

## Question on Notice

No. 530

Asked on 20 April 2005

**MR FOLEY** ASKED THE DEPUTY PREMIER, TREASURER AND MINISTER FOR SPORT (MR MACKENROTH)—

QUESTION:

With reference to the Fuel Subsidy Scheme which I note only applies to “motor spirit” i.e. leaded, unleaded, premium unleaded and diesel (only for on-road vehicles), but does not include LP Gas and as a constituent of mine presumed it did, but whilst travelling in New South Wales noticed that LP Gas was cheaper than what he was paying in Queensland and he said he used to work in the fuel industry so he knows excise is charged on LPG—

If this is so, why does it not attract the subsidy?

ANSWER:

The fuel subsidy does not apply to Liquefied Petroleum Gas (LPG) due to the historical basis for the Scheme’s existence. Prior to 1997, Queensland did not have a fuel subsidy scheme. The Queensland Fuel Subsidy Scheme (QFSS) was introduced after a High Court case significantly reduced revenues of the other States and Territories by declaring invalid State fuel taxes. Queensland did not impose a State fuel tax. To replace the lost revenues, the Commonwealth increased its fuel excise and returned the funds raised to States. As State fuel taxes were not levied on LPG, it was not included in these arrangements.

Under the Constitution, the Commonwealth must levy taxes at the same rate across Australia. To ensure fuel users in Queensland were not adversely impacted by the increase in Commonwealth excise on fuel, the Queensland Government introduced the QFSS using funds paid to Queensland by the Commonwealth as well as State funds. Again, as LPG was not part of these arrangements, no compensation was required for LPG users.

Excise is exclusively a Commonwealth Government tax. The Commonwealth Government does not currently impose excise on LPG, although it has announced that it will commence imposing excise on LPG from 2008.