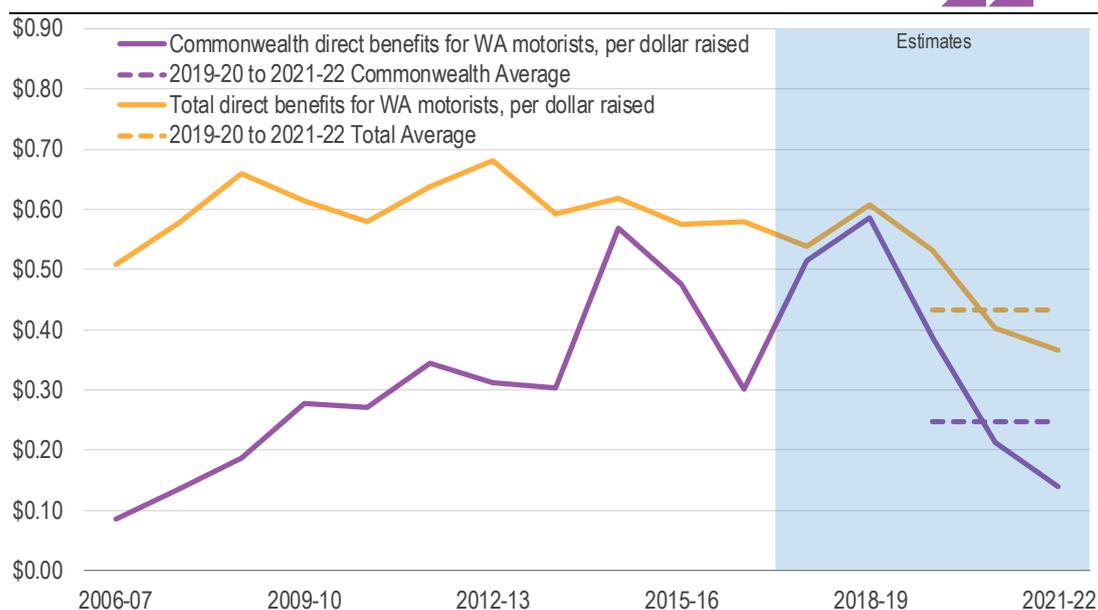
The figure below shows that the total direct benefit to WA motorists from the taxes, fees and charges it pays has averaged \$0.60 since 2006-07, peaking at \$0.68 in 2012-13. Over the estimates period, the total direct benefit to WA motorists is estimated to average \$0.43 per annum, peaking at \$0.53 in 2019-20 and falling to \$0.37 by 2021-22.

The total direct benefits to WA motorists from the taxes levied by the Commonwealth has averaged \$0.31 per annum, peaking at \$0.57 in 2014-15. Over the remainder of the estimates period, the Commonwealth direct benefit is estimated to average \$0.25 per annum, peaking at \$0.39 in 2019-20 and falling to a low of just \$0.14 by 2021-22. Benefits to WA's motorists are estimated to decline over the estimates period due to a smaller allocation of funding from the Commonwealth to Main Road's AIP.

On a per motorist basis, ACIL Allen estimates that in 2017-18 each of WA's 1.9 million⁴ motorists paid \$2,772 to all levels of government in the form of taxes, fees and charges, with \$1,645 directly returned to each motorist in the form of road related infrastructure and services.

⁴ Excludes learners permits.

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, 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 flow of funds diagram above 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.

While the figure below also shows how the Commonwealth and State governments retain revenue from WA motorists, and how the retained funds indirectly benefit WA motorists through the provision of active and public transport infrastructure and related services, by providing alternative modes of transport and helping to manage congestion on WA's road network.

The diagram shows that in 2018-19, the Commonwealth collected the majority of total revenue from WA motorists (\$2,876 million), and then transferred amounts to the State Government (\$863 million), Local Government (\$58 million) and the Main Roads WA AIP (\$764 million). The majority of the revenue collected by the Commonwealth Government from WA motorists is retained in its Consolidated Fund (\$1,191 million).

The State Government collects the next largest share of revenue (\$1,441 million), which after top up funding from the Commonwealth Government (\$863 million) is transferred to State Government departments (\$2,180 million) and Local Government (\$124 million). The diagram shows that in 2018-19, the State Government did not transfer all of the revenue it raised from WA motorists, with \$777 million being retained by the State's Consolidated Fund.

Local Government is estimated to spend \$872 million on roads on 2018-19, which is principally funded from local government fees and charges (\$690 million) with the remainder coming from the Commonwealth (\$58 million) and the State (\$124 million).

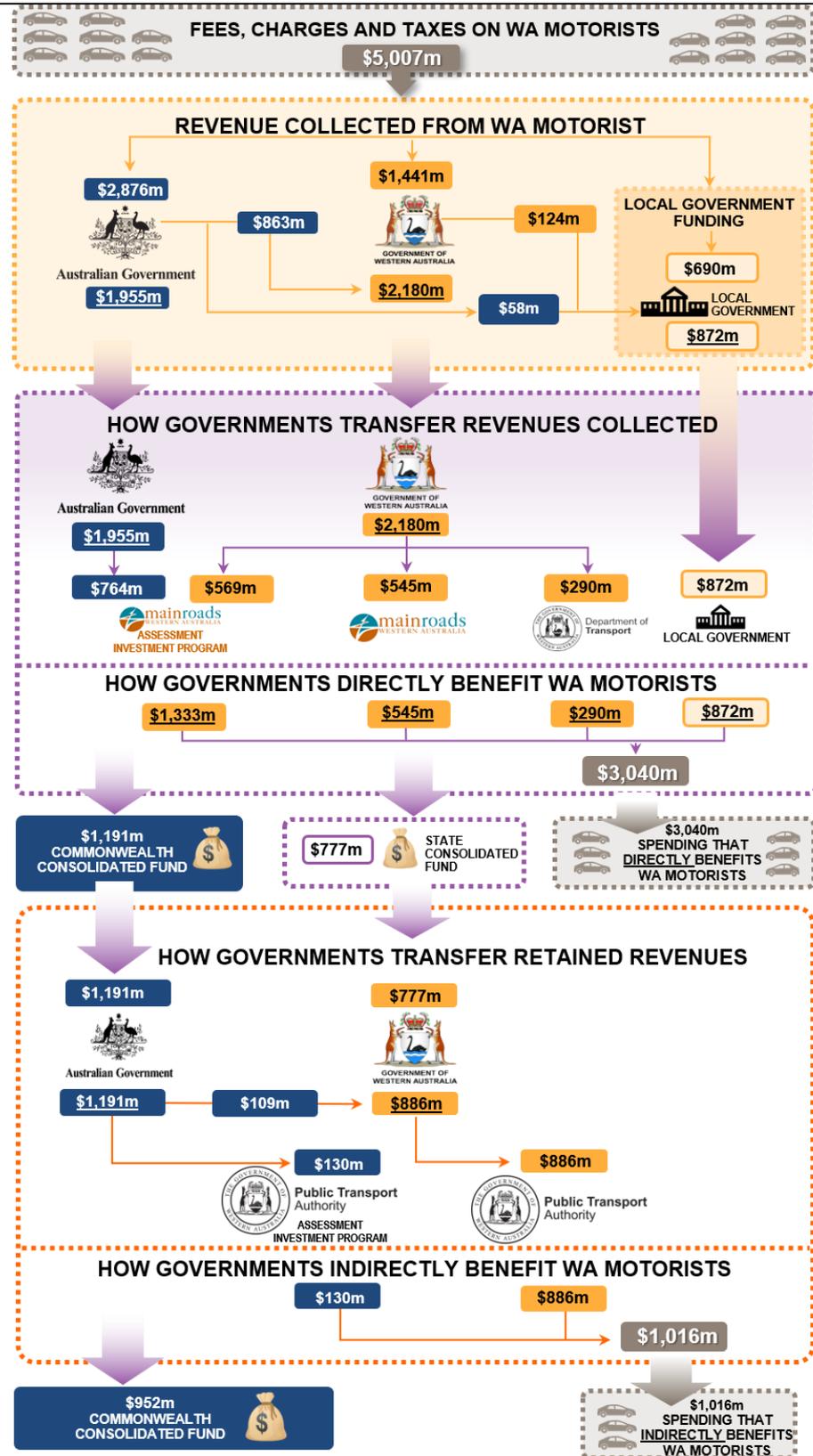
The diagram shows that in 2018-19, the Commonwealth retained \$1,191 million of revenue from WA motorists. From this retained amount, the Commonwealth then transferred amounts to the State Government for active and public transport projects (\$109 million) and to the PTA's AIP (\$130 million). The majority of the revenue retained by the Commonwealth Government from WA motorists was retained in its Consolidated Fund (\$952 million).

The State Government retained revenue of \$777 million from WA motorists in 2018-19, for other government priorities including the provision of active and public transport related infrastructure and services⁵. For the purpose of this study, ACIL Allen has assumed this amount is a \$777 million transfer to the PTA as part of the PTA's total appropriation of \$835 million for services and \$1,011 million for capital.

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 \$1,016 million in 2018-19, by providing alternative modes of transport and helping to manage congestion on WA's road network. This accounted 50 per cent of the total revenue retained from taxes, fees and charges levied on WA motorists by the Commonwealth and State governments (\$1,917 million).

⁵ 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 ES 4 FLOW OF REVENUES GENERATED FROM WA MOTORISTS AND TOTAL DIRECT AND INDIRECT BENEFITS FOR WA MOTORISTS, 2018-19, \$ MILLION



Note: Figures may be subject to rounding.

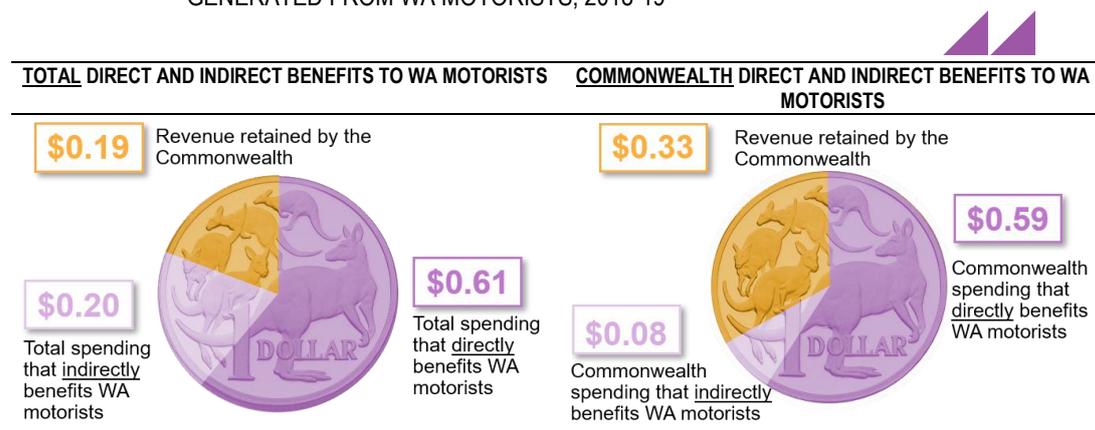
SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, CONSECUTIVE STATE BUDGET PAPERS, CONSECUTIVE WALGA REPORTS ON LOCAL GOVERNMENT ROAD ASSETS AND EXPENDITURE, DEPARTMENT OF ENVIRONMENT AND ENERGY, ATO, ABS CAT. 6471.0, ABS CAT. 9314.0, ABS CAT. 3101.0, FEDERAL CHAMBER OF AUTOMOTIVE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

By following the flow of funds by each level of government (presented above), 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 2018-19, \$0.61 is directly returned to WA motorists in the form of motoring related infrastructure and services, and \$0.20 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 2018-19, \$0.59 is directly returned to WA motorists in the form of motoring related infrastructure and services, and \$0.08 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, 2018-19



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

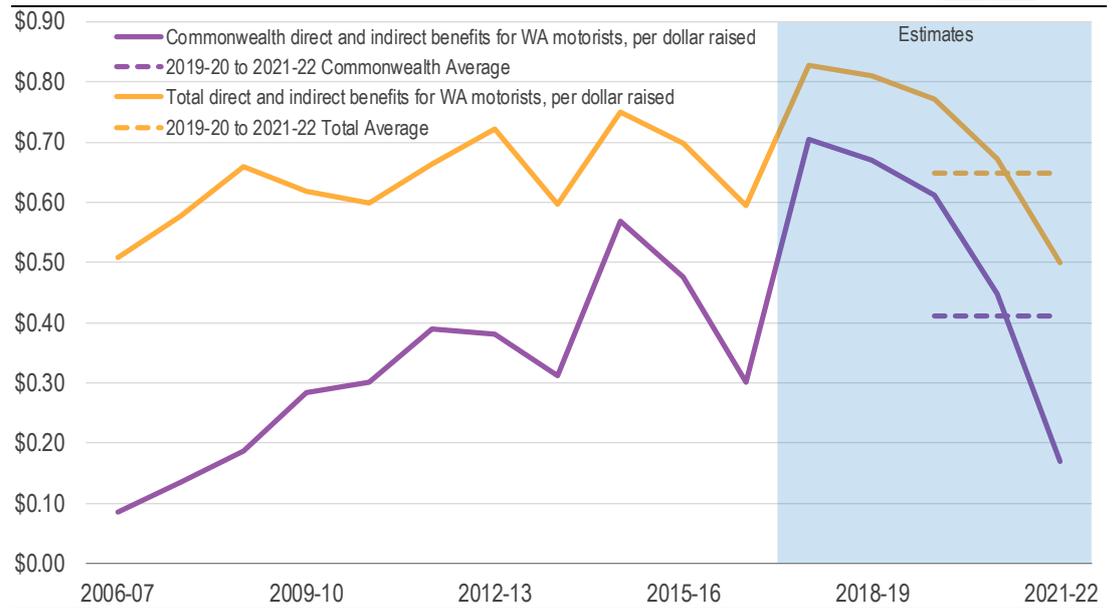
The figure below shows that the total direct and indirect benefits to WA motorists from the taxes, fees and charges it pays has averaged \$0.65 since 2006-07, peaking at \$0.83 in 2017-18. Over the estimates period, the total direct and indirect benefit to WA motorists is estimated to average \$0.65 per annum, peaking at \$0.77 in 2019-20 and falling to \$0.50 by 2021-22.

The direct and indirect benefits to WA motorists from the taxes levied by the Commonwealth has averaged \$0.34 per annum since 2006-07, peaking at \$0.71 in 2017-18. Over the estimates period, the Commonwealth direct and indirect benefit is estimated to average \$0.41 per annum, peaking at \$0.61 in 2019-20 and falling to a low of just \$0.17 by 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 Commonwealth to Main Road’s AIP.

On a per motorist basis, ACIL Allen estimates that in 2017-18 each of WA’s 1.9 million⁶ motorists paid \$2,772 to all levels of government in the form of taxes, fees and charges, with \$2,257 directly and indirectly returned to each motorist in the form of road, active and public transport related infrastructure and services.

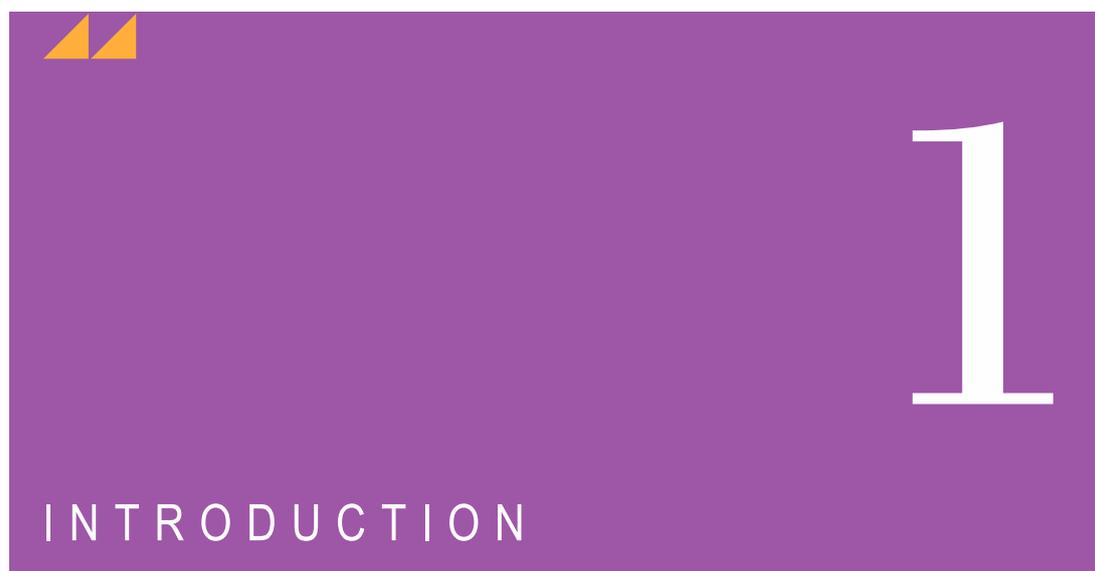
⁶ Excludes learners permits.

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, 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



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. Revenue flows and how they are returned require tracing because, at any level of government, there is no hypothecation of revenue raised from motorists.

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 purpose; 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 are indirect benefits to the extent that government funding priorities – in this case active and public transport infrastructure and services⁷ – indirectly benefit WA motorists.

For the purpose of this study, ACIL Allen has only traced the flow of funds in determining the indirect benefits to WA motorists. It is outside of the scope of this study to quantify the scale of the impact on congestion on WA's road network. Each of these benefits streams are detailed throughout this report, based on data collected from Commonwealth and WA Budget papers, the Australian Bureau of

⁷ 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.

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 threshold⁸;
- **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.

⁸ Current thresholds are \$75,526 for fuel efficient vehicles and \$66,331 for other vehicles. See, <https://www.ato.gov.au/Rates/Luxury-car-tax-rate-and-thresholds/>.

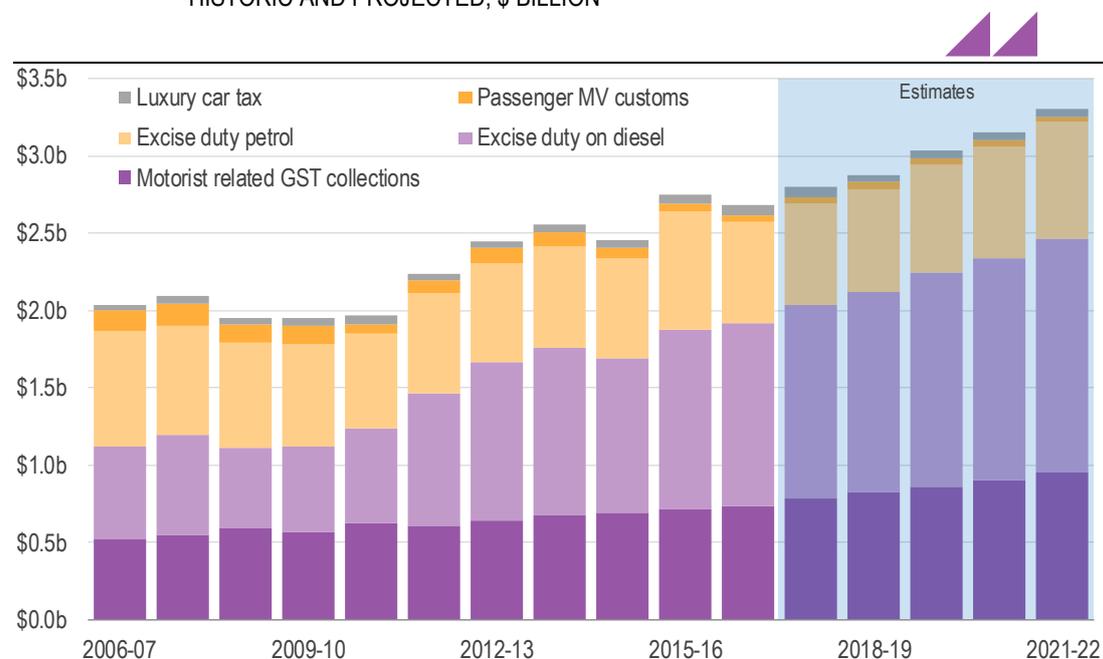
2.1 Commonwealth Government Revenue

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 Australian Bureau of Statistics), with WA's share of this revenue then based on the weighted average share of WA's population, fuel consumption and car sales.
- The share of luxury car tax collected by the Commonwealth from WA motorists has been estimated based on the weighted average share of WA's 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 2018-19, ACIL Allen estimated the Commonwealth collected \$2,876 million in revenue from WA motorists, which represents an increase of 4.4 per cent from 2017-18. Excise duties on diesel⁹ are estimated to make up the largest share (\$1,294 million or 45 per cent) of the Commonwealth's total revenue collected from WA motorists.

The derived level of GST collected in WA on motorist related items is estimated to make up the next largest component, totalling \$828 million, followed by excise duties on petrol (\$664 million), taxes on luxury cars (\$48 million) and custom duties on passenger motor vehicles (\$44 million).

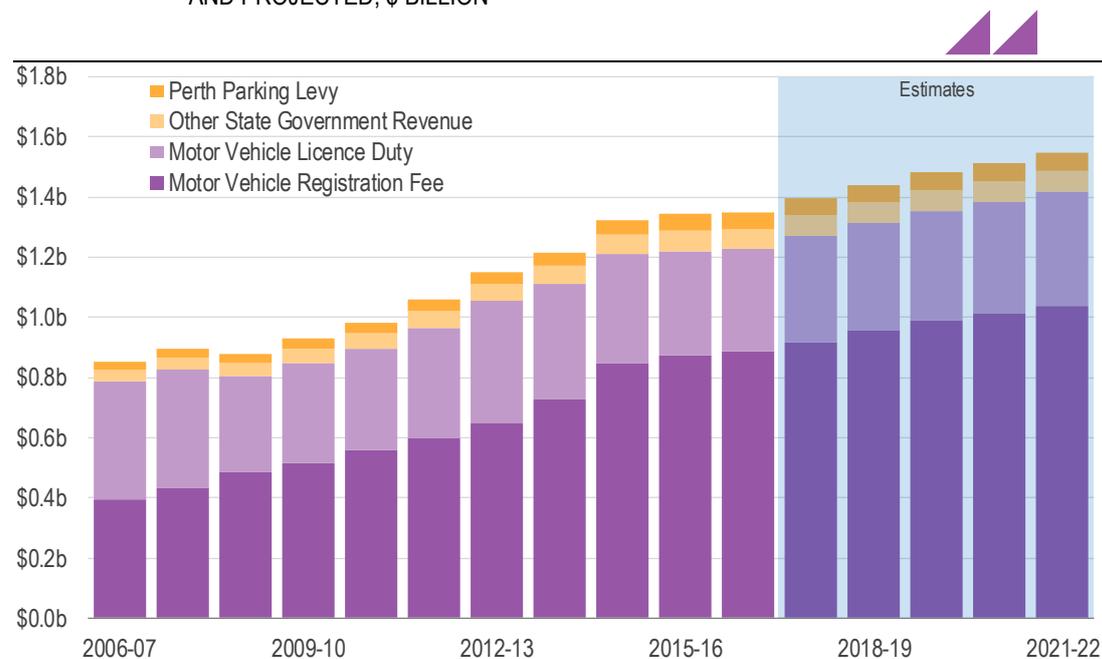
⁹ Note: excise duties on diesel are calculated as the net amount collected from WA motorists, the net amount includes ACIL Allen's estimate of the diesel excise rebate to WA motorists.

Over the remainder of the estimates period, total Commonwealth Government revenue attributed to WA motorists is estimated to grow by an average of 4.8 per cent per annum to \$3.3 billion by 2021-22¹⁰.

2.2 State Government Revenue

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

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



Note: Figures may be subject to rounding.

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 collected \$1,441 million from WA motorists in 2018-19, which was an increase of three per cent from the previous year. Motor vehicle registration fees are the largest component of total motor vehicle related revenue raised by the State (69 per cent), with total fees increasing by 4.4 per cent to \$956 million in 2018-19.

Revenue generated from the Perth Parking Levy is estimated to have remained constant at \$58 million in 2018-19, while an increase in revenue is estimated to have been recorded from Vehicle Licence Duties (by 1.1 per cent to \$360 million) and “other fees” is estimated to remain constant at \$67 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 2.6 per cent per annum to \$1,549 million by 2021-22.

2.3 Local Government Funding for Road Expenditure

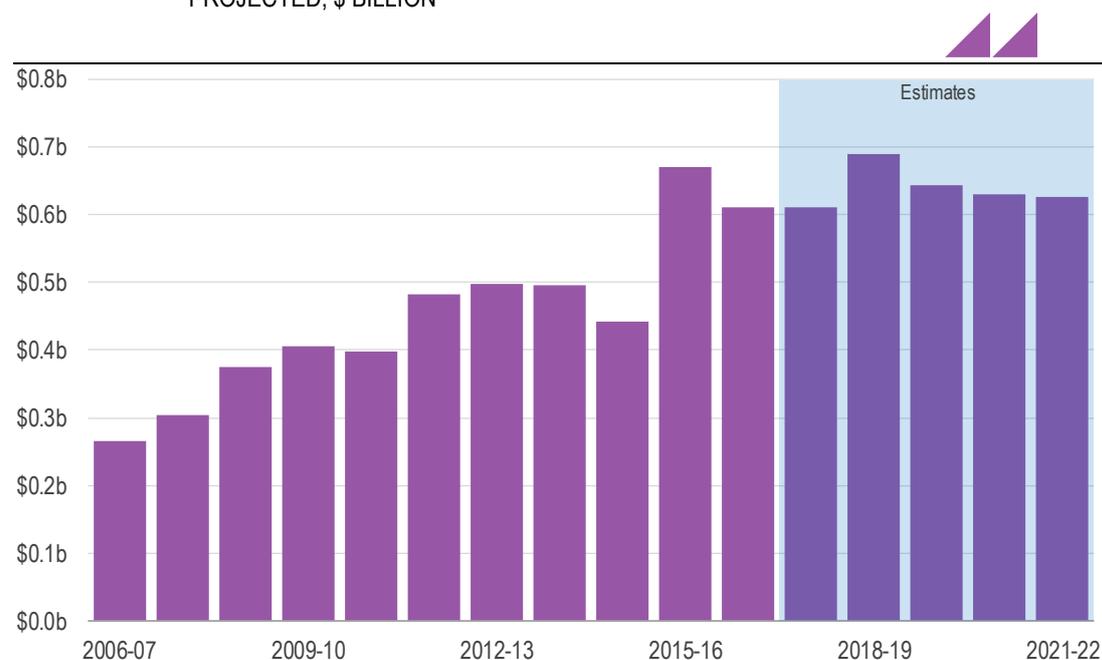
ACIL Allen has estimated that Local Government funding for road expenditure as the difference between transfers from the WA Local Government Grants Commission and total Local Government road network expenditure in any one year, to avoid double counting. These estimates are presented below in **Figure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

¹⁰ ACIL Allen estimates based on Commonwealth Budget papers.

Sources of funding for Local Governments budgets include:

- 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

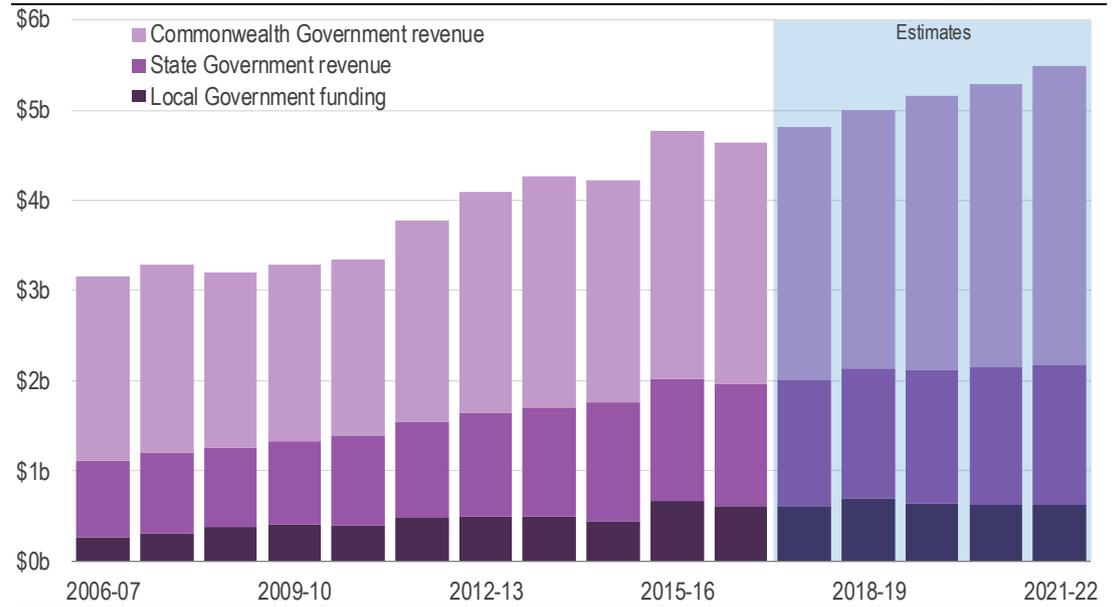
ACIL Allen estimates that in 2018-19, Local Governments will allocate funding of \$690 million for road expenditure, a 13 per cent increase from the previous year. Over the estimates period, Local Government allocations are projected to decrease on average by 3.1 per cent per annum to \$627 million by 2021-22.

2.4 Total Revenue

Figure 2.4 below presents the total revenue collected by all levels of government from WA motorists. In 2018-19, it is estimated that \$5,007 million in total revenue has been collected from WA motorists, an increase of 4.1 per cent from 2017-18. Over the estimates period, total revenue is estimated to grow on average by 3.1 per cent per annum to \$5,483 million by 2021-22.

The Commonwealth consistently raises more revenue from WA motorists than both State and Local governments. In 2018-19, it is estimated that of the \$5,007 million collected from WA motorists, 57 per cent was from Commonwealth taxes, with \$1,441 million (or 29 per cent) collected by the State Government and \$690 million (or 14 per cent) collected by Local Government.

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



3

PROVISION OF MOTORING RELATED INFRASTRUCTURE AND SERVICES

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 part of transfers for specific projects or as block grants to the State's Consolidated Fund.

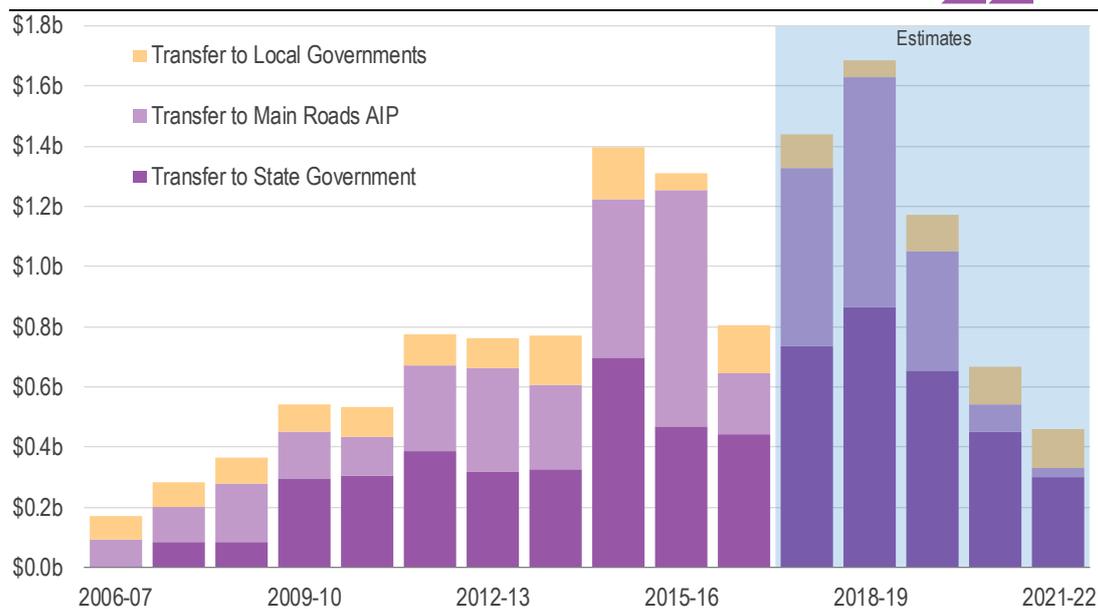
3.1 Commonwealth Spending

Total transfers to WA are estimated to total \$1,685 million in 2018-19 (see **Figure 3.1** below), some 17 per cent more than the previous year. This is driven by a 29 per cent increase in Commonwealth Government transfers to the Main Roads Asset Investment Program (AIP), of \$764 million in 2018-19.

Transfers to the State's Consolidated Fund in 2018-19 are estimated to increase by 17 per cent to \$863 million, while transfers to Local Government is estimated to decrease by 49 per cent to \$58 million.

Over the remainder of the estimates period, transfers to WA are estimated to peak in 2019-20 (at \$1,052 million), and then decrease sharply on average by 41 per cent per annum to \$329 million by 2021-22. Transfers to Local Governments are estimated to see a boost in their levels of government funding by an average of 39 per cent per annum to peak at \$130 million in 2021-22.

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



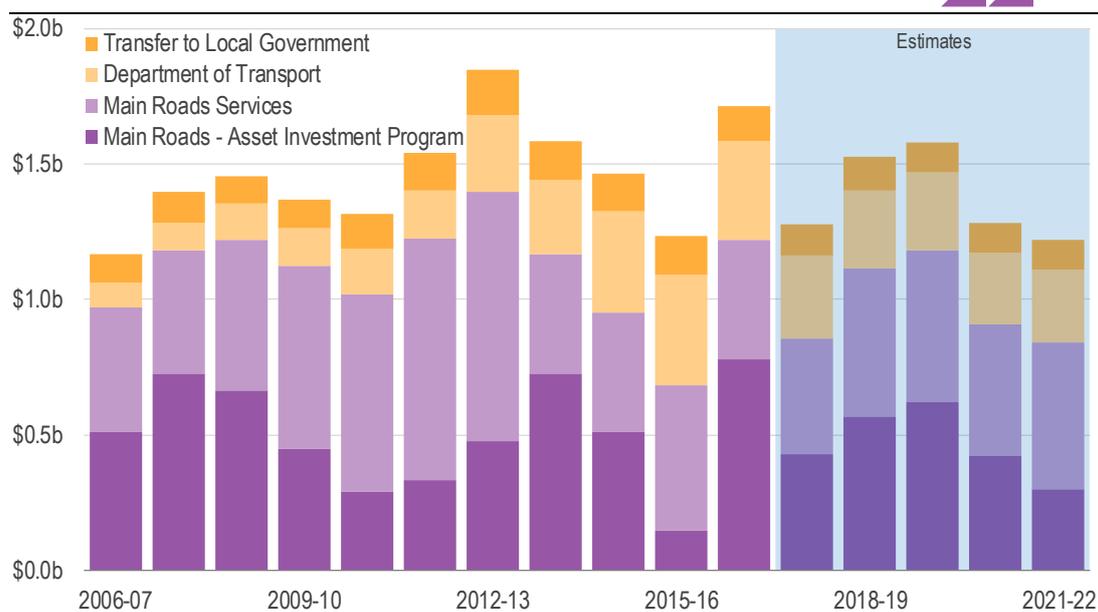
Note: Figures may be subject to rounding.

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

3.2 State Government Spending

The State Government is responsible for the largest share of the total expenditure for motoring related infrastructure and services in WA. The largest share of this spending is directed to Main Roads, making up 73 per cent of total expenditure (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 19 per cent to \$1,528 million in 2018-19. Over the remainder of the estimates period, spending is estimated to decrease on average by 6.7 per cent per annum to \$1,222 million by 2021-22, 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

3.2.1 Main Roads – Asset Investment Program

The State's transfer to the Main Roads AIP in 2018-19 is estimated to total \$569 million¹¹, growth of 33 per cent from 2017-18. The funding increase came from a combination of capital appropriations, agency borrowings, internal funds and balances and Commonwealth transfers. This is different from previous years, where the State's AIP was largely funded by transfers from the Commonwealth. Through the remainder of the estimates period to 2021-22, the State will fund a larger share of Main Roads' AIP (see Figure 3.1 above).

3.2.2 Main Roads – Services

Transfers to the services arm of Main Roads is estimated to total \$545 million¹¹ in 2017-18, growth of 27 per cent from the previous year. Transfers to Main Roads Services are estimated to peak at \$560 million in 2019-20, before returning to average levels for the remainder of the estimates period. The peak in 2018-19 is driven by an 83 per cent increase in spending on Main Roads' *Road Efficiency Improvements* 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 \$290 million¹¹ in 2018-19¹², a decrease of 4.8 per cent on the previous year. Over the remainder of the estimates period, transfers to the Department of Transport are estimated to decrease on average by 2.7 per cent per annum to \$267 million by 2021-22.

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

3.2.4 Local Governments

The State transfers funding to Local Governments through the Local Government Grants Commission. In 2018-19, the estimated total transfer from the State will be \$124 million, an increase of 4.5 per cent

¹¹ These figures include block transfers from the Commonwealth Government (\$863 million in 2018-19).

¹² This figure 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.

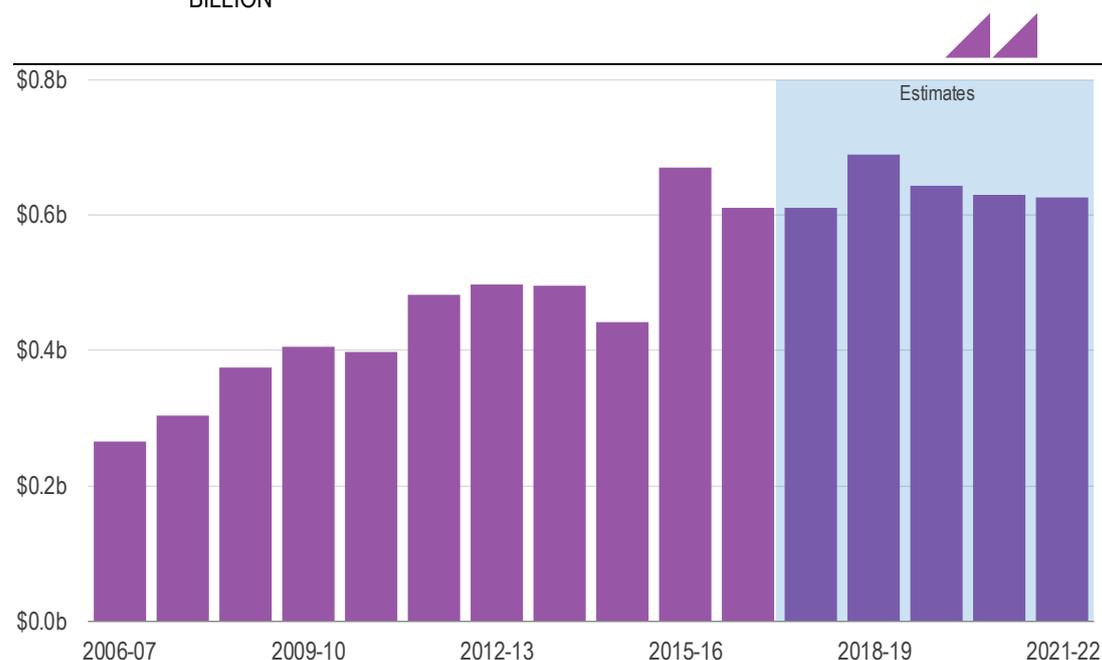
on 2017-18. Over the remainder of the estimates period, it is estimated funding will decrease on average by 3.1 per cent per annum to \$112 million by 2021-22. In 2018-19, the State Government will also transfer a one-off additional \$10 million for the *Local Government Commodity Freight Routes* program (see Appendix A.3 for further details).

3.3 Local Government Spending

Spending by Local Government is estimated to total \$690 million in 2018-19¹³, an increase of 13 per cent on 2017-18. Over the remainder of the estimates period, spending by Local Government is estimated to decline on average by 3.1 per cent per annum to \$627 million by 2021-22.

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

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. In 2018-19, the State Government is estimated to be responsible for the largest share of spending, followed by the Commonwealth¹⁴ and Local Government.

In 2018-19, it is estimated the State Government will spend a total of \$1,528 million¹⁵ on the provision of motoring related infrastructure and services that directly benefit WA motorists, an increase of 19 per cent from the previous year. Commonwealth transfers are estimated to increase by 17 per cent to \$822 million in 2018-19 and spending by Local Government is estimated to increase by 13 per cent to \$690 million.¹⁶

¹³ ACIL Allen estimation for 2018-19 based on Commonwealth and State budget papers and on WALGA's report on Local Government Road Assets and Expenditure.

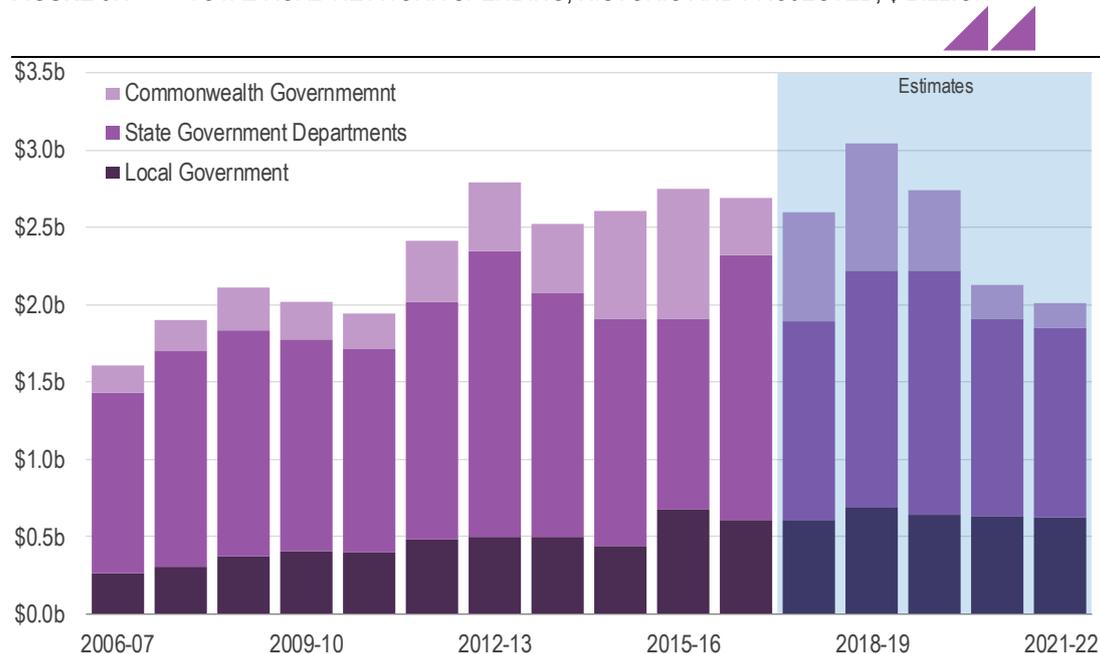
¹⁴ Commonwealth Government estimates do not include block transfers in this section and is to eliminate double counting. This is because block transfers cannot be accounted for in any State government departments, however, form part of the overall spending by the departments.

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

¹⁶ To ensure there is no double counting, this figure does not include expenditure as a result of transfers from Commonwealth and State governments.

Over the estimates period, total spending is estimated to decrease on average by 13 per cent per annum to \$2,007 million by 2021-22, due largely to the projected withdrawal of funding from the Commonwealth Government. The State Government is estimated to continue to make up the largest share of spending across the estimates period.

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



REVENUE AND DIRECT SPENDING COMPARISONS

4

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.

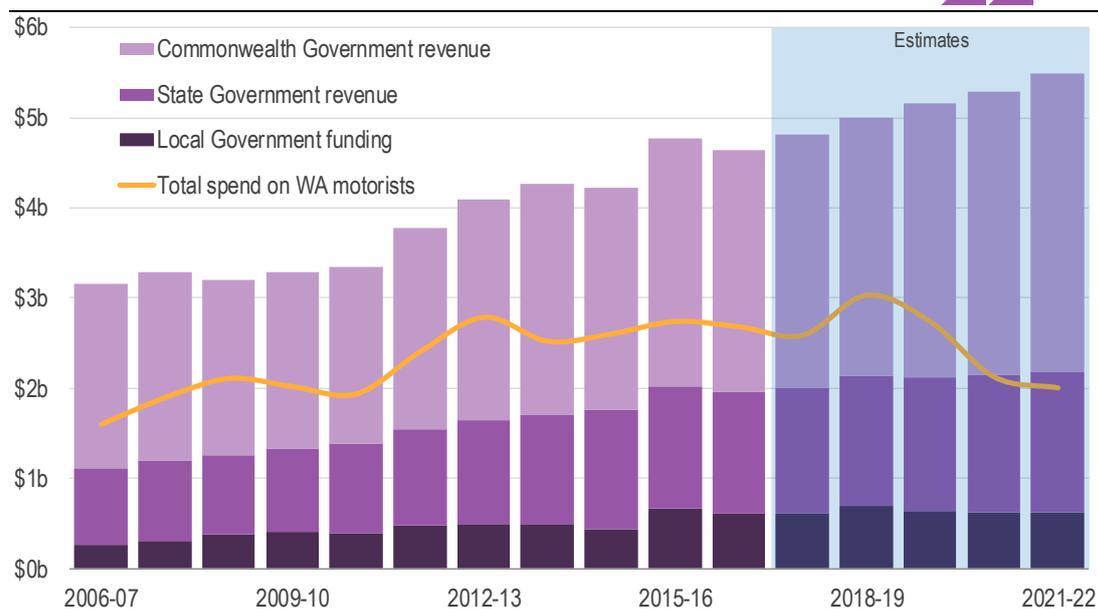
4.1 Total Revenue and Direct Spending

Figure 4.1 presents a comparison between the total amount of revenue collected from WA motorists and the total amount spent to directly benefit WA motorists.

The Commonwealth consistently raises more revenue from WA motorists than both State and Local governments. In 2018-19, it is estimated that of the \$5,007 million collected from WA motorists, 57 per cent was from Commonwealth taxes, with \$1,441 million (or 29 per cent) collected by the State Government and \$690 million (or 14 per cent) collected by Local Government. In the same year, it is estimated that total expenditure on WA motorists totalled \$3,040 million.

Over the remainder of the estimates period, ACIL Allen has estimated that total revenue from WA motorists will increase on average by 3.1 per cent per annum to \$5,483 million by 2021-22. By contrast, total spending on WA motorists is estimated to fall by 13 per cent to \$2,007 million by 2021-22.

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

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 the flow of funds diagram presented in **Figure 4.2**. The flow of funds diagram is shown for 2018-19, but can be replicated for any year.

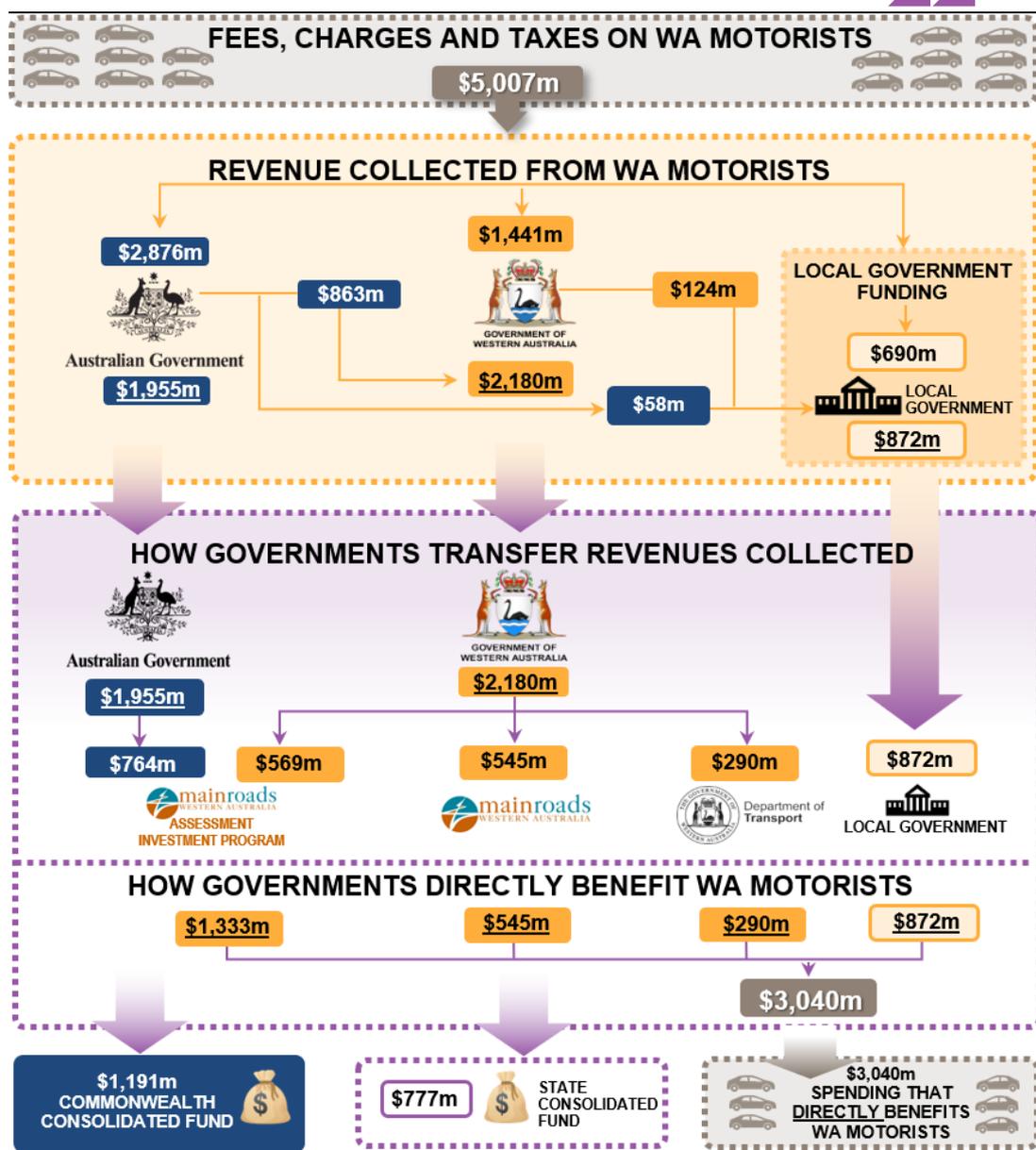
The diagram shows that in 2018-19, the Commonwealth collected the majority of total revenue from WA motorists (\$2,876 million), and then transferred amounts to the State Government (\$863 million), Local Government (\$58 million) and the Main Roads WA AIP (\$764 million). The majority of the revenue collected by the Commonwealth Government from WA motorists is retained in its Consolidated Fund (\$1,191 million).

The State Government collects the next largest share of revenue (\$1,441 million), which after top up payments from the Commonwealth Government (\$863 million) is transferred to State Government departments (\$2,180 million) and Local Government (\$124 million). The diagram shows that in 2018-19, the State Government raised more revenue than they spent on WA motorists, with \$777 million returned to the State's Consolidated Fund.

Local Government is estimated to spend \$872 million on roads on 2018-19, which is principally funded from local government fees and charges (\$690 million) with the remainder coming from the Commonwealth (\$58 million) and the State (\$124 million).

Overall, ACIL Allen estimates that WA motorists will receive \$3,040 million in direct benefits from all levels of government in 2018-19, which is 61 per cent of the total revenue collected by all levels of government from taxes, fees and charges levied on WA motorists (\$5,007 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, 2018-19, \$ MILLION



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

4.3 Direct Returns to Western Australian Motorists

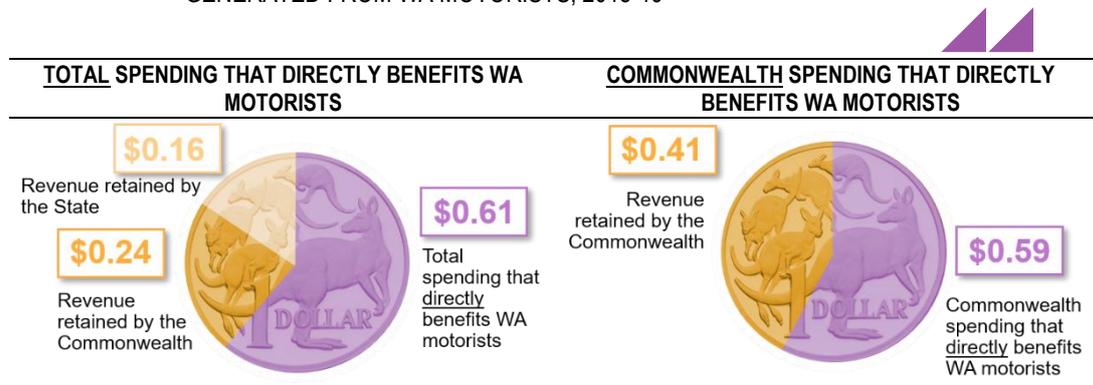
By following the flow of funds by each level of government (presented in **Figure 4.2**), ACIL Allen is able to estimate the value of spend that directly benefits WA motorists per dollar collected from WA motorists.

Overall, for every dollar in taxes, fees and charges paid by WA motorists in 2018-19, \$0.61 is estimated to be returned directly to benefit WA motorists in the form of motoring related infrastructure and services¹⁷.

¹⁷ Based on total collections of \$5,007 million collected from WA motorists and \$3,040 million spent on WA road networks in 2018-19.

For every dollar collected by the Commonwealth Government (total collections of \$2,876 million), it is estimated that \$0.59 will be returned to directly benefit WA motorists through the form of transfers to the State Government, Local Governments or to the Main Roads AIP (total transfers of \$1,685 million) in 2018-19.

FIGURE 4.3 **DIRECT ROAD NETWORK SPENDING ON WA MOTORISTS PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2018-19**



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

Figure 4.4 shows that the total direct benefit to WA motorists from the taxes, fees and charges it pays has averaged \$0.60 since 2006-07, peaking at \$0.68¹⁸ in 2012-13. Over the estimates period, the total direct benefit to WA motorists is estimated to average \$0.43 per annum, peaking at \$0.53¹⁹ in 2019-20 and falling to \$0.37²⁰ by 2021-22.

The total direct benefits to WA motorists from the taxes levied by the Commonwealth has averaged \$0.31 per annum since 2006-07, peaking at \$0.57²¹ in 2014-15. Over the estimates period, the Commonwealth direct benefit is estimated to average \$0.25 per annum, peaking at \$0.39²² in 2019-20 and falling to a low of just \$0.14²³ by 2021-22. Benefits to WA's motorists are estimated to decline over the estimates period due to a smaller allocation of funding from the Commonwealth to Main Road's AIP.

¹⁸ Total collections of \$4,096 million and total spending of \$2,961 million.

¹⁹ Total collections of \$5,109 million and total spending of \$3,935 million.

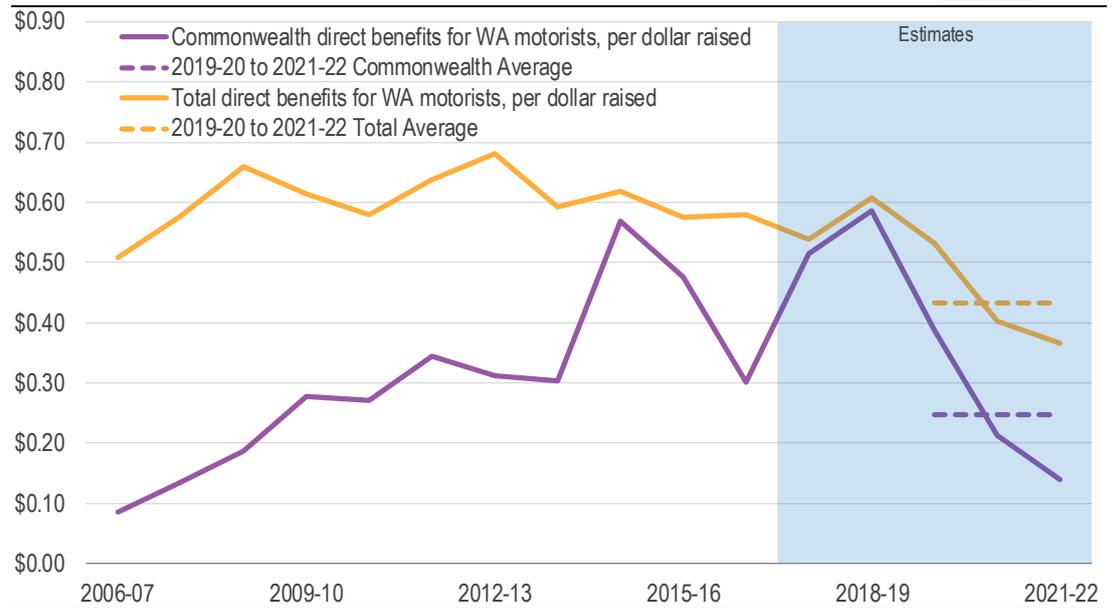
²⁰ Total collections of \$5,431 million and total spending of \$2,687 million.

²¹ Commonwealth collections of \$2,803 million and Commonwealth spending of \$1,441 million.

²² Commonwealth collections of \$3,032 million and Commonwealth spending of \$1,173 million.

²³ Commonwealth collections of \$3,307 million and Commonwealth spending of \$459 million.

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, 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.

5.1 Revenue Raised From WA Motorists

As discussed in the previous section, in 2018-19 the Commonwealth Government is estimated to retain \$1,191 million from WA motorists and the State Government is estimated to retain \$777 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. In 2018-19, the total cost of spending on active and public transport infrastructure and services in WA was \$1,491 million.

5.2 Indirect Spending on Active and Public Transport by WA Motorists²⁴

5.2.1 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.

Over the estimates period, transfers for active and public transport infrastructure is estimated to increase three fold from an average of \$75 million between 2006-07 and 2017-18 to \$239 million in 2018-19, and will increase 10 fold to peak at \$745 million in 2020-21.

5.2.2 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 4.2), the amount is retained in the State's Consolidated

²⁴ 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.

Fund. Similarly, when the WA Government directly spends more on WA motorists that 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, however largely through:

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

The largest share of the PTA's funding is through 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 2018-19, it is estimated the State will retain \$777 million in revenue collected from WA motorists and then transfer the amount to the PTA (refer to **Figure 5.1** below), a decrease of nine per cent from the previous year. Over the estimates period, transfers are estimated to peak at \$684 million in 2020-21, but decrease on average by 13.5 per cent per annum to \$628 million by 2021-22.

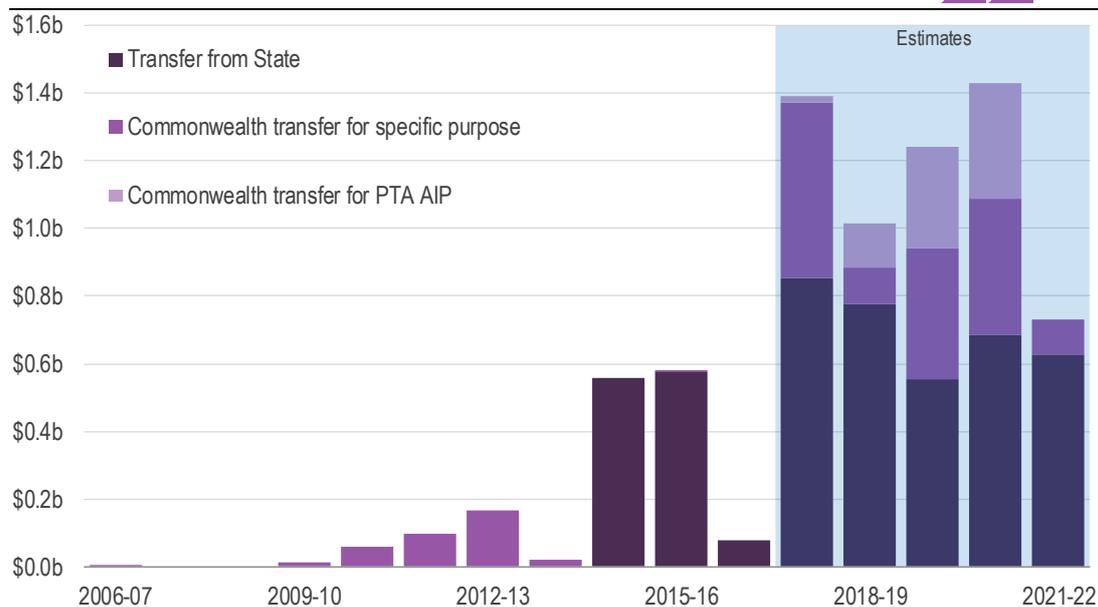
5.2.3 Total Government Spending

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 2017-18, the State Government is estimated to be responsible for the largest share of spending, followed by transfers made by the Commonwealth.

In 2018-19, it is estimated spending on the provision of active and public transport related infrastructure and services totalled \$1,240 million, indirectly benefiting WA motorists by helping reduce congestion on the State's roads. If realised, this will be a decrease of 27 per cent on the previous year, and reflects a 79 per cent decrease in the level of funding for specific purposes from the Commonwealth.

Over the estimates period, total spending is estimated to peak at \$1,429 million in 2020-21, decreasing to \$732 million by 2021-22. The State is expected to make up the largest share of total spending between 2018-19 and 2021-22, through its transfers for appropriation of service delivery and capital.

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.

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

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 presented in **Figure 5.2** below. The flow of funds diagram is shown for 2018-19, but can be replicated for any year.

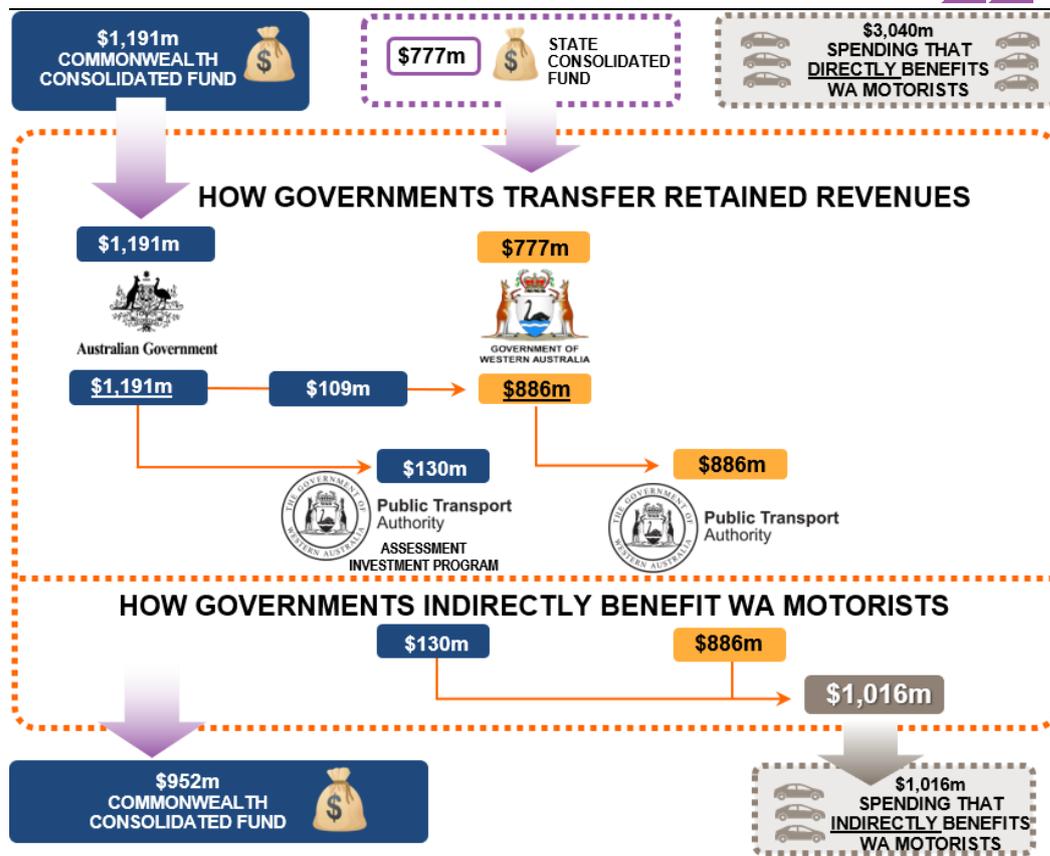
The diagram shows that in 2018-19, the Commonwealth retained the most revenue from WA motorists (\$1,191 million), and then transferred amounts to the State Government for specific purposes (\$109 million) and the PTA's AIP (\$130 million). The majority of the revenue retained by the Commonwealth Government from WA motorists was again retained in its Consolidated Fund (\$952 million).

The State Government retained revenue of \$777 million from WA motorists in 2018-19, for other government priorities including the provision of active and public transport related infrastructure and services for the purpose of this study, ACIL Allen has assumed this amount is a \$777 million transfer to the PTA.

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 \$1,016 million in 2018-19, helping provide alternative modes of transport and manage congestion on WA's road network

This accounted 52 per cent of the total revenue retained from taxes, fees and charges levied on WA motorists by the Commonwealth and State governments (\$1,967 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, 2018-19, \$ MILLION



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

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.

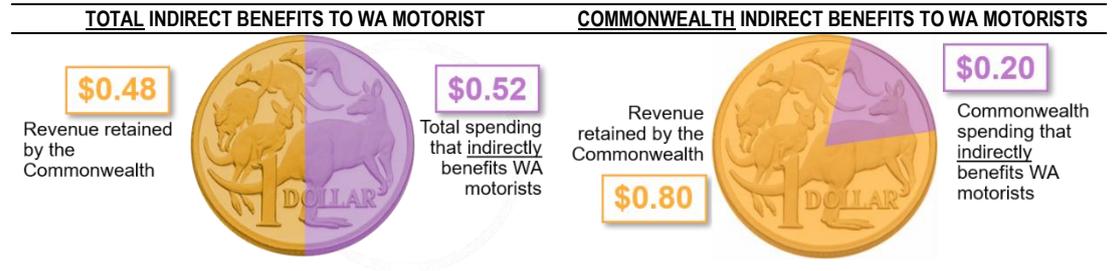
Overall, for every dollar retained that was revenue (taxes, fees and charges) paid by WA motorists in 2018-19, \$0.52 is spent on the provision of active and public transport related infrastructure and services, which indirectly benefits WA motorists by providing alternative modes of transport and helping to manage congestion on WA’s road network²⁵.

For every dollar retained by the Commonwealth, \$0.20 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 network²⁶.

²⁵ Based on total retained revenue of \$1,967 million by the Commonwealth and State governments (that is collected from WA motorists), and \$1,016 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 2018-19.

²⁶ Based on total retained revenue of \$1,191 million by the Commonwealth (that is collected from WA motorists), and \$239 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 2018-19.

FIGURE 5.3 ACTIVE AND PUBLIC TRANSPORT SPENDING THAT **INDIRECTLY** BENEFITS WA MOTORISTS, PER DOLLAR OF REVENUE RETAINED BY GOVERNMENT, 2018-19



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



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.

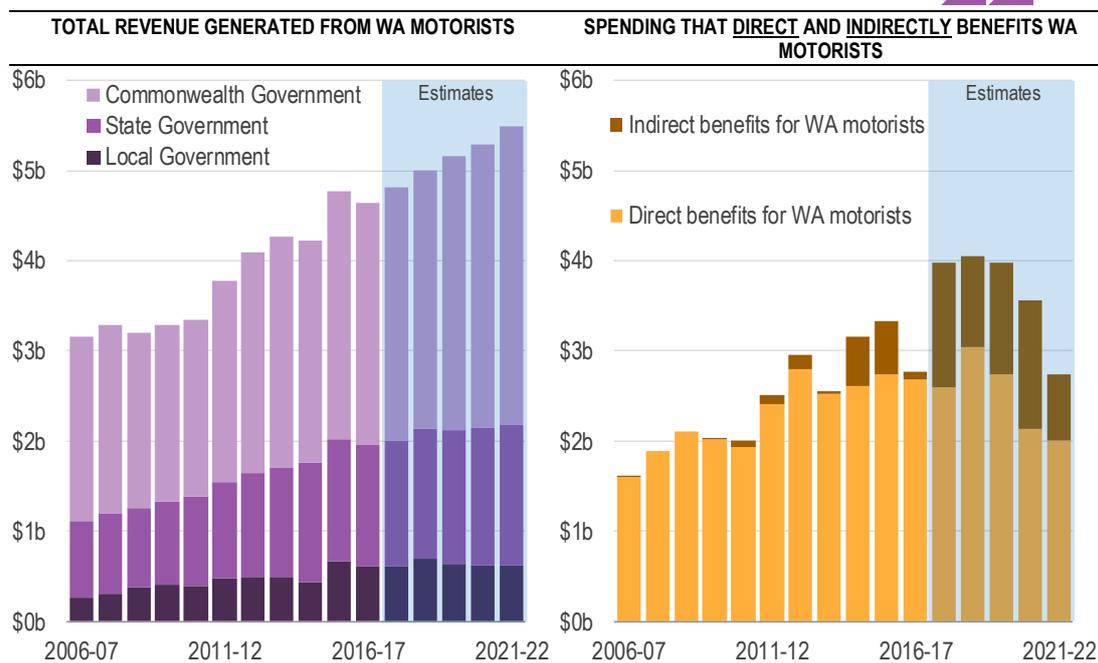
6.1 Total Revenue and Spending

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 2017-18, it is estimated that of the \$5,007 million collected from WA motorists, 57 per cent (or \$2,876 million) was from Commonwealth taxes, with \$1,441 million (or 29 per cent) collected by the State Government and \$690 million (or 14 per cent) collected by local governments. In the same year, it is estimated that total direct expenditure on WA motorists totalled \$3,040 million and total indirect expenditure on WA motorists totalled \$1,016 million.

Over the remainder of the estimates period, ACIL Allen has estimated that total revenue from WA motorists will increase by an average of three per cent per annum to \$5,483 million by 2021-22. By contrast, total direct and indirect benefits to WA motorists will fall by an average of 13 per cent per annum and four per cent per annum to \$2,007 million and \$732 million by 2021-22.

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, 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

In Section 4.2, **Figure 4.2** 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. While **Figure 5.2** in Section 5.3 shows how the Commonwealth and State governments retain revenue from WA motorists, and how the retained funds indirectly benefit WA motorists through the provision of active and public transport infrastructure and related services, by providing alternative modes of transport and helping to manage congestion on WA’s road network.

Figure 6.2 below combines both benefits streams, and traces 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 2018-19, the Commonwealth collected the majority of total revenue from WA motorists (\$2,876 million), and then transferred amounts to the State Government (\$863 million), Local Government (\$58 million) and the Main Roads WA AIP (\$764 million). The majority of the revenue collected by the Commonwealth Government from WA motorists is retained in its Consolidated Fund (\$1,191 million).

The State Government collects the next largest share of revenue (\$1,441 million), which after top up funding from the Commonwealth Government (\$863 million) is transferred to State Government departments (\$2,180 million) and Local Government (\$124 million). The diagram shows that in 2018-19, the State Government did not transfer all of the revenue it raised from WA motorists, with \$777 million being retained by the State’s Consolidated Fund.

Local Government is estimated to spend \$872 million on roads on 2018-19, which is principally funded from local government fees and charges (\$690 million) with the remainder coming from the Commonwealth (\$58 million) and the State (\$124 million).

The diagram shows that in 2018-19, the Commonwealth retained \$1,191 million of revenue from WA motorists. From this retained amount, the Commonwealth then transferred amounts to the State

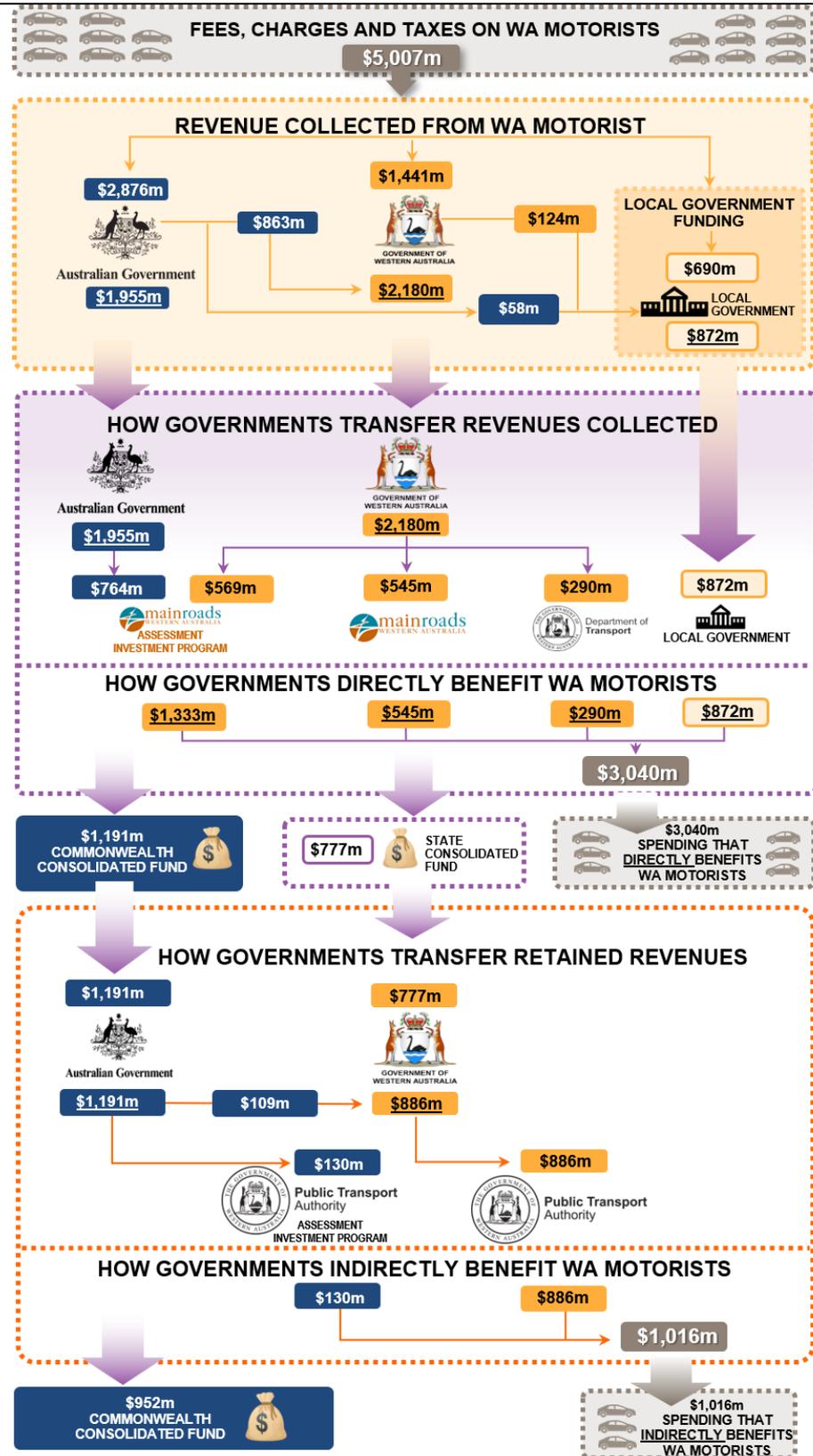
Government for active and public transport projects (\$109 million) and to the PTA's AIP (\$130 million). The majority of the revenue retained by the Commonwealth Government from WA motorists was again retained in its Consolidated Fund (\$952 million).

The State Government retained revenue of \$777 million from WA motorists in 2018-19, for other government priorities including the provision of active and public transport related infrastructure and services²⁷. For the purposes of this study, ACIL Allen has assumed this amount is a \$777 million transfer to the PTA as part of the PTA's total appropriation of \$835 million for services and \$1,011 million for capital.

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 \$1,016 million in 2018-19, by providing alternative modes of transport and helping to manage congestion on WA's road network. This accounted 50 per cent of the total revenue retained from taxes, fees and charges levied on WA motorists by the Commonwealth and State governments (\$1,917 million).

²⁷ 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, 2018-19, \$ MILLION



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

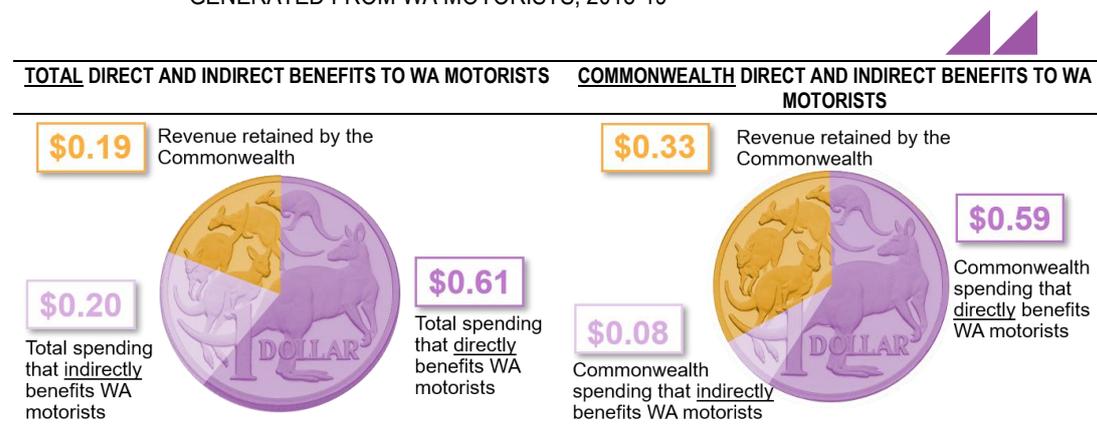
6.2.1 Direct and Indirect Benefits to Western Australian Motorists

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 2018-19, \$0.61 is directly returned to WA motorists in the form of motoring related infrastructure and services²⁸, and \$0.20 is indirectly returned to WA motorists in the form of active and public transport infrastructure and related services²⁹.

For every dollar in taxes paid by WA motorists to the Commonwealth Government in 2018-19, \$0.59 is directly returned to WA motorists in the form of motoring related infrastructure and services³⁰, and \$0.08 is indirectly returned to WA motorists in the form of active and public transport infrastructure and related services³¹.

FIGURE 6.3 DIRECT AND INDIRECT BENEFITS FOR WA MOTORISTS, PER DOLLAR OF REVENUE GENERATED FROM WA MOTORISTS, 2018-19



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

Figure 6.4 shows that the total direct and indirect benefits to WA motorists from the taxes, fees and charges it pays has averaged \$0.65, peaking at \$0.83³² in 2017-18. Over the estimates period, the total direct and indirect benefit to WA motorists is estimated to average \$0.65 per annum, peaking at \$0.77³³ in 2019-20 and falling to \$0.50³⁴ by 2021-22.

The direct and indirect benefit to WA motorists from the taxes levied by the Commonwealth has averaged \$0.34 per annum, peaking at \$0.71³⁵ in 2017-18. Over the estimates period, the Commonwealth direct and indirect benefit is estimated to average \$0.41 per annum, peaking at \$0.61³⁶ in 2019-20 and falling to a low of just \$0.17³⁷ by 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 Commonwealth to Main Roads' AIP.

²⁸ Based on total collections of \$5,007 million collected from WA motorists and \$3,040 million spent on WA road networks in 2018-19.

²⁹ Collections of \$5,007 million collected from WA motorists and \$966 million transferred to active and public transport related infrastructure and services from the Commonwealth and State governments in 2018-19.

³⁰ Collections of \$2,876 million collected from WA motorists and \$1,685 million spent on WA road networks in 2018-19.

³¹ Collections of \$2,876 million collected from WA motorists and \$239 million transferred to active and public transport related infrastructure and services from the Commonwealth Government in 2018-19.

³² Total collections of \$4,763 million and total spending of \$3,131 million.

³³ Total collections of \$5,157 million and total spending of \$3,983 million.

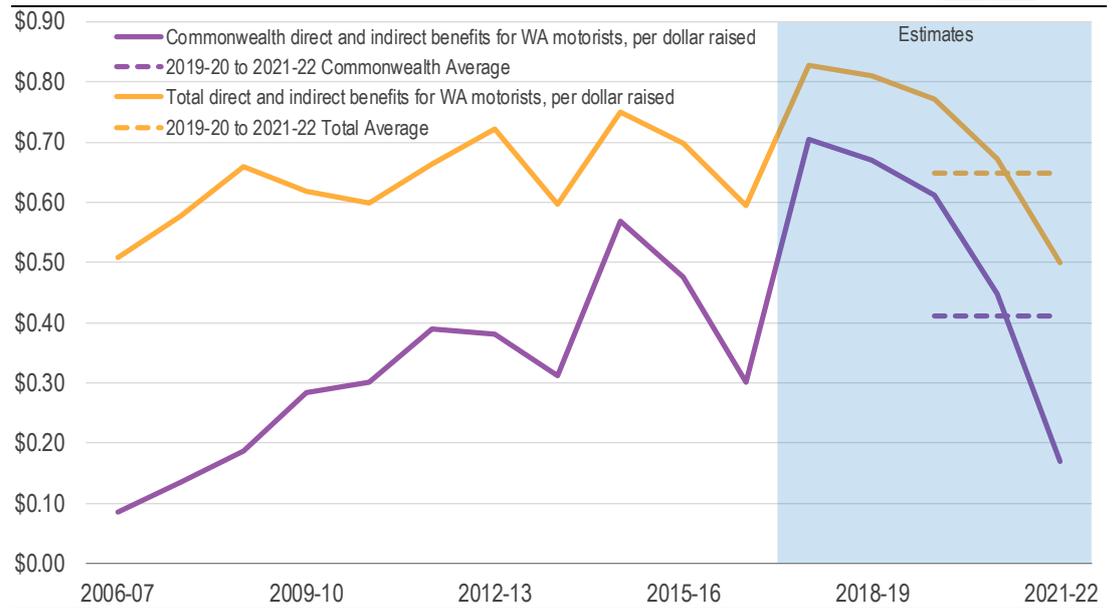
³⁴ Total collections of \$5,483 million and total spending of \$2,793 million.

³⁵ Commonwealth collections of \$2,803 million and Commonwealth spending of \$1,978 million.

³⁶ Commonwealth collections of \$3,032 million and Commonwealth spending of \$1,857 million.

³⁷ Commonwealth collections of \$3,307 million and Commonwealth spending of \$563 million.

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, 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

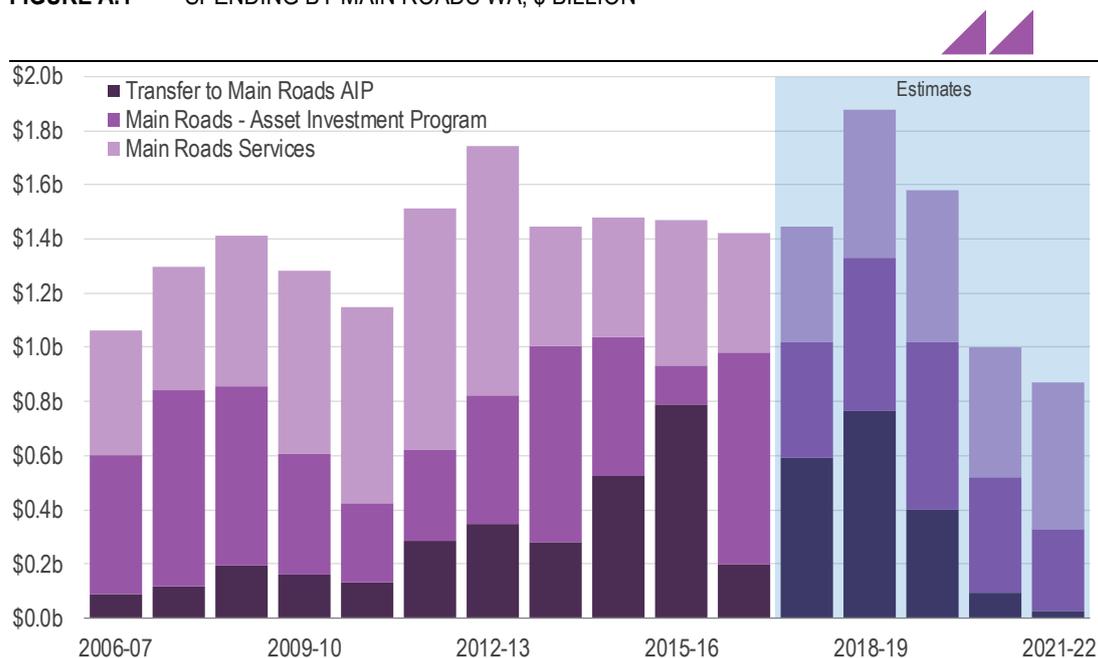


PROVISION OF ROAD NETWORK SPENDING

A.1 Main Roads WA

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

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



Note: Figures may be subject to rounding errors.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE STATE BUDGET PAPERS

A.1.1 Services

Main Roads WA is responsible for the provision and maintenance of WA's highways and main roads, and also for the provision of road-related services. These services are detailed below.³⁸

³⁸The Office of Road Safety has been removed from Main Roads and is now a standalone agency. The Road Safety Commission was formed as of 1 July 2015. Expenditure by the previous Office of Road Safety and Road Safety Commission has not been captured in this

Road safety

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

Road system management

The objective of this program is to optimise real time management of the network, provide traveller information and support delivery of projects. Works include activities of the traffic operation centre, heavy vehicle operation activities, metropolitan and regional road asset management, road user and customer services, emergency telephones, street lighting, intelligent transport systems, traffic signals and road advisory services, such as traffic alerts, to the community.³⁹

Road efficiency improvements

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

Infrastructure for community access

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

Infrastructure for state development

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

A.1.2 Asset Investment Program

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

Asset Investment Program – Major Projects⁴⁰

- Armadale Road - Anstey Road to Tapper Road (total estimated cost \$145 million). This project will provide major safety improvements, remove a dangerous bottleneck and improve access to new residential developments within the Cockburn Central train station and the Jandakot industrial area. This project will upgrade 6.9 km to dual carriageway standard, provide new shared pedestrian and cycling facilities along the length of the project and includes significant intersection works.
- Armadale Road Bridge - North Lake Road (total estimated cost \$23 million). Construction of the bridge will connect North Lake Road and Armadale Road and include north facing on and off ramps to Kwinana Freeway. This project will reduce congestion, enhance safety and improve access to the Cockburn Central train station. It will also complement additional investment in the surrounding area including the widening of Armadale Road between Anstey Road and Tapper Road and the Kwinana

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.

³⁹ Main Roads Western Australia, Annual Reports (various editions), and website, <https://www.mainroads.wa.gov.au>.

⁴⁰ Western Australia Department of Treasury, 2017-18 State Budget, Budget Paper number two, volume two, <https://www.ourstatebudget.wa.gov.au/Budget-Papers/>

- Freeway northbound between Russell Road and Roe Highway, supporting continued residential and commercial expansion in Cockburn and Armadale.
- Reid Highway - Altone Road to West Swan Road (total estimated cost \$70 million). Reid Highway is a strategic east-west route for industry and commuters traversing Perth's northern suburbs. The 4 km section between Altone Road and West Swan Road is the final remaining single carriageway section on the entire length of Reid Highway. Widening this section of road will ensure congestion, improve travel times and enhance safety. A new shared path will also improve cyclist and pedestrian access to the Swan Valley.
 - Roe Highway and Kalamunda Road Interchange (total estimated cost \$86 million). This section is one of the last remaining signalised intersections on Roe Highway. The scope of works involves grade separating Roe Highway and Kalamunda Road. The outcomes of this project will be reduced congestion and enhanced safety for all road users. It will also allow more efficient, reliable movement of freight on Perth's primary orbital route.
 - Kwinana Freeway - Russell Road to Roe Highway (total estimated cost \$49 million). Kwinana Freeway northbound, south of Roe Highway, is currently two lanes and experiences a high level of congestion, particularly in the morning peak. This project involves widening the Freeway to provide a third lane from Russell Road to Roe Highway. It will reduce travel times, improve safety and address congestion for road users in Perth's southern suburbs.
 - 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 (total estimated cost \$106.1 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 in general, but plays only a minor role in aspects of transport that are directly related to infrastructure delivery. One of the Department's main responsibilities is monitoring and enforcing the registration of motor vehicles and licensing of drivers. Such services are important for road safety and hence are considered to fall into the classification of road-related expenditure.

A.3 Local Governments

Local roads account for about 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 22.6 per cent and 26.8 per cent of local government expenditure is funded by the State and Commonwealth Governments⁴¹.

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;

⁴¹ WALGA report on WA Road Assets and Expenditure, 2016-17

- 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.



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)
2006-07	852	266	2,037	3,154
2007-08	895	304	2,093	3,293
2008-09	880	375	1,952	3,207
2009-10	930	405	1,953	3,289
2010-11	983	398	1,965	3,346
2011-12	1,058	482	2,240	3,779
2012-13	1,151	497	2,448	4,096
2013-14	1,213	496	2,552	4,261
2014-15	1,324	442	2,458	4,224
2015-16	1,344	671	2,752	4,767
2016-17	1,350	611	2,685	4,646
2017-18	1,397	610	2,803	4,810
2018-19	1,441	690	2,876	5,007
2019-20	1,481	644	3,032	5,157
2020-21	1,514	631	3,151	5,295
2021-22	1,549	627	3,307	5,483

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)
2006-07	393	396	36	27	852
2007-08	393	434	39	29	895
2008-09	318	486	44	32	880
2009-10	332	516	48	34	930
2010-11	338	557	51	37	983
2011-12	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	356	916	67	58	1,397
2018-19	360	956	67	58	1,441
2019-20	365	989	68	59	1,481
2020-21	372	1,012	70	60	1,514
2021-22	379	1,038	72	60	1,549

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)
2006-07	266	266
2007-08	304	304
2008-09	375	375
2009-10	405	405
2010-11	398	398
2011-12	482	482
2012-13	497	497
2013-14	496	496
2014-15	442	442
2015-16	671	671
2016-17	611	611
2017-18	610	610
2018-19	690	690
2019-20	644	644
2020-21	631	631
2021-22	627	627

Note: Figures may be subject to rounding.

ACIL Allen estimates from 2017-18 to 2021-22, 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)
2006-07	526	34	747	591	138	2,037
2007-08	551	47	706	641	148	2,093
2008-09	593	40	687	515	117	1,952
2009-10	562	52	660	558	122	1,953
2010-11	628	57	611	609	61	1,965
2011-12	609	46	652	852	81	2,240
2012-13	644	46	638	1,023	96	2,448
2013-14	675	50	652	1,086	89	2,552
2014-15	695	56	646	997	64	2,458
2015-16	721	64	762	1,156	49	2,752
2016-17	734	70	661	1,181	39	2,685
2017-18	780	74	653	1,253	42	2,803
2018-19	828	46	664	1,294	44	2,876
2019-20	859	47	696	1,386	45	3,032
2020-21	904	50	717	1,437	42	3,151
2021-22	950	51	755	1,517	33	3,307

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)
2006-07	462	91	510	106	1,168
2007-08	456	103	726	111	1,396
2008-09	559	134	662	101	1,456
2009-10	677	140	447	104	1,368
2010-11	729	167	292	128	1,315
2011-12	894	177	332	137	1,541
2012-13	918	283	478	170	1,849
2013-14	444	271	724	144	1,583
2014-15	440	377	511	139	1,466
2015-16	537	408	145	144	1,234
2016-17	442	362	780	131	1,714
2017-18	429	305	427	119	1,279
2018-19	545	290	569	124	1,528
2019-20	560	290	620	108	1,579
2020-21	482	267	426	107	1,282
2021-22	543	267	300	112	1,222

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)
2006-07	79	-	106	266	451
2007-08	83	-	111	304	499
2008-09	89	-	101	375	565
2009-10	90	-	104	405	600
2010-11	98	-	128	398	624
2011-12	101	-	137	482	721
2012-13	101	-	170	497	768
2013-14	168	-	144	496	807
2014-15	173	-	139	442	753
2015-16	54	-	144	671	869
2016-17	163	-	131	611	904
2017-18	113	-	119	610	842
2018-19	58	10	124	690	882
2019-20	120	-	108	644	873
2020-21	125	-	107	631	862
2021-22	130	-	112	627	869

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 2017-18 to 2021-22, 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)
2006-07	2	90	79	172
2007-08	85	115	83	283
2008-09	85	192	89	366
2009-10	294	158	90	542
2010-11	303	130	98	531
2011-12	384	287	101	773
2012-13	316	346	101	763
2013-14	325	279	168	772
2014-15	699	527	173	1,399
2015-16	467	788	54	1,309
2016-17	444	199	163	807
2017-18	736	591	113	1,441
2018-19	863	764	58	1,685
2019-20	653	399	120	1,173
2020-21	452	92	125	669
2021-22	301	28	130	459

Note: Figures may be subject to rounding.

SOURCE: ACIL ALLEN CONSULTING, CONSECUTIVE COMMONWEALTH BUDGET PAPERS, 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)
2006-07	-	0	-	0
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	854	517	20	1,391
2018-19	777	109	130	1,016
2019-20	555	385	300	1,240
2020-21	684	403	342	1,429
2021-22	628	103	-	732

Note: Figures may be subject to rounding.

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



GST

The GST is apportioned in two steps:

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

GST Contribution of Motor Vehicle Related Transactions

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

TABLE C.1 ADJUSTED CPI WEIGHTS

Goods Category	Value
Weights of GST Excluded Items	
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%
Unadjusted Weights of Motor Vehicle CPI Items	
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%
Adjusted Weights of Motor Vehicle CPI Items	
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 errors.

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

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

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

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

Customs on Passenger Motor Vehicles

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 new⁴². 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.

⁴² 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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