

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 3-5 June 2008

Question: bet 80

Topic: Fuel Excise Indexation

Hansard Page: E55

Senator Boswell asked:

Senator BOSWELL—I will just finish with this one, then, if you will allow me to. Are you in favour of using fuel excise indexation as a policy instrument, because that is what we voted against. This policy that you condemned us—

CHAIR—I think that was a policy question, so—

Senator BOSWELL—I am sorry. The legislation you attacked us for used excise indexation as a policy instrument. Are you in favour of excise indexation as a policy instrument?

Dr Henry—That is a policy question.

Senator Sherry—We will take it on notice.

Senator BOSWELL—You criticised the—

CHAIR—Senator Sherry has said he will take it on notice.

Senator ABETZ—Can I make this point to Dr Henry—

CHAIR—No, I do not think so.

Senator ABETZ—Can I ask this question of Dr Henry, then? Can you see the difficulty that you get yourself into when you make a speech about policy critical of in this case the coalition's policy? We then ask you about that policy and you say, 'Sorry, I cannot answer at Senate estimates because that is a policy issue.' But you give yourself free rein to talk about policy issues at the public forum—

CHAIR—I will say to Dr Henry that he should not answer that question because the issue of whether policy questions are asked at estimates is a matter for this committee and I read in the opening statement that policy questions were not to be answered.

Senator BOSWELL—But this is not a policy question.

CHAIR—The minister has said he will take it on notice.

Senator BOSWELL—I did not ask the minister. I asked Dr Henry.

Senator Sherry—And I am taking it on notice, as is my right.

CHAIR—It has been taken on notice.

Answer:

The Government has not made any announcements or commitments to re-introduce indexation of fuel excise.

The Government is committed to adjusting the road user charge for heavy on-road vehicles from 19.633 cents per litre to 21 cents per litre from 1 January 2009 and increasing it annually in accordance with the National Transport Commission's Heavy Vehicle Charges formula from 1 July 2009. The road user charge has not been increased for seven years and according to the National Transport Commission's 2007 Determination currently does not cover costs attributed to heavy vehicles.

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The road user charge is a non-hypothecated charge that recovers part of the road construction and maintenance costs attributed to heavy vehicles. The remainder of road construction and maintenance costs attributed to heavy vehicles is recovered by states and territories through heavy vehicle registration charges.

On 29 February 2008, Australian Transport Council Ministers voted unanimously to support the National Transport Commission's 2007 Heavy Vehicle Charges Determination recommendations. The 2007 Determination restructures and increases the cost base recovered from heavy vehicles in recognition of increases in road spending and to increase the proportion of recovery from the largest classes of heavy vehicles, which currently do not cover the costs of the damage that they do to the road network.