

5 June 2012



The Secretary

Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: economics.sen@aph.gov.au

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LPG AUSTRALIA

SUBMISSION TO THE SENATE ECONOMICS LEGISLATION COMMITTEE

Inquiry into the Tax Laws Amendment (2012 Measures No. 3) Bill 2012 and related bills

Dear Secretary

LPG Australia is pleased to accept your invitation to make a submission to the Senate Economics Legislation Committee's Inquiry into the Tax Laws Amendment (2012 Measures No. 3) Bill 2012 and related bills. This submission will address the parts of the proposed amendments which seek to exclude the blending of gaseous fuels, where the same rate of tax does not apply to each amount in the blend, from being treated as excise manufacture and subject to additional duty.

LPG Australia is the national peak body which represents the bulk of the downstream alternative gaseous fuels industry which covers Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). The industry comprises major companies and small to medium businesses in the alternative gaseous fuels supply chain; refiners, fuel marketers, equipment manufacturers, LPG vehicle converters, and the providers of services to the industry.

At present, LPG is the primary alternative gaseous fuel used in Australia. LPG delivers a significant contribution to meeting our energy needs in two ways:

1. As a stationary energy source, LPG is used by households and businesses for a variety of uses:
 - a. LPG has provided Australians with access to gas for cooking, and space and hot water heating, since the 1950s. Today, it is the gaseous fuel used by around one million households for these purposes. LPG is also used by around seven million households for recreational activities (BBQs and outdoor heating).
 - b. LPG also supplies around 100,000 commercial and industrial enterprises and is used in a variety of industrial processes, including power generation and heating.
 - c. LPG's use is most prevalent in areas not connected to the natural gas network, especially regional Australia.
2. As an automotive fuel, LPG (Autogas) is Australia's primary alternative transport fuel accounting for the bulk of the sector's share of the overall transport fuel market. LPG fuels over 500,000 vehicles, the majority being

owned by private motorists, is the predominant fuel used by the taxi industry and is heavily used by fleet and trade vehicles, including light commercial vehicles.

While not as well established as LPG, on the back of recent substantial infrastructure investments, the use of LNG and CNG has the potential to expand in a variety of domestic and industrial stationary energy and transport applications, particularly power generation, heavy trucks and buses.

The proposed amendments addressed in this submission are relevant to gaseous fuels used in both transport and stationary energy applications.

Issue

The need for the proposed technical amendments addressed in this submission has arisen as a result of the phasing in of higher excise rates on gaseous transport fuels and future changes in the carbon price on gaseous fuels used as a stationary energy source.

Conclusion

LPG Australia supports the parts of the Tax Laws Amendment (2012 Measures No. 3) Bill 2012 and related bills that seek to exclude the blending of gaseous fuels, where the same rate of tax does not apply to each amount in the blend, from being treated as excise manufacture and subject to additional duty. Moreover, LPG Australia considers these proposed amendments would achieve their objective.

For your consideration.

Yours sincerely

Michael Carmody
Chief Executive Officer

Distribution: Members of the Senate Economics Legislation Committee

For Information:
LPG Australia Advisory Council Working Group – Excise
LPG Australia Secretariat