



WEDNESDAY 20 JULY

M E D I A R E L E A S E

CARBON PRICE SHOULD APPLY EQUALLY ACROSS TRANSPORT SECTOR

The Australian Logistics Council (ALC) is encouraging the Federal Government to redesign its carbon price package before it goes to parliament to ensure transport is treated equally under the tax.

In a letter to the Prime Minister and other key parliamentary stakeholders, ALC Chief Executive Officer Michael Kilgariff has called on the Government to ensure its carbon price policy does not discriminate between the road, rail, maritime and aviation sectors.

“ALC supports the decision to exempt heavy vehicles from a carbon price until 2014, however, we believe this measure should be applied consistently across the transport modes to ensure an equal playing field in the freight transport sector,” Mr Kilgariff said.

“As it currently stands, the rail, aviation and maritime sectors will be paying an effective carbon price from 1 July 2012 through changes to their fuel tax credits and excise arrangements.

“This is two years before heavy vehicles will be required to pay an equivalent price, and that is assuming a future parliament actually approves measures to reduce the fuel tax credit heavy vehicles can receive.

“To ensure the Government’s intended sole taxation mechanism to price carbon works fairly on day one, ALC is calling on the Government to ensure competitive neutrality between transport modes under a carbon price, by eliminating this two-year inconsistency which has the potential to distort consumer choice as to the mode of transport used to freight goods”, he said.

Mr Kilgariff said the introduction of a carbon price with inconsistent start up dates across the industry may have the unintended consequence of actually disadvantaging the forms of transport that could potentially offer the greatest savings of greenhouse gas emissions.

“Treating energy efficient transport modes such as rail differently to heavy vehicles is in effect contrary to the carbon price’s primary objective to reduce Australia’s overall carbon emissions.”

Mr Kilgariff said this point was echoed on ABC’s Lateline Business this week by Paul Little, Managing Director of Toll, one of Australia’s major logistics companies.

TICKY FULLERTON: From a national point of view, I see that rail and sea are actually disadvantaged over road for the first couple of years anyway. That would seem very ironic given that road is the high emitter?

PAUL LITTLE: Well, air and road are both very high emitters. We would certainly like to have seen the Government also create a two-year window where both rail and sea were also going to receive the benefit of not incurring the tax. Inadvertently, it's going to disadvantage that form of transport and that mode of transport that can offer the greatest savings in terms of greenhouse gas emissions. So, I believe it may not have been an intended outcome, but it's one we believe is not going to give the best outcome.

“The freight transport and logistics industry stands ready to make a positive contribution towards transitioning Australia to a low carbon future, but our efforts should be accompanied by policies that ensure competitive neutrality across the transport modes”, said Mr Kilgariff.

Further information: Michael Kilgariff on 0418 627 995