Note: This Digest replaces an earlier version dated 13 October 2008.

Road Charges Legislation Repeal and Amendment Bill 2008

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Contents

Purpose .............................................................. 2

Background ........................................................... 2

Road User Charge ................................................... 3

Financial implications ................................................... 4

Main provisions ........................................................ 4
Road Charges Legislation Repeal and Amendment Bill 2008

Date introduced: 25 September 2008
House: Representatives
Portfolio: Infrastructure, Transport, Regional Development and Local Government
Commencement: Sections 1 to 3 on Royal Assent, Schedules 1 and 2 immediately before Schedule 1 of the Interstate Road Transport Charge Amendment Act (No. 2) 2008, Schedule 3 on 1 January 2009.

Links: The relevant links to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at http://www.aph.gov.au/bills/. When Bills have been passed they can be found at ComLaw, which is at http://www.comlaw.gov.au/.

Purpose

The purpose of the Bill is to:

- repeal the Road Transport Charges (Australian Capital Territory) Act 1993 (the Road Transport Charges (ACT) Act) to allow the Australian Capital Territory to pass its own legislation
- repeal certain provisions in the Road Transport Reform (Heavy Vehicles Registration) Act 1997 to remove references to the Road Transport Charges (ACT) Act consequent upon its repeal
- amend the Fuel Tax Act 2006 to introduce an increase to the heavy vehicle road user charge from 19.633 cents a litre to 21 cents a litre of taxable fuel.

Background

The Road Charges Legislation Repeal and Amendment Bill 2008 includes provisions that were contained in the Road Transport (Australian Capital Territory) Repeal Bill 2008 that was introduced into the House of Representatives on 13 March 2008. The Road Transport Charges (Australian Capital Territory) Repeal Bill 2008 Bills Digest, No.89 2007-08 should be read in conjunction with this Digest.

In addition to Schedule 1 – Repeal of the Road Transport Charges (Australian Capital Territory) Act 1993 and Schedule 2–Amendments relating to the repeal of the Road Transport Charges (Australian Capital Territory) Act 1993 which were contained in the

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

**Heavy Vehicle Road User Charge and the Fuel Tax credits scheme**

The 2007 Heavy Vehicle Charges Determination sets the new registration fees which were unanimously agreed to by transport ministers at the Australian Transport Council meeting in February 2008. All States have now implemented the registration fees with the Northern Territory in the process of doing so and these fees apply to heavy vehicles operating in an intrastate context. The Australian Capital Territory cannot amend its registration fees until this Bill has been passed. The Commonwealth legislated on behalf of the Australian Capital Territory when it passed the Road Transport Charges (Australian Capital Territory) Act 1993. The legislation also served as a template for the State and Territory jurisdictions to ensure uniform charging for heavy vehicles throughout Australia. This approach has now been overtaken by regulations under the National Transport Commission Act 2003.

Currently the heavy vehicle road user charge is 19.633 cents per litre of taxable fuel. This rate was determined by the then Acting Minister for Transport and Regional Services in 2006. Prior to the introduction of this Bill, the Minister had made a determination to amend the rate of the road user charge on 11 March 2008 stating that the new road user charge of 21 cents per litre would commence on 1 January 2009. However this determination was disallowed in the Senate on 14 May 2008.

The amendments in this Bill would increase the ‘default’ road user charge to 21 cents per litre of taxable fuel, and by doing so effectively reduce the amount of fuel tax credits that can be claimed by eligible persons and entities using on-road heavy vehicles under Chapter 3 of the Fuel Tax Act 2006. Fuel tax credits are intended to reduce or remove the incidence of fuel tax across a range of business-related contexts. In order to claim credits for heavy vehicles use, the vehicle must travel on a public road in the course of carrying on a business and must have a gross vehicle mass (GVM) of greater than 4.5 tonne. If it uses diesel, it must meet one of the environmental criteria for heavy diesel vehicles manufactured before 1 January 1996.

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2. ibid, p. 4.
3. A different amount can be set by regulation: item 4 of Schedule 3.
5. More details are available from Australian Tax Office, Fuel Tax Credits for Business, Information about who can receive fuel tax credits and how to claim them, April 2008, p.9.

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The full fuel credit rate is currently 38.143 cents per litre, but for heavy vehicles travelling on a public road, the road user charge is subtracted from the credit. Thus under the proposed increased road user charge, the effective fuel tax credit is reduced from 18.51 cents per litre to 17.143 cents per litre.

The amendments also provide that regulations may prescribe a method of indexing the road user charge, that is, making adjustments to the road user charge.

Financial implications

According to the Explanatory Memorandum, the increase to the road user charge of 1.367 cents per litre will decrease Commonwealth Government Fuel Tax Credit expenses by:

- $40 million in 2008-09
- $110 million in 2009-10
- $150 million in 2010-11
- $190 million in 2011-12.

Main provisions

Schedules 1 and 2 of the Road Charges Legislation Repeal and Amendment Bill 2008 are identical to the first Bill, the Road Transport Charges (Australian Capital Territory) Repeal Bill 2008. For discussion of these provisions see the Bills Digest, Road Transport Charges (Australian Capital Territory) Repeal Bill 2008 Bills Digest, No.89 2007-08.

Schedule 3– Amendment of the Fuel Tax Act 2006

Item 1 amends existing subsection 43-10(3) by substituting the reference to a determination by the Transport Minister to the road user charge for the fuel which will be contained in the principal Act.

Item 4, proposed subsection 43-10(7) provides a definition of road user charge for taxable fuel and sets a rate of 21 cents for each litre of fuel, unless otherwise prescribed by regulations. Proposed subsection 43-10(8) provides that the regulations may prescribe a method for the road user charge to be indexed or adjusted.

Item 9, is an applications provision which states that these provisions will apply to taxable fuel on or after 1 January 2009.