

MEDIA RELEASE



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EXEMPT TRUCKS FROM THE CARBON TAX

The Government should permanently exempt the trucking industry from the carbon tax, the Chief Executive of the Australian Trucking Association, Stuart St Clair, said today.

Mr St Clair was releasing the ATA's submission to the Government on its draft carbon tax bills. The Government will introduce the bills into Parliament in September.

"The Government has already announced a two-year exemption from the carbon tax for the trucking industry, following lobbying from the ATA and its member associations," Mr St Clair said.

"The ATA's submission argues the industry should be permanently exempt, because 85 per cent of trucking businesses are small businesses with fewer than five employees. They are entirely comparable to other small businesses that are exempt from the carbon tax, except they happen to operate trucks weighing more than 4.5 tonnes.

"The trucking industry has already spent millions on improving its environmental outcomes. For example, particulate emissions from Euro 5 engines (mandated from 1 January 2011 for all new trucks) are 92 per cent lower than the particulate emissions from new model trucks built in 1995.

"Importantly, the draft carbon tax bills already include this permanent exemption for trucking operators. The Government says it will introduce another bill at a later date to extend the tax to the industry from 2014. In our view, the Government should stick to the wording of its existing bills and keep the exemption in place," he said.

The ATA submission includes five recommendations for improving the operation of the carbon tax if it is extended to the trucking industry. The recommendations would also make it simpler for other business fuel users to deal with the tax.

"Under the draft bills, business fuel users would pay the carbon tax through adjustments to the fuel tax credits they claim on their business activity statements. Under the bills, the fuel tax credit rate would be adjusted twice a year, on 1 January and 1 July, and businesses would get three weeks' notice of the new rate," Mr St Clair said.

"Three weeks' notice is not long enough for most trucking operators to change their freight rates or fuel surcharges. In fact, some trucking industry contracts explicitly prevent price changes during December and January. Many businesses in other industries would face the same problem as well.

"The submission recommends the Government should adjust the carbon tax on business fuel once a year, on 1 July. Businesses already expect tax changes to occur on 1 July, and many contracts are renegotiated in the lead up to this date.

"The carbon regulator should be required to give three months – or preferably six months – notice of the change to the fuel tax credit rate, so businesses have time to pass on the change in their costs.

“The fuel tax credit rate for trucking operators is also reduced by the road user charge, which is set each year by the Minister for Infrastructure and Transport. To avoid confusion and the need for trucking businesses to go back to their customers twice, the *Fuel Tax Act* should be amended so the two adjustments are confirmed and take effect at the same time.”

Mr St Clair said the Government should provide assistance to industry associations to develop standard contracts and invoices that reflect the introduction of the new tax.

“The Government has announced a \$40 million program of Information Assistance Grants to enable industry associations and non-government organisations to tell their members about practical ways they can reduce their energy costs,” he said.

“The guidelines for these grants should be expanded to enable associations like the ATA and its members to develop new standard contracts and invoices.

“For example, if trucking businesses become subject to carbon pricing, the industry would need to develop a standard invoice that shows customers how much of their bill is due to the carbon tax,” he said.

The submission is available at www.atatruck.net.au/policies_submissions.html

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About the ATA: The Australian Trucking Association is the peak body that represents the trucking industry. Its members include state and sector trucking associations, major logistics companies and operators and suppliers with leading expertise in truck technology.