

ONLINE ARTICLE

Title:	“Carbon tax last straw for trucking industry demanding answers”
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A union heavy who helped install Julia Gillard as prime minister now threatens to turn against her not because of her backflip on a carbon tax, but a backdown on supporting mandated rates of pay for truck drivers.

To those who've worked in and for the transport industry — I spent more than six years reporting on the sector — the comments from Transport Workers Union boss Tony Sheldon in media yesterday and today are like a broken record. Just like the threat of blockades and go-slows and civil disobedience — attempts in the recent past have failed; truck operators never show up because they're too busy trying to make a buck.

But with the government's carbon tax, and the likely impact on fuel costs, Sheldon has a new spin for journalists and a larger wedge for the government in taking on clients — led by the big two supermarket chains, the union's biggest enemies — that screw down contract rates and put owner-drivers and truck operators at risk. The union boss confirmed to *Crikey* this morning he will campaign against a carbon tax if Gillard doesn't keep her promise on industry support.

Her vow first came two years ago at an ACTU conference in Brisbane — truck drivers “shouldn't have to die to make a living”, Gillard declared as workplace relations minister, “and we will be working on safe rates to prevent them from having to take that risk”.

The idea of government intervention into a commercial marketplace was unprecedented in many ways and alarmed employer groups, but the stance was backed by numerous reports over many years, the latest from the National Transport Commission in 2008 which found “economic factors create an incentive for truck drivers to drive fast, work long hours and use illicit substances to stay awake”. Poor pay causes road deaths.

Sheldon, an ALP Right powerbroker and long-time TWU boss, rejoiced at the commitment and spoke loudly on the advisory body set up by the government; union figures continued their trick of dragging out coffins and crosses at protests to indicate the number of drivers who continue to die under pressure from bosses and clients — almost 300 last year, they say. A discussion paper was released, backed by parliamentary secretary Jacinta Collins, industry was consulted, and ministers from Mark Arbib to Anthony Albanese appeared to back the cause. This time last year Gillard spoke of the “compelling case” for action.

But there's been no action. Legislation hasn't been drafted, Sheldon told *Crikey*, citing "constant bureaucratic stumbling blocks in actually implementing client accountability and safe rates". Gillard's office didn't respond to questions on a timetable or whether the government remains committed to enforcing contract rates.

The carbon tax promises to drive even more complexity — and ultimately higher costs — into fuel tax arrangements for the industry. While Gillard has declared ordinary motorists and "light commercial vehicles" will be compensated for the impact of the tax at the bowser, trucks (vehicles over 4.5 tonnes) are set to pay. Industry believes the government will reduce the tax rebate operators receive on diesel fuel which will push costs up to 7 cents per litre higher.

And there are fears the tax could distort the freight task. As trucking industry lobbyist Philip Halton told *Australasian Transport News* today, shielding vans and light trucks from the tax will provide incentive for operators to ditch their more efficient trucks for smaller vehicles — resulting in even higher emissions. The highly-contentious issue of road user charges, which the Productivity Commission will examine in a government concession to the Greens, add another layer of complexity and debate.

Higher costs — and the industry has battled rising oil barrel prices for years — are not a problem in themselves. The challenge for truck operators — by some calculations the biggest contributor to GDP, ahead of mining and manufacturing — is in recovering their costs from prime contractors. Coles and Woolworths (and others) want to sell bread for cheaper, they squeeze contractors like transport suppliers harder to maintain profits and those businesses demand greater productivity from their sub-contractor and owner-driver workforce. And as everyone in a cut-throat sector knows, there'll always be someone who will do it for less.

Sheldon insists he's "not a climate skeptic". But as he told *Crikey* today: "I'm going to campaign against any tax, any arrangement and any failure by this government to deliver safe rates... I will campaign against any tax that will kill more people on our roads."

Even if that means embarrassing a government already under pressure to deliver climate change policy? "The government has to take responsibility for the decisions it makes," he said. "They [Labor] put all their eggs in one basket in regards to a carbon tax and a carbon trading scheme. They've managed to isolate their traditional constituency."

Higher costs in transport services impact businesses up the supply chain and customers down the chain. As Queensland trucking operator Darren Nolan of Nolans Transport told us today: "Heavy vehicles already pay significant costs, and registration fees have gone up. Any costs we incur will have to be passed on to consumers, which means you'll have to pay more for your groceries."

"From a company perspective we are significantly concerned, and I'm concerned one, from a company financial perspective, and two, on the impact it will have on our customers and growers who are already trying to recover from natural disasters. We pay significant registration costs to supply food and goods to the nation. The more we have to pay the more our consumers and customers will have to pay, simple as that."

A carbon tax also hikes compliance costs in an industry already strangled by red tape. "Don't forget the administrative burden that comes with this because someone would have to

calculate the emissions and usage,” Nolan said. “Someone would have to be paid to do that; there is more than a significant administrative burden.”

So does the transport industry deserve compensation like other sectors? Not necessarily, long-time sub-contractor and industry representative Rod Hannifey says — “we just need people to understand that it costs”.

“It becomes an inflationary thing: wages will go up, the cost of goods will go up, and the cost of doing business will go up,” he said. “We have a problem now that the bigger companies want their prices lower tomorrow than they want it today.”

The largest and smartest transport operators have made great strides in reducing their fuel use through hybrid engines and aerodynamic savings (the design of rigs can have an enormous impact on efficiency). Previous government regulations mean trucks run the cleanest engines on the road. But smaller operators don’t have the financial support to invest in greener technologies.

Frank Black, the owner-driver representative to the Australian Trucking Association, said: “People in the industry are always looking to be emissions friendly, they’re always looking to upgrade to better equipment, but it costs to upgrade, and more tax makes that hard.”

To transport industry players the arguments on costs and clients are as old as time. In a carbon-constrained world, the government may now have to address them.

**Additional reporting from Crikey interns Andrew Duffy and Lawrence Bull*