

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 2012

30 May 2012

QUESTION: BET 5

Topic: Fuel tax credits - mining (ATO)

Hansard Page: 77

Senator BOSWELL asked:

Senator BOSWELL: On that advice it has mining as an industry that will be affected by the reduction of excise from 38c to 32c. My understanding is that mining would not be affected.

Mr Quigley: It is our fact sheet, but it does not come into effect until 1 July.

Senator BOSWELL: I understand that, but you have there that mining will be affected. My impression was that mining was not affected. I am asking you: why is it there; what is the explanation for it being there? Do not tell me I have bowled the whole top bracket of the Taxation Office out?

CHAIR: Can I ask that that be tabled and we get a copy of it? It is a bit difficult for the committee, with due respect.

Senator BOSWELL: Just before I finish, who was the department you referred me to get a list of the people who would be affected by the changes? Obviously when a department makes a decision to reduce an excise I would imagine that it would find out who it was going to affect and what not-for-profit industries it would affect.

Mr D'Ascenzo: In terms of that general question, it is our normal practice to help in the development of legislation to provide Treasury with information on who might be affected by particular measures. We do not often go to the individual level, but we certainly have an idea of the sectors and the compliance costs that that might involve or other implications that that might involve. The line of argument is one that I can say is consistent with our general approach, and on those specific matters that you raised Mr Quigley will take that on notice.

Senator BOSWELL: Can you also tell me what the costs will be to those various sectors? Let us say you break it down into surf-lifesaving or the flying doctor or marine volunteer boats. Can I have a costing on what the impact would be on those various organisations and businesses—not businesses per se, but types of businesses?

Mr Quigley: We will do our best. I am not sure how far down or what degree of granularity we will be able to come up with, but we will certainly work with Treasury to provide that.

Senator BOSWELL: You must be able to provide some information.

Mr Quigley: We will provide whatever we can.

Senator BOSWELL: I understand that once your instructions came through you would have to do an impact statement on what it would cost all of these organisations; is that correct?

Mr Quigley: Whether it is costings—we would provide certainly some information to Treasury, but I would have to take on notice exactly what we did provide and whether we have any costings or Treasury has costings.

Mr D'Ascenzo: The situation is that, in relation to legislative measures, often it is Treasury that does the impact statement, but, having said that, we do work closely with Treasury and we do provide substantial information.

Answer:

Fact Sheet: Clean energy – changes to fuel tax credits and excise duty is at Attachment A.

Fuel tax credit rates changed from 1 July 2012. Rates depend on the activity for which the fuel is used. The mining industry will be affected by a reduction in the fuel tax credit rate on some fuel uses.

Prior to 1 July 2012, a range of industries, including mining, were eligible for full fuel tax credits for certain off-road activities. This was at a rate of 38.143 cents per litre. However, since 1 July 2012, the full rate has reduced on a 'cent for cent' basis due to the introduction of the 'Cleaner Energy Future Measures'.

From 1 July 2012, the off-road rate for activities where the fuel is combusted for all industries (except for agriculture, fishing and forestry) has been reduced to 32.623 cents per litre for petrol and 31.933 cents per litre for diesel.

The ATO did not provide any costings on the impacts on affected organisations.