

Senate Standing Committee on Community Affairs

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Reference: Customs Tariff Amendment (2009 Measures No. 1) Bill 2009;

Excise Tariff Amendment (2009 Measures No. 1) Bill 2009

Wednesday, 11 March 2009

Question: CA62

Topic: Excise – Tariff proposals

Senator Cormann asked:

Senator CORMANN—What would happen if the legislation were defeated? Is there a precedent on when legislation was not validated by parliament such as in relation to excise on alcohol products and what happened on that occasion?

Ms Barron—I am not aware of one where it has not been validated, but I can take it on notice.

Senator CORMANN—You might take it on notice and let us know what happened. In relation to the draught beer concession and the Excise Tariff proposal (No. 2) 2000, which was introduced into parliament to increase the rates of excise on alcoholic beverages to offset the repeal of the sales tax legislation. Essentially there was a component there which was ultimately not validated by parliament, and I think you will find that those funds that were collected by government without legal authority ultimately were directed to a foundation to reduce the impact of excessive use of alcohol and other legal drugs. Perhaps you could provide on notice the detail as to what happened at the time from a process point of view and essentially what you did in response to what the parliament decided at the time?

Ms Barron—Yes, I can do that. I have one slight clarification. My understanding is that the parliament on that occasion validated the whole amount, so there never was any amount illegally collected, and then a separate appropriation was made of moneys into a fund and the appropriation equalled the difference between one and the other rate, but there was never any amount illegally collected.

Answer:

(a) In the time available to respond to the question Treasury, in consultation with the Australian Taxation Office and Australian Customs and Border Protection Service, has not found any instances where tariff proposals have not been validated by passage of relevant legislation.

(b) On 21 June 2000 the previous government tabled in the House of Representatives alterations to the *Excise Tariff Act 1921* and *Customs Tariff Act 1995* (respectively, Excise Tariff Proposal No. 2 (2000) and Customs Tariff Proposal No. 2 (2000)) to implement the alcohol excise arrangements announced in *Tax reform: not a new tax, a new tax system* in 1998. The alterations took effect from 1 July 2000.

On 8 March 2001 the *Excise Tariff Amendment Bill (No. 1) 2001* and *Customs Tariff Amendment Bill (No. 2) 2001* were introduced into Parliament to validate the tariff

Senate Standing Committee on Community Affairs

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Reference: Customs Tariff Amendment (2009 Measures No. 1) Bill 2009;

Excise Tariff Amendment (2009 Measures No. 1) Bill 2009

Wednesday, 11 March 2009

proposals. The Bills passed the House of Representatives on 28 March 2001 and were introduced into the Senate on 29 March 2001.

During the Senate debate on the Bills, objections were raised to the alcohol taxation arrangements. These objections related to the impact of the new beer excise (and customs duty) rates on draught beer and the commitment that the price of beer would not rise by more than 1.9 per cent as a result of the *A New Tax System* package.

On 3 April 2001, the then-Prime Minister issued a press release announcing an agreement between the previous government and the Australian Democrats on the beer excise arrangements. The press release stated that:

The current bills before the Parliament will be supported by the Australian Democrats so that the excise rates on beer that have applied since 1 July 2000 are validated. The bills will also be amended so that as of 4 April 2001 rates of excise and customs duty in respect of draught beer will be reduced.

The press release also stated that:

In addition, an amount equivalent to the difference between the excise collections on draught beer since 1 July 2000 and the amount that would have been collected using the new rates (with the exception outlined below) will be appropriated and allocated to an independent foundation to be called the 'Alcohol Education and Rehabilitation Foundation'.

A small amount will be allocated to an initiative for the restoration and preservation of historic hotels in rural and regional Australia.

Excise Tariff Proposal No. 4 (2001) and Customs Tariff Proposal No. 3 (2001) were tabled in the House of Representatives on 3 April 2001 to alter the legislation to the agreed upon beer excise rates. These proposals took effect on and from 4 April 2001.

On 4 April 2001, requests for amendments to the *Excise Tariff Amendment Bill (No. 1) 2001* and *Customs Tariff Amendment Bill (No. 2) 2001* to implement the new beer excise rates contained in Excise Tariff Proposal No. 4 (2001) and Customs Tariff Proposal No. 3 (2001) were made during the Senate debate on the Bills. The bills as amended received Royal Assent on 14 May 2001.

During the debate on the Bills on 5 April 2001, the Australian Democrats tabled in Parliament a Memorandum of Understanding with the previous government regarding the Alcohol Education and Rehabilitation Foundation (AERF).

On 20 June 2001 the *Alcohol Education and Rehabilitation Account Bill 2001* was introduced into Parliament. The Bill was given Royal Assent on 4 September 2001.

Senate Standing Committee on Community Affairs

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Reference: Customs Tariff Amendment (2009 Measures No. 1) Bill 2009;

Excise Tariff Amendment (2009 Measures No. 1) Bill 2009

Wednesday, 11 March 2009

This Act appropriated the revenue from the higher rate applying to draught beer collected over the period 1 July 2000 to 3 April 2001 than would have applied if the lower draught beer rate had applied during this period to a special account to direct funds to the independent Alcohol Education and Rehabilitation Foundation (AERF). This revenue totalled \$115m and it was disbursed over four years.