

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: SBT 655

Topic: Carbon Price on Fuel

Hansard Page: Written

Senator Birmingham asked:

655. How many businesses or users are estimated to face higher prices as a result of :
- a) the effective carbon price applied to businesses combustion of liquid fuels from 2012-13;
 - b) the effective carbon price applied to aviation fuel from 2012-13; and
 - c) the effective carbon price applied to heavy on-road vehicles from 2014-15.

Answer:

655.

During a hearing by the Senate Select Committee on the Scrutiny of New Taxes on 23 September 2011, Treasury took on notice essentially the same question. The following answer was provided to that Committee on 19 October 2011:

Households, on-road business use of light vehicles and the agriculture, forestry and fishery industries will not face a carbon price on the fuel they use for transport.

Some businesses currently do not pay the full rate of fuel excise due to receiving fuel tax credits that cancel some or all of their fuel tax liability. Some of these will have this credit amount adjusted from 1 July 2012. There will be no changes to the fuel tax credits for heavy on-road vehicles at the commencement of the scheme. The Government intends to reduce the fuel tax credits for heavy on-road vehicles from 1 July 2014.

Domestic aviation fuel excise will be increased by an amount equivalent to the carbon price, and the automatic remission of excise on gaseous fuels will be reduced, from 1 July 2012.

It is not possible to give a precise estimate of the number of businesses which will be subject to these changed arrangements. This is due to overlaps in the activities undertaken by businesses and the nature of the liabilities for excise and customs duties and eligibility for fuel tax credits. It should also be noted that of these businesses, those businesses in sectors other than agriculture, forestry, fisheries and mining would receive a larger fuel tax credit from 1 July 2012 than they do in 2011-12, due to the phasing up of fuel tax credits for these industries. The Government has not released any further data on this issue. The Government has also announced that from 1 July 2013, large users of specified fuels will be able to voluntarily opt to use the permit-based carbon pricing mechanism instead of the arrangements outlined above.