



ENERGY EFFICIENCY INFORMATION GRANTS PROGRAM

DISCUSSION PAPER

STAKEHOLDER FEEDBACK TEMPLATE

Contact Details

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Date submitted:	6 December 2011

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Submission Instructions

Submissions should be made by **5pm AEST Tuesday 6 December 2011**. The Department reserves the right not to consider late submissions.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text-based formats, via the email address – **infogrants@climatechange.gov.au**.

Submissions may alternatively be sent to the postal address below to arrive by the due date.

Energy Efficiency Information Grants Program
Information and Charities Assistance Team
Department of Climate Change and Energy Efficiency
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1. Program Overview

- Issues arising from program objectives
- Management of the program
- Process for application assessment

The Government intends to impose a carbon price on the fuel used in heavy on-road transport from 1 July 2014. If the Government goes ahead with its policy despite the industry's concerns, SME trucking operators would need to pass some or all of their increased costs on to their customers.

In many cases, their ability to pass on their costs would be limited by their existing contract arrangements and lack of market power.

The ATA's submission to the Joint Select Committee on Australia's Clean Energy Future Legislation examined the contract arrangements used in the industry. As recommended by the ATA, a growing number of businesses add a fuel levy to their freight rates, which could be adjusted to reflect the impact of a carbon price. Many trucking businesses, though, are locked into long term contracts and have a limited ability to pass on price changes quickly.

More generally, small trucking business often feel forced to accept the rates they are offered, even if the terms are unfavourable.

As a result, these businesses could end up bearing an unfair carbon price burden. This is not the Government's policy intent: its objective is to drive changes to business and consumer behaviour across the economy, not to impose disproportionate costs on businesses that lack market power.

The ATA proposes the objectives of the Energy Efficiency Information Grants program should include assisting SMEs to change their business practices in response to the impact of the carbon price.

Under this recommendation, industry associations such as the ATA's members would be able to provide SMEs with information and workshops about, for example:

- best practice contracts under a carbon price
- effective contract negotiation techniques
- adjusting fuel levies
- the ACCC's guidance on carbon price claims and
- what to do if contract discussions fail.

Recommendation 1

A third point should be added to the objectives of the Energy Efficiency Information Grants Program:

- **to assist SMEs to change their business practices in response to the impacts of a carbon price.**

2. Assessment Criteria

- Proposed eligibility criteria
 - Definitions of industry association and non profit
 - Definitions of SME and community organisation
- Proposed merit criteria

Under section 2.2.1 of the draft eligibility criteria, applicants must be either:

- A registered industry association or professional institute engaged with SMEs that has been constituted as a legal entity for at least 12 months and has \$10 million in public liability insurance; or
- A non-profit body engaged with community organisations that has been constituted as a legal entity for at least 12 months and has \$10 million in public liability insurance.

The ATA does not support the proposal that industry associations must be 'registered.' There is no single registration system for industry associations and no obvious need to set one up. Industry associations are established as legal entities under a number of mechanisms. For example, the ATA's membership includes representative bodies that are:

- incorporated associations under state or territory legislation;
- companies limited by guarantee under the *Corporations Act*; and in one case
- a proprietary limited company owned by the ATA that functions as a representative body, with members, a policy council, and the usual range of industry association services.

These bodies all engage with SME trucking businesses and should all be eligible to apply for funding.

The intent of the eligibility criteria is clearly to ensure that applicants are legal entities in their own right and not informal associations. This is adequately covered by the requirement that an applicant be 'constituted as a legal entity for at least 12 months.'

Recommendation 2

The requirement that industry associations must be 'registered' should be removed.

3. Additional Information

- Roles and responsibilities
- Milestones, reporting, payments and auditing
 - Measures of effectiveness
- Branding and communication
- Document Retention
- Intellectual Property

The ATA has no comments on these items.

4. Eligible Expenditure Draft Guidance

- Comments on eligible and ineligible items

Consistent with recommendation 1 in this submission, the eligible activities in the information development, production and dissemination category should include the design of products that assist SMEs to change their business practices in response to the impact of a carbon price.

Recommendation 3

The first dot point under information development, production and dissemination should be rewritten to read:

- **Design of products such as fact sheets, video and sound recordings, web tools, seminar and workshop material designed to build skills in energy efficiency, promote factual awareness of carbon price impacts, and assist changes to business practices in response to those impacts.**

In addition, many energy saving measures will only deliver consistent, long-term results if businesses adopt a systematic approach to their implementation.

For example, training drivers in ecodriving techniques can deliver fuel savings of 6-10 per cent across a truck fleet. To maintain those savings for more than a few months; however, a trucking business would need to have systems to ensure all its new drivers received the training as part of their induction, and that its existing drivers received periodic refreshers.

The ATA's experience with its TruckSafe program (www.trucksafe.com.au) shows the best way to ensure that businesses maintain these systems is through independently audited accreditation programs. Under these programs, businesses put systems in place in accordance with the program's standards (in this example, to ensure drivers have appropriate training). They are then audited regularly to make sure those systems do not fall into disuse because of changing staff or priorities.

These programs can deliver excellent, long-term results. In the safety area, for example, independent research shows that TruckSafe accredited vehicles are twice as safe as non-accredited vehicles.

Because of the results that can be achieved, the ATA considers the eligible activities in the information development, production and dissemination category should specifically allow industry associations to seek funding for the design of energy efficiency standards and audit tools for new or existing accreditation programs.

Recommendation 5

An additional dot point should be added under information development, production and dissemination, as follows:

- **design of energy efficiency standards and audit tools for accreditation programs run by industry associations.**