

From: [Francis, Geoff](#)
To: s 22
Subject: FW: CSRD, BPD - VIP Marshall to Tsr - Request for Budget measures to ease cost of living pressures [SEC=OFFICIAL]
Date: Thursday, 17 March 2022 4:04:54 PM
Attachments: [image001.jpg](#)
[image002.png](#)
[MC22-023878.docx](#)
[VIP Priority - Gutwein -Tas- - Fuel prices in Tasmania.pdf](#)

OFFICIAL

s 22

Have we been asked to develop a response from the Tsr to the SA premier? s 47E(d)

Geoff

OFFICIAL

From: s 22 @pmc.gov.au
Sent: Wednesday, 16 March 2022 2:42 PM
To: White, Damien <Damien.White@TREASURY.GOV.AU>; Crooke, Matt <Matt.Crooke@TREASURY.GOV.AU>; s 22 @TREASURY.GOV.AU>; Francis, Geoff <Geoff.Francis@TREASURY.GOV.AU>
Cc: Le Cerf, Lauren <Lauren.LeCerf@pmc.gov.au>; Steel, Lee <Lee.Steel@pmc.gov.au>; s 22 @pmc.gov.au>; s 22 @pmc.gov.au>
Subject: RE: CSRD, BPD - VIP Marshall to Tsr - Request for Budget measures to ease cost of living pressures [SEC=OFFICIAL]

Good afternoon colleagues

As flagged below, please see **attached** our draft response from the PM to Premier Gutwein re request for temporary reduction of fuel excise.

Conscious of the SA Premier's letter to the Treasurer re similar request, we're keen to ensure consistency of approach, messaging in both responses. As such, we'd be grateful if you could review our draft PM response and make any changes by **COB Thursday (tomorrow)** so we can progress to the PMO by Friday noon. Please accept our apologies for the tight turn around. We'd also be grateful if you could share a copy of your proposed response to the SA Premier.

Happy to chat if any questions.

s 22 | Senior Adviser, Commonwealth-State Relations
Department of the Prime Minister and Cabinet
Ngunnawal Country, One National Circuit, Barton ACT 2600 | PO Box 6500, CANBERRA ACT 2600
p. s 22 | m. s 22 | e. s 22 @pmc.gov.au | w. [federation.gov.au](#)



The Department acknowledges and pays respect to the past, present and emerging Elders and Traditional Custodians of Country, and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

The remainder of the email trail is
outside the scope of the request
and has been deleted under s 22

TASMANIA
PREMIER OF TASMANIA

10 MAR 2022

The Hon Scott Morrison MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear ~~Prime Minister~~ *Scott,*

Fuel price impacts in Tasmania

As you would be aware, world fuel prices have been rising for some time as global demand has recovered from the initial onset of the COVID-19 pandemic. In addition, supply uncertainties associated with the conflict in Ukraine have led to significant further price increases recently. With the ongoing conflict, and related sanctions on Russian oil supplies, further price rises are expected.

I realise that the current increases in fuel prices are a global phenomenon. However, it is unclear whether this will be a short-term situation or whether it will have a more prolonged impact, particularly if current supply uncertainties and sanctions are maintained. However, higher fuel prices are having real impacts now on businesses and consumers, and this is particularly the case in Tasmania.

As a small, regional island economy, Tasmania faces challenges in having comparable petrol prices to mainland capital cities, including additional transportation costs across Bass Strait, the level of competition in wholesale and retail markets and our market size making economies of scale difficult to achieve.

Given these circumstances, I am writing to request your consideration of interim measures to reduce the price of fuel for Tasmania consumers, including a temporary reduction in the Australian Government fuel excise. I believe action is required to address what is hoped will be a relatively short-lived period of global fuel market uncertainty and, thereby, avoid potentially significant adverse economic impacts at a time when the Tasmanian economy is still recovering from the COVID-19 pandemic.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Peter Gutwein'.

Peter Gutwein MP
Premier
Treasurer

From: [Francis, Geoff](#)
To: s 22
Cc: [Mullaly, Damian](#); s 22; s 22; [Redmond, Ineke](#)
Subject: RE: Petrol prices stats for Glossy [~~SEC - PROTECTED~~]
Date: Friday, 18 March 2022 5:24:31 PM

~~PROTECTED~~

Thanks s 22 this is very helpful.

We will use these words and await feedback from the TO, but it is possible the TO/Tsr may want to use a formulation such as "Over the past month....." or "Over the past three months petrol prices have averaged X", so we may need some way of justifying what "X" might be. However, if you think that is inadvisable we can try to steer them towards a percentage change.

Regards
Geoff

Geoff Francis

Assistant Secretary | Indirect, Industry and State Tax Branch

Individuals and Indirect Tax Division

The Treasury, Langton Crescent, Parkes ACT 2600

Phone: +61 2 6263 3385 | Mobile: s 22

Email: geoff.francis@treasury.gov.au

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~~PROTECTED~~

From: s 22 @TREASURY.GOV.AU>
Sent: Friday, 18 March 2022 4:28 PM
To: s 22 @TREASURY.GOV.AU>; Francis, Geoff <Geoff.Francis@TREASURY.GOV.AU>
Cc: Mullaly, Damian <Damian.Mullaly@TREASURY.GOV.AU>; s 22 s 22 @TREASURY.GOV.AU>; s 22 @TREASURY.GOV.AU>; Redmond, Ineke <Ineke.Redmond@treasury.gov.au>
Subject: Petrol prices stats for Glossy [~~SEC - PROTECTED~~]

~~PROTECTED~~

Hi s 22 and Geoff,

As discussed with Damian earlier and following our chat s 22, we can provide the following stats on petrol prices that may be useful for the glossy content:

"As of X March, national average petrol prices had increased by [more than 25 per cent] over 6 month period."

Geoff as I understand you wanted more broadly, the 4 week average national petrol price to the week ending 13 March was \$185.3/L.

These figures will be updated next week on Monday and we expect, given current bowser prices, that the first figure could be more like 30-35%.

Happy to chat if you need anything further. Also, if you could please keep us in the loop as to where this wording lands that would be great, we will need to get confirmation from AIP that we can publish their content if this ends up in the pub.

Thanks,

s 22

Director | Prices, Wages and Labour Market Unit
Macroeconomic Conditions Division | Macroeconomic Group

The Treasury

Langton Crescent, Parkes ACT 2600

Phone: s 22

Email: s 22 [@treasury.gov.au](mailto:s22@treasury.gov.au)

~~PROTECTED~~

~~CONFIDENTIAL~~

Treasury

TREASURY

Addressing Cost of Living Pressures – Temporary Reduction in Fuel Excise

Receipts (\$m)	2021-22	2022-23	2023-24	2024-25	2025-26
Australian Taxation Office	-2,770.0	-2,855.0	-	-	-
<i>Related payments (\$m)</i>					
Australian Taxation Office	-835.0	-1,620.0	-	-	-
Department of the Treasury	-65.0	-130.0	-	-	-

Commented S 22 Table indicative

The Government will help reduce the burden of high fuel prices for Australians by halving the excise and excise equivalent customs duty rate that applies to petrol and diesel for 6 months. The excise and excise equivalent customs duty rates for all other fuel and petroleum-based products, except aviation fuels, will also be reduced by 50 per cent for 6 months. This measure will reduce cost of living pressures experienced by Australian households.

The measure will commence from 12.01am on 30 March 2022 and will remain in place for 6 months, ending at 11.59pm on 28 September 2022. Under the measure, existing policy settings for fuel excise and excise equivalent customs duty, including indexation in August, will continue but on the basis of the reduced rates. At the conclusion of the 6 month period the excise and excise equivalent customs duty rates will then revert to previous rates, including indexation that would have occurred on those rates during the 6 month period.

The rate of excise and excise equivalent customs duty currently applying to petrol and diesel is 44.2 cents per litre. This measure will reduce the rate on petrol and diesel to 22.1 cents per litre from 30 March 2022.

This measure is estimated to result in a decrease the underlying cash balance by [\$3.0 billion] over the forward estimates period.

~~CONFIDENTIAL~~

The remainder of the document is outside the scope of the request and has been deleted under s 22

From: [Francis, Geoff](#)
To: s 22
Cc: s 22
Subject: RE: For action: restricted access in Essentials Glossy [~~SEC-PROTECTED~~]
Date: Tuesday, 22 March 2022 5:11:17 PM
Attachments: [image001.png](#)

~~PROTECTED~~

Hi s 22

Please see my changes. I don't think we can attribute high fuel prices solely to the Russian invasion. Prices were high before that.

Geoff

~~PROTECTED~~

From: s 22 @TREASURY.GOV.AU>
Sent: Tuesday, 22 March 2022 5:07 PM
To: Francis, Geoff <Geoff.Francis@TREASURY.GOV.AU>
Cc: s 22 @TREASURY.GOV.AU>; s 22
s 22 @TREASURY.GOV.AU>; s 22 @TREASURY.GOV.AU>
Subject: FW: For action: restricted access in Essentials Glossy [~~SEC-PROTECTED~~]

~~PROTECTED~~

Hi Geoff,

s 22

Grateful if you could clear before you leave tonight.

The Government is addressing cost of living pressures of high fuel prices impacting families and small businesses ~~due to the Russian invasion of Ukraine~~. Pressures will be eased by the Government's decisive, responsible and temporary action to cut fuel excise by 50 per cent for 6 months.

Savings at the bowser are expected to flow through to the majority of service stations and Australian consumers within a ~~few couple of weeks~~.

Cheers,

s 22

s 22

The remainder of the email trail is outside the scope of the request and has been deleted under s 22

s 22



From: D'Arcy, Patrick

Sent: Wednesday, 23 March 2022 10:19 AM

To: s 22 @treasury.gov.au; MEG MECD Trade Analysis Unit <MEGMECDTradeAnalysisUnit@TREASURY.GOV.AU>; MEG MECD PWL Unit <MEGMECDPWLUnit@TREASURY.GOV.AU>; MEG MECD National Economy and Forecasting Unit <MEGMECDNEFU@TREASURY.GOV.AU>

Cc: MECD Budget 22-23 <MECDBudget22-23@TREASURY.GOV.AU>; s 22 @TREASURY.GOV.AU; s 22 @TREASURY.GOV.AU; Redmond, Ineke <Ineke.Redmond@treasury.gov.au>; Mullaly, Damian <Damian.Mullaly@TREASURY.GOV.AU>

Subject: RE: BS2 Ukraine box - latest version [~~SEC-PROTECTED~~]

~~PROTECTED~~

Morning all,

s 22



The outstanding challenge is to land the impact on Australia, noting that the main impact on the terms of trade is actually done through the separate terms of trade scenario with higher coal and iron ore prices in the main text, so it requires some deft cross referencing to the main text.

Could DDU, PWL and NEFU please take a look and think about how we best land the story on the impacts on Australia. It's a bit tricky as the main material benefits to national income are through

coal not oil and so are addressed in a separate scenario, but I think we can still say there's positive impact on national income but we just need to be careful not to over play it. I've also noted that the impact on consumption will be "partially offset by lower household savings". Are we comfortable with this?

Please call if you would like to discuss. We will need to land this this morning.

Cheers,
PJD

s 22

Impact on the Australian outlook

The Australian economy is relatively well insulated from the conflict as Australia does not rely on direct imports from Russia, is a net oil and gas exporter and large exporter of coal. Higher fuel prices will negatively affect consumers by putting upward pressure on consumer price inflation, but the impact on consumption is largely expected partially absorbed by lower household savings. At the aggregate level, the impact on national income will be offset by higher prices for Australia's energy exports.

Global oil price movements are passed on quickly to domestic fuel prices within around 3 weeks. Treasury estimates that under the upside scenario, the direct impacts of higher fuel prices would contribute an additional ¼ of a percentage point to through-the-year consumer price inflation in both the June and September quarters of 2022, before the price level returns to baseline by the March quarter of 2023.

Australia will benefit as higher export prices lead to an increase in national income. The invasion has increased the price of liquid natural gas, oil, coal and wheat, which together made up 21 per cent of Australia's merchandise exports in 2020-21. The strength of commodity prices is also helping to support the Australian dollar, which is providing some buffer to the inflationary impact of higher oil price on Australian consumers.

PROTECTED

From: D'Arcy, Patrick

Sent: Wednesday, 23 March 2022 8:10 AM

To: Yeaman, Luke <Luke.Yeaman@TREASURY.GOV.AU>; s 22

<s 22 @treasury.gov.au>; s 22

<AS 22 @TREASURY.GOV.AU>

Cc: MECD Budget 22-23 <MECDBudget22-23@TREASURY.GOV.AU>; s 22

<s 22 @TREASURY.GOV.AU>; s 22 <s 22 @TREASURY.GOV.AU>;

Power, Trevor <Trevor.Power@TREASURY.GOV.AU>

Subject: RE: BS2 Ukraine box - latest version [~~SEC - PROTECTED~~]

PROTECTED

Thanks Luke,

This is helpful guidance. We will work up along these lines this morning.

Cheers,
PJD

PROTECTED

From: Yeaman, Luke <Luke.Yeaman@TREASURY.GOV.AU>

Sent: Tuesday, 22 March 2022 8:22 PM

To: s 22 <s 22 @treasury.gov.au>; s 22
<s 22 @TREASURY.GOV.AU>
Cc: MECD Budget 22-23 <MECDBudget22-23@TREASURY.GOV.AU>
Subject: Re: BS2 Ukraine box - latest version [~~SEC - PROTECTED~~]

PROTECTED

Thanks s .

I've had another read and also had a bit of a chat with Steven and also with s 22 in the office (seeing I was up here).

s 22

Secondly, I think we should drop the lower oil prices scenario. I don't think it's the issue - it's higher prices people are concerned about. Could instead just do it as a standalone upside scenario, quantifying the risk of higher prices.

Steven and s 22 were comfortable with this.

Thanks and happy to discuss.

Luke.

Sent from [Workspace ONE Boxer](#)

s 22

From: [Redmond, Ineke](#)
To: s 22
Subject: oil words [SEC=OFFICIAL]
Date: Wednesday, 23 March 2022 5:28:12 PM

OFFICIAL

Oil price movements are passed on quickly to domestic fuel prices within around 3 weeks. Recent increases in oil prices have seen a pick-up in headline inflation, contributing around [X] percentage points to headline CPI in the 6-months to December 2021. In the current central forecast for headline CPI, automotive fuel rises as a result of the elevated oil price assumptions are expected to contribute around ¾ of a percentage point to headline CPI in the Mar quarter of 2022 and around 1 percentage point in the June quarter of 2022. On top of this baseline, Treasury estimates that under the upside scenario, the direct impacts of higher fuel prices would contribute an additional ¼ of a percentage point to through-the-year consumer price inflation in both the June and September quarters of 2022, before the price level returns to baseline by the March quarter of 2023. This is in addition to the X per cent impact of elevated fuel prices already included in CPI over the same period under the baseline scenario, and the previous 0.3 percentage point impact of fuel prices on the December 2021 quarter CPI outcome.

Ineke Redmond

Assistant Secretary | Domestic Conditions Branch | Macroeconomic Conditions Division

P 02 6263 2275 M s 22

E Ineke.Redmond@treasury.gov.au

The Treasury, Langton Crescent, Parkes ACT 2600

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OFFICIAL

From: Francis, Geoff
To: McCullough, Paul; § 22 [REDACTED]; § 22 [REDACTED]
Subject: Re: Two Small MD Changes [~~SEC - PROTECTED, CAVEAT SH.CABINET~~]
Date: Thursday, 24 March 2022 8:20:06 PM
Attachments: [image001.png](#)
[image003.png](#)
[image005.png](#)
[image006.png](#)
[image001.png](#)
[image003.png](#)
[image005.png](#)
[image006.png](#)

Paul

It was something put in by the TO. The legislation unwinds the measure automatically, so the review is not necessary. However, there would be an obvious question of what to do if in six months petrol prices had not come down?

I think the TO words were clumsy - asking for advice on how to unwind the measure, given it is built into the legislation. But they may want to have some advice giving them cover if petrol prices haven't come down. Naturally we would do this, but it is better out of the measure description if possible.

Geoff

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From: McCullough, Paul <Paul.McCullough@TREASURY.GOV.AU>
Sent: Thursday, March 24, 2022 8:10 pm
To: Francis, Geoff <Geoff.Francis@TREASURY.GOV.AU>; § 22 [REDACTED]
§ 22 [REDACTED] @TREASURY.GOV.AU>; § 22 [REDACTED]
§ 22 [REDACTED] @TREASURY.GOV.AU>
Subject: Fwd: Two Small MD Changes [~~SEC - PROTECTED, CAVEAT SH.CABINET~~]

Was the review critical?

Sent from my iPhone

Begin forwarded message:

From: "Wilkinson, Jenny" <Jenny.Wilkinson@treasury.gov.au>
Date: 24 March 2022 at 7:55:23 pm AEDT
To: § 22 [REDACTED] @treasury.gov.au, § 22 [REDACTED],
§ 22 [REDACTED] @treasury.gov.au, "Di Marco, Katrina"
<Katrina.DiMarco@treasury.gov.au>, RG IITD SES
<RGIITDSES@treasury.gov.au>, § 22 [REDACTED]
§ 22 [REDACTED] @treasury.gov.au
Cc: RG TAD Budget Coord <RG-TAD-BC@treasury.gov.au>, § 22 [REDACTED]
§ 22 [REDACTED] @treasury.gov.au, § 22 [REDACTED]
§ 22 [REDACTED] @treasury.gov.au, RG IITD Indirect tax Unit
<RGIITDIndirecttax@treasury.gov.au>
Subject: RE: Two Small MD Changes [~~SEC - PROTECTED,~~
~~CAVEAT SH.CABINET~~]

~~PROTECTED//CABINET~~

I had thought that was a decision the Gov wanted announced, but given it does not impact the costing, I don't mind if the ref to the review is removed.

Jenny Wilkinson
Deputy Secretary, Fiscal Group
Treasury

P +61 2 6263 3745 M s 22



treasury.gov.au

Langton Crescent, Parkes ACT 2600

~~PROTECTED//CABINET~~

From: s 22 @TREASURY.GOV.AU>

Sent: Thursday, 24 March 2022 6:03 PM

To: s 22 @treasury.gov.au>; Di Marco, Katrina

<Katrina.DiMarco@TREASURY.GOV.AU>; Wilkinson, Jenny

<Jenny.Wilkinson@TREASURY.GOV.AU>; RG IITD SES

<RGIITDSES@TREASURY.GOV.AU>; s 22

s 22 @TREASURY.GOV.AU>

Cc: RG TAD Budget Coord <RG-TAD-BC@TREASURY.GOV.AU>; s 22

s 22 @TREASURY.GOV.AU>; s 22

s 22 @TREASURY.GOV.AU>; RG IITD Indirect tax Unit

<RGIITDIndirecttaxUnit@TREASURY.GOV.AU>

Subject: RE: Two Small MD Changes [~~SEC-PROTECTED, CAVEAT-SH-CABINET~~]

s 22



- Subject to the discussions of IITD, Kat and Jenny, we will remove the following text from the fuel excise MD: In addition, the Treasury will undertake a review and make recommendations to Government on how to unwind this temporary support, taking into consideration the international price of oil, the impact on the budget and cost of living pressures faced by Australians.

Kind regards,



s 22 — Analyst | CBR

Consumption Tax Unit, Indirect Tax and Tax System Analysis Branch

The Treasury acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, water and community. We pay our respects to them and their cultures and to elders both past and present.

The remainder of the email trail is outside the scope of the request and has been deleted under s 22