

NATIONAL ROAD FREIGHTERS ASSOCIATION



PO Box 747, Jimboomba QLD 4280
Email: info@nrfa.com.au Web: www.nrfa.com.au



Australia's Future Tax System Review Panel
AFTS Secretariat
Ken Henry
The Treasury
Langton Crescent
PARKES ACT 2600

15/09/2009

Dear Sir,

THE NATIONAL ROAD FREIGHTERS ASSOCIATION has a membership base made up from grass roots operators and owner drivers with close on 400 members across Australia.
At the recent AGM held in Townsville there was a unanimous vote to support the attached proposal to be submitted to your review panel and welcomes the opportunity to make a submission on the consultation paper on Australia's Future Tax System.

Should you wish to discuss the matters raised in our proposal, please feel free to contact,
Peter Whytcross
NRFA
National Treasurer
0427 025591
Email Pwt00@bigpond.com

Or
Mick Pattel
NRFA
President
0429 413161
info@nrfa.com.au

Yours sincerely

Peter Whytcross



PROPOSAL FOR A FUEL REBATE TRADE OFF TO REPLACE CURRENT REGISTRATION CHARGES

SUBMISSION OF THE PROPOSAL TO BE PRESENTED TO THE
REVIEW PANEL ON TAXATION

BY THE NRFA

AS PRESENTED AT THE AGM IN TOWNSVILLE 6/9/2009

Prepared by Peter Whytcross

Contents

OVERVIEW	3
HOW OUR PROPOSAL WORKS.....	4
TRAILER REGISTRATION	4
THIRD PARTY INSURANCE	4
NO MORE TRUCK REGISTRATION FEES.....	5
HEAVY HAULAGE FLOATS.....	5
ADVANTAGES OF THE PROPOSAL	6
DISADVANTAGES OF THE PROPOSAL	6
NRFA FUEL WORKSHEET	7
HEAVY VEHICLE REGISTRATION CHARGES.....	10

OVERVIEW

The wholesale review into tax regulations by the Treasury Secretary Ken Henry has led to speculation of a user pays road tax in the shape of mass/distance charging, a very complicated and over the top formula which could baffle the best of us, reports of it being too complex and expensive for truck operators to adhere to are well founded.

Heavy vehicles already pay their way with fuel excise to the tune of \$6674 million a year as in a report submitted to Ken Henry's review.

Fuel consumption is the only fair way of providing an effective and efficient means of meeting Government user pays requirements as is already in place with the fuel excise scheme. This existing scheme is to be slightly modified under our proposal, and is so simple any transport operator can quickly and easily work it out, allowing them not to be burdened with excessive cost and time required to comply with the NTC proposal.

Taxing fuel will be an incentive for operators to conserve fuel, be it driving habits, updating to fuel efficient engines, or other fuel saving devices to help keep costs down. This will also help with a reduction in emissions to protect the environment.

Due to the nature of fuel use, operators who have fuel efficient trucks, low kilometres per year and light loads will benefit substantially by the proposal, with the operators making huge kilometres towing b'doubles, road trains and heavy loads likely to see an increase due to the load requiring more fuel to do the job at hand. Simply put, the bigger the load being moved and number of kilometres driven requires more fuel, therefore more cost. A small operator only doing 100,000 kilometres will not be subsidizing an operator achieving 400,000 plus kilometres a year on the same registration price, making it a fairer system to all involved.

With this in mind we at the NRFA have devised what we believe to be a fairer user pay system which our government is constantly pursuing, replacing the current registration charges with an increase in excise by reducing the rebate refunded to operators when claiming it on their BAS statement.

Our fuel excise is again under attack by our cash strapped government with the latest drop in July to 16.443 cents. Once again with every drop in our excise rebate we contribute more to the user pay tax. Another slug to our hip pockets and maybe a total loss of the scheme in years to come, which none of us want.

HOW OUR PROPOSAL WORKS

We envisage a 7 cents a litre fuel levy to be taken from our fuel rebate prior to the government allocating it in our BAS statement. Doing this is a way of hanging onto some of our rebate. The 7 cent cost will be used to offset our current registration scheme. Our plan is to do away with the registration as we currently know it.

No large registration payments to look for every 6 or 12 months, so who wouldn't be happy about that. An added bonus is you won't see large amounts going out, just less of a rebate which will require you to top up your GST obligations on payment of the BAS.

TRAILER REGISTRATION

A fee of \$100 for each trailer, and the same for dollies, irrespective of the number of axles.

This will be far more equitable than the current method in use now. Like the A trailer cost that is way out of proportion, if you have trailers sitting around not being used, or maybe only a few times a year, you can still afford to pay the fee.

This fee can be administered by State Government to offset costs of sending out a label and also maintain records of equipment. Having a low fee will ensure operators will register trailers and be less likely to use unregistered gear as the trend is now.

Machinery booking fees are to be incorporated in this charge of \$100. This will remove the need to hand over credit card details when making a booking as in Queensland, freeing up operators to carry out other tasks, we are all frustrated with the time and cost involved to book in equipment.

THIRD PARTY INSURANCE

Third party insurance needs to be sent out by the insurers as is done in New South Wales. This will separate Registration fees from Insurance costs. The registration fee will need to have conformation of third party payment with it, as does the green slip or machinery confirmation. Individual States have this or similar already in place so no major changes need to take place. This same process will apply to the trucks.

NO MORE TRUCK REGISTRATION FEES

No set registration fee to be charged for the truck as it will be paying though the 7 cent a litre excise charge as outlined earlier.

Every time you start and use your truck fuel is used, contributing towards your registration payment. For those who are doing it tough and sitting around waiting for floods to recede, a grain harvest to start, a new contract to kick off, or generally can't get work due to the current economic climate you won't be looking for money to pay registration on a truck not using the road. This will give operators a big break in tough times. So when the wheels start turning again so does the revenue towards registration.

Governments may argue loss of revenue but if they look at the litres of diesel for on road use used every year multiplied by the 7 cents it would be by far a bigger revenue earner than the current registration scheme.

The Federal Government is pushing for a national registration scheme and this falls right into their lap as they already control the excise rebate, making it simple and straight forward to implement. All they need to do is work out how to distribute the 7 cents evenly amongst the states. This can be done in a few ways:

- State based fuel sales for on road use determines excise received;
- State the registered truck is in receives the whole excise paid; or
- Total pool divided by kilometres of road network for each state.

Whilst this may take some sorting out as States want their slice of the pie, the Government still has the same problem under their national registration scheme to contend with.

Federal registered trucks will no longer exist as they will fall in line with the proposed system and no longer be able to abuse the intra state laws they are currently flouting (loading and unloading in the same State or working local on Federal plates).

As excise ceased to be indexed from March 2001 there is no reason to link these charges to CPI indexation.

HEAVY HAULAGE FLOATS

Due to the nature of their work, sometimes limited use and maybe days to do a short trip will come under the same as an everyday trailer fee of \$100. They are confronted with permit fees etc to do most loads, and some heavy loads require more than 1 prime mover and up to 5 on ranges where the going is very demanding. Fuel economy can easily be below 500 metres per litre, so they will be paying a high price in fuel to offset any loss in trailer registration fees.

ADVANTAGES OF THE PROPOSAL

- Not needing large sums of money to pay registration premiums;
- Registration is paid when fuel is paid for, at the bowlers or on account;
- All trucks will be registered automatically under this scheme.
- No chance of unregistered trucks on the road as is the growing trend now.
- Operators can afford to have registered trailers sitting idle;
- No ongoing and unproductive cost to operator when waiting for work;
- Projected increase in revenue; with the growing freight task, more trucks on the road.
- Ease of implementation as partly in place now;
- Falls in line with national registration scheme; and
- Saves government handing back as much in rebates.
- WIN WIN SITUATION FOR ALL INVOLVED

DISADVANTAGES OF THE PROPOSAL

- Operators making large annual kilometres will be paying more;
- Accurate fuel records need to be kept as is required now;
- Governments need to satisfy states on distribution of money; and
- Operators of light trucks over 4.5 tonne may also see an increase.

Whilst we may not have covered all aspects of this proposal it is a guideline to what we wish to achieve, and input and constructive criticism is always welcome.

The attached chart is intended for use to calculate your annual cost when kilometres are matched to the fuel economy of your truck.

NRFA FUEL WORKSHEET

<u>Klms. travelled</u>	<u>Klms per lt.</u>	<u>litres used</u>	<u>cost @.07</u>
50000	3.0	16666.67	1166.67
75000	3.0	25000.00	1750.00
100000	3.0	33333.33	2333.33
125000	3.0	41666.67	2916.67
150000	3.0	50000.00	3500.00
175000	3.0	58333.33	4083.33
200000	3.0	66666.67	4666.67
250000	3.0	83333.33	5833.33
300000	3.0	100000.00	7000.00
450000	3.0	150000.00	10500.00
500000	3.0	166666.67	11666.67
50000	2.5	20000.00	1400.00
75000	2.5	30000.00	2100.00
100000	2.5	40000.00	2800.00
125000	2.5	50000.00	3500.00
150000	2.5	60000.00	4200.00
175000	2.5	70000.00	4900.00
200000	2.5	80000.00	5600.00
250000	2.5	100000.00	7000.00
300000	2.5	120000.00	8400.00
450000	2.5	180000.00	12600.00
500000	2.5	200000.00	14000.00
50000	2.2	22727.27	1590.91
75000	2.2	34090.91	2386.36
100000	2.2	45454.55	3181.82
125000	2.2	56818.18	3977.27
150000	2.2	68181.82	4772.73
175000	2.2	79545.45	5568.18
200000	2.2	90909.09	6363.64
250000	2.2	113636.36	7954.55
300000	2.2	136363.64	9545.45
450000	2.2	204545.45	14318.18
500000	2.2	227272.73	15909.09
50000	2	25000.00	1750.00
75000	2	37500.00	2625.00
100000	2	50000.00	3500.00
125000	2	62500.00	4375.00
150000	2	75000.00	5250.00
175000	2	87500.00	6125.00
200000	2	100000.00	7000.00

250000	2	125000.00	8750.00
300000	2	150000.00	10500.00
450000	2	225000.00	15750.00
500000	2	250000.00	17500.00
50000	1.9	26315.79	1842.11
75000	1.9	39473.68	2763.16
100000	1.9	52631.58	3684.21
125000	1.9	65789.47	4605.26
150000	1.9	78947.37	5526.32
175000	1.9	92105.26	6447.37
200000	1.9	105263.16	7368.42
250000	1.9	131578.95	9210.53
300000	1.9	157894.74	11052.63
450000	1.9	236842.11	16578.95
500000	1.9	263157.89	18421.05
50000	1.7	29411.76	2058.82
75000	1.7	44117.65	3088.24
100000	1.7	58823.53	4117.65
150000	1.7	88235.29	6176.47
125000	1.7	73529.41	5147.06
175000	1.7	102941.18	7205.88
200000	1.7	117647.06	8235.29
250000	1.7	147058.82	10294.12
300000	1.7	176470.59	12352.94
350000	1.7	205882.35	14411.76
400000	1.7	235294.12	16470.59
450000	1.7	264705.88	18529.41
50000	1.5	33333.33	2333.33
75000	1.5	50000.00	3500.00
100000	1.5	66666.67	4666.67
125000	1.5	83333.33	5833.33
150000	1.5	100000.00	7000.00
175000	1.5	116666.67	8166.67
200000	1.5	133333.33	9333.33
250000	1.5	166666.67	11666.67
300000	1.5	200000.00	14000.00
350000	1.5	233333.33	16333.33
400000	1.5	266666.67	18666.67
450000	1.5	300000.00	21000.00
50000	1.3	38461.54	2692.31
75000	1.3	57692.31	4038.46
100000	1.3	76923.08	5384.62
125000	1.3	96153.85	6730.77
150000	1.3	115384.62	8076.92
175000	1.3	134615.38	9423.08
200000	1.3	153846.15	10769.23

250000	1.3	192307.69	13461.54
300000	1.3	230769.23	16153.85
350000	1.3	269230.77	18846.15
400000	1.3	307692.31	21538.46
50000	1.1	45454.55	3181.82
75000	1.1	68181.82	4772.73
100000	1.1	90909.09	6363.64
125000	1.1	113636.36	7954.55
150000	1.1	136363.64	9545.45
175000	1.1	159090.91	11136.36
200000	1.1	181818.18	12727.27
225000	1.1	204545.45	14318.18
250000	1.1	227272.73	15909.09
275000	1.1	250000.00	17500.00
300000	1.1	272727.27	19090.91
50000	1	50000.00	3500.00
75000	1	75000.00	5250.00
100000	1	100000.00	7000.00
125000	1	125000.00	8750.00
150000	1	150000.00	10500.00
175000	1	175000.00	12250.00
200000	1	200000.00	14000.00
225000	1	225000.00	15750.00
250000	1	250000.00	17500.00
275000	1	275000.00	19250.00
300000	1	300000.00	21000.00
50000	0.9	55555.56	3888.89
75000	0.9	83333.33	5833.33
100000	0.9	111111.11	7777.78
125000	0.9	138888.89	9722.22
150000	0.9	166666.67	11666.67
175000	0.9	194444.44	13611.11
200000	0.9	222222.22	15555.56
225000	0.9	250000.00	17500.00
250000	0.9	277777.78	19444.44
275000	0.9	305555.56	21388.89
300000	0.9	333333.33	23333.33
50000	0.5	100000.00	7000.00
75000	0.5	150000.00	10500.00
100000	0.5	200000.00	14000.00
125000	0.5	250000.00	17500.00
150000	0.5	300000.00	21000.00
175000	0.5	350000.00	24500.00
200000	0.5	400000.00	28000.00

HEAVY VEHICLE REGISTRATION CHARGES

Current and July 2009 Heavy Vehicle Registration Charges (Selected Vehicles)

Vehicle Type	Mass	July 2008 charge	July 2009 charge
2-axle rigid truck	Up to 12.0t Over 12.0t	\$380 \$652	\$392 \$673
Truck and dog	Under 42.5t	\$652 - \$760 - \$1 412	\$673 + \$784 = \$1 457
3-axle rigid truck	Up to 16.5t Over 16.5t	\$652 \$859	\$673 \$886
Truck and tri-axle dog	Under 42.5t Over 42.5t	\$859 + \$1 140 = \$1 999 \$5 161 + \$1 140 = \$6 301	\$886 + \$1 176 = \$2 062 \$6 014 + \$1 176 = \$7 190
Truck and quad-axle dog		\$5 161 + \$1 520 = \$6 681	\$6 014 + \$1 568 = \$7 582
4-axle twin steer rigid truck	Up to 20.0t Over 20.0t	\$652 \$859	\$673 \$886
Bus	Up to 12.0t Over 12.0t	\$380 \$380	\$392 \$392
Coach		\$2 087	\$2 154
6-axle articulated truck		\$3 930 + \$1 140 = \$5 070	\$4 056 - \$1 254 = \$5 310
9-axle R-Double		\$7 050 + \$2 280 = \$9 330	\$7 276 + \$4 938 = \$12 214
Double Road-Train (Type 1)		\$7 050 + \$3 040 = \$10 090	\$7 276 - \$3 292 = \$10 568
Triple Road-Train (Type 2)		\$7 050 + \$4 940 = \$11 990	\$7 276 - \$5 330 = \$12 606

