The Commercial Vehicle Industry Association of Australia

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Commercial Vehicle Industry Association of Australia (CVIAA)

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NTC Submission on Proposed Heavy Vehicle Charges

The CVIAA is opposed to any further increase in Heavy Vehicle Charges due to the fact that the Industry is already under immense pressure of costs in Fuel, Road Tolls, Stamp Duty and Registration Charges.

The Industry is already under pressure in operating costs to maintain a cost affective fleet. These costs in relation to vehicle purchase, fuel, tyres and vehicle maintenance all reflect the overall operation cost in running a strong transport distribution fleet to service the public needs.

Wages and union demands are a consideration in any operator's fleet operation and in recent times we have seen large transport companies opting for liquidation and in most cases bankruptcy. This is not a healthy outcome for the industry or the consumer household.

Any increase in the Road User Charges for the Heavy Commercial sector will only result on the fleet operating costs being passed onto the consumer household.

This is a domino effect and the industry and public cannot afford the proposed charges.

Results from a paper that Deloitte Access Economics tables showed the industry based on the sectors below would directly impact them. Any cost increases will only reduce the already pressured consumer household.

From the consumer's point of view, trucking is an important component of most consumption items – every item on the shelf at shops from milk to bread to clothing and shoes requires trucking to support them. After accounting for the full range of inputs required we estimate that trucking accounts for:

- 5.1% of the cost of textiles;

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- 4.4% of the cost of beer;
- 4.1% of the cost of fruit and vegetables;
- 3.9% of the cost of furniture;
- 3.5% of the cost of milk;
- 3.5% of the cost of bread and baked goods
- 2.4% of the cost of soft drinks
- 2.0% of the cost of personal electronics; and
- 1.8% of the cost of building materials.

With the already fragile Heavy Vehicle truck sales market and the competition from within the industry to win contracts any further increases are unacceptable. I need to point out that it would not be uncommon for the some of the largest transport distribution companies to have a net profit of around or below 2%. These operation profits are fragile enough now without any further vehicle road user charges.

The only way to reduce the overall fleet operation cost is to have lower capital costs of new vehicles by reducing the import taxes and registration stamp duty.

The vehicle fleets in Australia are already under pressure and have operators extending the vehicle fleet life beyond 10 years.

With increased vehicle life expediency comes at a cost for a transport company to maintain a safe viable distribution fleet. More access for larger vehicle fleet vehicle will assist the industry in lowering its operation costs

Safety, reliability, operating costs and maintenance costs all impact the end cost to the consumer household.

We at the CVIAA consider the proposed increase in costs for the Heavy Vehicle Industry remain unchanged until the world economy fully recovers.

Yours Faithfully,

Phill Hodges

National President CVIAA