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11th March 2003

The Secretary
The Senate Economics Legislation Committee
Room SG.64
Parliament House
Canberra ACT 2600

Dear **Secretary**

Energy Grants (Credits) Scheme Bill 2003
and the
Energy Grants (Credits) Scheme (Consequential Amendments) Bill

The Truck Industry Council (TIC) representing truck manufacturers, diesel engine companies and major components suppliers to the trucking industry is pleased to make a submission with respect to the subject bill.

TIC is of the view that the bill should include an environmental component

With the bill already in Parliament, a re-write to include an environmental component would not be a preferred option. However, the TIC believes that a small change can achieve a positive environmental outcome,

Within the bill are the prescribed metropolitan areas. Within these areas, the rebate is only payable to vehicles above 20 tonnes GVM.

In its submission to the Fuel Tax Inquiry, the Federal Department of Transport and regional Services stated "Against these potential environmental benefits are the perverse incentives to purchase larger vehicles to get over the 20.0 tonne barrier and qualify for the maximum rebate (at a fuel efficiency penalty) and set up freight operations just outside the metropolitan zone to qualify for the maximum rebate)" unquote.

If the eligibility for the rebate in the metropolitan areas was changed from a weight limit (20 tonnes GVM) to an environmental hurdle (Australian Design Rule 70/00) there would be significant environmental benefits. Whilst the number of rebate recipients would not change greatly, all trucks above 4.5 tonnes meeting ADR 70/00 would receive the rebate.

- A large number of smaller trucks would replace some of the older 20 tonne plus vehicles thereby resulting in a reduction in fuel consumption, emissions, and greenhouse gases
- Smaller vehicles would help reduce traffic congestion
- ADR 70/00 vehicles (1995 models and later) have less than 50% of the emissions of older trucks
- This proposal, limited to the prescribed metropolitan areas, would not alter the rebates to farmers and country operators.

The Truck Industry Council believes that this relatively minor amendment will result in a significant improvement in air quality in our cities.

We are also of the view that such an amendment may well make the Energy Grants (Credits) Scheme bill more acceptable to all political parties and thereby ensure its passage through Parliament during the present sitting.

Yours sincerely

Terry Pennington
CEO