



AgForce Queensland Industrial Union of Employers

ABN 21 241 679 171

First Floor 183 North Quay Brisbane
PO Box 13186 George St Brisbane Q 4003

Ph: (07) 3236 3100

Fax: (07) 3236 3077

Email: agforce@agforceqld.org.au

Web: www.agforceqld.org.au

24 May 2005

The Secretary
Senate Economics Legislation Committee
Suite SG.64, Parliament House
CANBERRA ACT 2600



Dear Secretary,

AgForce Queensland, Queensland's Peak rural advocacy group representing cattle, sheep and wool and grains producers, is extremely concerned at the proposed changes to the energy grants credits scheme that will make fuel tax claims only possible through a business activity statement (BAS).

Many of our members are concerned about the implication of the proposed changes on their business cash flow. Where under the current system businesses can claim their rebate immediately after purchase, the proposed system using the BAS will delay that rebate on excise paid for three or possibly 12 months, depending on the frequency of BAS returns.

Case Study 1

A family cattle production enterprise uses around 3,500 litres of off-road diesel per month. Immediately after purchase this business applies electronically for their off-road diesel rebate which equates to around \$1335. The introduction of the proposed reforms to the claim process will mean that this business will have around \$4000 to be returned after lodgement of their quarterly BAS. With immediate claim back under the existing process this \$4000 would be available for use in the business.

Case Study 2

For a reasonably large grains production enterprise the impacts of the proposed changes are more complex and have more significant cash flow implications. This grower claims 30,000 litres worth of diesel used both on (10%) and off (90%) road. His total monthly rebate is around \$10,800/month claimed electronically before the payment of the monthly fuel invoice. The removal of the immediate claim process will have a direct impact on the businesses overdraft of \$10,800 per month or \$32,400 during the period between BAS statements. Interest payments on that overdraft and the lost opportunity of using those funds in other business activities will be borne by the business.

Agricultural businesses are already feeling the impact of increasing fuel prices on their bottom line and the added cash flow strain that would be caused by the proposed changes will be significant for many businesses.

While we understand that with many more businesses becoming eligible for fuel tax rebates the administration system may need to be streamlined, however the use of an electronic process and immediate repayment of excise helps the bottom line of Australian businesses.

AgForce Queensland supports the submission by the National Farmers Federation into the Senate Committee's Inquiry into the *Fuel Tax Bill 2006* and we trust that the issues raised will be considered fully before the Bill is passed in its current form.

Yours Sincerely,

A handwritten signature in black ink that reads "P. C. Kenny." The signature is written in a cursive style with a large, sweeping "K" and a trailing flourish.

Peter Kenny
President, AgForce Queensland