

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 344-347

Topic: Fuel Tax Credits Scheme

Hansard Page: Written

Senator BOSWELL asked:

- 344. Can the Department provide a complete list of the types of businesses, organisations and not-for-profit organisations that will be affected by the reduction in fuel tax credits for businesses from 38.143 cents per litre to 32.623 c/L for petrol and 31.933 c/L for diesel?
- 345. What industries and emergency services will be affected by the reduced fuel excise rebate?
- 346. What costings has the Department done or received concerning the financial impact of the fuel tax credits reduction on affected industries and organisations?
- 347. Will the reduction in fuel tax credits apply to the mining industry; if so, what mining activities will the reduced fuel excise rebate apply to?

Answer

344-5.

The ATO provides details of fuel tax credits paid by industry groups where businesses are classified using the Australian and New Zealand Standard Industrial Classification (ANZIC) codes in its annual Taxation Statistics publication. The industry groups affected by the fuel tax credits of 32.623 c/L for petrol and 31.933 c/L for diesel are:

- Mining;
- Manufacturing;
- Electricity, gas, water and waste services;
- Construction;
- Wholesale Trade;
- Retail Trade;
- Accommodation and food Services;
- Transport, postal and warehousing;
- Information media and telecommunications;
- Financial and Insurance services;
- Rental, hiring and real estate services;
- Professional, scientific and technical services;
- Administrative and support services;
- Public administration and safety;
- Education and training;
- Health care and social assistance;
- Arts and recreation services; and,
- Other services and other.

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Note that for many business activities, including manufacturing, construction, wholesale and retail trade this represents an increase in the fuel tax credit available in 2011-12. Prior to 2012-13 these business activities had only been eligible for a half fuel tax credit.

Agriculture, forestry and fishing will not be subject to reductions in fuel tax credits as a way of imposing an equivalent carbon price. As well, fuels for on-road transport, both private and commercial, where vehicles have gross vehicle masses of 4.5 tonnes or less will not pay an effective carbon price in addition to the fuel excise.

An effective carbon price will be applied to aviation fuels through an increase in the aviation fuel excise, and to petrol and diesel used for maritime purposes through reductions in entitlements to fuel tax credits. Recognising the important role that charitable organisations play in providing essential services to communities, in particular aero-medical and search and rescue services, from 1 July 2012 the Government will offer assistance to offset the carbon price impact on essential maritime and aviation fuels used by charities through the Charities Maritime and Aviation Support Program.

346.

Treasury's costing of the financial impacts of the fuel tax credit reductions were published in the measure *Clean Energy Future - Putting a Price on Pollution – fuel tax credit reductions* in the 2011-12 *Mid-Year Economic and Fiscal Outlook* (MYEFO). It has not prepared costings at the industry or organisation level.

347.

The reduction in fuel tax credits will apply to the mining industry and this will generally include all off-road, fuel-using activities.