



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

BILLS

**Taxation of Alternative Fuels Legislation
Amendment Bill 2011, Excise Tariff Amendment
(Taxation of Alternative Fuels) Bill 2011,
Customs Tariff Amendment (Taxation of
Alternative Fuels) Bill 2011, Energy Grants
(Cleaner Fuels) Scheme Amendment Bill 2011**

In Committee

SPEECH

Monday, 20 June 2011

BY AUTHORITY OF THE SENATE

SPEECH

Date Monday, 20 June 2011
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Questioner
Speaker Xenophon, Sen Nick

Source Senate
Proof No
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Senator XENOPHON (South Australia) (20:28): I will make a short contribution. This is not the second reading stage, but, because of other commitments, I could not set out my position on these bills. I will do so shortly, but I will deal with Senator Brandis's amendments now. I see these measures as a package; I do not think it is appropriate to split the bills in the form suggested. I note that there is unanimity on the issue of ethanol, but I think it is important that these bills be seen as complementing each other—or, rather, that they be seen as associated with each other—and splitting the bills is not appropriate.

That is my position on this, but I will have something more to say about the bills later. I have been in negotiations with the government, and, hopefully, I will be in a position to talk about those shortly. With the indulgence of the chamber, I could set out my position on the bills more broadly—I am in your hands on that.

Senator Sherry: You might not get an opportunity.

Senator XENOPHON: I may not get an opportunity later. I see the measures in these bills as being interrelated; I do not think it is appropriate to split them. I think it is crucial that this legislation is passed to ensure that ethanol producers continue to have access to the grant and that they have the ability to offset the excise duty so that this emerging industry can succeed. In relation to the rest of the bills in this package, the alternative fuels legislation amendment has a particularly interesting history. In this regard, I can say that I support the coalition's view in relation to this bill as espoused by Senator Minchin. I think that Senator Minchin took a responsible approach in relation to this. I think that Senator Minchin, if the reported comments are true in terms of his views in relation to the measures contained in this bill in relation to LPG then Senator Minchin should be commended for what I believe is a principled and consistent stand.

This measure was announced by the Howard government as far back as 2003-04, and at the time then Treasurer the Hon. Peter Costello said:

The reforms will establish a fairer and more transparent fuel excise system with improved competitive neutrality between fuels. They will provide the opportunity for currently untaxed fuels to establish their commercial credentials in the market place.

However the 2003-04 budget measure was never enacted, and today the opposition opposes the introduction of an excise against LPG, LNG and CNG fuels in these bills. I note the comments that Senator Minchin has reported in the media and, again, if that is the case—and I believe it may well be—I commend him for that principled stand.

It is true that LPG is a cleaner fuel than petrol. It is 13 percent cleaner than petrol, as I understand it, and the proposed excise by the government acknowledges that in applying an excise significantly below the 38 cent excise applied to petrol and diesel.

The taxi industry has also spoken out against the excise, saying it will affect their industry and that the increased cost will be passed on to consumers. Estimates by the government are that it will add 19 cents to the average metro fare if the excise is passed on in full on 1 July 2015. Estimates from the taxi industry are that it will add about 50 cents to \$1 on a \$20 fare. So this excise will add some cost to the nation's 66,000 drivers and its passengers. However, I believe the cost is broadly reasonable and the additional excise cost will be tax deductible. But I do acknowledge the concerns of the taxi industry and, as a regular user of taxis both in my home town and when travelling interstate, it is an industry that I have always had a great deal of sympathy for.

I speak to a lot of drivers, and the one issue that I hear about above all others is security and safety. We have all seen in recent years some of the horrendous incidents involving taxi drivers either within their taxis—poor security and lighting at taxi ranks in terms of their overall security has been less than adequate. I have been in discussions with the government in relation to this and I am grateful for the time and, I think, the robust discussions I have had with Minister Shorten in relation to this but I note that the minister may confirm that the

government has agreed to commit a sum of \$5 million over four years for the promotion, security and safety for the taxi industry. I think this will go a long way to assist the industry in an area that is of core concern to them. I think it is a reasonable sum that will go some significant way to assisting taxi drivers and their personal safety. I think it is appropriate that that sum be in effect appropriated from this excise. I would like to think that, if the measures that are being implemented are seen to be effective and more needs to be spent, then the funds will be found for that.

I think the \$5 million over four years would be a very good start for the industry nationally and I look forward to the government confirming that. I think that is a fair way forward in relation to this bill and I believe that the overall equity of this and also the fact that this was Howard government policy a number of years ago are compelling policy reasons for this to be passed. I am comfortable with this bill with the funds, the provisions, set aside for those key issues to promote the taxi industry, the safety and security of drivers. These are key issues that many, many taxi drivers have told me are their main concerns.