In this article I want to deal with those aspects of the Budget that affect transport and road building policy.

Payment from the petrol tax under Commonwealth Aid Roads legislation will reach £34 million this year or just under £22 million more than last year. The existing Commonwealth Aid Roads legislation which is, in reality, an agreement between the Commonwealth and the States, is due to expire at the end of June, 1959. The Government proposes to review the whole question of Commonwealth assistance for roads before that date.

I would like to point out as I have said before that the Commonwealth is bound by the agreement with the States until that time and it has no right whatsoever to break the agreement with the States. In the meantime, however, the Government has decided that some further special assistance should be provided for roads. To raise funds for this assistance, a tax is being imposed upon diesel fuel used by diesel road users. This will bring diesel road vehicles into line with petrol driven vehicles which have, of course, paid the petrol tax for many years.

Previously, operators of diesel powered vehicles have not paid their fair share of contribution to road maintenance and this applies particularly, of course, to the interstate diesel road hauliers. A diesel tax has been imposed upon these people so that they will make their contribution to road use.

I want to say quite emphatically that primary producers and industrial users of diesel fuel will not have to pay the tax although I cannot say at this stage how the administration of these classes of exemption will be carried out.

In this year the tax is expected to yield £2 million but the Government has decided, under this further special assistance, to make £3 million available both this year and next year. This special assistance is going to be distributed as far as possible on the basis of collection. That means that if £750,000 worth of tax is raised from Victoria then Victoria will be returned £750,000 worth for road construction and maintenance. Under this provision Victoria should benefit
more than other States because it is probably true to say that more
diesel fuel is used in Victoria than in the other States [1]. Although quite certainly New South Wales would be a very close second.

The fact that the diesel tax money is being distributed in
this way is recognition by the Government that the petrol tax formula
is out-dated and needs review. It is also recognition that the source
of funds for road construction and maintenance needs careful scrutiny
and the Treasurer emphasized the fact that this special assistance
should be regarded as an interim measure only which will be reviewed
together with the petrol tax distribution before the end of June, 1959.

In previous reports on the question of road finance I have
said that I thought a diesel tax was not the solution to the problems
of interstate road hauliers for the simple reason that I thought it would
be very difficult to police, a situation in which we had one class of
user paying the tax and another class, mostly the primary producer,
being exempt. I said that I thought this would lead to great
administrative and policing difficulties. The Government has been
assured, however, that these difficulties are not insurmountable.
Nevertheless, I think in this regard we should remember that this is
an interim measure for two years, and if the policing and administrative
difficulties prove greater than the Government believes, then I have no
doubt that this tax will also come up for revision at the end of 1959.

The effect of this tax and the effect of increased allocation
from the petrol tax will mean that just under £5 million or extra
funds will be available to road building bodies throughout Australia
in this financial year and because the diesel tax is being distributed
on a different basis, this State can expect to get a larger proportionate
share of that increase than she has in previous years.

While I am on the question of transport I would also like
to say that the Government has undertaken to join with the State
Government in the provision of a standard rail link between Melbourne
and Wodonga. This will do a very great deal to reduce costs of
transport between Melbourne and Sydney. It is worth noting that at the
present time Albury's biggest industry is the transfer of goods from
the Victorian broad gauge to the New South Wales standard gauge.
This is all needless and useless and wasteful double handling which will be avoided when the standard gauge is constructed and when the rail trucks and passenger trains can go straight through from Melbourne to Sydney without any transfer.

The final amount of assistance to be provided by the Commonwealth for this work has not yet been decided but I understand discussions are already under way between the Commonwealth and the State Governments concerned.

These last two things that I have mentioned are, I believe, a very real step forward in helping the transport system throughout Australia.

Concerning roads, it is not so much the increased assistance of about £5 million that is significant but the fact that the Government has recognised that the Commonwealth Aid Roads legislation needs review and that this review will take place before the present agreement with the Commonwealth and the States expires at the end of 1959.

20/9/1957.