# If only governments spent what they collected from roads……

It had to happen. Like the wattle blossom heralds spring, road lobby claims of being short-changed presage a Federal election.

This time it’s the Australian Automobile Association. Reports have them running an advertising campaign: <http://www.news.com.au/technology/innovation/motoring/advertising-campaign-keep-australia-moving-calls-for-more-transport-funding/news-story/bf9c47f5ce6de05ac67aaee4f56fc8b0>.

Why?

*“Australian motorists will this year pay more than $18 billion in federal road-related taxes and they are currently getting a very bad return on that investment, mainly because too little of this enormous financial contribution is finding its way back into our infrastructure budget”.*

What do they want?

*“a minimum of half that tax revenue put into a transport infrastructure fund to invest in roads and other transport. And it wants the Federal Government to guarantee it will have a role in funding “public transport, intelligent transport systems, and local active transport…”.*

Let’s get some facts out of the way so as not to trouble the campaign or dampen motorist outrage any longer than necessary.

1. The Commonwealth spends less on roads than it collects in road revenues.
2. ***Governments spend far more on roads than they collect****.*

***Road spending and revenues 2013-14, $m, current prices***

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Road revenue\*** | **Road spending** | **Net** |
| Commonwealth | 10908.9 | 5667.4 | 5214.5 |
| Other \*\* | 10254.9 | 20679.0 | 10329.1 |
| **Total** | **21163.8** | **26251.4** | **5087.6** |

\*using definitions of previous years. The 2015 publication was the first including in road related revenue: goods and services tax ($3889.0m), fringe benefits tax ($1387.8m), luxury car tax ($463.0m) and passenger motor vehicle customs duty ($920.0m), to achieve a Commonwealth sub-total of $17568.7m similar to the $18bn claimed by the AAA. None of these additions are relevant to the road spending / revenue argument. For example: goods and services tax is also payable on cups of coffee; should the Commonwealth spend all such collected revenue on morning teas? Customs duties are payable on imports of items like toys: should the Commonwealth do likewise use the revenue to buy lots of these? The car fringe benefits tax is a concession from income tax (with no equivalent available for public transport); if anything, foregone revenue should be added to the road spending column.

\*\* including private sector.

Source: [https://**bitre**.gov.au/publications/2015/**yearbook**\_2015.aspx](https://bitre.gov.au/publications/2015/yearbook_2015.aspx)

A ‘principle’, along the lines proposed, of governments returning to roads all they collect, would:

1. Result in less spending;
2. Lead to poor outcomes;
3. For the Commonwealth, be constitutionally problematic.

Apologies for shooting the fish in the barrel.

The innovations of adding public transport etc. to the list of spending demands and of a special transport infrastructure fund neither save the AAA argument nor make any Constitutional sense.

Last year Dr Michael Keating AC and Luke Fraser, citing official figures released in 2014, raised serious issues about road spending greatly exceeding revenues; an enormous, growing road fiscal deficit. http://johnmenadue.com/blog/?p=3834.

Interestingly, official statistics published after their article contained certain revisions and were presented in a way supportive of contentions like the AAA’s. These revisions and presentation raise questions of a different nature.

Yet even a cursory look at the newer data (above table) confirms the Keating and Fraser analysis.

The issues and concerns remain unaddressed, apparently ignored.

There might be room for argument about details. Maybe figures for this year will show a smaller gap due to more road use (response to low petrol prices). Maybe spending could be more efficient. Maybe charges should be higher so there can be more spending. Maybe there should be different types of charges. Maybe some averaging might help.

But even if all this came to pass it’s still way too hard to swallow the AAA’s argument.

What of the jade beagle’s plea at http://www.thejadebeagle.com/zombie-road-apocalypse.html:

*‘If 2016 gave a real ‘wake up’ call, a road revelation rather than a further run of congestion=doom unless-more-roads-are-built zombie headlines, it would be a good year.’* ?

Unheeded. So as the poor dog’s good year turns bad and with the ‘spend the revenue’ argument upended it’s time to wish the road lobby good luck with their campaigns.

And hope they help draft and support a referendum to give a Commonwealth Government the role they think it should have.

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