

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 62

Topic: Petrol and Diesel Excise

Hansard Page: E20

Senator SHERRY asked:

So you have examined that issue. Why the lower rise in petrol excise as distinct from diesel excise? What is the explanation for that?

Mr Callaghan—I think it is the impact of exactly what you were talking about, the higher prices impacting on volume on the petrol. I am not sure what is driving diesel; I would have to check.

Answer:

When comparing the 2006-07 Budget estimates to the 2005-06 MYEFO estimates, the stronger growth in diesel excise relative to petrol (levels and growth rates) reflects stronger expected demand for diesel fuel across the Budget forecasts and projections.

Over the past decade, demand for petrol has increased at an annual average rate of 1.3 per cent, while demand for diesel fuel has increased at an annual average rate of 4.0 per cent.