victoriantransportassociation inc.

MEDIA RELEASE
7 April 2022

Operators get short shrift on fuel relief

Fuel cost relief in federal treasurer Josh Frydenberg's budget is flowing through to the pumps, with the 22.1 cent reduction in the fuel excise starting to lower the cost of petrol.

While welcome news for motorists, commercial freight operators are getting none of this relief because of the government's refusal to also amend the road user charge they pay for using public roads, according to Victoria's peak transport advocate.

"In a practical sense, what this means for transport companies is a cost reduction of just 4.3 cents per litre, after factoring in the 26.4 cents a litre road user charge and the loss of the 17.4 cents per litre Fuel Tax Credit," said VTA CEO Peter Anderson.

"The impact of refusing to reduce road user charges makes a complete mockery of claims by the government that the cost of consumer goods would steady or come down because of its halving of the fuel excise.

"After wages, fuel is the second biggest direct expense for transport companies, accounting for around a third of costs. And with freight margins already wafer thin and operators facing higher labour costs because of driver shortages, the paltry 4.3 cents per litre saving cannot be passed on."

Anderson said the biggest losers of this lost opportunity for reform are consumers.

"Prices of food, clothing, medicine and other goods will not reduce one bit, and will continue to rise as the impact of higher inflation and interest rates continue to be felt by retailers."

Anderson said a meaningful reduction in transport costs through genuine reform of how freight companies pay road user charges may have put downward pressure on consumer prices, but regrettably the government lost this opportunity when it ignored calls for specific industry change.

"What we want in the short-term is a suspension of the road user charge for six months, in line with the temporary halving of the fuel excise, and the reinstatement of the Fuel Tax Credit. This is the only way operators can entertain lowering transport costs, providing customers with the option of reducing what people pay for goods and services.

"Absent genuine reform, our message to consumers is clear: do not expect prices for goods to fall because transport costs are continuing to rise. The risk of freight companies going under because of higher operating costs and cash flow pressures is real, which is why they must resist absorbing higher fuel and labour costs, and why consumers shouldn't expect any relief at the stores," Anderson said.

Ends…
For further information please contact Brian O'Neil on 0411 055 284

Victorian Transport Association
PO Box 5, South Melbourne, 3205