

MEDIA RELEASE



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TRANSPORT MINISTERS MUST STOP OVERCHARGING OF TRUCK INDUSTRY

Australia's transport ministers must decide tomorrow (Friday, 6 November 2015) to reduce fuel and registration charges and stop overtaxing the truck and bus industries, the CEO of the Australian Trucking Association, Christopher Melham, said today.

Australia's transport ministers will meet in Adelaide tomorrow to determine the future of heavy vehicle charges, which consist of a fuel-based road user charge and very high registration charges.

An independent government commission, the National Transport Commission, has found the existing charging system overcharges truck and bus operators because it has consistently underestimated the number of heavy vehicles on the road.

The system should raise about \$2.9 billion, but in 2015-16 alone it will overcharge truck and bus operators by more than \$190 million.

ATA CEO Christopher Melham said that ministers should immediately reduce the charges to bring them into line with the amount that needed to be collected.

"We understand the NTC has provided ministers with three options. The best option would be for ministers to agree to eliminate the overtaxing immediately. This would see the road user charge fall from its current level, 26.14 cents per litre, to 25.3 cents per litre in 2016-17. The vast majority of heavy vehicle registration charges would also fall," Mr Melham said.

He said that another option on the table was to freeze the revenue that governments collect from the charges.

"But freezing government revenue wouldn't solve the problem. It would overtax the truck and bus industries by more than \$1.2 billion over the next six years, in addition to the overcharging in 2015-16 and previous years," he said.

Mr Melham said ministers needed to recognise that charges significantly affected the competitive position of individual operators.

"The problem is made worse by the high upfront costs of heavy vehicle registration charges, which create cashflow difficulties for small businesses."

He said that ministers also needed to recognise that infrastructure prices under a regulated or semi-regulated system could go down as well as up.

"Once you set up a cost-reflective pricing system for monopoly infrastructure – whether it's the road system, electrical poles and wires or telecommunications – you have to understand that prices won't always go up. Sometimes the umpire will rule that prices should go down.

"The Queensland Government acknowledged this in its recent, sensible decision to accept the Australian Energy Regulator's findings on the capital expenditure plans of its state owned energy businesses, Energex and Ergon Energy.

"Ministers need to take the same, sensible approach when they meet tomorrow," he said.

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The Australian Government froze the road user charge in its 2014-15 and 2015-16 budgets, in recognition of the problems with the NTC charging model.

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