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Committee Secretary  
Select Committee on the Scrutiny of New Taxes.  
PO Box 1600  
Parliament House  
Canberra ACT 2600

## **Submission to the Senate inquiry into Carbon Tax Pricing Mechanisms**

I David Wayne Boundy wish to make a submission to the Senate Inquiry into the effect of the proposed Carbon Tax on small business.

My present position is General Manager of Superair Australia. A company that was formed in Armidale in 1964 currently employing 20 local people. Superair's prime business focus is Aerial Agricultural operations around the New England Tablelands of NSW as well as specialized operations in other states of Australia. We presently operate 10 aircraft, mainly on Aerial Agricultural Operations on farms and for the Forestry industry. We also carry out Aerial Survey and Parachuting. More details on the activities of our company can be found on our website- [www.superair.com.au](http://www.superair.com.au)

My main focus is the effect the Carbon Tax will have on the major component of our business being our Agricultural and Forestry operations. Specifically the expected 5.588 cents per litre increase in Avgas and the 6.604 Jet A1 turbine fuel increase. This directly will add some \$30,000 to \$40,000 to our costs of aviation fuel per year just for our company alone. Across the Aerial Agricultural industry the additional cost could run over \$1,000,000.

One of the major issues I have is that the present Government's misleading advertising which can be viewed in any of the major newspapers, stating in black and white print "A

carbon price isn't a tax paid directly by householders or small business-it's paid by only 500 companies". This statement in my opinion has no foundation of truth whatsoever. The second statement being pushed by the Gillard government is that "agriculture is exempt from the tax" again this statement has no foundation of truth.

Why would I argue that these statements have no foundation of truth? If you take the aviation sector's contribution to Australia's total carbon emissions, it is less than 1.5 %. Of which the Australian Aerial Agricultural contribution to the total aviation sector is less than 2%. This makes as a percentage of the carbon emissions of Aerial agriculture less than .03% of the total Australian contribution. Does this make the Aerial Agricultural businesses one of the top 500 companies that this tax is supposedly aimed at, I think not!

Our business is solely dependant on agriculture as our name Superair and our profession suggests. For the government to come out openly and say that agriculture is exempt again I find hard to find the facts in that statement.

Because Superair operates in a very high capital cost industry with low margins, we will have no choice but to pass onto our clients the graziers or the forestry industry the increase in fuel costs that we will incur because of the direct burden of the carbon tax. If this makes agriculture exempt from the carbon tax in anyway shape or form I would be happy for someone to enlighten me as I may be missing an important point that the government is aware of and I am not!

With most of our clients be it grazing or Forestry industries they operate to a strict budget. They purchase a set amount of fertilizer depending on their budget for the year. It is not Rocket science to work out with the increase in Aerial spreading costs and the increase that will occur in fertilizer costs that our clients will purchase less fertilizer in any given year.

Another issue that highlights how inequitable this tax is to our company is that our direct competitor the Fertilizer Ground spreading industry utilizing trucks is exempt from the tax under the agricultural exemption. This gives our direct competitors a market advantage. As a direct result of increased fuel pricing, increased fertilizer costs and increase in costs over and above our direct competitors, Superair's turnover will ultimately decrease and therefore lead to loss of jobs within the company and the industry as a whole.

Superair has survived since 1964 by constantly becoming more efficient within our industry. Superair and I personally are not about opposing change and lessening industries impact on the environment. Just in the last week Superair has invested over \$1,000,000 in a new aircraft. This decision is not taken lightly by our company and is a major decision based on efficiencies to be gained by purchasing the most productive Aerial Agricultural aircraft for our type of operations being available in the world. This aircraft decreases the amount of fuel utilized per tonne of fertilizer spread therefore decreasing the carbon emissions of this company and also decreases the noise footprint, again making our operation more environmentally friendly for all concerned.

As you may now be aware Superair is constantly attempting to reduce its carbon footprint so we are fully aware that change from old practises needs to be made by all industries as a whole as time and cash flow permits. I do not think the carbon tax is addressing the real issues and there is too much equality in its present format especially for a small Australian business like Supcrair and our Aerial Agricultural industry as a whole.

If you would like any more information on the impacts of the proposed Carbon Tax would have on our small business please don't hesitate to contact me

Yours Faithfully

David Boundy  
Manager Superair Australia.