

ONLINE ARTICLE

| | |
|---------------------|---|
| Title: | "Miners sound warning on removal of diesel fuel rebate" |
| Authors: | Babs McHugh and Anna Vidot |
| Date: | Wednesday, 2 May 2012 |
| Publication: | ABC Rural |
| Copyright: | ABC |
| Address: | < http://www.abc.net.au/rural/news/content/201205/s3493748.htm > |
| Accessed: | Friday, 22 June 2012 |



Massive diesel powered turbines at Citic Pacific iron ore mine near Karratha, WA. Miners say diesel fuel rebate helps with costs of running such plant. (Babs McHugh)

The mining industry warns that the removal of the diesel fuel rebate would drive up the costs of building the family home.

The Greens want the rebate dropped in next week's Federal Budget, labelling it nothing more than a subsidy for miners.

The rebate was introduced for miners and farmers to claw back some of the excise payable on diesel, that was originally intended to help fund road building.

That excise is 60 cents a litre and the rebate is 38 cents, which will be reduced to 32 cents after the introduction of the carbon tax.

Jason Kuchel, from the South Australian Chamber of Mines and Energy, says removing the diesel fuel rebate would have knock-on consequences for the community.

"If the rebate comes off of mining, because mining includes mining for clay to make bricks and silica to make glass, it actually means that the cost of building a home and other things you use those mining products for would actually increase," he said.

"So at the end of the day it's actually going to come out of people's pockets."

Mr Kuchel says it's important to understand why the rebate was introduced in the first place.

"The diesel fuel excise was earmarked for road construction, infrastructure and maintenance," he said.

"But it was recognised that the agricultural and mining sectors use a lot of diesel without actually using that road infrastructure, so it was determined it was appropriate to give a rebate for that excise.

"It was never a subsidy, and in fact many mines in remote areas not only use the diesel in trucks and machines on the minesite itself, but they're also using diesel to generate their own power."

The mining sector is the largest claimant under the Federal Government's Fuel Tax Credit Scheme, which was introduced in 2006.

Its aim was to allow eligible businesses and people to claim a refund on the excise included in the cost of fuel.

That's because the fuel excise is designed to pay for public roads, but people like farmers and miners use much of their diesel on properties or private roads, so they're eligible for a rebate on the cost of their fuel.

A report produced by the National Audit Office found the Federal Government paid out about \$5 billion in fuel tax credits in the 2009-10 financial year.

Of that \$5 billion, \$1.7 billion went to the mining sector.

The next largest claim was from the transport, postal and warehousing sectors combined, which received fuel rebates worth just over \$1.1 billion.

Together, agriculture, forestry and fisheries came in third, claiming \$641 million in fuel rebates in 2009-10.

The Greens are not calling for the government to remove the tax rebate that's paid to farmers, fishers or transporters.

Kay Matthias, the general manager of the Rural Financial Counselling Service in South Australia, says the rebate is essential for farmers who rely so heavily on diesel, with no alternative.

Philip Halton, the executive director of the Australian Livestock and Rural Transporters Association, says it's also essential to the viability of trucking businesses.

Spokesmen for the Agriculture Minister and Deputy Treasurer have told the ABC that the government doesn't comment on Budget speculation.