

# **Diesel and Alternative Fuels Grants Scheme Amendment Regulations 2002 (No. 1) 2002 No. 54**

## **EXPLANATORY STATEMENT**

### **STATUTORY RULES 2002 No. 54**

Issued by authority of the Minister for Revenue and Assistant Treasurer

*Diesel and Alternative Fuels Grants Scheme Act 1999*

Diesel and Alternative Fuels Grants Scheme Amendment Regulations 2002 (No. 1)

The *Diesel and Alternate Fuels Grants Scheme Act 1999* (the Act) provides for the payment of grants for the use of diesel and alternative fuels in certain on-road transport operations.

Section 63 of the Act provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Section 10B of the Act, as amended by item 13 of Schedule 1 to the *Fuel Legislation Amendment (Grant and Rebate Schemes) Act 2001*, provides that the regulations may prescribe one or more methods of calculating the amount of fuel eligible for a fuel grant during a grant period. The amended section 10B(2) of the Act provides that the methods prescribed may differ according to either the kind of claim being made or the circumstances in which the subject of the claim was used.

The amended section 10B will commence on 1 April 2002.

The purpose of the amending Regulation is to amend the Diesel and Alternative Fuels Grants Scheme Regulations 2000 to insert a new regulation 6A that prescribes 5 different methods of calculating the amount of fuel eligible for a grant depending on the claimant's circumstances.

A fuel grant is available to entities for the on-road use of diesel and alternative fuels in operating vehicles that have a gross vehicle mass of 4.5 tonnes or more and are registered for use on a public road. An entity is entitled to a grant to the extent that it uses diesel or alternative fuel in carrying out eligible activities.

Under section 11 of the Act the amount of fuel grant payable in relation to the use of a particular type of fuel in a grant period is calculated by multiplying the amount of fuel calculated under section 10B of the Act by the amount per litre (or cubic metre) prescribed for that type of fuel.

Section 10B of the Act provides the basis for calculating the amount of a particular type of fuel that was used in an eligible vehicle in carrying out eligible activities during a grant period.

The methods for calculating the amount of fuel prescribed in the regulations replace an existing statutory formula contained in existing subsections 10B(1) and (2). The regulation will reduce record keeping and compliance costs for many businesses by simplifying the calculation of the amount of fuel eligible for a grant.

Under the regulation claimants will be able to select the method for calculating the use of eligible fuel which best reflects their individual business circumstances.

Details of the amending Regulation are provided in the attachment.

The amending Regulation commences on 1 April 2002.

## **ATTACHMENT**

### **Regulation 1 - Name of Regulation**

This regulation provides for the regulation to be named the Diesel and Alternative Fuels Grants Scheme Amendment Regulations 2002 (No. 1).

### **Regulation 2 - Commencement**

The regulation provides that the regulation commences on the commencement of item 13 of Schedule 1 to the *Fuel Legislation Amendment (Grant and Rebate Schemes) Act 2001*.

### **Regulation 3 - Amendment of Diesel and Alternative Fuels Grants Scheme Regulations 2000**

This regulation provides that Schedule 1 amends the Diesel and Alternative Fuels Grants Scheme Regulations 2000.

### **Schedule 1 - Amendments**

Item 1 of Schedule 1 inserts Regulation 6A into the Diesel and Alternative Fuels Grants Scheme Regulations 2000.

The regulation prescribes that the methods set out in Schedule 6A are made pursuant to subsection 10B(1) of the Act (Subregulation 6A(1)).

The prescribed methods set out in Schedule 6A are: (a) the full entitlement method; (b) the complete records method and its variation; (c) the percentage use method; (d) the industry standard method; (e) the small claimants estimation method (Subregulation 6A(2)).

The schedule sets out the circumstances in which the various methods and their variations may be used (Subregulation 6A(3)).

Only one method per vehicle may be used to work out the quantity of a particular type of fuel used in a vehicle during a grant period (Subregulation 6A(4)).

Item 2 of Schedule 1 inserts Schedule 6A into the Diesel and Alternative Fuels Grants Scheme Regulations 2000

### **Schedule 6A**

Prescribes 5 methods for working out eligible use of fuel and is divided into 6 Parts.

#### *Part 1 - Interpretation - total quantity of fuel*

This part directs how to calculate the 'total quantity of fuel' used in a vehicle during a grant period.

It specifies that where the complete records method (set out in Part 3) is used the 'total quantity of fuel' is the amount of 'tank fuel' minus 'stationary use'. Tank fuel is the amount of fuel purchased or imported into Australia and placed in the tank of the vehicle during the grant period less any 'unused fuel'. Stationary use applies only where the amount of fuel used during the grant period while the vehicle is stationary is more than 20%, and the amount of fuel is so

used. Unused fuel is the amount of tank fuel not used in the vehicle during the grant period because of one of the reasons specified in the definition (subclause 1.1(1) and (2)).

Where one of the remaining methods (set out in Parts 2, 4, 5 and 6) is used, the total quantity of fuel is the amount of tank fuel as defined in subclause 1.1 (2) (subclauses 1.2(1) and (2)).

#### *Part 2 - Full entitlement method*

The full entitlement method allows claimants whose vehicle operations are fully eligible for a grant to calculate the amount of eligible fuel by reference to the total quantity of fuel used in the vehicle during the grant period.

Part 2 prescribes when a claimant may use the full entitlement method (subclauses 2. 1 (a) and (b)). The method for working out the quantity of fuel used by a vehicle during a grant period is to calculate the total quantity of fuel worked out under clause 1.2 (clause 2.2).

#### *Part 3 - Complete records method and its variation*

The complete records method allows claimants whose vehicle operations are fully or eligible partly for a grant to calculate the amount of eligible fuel by apportioning the total quantity of fuel used in the vehicle equally over the use of the vehicle.

Part 3 prescribes when a claimant may use the complete records method and its variation (clause 3.1), A formula is provided for working out the quantity of fuel used by a vehicle during a grant period where the total quantity of fuel is multiplied by eligible use over total use (subclause 3.2(1)).

A variation of the complete records method allows the ratio of eligible use to total use calculated for a grant period (subclause 3.2 (1)) for one vehicle to be applied to other vehicles that are used in a similar way during a grant period (subclauses 3.2(2) and (3)).

#### *Part 4 - Percentage use method and its variations*

The percentage use method allows claimants whose vehicle operations are fully or partly eligible for a grant to calculate the amount of eligible fuel usage by multiplying the total quantity of fuel by a sample percentage.

Part 4 prescribes when a claimant may use the percentage use method and its variations (subclauses 4.1 (a) and (b)). A formula is provided for working out the percentage use of the total quantity of fuel used in the vehicle in the grant period (subclause 4.2(1)).

A variation of the percentage use method allows the ratio of eligible use to total use calculated in a grant period (subclause 4.2(1)) for one vehicle to be applied to other vehicles that are used in a similar way during a grant period (subclause 4.2(3)).

A further variation of the percentage use method specifies that if more than \$2,500 is claimed in fuel grants in respect of a financial year, then a new sample percentage must be determined based on a sample period that begins and ends in the following financial year (subclause 4.2(4)).

Another variation provides a formula for claimants with 2 or more vehicles to calculate the percentage of eligible use of the total quantity of fuel used in all vehicles (subclause 4.2(5)).

#### *Part 5 - Industry standard method*

The industry standard method allows claimants whose vehicle operations are partly eligible for a grant and where more than 20% of the total quantity of fuel is consumed while the vehicle is stationary, to calculate the amount of eligible fuel usage by applying an industry standard.

Part 5 prescribes when a claimant may use the industry standard method (subclauses 5.1 (a) and (b)). A formula is provided for working out the quantity of fuel used in a grant period where the total quantity of the fuel is multiplied by the relevant standard (clause 5.2). The relevant standard is prescribed to be that which will be determined by the Australian Taxation Office (clause 5.2).

#### *Part 6 - Small claimants estimation method*

The small claimants estimation method allows a claimant whose vehicle operations are partly eligible for a fuel grant and who receives less than \$1,000 in fuel grants in any financial year to calculate the amount of eligible fuel usage by using estimates of eligible and total use.

This part prescribes when a claimant may use the small claimants estimation method and specifies a limit of \$1,000 for a total grant during a financial year (subclauses 6.1 (a) and (b)).

A formula is provided for working out the quantity of fuel used during a grant period where the total quantity of the fuel is multiplied by estimated eligible use over estimated total use (clause 6.2).