The Senate

Economics Legislation Committee

Provisions of:

Fuel Tax Bill 2006

Fuel Tax (Consequential and Transitional Provisions) Bill 2006

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

© Commonwealth of Australia 2006

ISBN 0 642 71670 6

Senate Economics Legislation Committee

Members

Senator George Brandis, Chair

Senator Ursula Stephens, Deputy Chair

Senator Grant Chapman

Senator Andrew Murray

Senator John Watson

Senator Ruth Webber

Queensland, LP

New South Wales, ALP

South Australia, LP

Western Australia, AD

Tasmania, LP

Western Australia, ALP

Subsitute Members

Senator Allison to replace Senator Murray for matters relating to the Resources portfolio

Participating Members involved in this inquiry

Senator Lyn Allison Victoria, AD Senator Barnaby Joyce Queensland, NATS

Secretariat

Mr Peter Hallahan, Secretary Ms Stephanie Holden, Senior Research Officer Ms Jenene James, Estimates/Research Officer Ms Kerry West, Estimates/Research Officer Ms Judith Wuest, Executive Assistant

PO Box 6100 Parliament House Canberra ACT 2600 Ph: 02 6277 3540

Fax: 02 6277 5719

E-mail: economics.sen@aph.gov.au

Internet: http://www.aph.gov.au/senate/committee/economics_ctte/index.htm

TABLE OF CONTENTS

Membership Legislation Committee	iii
CHAPTER 1	1
Introduction	
Background	1
Conduct of the Inquiry	1
The Committee's Inquiry	1
CHAPTER 2	3
The Bills	
The Bills	3
Existing schemes of fuel tax relief	4
Changes to the existing system	4
Excise payable on fuel used other than in an internal combustion engine	5
Alternative Fuels	6
Membership of the Greenhouse Challenge Plus Programme	7
CHAPTER 3	9
Issues	
Overview	9
The effects on cash flow and working capital	10
Effects of the reform package on oil recyclers	16
Effects on the biofuels industry	22
Fuel Sales Grants Scheme	29
Greenhouse Challenge Program	31
Labor Senators additional remarks	35
Australian Democrats additional remarks	37
Appendix 1 Submissions and Additional Information Received	61
Appendix 2 Public hearings and witnesses	65
Appendix 3 Additional Information – Biodiesel Association of Australia	67