24 November, 2022

**ISUZU COMMENT: EMISSIONS STANDARDS WELCOME, BUT TAX BREAK CLARITY NEEDED**

Isuzu Australia Limited (IAL) welcomes the new vehicle emission standards that will come into effect for heavy vehicles from November 2024.

However, IAL Director and Chief Operating Officer Andrew Harbison said the federal government still needed to provide some certainty to Australia’s road transport industry about the cut-off date for the instant asset write-off tax scheme.

The October 25 federal budget was the perfect opportunity for the new Albanese government to announce an extension clause for the eligibility of capital equipment purchased under the instant asset write-off scheme, but not delivered by the current expiration date for the scheme of 30 June, 2023. Unfortunately, no clarity has been provided.

**EMISSIONS STANDARDS**

A few days before the budget was handed down, Transport Minister Catherine King announced [Euro VI (Stage C) requirements](https://minister.infrastructure.gov.au/c-king/media-release/cleaner-emissions-standards-trucks-and-buses) will be phased in for newly approved heavy vehicle models supplied from November 2024 and existing heavy vehicle models still being supplied to the Australian market on or after November 2025.

This long-awaited news comes more than 11 years after Australia mandated Euro-V requirements on new heavy vehicles, and as European countries begin planning the introduction of [Euro 7 standards](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_6495) to tackle emissions from tailpipes, brakes and tyres for light and heavy vehicles.

The new Australian heavy vehicles emission standard provides certainty both for heavy vehicle Original Equipment Manufacturers (OEMs) in their future product development and release programs for the local market. Australian road transport operators also benefit from access to the latest equipment and technology, and the regulatory change demonstrates further progress on the immediate path to reducing the emissions of Australia’s road transport fleet.

This is particularly important given the increased demand for road transport equipment to meet the year-on-year growth of the freight and logistics industries.

**UNFORGIVING POSITION**

The continued and heightened demand for road transport capital equipment places additional pressure on the need for clarity on the instant asset write-off scheme as we approach 30 June 2023, the date by which eligible assets must be first held, used or installed.

If completed (including body builds) trucks aren’t delivered by this date, the customer will miss out on the instant asset write-off tax break.

It’s an unforgiving position for all parties, given current global supply-chain challenges, which have coincided with unprecedented demand for trucks, globally and domestically.

In Australia, these supply chain challenges have meant that the volume growth for heavy commercial vehicles has not been evenly spread across the market.

At the close of 2021, the total Australian truck market volume was up 8 per cent on the prior year, yet for Isuzu, market volume at year end was up a massive 24 per cent and the leading heavy-duty truck OEM in Australia experienced 34 growth volume growth.

In 2022, the total market volume is up market volume is currently up only 5 per cent, yet Isuzu is managing an additional 31 per cent volume throughput, such is the demand for product and Isuzu’s ability to supply into the local market.

**FLOW-ON EFFECT**

The increased demand and supply chain disruptions have meant lengthy delays in new vehicle deliveries here in Australia.

Using the passenger car market as an example, the average wait time for a new car in Australia in October is [152 days,](https://pricemycar.com.au/delivery-dates) compared to just 30 days in January 2019. Car buyers in the Northern Territory face the longest wait, of 297 days - almost 10 months!

In the truck market, depending on the model, body build and location, the time between order and delivery can extend out to 12 months. OEMs are under immense pressure to be able to deliver finished trucks to Australian businesses.

It’s also important to note that the current cut-off represents a serious issue to businesses far beyond truck OEMs. There are multitude of affiliated businesses, from body builders to component suppliers that are also heavily affected by the current deadline.

Custom truck body builds involve complex engineering and fabrication and inputs such as skilled labour are also in short supply, let alone the raw materials required.

The financial, workforce and broader long-term industry viability must be accounted for in the considerations around extending the current deadline to reflect orders placed rather than delivered.

**ends**

**For further information, please contact:**        **For Isuzu Trucks releases and photos:**

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