



11 August 2022

The Hon Dr Jim Chalmers MP
Treasurer

By email: Jim.Chalmers.MP@aph.gov.au

cc The Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government

cc Senator the Hon Carol Brown, Assistant Minister for Infrastructure and Transport

cc Senator Glenn Sterle, Rural and Regional Affairs and Transport Legislation Committee Chair

Dear Treasurer,

The TWU, NRFA, ARTIO and NatRoad collectively represent thousands of road transport drivers, small fleet operators, employers, and businesses across Australia. We write regarding the urgency with which the newly elected Federal Albanese Government must reinstate the Fuel Tax Credit Scheme to address significant increases of fuel costs decimating transport businesses, particularly owner drivers and small operators on razor thin margins.

Regulation of road transport has long recognised that fuel costs can impact the sustainability of the industry as a whole. Whereas all other motorists pay the fuel excise in full, road transport drivers and operators previous received an 18 cent per litre rebate to ease operating costs. This rebate took the form of fuel tax credits, with the excise remaining to be paid known as the Road User Charge ('RUC').

When the former Morrison Government announced a 50% reduction of the fuel excise for a period of six months earlier this year, it also effectively abolished this fuel tax credits system by reducing the value of the credits to zero. This sleight-of-hand was justified by claims road transport would still be four cents per litre better off given the new fuel excise rate of 22 cents per litre was four cents lower than the existing RUC. In effect, a four cent per litre reduction in costs offered little relief for drivers and operators grappling with record fuel costs.

The abolition of the Fuel Tax Credit Scheme created an immense imbalance in the freight industry on what is the second highest direct cost after the cost of labour. Operators' inability to adjust rates fast enough, coupled with a lag in the fuel excise reduction being passed on at the bowser, meant many operators had no choice but to increase rates to customers. For others like owner drivers, who are often unable to pass on costs to customers without losing work because of increasingly low-cost contracts, the end of the scheme spelled an existential threat to the survival of their business.

Not only do these cost pressures impact the financial sustainability of road transport, decades of research has also shown the direct links between rates of pay, operating costs and road safety. Shrinking margins increases the pressure across the industry to make up the difference, with reports of drivers working while fatigued, skipping breaks, overloading and delaying maintenance common within our industry.



Part of the challenge is that road transport drivers and operators lack a nationally consistent mechanism through which to achieve effective cost recovery from the wealthy supermarkets, retailers, manufacturers, and oil companies at the top of supply chains. As pressures mount, drivers and operators are squeezed while those at the top continue to record bumper profits. An independent, industry-led Federal body for transport empowered to set enforceable standards – including for effective cost recovery – is critical to plugging this gap; a reform recommended by the *Importance of a Viable, Safe, Sustainable and Efficient Road Transport Industry* Senate Inquiry almost twelve months ago.

These compounding financial pressures will only increase in September, when the fuel excise returns to its usual 44 cent per litre rate. Without the express reinstatement of the fuel tax credit system, an unsustainable fuel spike at this rate risks bringing national supply chains to a halt, sending operators broke and ramping up the deadly pressure killing drivers on our roads.

That is why the transport industry seeks your immediate commitment that the Federal Government will reinstate the Fuel Tax Credit Scheme as a matter of urgency. The TWU, ARTIO, NRFA and NatRoad are available to meet with you to discuss these issues as soon as possible.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Michael Kaine'.

Michael Kaine
TWU National Secretary

A handwritten signature in black ink, appearing to read 'Peter Anderson'.

Peter Anderson
ARTIO National Secretary

A handwritten signature in black ink, appearing to read 'Rod Hannifey'.

Rod Hannifey
NRFA President

A handwritten signature in black ink, appearing to read 'Warren Clark'.

Warren Clark
NatRoad CEO