1. In August 2007, the Queensland Government established a Commission of Inquiry (the Commission) to consider and report on certain matters associated with the Queensland Fuel Subsidy Scheme (QFSS).
2. The Commission found that Queensland motorists are better off but the subsidy is not being fully passed on because the governing provision of the *Fuel Subsidy Act 1997* is unclear and that the current system of paying subsidies should not be continued because there is no means of ensuring end users are receiving the full benefit of the scheme.
3. The Commissioner noted that based on price comparisons with New South Wales and Victoria, on average, 2 cents per litre of the 8.354 cents per litre subsidy does not appear to be flowing through to consumers. Given that the QFSS was estimated to cost an estimated $541 million in 2007-08, the Commission stated that it could be concluded that well over $100 million a year is not going to the benefit of Queensland consumers.
4. The Commission concluded that the Queensland Government could either discontinue the subsidy or institute some new system for its distribution.
5. In light of the findings of the Commission and the Inquiry into Prices of Unleaded Petrol by the Australian Competition and Consumer Commission in 2007, the Government announced it would give detailed consideration to ways to improve delivery of the QFSS and the operation of the Queensland fuel market generally.
6. A discussion paper has been drafted with two suggested approaches. The first is a gross price model with a subsidy card based on driver’s licences (Option 1). The second approach is a gross price model with a subsidy card based on vehicle registration (Option 2). No residence criteria will be imposed under either approach.
7. Cabinet noted that community consultation will be undertaken on the basis of the Queensland Fuel Subsidy Scheme Proposed Changes 2009 Consultation Paper with a final decision on a subsidy card to be made after consultation.
8. *Attachments*

* [Queensland Fuel Subsidy Scheme Proposed Changes 2009 Consultation Paper](attachments/Fuel%20Subsidy%20Consultation%20Paper.pdf)