

Issue

High international oil prices and increasing pressures on greenhouse gas emissions have stimulate the interest and viability of alternative fuels. As users of fuel, producers of feedstocks and consumers of feedstocks farmers are directly affected by the development of the alternative fuel industry. Farmers need to be in the position to benefit from the growth of an economically sustainable alternative fuel industry.

Background

- In October 2004 an Association Fuel Price Taskforce was formed to investigate the current petroleum situation, look at future scenarios for pricing and make recommendations to minimise future price increases. The taskforce found that of the alternative fuels that are available, biodiesel is the most attractive and ethanol is another viable alternative in the short term, with hydrogen showing promise for the future.
- In 2004 the Federal Government developed a white paper titled *Securing Australia's Energy Future* which outlined a number of changes to the fuel tax rebate systems.
- The Fuel Tax Act 2006 introduced changes to the excise arrangements for all fuels. It includes a number of changes to alternative fuel excise arrangements and the respective credits associated with these changes. These changes for biodiesel used on road are outlined in the following table.

	1-Jul	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excise		38.143	38.143	38.143	38.143	38.143	38.143	38.143	38.143	38.143	38.143
Cleaner Fuels Grant Scheme		38.143	38.143	38.143	38.143	38.143	30.5144	22.8858	15.2572	7.6286	0
Fuel tax rates		0	0	0	0	0	7.6286	15.2572	22.8858	30.5144	38.143
Alternative fuels taxed at 50%		0	0	0	0	0	3.8143	7.6286	11.4429	15.2572	19.0715
Road user charge*		19.633	19.633	19.633	19.633	19.633	19.633	19.633	19.633	19.633	19.633
Fuel Tax Credit**		0	0	0	0	0	3.8	7.6	11.4	15.3	19.1
Excise paid by transport operator		0	0	0	0	0	3.8143	7.6286	11.4429	15.2572	19.0715
* net excise paid by the transport operators (maximum excise payable where excise is charged) set March 2001											
** maximum credit available to transport operators where excise exceeds the road user charge											

- An anomaly in the current system means that although the intention is for fuels used in off-road applications to be excise free to manufacture and store excisable goods a manufacturer license is required. As an excise manufacturer you must report and pay \$0.38143 per litre on the quantity of biodiesel you manufacture and deliver into home consumption

What the Association is Seeking

- That Federal and State Governments take more concerted action and make more funds available for research and development of alternative fuels including the establishment of a biofuels CRC to research the development of biofuel specific crops to maximise yield potential and fuel production efficiency
- The removal of legislative impediments that restrict the "on farm" production and use of biofuels and that off-road use to be exempt from the payment of rebate or excise.
- Grains Council of Australia and the Federal Government to facilitate compliance of the oil producers in developing the domestic ethanol industry.
- More Government support for renewable energy sources and the dissemination of information on renewable energy technology advances.
- That alternate fuels be available to the consumer.