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The Motorcycle Riders Association of Queensland (MRAQ)

submission on Australia's Future Tax System

Section 12

Fuel, Roads and Transport

Introduction

The Motorcycle Riders Association of Queensland (MRAQ) and its members are keen to reduce the communities dependence on large vehicles, particularly where many trips can easily be taken using more environmentally friendly, congestion minimising alternatives. The MRAQ suggests that a number of significant financial barriers exist which may be deterring people from using these often more suitable alternatives. This submission investigates and addresses many of these barriers and reports on the role that motorcycles and scooter can play in reducing the number of trips taken by cars while minimising the amount of harmful pollutants being expelled into Queensland's atmosphere.

Car dependency in South East Queensland

A media statement released by the Queensland Travelsafe committee highlighted the fact that 80% of all trips taken in Brisbane will be made in a private car.

While there is nothing necessarily wrong with enjoying the benefits and freedoms that a personal car can bring, environmental uncertainty, ever increasing levels of congestion and constant roadway expansions point to a need for the community to re-evaluate their mobility needs and identify areas where improvements can be made.

The MRAQ believes that one part of the solution is the use of motorcycles and scooters as commuting and mixed transport tools.

The potential value of motorcycles as transport alternatives is very evident in most European and Asian Countries. Without motorcycles, the transport system, for example in all Asian cities, would quickly grind to a halt. Motorcycles are an essential part of the transport plans in these places and far outnumber other types of vehicles. Most European cities are abuzz with motorcycles which are welcomed and integrated into transport plans now and in the future.

Motor vehicle registration as a state tax

While vehicle registration is a state and territory tax which needs to come under the Tax

Review, compulsory third party insurance, which is handled by licensed insurers, may not, although state and territory government bodies usually administer the schemes.

Nevertheless, as motor vehicle registration and compulsory insurance are bundled together, they are a single cost to the motor vehicle owner and can hopefully be looked at under the Tax Review as a single issue.

Q12.1 How can motor vehicle related taxes and road funding arrangements be designed to improve the efficiency of transport of people and goods in Australia?

The use of fuel-efficient and low emission vehicles must be promoted.

There should be differential registration and stamp duties on low emission and fuel-efficient vehicles especially motorcycles and scooters. For example it currently costs more to register and insure a large motorcycle in Victoria than to register and insure an average sized car.

There should be direct financial incentives to encourage the use of low emission vehicles. New purchase stamp duty should be much lower for these vehicles while registration fees for higher emitting vehicles should be increased for a cost neutral result.

Motorcycles and scooters are the most fuel efficient modes of motorised transport available. They pollute the least. They are capable of solving the current and futures congestion problems within all capital city CBD's. Motorcycles and scooters are here and now – we don't have to wait until a new fuel cell is invented or high output batteries come onto the market at usually high prices.

A 50cc four stroke Honda Scoopy scooter for example, can achieve up to 75 km/L. (Two stroke scooters are being phased out of the market as they are more polluting and less fuel efficient and burn oil which is emitted with the exhaust gases.)

Engine technology is at a much higher state than that of car and other four wheeled vehicles. Specific power outputs per engine capacity far exceed those of cars meaning a much more efficient engine. Thus the car generates 16 to 32 times more emissions than the 50cc four stroke scooters.

Motor registration and CTP costs.

Many motorcyclists own more than one registered motor vehicle, while they use only one vehicle at a time, the motor vehicle related taxes like registration costs make no distinction between vehicles that get little use and those that get a lot of use.

Owners of multiple vehicles who only use one vehicle at a time should only have to pay a single annual registration and insurance based on the most powerful vehicle they own if

they can satisfy registration and insurance requirements that they are the only user of these vehicles.

There needs to be CTP reductions or rebates to allow no claims bonus. CTP needs to reflect individual situations as in the case of Sweden.

The following examples show how Sweden, Austria and the UK promote motorcycle use by minimising their costs.

Sweden - third party insurance has had distance traveled as a factor in determining premiums since 1961. Other factors are geographical area, vehicle model and no claim bonus.

Drivers will estimate total distance they are likely to travel, if distance exceeds the estimate, this is reported and extra premium paid. If at the end of the policy period the real distance traveled is less than the estimate, the driver is entitled to a premium rebate.

Austria has transferable number plates. This system is called “Wechselkennzeichen” - a "multi-vehicle registration" A vehicle registration number may be used by the owner for up to three different motor vehicles, which have to be registered together. All of them need to fall under the same vehicle category (motorcycles, motor vehicle, trailer) and need to have the same registration plate format. One set of plates is issued, which must only be used on one of the registered vehicles at the same time. The other vehicles must not be parked on public traffic areas. Premiums are based on the most powerful vehicle.

Austria also have a system that allows for deposit of motor registration plates when motorcycles are put in mothballs during winter, you can deposit your registration plate with a vehicle licensing authority approved by your insurers, and so save your money on your insurance premiums.

U.K.- multibike insurance. Bennetts, a leading provider of motorcycle insurance, will cover up to six bikes on one Multibike policy. The policy works on the understanding that you can only ride one bike at a time regardless of how many machines you have. From there it is a simple commonsense equation, that you are insured for the bike you are riding whilst your other bikes sit at home covered against fire, accidental damage and theft. With all your bikes covered on one policy the savings can then be passed on to the motorcycle owner.

Other Queensland state government costs.

If motorcyclists wish to, they can currently convert their motorcycles to single-seaters to take advantage of lower registration and CTP costs when a motorcycle is unable to take a pillion passenger. There is a cost to modify these motorcycles and the modification often reduces the value of the machine.

The MRAQ believes the Swedish model that includes a no claim bonus for CTP would be more reasonable as a lot of motorcycle owners do not want to modify their bikes even though they rarely or never take pillion passengers.

Q12.2 What should be the role, if any, of fuel taxes? What does this mean for how fuels and their uses are taxed and the rates of tax applied?

Motor vehicle related taxes could be better designed if the tax focus shifted away from ownership of registered motor vehicles to usage of registered motor vehicles.

Ideally, direct fuel taxes should replace all motor registration and compulsory insurance premiums as a way to reward fuel efficiency and lower usage of large motor vehicles.

This would directly reward low emission, efficient vehicles which would be an effective measure in reducing CO₂ emissions. High emitting, inefficient vehicles would cost their owners more to run which would limit their useage. Any such scheme should be based on fuel useage and CO₂ emissions and not linked to particular technologies. It should be based on a single threshold, which would also be easier to administer.

Another benefit would be that motor vehicle users that are unlicensed, unregistered and uninsured would have to contribute to the pool of motor registration and insurance premiums which they can avoid under the current system.

Q12.3 Do the existing tax arrangements lead people to make economically inefficient transport choices, and if so, how might they be improved?

The current pre-paid motor vehicle registration and compulsory insurance system creates a financial incentive for the high rate of private motor vehicle usage which is to get value for money from pre-paid premiums. The high costs of additional personal motor transport deters motorists from using more fuel efficient, low emission vehicles. This has created the system we have today.

Most cars can carry between two and seven occupants, however around 90% of car journeys have only a single occupant, increasing congestion of the roads and parking facilities at their ultimate destination.

A motorcycle carrying just one rider transports the same number of people as most car trips but when reaching its destination requires a far smaller space to park and can utilise wasted spaces that a car cannot possibly use. Up to six motorcycles or scooters can park in a space required for a single car. Motorcycles and scooters have no detrimental effect on the road surface, cause no damage to the road infrastructure and can actually help reduce the need for constant roadway expansion and rebuilding.

Stamp duty

A stamp duty differential charging scheme is an effective means of encouraging consumers to purchase more fuel efficient vehicles. Lower stamp duties on the initial purchase price together with lower ongoing annual duties will ensure that fuel-efficient and low emission vehicles will enjoy a substantial financial advantage and therefore be more attractive to potential purchasers.

For very fuel-efficient vehicles such as motorcycles and scooters, stamp duty should be completely abolished and registration fees also come under consideration for complete abolition.

Registration and CTP

Similarly, a registration and CTP differential charging scheme would be an effective means of encouraging consumers to purchase more fuel-efficient vehicles. Again the lowering of compulsory registration and CTP fees for motorcycles and scooters should be high on the recommendation list.

The lowering of ongoing registration and CTP fees is seen as the most effective method of enticing purchasers towards more fuel-efficient vehicles. Stamp duty is largely a one-off payment disguised within the initial purchase price of a new vehicle whereas the annual bill for registration and CTP renewal is often perused more closely and will have more impact if it can be possibly lowered.

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