AUSTRALIAN TRUCKING ASSOCIATION

17 May 2017

The Hon Josh Frydenberg MP
Minister for the Environment and Energy
Parliament House
Canberra ACT 2600

Dear Minister

The Australian Trucking Association (ATA) welcomes the Australian Government's review of its climate change policies, particularly to inform the Government's commitment to reducing emissions and balancing economic impacts through delivering effective policies, ambitious and responsible targets, and careful management.

The review's discussion paper states that the transport sector was responsible for 18 per cent of Australia's emissions in 2015, with **over three quarters attributable to cars and light commercial vehicles**. The paper highlights a number of policies to support emissions reductions in the transport sector.

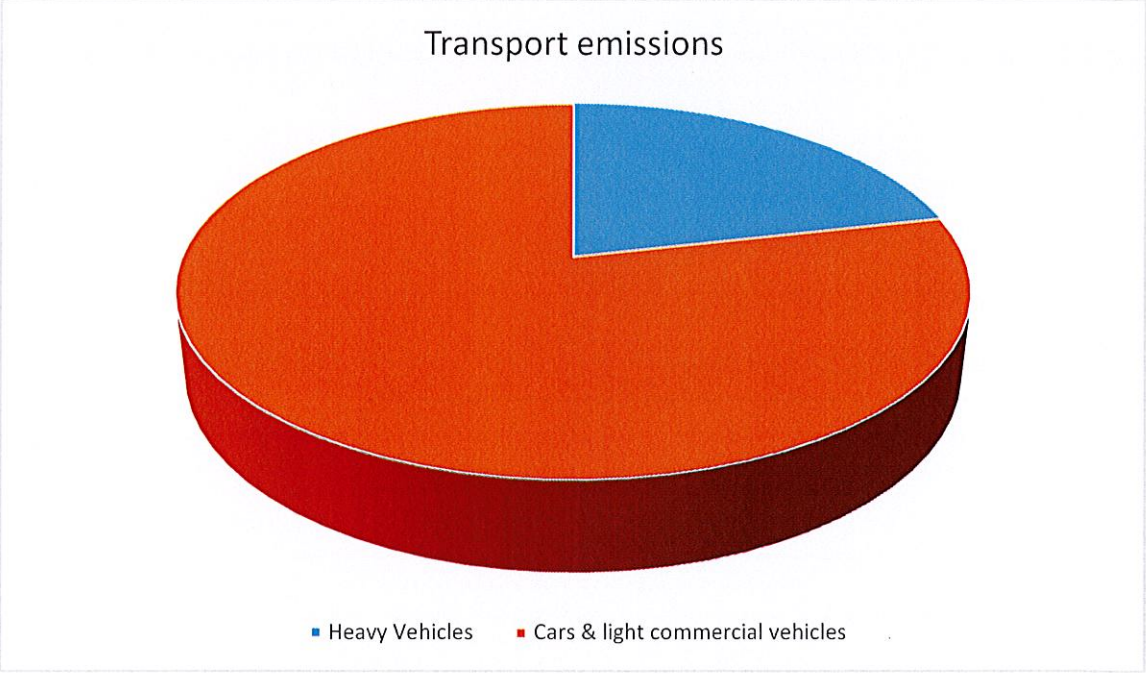

Figure 1: Transport emissions were responsible for 93 Mt CO_2-e in 2015, with 20Mt CO_2-e attributed to heavy vehicles[1]

One policy mechanism, the National Energy Productivity Plan, states itself that the projected impact of measures already under way for heavy vehicles is not yet certain.[2] The plan does

[1] Australian Government, Review of climate change policies: Discussion Paper, March 2017, 23.
[2] Australian Government, National Energy Productivity Plan 2015-2030 Annual Report 2016, 2016, 16.

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give support to sectors to support voluntary action and market approaches to improving energy productivity, and refers to sector based roadmaps produced by the Doubling Australia's Energy Productivity (2xEP) Steering Committee.[3]

2xEP produced a roadmap for the freight transport sector. The ATA was consulted in its development.[4] Whilst the ATA does not endorse all parts of the 2xEP roadmap, the roadmap does offer some cost effective strategies to reduce emissions in the heavy vehicle fleet by supporting voluntary and effective action by industry.

The 2xEP roadmap acknowledges that:

> Freight transport in particular is an important input factor to overall economic productivity, enabling the movement and connection of materials, equipment, products and even energy between the various stages of virtually all supply chains – from point of extraction and production to final end-use and even waste disposal. It therefore contributes to productivity in most other sectors that it serves.[5]

The central economic role for freight transport illustrates the importance for policies to reduce emissions in the sector to first focus on effective, voluntary measures which will not bring additional cost burdens on industry. The 2xEP roadmap acknowledges some characteristics of the road freight industry include low profitability, high levels of competition, one of the oldest trucking fleets in the OECD, and a high significance of fuel costs.[6]

The age of the truck fleet and low profitability of the industry means that policies that reduce the incentive to purchase newer vehicles will only increase Australia's reliance on an older heavy vehicle fleet and likely not result in the reduction of emissions that are anticipated. The ATA notes that the discussion paper refers to the Ministerial Forum on Vehicle Emissions, and the ATA has responded in detail to the vehicle emissions standard draft regulation impact statement.

The 2xEP roadmap however includes some strategies that should take a higher priority in the Australian Government's policies to reduce emissions in the road freight sector. In particular, strategies to increase the amount of payload that can be moved by a heavy vehicle represent policy options that would be a cost effective mechanism for reducing emissions. The 2xEP roadmap acknowledges that high productivity freight vehicles (HPFV) can optimise the energy use of the entire freight system by reducing the number of trips required for a larger truck to move a fixed freight task.[7] The ATA's truck impact chart also illustrates this point, with a HPFV A-double combination offering emissions reductions of 28 per cent compared to a standard semi-trailer, when moving 1000 tonnes. I have enclosed a copy of the truck impact chart for your information.

Additionally, the roadmap acknowledges that narrow heavy vehicle width limits prevent many technologies, particularly aerodynamics, from being simply transferred from overseas to reduce fuel consumption.[8] An increase in allowable width would also benefit operators of hard-walled refrigerated trucks, which could have thicker insulated walls without loss of

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[3] Ibid, 11.
[4] 2xEP Doubling Australia's Energy Productivity, A roadmap to double energy productivity in Freight Transport by 2030, 25 January 2017, 65.
[5] Ibid, 4.
[6] Ibid, 6.
[7] Ibid, 19.
[8] Ibid, 51.

payload. In 38 degree outside temperatures, these thicker walls would reduce heat gain by 36 per cent and deliver a fuel saving of 2,500 litres per typical refrigerated vehicle per year.[9]

Reducing emissions by increasing truck productivity should also include an increase in maximum vehicle length. The National Transport Commission has concluded that increasing length is the most feasible and productive means of increasing heavy vehicle capacity, at least for volumetric loads.[10] Amending vehicle design standards to allow increases in width and length would not just deliver increased productivity and fuel savings, but would also provide an incentive for the purchase of newer heavy vehicles with the latest vehicle emission standards for world best practice.

The ATA recommends that the Australian Government focus on cost effective emissions reduction opportunities for heavy vehicles, through increasing the productivity of vehicles and increasing width and length requirements.

This should include a whole of government approach to reducing barriers to HPFV use, including the administrative and technical burden of using HPFVs, and for improving road access. **Further, policies which increase cost burdens for the purchase of new heavy vehicles or reduce the payload productivity of heavy vehicles will undermine cost effective emissions reduction opportunities and should not be implemented.**

In addition to improving the productivity of heavy vehicles, regular maintenance is the key to ensuring that vehicles continue to meet emission standards. When it came into force, the *Fuel Tax Act 2006* included a powerful incentive for heavy vehicle operators to maintain their vehicles as it required vehicles manufactured before 1 January 1996 to meet maintenance or testing criteria to be eligible for fuel tax credits. Whilst this originally applied to 61 per cent of the trucks registered in Australia, by 2016 this had fallen to 33 per cent of the trucks in service, meaning a majority of the truck fleet no longer has to meet any maintenance requirement or test to be eligible to receive fuel tax credits. **The ATA recommends amending the *Fuel Tax Act 2006* to remove the 1 January 1996 threshold so that every on-road truck has to meet maintenance or testing criteria to be eligible for fuel tax credits.**

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Yours sincerely

Ben Maguire
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[9] Refrigerated Warehouse and Transport Association, *Submission to the National Road Transport Commission on a proposal that 2.6m trailers be permitted for the carrying of temperature controlled commodities*, July 1998, 3.
[10] NTC, Increasing heavy vehicle volumetric load capacity without increasing mass limits: discussion paper. November 2016, 87.