



MEDIA RELEASE

21 March 2022

Operators must act on rising costs: VTA State Conference 2022

Higher fuel costs and rising inflation and interest rates have dominated presentations at the opening of VTA State Conference 2022, being held at Silverwater Resort, Phillip Island, with the record 190 delegates being urged to pass higher fees and charges through the supply chain to customers or risk going under.

Federal Assistant Minister for Freight Transport Scott Buchholz delivered the opening keynote address, where he echoed VTA calls for operators to be vigilant about their cost models in the face of inflationary pressures not seen for decades.

VTA CEO Peter Anderson welcomed delegates with remarks that acknowledged how operators and the transport industry had been rocked by successive challenges, with conflict in Eastern Europe adding to the pressure.

“Labour shortages, disruptions to fuel and engine additives, difficulties obtaining parts for servicing vehicles, are just a few of the supply chain difficulties that have created such uncertainty in the business and the general community,” Anderson said. “And when you factor in inflation and the likelihood of interest rates going up, higher costs of doing business just adds to the uncertainty and the stresses it creates on budgets for businesses and consumers.”

Anderson said the sad irony is that the economy was edging towards a post pandemic recovery of sorts when tensions began flaring in Eastern Europe.

“Russia’s war with Ukraine is adding to supply chain uncertainty, with sanctions creating supply issues on commodities the world economy needs. Reduced supply is leading to higher prices for most goods and services, prompting businesses to make difficult decisions to remain sustainable.”

The theme for the conference is Attaining Post Pandemic Supply Chain Certainty, which the VTA thought was relevant after a year that supply chains in Australia and overseas have been smashed thanks to COVID and more recently war in Eastern Europe.

“As an industry group, our phones are ringing off the hook with members and operators desperate for advice on how to respond,” Anderson said.

“On one hand, operators are sensitive to raising their prices to recover higher costs and are loathe to disenfranchise customers facing similar pressures. But on the other hand, absorbing costs is akin to kicking the can down the road, and ultimately will be to the detriment of already stressed operators.

“Our advice is simple – operators must act on rising business costs. They cannot wear higher diesel and other prices forever and must factor it into their cost models, which will lead to higher consumer prices. There are few parts of the economy that will be exempt from higher prices because transport is a factor in every commodity, and when transport becomes more expensive, everything becomes more expensive.”

Anderson said operators need to understand the impact rising costs will have on their business and act; and communicate clearly, effectively and regularly with your customers.

“In a broader sense, we as a nation need to think seriously and take steps to protect our supply chains and make us less reliant on certain imports for resiliency in our supply chains.” Anderson said.



“At stake, unless governments do more to support the transport industry’s pivot to attaining supply chain sovereignty, is our ability to supply basic community needs. Only by attaining higher rates of supply chain sovereignty will Australians be able to have greater certainty that our economic security and living standards can be upheld. We need regulatory and legislative settings to identify the risks that inhibit us from standing on our own two feet when it comes to things like labour and fuel security.

“A growing workforce, sufficient reserves of fuel and energy, and the inputs necessary to keep road, rail and sea transport supply chains intact, are the basics we need for supply chain sovereignty and certainty as we recover from the pandemic,” Anderson said.

Over 30 speakers will address delegates over the two days of the conference on infrastructure, fuel and alternative energy, safety, technology and industrial relations and human resources.

Ends...

For further information please contact Brian O’Neil on 0411 055 284