

EXPLANATORY STATEMENT

Issued by authority of the Treasurer

Fuel Indexation (Road Funding) Special Account Act 2015

Fuel Indexation (Road Funding) Special Account Determination 2018 (No. 1)

Subsection 8(1) of the *Fuel Indexation (Road Funding) Special Account Act 2015* (the Act) provides that the Treasurer may determine, by writing, that a specified amount is to be credited to the Fuel Indexation (Road Funding) special account (the special account) on a specified day.

The Act establishes and provides rules for the operation of the special account to ensure that the additional net revenue from the introduction of fuel indexation (that is, the indexation of excise and excise equivalent duty applying to fuels, other than aviation fuels) is used for road infrastructure funding.

Under the rules set out in section 8 of the Act, the Treasurer may, in writing, determine that an amount is to be credited to the special account. In determining this amount, the Treasurer must have regard to the purpose of the special account. Section 9 of the Act specifies that the purpose of the special account is to ensure that amounts equal to the fuel indexation amount for a financial year are transferred into the COAG Reform Fund, to fund State and Territory expenditure in relation to investment in Australian road infrastructure.

The fuel indexation amount for a financial year is defined by subsection 9(2) of the Act as, broadly, the net increase in revenue in that financial year resulting from the introduction of fuel indexation, after deducting any offsetting increases in tax credits, rebates and grants that also resulted from indexation.

This determination provides for \$385,000,000 to be credited to the Fuel Indexation (Road Funding) special account on 1 May 2018. This amount is equal to the fuel indexation amount for the 2016-17 financial year.

This determination is a legislative instrument for the purposes of the *Legislation Act 2003*. However, as a result of subsection 8(3) of the Act, it is not subject to disallowance.

The determination commenced on the day it was registered on the Federal Register of Legislation.

No consultation was undertaken on this determination as it is minor and mechanical in nature, only involving the determination of an amount from available data, consistent with the rules set out in section 8 and 9 of the Act.