

**From:** Sierra (Aust) [mailto:Sierra@optusnet.com.au]  
**Sent:** Thursday, 25 May 2006 9:18 AM  
**To:** Economics, Committee (SEN)  
**Subject:** Excise Duty and Hydrocarbon Solvents  
25 May 2006

The Secretary,  
Senate Economics Legislation Committee,  
Suite SG.64, Parliament House  
Canberra ACT 2600.  
Re: Excise Duty and Hydrocarbon Solvents

To Whom it May Concern

Our Company is a small family business based in Brisbane, where we manufacture cleaning chemicals, as well as wholesale solvents such as; turpentine, General Purpose Thinners and Kerosene. We have been doing so for over a decade, supplying clients such as car detailers, mechanical workshops, and general industry. Although our monthly solvent purchases are modest by most measures, the effect of the proposed tariff will have a significant effect on our business cash flow, and will in some cases cause some of our clients to stop using solvents in their day to day business practices, which in turn will have a pronounced downturn in our profitability. Clearly a double edged sword, that we are unaware at this stage as to how we may overcome.

Many of our workshop clients use solvents such as kerosene to clean parts, and the quantities purchased from us are often 200 litre drums at a time. Whilst clearly these quantities present no threat to fuel sales, the clients will have to either bear the brunt of paying the tariff before receiving a refund, or stop using the product. Since many of our clients are existing on thin profit, the effect on them will be immediate. This is in addition to the accounting and administrative tasks involved, and the cost of same to enforce the change within the small business community.

We would submit that quantities as low as 20 litre containers be reviewed and raised to exclude 200 litre containers. This would keep the general industry at the lower levels exempt from the burden, and keep the focus squarely in the areas it should be.

Please consider this request in your review before July, as the cost in cash flow terms, and administration may well be too high for us and our clients.

Please feel free to contact the undersigned, if you require any further information in relation to our business.

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