

PRESS RELEASE

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TRUCKING INDUSTRY CUSTOMERS WILL PAY FOR REMOVAL OF THE FUEL SUBSIDY SCHEME

The recent decision of the Queensland State Government to remove the Fuel Subsidy Scheme as part of the 2009 State Budget provisions will impose very considerable cost on trucking operators which will be passed on to customers and the community.

Peter Garske, CEO of the Queensland Trucking Association Ltd (QTA) said, "Operators in our industry, already financially stretched dealing with the economic crisis in the State and Nation's economy, will have no likelihood of absorbing fuel increase costs representing between 17 and 20 percent of operating costs and gross freight earnings."

QTA Ltd has written to all members today urging operators to review their freight rate as the consequence of the State Government's imposition of an 8.354 cent per litre (plus GST) increase in their fuel costs – a cost which will not fluctuate but which will be a permanent imposition on the cost of doing business.

"The Queensland Premier has made a number of statements in the media over the last 24 hours in relation to fuel prices suggesting that there need be no more than a 6 cent per litre increase – such statements are extremely misleading and can only lead to the business of every Queensland trucking operator incurring additional costs, they are unable to recover."

"The removal of the Subsidy can only mean that retail outlets will no longer receive the 8.354 cents per litre subsidy and will charge the trucking industry accordingly" commented Mr Garske.

Mr Garske further stated, "Equally it is misleading for the Premier to quote the Pincus Inquiry (2007) as being some justification for an increase less than 8.354 cents per litre. Nowhere in the Pincus Inquiry is it concluded that "only 6 cents per litre" of the subsidy was passed on to consumers."

The Inquiry referred to the findings of an earlier Treasury Department taskforce conclusion in that regard without making any findings as to its veracity. The specific findings of the Pincus Inquiry in response to the Terms of Reference focus on competition at a retail level and the inadequacy of the legislation underpinning the Scheme and recommending amendment to establish a *reference price system*.

Regrettably, for the trucking industry in Queensland, we have lost a significant competitive advantage for all our customers involved in import or export, retail, manufacturing, construction, rural and regional industry. Not previously being burdened with a fuel tax has provided the customers of our industry with a significant competitive edge. That world as we knew it has changed forever.

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