

Media Release

TAX FORUM SHOULD REJECT COMPLEX, UNFAIR TRUCK CHARGES

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The Australian Trucking Association will use next week's tax forum to argue against the introduction of mass-distance-location charging for trucks. These charges could impose massive costs on rural Australia and would strangle trucking operators with red tape.

The Chairman of the ATA, David Simon, is a participant in the forum.

One of the issues up for discussion is whether Australia should 'consider ways to more closely link road charging to the impact users have on the condition and upkeep of roads.'

To do this, the COAG Road Reform Plan (CRRP) is examining mass-distance-location charging. Under this system, truck operators would be required to fit regulatory devices such as GPS and distance recording to their trucks. They would receive regular invoices based on where their vehicles travelled, how far they went and how much they weighed.

Mr Simon said he would argue that the tax forum should tell the Government to reject mass-distance-location charging.

"The whole idea of mass-distance-location charging is to recover the cost of the road wear caused by trucks on each type of road. Because local rural roads are built to a much lighter standard than major highways, the charge for travelling on one of these roads could be twenty-five times higher than for using a highway like the Hume," Mr Simon said.

"It would be a disaster for rural communities and the trucking businesses that serve them.

"In addition, the people arguing for mass-distance-location pricing have grossly underestimated the cost and complexity of rolling out the system, as well as the compliance costs that would be faced by trucking businesses. They have forgotten that 85 per cent of Australia's 47,000 trucking businesses are small businesses and just don't need more red tape.

"The costings they have used so far do not include the cost of running a billing system, which is an absolutely critical part of the proposal.

"Overall, mass-distance-location charging comprehensively fails the simplicity test

that should be used to judge tax reform proposals. It is the trucking industry equivalent of fitting a tax office monitoring device in every computer in every accountant's office. The Government should rule it out now."

Mr Simon said he would argue for the ATA's plan to reform the way trucks are charged for their use of the road system.

"At present, trucking operators are charged through an effective fuel tax of 23.1 cents per litre, as well as very high registration charges. For example, the registration charge on a nine-axle B-double is \$15,708," Mr Simon said.

"There are three problems with the existing system. Registration charges are very high, and small operators have difficulty managing their cashflow to pay them. The charges are fixed, so they don't vary with the distance trucks travel, and there is no link between where operators use their vehicles and road funding.

"The solution in the short term is to rebalance registration charges to remove the disadvantage faced by operators using B-doubles. B-doubles can carry more freight and have a better safety record than conventional semitrailers.

"In the longer term, the solution is fuel based charging. This would collect the same amount of money as the existing system, but would see truck and trailer registration charges reduced to about \$400.

"The effective fuel tax, or road user charge, would be increased to compensate for the reduction and would be levied on trucks at two separate rates, depending on their size. There would be a special fund so local councils and other road asset managers could upgrade their roads to handle safer trucks with greater capacity," he said.

The ATA's full statement of priorities for the tax forum is available at www.futuretax.gov.au

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