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VTA CALLS FOR FUTURE TIMELY CALCULATION OF REGISTRATION & FUEL EXCISE INCREASES

In the wake of rises announced by the Commonwealth Government in the road user charge component of fuel excise, and increases in registration fees for heavy vehicles imposed by States from 1 July 2009, the Victorian Transport Association (VTA) has called for a more transparent and timely consultative process in the future.

CEO of the VTA, Philip Lovel AM, commented that “the road transport industry accepts that heavy vehicles across Australia must pay their way for their fair share of road building & maintenance expenditure.”

In conjunction with the Australian Trucking Association (ATA), the VTA is also satisfied that the National Transport Commission (NTC) has acted in good faith in making its recommendations to Governments for the 3.2% annual adjustment in heavy vehicle registration fees, and an increase in the road user charge from 21 cents per litre (cpl) to 21.7 cpl” added Mr. Lovel.

“While such cost increases will hurt many in the industry in these uncertain and difficult economic times, we accept that the significant increases in road expenditure by all levels of government must be recouped fairly from the operators of heavy vehicles.”

“We live in a “user pays” system – the outcomes don’t give much joy to people trying to earn a living in a tough commercial transport environment, or to their customers, but that’s the situation we are in.” Mr. Lovel lamented.

“What **are** real issues though are the quality of the road expenditure data provided by Governments to the NTC as inputs to the adjustment formula, and the whole timing of the adjustment calculation process.”

Prudent business practice is to finalise operating budgets well in advance of the coming Financial Year. Transport operators do this to fully understand their costs, so as to finalise negotiations with sub-contractors and customers alike about rates, cost reimbursements and fuel levies.

However, under the timeframe adopted by the NTC to conduct its charges adjustment calculations this year, a consultation document was issued in April, submissions & consultations proceeded through to mid May, with recommendations going forward to Governments in June. All for a 1 July 2009 implementation!

“This timing completely ignores commercial budget cycle realities, and, to be blunt, is totally unacceptable to the transport industry and to all sectors of the economy which rely on cost-effective and efficient road transport services” Mr. Lovel said.

“We need the NTC to finalise the annual adjustment recommendations by February of each year, and for Ministers to make decisions by no later than March, at the latest. This will rely on timely expenditure figures being supplied by Governments.” Mr. Lovel added.

In a recent poll of VTA members, 50% of the respondents indicated that they had not been able to factor into their 2009/10 budgeting processes the increases announced by Governments in the last week.

victorian transport association inc.

Also, 15% of those respondents indicated that it will be extremely difficult for them to pass on the increases to their customers in the current economic climate.

“These statistics underline just how difficult it is at the moment for many operators, and how much Government processes in this regard are hindering efficient commercial practices and operations.” Mr. Lovel noted.

“In addition, we support the national call by the ATA for a nationally-agreed data quality and disclosure framework to be established to improve the inputs used to calculate the charge increases.”

“There is considerable inconsistency in the data being provided by the States & Territories, and some jurisdictions just did not allow their data to be subjected to transparent scrutiny by the industry.”

“The industry accepts that it needs to pay its way, but come on ... let’s have a transparent and consistent process.” Mr. Lovel concluded.

For further media information contact:

Philip Lovel, CEO, VTA, or Lucille Degenhardt, Marketing & Communications Manager on Ph: (03) 9646 8590