

The Senate

Economics Legislation Committee

Provisions of the Energy Grants (Credits) Scheme
Bill 2003 and the Energy Grants (Credits) Scheme
(Consequential Amendments) Bill 2003

March 2003

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ISBN 0 642 71242 5

Printed by the Senate Printing Unit, Parliament House, Canberra.

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Senator Allison to replace Senator Murray on the Economics Legislation Committee for the Committee's inquiry into the provisions of the Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credit) Scheme (Consequential Amendments) Bill 2003.

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Contents

Members of the Committee	iii
CHAPTER 1	
The Committee's Inquiry	
Background	1
Purpose of the Bill	1
Reference of the Bills	1
Submissions	1
Hearing and evidence	1
Acknowledgment	2
CHAPTER 2	
Background to the Bills	
Taxing fuel in Australia	3
The Diesel Fuel Rebate Scheme	3
The Diesel and Alternative Fuels Grants Scheme	5
The Energy Grants (Credits) Scheme	5
CHAPTER 3	
Evidence presented to the inquiry	
Overview	9
Support for the Bill	9
Use of the terms rebate, grant and credit	10
Preserving current entitlements	11
Extending the benefits	13
Anomalies	14
Environmental issues	15
Energy Task Force	16
Ultra low Sulphur Diesel	17
Alternative fuels	19
Administration of the Current Scheme	21
Non-disallowable Determination	22

CHAPTER 4

Conclusion and Recommendations

Conclusion 23

Recommendations 23

DISSENTING REPORT

Senator Lyn Allison: Australian Democrats 25

ADDITIONAL COMMENT BY LABOR SENATORS 27

APPENDIX 1

Submissions Received 31

APPENDIX 2

Public Hearing and Witnesses 33

APPENDIX 3

Comments of the Senate Standing Committee for the Scrutiny of Bills 35

CHAPTER 1

The Committee's Inquiry

Background

1.1 The Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003 were introduced into the House of Representatives on 13 February 2003 by Mr Peter Slipper MP, Parliamentary Secretary to the Minister for Finance and Administration.

Purpose of the Bill

1.2 The Energy Grants (Credit) Scheme Bill 2003 replaces the Diesel Fuel Rebate Scheme (DFRS) and the Diesel and Alternative Fuels Grants Scheme (DAFGS) with a single entitlement to commence on 1 July 2003. The Bill will maintain entitlements equivalent to those currently available under the DFRS and the DAFGS.

Reference of the Bills

1.3 In its report No. 2 of 2003, the Selection of Bills Committee recommended that the Bills be referred to the Senate Economics Legislation Committee. The intention in referring the Bills was to allow the Committee to explore the provisions of the Bills and the impact on the development and uptake of cleaner fuels.¹ On 5 March 2003, the Senate referred the Bills to this Committee for report by 24 March 2003.

Submissions

1.4 The Committee contacted a number of government agencies, organisations and individuals who were identified as possibly being interested in the Bills, alerting them to the inquiry and inviting them to make a submission. The Committee also advertised the inquiry in the media on 12 March 2003. A list of the parties from whom submissions were received appears at Appendix 1.

Hearing and evidence

1.5 The Committee held a public hearing in Parliament House, Canberra on Tuesday, 18 March 2003. Witnesses who appeared before the Committee at that hearing are listed in Appendix 2. Both the Department of Transport and Regional Services and Environment Australia were invited to participate in the Committee's hearing but declined.

1 Selection of Bills Committee, Report No. 2 of 2003.

Acknowledgment

1.6 The Committee is grateful to, and wishes to thank, the organisations and individuals who assisted with its inquiry.

CHAPTER 2

Background to Fuel Grants Schemes

Taxing fuel in Australia

2.1 In Australia, the two main forms of taxation on fuel are Commonwealth excise and customs duty. Excise is a tax on the domestic production of goods, while customs duty is levied on imported products.

2.2 Over the years, the structure of the excise tariff and the customs tariff on fuel products has reflected the policy objectives of successive governments. Excise on petrol was introduced in 1929 to finance road funding. Excise was first applied to diesel in 1957 but for on-road use only. The revenue raised was also intended to fund road construction. Since 1992, there has been no effective link between fuel excise and road expenditure.¹

2.3 Over recent years, there has been a growing awareness of the desirability of promoting the use of cleaner fuels. In furtherance of that objective, the Commonwealth Government has put in place measures to encourage the production and use of petroleum product substitutes.

The Diesel Fuel Rebate Scheme

2.4 The Diesel Fuel Rebate Scheme (DFRS) was introduced in 1982. While all off-road users of diesel were required to pay excise, the scheme allowed some categories of users to claim a partial or full rebate of that excise.

2.5 With the introduction of the New Tax System in 1998, the DFRS faced significant changes. The scheme was extended to give full rebates of excise to rail and marine transport and some activities (such as mining and residential use of diesel) which had previously received only a partial rebate. The scheme was also extended to include rebates for like fuels.²

2.6 The DFRS covered the following categories of use:

1 Issues Paper, Fuel Taxation Inquiry, p.4 of 12,
<http://fueltaxinquiry.treasury.gov.au/content/issues/issues-04.asp> (18 June 2002).

2 This information was based on information contained in the Issues Paper, Fuel Taxation Inquiry. In 1999, the Prime Minister, Mr John Howard, announced that the extension to the off-road concession for diesel and like fuels would be limited to providing full credits for marine use, bush nursing homes, hospitals, nursing homes, aged persons homes and private residences, but not for construction, power generation, manufacturing or forestry. Media Releases, Prime Minister of Australia, John Howard, *Changes to the goods and services tax (GST)*, 1999.

- mining
- agriculture
- forestry
- fishing
- rail transport
- marine transport
- electricity generation for residential premises, and
- the operation of hospitals, nursing and aged care homes and other medical institutions.³

The Diesel Fuel Rebate Scheme Amendment Bill 2002

2.7 On 2 November 2001, the Prime Minister announced the Government's intention to further extend the eligibility criteria for the diesel fuel rebate scheme. He explained that the extension to the scheme was in recognition of the difficulties being experienced by the tourism industry in regional and remote Australia. The scheme was to include small retail/hospitality businesses that produce their own electricity from diesel. The measure was calculated to be worth \$80 million over four years and was designed to assist remote tourism businesses.⁴ It was envisaged that businesses such as caravan parks, tourist resorts and road houses would benefit from the scheme.⁵

2.8 The Government's proposal was embodied in the Diesel Fuel Rebate Scheme Amendment Bill 2002. Last year, this Committee conducted an inquiry into that Bill⁶. During that inquiry two central issues surrounding the proposals put forward in the Bill emerged. They were:

- the desirability of lowering the price of electricity to business in regional and remote Australia; and
- whether the Bill could, by lowering the price of diesel, compromise the objective of encouraging the use of alternative and cleaner fuels.

2.9 In answer to the criticism directed at the Bill, the Government pointed to the numerous programs in place to promote the use of cleaner fuels. Addressing the need to assist business in regional and remote Australia, Mr Slipper made it clear that the

3 Australian Taxation Office, *Diesel Fuel Rebate Scheme—Guide for claimants*, <http://www.ato.gov.au/content.asp?doc=/content/Professionals/12384.htm&page=1> 19 June 2002.

4 Announcement by the Prime Minister, 2 November 2001.

5 Liberal Party of Australia, *The Howard Government: Putting Australia's Interests First: Election 2001*.

6 Senate Economics Legislation Committee, Report on Diesel Fuel Rebate Scheme Amendment Bill 2002.

extension of the Diesel Fuel Rebate Scheme originated from a recognition of some of the difficulties being suffered by small outback tourism operators.⁷

2.10 The Committee recommended that the Bill proceed. It was passed by the Senate on 27 June 2002 and commenced on 29 June 2002.

2.11 With the passage of the *Diesel and Alternative Fuels Grants Scheme Act 1999* in 2001, the expiry date of the DFRS was extended to 30 June 2003.

The Diesel and Alternative Fuels Grants Scheme

2.12 The Diesel and Alternative Fuels Grants Scheme (DAFGS) was introduced in 1999 by the *Diesel and Alternative Fuels Grants Scheme Act 1999*. The Scheme provides grants for a wide variety of Australian businesses that provide transport services to country areas including:

- interstate and city-country road transport;
- the transport of goods from rural export regions and processing centres to their markets in the city or offshore; and
- essential inputs being transferred from ports or factories in the city to the bush.

2.13 The grants available under the scheme extended to alternative fuels used by vehicles for these purposes. The Act also effectively incorporated improved emission standards for both petrol and diesel vehicles.

The Energy Grants (Credits) Scheme

Background to the Bills

2.14 These bills give effect to an announcement made by the Prime Minister on 28 May 1999 under 'Measures for a Better Environment' to introduce an Energy Grants (Credits) Scheme (EGCS) to replace the DFRS and DAFGS.⁸ This scheme was originally intended to come into force from July 2002 and was intended to encourage the use of cleaner fuels while preserving the entitlements that now exist under the current schemes.⁹

2.15 During debate on the proposal in the Diesel and Alternative Fuels Grants Scheme Bill to extend the sunset provision of the Diesel Fuel Rebate Scheme by one year, Mr Slipper told the House of Representatives that the Government's commitment to carry forward the benefits of the existing off-road rebate scheme into

7 Mr Peter Slipper, House of Representatives *Hansard*, 29 May 2002, p. 2597.

8 The Hon Peter Costello, Treasurer of the Commonwealth of Australia, Press Release, no. 027, 14 May 2002. See also Press Release, Mr Peter Reith, Minister for Employment, Workplace Relations and Small Business, 14 July 1999.

9 Section 4, *Diesel and Alternative Fuels Grants Scheme Act 1999*.

the Energy Grants (Credits) Scheme remained.¹⁰ He explained that the postponement would allow sufficient time for the Government to incorporate the findings of the Fuel Taxation Inquiry into the development of the EGCS.¹¹

2.16 In its submission to the Committee, Treasury explained that the Government's commitment to introduce the EGCS involves two components:

- firstly, maintaining benefits equivalent to those available under the DAFGS and DFRS, including benefits for the use of alternative fuels; and
- secondly, pursuing options to provide encouragement for the conversion to cleaner fuels. The Government's approach on this aspect is being considered by the Energy Task Force, as announced by the Treasurer in press release No. 4 on 13 February 2003.

Provisions of the Bills

2.17 The Energy Grants (Credits) Scheme Bill 2003 replaces the DFRS and the DAFGS entitlement provisions with a single entitlement called the Energy Grants (Credits) Scheme to commence on 1 July 2003. The new scheme is intended to provide entitlements equivalent to (but not more extensive than) those currently available under the two schemes it replaces.

2.18 The *Product Grants and Benefits Administration Act 2000* (PGBAA) will provide the administrative and compliance framework for the new scheme. Claimants will be responsible for correctly self-assessing their entitlements under the scheme, and maintaining records to substantiate their entitlements. New provisions in the PGBAA allow the Commissioner to provide public and private rulings in respect of grants and benefits.

2.19 This bill establishes the EGCS by:

- replicating the existing entitlement provisions in the *Diesel and Alternative Fuels Grants Scheme Act 1999*, the *Customs Act 1901* and the *Excise Act 1901* to create an on-road credit and an off-road credit;
- making minor amendments to the eligibility criteria for the existing schemes to clarify the Government's position on certain activities;
- addressing current administrative inconsistencies between the 2 schemes to be replaced; and
- including under the new scheme certain activities currently eligible for a remission, refund or rebate under the *Customs Regulations 1926* and the *Excise Regulations 1925*.

10 House of Representatives' *Hansard*, 20 September 2001, p. 31470.

11 House of Representatives' *Hansard*, 20 September 2001, p. 31087.

2.20 In its submission to the Committee, Treasury pointed out that the major change to entitlement for an on-road credit in comparison with the DAFGS is that it will become prospective. Claimants will be able to make a claim for an on-road credit in relation to fuel they have purchased or imported into Australia, and that they propose to use in an eligible activity, but which may not yet have been used. This will bring it into line with the current DFRS under which benefits are claimed prospectively. Currently under the DAFGS the fuel must have been used before a claim for the on-road grant can be made.¹²

2.21 The Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003 amends or repeals several Acts as a consequence of the implementation of the EGCS. It repeals the legislation establishing the current schemes. It also includes transitional arrangements to allow for ongoing compliance activity for claims made under the DFRS and DAFGS and provides for the claiming of entitlements for fuel purchased before 1 July 2003.

2.22 The EGCS will commence on 1 July 2003.

2.23 The Explanatory Memorandum states that changes incorporated in the new scheme will cost \$19 million in the 2003-2004 financial year, \$4 million in the 2004-2005 financial year, \$5 million in the 2005-2006 financial year and \$5 million in the 2006-2007 financial year. The Explanatory Memorandum states that the new legislation will reduce administrative complexity and compliance costs for claimants.

12 Treasury, Submission No 10.

CHAPTER 3

Evidence presented to the inquiry

Overview

3.1 The overwhelming majority of submissions, including the National Farmers Federation, the Australian Trucking Association and BP, endorsed the overall intention of the proposed legislation. Although some were keen to see the Bill proceed as quickly as possible without the need for amendment others recommended changes to various provisions.

Support for the Bill

3.2 The Australian Trucking Association (ATA) fully endorsed the provisions of the Bill, which it considered must continue to maintain the benefits at the current levels that have underpinned Australia's recent economic performance. It stated that:

... the aim of addressing the current administrative inconsistencies between the schemes is important, as there will be a common energy grants claim form for both on and off road credits and the same requirements for the point of claim are essential. We agree with adopting a common criterion for on-road and off-road credits of basing claims on prospective use, whilst maintaining records to substantiate that use.

More generally, the ATA wishes to highlight the enormous benefits for the prosperity of the Australian community which will be continued by the on-going energy grants.¹

3.3 Similarly the Minerals Council of Australia said that:

Maintenance of these entitlements to the mining sector is vital to its continued international competitiveness.²

3.4 Alcan South Pacific indicated that it also supports the Bills and asked the Committee to recommend their passage into law well before 30 June 2003.³ The ATA also wants the Bills to pass into law well in advance of the 1 July deadline.

We are absolutely steadfast in our wish that this particular bill, which has our unequivocal support, be passed through the Parliament as a matter of urgency, given the time frame that exists on the current legislation and the

1 Australian Trucking Association, *Submission 9*.

2 Minerals Council of Australia, *Submission 17*.

3 Alcan South Pacific Pty Ltd, *Submission 15*.

urgency around which we need to secure the benefits for our sector in an ongoing and unfettered way.⁴

3.5 The National Farmers Federation (NFF) strongly supported the Bills and asserted that any reduction or removal of the rebate would ‘be a huge cost impost on farmers’. It argued that the Bills be passed as a matter of priority so as ‘to ensure an adequate time for the transition to the new scheme’. It also said that any extension of the rebate to new activities or fuels should be dealt with in separate legislation.⁵

3.6 In its submission Treasury said that:

The sunset provisions of the DFRS and the DAFGS take effect on 30 June 2003.

The passage of the bills in the Autumn sitting of Parliament is critical to provide certainty in the business community and to allow sufficient lead time for the implementation of the EGCS from 1 July 2003.⁶

Use of the terms rebate, grant and credit

3.7 The NFF argued forcefully that the Diesel Fuel Rebate Scheme is not a subsidy to farming but rather it ‘removes a tax on exports’ and should be regarded as a rebate of excise. As such the Federation has concerns about the title of the new offroad scheme which uses the words grants and credits instead of the word ‘rebate’. It outlined its concerns in the following terms:

- Renaming the offroad rebate as a grant will reduce its acceptance in the community, such as amongst the environmental lobby.
- A grant would become more vulnerable to cuts during the Budget process, thus breaking the Government’s commitment to maintain existing entitlements.
- The renaming of the rebate as a grant may well increase the perception of support given to Australian farmers, which may reduce its bargaining power in negotiations to reduce other countries’ farm subsidies, particularly through the World Trade Organisation Doha round.

3.8 It put to the Committee that, while the actual and potential costs of renaming the offroad scheme are large, the costs to the Government of maintaining the existing name are minimal. It recommended that the Government ‘ensure that the new offroad scheme is entitled a ‘rebate’ and not a grant or credit’.

3.9 The Association of Mining and Exploration Companies (AMEC) supported the view that the rebate is not a subsidy but rather a refund of excise duty. It suggested that the rebate ‘should be expressed in the Commonwealth budgetary

4 Mr Christopher Althaus, Chief Executive Officer, Australian Trucking Association, *Committee Hansard*, 18 March 2003, p 2.

5 National Farmers Federation, *Submission 6*.

6 Treasury, *Submission 10*.

payments as such'. Similarly the Minerals Council of Australia (MCA) has asked that the Government ensure that the new scheme is entitled a rebate. The MCA said that:

Renaming the off-road rebate as a grant will reduce its acceptance in the community, particularly amongst the environmental lobby. In addition, a grant would become more vulnerable to cuts during the annual Budget process, potentially breaking the Government's commitment to maintain existing entitlements.⁷

3.10 No witness, when invited by the Chair, expressed disagreement with the NFF view.

3.11 The Committee agrees with the views on this matter put forward by the National Farmers Federation and other witnesses. The Committee, accordingly recommends that the title of the Bills be amended to refer to rebates instead of grants, and that the scheme be referred to in the legislation as a rebate scheme.

Preserving current entitlements

3.12 Some of those benefiting from the current scheme expressed concern that they might lose their rebate or have it reduced. They sought assurance that the current availability of rebates would continue. The National Association of Forest Industries wanted to ensure that under the new scheme their industry would continue to be treated in the same way as it is at present.⁸

3.13 The Association of Mining and Exploration Companies (AMEC) drew attention to the stated intention of the Bill to 'amend the eligibility criteria for the existing schemes to clarify the Government's position on certain activities...'⁹. It sought clarification of the exact meaning of this statement. It was concerned that unspecified amendments to eligibility criteria would be 'a prime means of winding back government liability to fund the new scheme'.

3.14 AMEC noted that the entitlements currently available to the mining sector represent a significant component of the financial position of small to medium-sized exploration and production companies. It submitted that:

Any reduction in the level of the benefits under the EGS would have a direct impact on operating costs and the level of employment within the mineral exploration, mining and mineral processing industries. Moreover, AMEC is firmly of the view that any reduction in the level of the existing benefit will lead to the possible closure of some existing sites and thus a further loss of employment.¹⁰

7 Minerals Council of Australia, *Submission 17*.

8 National Association of Forest Industries, *Submission 3*.

9 Association of Mining and Exploration Companies (Inc), *Submission 5*.

10 Association of Mining and Exploration Companies (Inc), *Submission 5*.

3.15 AMEC recommended that the entitlements currently available from the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme be retained when they are subsumed by the introduction of the Energy Grants (Credits) Scheme on 1 July 2003.

3.16 Some submissions to the Committee raised concerns that the regulations under the proposed act which would prescribe certain matters, such as the definitions of diesel and alternative fuels, were not available. Alcan South Pacific submitted that the Committee should seek an assurance from the Government that the rate of credit to be prescribed for fuel oil will be the same as for diesel and the same as the present rate. It also requested that the Committee recommend that the Bill be amended so that its clear and express intent is that the new scheme apply to fuel oil.¹¹

3.17 However, Treasury indicated that current entitlements will not be affected by the new regulations.

The Energy Grants (Credits) Scheme Regulations 2003 (the EGCS Regulations) will replicate the definitions of diesel fuel (on-road diesel) and emergency vehicle contained in the Diesel and Alternative Fuels Grants Scheme Regulations 2000 (the DAFGS Regulations) and will specify the metropolitan areas in the same way as the DAFGS regulations. The EGCS Regulations will also replicate the definition of diesel fuel (off-road diesel) contained in the Customs Regulations 1926.

The EGCS Regulations will also prescribe methods for the calculation of eligible fuel similar to those prescribed by the DAFGS Regulations and will prescribe the grant rates for the on-road and off road credit.¹²

3.18 The question of when the draft regulations would be available was raised with Treasury during the Committees hearings. In response to questions during the hearing the Treasury officials present were unable to advise the Committee of when those draft regulations would be available, or of what progress had been made in preparing those regulations. In subsequent correspondence, Treasury advised that:

I am able to advise that preliminary drafting instructions for the regulations have been provided to the Office of Legislative Drafting on some matters and drafting instructions on other matters are still being prepared. Our aim is to have the regulations gazetted in time for the commencement of the EGCS on 1 July 2003. I note, however, that the regulations cannot be finalised until the legislation has been passed by Parliament. Consultation with industry will be undertaken as appropriate during the drafting of the regulations.

3.19 Witnesses accepted the Government's assurances. Nevertheless, the Committee recommends that the draft regulations be published as soon as possible.

11 Alcan South Pacific Pty Ltd, *Submission* 15.

12 Treasury, *Submission* 10.

Extending the benefits

3.20 While AMEC did not want to see the proposed legislation used as a means to undermine the entitlements currently afforded to Australia's export oriented sectors, it did, however, seek an extension of the rebate.

3.21 AMEC wanted the rebate to extend to light vehicles used off-road, and powered by diesel fuel. These vehicles are currently excluded from the DFRS. It maintained that there is no rationale for the current exclusion which in its view 'penalises in particular smaller mineral exploration and mining companies'.

3.22 A number of other witnesses also wanted the entitlements available under the proposed legislation to be extended. The Bus Industry Confederation would like to see the Energy Grants (Credits) Scheme entitlements extended to urban diesel buses. It argued that:

... the bus and coach industry can make a significant contribution to improving the future sustainability of Australia's land transport systems, by reducing the social, economic and environmental impacts of car use. The provision of the Energy Grants (Credits) to urban bus operators is a key factor in realising this contribution.¹³

3.23 It suggested, however, that rather than the rebate being provided to the individual operator, the funds be placed in a Public Transport Fund. This fund would then be used 'to promote demonstration projects such as bus priority lanes on major urban arterial roads'. It suggested that experience in Australia and elsewhere has shown that 'such initiatives can increase service patronage by 30–40% at low cost'.

3.24 In its submission to the Committee the Truck Industry Council proposed that the Bills be altered to encourage truck operators to use vehicles which will have less impact on the environment in metropolitan areas. Under the existing scheme the rebate is payable within metropolitan areas only on vehicles of more than 20 tonnes GVM. The Council said that:

If the eligibility for the rebate in the metropolitan areas was changed from a weight limit (20 tonnes GVM) to an environmental hurdle (Australian Design Rule 70/00) there would be significant environmental benefits.

- A large number of smaller trucks would replace some of the older 20 tonne plus vehicles thereby resulting in a reduction in fuel consumption, emissions and greenhouse gases.
- Smaller vehicles would help reduce traffic congestion.
- ADR 70/00 vehicles (1995 models and later) have less than 50% of the emissions of older trucks.¹⁴

13 Bus Industry Confederation, *Submission 4*.

14 Truck Industry Council, *Submission 1*.

3.25 In support of its argument, the Council noted the Federal Department of Transport and Regional Services submission to the Fuel Tax Inquiry. The Department indicated that inherent in the current scheme were ‘perverse incentives to purchase larger vehicles to get over the 20.0 tonne barrier and qualify for the maximum rebate (at a fuel efficiency penalty) and set up freight operations just outside the metropolitan zone to qualify for the maximum rebate’.

3.26 The Australian Liquefied Petroleum Gas Association (ALPGA) commented on the benefits of Liquid Petroleum Gas (LPG) and Compressed Natural Gas (CNG) as clean fuels in the heavy duty transport sector and noted the growing interest in LPG by some engine manufacturers entering the bus market. The ALPGA asked the Committee to recognise the key role of LPG when considering the impact of any amendments made during the changeover to the new scheme. It also asked that the Committee consider the extension of the program to all vehicles under 20 tonnes in metropolitan areas, that are not currently eligible; and ensuring that the new scheme covers the use of LPG in off road applications.¹⁵

Anomalies

3.27 Among those who supported the Bills, some pointed to what they asserted to be apparent anomalies in the proposed legislation. Brambles asserted that the Bill would introduced an anomalous situation ‘an activity is eligible or ineligible for an off-road credit based on the location of the equipment performing the function as well as the actual function itself’. It cited the following examples:

A ship’s crane loading or unloading cargo	eligible
A wharf crane loading or unloading cargo	ineligible
A mobile crane loading/unloading cargo from a vessel	
– If it operates from a wharf	ineligible
– If it operates from the deck of the vessel	eligible
A portable suction pump for unloading bulk cargo	
– Pump on deck of vessel or in hold	eligible
– Pump on wharf	ineligible
A forklift loading goods onto a barge	
– Pickup and travel on wharf	ineligible
– Pickup and travel on barge	eligible

3.28 In Brambles’ view the definition of rail and marine transport should include all loading and unloading operations onto and from vessels and rail vehicles. This

15 Australian Liquefied Petroleum Gas Association Ltd, *Submission 13*.

would lead to ‘simplicity of administration and equity in the application of the provisions.’¹⁶

3.29 Nevertheless, the Committee observes that in any legislation under which eligibility to entitlement depends upon classification, there will inevitably be definitional issues at the borderline.

Environmental issues

3.30 To this point the report has concentrated mainly on the importance of the rebate to particular sectors of Australian industry. It now turns to consider the environmental issues and proposals. The *Diesel and Alternative Fuels Grants Scheme Act 1999* sets out the objectives of the new scheme. It states:

The purpose of the Energy Grants (Credits) Scheme will be to provide active encouragement for the move to the use of cleaner fuels by measures additional to those under this Act, while at the same time maintaining entitlements that are equivalent to those under this Act and the Diesel Fuel Rebate Scheme, including for the use of alternative fuels.¹⁷

3.31 In 1999, the Prime Minister announced, as part of the Government’s Measures for a Better Environment, that the Energy Credit Scheme would ‘provide price incentives and funding for conversion from the dirtiest fuels to the most appropriate and cleanest fuels’.¹⁸

3.32 Introducing the scheme on 13 February 2003, the Treasurer, the Hon Peter Costello MP, referred to the *Measures for a Better Environment* package and its statement that the ECGS Scheme would provide encouragement for the conversion to cleaner fuels. He stated the Government’s commitment to pursue options to achieve this conversion by ‘examining the issue as part of the consideration of alternative fuels within the Energy Task Force’.¹⁹

3.33 Neither the Explanatory Memorandum nor the EG(C)S Bill, stated that one of the objectives of this legislation is to encourage the use of cleaner fuels. The Explanatory Memorandum states simply that the bills ‘give effect to an announcement made by the Prime Minister on 28 May 1999 under *Measures for a Better Environment* to introduce an EGCS to replace the DFRS and DAFGS. However, in its submission Treasury said that:

16 Brambles Industrial Services, *Submission 14*.

17 Section 4 (2), *Diesel and Alternative Fuels Grants Scheme Act 1999*, (Complied 21 May 2002) See also *Fuel Tax Inquiry Report*, March 2002, p. 120.

18 Media Releases *Changes to the Goods and services tax (GST)*, http://.pm.gov.au/news/media_releases/1999/changes3105.htm 16 March 2003.

19 The Hon Peter Costello MP, Treasurer of the Commonwealth of Australia, *Introduction of Energy Grants (Credits) Scheme Bill 2003*, media release, no. 004, 13 February 2003.

The purpose of the EGCS is to provide certainty to the business community by ensuring that entitlements under the current schemes are maintained. These bills do not contain measures to encourage the conversion to cleaner fuels as options to do so are being examined as part of the consideration of alternative fuels within the Energy Task Force.²⁰

3.34 Nevertheless, some witnesses saw the inclusion of incentives to use cleaner fuel as an important component of the proposed legislation. A number of witnesses, including BP Australia, recognised the substantial benefits to be derived both in the reduction of emissions and fuel efficiency from using cleaner fuels. BP claimed that cleaner fuels not only lower emissions but also ‘enable the use of new more efficient engine technology’. BP maintained that the Bill fails to meet the second half of the Government’s Energy Grants Credits Scheme commitment. The Total Environment Centre Inc registered its concern that the proposed legislation ‘fails to include any measures to encourage the shift to alternative and cleaner fuels’.

3.35 Other parties to the inquiry argued that the Energy Grants Credits Scheme Bills are about fuel taxation and the consideration of the development and uptake of cleaner fuels issues should be pursued separately.²¹ The NNF stated that it did not want arguments over the extent of environmental matters to delay passage of the Bill.

Energy Task Force

3.36 The Department of the Prime Minister and Cabinet is responsible for, and chairs, the Energy Task Force. It comprises officials that represent the ministers who form the Ministerial Oversight Committee on Energy. The participating officials come from the Department of the Prime Minister and Cabinet, the Department of Transport and Regional Services, the Department of Industry, Tourism and Resources, Environment Australia, Treasury and the Australian Greenhouse Office.

3.37 According to evidence taken during an Estimates hearing in February, the scope of the Task Force’s work and the schedule for completing its work is uncertain. Mr Ryan told the Committee then:

What the task force is really looking at is the degree to which we have a coordinated and coherent approach across portfolios. While individual portfolios may have responsibility for particular activities, and this portfolio has responsibility for Parer, it is trying to make sure it is all coordinated so you see the linkages between Treasury, Environment Australia, Transport and ourselves.

...

20 Treasury, *Submission 10*.

21 Australian Trucking Association, *Submission 9*; Minerals Council of Australia, *Submission 17*; National Farmers Federation, *Submission 6*.

It has not been absolutely determined what the time frame is. I think that will become clearer from the first meeting of the ministers.²²

3.38 During its public hearing, members of the Committee sought evidence about the terms of reference of the Energy Task Force and the extent of its consultations with interested parties. The Australian Conservation Foundation (ACF) indicated that it was not aware of the terms of reference for the Task Force, or of the timeframe for its work. They also said that they had not been approached by the Task Force for a submission and have not been contacted by the Task Force. This evidence was supported by some other witnesses. However, some witnesses, such as BP Australia and the National Farmers Federation, indicated that they had had discussions with members of the Task Force. There appears to be some concern about the transparency of the Task Force's activities.

3.39 While the Minister has indicated that this legislation is not intended to address the issue of encouraging the use of cleaner fuels, the Committee received representations from a number of sources urging the Government to give close consideration to incorporating into this legislation specific provisions that will promote the use of cleaner fuels.

Ultra Low Sulphur Diesel

3.40 The Total Environment Centre Inc (TEC) supports the introduction of a Diesel Sulphur Excise Differential to ensure that Ultra Low Sulphur Diesel (ULSD) is considerably cheaper than conventional (500ppm sulphur) diesel. It was disappointed that this measure, which was foreshadowed, has not eventuated and cannot understand why the provisions for an excise differential has not been included in the proposed legislation. It said:

Failure to introduce such a measure will have serious consequences in terms of the uptake of cleaner fuels and engine technology. It is particularly significant to note that reducing sulphur in diesel fuel offers substantial benefits in terms of reducing exhaust emissions. We note that fine particle and (SO_x) emissions are directly proportional to the sulphur content of fuel. Moving from 500 ppm to 50 ppm sulphur diesel would reduce emissions of these pollutants by approximately 90%.²³

3.41 The NFF also referred to what it understood to be an agreement between the Australian Democrats and the Government to impose a 1 cent per litre (CPL) surcharge on higher sulphur diesel from 1 January 2003. It explained that the arrangement was designed to promote the early production and use of ULSD prior to its mandatory introduction in 2006.

22 Economics Legislation Committee, Estimates, *Committee Hansard*, 12 February 2003, p. 43 of 44.

23 Total Environment Centre Inc, *Submission 7*.

3.42 However, the NFF opposed the use of excise differential to encourage the use of ULSD. It suggested that ‘other avenues for promoting the early production and use of ULSD be explored, including a supply subsidy (as proposed by the Fuel Tax Inquiry) or a tendering process’. It also asked that the Government make it clear that the offroad rebate under the Energy Grants Credits Scheme will be increased to cover any excise surcharge to promote ultra low sulphur diesel.²⁴

3.43 BP Australia, which recommended the adoption of a clean fuels strategy within the Bill, supported the use of subsidies to encourage the use of ULSD. It recommended an amendment to the Bill that would allow a production subsidy for diesel of 2 cpl for domestic production of 10 ppm S diesel as from 1 January 2006 until the day before the 10 ppm S diesel becomes the National Fuels Standard.

3.44 It also recommended a production subsidy of 2cpl for petrol for each litre of domestic production which produces 95 or higher RON petrol with a sulphur content of 50 ppm S or 10 ppm S, whichever of these is the first National Fuel Standard for sulphur post 1 January 2006.²⁵

3.45 Caltex supported the Government’s commitment to provide incentives for the use of cleaner petrol and diesel and alternative and renewable fuels. In accord with the views of BP Australia, Caltex believes that the proposed legislation could be amended to encourage the use of cleaner fuels. It suggested that the Bills be amended to provide for:

- implementation of existing policy for an incentive for early introduction of ultra low sulphur diesel from 1 July 2003;
- a framework for incentives for early introduction of cleaner petrol and diesel from 1 January 2006;
- administration of the ethanol subsidy within the common legislative framework for grants schemes;
- extension of grants to biodiesel; and
- extension of an existing policy position on use of petroleum products in road-making to products other than diesel.

3.46 Caltex also favoured using subsidies to encourage the use of ULSP. It proposed that:

a production subsidy be provided for 50 ppm sulphur petrol (ULSP), analogous to the subsidy for 10 ppm sulphur diesel. The reduced sulphur level would benefit the existing fleet by reducing emissions and extending effective catalyst life, as well as enabling new technologies. The availability of ULSP would also encourage the import of advanced, low

24 National Farmers Federation, *Submission 6*.

25 BP Australia, *Submission 2*.

pollution, fuel efficient vehicles that otherwise could not be imported because of lack of appropriate fuel.

The amount of the subsidy would need to be determined. In general, reduction of sulphur in petrol is significantly more expensive than for diesel because reduction of petrol sulphur adversely affects other petrol characteristics (especially octane). However, a figure of 2 cpl could be taken as indicative at this time, recognising the need for further analysis.²⁶

3.47 A detailed appreciation of the material put forward by BP Australia and Caltex is beyond the scope and timeframe of this Report. The Committee expects that such matters will be given full and thorough consideration by the Energy Task Force.

Alternative fuels

3.48 The Australian Natural Gas Vehicles Council (ANGVC) supports the role of natural gas as both a strategically and environmentally important component of any sustainable long-term fuel and energy strategy for Australia. According to the Council, natural gas offers environmental advantages as a consequence of its low 'carbon density' and its clean burning characteristics which result in significant reductions in harmful exhaust pollutants. Furthermore, as an indigenous energy resource it provides an answer in the coming decades to the decline in Australia's crude petroleum reserves in relation to international supply.

3.49 The ANGVC supported the extension of the proposed legislation to give maximum effect to the development of economically and operationally viable alternative fuels, including natural gas. It submitted:

The ANGVC supports legislative measures that provide an administrative and commercial environment in which natural gas and other viable alternative transport fuels are allowed to emerge on the basis of environmental and strategic merit.²⁷

3.50 CSR Distilleries raised concerns about the treatment of Diesohol²⁸ under the existing legislation. The Australian Taxation Office (ATO) is of the view that Diesohol fits within the DAFGS broad definition of 'diesel fuel' and is eligible for the diesel fuel grant scheme. However, CSR Distilleries is concerned that this does not take into account an important characteristic of the fuel:

The volumetric fuel consumption of an engine operating on Diesohol is higher than when operating on diesel fuel, due to the lower energy content of ethanol when compared to diesel fuel.

26 Caltex, *Submission 8*.

27 Australian Natural Gas Vehicles Council, *Submission 12*.

28 Diesohol is a emulsion of azeotropic ethanol in diesel fuel stabilised by a chemical emulsifier. It usually contains 15% ethanol by volume. It is used in modified diesel engines which remain compatible with operation with straight diesel fuel.

However, the ATO position does not take into account the ethanol content of Diesohol with the consequent engine/vehicle adaptation cost and higher volumetric fuel consumption compared to diesel fuel.²⁹

3.51 CSR Distilleries noted that under the DAFGS the grant rate for ethanol is higher than the grant rate for diesel fuel. This is due to the higher capital cost of an ethanol engine compared to a diesel engine, and the higher volumetric fuel consumption of ethanol compared to diesel fuel. It went on to say that the Australian Greenhouse Office has advised Treasury that it considers Diesohol suitable for inclusion under the DAFGS. CSR Distilleries concluded by saying that:

The Committee are encouraged to address the inconsistency in the treatment of Diesohol under DAFGS. Without a change it will have a very significant negative impact on our efforts to commercialise Diesohol.³⁰

3.52 Similar evidence was given by the Australian Biofuels Association which asked that Diesohol be approved as a fuel under the Bills. The Association said that ‘the failure to specify diesohol in DFRS/DFAGS has resulted in a delay of three years in the commercial introduction of diesohol in the Australian diesel fuel market’.³¹ Treasury explained the basis for the current treatment of diesel blends and the possible alternative treatment, as follows.

... a fuel that is predominantly a blend of diesel gets the diesel rate but an alternative fuel that is a pure fuel, be it ethanol or whatever, gets the rate that is in force for that fuel.³²

You could give a different rate if you were to say that an alternative fuel, for argument’s sake, was X per cent of something blended with Y per cent of something else and there was a fuel standard in place.³³

3.53 The Australian Biofuels Association also raised the issue of the treatment of biodiesel and asked that it be included as an approved fuel under the scheme. In later questioning Treasury were asked about the treatment of biodiesel under the excise system and the grants schemes.

The issue around biodiesel is further complicated by the fact that biodiesel is not one product; biodiesel is a whole suite of products and it depends on what you are actually talking about. The nature of the end fuel depends on what you make it from. You can make it from virtually any oil or fat—indeed, you can make it from tallow, recycled cooking oil, canola oil or a variety of other things. The environmental impact of those fuels varies quite considerably. From an environmental perspective, for example, I understand it is far better to use biodiesel made from recycled cooking oil

29 CSR Distilleries, *Submission 18*.

30 CSR Distilleries, *Submission 18*.

31 Australian Biofuels Association, *Submission 16*.

32 Mr Colmer, Treasury, *Committee Hansard*, 18 March 2003.

33 Mr Colmer, Treasury, *Committee Hansard*, 18 March 2003.

than to actually grow crops specifically for the production of biodiesel. The problem arises from the number of issues that flow from that, not the least of which is the establishment of an appropriate fuel standard for biodiesel. We are waiting for further work to be done on that before we can adequately resolve some of the issues around the treatment of biodiesel both in the excise system and in the grants system.³⁴

Administration of the Current Scheme

3.54 During the public hearing, Committee members raised questions about the cost of compliance with the existing scheme. However, none of the witnesses who appeared before the Committee expressed concerns about the compliance costs or the administration of the scheme by the Australian Taxation Office. Representatives of the Australian Trucking Association said that:

We have found the scheme easy to administer and easy to claim and we have found the tax department's response to be very positive whenever there has been an issue. So I would put forward, as an operator, that it has been a very good scheme for us and it has certainly not been heavy on the paperwork et cetera. We do all ours by electronic lodgement and receive our monthly grant via electronic lodgement.³⁵

At quite a few council meetings, I have had members who have reported on being audited and that sort of thing. I found it interesting that the members, of whom I have 20 on my council, spontaneously moved a motion and they asked me to write to Tax saying that they were very happy with the administration.³⁶

3.55 However, the ATA did note that there may be some concerns about eligibility under the current scheme. Other witnesses indicated that there have been a number of measures directed at smaller operators who have had issues, and that the Fuel Schemes Advisory Forum has been involved in that process.

3.56 The Minerals Council of Australia raised an issue about Administrative Appeals Tribunal decisions on private rulings under clause 24E of the Energy Grants (Credits) Scheme (Consequential Amendment) Bill 2003.

The proposed section 24E requires that any Administrative Appeals Tribunal (AAT) decision as to the entitlement to a grant cannot be varied or amended or ignored by the claimant after expiration of the decision appeal period where the AAT or other court subsequently hands down a more favourable decision in respect of another claimant. That is, the claimant cannot apply the later decision even though it must be seen as the better

34 Mr Colmer, Treasury, *Committee Hansard*, 18 March 2003.

35 Mrs Kathleen Williams, Director, Australian Trucking Association, *Committee Hansard*, 18 March 2003.

36 Mr Robert Gunning, Chair, Taxes Charges and Roads Council, Australian Trucking Association.

decision (as it was taken in full knowledge of the earlier AAT decision and yet arrived at a different conclusion). The MCA recommends the Bill be amended to rectify this anomaly.³⁷

Non-disallowable Determination

3.57 In its Alert Digest No.2 of 2003, the Senate Standing Committee for the Scrutiny of Bills drew the attention of Senators to Clause 9 of the Energy Grants (Credits) Scheme Bill 2003. That clause would allow the Commissioner of Taxation to make a determination defining which operations of a vehicle were, or were not, taken to be a journey. The Scrutiny of Bills Committee has sought the Treasurer's advice about why these determinations are not subject to the usual Parliamentary oversight. The comments of the Committee are reproduced at Appendix 3.

37 Minerals Council of Australia, *Submission 17*.

CHAPTER 4

Conclusion and recommendations

4.1 The evidence received by the Committee during its inquiry almost universally supported the continuance of the benefits available under the existing Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme. Witnesses before the Committee emphasized both the importance of these Bills and need to secure a speedy passage through Parliament to provide industry with certainty about the continuation of the current benefits under the new scheme.

4.2 The Committee received considerable evidence about a range of proposals aimed at addressing environmental issues. While many of these proposals have some merit they lay outside the intended scope of the Bills which are before the Parliament and are being considered by the Government through a separate process. The Committee considers that the passage of these Bills should not be delayed while these proposals are being considered.

4.3 Some parties to the Committee's inquiry raised concerns that the regulations which will be required to complete the process of implementing the new scheme have not been made available in draft form. The Government has provided assurances, which the witnesses accepted, that the regulations will replicate those under the existing schemes and that the current availability of rebates will be maintained. Nevertheless, it is desirable that the draft regulations be published as soon as possible.

4.4 As discussed earlier in this Report, the National Farmers Federation argued forcefully, and persuasively, that the Diesel Fuel Rebate Scheme is not a subsidy but a rebate of excise, and that the new scheme should not be known as a grants scheme. This view was supported by other witnesses who appeared before the Committee. The Committee concurs with this view.

Recommendations

- 1. The Committee recommends that the title of the Bills be amended to refer to rebates instead of grants, and that the scheme be referred to as a rebate scheme.**
- 2. The Committee recommends that the draft regulations be published as soon as possible.**
- 3. The Committee recommends that the Bills proceed in their current form.**

Dissenting Report
Senator Lyn Allison: Australian Democrats

Energy Grants (Credits) Scheme Bill 2003 and Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003

The Democrats acknowledge the need for this legislation given the expiration of the current provision for diesel rebates, credits and alternative fuel grants on 30 June 2003. However these bills effectively maintain the status quo, contrary to the commitment made by the Prime Minister that the Energy Grants (Credit) Scheme would provide *price incentives and funding for conversion from the dirtiest fuels to the most appropriate and cleanest fuels*.

We note that the Prime Minister's commitment was that this change would be in place by 30 June 2002 but was extended for 12 months with Opposition support.

Accordingly, the Democrats will not support these bills without agreement as to further incentives for moving to cleaner fuels.

SENATOR LYN ALLISON
Australian Democrats

Senate Economics Legislation Committee
Energy Grants (Credits) Scheme Bill 2003 and
Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003

ADDITIONAL COMMENT BY LABOR SENATORS

These bills establish an energy grants (credits) scheme to replace two existing fuel schemes, the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuel Grants Scheme, which cover off-road and on-road fuel usage respectively.

The information provided in the Submissions was very helpful to the Committee in the exploration of the Bills. Labor Senators commend those involved in the inquiry process for their constructive input.

Labor Senators support these bills in principle as they create a scheme that should maintain equivalent benefits and also achieve some rationalisation at the edges of the current system. However, we express our strongest dissatisfaction that the new scheme does not contain measures for cleaner fuels as promised in the original agreement for this scheme and subsequent legislation.

The Opposition reserves its final position on the Bills until the following matters are addressed by the Government.

Cleaner fuels incentives

Evidence provided to the Committee establishes unequivocally that the Government has broken its explicit and legislated promise to come forward with new incentives for cleaner fuels as the integral part of this new scheme.

For example, Mr Frilay from BP Australia noted that

The ANTS package, back in 1999, had two commitments about petroleum products ... The second was a commitment associated with the Energy Grants (Credits) Scheme to do something about clean fuels. This is not in the bill, and our submission is to ask you to rectify that.¹

Similarly, Mr Henry from the Australian Conservation Foundation stated that

We are very concerned that these bills appear to be dumping the environmental commitments originally mooted and contained in the energy credit scheme and that, potentially, we are losing an important opportunity to provide active encouragement for the move to the use of cleaner fuels through a revised energy credit scheme. We are concerned that there does appear to be a backing away from the Prime Minister's commitments to the *Measures for a Better*

¹ Committee Hansard, 18.3.03, p. E21

Environment package and that there is a related slippage in the Greenhouse Gas Abatement Program, which has been significantly underspent.²

We note that one effect of these Bills will be to repeal the *Diesel and Alternative Fuels Grants Act 1999*, which contains a legislative commitment that the

The purpose of the Energy Grants (Credits) Scheme will be to provide active encouragement for the move to the use of cleaner fuels by measures additional to those under this Act, while at the same time maintaining entitlements that are equivalent to those under this Act and the Diesel Fuel Rebate Scheme, including for use of alternative fuels

[Section 4, Clause 2, *Diesel and Alternative Fuels Grants Act 1999*].

Evidence to the Committee makes it clear that this commitment does not occur elsewhere in legislation, which raises serious questions about future Government accountability on this issue. Accordingly, Labor Senators do not believe that it is appropriate that this commitment be repealed without a replacement being put into place.

Consultation on the final form of an energy grants scheme and the regulations has not been open and appears to have been selective. For example, the Mr Apps from the Bus Industry Confederation said

In relation to consultation, it has really been driven by industry behind the scenes with each of the political parties, from my perspective of trying to find out where it is actually heading and what it might end up looking like. The fact is that this Senate Economics Legislation Committee inquiry, whilst a useful forum, is probably the first one, and the time frame is very short...³

while Ms Cronin from the NFF said

In response to Senator Conroy's query about consultation, we feel that we have been fully consulted not just through the Fuel Schemes Advisory Forum but also through other meetings with senior Taxation Office officials and senior Treasury officials, mainly at their behest, I might say.⁴

Industry also took the opportunity to discuss the related issue of the Treasurer's decision to delay the planned 1 January 2003 one cent excise differential between diesel and ultra low sulphur diesel (ULSD). The Treasurer announced a six month delay on 24 December 2002.

² Committee Hansard, 18.3.03, p. E22

³ Committee Hansard, 18.3.03, p. E10

⁴ Committee Hansard, 18.3.03, p. E10

Evidence was provided to the Committee that delays and uncertainty arising from the Government's inaction on its commitments, including the ULSD issue, are compromising industry investment to meet anticipated growing demand for cleaner fuels. Mr Frilay from BP said

Whether it be by an excise differential or via a production subsidy, we just want the thing in. The industry had spent about \$300 million in investment, on the basis of it. We spent about \$200 million and we have another \$90 million to spend, to further upgrade refineries, which is hinging upon this. So it is important for us.⁵

Labor Senators are particularly concerned that development of cleaner fuels incentives has been left entirely to the new Energy Task Force. Evidence to the Committee confirms that this Task Force has conducted its activities with no public accountability or consultation, and that it has no timeframe for producing recommendations or policy proposals. Accordingly, Labor Senators remain extremely sceptical about whether the Government will ever meet its promises with regard to cleaner fuels incentives.

This explicit broken promise simply adds to the manifest other failures of the Government's *Measures for a Better Environment* (MBE) package, negotiated as part of the GST deal in 1999. In this regard, the Committee may wish to consider the use and efficacy of various tax and expenditure incentives in the MBE package to influence social and economic conduct as part of its broader reference to look at the structure and distributive effects of the Australian taxation system. In addition, the Senate may wish to take up the egregious failures of implementation of the broader MBE package in a broader reference to the Senate Environment, Communications, Information Technology and the Arts Committee.

Eligibility of shipping operators

Considerable uncertainty remains regarding the eligibility of foreign shipping operators when trading domestically under single and continuing voyage permits (SVPs and CVPs respectively).

Mr Colmer and Mr Harms from the Treasury confirmed in their evidence that all operators engaged in marine transport will qualify for the grant, regardless of their register, cargo or direction of their journey, but could not confirm those operating under SVPs and CVPs can apply. Information on how much eligible fuel is used by vessels operating under SVPs and CVPs is also outstanding.

Labor has strong concerns that the grant scheme will be used to assist the Howard Government's apparent preference to increase the number of foreign registered vessels in the domestic transport trade.

Regulations

⁵ Committee Hansard, 18.3.03 p.

Labor Senators note that the evidence presented to the Committee makes it clear that the actual operation of the new scheme is critically dependant upon parameters which will be set out in accompanying regulations.

Indeed, Mr Brownbill, appearing on behalf of Alcan, noted that regulations

can be made which would prescribe different amounts per litre of rebate, or grant, depending on:

... whether the fuel purchased is on-road diesel fuel, on-road alternative fuel or off-road diesel fuel, or a particular type of on-road diesel fuel, on-road alternative fuel or off-road diesel fuel.

There are various other matters and they are all discretionary.⁶

These regulations are still yet to be presented to the Parliament. Given the extensive range of these regulations, Labor Senators consider that the Senate will only be able to assess this legislation properly once the draft regulations have been made available.

This is a matter of particular concern because of dramatic changes between the Government's previous public announcements on tax reforms, and the presentation of actual proposals to Parliament. Thus, while continuing to support the Bills in principle (including their proposed operative date of 1 July 2003), we consider that the Bills should remain before the Senate until the accompanying regulations are available for parliamentary scrutiny.

SENATOR JACINTA COLLINS
Labor Senator for Victoria

SENATOR RUTH WEBBER
Labor Senator for Western Australia

⁶ Committee Hansard, 18.3.03 p.E8

APPENDIX 1

Submissions Received

Submission No 1	Truck Industry Council
Submission No 2	BP Australia
Submission No 3	National Association of Forest Industries Ltd
Submission No 4	Bus Industry Confederation
Submission No 5	Association of Mining and Exploration Companies (Inc)
Submission No 6	National Farmers' Federation
Submission No 7	Total Environment Centre Inc.
Submission No 8	Caltex Australia Limited
Submission No 9	Australian Trucking Association
Submission No 10	The Treasury
Submission No 11	Australian Conservation Foundation
Submission No 12	Australasian National Gas Vehicles Council
Submission No 13	Australian Liquefied Petroleum Gas Association Ltd
Submission No 14	Brambles Industrial Services -Western Australia
Submission No 15	ACIL Tasman
Submission No 16	Australian Biofuels Association
Submission No 17	Minerals Council of Australia
Submission No 18	CSR Distilleries

Tabled documents

BP Australia – Potential greenhouse gas abatement from clean fuels and new generation engines in road transport

Department of the Treasury - Statistical on diesel fuel rebate payments

Additional information

BP Australia – Results of the Millbrook trial.

Department of the Treasury – responses to questions taken on notice.

APPENDIX 2

Public Hearing and Witnesses

Tuesday, 18 March 2003, Canberra

Australian Trucking Association

Althaus, Mr Christopher, Chief Executive Officer

Gow, Mr Neil, Manager, Government Relations

Gunning, Mr Robert John, Chair, Taxes, Charges and Roads Council

Williams, Mrs Kathleen Eleanor, Director

Bus Industry Confederation

Apps, Mr Michael Shane, Executive Director

Alcan South Pacific Pty Ltd

Brownbill, Mr George Metcalfe, Government Relations Consultant

Department of the Treasury

Colmer, Mr Patrick, General Manager, Indirect Tax Division

Harms, Mr Michael, Manager, Indirect Tax Division

Preston, Ms Kate, Policy Analyst,

National Farmers Federation

Cronin, Ms Anna, Chief Executive Officer

Potter, Mr Michael, Policy Manager, Economics

BP Australia

Frilay, Mr William John, Manager, Government Relations

Metcalfe, Mr Peter James, External Affairs Manager, BP Australia

Australian Biofuels Association

Gordon, Mr Robert George, Executive Director

Australian Conservation Foundation

Henry, Mr Donald James, Executive Director

Smith, Mr Wayne Christopher, National Liaison Officer

Australian Liquefied Petroleum Gas Association

Neilsen, Mr Warring, Representative

Truck Industry Council

Pennington, Mr Terry, Chief Executive Officer

Elgas

Russell, Mr Chris Brian, Market Development Manager

Neilsen, Mr Warring, Manager, Corporate Affairs

APPENDIX 3

Comments of the Senate Standing Committee for the Scrutiny of Bills

In its Alert Digest No.2 of 2003, the Senate Standing Committee for the Scrutiny of Bills made the following comment on Clause 9 of the Energy Grants (Credits) Scheme Bill 2003.

Non-disallowable determinations

Clause 9 would permit the Commissioner of Taxation to make a written determination which would, in effect, define which operations of a vehicle were a journey, for the purposes of the legislation, and which were to be taken not to be a journey. It would appear that this power is legislative in character, but apparently it is not subject to any form of Parliamentary Scrutiny. The Committee there seeks the Treasurer's advice as to why these determination are not subject to the usual Parliamentary oversight.

Pending the Treasurer's advice, the Committee draws Senator's attention to the provision, as it may be considered to trespass unduly on personal rights and liberties, in breach of principle 1(a)(1) of the Committee's terms of reference.