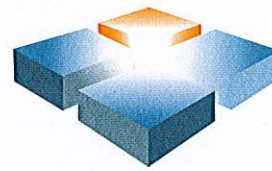


19 May 2009

Hon Andrew Fraser, MP
Treasurer
Level 9, Executive Building
100 George Street
Brisbane QLD 4000



CHAMBER OF
COMMERCE &
INDUSTRY
QUEENSLAND

Dear Treasurer

Queensland State Fuel Subsidy

The Chamber of Commerce and Industry Queensland (CCIQ) wishes to convey its strong support for the retention of the State Fuel Subsidy.

Under current arrangements, the State Government has supported Queensland road users with the subsidy to offset the High Court decision (*Ha vs New South Wales [1997] HCA 34*) which resulted in a Commonwealth-imposed tax on fuel.

The 8.354 cents per litre subsidy has effectively meant Queensland businesses enjoy a competitive advantage over their southern interstate competitors. The Chamber is very supportive of this concept.

There is a clear indication that Queensland businesses support retaining the current subsidy because of its vital importance to the State Economy. According to recent CCIQ research just prior to the State Election, over two-thirds of Queensland businesses support the retention of the fuel subsidy.

| Source: CCIQ 2009 Pre State Election Survey | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------|---------|----------|-------------------|
| Queensland motorists and businesses currently receive 8.354 cents per litre fuel subsidy from the Queensland Government. The State Government should retain the fuel subsidy scheme. | 41.3% | 25.0% | 16.6% | 8.9% | 8.2% |

Based on industry estimates imposing an 8.354 cents per litre fuel tax would increase the cost of road freight by between 3 – 4 per cent, which will negatively impact on many businesses across the State at a time when they can least afford it.

At the heart of the issue is the undeniable need for the State Government to return the State Budget to a surplus and restore the State's AAA credit rating. Indeed this is one of the key recommendations contained within our 'Blueprint for Growth'.

However CCIQ is overwhelmingly of the opinion that initiatives to deliver a surplus must come from efforts to improve the efficiency of the State Public Service, not increasing the costs to already struggling Queensland businesses.

CCIQ is aware of the representations being made by other organisations including the Royal Automobile Club of Queensland, Motor Trades Association of Queensland and the Queensland Trucking Association. We support their efforts and avail ourselves to any meeting that your Office may wish to organise to discuss this issue further.

Yours sincerely

Nick Behrens
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