

The Western Australian Farmers
Federation (Inc)

Submission

to

Senate Economics Legislation Committee

Inquiry into the provisions of the Fuel Tax
Bill 2006 and the Fuel Tax (Consequential
and Transitional Provisions) Bill 2006

May 2006

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1. INTRODUCTION - BACKGROUND INFORMATION

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The Western Australian Farmers Federation (Inc) (WAFarmers) is WA's largest and most influential rural lobby and service organisation.

WAFarmers represents West Australian farmers from a range of primary industries including grain growers, meat and wool producers, horticulturalists, dairy farmers and beekeepers plus rural small business owners.

It is estimated that collectively our members are major contributors to the \$6.1 billion gross value of production that agriculture in its various forms contributes to Western Australia's economy (WA Agri-Food Industry Outlook – April 2006).

Additionally, through differing forms of land tenure, our members own, control and capably manage many millions of hectares of the State's land mass and as such are responsible for maintaining the productive capacity and environmental well being of that land.

2. PRIMARY PRODUCERS AND FUEL TAX CREDITS

Primary producers' use of fuel energy is significant in WA and the level of off-road use is particularly important (as recognised in the Fuel Tax Bill 2006) so WAFarmers commends the principles of this Bill. It also needs to be said that primary producers are price takers in a government disorientated global market place where as the Australian market place basically is unfettered from government control but not regulation red tape and inconsistencies.

The other key aspect of the fuel energy environment in Western Australia is that the fuel supply base for alternative fuels faces legislative and regulatory impediments that suit existing mineral based manufacturers. This means that regional based manufacturing is not competitive the multinationals and the reliance on imported fuel stock is continues, not a good strategic policy to have.

The following are provided as a means of improving the position and for addressing this situation and at least ensuring equitable access to fuel energy for primary producers wherever they live.

2.1 OFF-ROAD CREDIT FOR PETROL USE

While it is acknowledged that petrol will have full credit of effective fuel tax paid from 1 July 2008 primary producers' use of petrol in stationary engines on farm to power numerous functions exists now. On a typical WA farm around 1000 lts of petrol would be used in this manner per year. This may seem a small amount of money but these amounts add up and for simplicity reasons all fuel taxed inputs should be claimable.

Recommendation

That primary producers be able to claim the fuel tax credit on petrol used in the business activity from 1 July 2006.

2.2 ALTERNATIVE FUELS AND EFFECTIVE TAX RATES

The logic of offsetting the tax with a grant at the manufacturing stage to facilitate development is sound but WAFarmers contend that this negates any real incentive to develop regionally based processing facilities from a primary producer consumer perspective and that the grant should be treated as such to the manufacturer.

Recommendation

That the Cleaner Fuels Grant Scheme should not be offset for effective tax rate purposes for end users of alternative fuels, in particular primary producers.