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TNT Australia Submission to The Senate

Select Committee on Fuel and Energy



TNT Australia Pty Limited (TNT Australia), a leading provider of domestic and international express freight services, welcomes the opportunity of presenting this submission to The Senate Select Committee on Fuel and Energy. The ever increasing cost of fuel and energy within Australia and worldwide is today driving businesses and communities alike to reassess prevailing levels of energy consumption, in many cases leading to the remodelling of business operations or adjustment of individual behaviours in the pursuit of increased energy efficiency and greenhouse gas abatement.

TNT Australia recognises the importance of the climate change debate and tenders in accordance with the Terms of Reference for submissions the following comments on the impact of higher fuel prices, emissions trading, fuel taxation, alternative fuels and public transport infrastructure in relation to the domestic road transport industry.

Fuel Price

The simple equation faced by all Australians is that as the cost of vehicle fuel continues to rise the cost of living for all Australians will rise in turn. Bearing in mind that the cost of transporting goods to market is typically passed directly onto the consumer, the most significant operating cost to any transport company is the cost of fuel, particularly diesel, used to power its vehicular fleet of trucks, vans, cars and forklifts. Due to the prevalence of fixed price contracts and the cost and limited availability of fuel efficient technologies, there is little scope in the short term for most transporters to significantly reduce fuel spend while maintaining existing fleets and freight contracts. Spot price fuel increases are therefore keenly felt by the majority of transport providers who typically bear the immediate brunt of any fuel price rise; at least until fixed price contracts may be renegotiated. Although retailers and individuals are protected to a limited extent from short term fuel price fluctuations by choosing where and when to purchase fuel, transport providers do not often have this flexibility and a volatile short term fuel market inevitably drives longer term increases in the general cost of consumer goods.

Emissions Trading

Although there is great uncertainty surrounding the introduction of emissions trading in the form of a Carbon Pollution Reduction Scheme (CPRS), there is little doubt that the introduction of such a scheme will further add significantly to the financial stress of Australian business. This financial stress will most likely result in the continuing rise of the general cost of living for all Australians as basic staples such as electricity, fuel, food and telecommunications become more expensive.

Without a full understanding of how the CPRS might operate and be implemented TNT Australia is unable to comment on any possible impact its introduction may have on the cost of business. Nevertheless, an appropriate amount of time, planning, consultation and government assistance must be provided to Australian business to allow for the smooth transition to a carbon trading economy and safeguards established protecting the community at large from its anticipated financial impact.



Taxation

Further to fuel excise reductions outlined in the Carbon Pollution Reduction Scheme Green Paper (July 2008), TNT Australia considers a comprehensive review of all State and Federal fuel taxes paramount to the long term sustainability of the road transport industry.

In addition to coping with rising fuel costs and preparing for the introduction of carbon trading, Australian road transport companies are also working to comply with a raft of other pending legislative changes including fatigue management, transportation of dangerous goods and NGRS reporting. While larger companies are better placed to implement these changes many small to medium sized transport enterprises, some of whom subcontract to TNT Australia, particularly in rural and regional areas, are now questioning the continued viability of their operations in light of these and other legislative reforms. TNT Australia and other national transport providers rely to a great extent on smaller subcontractors to guarantee service levels.

Existing road transport networks within Australia may therefore be threatened without further government assistance to the road transport industry, be it through taxation incentives or other means of financial and educational support. Such assistance would better enable road transport operators of all sizes to cope with rising fuel prices as well as comply with other pending changes to the Australian road transport legislative framework.

Alternative Fuels

Along with many other companies in the Transport & Logistics sector, TNT Australia is committed to the use of clean, sustainable alternative fuels as and when they become commercially available. TNT's commitment is exemplified by the introduction this year of Australia's largest hybrid truck fleet which provides on average a 14% reduction in CO₂ emissions over conventional diesel powered vehicles of equivalent size.

Unfortunately the availability and reliability of alternative fuels and capital cost of associated vehicle technologies are substantial barriers that must be overcome before the general uptake of these fuels and technologies becomes commonplace in Australia. The role of government in breaking down these barriers will be crucial and solutions may include the provision of financial assistance, rebates and tax incentives to road transport operators. The provision of effective and easily accessed multi-modal transport options would also provide alternative means for road transport operators to further reduce fuel use and associated carbon emissions.



Public Transport

TNT Australia considers one of the biggest opportunities to improve its fuel and energy efficiency lies with the freeing up of major urban road networks. Road freight transport in urban areas is today constrained by the congestion of major traffic arteries with domestic passenger vehicles, particularly during peak travel hours in metropolitan Sydney and Melbourne, which results in transport vehicles such as prime movers, small trucks, vans and utilities being caught in and contributing to urban gridlock.

The freeing up of urban traffic networks through the provision of cheap, reliable and convenient public transport options must be viewed as a primary government priority to not only reduce fuel use and associated carbon emissions but also make our cities more liveable.

A handwritten signature in black ink, appearing to read 'R. Corcoran', written over a faint dotted grid.

Roger Corcoran
Managing Director
TNT Australia Pty Ltd