

Senate Rural and Regional Affairs and Transport Committee

Dissenting Report by Senator Julian McGauran

Re: Inquiry into Interstate Road Transport Charge Amendment Bill (No. 2) 2008 & Road Charges Legislation Repeal and Amendment Bill 2008

Introduction

I notify my dissent from the majority report.

I do not recommend these Bills pass through the Senate into law.

The Coalition successfully rejected the passage of the Bills in similar form through the Senate when previously presented earlier this year and no new evidence has come from the Senate Committee hearings to convince me to change that initial position.

The increase in the registration fees and road user charge as outlined in the two Bills are unnecessary and punitive. It is no time to be increasing trucking costs in the midst of an economic slump, particularly given the trucking industry, which is predominantly made up of owner drivers and small to medium trucking operations, has little capacity to absorb the increases without loss of profit and employment.

This is one of the industry's that will take the brunt of the expected severe economic downturn in 2009. This is legislation cooked up in the early months of the Government without thought or vision of the pending economic crisis. It seems it was a classic State and Federal Labor lunge to increase revenue through charges without examining the consequences upon the truck drivers and the industry.

The Government ought to recognise economic circumstances have changed immensely since the initial decision by COAG and the capacity of the industry to pay is not only less now but these Bills could well be a tipping point for sending many more independent operators into further financial distress.

Furthermore, the increase in charges seem in direct contradiction to current Government policy of supporting industries through these difficult times by direct Government assistance, increased Government spending and the availability of grants.

Additional

The principle of recovery of road expenditure associated with heavy vehicles, achieved through registration charges and road user charge, is a principle agreed upon by the parliamentary parties and the industry. However, it is worthy to note the recommendations to increase charges as outlined in the Bills have initially come from the Productivity Commission and the National Transport Commission.

Whilst the two bodies are experts in their fields and have produced informative reports to the Government, they have only properly acted within their terms of reference, namely "road recovery costs". In short, their recommendations to increase charges, is only just that, a recommendation to Government. Governments must take in a greater breadth of factors when deciding upon such recommendations. For example, similar recommendations were made to the Coalition Government in 2006 and 2007 to increase registration charges and road user charges but were rejected.

The Coalition Government listened to the pleas of industry representatives at the time regarding the economic and inflationary effects such increases would cause. Poignantly and surprisingly, those same pleas against increases are not present from industry representatives in 2008, yet obviously economic conditions and inflationary pressures have deteriorated greatly since in 2006 and in 2007.

Indexation

The worst aspect of the dual Bills is imbedded in the Road Charges Legislation Repeal and Amendment Bill 2008 (the Repeal Bill) is the introduction of indexation.

The indexation of fuel excise at all levels has been rejected in the past by the Coalition and we remain opposed to fuel excise indexation. The industry representatives uniformly opposed indexation in their submissions before the Committee.

Both the Australian Road Train Association and Australian Livestock Transporters Association were of the view that automatic indexation was a "stealth tax".

Also the Australian Trucking Association does not support it. Their submission points out that if the National Transport Commission's indexing model is applied, the Road User Charge could go up, without parliamentary approval, every year at a rate of over 7% per annum.

The indexation breaches the principle of the road user charge and introduces a revenue raising method that avoids transparency and consultation in the future.

Further, the indexation method will in no way correlate with the prevailing economic conditions of the industry or the economy in general. In fact if heavy

vehicle usage declined the road user charge would continue to rise under the current indexation formula.

Rest Stops

In February 2006 the Australian State and Territory Governments agreed that they would build rest areas across Australia to national standards by the end of 2008.

The industry, in particular the Australian Trucking Association, was concerned about the lack of progress from the State and Federal Governments in meeting the heavy vehicle rest area commitment.

Mr Bill McKinley, National Manager, Government Relations and Communications, Australian Trucking Association at the hearings said:

“...there are only a few weeks left (2008) and unless there is an enormous flurry of rest area construction in the next six weeks, we estimate they will be 900 rest areas short. ...This is a critical issue for the trucking industry. When we held our safety summit earlier this year it was the principal issue raised by ordinary trucking operators at the summit.”

The Government’s commitment of a \$70 million Heavy Vehicle Safety and Productivity Program is not adequate to meet the demands of the roadside rest areas.

Mr McKinley offered the following funding proposal:

“...As a completely separate proposition and one that does not involve amending the Bill, we believe the Committee could usefully urge the Government to increase the funding of its heavy vehicle safety and productivity program to \$100 million over four years, rather than \$70 million over four years, review the program in 2011 with a view to considering its extension in the 2012-13 budget context, and finally require the states and territories to provide matching funding. If these steps are taken it would deliver 350 extra rest areas over four years, which would be on track to deliver the 900 extra rest areas that we believe are needed by 2019, which is the time frame the industry is comfortable with....”

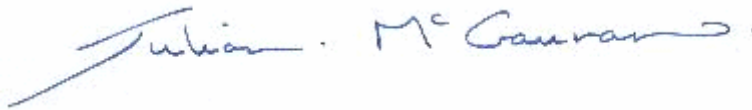
Accordingly the Coalition is recommending an amendment to the Bill that allocates a proportion of any increase in the road user charge to the building of rest stops.

Harmonisation of State and Territory Transport Regulations

Regardless of the Government’s pious commitments of obtaining State Government cooperation in all areas and no less than in transport regulations, this has not happened. Like different state rail gauge lines the road transport

industry regulations differ from state to state. The Government has made no genuine progress or effort in fixing this expensive layer of cost to the industry.

The Road User Charge Bill ought to be amended to link any increases in road user charges to genuine State and Territory progress in harmonising transport regulations, including heavy vehicle fatigue reform measures.

A handwritten signature in blue ink that reads "Julian McGauran". The signature is written in a cursive style with a long, sweeping underline.

Senator Julian McGauran

21 November 2008