

24 May 2006

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

Ground Floor, Minter Ellison Building  
25 National Circuit  
FORREST ACT 2603  
Phone (02) 6253 6900  
Fax (02) 6253 6999  
Email [ata@atatruck.net.au](mailto:ata@atatruck.net.au)  
Web [www.atatruck.net.au](http://www.atatruck.net.au)  
ACN 055 583 714  
ABN 25 055 583 714

Dear Mr Hallahan

**Inquiry into the provisions of the Fuel Tax Bill 2006 and the Fuel Tax (Consequential and Transitional Provisions) Bill 2006**

The Australian Trucking Association (ATA) is the peak body of the Australian trucking industry. Its 17 members include state and territory based trucking associations, sectoral trucking associations, national trucking companies and the Transport Workers Union. There are also directly elected owner-driver and small fleet representatives to the ATA's Council.

The ATA is making this submission because of the importance of the Fuel Tax Bill 2006 and the Fuel Tax (Consequential and Transitional Provisions) Bill 2006 to the road freight transport industry.

*Fuel Sales Grants Scheme*

The Fuel Sales Grants Scheme (FSGS) is to be abolished by the Fuel Tax (Consequential and Transitional Provisions) Bill 2006.

The ATA supports the abolition of the FSGS provided that the funds saved are used on regional roads under the AusLink program. The FSGS was intended to support regional areas through grants to distributors.

However, the ATA believes that the FSGS lacked transparency as it could not be established that fuel users benefited from the scheme. Indeed, the Fuel Taxation Inquiry recommended the abolition of the FSGS from 1 July 2004 because of this lack of transparency.

The cost of the FSGS is estimated at \$270m in 2005-06.

*Fuel Tax Credit System*

The Fuel Tax Bill 2006 and the Fuel Tax (Consequential and Transitional Provisions) Bill 2006 establish the Fuel Tax Credit System under which fuel tax credits from 1 July 2006 can only be claimed from the Australian Taxation Office (ATO) by a Business Activity Statement (BAS).

Briefly, under the current Energy Grants Credits Scheme diesel excise credits can be claimed at any time, and there is also an E Grant available. This flexibility will be lost under the Fuel Tax Credit System.

The ATA has been advised by members the new restriction of only being able to claim excise credits through the BAS will create adverse cash flow consequences for the many small operators who lodge their BAS statements only every three months or even longer.

The ATA believes the extra cost involved and the administrative burden placed upon small business to lodge their BAS statements monthly simply to claim the fuel grant is problematic. What will result is a slowdown in cash flow that will affect the viability of operators.

The ATA has advised the ATO of these concerns, and requested the following:

- Permit PAYG monthly activity lodgers to claim fuel tax credits at the same time.
- Notice to advise businesses and tax agents of cash flow implications and change of reporting periods.
- Provide clear information on the ATO website (this is underway).
- Waive for the next financial year any penalty interest for late payment incurred because of cash flow difficulties from later payments of fuel tax credits and,
- Allow transition to shorter altered reporting periods (eg quarterly to monthly) prior to completion of current reporting periods.

Yours faithfully



Stuart St Clair  
Chief Executive