

Schedule 7

Removing the Greenhouse Challenge Plus Program condition for fuel tax credits

Background

8.1 The government's *Greenhouse Challenge Plus Program* (GCPP) 'enables Australian companies to form working partnerships with the Australian Government to improve energy efficiency and reduce greenhouse gas emissions'.¹ It aims to:

- reduce greenhouse gas emissions (including promotion of awareness of greenhouse gas abatement opportunities in industry);
- accelerate the uptake of energy efficiency;
- integrate greenhouse issues into business decision-making; and
- provide more consistent reporting of greenhouse gas emissions levels.²

8.2 Fuel tax credits 'provide a credit for fuel tax (excise duty) that is included in the price of fuel. Business entities claim [them] on their business activity statement in the same way they claim goods and services tax (GST) input tax credits'. Currently, in order for a business to claim more than \$3 million of fuel tax credits, it must be a member of the GCPP.³ The GCPP was originally included in the Act 'so that large fuel users would monitor and take measures to reduce their carbon emissions'. However, this outcome is now believed to be 'better achieved through the government's Carbon Pollution Reduction Scheme', and the GCPP will cease after 30 June 2009.⁴

Purpose

8.3 This schedule amends the *Fuel Tax Act 2006* to remove the requirement for a business to be a member of the GCPP.⁵

1 Department of the Environment, Water, Heritage and the Arts, Greenhouse Challenge Plus, <http://www.environment.gov.au/settlements/challenge/index.html> (accessed 26 March 2009).

2 Department of the Environment, Water, Heritage and the Arts, Greenhouse Challenge Plus, <http://www.environment.gov.au/settlements/challenge/members/about.html> (accessed 26 March 2009).

3 ATO, 'Fuel Tax Credit and the Greenhouse Challenge Plus programme', <http://www.ato.gov.au/businesses/content.asp?doc=/content/76476.htm> (accessed 24 March 2009).

4 The Hon Chris Bowen, Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer, Second reading speech, *House of Representatives Hansard*, 19 March 2009, p. 17.

5 Explanatory Memorandum, p. 6.

8.4 The Hon Chris Bowen MP, Assistant Treasurer, noted that because the GCPP will end on 30 June 2009:

Without this amendment, businesses would be unable to claim fuel tax credits in excess of \$3 million in a financial year after 30 June 2009. This would be inconsistent with the policy intent of the fuel tax credit system.⁶

8.5 Minor amendments are required to Schedule 3 to the *Fuel Tax (Consequential and Transitional Provisions) Act 2006*.⁷

6 The Hon Chris Bowen, Assistant Treasurer, Second reading speech, *House of Representatives Hansard*, 19 March 2009, p. 17.

7 Explanatory Memorandum, p. 101.