

1994

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

EXCISE TARIFF AMENDMENT BILL 1994

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Science and Small Business, Senator
the Honourable Chris Schacht)

EXCISE TARIFF AMENDMENT BILL 1994

OUTLINE

The main purpose of this Bill is to amend the *Excise Tariff Act 1921* (the Act) to incorporate Excise Tariff Proposals Nos. 2 and 3 of 1993 into the Act.

Excise Tariff Proposal No. 2 of 1993 was notified in Government Notices Gazette on 7 July 1993. Excise Tariff Proposal No. 2 proposes a reduction in the excise duty payable on gasoline for use in aircraft with effect from 1 July 1993. The 3.013 cents per litre reduction in the excise duty is a combination of:

- i) the third and final stage of the program of transfer of ownership of aerodromes from the Commonwealth Government to local ownership (1.013 cents per litre). The first two stages of this transfer were effected by the *Excise Tariff Amendment Act 1993*;
- ii) the Civil Aviation Authority achieving cost savings in the provision of its firefighting services at aerodromes and therefore a corresponding reduction in the proportion of excise duty used to fund that service (0.7 cents per litre); and
- iii) the Civil Aviation Authority achieving cost savings in respect of the provision of meteorological services and therefore a corresponding reduction in the proportion of excise duty used to fund that service (1.3 cents per litre).

Excise Tariff Proposal No. 2 of 1993 complements Customs Tariff Proposals No. 7 and No. 8 of 1993 which propose reductions in the customs duty payable on gasoline for use in aircraft.

Excise Tariff Proposal No. 3 of 1993 proposes an increase in the excise duty payable on gasoline for use in aircraft and kerosene for use in aircraft of 0.264 cents per litre with effect from 1 September 1993. The proposed increase is intended to enable the Civil Aviation Authority to recover part of the costs of aviation safety regulation.

Excise Tariff Proposal No. 3 of 1993 complements Customs Tariff Proposal No. 10 of 1993 which proposes an increase in the customs duty payable on gasoline for use in aircraft and kerosene for use in aircraft.

Financial Impact Statement

a) Gasoline for use in aircraft

The reduction of 1.013 cents per litre in respect of the transfer of ownership of aerodromes program will result in a reduction of revenue of \$1 million in 1993-94 and \$1 million in 1994-95.

The decrease of 0.7 cents per litre in respect of the firefighting services and 1.3 cents in respect of the meteorological services as requested by the Civil Aviation Authority is balanced by an equivalent decrease in moneys appropriated to it. The financial impact is neutral.

The increase of 0.264 cents per litre is balanced by an equivalent increase in the moneys appropriated to the Civil Aviation Authority. The financial impact is neutral.

b) Kerosene for use in aircraft

The increase of 0.264 cents per litre is balanced by an equivalent increase in moneys appropriated to the Civil Aviation Authority. The financial impact is neutral.

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NOTES ON CLAUSES

Short Title etc.

- Clause 1 provides for the citation of the Act and identifies the *Excise Tariff Act 1921* as the Principal Act for the purposes of this Act.

Commencement

- Clause 2 provides for the Act to commence on the day on which it receives Royal Assent with the exception of:
- a) clause 3, which reduces the duty payable on gasoline for use in aircraft and is taken to have commenced on 1 July 1993, the date of commencement of Excise Tariff Proposal No. 2 of 1993; and
 - b) clause 4, which increases the duty payable on gasoline for use in aircraft and kerosene for use in aircraft and is taken to have commenced on 1 September 1993, the date of commencement of Excise Tariff Proposal No. 3 of 1993.

Amendment of Schedule having effect from 1 July 1993

- Clause 3 reduces the excise duty payable on gasoline for use in aircraft with effect from 1 July 1993. This amendment reduces the excise duty by 3.013 cents per litre, from \$0.25456 per litre to \$0.22443 per litre. The reduction is attributable to the final stage of the program of transfer of ownership of aerodromes from the Commonwealth Government to local ownership (1.013 cents per litre), cost savings by the Civil Aviation Authority in the provision of firefighting services (0.7 cents per litre) and cost savings by the Civil Aviation Authority in respect of the provision of meteorological services (1.3 cents per litre).

The Excise Tariff alteration was notified in Excise Tariff Proposal No. 2 of 1993 which was tabled in the House of Representatives on 19 August 1993.

Amendment to Schedule having effect from 1 September 1993

- Clause 4 increases the excise duty payable on gasoline for use in aircraft and kerosene for use in aircraft with effect from 1 September 1993. This amendment increases the excise duty on gasoline for use in aircraft by 0.264 cents per litre to \$0.22999 per litre and increases the excise duty on kerosene for use in aircraft from "Free" to \$0.00264 per litre. The

increases will enable the Civil Aviation Authority to recover part of the costs of air safety regulation.

The increase in the rate of excise duty in respect of gasoline for use in aircraft to \$0.22999 per litre also includes the upward adjustment to this rate due to automatic indexation under section 6A of the Act. This indexation occurred on 2 August 1993.

The Excise Tariff alteration was notified in Excise Tariff Proposal No. 3 of 1993 which was tabled in the House of Representatives on 30 August 1993.



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