

## **EXPLANATORY STATEMENT**

### **Issued by authority of the Assistant Minister for Treasury and Finance**

*Fuel Indexation (Road Funding) Special Account Act 2015*

*Fuel Indexation (Road Funding) Special Account Determination 2019 (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 customs 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 \$557,000,000 to be credited to the Fuel Indexation (Road Funding) special account on 28 March 2019. This amount is equal to the fuel indexation amount for the 2017-18 financial year.

In accordance with section 19 of the *Acts Interpretations Act 1901*, any Minister in the Treasury portfolio may, by legislative instrument, determine by writing the amount to be credited to the Fuel Indexation (Road Funding) special account for a 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 sections 8 and 9 of the Act.