



TAX FORUM

4-5 October 2011

STATEMENT OF REFORM PRIORITIES

PARTICIPANT NAME AND POSITION

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ORGANISATION

Australian Logistics Council

STATEMENT OF PRIORITIES

TAX FORUM – 4 and 5 OCTOBER 2011 ALC POSITION STATEMENT OF REFORM PRIORITIES

ALC Position

- Commitment to the principle that tax designs should not distort consumer choice of transport modes.
- Commitment to a full discussion on all elements of road pricing, supporting the more timely and efficient provision and use of roads, while ensuring that industry does not suffer from 'double taxation'.
- A commitment that the taxation mechanisms creating a 'price' on carbon introduced into Parliament will be the only mechanisms used to price the externality costs of carbon into the Australian economy.
- A commitment to ensure taxation funds from roads are used on roads, with a single national institution to develop and monitor implementation of reforms including a model for financing the road network.

About ALC

ALC is the peak national body representing the major and national companies participating in the Australian freight transport and logistics supply chain.

The aim of ALC is to influence national transport and infrastructure regulation and policy to ensure Australia has safe, secure, reliable, sustainable and internationally competitive supply chains.

It has a particular interest in taxes specifically affecting the Australian freight industry.



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Tax should not distort consumer choice of transport modes

ALC has a policy of 'taxation neutrality' between different modes of transport – that is, that the tax/transfer system does not operate in a way that influences a consumer to favour one mode of transport over another.

This is so distortions in the market place are minimised.

ALC hopes that the tax forum process will lead to a commitment that the overall tax system will be designed in a manner that achieves this aim.

Road pricing

While the Government ruled out considering a congestion tax on 29 July 2011, ALC notes that on 31 August 2011 the Independent member for Lyne, Mr Rob Oakeshott, indicated a congestion tax was 'worthy of consideration'.

Congestion imposes deadweight losses on business, including the costs of 'on port' storage of containers held as a result of truck queues and missed time slots, as well the costs that occur as a result of delay.

ALC believes there needs to be an open discussion on all elements of road pricing, including congestion pricing and other user-charges that support the more timely and efficient provision and use of roads.

However, industry must be satisfied it will not be subject to double taxation.

For instance, the Government is introducing a carbon tax mechanism through, in the case of the transport and logistics industry, changes to customs and excise legislation and amendments to fuel tax concessions.

However, at the same time the COAG Road Reform Project (the CRRP Review) published a Preliminary Findings Consultation Paper and an accompanying Evaluations of Options paper, suggesting that while taxing externalities such as carbon is currently out of scope of the project, direct pricing of externalities could be reassessed if a direct charging system for road access is established.

Finally, Part E3 of the Final Report of the Future Tax Review (the Henry Review) made recommendations about road taxation including the implementation of congestion charging to capture the costs of 'local' pollution.

ALC therefore seeks a commitment that the taxation mechanisms going towards creating a 'price' on carbon introduced into Parliament by the Government will be the only mechanism employed to price in the externality costs of carbon.



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Towards a National Road Transport Agreement

The CRRP Review is moving towards a mass/distance/location (MDL) model of road pricing, although it remains far from certain how this pricing model will be developed and funds raised will be remitted by governments.

ALC is concerned that any funds received by jurisdictions do not simply disappear into consolidated revenue.

As the CRRP review Preliminary Findings Consultation Paper says:

Introducing a system of national direct heavy vehicle user charges will require consideration of the methodology to be used to determine charges, the institutional and governance arrangements, and consideration of the necessary business systems. An important consideration will be ensuring that sufficient incentives and accountabilities are put in place to ensure that road infrastructure used by heavy vehicle road users cost-effectively satisfies heavy vehicle needs.

As a general principle, ALC believes that road access prices should be efficiently determined and remitted to road owners in a manner ensuring that funds raised for roads are used for roads.

Australian Logistics Council
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LIST OF ATTACHMENTS

- Attached is ALC's Position Statement of Reform Priorities on ALC letterhead.