**SAY NO TO THE PLANNED CARBON TAX ON TRUCKS**

The Government should make an election commitment not to extend the carbon tax to trucking, the Chairman of the Australian Trucking Association, David Simon, said today.

Mr Simon was delivering a televised address at the National Press Club.

“In its Clean Energy Package, the Government announced that the fuel used by the trucking industry would not be subject to the carbon tax until mid-2014. The Government’s plan is that it would then reduce the fuel tax credits that trucking operators can claim by almost 7 cents per litre in the first year,” Mr Simon said.

“That’s a 27 per cent tax hike. It would cost the industry more than half a billion dollars a year. It would be a massive shock for many trucking businesses, and they would not be able to respond.”

Mr Simon said the Clean Energy Package was based on the assumption that businesses would respond to the carbon tax by reducing their use of energy or switching to renewables. It assumes that businesses that cannot do this would be able to increase their prices. This would, in turn, change their customers’ behaviour.

“Neither of these assumptions fit the commercial reality of the trucking industry,” he said.

“Trucking businesses only have limited opportunities to reduce their energy use. Switching to renewables is not generally an option.

“The Government projects that the use of biodiesel will increase rapidly from the end of the decade, and that it will be the dominant transport fuel by 2030.

“But the carbon tax on trucking would take effect in 2014, not the end of the decade. Biodiesel blends are rarely available, and gaseous fuels like LNG are not usable for long distance operations.

“So businesses are left with trying to pass on the carbon tax.

“72 per cent of trucking businesses have only one truck. They are price takers, not price makers. Their customers would tell them to absorb the cost. The pace of businesses leaving the industry would increase.

“This would be a tragedy for the people involved. It would also reduce the industry’s overall flexibility and productivity.

“All large trucking businesses have peaks in demand. Different businesses have different peaks.

“For example, my company’s business peaks in the months before Christmas. A business that carts produce from Queensland would have its peak in January and February. By using owner drivers and subcontractors to cover our individual peaks in demand, the trucking industry doesn’t need to invest capital in equipment that stands idle for most of the year.

“Instead of making life more difficult for small trucking operators, the Government should make an election commitment not to extend the carbon tax to trucking.

“It should focus on developing a road funding and planning system that would enable the industry to use more productive vehicles that use less fuel to do the same job.”

Mr Simon rejected the environmental movement’s argument that fuel tax credits are a subsidy.

“In reality, it’s part of making sure that business inputs aren’t taxed. It’s no different to being able to claim back the GST,” he said.

**The full text of Mr Simon’s speech is available at www.truck.net.au.**

**Media contact:** Bill McKinley 02 6253 6900 / 0488 292 823