

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

4 – 6 June 2013

**Question: BET 69**

**Topic: Fuel Tax Credits**

**Hansard Page: Wednesday 5 June 2013, Page 103**

**Senator BIRMINGHAM asked:**

**Senator BIRMINGHAM:** I will now go to the reduction in expenses that is incurred in relation to the fuel tax credits as a result of the carbon price equivalent being applied to those fuel tax credits. Are you able to give a value for what the carbon tax carbon price equivalent on those fuel tax credits is for each of the budget years? The fuel tax credits are outlined on page 641.

**Mr Brake:** I do not think I have a breakdown of those figures.

**Senator BIRMINGHAM:** Not for any of the years? I am happy just to take it for this year if you have it or the incoming financial year.

**Mr Heferen:** No, we will take it on notice.

**Senator BIRMINGHAM:** Do you have the rate, in terms of once it is adjusted into the fuel tax credit, of the carbon price equivalent as it is estimated in the budget papers?

**Mr Brake:** I will have to take that on notice as well.

**Senator BIRMINGHAM:** Again, not even for the current year, Mr Brake?

**Mr Brake:** I do not have that figure.

**Mr Heferen:** Sorry, Senator, these sound like pretty straightforward issues; if we had had notice, we could have made sure we had that information but, unfortunately, we do not have that detail with us.

**Senator Wong:** We will see how quickly we can get it.

**Senator BIRMINGHAM:** Thanks, Mr Heferen and Minister. Seeing as you do not have those figures, I am sure you are not going to have these. Can I get an indication of what the change is as it is specific to the 2014 inclusion of heavy on-road vehicles in the carbon price mechanism, please?

**Mr Brake:** I will take that on notice.

**Senator BIRMINGHAM:** Thank you. What is the number of businesses that claim the fuel tax credits?

**Senator Wong:** We will have to take that on notice as well.

**Senator BIRMINGHAM:** Then I am sure the subsequent questions will also be taken on notice. If I could also get the number that currently face the carbon price adjustment within that scheme, and then the number of additional businesses, post 1 July 2014, who will face the carbon price adjustment within that scheme. If you are also able to give a breakdown of the number of heavy vehicles you understand that covers and any of the profile mix in terms of the businesses—how many might be single-truck businesses or the like—that would also be helpful. Thank you. To be clear, who will face adjustment from 1 July 2014? What businesses will be included that are not currently included—basic carbon price adjustment to the fuel tax credits from 1 July 2014?

**Mr Heferen:** I do not know. I will have to take it on notice.

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Budget Estimates

4 – 6 June 2013

**Senator BIRMINGHAM:** I understand that it is heavy on-road vehicles greater than 4½ tonnes.

**Mr Heferen:** You may well be right on that. We have some assistance, someone who may know this issue.

**Ms Berkeley:** I do confirm that on-road heavy vehicles over 4½ tonnes will be included in the scheme from 1 July 2014.

**Senator BIRMINGHAM:** Thanks, Ms Berkeley. I don't suppose you are able to help with any of the previous questions that have been taken on notice, are you?

**Senator Wong:** They have all been taken on notice.

**Ms Berkeley:** No, we will take those on notice.

**Senator BIRMINGHAM:** Always worth checking, Minister, just in case another official happens to have the numbers at their fingertips. This will require legislative change?

**Ms Berkeley:** Yes, this does require legislative change.

**Senator BIRMINGHAM:** When does it need to be legislated by?

**Ms Berkeley:** By 1 July 2014.

**Senator BIRMINGHAM:** Is there a lead-in period required in terms of its effective implementation or not really?

**Ms Berkeley:** As with most tax matters, usually the earlier that it can be done the better it is for the taxpayers. At this stage there is no timetable yet for what the likely introduction or passage date would be for that legislation.

**Senator BIRMINGHAM:** Has the legislation been drafted?

**Ms Berkeley:** No.

**Senator BIRMINGHAM:** Will there be a period of consultation on the legislation?

**Ms Berkeley:** Yes.

**Senator BIRMINGHAM:** Is there a timeline for the release of the legislation and that consultation framework in mind?

**Ms Berkeley:** Not at this stage.

**Senator BIRMINGHAM:** How frequently, once we get beyond the fixed price period of the carbon tax, will the price and the level of fuel tax credits change?

**Ms Berkeley:** I would have to take that on notice.

**Senator BIRMINGHAM:** The industry has claimed that there would be variations in the order of every three weeks. Does that sound feasible? And I assume these are the same rules that would apply to those who are already captured by the carbon price and the fuel tax credit—the heavy off-road vehicles, aviation and marine fuels and so on.

**Mr Heferen:** I think the variations would only occur twice a year. Every three weeks—they must presumably be talking about something else.

**Senator BIRMINGHAM:** In terms of logistics, how does the differential work now? Obviously some businesses are receiving the full fuel tax credits, others are receiving fuel tax credits less a carbon price and some will shift onto that in time. Administratively, how has that been worked through? Is additional paperwork required for those who are liable under the carbon pricing mechanism, or in fact are they all simply having to complete the same form and just getting different amounts depending on their category?

**Mr Brake:** I think I would defer to the tax office on that. My understanding would be that it would be reconciled through the BAS, but I stand to be corrected on that.

**Senator Wong:** This is still the measure that commences in a year?

**Senator BIRMINGHAM:** Not for, say, heavy off-road vehicles. They are already—

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

4 – 6 June 2013

**Senator Wong:** We will take it on notice.

**Answer:**

(a) There is no information publicly available on the current estimated cost of the fuel tax credit arrangements to respond to this question.

The estimated impact of the Clean Energy Future fuel tax credit arrangements were reported in the *2011-12 Mid-Year Economic and Fiscal Outlook*. These estimates were:

2010-11	2011-12	2012-13	2013-14	2014-15
0	2.2	-525.8	-49.0	-459.0

Note that these estimates include departmental costs for administration of the arrangements by the Australian Taxation Office.

(b) There is no information publicly available to respond to this question on the number of businesses affected by the carbon price adjustment to fuel tax credits.

(c) Subsection 43-8(2) of the *Fuel Tax Act 2006* provides for two adjustments per year, on 1 January and 1 July, beyond the fixed price period.