

Attachment A: A brief history of fuel excise in Australia

Federation 1901 to 1929	Imports of diesel and petroleum products were subject to tariffs.
1929 to 1959	Excise on petrol was introduced to finance road funding. The revenue was hypothecated for this purpose until 1959.
1957	Excise was applied to diesel for the first time (for on-road use only) reflecting the hypothecation of all excises to road funding. Excise was not applied to diesel used in off-road activities.
1982	With the introduction of the Diesel Fuel Rebate Scheme all off-road users of diesel were required to pay excise, however some were eligible to claim for a partial or full rebate. A surcharge of 1 CPL was introduced to establish a roads program under the <i>Australian Bicentennial Road Development Trust Fund Act 1982</i> . Under this and other road funding legislation, the component of fuel excise directly linked to road expenditure varied during the 1980s (up to around 6 CPL).
1983	Indexation, in line with upwards movements in the CPI, was introduced for petroleum excise rates to maintain the real value of excise collections.
1992	Since 1992, successive Australian Governments have established road funding levels solely in the budget process and there has been no effective link between fuel excise and road expenditure.
1997	The Australian Government increased the excise rate by an amount equal to the highest State business franchise fees (BFF) and States established schemes to subsidise fuel by the difference between their former BFF and the amount of the excise increase. This followed a series of High Court cases that effectively meant that the states cannot impose excise. ¹⁷
2000	The rate of excise on petrol and diesel was cut by 6.656 CPL with the introduction of <i>The New Tax System (Goods and Services Tax) Act 1999</i> .
2001	The excise rate was cut by 1.5 CPL and indexation of petroleum products excise rates was abolished. The 1.5 CPL excise reduction applied to all uses of petroleum fuels that attracted the full rate of excise duty, with products attracting a concessional rate receiving a proportional reduction. Abolition of indexation applied to all petroleum fuels with the exception of lubricants.
2009	Last State subsidy for petroleum fuels (Queensland) removed from 1 July 2009.
2014	Indexation of petroleum excise rates resumed (from 10 November 2014).
2022 (30 Mar - 28 Sep)	Petroleum excise rates were halved temporarily.

Sources:

Fuel Taxation Inquiry, *Issues Paper*, Box 5.1, Australian Government, August 2001

Queensland Treasury, *Fuel Subsidy Scheme*, Archived original, August 2009

M Cormann, *Transcript - Press Conference - Implementation Arrangements for Fuel Excise*, October 2014

2022-23 Budget, Australian Government, 2022

¹⁷ [Federalism Up in Smoke? The High Court Decision on State Tobacco Tax – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)