

## **Excise Tariff Amendment (Aviation Fuel) Bill 2010 and the Customs Tariff Amendment (Aviation Fuel) Bill 2010**

Posted by Sussan Ley on June 18, 2010 in Parliamentary Speeches with no comments

Ms LEY (Farrer) (1:25 PM) —I rise today to register my very strong protest against the Excise Tariff Amendment (Aviation Fuel) Bill 2010 and the Customs Tariff Amendment (Aviation Fuel) Bill 2010, which have been introduced by the government. This is nothing more than a sneaky cash grab. There is no way that excise for fuel in motor vehicles would have been increased in the last budget, because the government knew that the eyes of the Australian motorists were upon them. They obviously thought they could get away with adding 25 per cent to the cost of aviation fuel by using what I think is a very slim excuse about CASA needing more cops on the beat.

If you ask people what they expect in aviation safety and what aviation safety means to them, they will point to the disastrous crashes that we often have in the light aircraft sector—and there was one yesterday. When they get on an aircraft, whether it be a light aircraft, a charter plane, a RPT or an international airline, they want to feel safe. How do we get from there to needing to have a force of drug and alcohol police marching around, as the previous speaker said, regional airports, city airports and bush airstrips? The business case has not been made for the problem that is supposed to exist here.

I come back to what people want to see in aviation safety and what it means to them. Yes, there are human factors in aircraft accidents. In the literature there is a range of what those human factors are, but they are not drug and alcohol problems on the part of pilots. I speak as a commercial pilot myself, and that is why I have an interest and a passion in this subject. That is not the reason why we have issues in aviation safety today. I believe there is no record that CASA can point to that demonstrates the need for 90 extra cops on the beat to drug and alcohol test Australia's pilots.

I very strongly support the second reading amendment moved by the member for Wide Bay. I remind the House that we do acknowledge the importance of the role of CASA in regulating for safety in aviation. We do note that CASA's funding from aviation fuel excise increased from \$53.96 million in 2002-03 to \$78.37 million in 2008-09 and will continue to increase as the industry expands. There is a natural increase in the volume of excise that CASA is receiving because of increased usage of fuel. It is not as if CASA can make the argument that it needs to do more with less. Its revenue from fuel excise is continually increasing.

The opposition calls on CASA to improve its efficiency in the way it conducts its business so that it may use its existing resources more effectively in the regulation of the aviation industry. The member for Wide Bay talked about the range of stakeholders who have expressed concern to the opposition—and I am sure to the government—about where this has come from. If there is to be an additional take from aviation excise of this dimension—some \$90 million—what other uses could it be put to within CASA? There are many. The regulation rewrite that has been underway for years does not appear to be anywhere near completion. I am told that to get a medical through CASA—and if you do not have a medical you do not fly—can take up to six weeks.

The other transactions that small regional operators go through with CASA on a daily basis are time consuming, costly, highly intensive and often very unrewarding. Members in this place who represent regional areas have heard time and again of the volume of red tape that the small regional operators have to go through. The impression they get from CASA is that it does not really want them there at all and they are a bit of a nuisance and that CASA is focusing on the big end of town.

The opposition notes that this bill proposes to increase the excise on aviation fuel from 2.854c per litre to 3.556c per litre. That is a whopping 25 per cent increase from 1 July 2010. As I said, this is a sneaky tax cash grab that has been slipped into the budget; it was not talked about. As we heard, the second reading speech on the bill by the minister for aviation was the shortest ever. Of course, the issue of safety was held up as being the reason that we have to do these things. Sure, if a good safety case is made then additional resources have to be allocated to it and maybe that means an increase in aviation excise—but a case has to be made.

We condemn the government for introducing this 25 per cent tax increase on the aviation sector without first consulting with or informing the aviation industry about it and without demonstrating that this additional tax being taken from the industry will be put to good use within an organisation that is already running a budget surplus. It is not as if the organisation needs the money. I have not done the sums but I remain to be convinced that a 25 per cent increase in aviation fuel excise will add to the money that the government will allocate to its safety inspectors. In fact, I think it will add up to a lot more money. So many more dollars will go in the door of CASA but there is no real accountability for the use of that money, other than 100 new cops on the beat.

In conclusion: where is the problem? Demonstrate the case. Please recognise that general aviation and the airlines in this country do not need further regulation from CASA. The average private pilot probably wants to be able to sit in the hangar at the end of the day when all flying is concluded and have a couple of beers, without somebody coming past with a clipboard, a breathalyser and a reason to do a drug test. It is beyond a joke. I strongly oppose this bill. I look forward to the government making the necessary amendments.

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## Bills

Excise Tariff Amendment (Fuel Indexation) Bill 2014; First Reading

All House debates on 19 Jun 2014 « Previous debateNext debate »

9:17 am

Photo of Bruce BillsonBruce Billson (Dunkley, Liberal Party, Minister for Small Business) Share this | Link to this | Hansard source

I move:

That this bill be now read a second time.

This bill amends the Excise Tariff Act 1921. It is part of a package of bills that will give effect to the government's commitment to ensure that the rate of fuel excise duty applying to all fuels, with the exception of aviation fuel, crude oil and condensate, will be biannually indexed by reference to the consumer price index.

Excise has applied to domestically produced petrol since 1929. From its introduction up until 1983, changes to the excise rate were largely made in an ad hoc manner. Indexation of excise was introduced by the Hawke Labor government in August 1983 in order to maintain the real value of excise collections and to provide more stability for business and consumers.

Since March 2001, the excise rate applying to petroleum products has been frozen, leaving the excise rate on petrol at its current level of 38.143c per litre.

The reintroduction of fuel excise indexation will provide a predictable and growing source of revenue which will be used to assist the government to deliver road infrastructure projects.

The bills will establish the Fuel Indexation (Road Funding) Special Account. This account will ensure that the net revenue raised through the reintroduction of fuel duty indexation is spent on road infrastructure. Its balance will be reported in Budget Paper No. 4.

Consequential amendments will also be made to the Excise Tariff Act 1921 in order to simplify the burden on businesses by rounding the applicable duty rate of indexed fuels from three decimal places in the cent to one decimal place. On the current rate for petrol, this would have the effect of reducing the excise and excise-equivalent customs duty rate from 38.143c per litre to 38.1c per litre. However, indexation will apply in each indexation period to the three decimal places.

In the 2014-15 budget, the government has committed around \$26 billion over the forward estimates period to fund new road projects. The indexation of fuel excise and excise-equivalent customs duty will contribute to their funding by raising approximately \$2.2 billion over the same time frame.

By indexing fuel excise with the consumer price index, the cost of petrol and diesel will increase by approximately 0.9c per litre for consumers in 2014-15. This would mean that 50 litres of fuel per week would cost around 45c extra or around \$24 extra per annum.

This measure will not increase input costs for businesses using fuel in off-road operations or operating a vehicle with a gross vehicle mass in excess of 4.5 tonnes. This is because these businesses are able to receive fuel tax credits to offset the fuel excise paid. For off-road activities, this is the full reimbursement of fuel excise while for on-road vehicles with a gross vehicle mass in excess of 4.5 tonnes this is equivalent to the excise rate minus the road user charge.

This government is committed to budget repair and putting the nation's finances back onto a sustainable path. Indexation of fuel excise will assist the government to build the road infrastructure for a 21st century economy.

Full details of the measure are contained in the explanatory memorandum.

Debate adjourned.