

1993

THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA
HOUSE OF REPRESENTATIVES

AVIATION FUEL REVENUES (SPECIAL APPROPRIATION) AMENDMENT
BILL 1993

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Transport
and Communications, Senator the Hon. Bob Collins)



**THE AVIATION FUEL REVENUES (SPECIAL APPROPRIATION)
AMENDMENT BILL 1993**

OUTLINE

The object of the Aviation Fuel Revenues (Special Appropriation) Amendment Bill 1993 (the Bill) is to appropriate to the Civil Aviation Authority (CAA) customs and excise duty levied on aviation kerosene from 1 September 1993.

In August 1992 the Government announced that the cost of aviation safety standard setting and surveillance by the CAA would be shared between the industry and the Commonwealth. The Government also decided that full cost recovery for implementing standards by the CAA, including the provision of regulatory services, would continue to be phased in with full cost recovery by 1994/95.

The Government has decided that part of the CAA's costs of aviation safety regulation in the 1993/94 Financial Year shall be recovered by an increase in the rate of customs and excise duty on aviation fuels. From 1 September 1993 the rate of duty on both aviation gasoline and aviation kerosene will be increased by 0.264 cents per litre. Aviation gasoline is utilised by piston powered aircraft while aviation kerosene is utilised by turbine powered aircraft. Prior to 1 September 1993 aviation kerosene was zero rated for customs and excise duty.

The monies to be raised by the increased rate of duty on aviation gasoline will be appropriated to the CAA pursuant to the existing mechanisms in the Aviation Fuel Revenues (Special Appropriation) Act 1988 (the Act). However, the Act at present does not allow the payment of the duty on aviation kerosene to the CAA, since the present definition of "aviation fuel" in section 3 of the Act only relates to aviation gasoline.

The Bill substitutes new definitions of "aviation fuel" and "eligible aviation fuel" in the Act and inserts definitions of "aviation gasoline" and "aviation kerosene". The Bill provides that amounts equal to the amounts of customs and excise duty paid on or after 1 September 1993 on aviation kerosene entered for home consumption must be paid to the CAA and that the Consolidated Revenue Fund is appropriated accordingly.

FINANCIAL IMPACT

The increased rates of customs and excise duty on aviation fuels are projected to raise \$3.6 million in the 1993/94 Financial Year. The Bill authorises the appropriation to the CAA of an amount equal to the amount of customs and excise duty levied on aviation kerosene from 1 September 1993.

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NOTES ON CLAUSES

Clause 1 - Short title

This clause provides for the proposed Act to be cited as the Aviation Fuel Revenues (Special Appropriation) Amendment Act 1993 and that in the proposed Act the term "Principal Act" means the Aviation Fuel Revenues (Special Appropriation) Act 1988.

Clause 2 - Commencement

This clause provides that the Act commences on the day on which it receives the Royal Assent.

Clause 3 - Interpretation

This clause amends the Principal Act by substituting new definitions of the terms "aviation fuel" and "eligible aviation fuel" and inserting definitions of the terms "aviation gasoline" and "aviation kerosene".

Clause 4 - Money to be paid to Civil Aviation Authority in relation to eligible aviation fuel

This clause amends section 4 of the Principal Act by omitting the term "Litres of aviation fuel" wherever it occurs and substituting the term "Litres of eligible aviation fuel".

This amendment is consequential upon the substitution of new definitions of the terms "aviation fuel" and "eligible aviation fuel" and ensures consistent use of terms. There is no change to the substance of section 4 since the present definition of "aviation fuel" in the Principal Act refers solely to aviation gasoline, as does the new definition of "eligible aviation fuel" in clause 3.

Clause 5 - Money to be paid to Civil Aviation Authority in relation to aviation kerosene.

This clause inserts a new section 6 in the Principal Act.

Subsection 6(1) provides that, subject to subsection 6(2), an amount equal to the amount of customs and excise duty on aviation kerosene entered for home consumption paid to the

Commonwealth on or after 1 September 1993 must be paid to the Civil Aviation Authority.

Subsection 6(2) provides that if the Commonwealth repays, whether by rebate or otherwise, an amount of customs and excise duty on aviation kerosene paid by a person then an equal amount must be deducted from the amount paid to the Civil Aviation Authority.

Subsection 6(3) provides that amounts payable to the Civil Aviation Authority under subsection 6(1) are payable out of the Consolidated Revenue Fund, which is appropriated accordingly.

