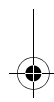
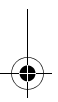


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Diesel fuel rebate scheme

Excise duty is levied on fuel produced in Australia. An equivalent rate of customs duty is levied on petroleum products imported into Australia. The ATO is charged with the responsibility of collecting excise duties on behalf of the Commonwealth.

The government provides for a rebate of excise or customs duty on diesel fuel under the diesel fuel rebate scheme. This scheme is administered by the ATO and is paid for fuel used for certain off-road activities—mainly in the mining and agricultural industries. Its primary purpose is to maintain competitiveness in these key export industries in a manner consistent with the government's broader fiscal objectives.

The rebate is generally payable on diesel fuel used in the following activities:

- mining operations (use of any vehicle on a public road is not eligible);
- primary production—forestry, agriculture and fishing (use of a road vehicle on a public road is not eligible);
- for electricity generation at certain residential premises; and
- at hospitals, nursing homes, homes for the aged and any other institution providing medical or nursing care.

The rate at which the rebate is paid depends on the nature of the activity in which the fuel was, or will be, used. It is also adjusted in line with changes to the consumer price index. For example, the rates (per litre) which applied for June 2000 were:

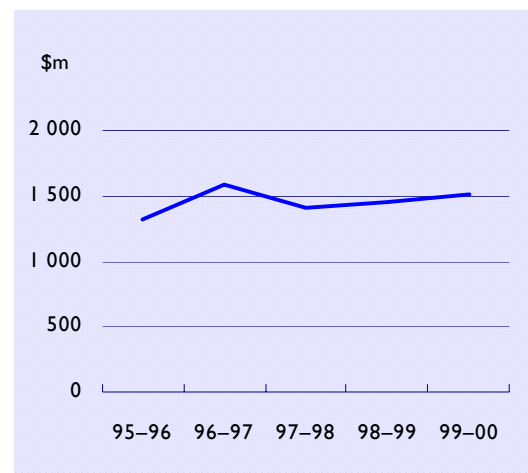
- \$0.35606—for agricultural, fishing and forestry industries;
- \$0.33218—for mining operations; and
- \$0.27110—for residential activities and other categories of eligibility.

This chapter contains statistics on the off-road diesel fuel rebate scheme for the 1999–2000 financial year.

Total rebate paid

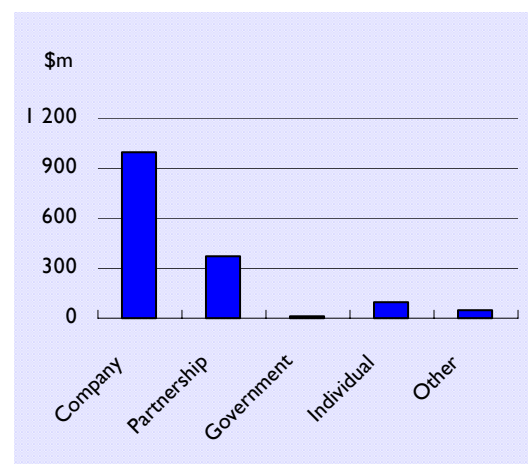
In 1999–2000, just over \$1.5 billion was paid in diesel fuel rebate. The amount of rebate paid peaked in 1996–97. However, it has since stabilised due to changes in the eligibility criteria, with the amount paid in 1999–2000 similar to that paid out in the previous year.

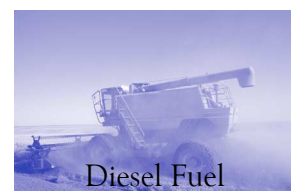
Figure 19.1: Total rebate paid



In 1999–2000, the majority of the rebate was paid to companies (66%), followed by partnerships (24%). In dollar terms, mining companies dominate in receipt of the rebate, although the agricultural category, which consists primarily of individuals and partnerships, has by far the highest number of claimants registered.

Figure 19.2: Total rebate paid by entity





Diesel Fuel

Table 19.1: Total rebate paid by industry

Industry	Number of claims paid		Total amount paid ¹		Average amount paid ²
	no.	%	\$000	%	\$
Mining	6 828	3.0	753 590	49.9	110 368
Agriculture	205 142	90.2	609 712	40.3	2 972
Fishing	8 070	3.5	97 242	6.4	12 050
Forestry	5 338	2.3	41 665	2.8	7 805
Residential	1 784	0.8	7 806	0.5	4 375
Hospitals	212	0.1	1 177	0.1	5 551
Nursing homes	46	0.0	127	0.0	2 779
Aged homes	61	0.0	131	0.0	2 151
Other medical	20	0.0	41	0.0	2 036
Total	227 501	100.0	1 511 490	100.0	6 644

1. A proportion of 0.0% indicates a proportion of less than 0.05%.

2. Derived from actual amount paid figures and number of claims paid.

Industry

In 1999–2000, a total of \$754 million in rebates was paid in relation to the mining industry, accounting for 50% of all rebates paid. This was followed by the agriculture industry, which received \$610 million in rebates (40% of the total). Agriculture claimants have the greatest potential to claim the rebate because unlike other industries, the bulk of their activities are eligible for rebate.

While the mining industry accounted for the majority of the total rebates in dollar terms, they only accounted for 3% of all claimants. Conversely, the agriculture industry accounted for 90% of all claimants. These figures are linked to business size. The mining industry is dominated by a few large businesses making large claims, while agriculture is structured mainly around small businesses making smaller value claims (\$2972 compared to \$110 368 in the mining industry).

Rebate paid by state

The greatest proportion of the rebate was paid to Western Australian claimants (33%) due to the prevalence of mining activity there. However, only 10% of claimants were located in that state.

The next largest proportion of the rebate was paid in Queensland (26%), followed by New South Wales (21%) where the largest number of claimants are located (29%). This was most likely because of the high levels of agricultural activity undertaken in New South Wales as well as the

large number of businesses that have their head offices located there.

In 1999–2000, the average rebate paid per claimant was \$6645. The average was significantly higher for businesses in Western Australia, Queensland and the Northern Territory. This was mainly because these states have large mining businesses.

Tax reform and the diesel fuel rebate scheme

The government amended the diesel fuel rebate scheme and introduced a new diesel and alternative fuels grants scheme as part of its tax reform initiatives. These changes not only entitled more businesses to become eligible for either a fuel rebate or grant but also allowed eligible businesses to claim a rebate or grant on more types of fuel. They also helped to cut the cost of diesel for eligible heavy transport by about 24 cents a litre.

Diesel fuel rebate scheme

The diesel fuel rebate scheme was amended from 1 July 2000 so that all businesses undertaking eligible activities can receive a full rebate of the customs and excise duty paid on diesel and like fuels. In addition, the scheme was extended to provide a rebate for fuel purchased and used by eligible businesses in the rail and marine transport industry sectors.

The scheme continues to operate as before except that more applicants are now eligible for a

Taxation Statistics 1998–99

Table 19.2: Total rebate paid, by state

State	Number of claims paid		Total amount paid		Average amount paid
	no.	%	\$m	%	\$
NSW ¹	65 636	28.9	310	20.5	4 715
Vic.	47 057	20.7	128	8.5	2 720
Qld	57 048	25.1	391	25.9	6 850
SA	26 610	11.7	101	6.7	3 777
WA	23 669	10.4	502	33.2	21 201
Tas.	6 093	2.7	35	2.3	5 728
NT	1 388	0.6	46	3.0	33 285
Total²	227 501	100.0	1 512	100.0	6 645

1. Australian Capital Territory claimants are included in New South Wales data.

2. Total amount paid may not equal the sum of the components or the total amount paid reported in Table 19.1 due to the rounding of some figures.

100% rebate of the customs and excise duty paid on diesel and like fuels. This compares with a part rebate offered in previous years. Those newly eligible can enter the scheme through an application form available from the ATO.

From 1 July 2002, this scheme will be replaced by the energy grants (credits) scheme. Benefits equivalent to those currently available will be transferred into that new scheme.

Detailed tables

The following detailed table on the diesel fuel rebate scheme can be found on the CD-ROM attached to this publication.

Table 1: Quantity and value of claims paid, by industry, 1995–96 to 1999–2000

Diesel and alternative fuels grants scheme

The diesel and alternative fuels grants scheme came into effect on 1 July 2000 and will operate until 30 June 2002 for certain on-road transport activities. The grant also applies to alternative fuels when used in eligible operations, in order to maintain the relative price of alternative fuels as compared with diesel. These alternative fuels are compressed natural gas, liquified petroleum gas, recycled waste oil, ethanol, canola oil and other fuels specified by regulations.

Generally the grant is available for the on-road use of diesel and alternative fuels in vehicles with a gross vehicle mass of 4.5 tonnes or more, and registered for use on public roads. To receive the grant businesses need to be registered and must use the fuel for carrying on the enterprise.

From 1 July 2002, this scheme will be replaced by the energy grants (credits) scheme. Benefits currently available will be transferred into the new scheme.