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## **FREIGHT INFRASTRUCTURE CHARGE – A BIG NEW TAX ON TRANSPORT & INTERNATIONAL TRADE**

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“It’s nothing but a big new tax on transport and international trade!”

This is how VTA CEO, Philip Lovel AM describes the proposed Freight Infrastructure Charge planned to be levied by the Victorian Government on trucks entering international container stevedoring terminals in the Port of Melbourne from mid-2011.

Following the first round of public consultations on the proposed charge this week by the Victorian Department of Transport and the Port of Melbourne Corporation, the VTA and its members remain unconvinced about the Government’s motives and the proposed structure of the charge.

“The Government wants to collect \$1 Billion from this charge over the next decade to contribute to the \$38 Billion Victorian Transport Plan. The fact that the Government is looking to raise revenue from industry to help pay for its transport infrastructure commitments is one thing. But, its plan to impose the levy on trucks in the Port of Melbourne, as opposed to the containers being carried, is ill-formed, half-baked and a recipe for disaster.” Mr. Lovel warned.

“Having now been made aware formally about the Government’s intentions, it’s clear that the Department of Transport, the Port of Melbourne Corporation, and indeed the Government, don’t understand the container transport chain, particularly the commercial and operational circumstances of road transport companies who are getting on with the vital job of moving imports, exports and empty containers to and from the Port of Melbourne.”

“The Government states that an objective of the proposed charge is to encourage off peak use of roads by trucks accessing the Port of Melbourne, and to reduce peak hour congestion. What the Government seems to not understand is that road carriers are already moving towards 24/7 operations as trade volumes grow and as weekends, including Sunday since October 2008 at one international container stevedoring terminal, become normal operational days.”

More importantly, the times when road carriers can access the international container terminals are dictated by when “slots” are made available by the stevedores for trucks to enter to pick up or deliver containers, when ships are receiving and delivering cargo, and by the demands from customers (importers, exporters and freight forwarders).

“If the customer wants the import container at their premises by 8am in the morning, then irrespective of whether the container has been collected from the stevedore the night before, a truck will be in the peak hour traffic stream that morning delivering the container to meet the customer’s needs.”

“Therefore, any “peak pricing” component in the proposed Freight Infrastructure Charge will be meaningless in terms of influencing behaviour.”

“In fact, there is a growing trend for containers to be transited through transport yards as road carriers manage the timing differences between when containers are available to be picked up or dropped off at the wharf, and when customers require the containers to be delivered or collected.”

victorian transport association inc.

“Many transport companies have invested millions of dollars in recent years to gear up for this task – larger yard holding capacities, heavy container handling equipment and advanced technology management applications.”

“It’s difficult enough for transport operators to get an adequate return on these vital investments, let alone arguing with their customers about paying the Freight Infrastructure Charge as well.”

But the stark reality is that the transport industry will not have the capacity to absorb any Freight Infrastructure Charge and will need to pass it onto customers or go broke ... it’s as simple as that!” Mr. Lovel said.

“Also, the administration and cash flow burdens will mean that the real costs to transport operators will not only involve the charge itself, but the additional people, systems and time it will take to administer the payment and reimbursement of this Government tax.”

“We have been told that the Charge could be as much as \$160 to \$180 per truck entry into the Port. The additional costs on transport operators in administering the charge may inflate the real costs to transport operators from between \$250 to \$300 per truck trip. In some circumstances, this is as much as, if not far more than, the transport operator receives from the customer for the overall container transport task.”

“If the Freight Infrastructure Charge is implemented as it has been outlined to us this week, this Victorian Labor Government, and this Minister for Roads and Ports, will be labelled infamously as having presided over the death of owner-drivers and small businesses engaged in road cartage through the Port of Melbourne.” warned Mr. Lovel.

“The Brumby Government would be rightly condemned if it doesn’t listen to these views and continues to barrel on with its blinkered desire to raise revenue through an ill-conceived charge on trucks.”

“We maintain that if the Government wants to collect additional revenue to invest in transport infrastructure directly or indirectly associated with trade through the Port of Melbourne, then the charge should be applied to containers, not to trucks.”

“There is no adequate explanation from the bureaucrats or from the Minister as to why the charge cannot be applied to containers.” Mr. Lovel noted.

“Also, the road transport industry already pays its full share of allocated costs for road infrastructure development through the payment of heavy vehicle registration fees and fuel excise.”

“We’ve received no level of comfort from the Government that road transport operators will not end up paying for a share of the infrastructure development costs twice – once through the Freight Infrastructure Charge, and again when Victoria’s total road expenditure is added into the national process of calculating yearly increases in registration fees and the level of fuel excise applied to on-road diesel fuel use.”

“There is the real danger that the Government will get a “double-dip”, driving further unsustainable costs into small businesses.”

“The Minister and his bureaucrats have already ruled out putting the money collected from the charge into a Freight Infrastructure Development Fund. So, it is not clear to us what transparency there will be to reconcile the amounts collected against the amounts used for actual infrastructure development.”

“The VTA will fight the implementation of this charge. We will be seeking a meeting with the Minister for Roads & Ports, Tim Pallas, with a delegation of members, to press our views, and we are putting together a plan to fight this process legally and politically.”

“There is no doubt that the Government’s cynical actions in holding consultations on the Charge before the Victorian State election in November, but holding back plans to implement the Charge until after the election, means that the Government has made this an election issue for all industry stakeholders involved in the international container transport chain through the Port of Melbourne.”

“The fight on this has just begun!”

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