

## **FARM PETROL EXCISE REFUND POLICY**

### **INTRODUCTION**

This Policy sets out the practices and procedures for adoption by the Dairy Holdings Ltd (DHL) Group to apply across managed farms.

### **BACKGROUND**

As a large scale Dairy Farming Company with operations throughout Canterbury, North Otago, West Coast and Southland, DHL needs to ensure a consistent Farm Petrol Excise Refund Policy (FRERP) is adopted across all the managed farms.

Adoption of a consistent FRERP will ensure that all farms utilize cost effective procedures for vehicle petrol use, plus ensures that a prevention programme by way of monitoring fuel use is in place to eliminate theft of petrol.

### **EXPLANATION**

#### **1. Why have a (FRERP)?**

- a) Petrol costs are a large expense borne by the Company.
- b) The need to have minimum numbers of suppliers ensures that farm needs for purchase, supply, and storage are met, and administration of the rebate of Petrol Excise Tax (PET) can be completed in a timely and efficient manner.
- c) PET is 53 cents per litre and can be claimed on every litre that is used in farming depending on a number of exceptions.

All petrol purchases are imposed with a PET. This is over 25% of the petrol cost, eg a farm bike using 45L (10 gallons) per week for 50 weeks of the year will be able to claim refund of \$1,192.50.

#### **2. How does this operate?**

##### **Petrol**

Before any petrol excise refunds can be made, the following conditions apply:

- If a petrol vehicle pays full registration – no claim for fuel rebate is allowed. (E Class – can claim)
  - E Class B – are farm vehicles, but distances on road are limited to a round trip 21k.

- Excise refund to be claimed every three months.
  - Petrol held on farm at start of the period
  - Plus petrol purchased
  - Less petrol held at period end

Equals petrol able to be claimed if 100% of the petrol use is used by E Class registered or Unregistered vehicles.

- Due to requirements of LTNZ each refund of Excise Tax requires a list of:
  - E Class B Licenced vehicles – including their make, model and licence plate, and
  - Unlicenced vehicles (bikes etc) – including their make, model, engine number, and year of manufacture.

### **3. How will this be managed?**

All petrol is for on-farm use and to be used in unregistered motorbikes (and chainsaws) or in E Class registered petrol vehicles.

The office staff will need to be kept informed of vehicles and equipment that use the petrol (this list is for insurance purposes as well) plus every three months the office will need to be informed of how much petrol is on hand at the end of each period.

DHL office staff will then apply for Petrol Excise Refunds every three months based on the petrol purchased (records held at office) and the above information from Farm Managers.

Company Policy requires all farm petrol vehicles and motorbikes to be E Class registered or unregistered.

### **4. Petrol Purchase Policy**

The DHL's Farm Storage and Usage Policy for all fuel purchased, stored and managed is in line with industry standards.

(Please see attached *HSNO brief for farmers – Storage of fuels on farms.*)

#### **Policy**

Exclusive Supplier's to Dairy Holdings Ltd Farms:

- **Allied Petroleum Ltd**
  - Canterbury, Otago and Southland Farms
- **Nelson Petroleum Distributors Ltd**
  - West Coast (Dairy) Ltd Farms.

Fuel should be ordered as below:

1. **Waitaki, Southland and West Coast farms** - Contact your Farm Supervisor; or
2. **Canterbury Farms** contact Allied Fuels (0800 383-566) quoting farm name and your name.

## **FARM STORAGE AND USAGE POLICY**

DHL's Farm Storage and Usage Policy is that all fuel purchased is stored and managed in accordance with industry standards.

## **THE PETROL POLICY IN SUMMARY**

1. All farm vehicles that use Petrol will be:
  - E Class registered; or
  - Unregistered

*Note: All farm trucks that travel on public roads need to be registered (full registration or E Class registered) and must have a current warrant of fitness.*

2. All petrol is for company vehicle use only.
3. Farm Managers must ensure vehicle registration matches the farm needs (and the legal obligations).
4. Use of the vehicle outside of the licence conditions will be the responsibility of the manager.
5. Farm Petrol Excise Refunds will be completed by the office quarterly (March, June, September and December) and sent to farm managers to be completed (see attached form).
6. Farm Managers are to ensure when equipment changes from/to their farms, the office is notified to record the event for Fuel Excise Refund and insurance needs.
7. The office will keep a list of equipment held on farms and the status of their registrations based on the information provided by Farm Managers and Supervisors.