



AusLink (National Land Transport—Consequential and Transitional Provisions) Bill 2004

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AusLink (National Land Transport—Consequential and Transitional Provisions) Bill 2004

Date Introduced: 9 December 2004

House: House of Representatives

Portfolio: Transport and Regional Services

Commencement: Sections 1 to 3, and any anything not elsewhere covered by the table in clause 2, commence when the Bill receives the Royal Assent. Schedules 1 and 2 commence when Parts 3 to 8 of the AusLink (National Land Transport) Act 2004 commence.

Purpose

The Bill's main purpose is to amend the [Australian Land Transport Development Act 1988](#) (ALTD Act)—the main Act governing Commonwealth land transport funding—to provide transitional arrangements until the Government's AusLink land transport infrastructure funding proposals commence under the AusLink (National Land Transport) Bill 2004. When AusLink comes into effect, no new projects can be funded under the ALTD Act. Projects already approved under the ALTD Act will carry over into AusLink.

Background

Background to this Bill can be found in the Bills Digest for the AusLink (National Land Transport) Bill 2004.

Main Provisions

The Bill has two Schedules. Schedule 1 contains consequential amendments while Schedule 2 contains transitional provisions.

Schedule 1—Consequential amendments

Schedule 1 has two main purposes. First, it abolishes the special account—the ALTD Account—and any references to it. A special account is essentially a bookkeeping device where all revenue and spending relevant to a particular purpose are recorded. In this

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particular case, certain revenues are credited to the special account and then used to fund roads. Second, Schedule 1 amends the ALTD Act to take account of the abolition.

At different times, the special account has been called the Trust Fund, the ALTD Reserve and, now, the ALTD Account. But the ALTD Act still contains references to the ‘Reserve’. The bulk of items in Schedule 1 eliminate references to the Reserve. **Items 9, 17, 22, 24, 26, 31, 32, 33, 34, 35** replace references to ‘out of the Reserve’ with ‘under this Act’. **Items 13, 27, 28** and **37** also delete references to the Reserve.

Item 2 inserts a definition of the ‘Auslink transition time’. This is when Parts 3 to 8 of the AusLink (National Land Transport) Bill commence.

Subsection 3(1) of the ALTD Act contains definitions. **Items 3, 4, 6, 7** and **8** repeal definitions in this subsection. Item 3 repeals the definition of the ‘charge rate’, item 4 the ‘indexation factor’, item 6 the ‘Reserve’, item 7 the ‘road user charge’, and item 8 the definition of ‘urban area’.

Comment: the road user charge, the indexation factor and the charge rate all relate to the determination of the amount to be credited to the special account. Technically, an amount based on these three factors is credited to the special account, which is then used to fund roads. The road user charge, the indexation factor and the charge rate hark back to the time when a notional part of the excise and customs duty on fuels was allocated to road funding.¹ These arrangements were put in place so that the government could demonstrate that it was allocating some fuel excise revenue to road funding. But the amount credited to the special account is only a fraction of total road funding. Consequently, the road user charge, the indexation factor, the charge rate and the special account are redundant.

Sections 4 to 8 of the ALTD Act deal with different categories of land transport programs including roads, railways, urban public transport, provincial cities and rural highways, and the black spot program. Under AusLink, these categories become redundant and so are repealed by **item 10**. Item 10 also repeals sections 9 and 10 of the ALTD Act, which deal with the indexation factor and the charge rate respectively.

Sections 11 to 14 of the ALTD Act deal with the establishment of the special account—the Reserve—amounts to be credited to it, and the indexation of the charge rate. These sections are redundant and so are repealed by **item 12**.

Section 19 of the ALTD Act allows the Minister to reallocate funds between state arterial roads and local roads. **Item 20** repeals section 19 and substitutes a **new section 19**, which allows the Minister to reallocate funds from one project in a state to another project.

Comment: this both eliminates the redundant references to state arterial roads and gives the Minister greater flexibility to reallocate funds.

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Section 26 of the ALTD Act deals with the approval of projects and programs. Among other things, it allows the Minister to ask various bodies to submit particulars of proposals for roads, railways, black spots, urban public transport, research, and road safety. **Item 25** repeals section 26 and substitutes a **new section 26**. In essence, new section 26 provides that when AusLink commences, no new projects can be approved under the ALTD Act. Further, some projects approved under the ALTD Act may not be incorporated into AusLink. New section 26 allows for continued payments for such projects. The Explanatory Memorandum states:

This item inserts a new section 26 which specifies that the Minister must not grant a new project approval after the AusLink transition time. The new section continues in force an approval made before the AusLink transition time which is not transferred to the *AusLink (National Land Transport) Act 2004* by a determination under Schedule 2 of this Act.

This allows payments to continue to be made under the ALTD Act for any projects not transferred to the AusLink programme. It is expected that these will be projects not on the AusLink National Network to be declared under the *AusLink (National Land Transport) Act 2004*.

The new section 26 also continues in force any declarations made under the Act prior to the AusLink transition time.²

Schedule 2—Transitional provisions

Item 2 of Schedule 2 empowers the Minister to determine project approvals, made under the ALTD Act, to become approved projects under AusLink.

Item 3 provides an appropriation of \$1, 371,489,000 for the financial year ended 30 June 2005. The Explanatory Memorandum states:

The appropriation is required as the Bill removes the provisions establishing and operating the ALTD Special Account which, with the *Financial Management and Accountability Act 1997*, provide the appropriation of funds for Australian Land Transport Development programmes. The amount is the funding identified in the 2004-05 Budget for expenditure on the AusLink programme in that year. Funding in future years will be provided by annual appropriations.

The appropriation also provides funding for payments to be made for projects not transferring to the AusLink legislation but remaining as projects approved under the ALTD Act.³

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Endnotes

- 1 For further information, see Australian National Audit Office, *Management of the National Highways System Program*, audit report no. 21, 8 February 2001.
- 2 Explanatory Memorandum p. 6.
- 3 Explanatory Memorandum p. 8.

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