INFRASTRUCTURE AUSTRALIA: 2019 AUSTRALIAN INFRASTRUCTURE AUDIT

AUSTRALIAN TRUCKING ASSOCIATION SUBMISSION
15 NOVEMBER 2019

1. About the Australian Trucking Association

The Australian Trucking Association and its member associations collectively represent 50,000 businesses and 200,000 people in the Australian trucking industry. Together we are committed to safety, professionalism and viability.

2. Findings of the 2019 Australian Infrastructure Audit

The 2019 Australian Infrastructure Audit makes several important findings on our freight networks and the challenges that they face. The findings by Infrastructure Australia highlight a number of issues and priorities that are well known to the Australian trucking industry.

Importance of freight

Infrastructure Australia reports that our transport networks are vital to our collective economy and productivity, as well as the quality and cost of living that we experience as individuals.[1]

IA also report:

- Australia is well positioned to take advantage of Asia's economic development, but to do so we need to ensure our freight and supply chains operate efficiently and minimise costs for business and consumers[2]
- The freight task is growing faster than population growth[3]
- In Australia, supply chain costs represent around 10 per cent of the final cost of a product, which is ultimately borne by consumers.[4]

Challenges for our freight network

Despite the importance of road freight to the Australian economy, the 2019 Australian Infrastructure Audit finds that our agricultural, non-bulk and urban supply chains face significant challenges.

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[1] Infrastructure Australia, June 2019, An Assessment of Australia's Future Infrastructure Needs: The Australian Infrastructure Audit 2019, 260.
[2] Ibid, 322.
[3] Ibid, 323.
[4] Ibid, 351.

These challenges include:

- Our cities are key centres of demand, supply and processing of freight, but are bottlenecks that suffer from congestion, feature land-use planning that does not consider freight and impose red tape on freight operations[5]
- Poor planning and congestion can lead to unnecessary, long and expensive trips for trucks and inefficient operations[6]
- In our cities, many networks were designed decades ago and were never intended to support cities of today's scale, or to meet the needs of our modern population[7]
- While freight planning issues are recognised in most strategic freight plans, actions to address them are often generic in nature and do not sufficiently target specific and complex issues
- Agricultural supply chains suffer from poorly maintained infrastructure that often lacks capacity and suffers from bottlenecks, whilst also suffering from inconsistent and prescriptive regulation[8]
- Australia's international trade costs are higher than many other high-income OECD countries, including New Zealand, Japan, Canada and the United States[9]
- Regulations controlling access to the freight network are fragmented, inefficient and confusing for transport operators[10]
- The Heavy Vehicle National Law is not so much a national law as a merging of various highly prescriptive, jurisdictional laws with many variations in requirements.

The audit also places much-needed focus on high productivity freight vehicles:

- IA report that HPFVs reduce total vehicle movements, reduce congestion growth, lower costs of freight, enable faster delivery times and are more likely to be safer, quieter and be less emissions intensive[11]
- Despite their benefits, the use of HPFVs on our roads has been limited
- Time consuming and costly case-by-case decision-making on access permits can discourage the uptake of HPFVs
- **Restricting the use of HPFVs locks in high freight costs for businesses and consumers, and limit benefits to road safety, air pollution and amenity.**[12]

This finding is particularly important and one that must be addressed by reform action from governments.

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[5] Ibid, 322.
[6] Ibid, 338.
[7] Ibid, 181.
[8] Ibid, 324, 353.
[9] Ibid, 331.
[10] Ibid, 343.
[11] Ibid, 344.
[12] Ibid, 345.

Provision of roads

The audit identifies a number of key issues and challenges affecting the provision of roads. These include:

- Road funding and maintenance are not directly linked to use or road-related revenue. Funding and maintenance are susceptible to budget limitations and regional roads in particular lack funding consistency[13]
- Road expenditure should be sufficient to maintain a pre-determined service level and should be part of a detailed asset management plan
- Smaller projects, such as better use interventions to improve the productivity of existing assets, cost less and generally produce better economic returns[14]
- Infrastructure projects can improve people's quality of life, increase productivity and kick-start economic development. However, to achieve these outcomes, projects need to be carefully assessed, designed and timed. Getting our infrastructure decisions right is crucial to our future success[15]
- Early announcement of infrastructure projects, prior to effective problem identification and robust assessment, narrows choices and excludes the possibility for more efficient and less expensive solutions
- Big capital fixes often take undue priority over smaller and more frequent maintenance spends. This is often the by-product of a lack of clear long-term policy objectives
- Projects are often announced without a detailed assessment of needs and analysis of a range of potential solutions. Business cases are not always published to allow for public consultation and scrutiny. Post-completion reviews are rarely undertaken[16]
- Four-year forward estimates make it difficult to plan for the future of assets and can lead to patch up problems, rather than more efficient long-term solutions[17]
- Infrastructure is not an end in itself. It is not so much an engine of growth as an enabler of growth. It exists to provide services to users in a way that best meets their immediate and future needs[18]
- Governments and service providers do not always adequately measure and report on access, quality and costs for users.

[13] Ibid, 291, 297.
[14] Ibid, 298.
[15] Ibid, 212.
[16] Ibid, 216.
[17] Ibid, 228.
[18] Ibid, 166.

Infrastructure for regions

The audit identifies:

- Northern Australia faces distinct challenges and there is untapped potential for growth in northern Australia[19]
- Parts of northern Australia suffer from low-quality infrastructure
- Freight investments can unlock and be a catalyst for regional development[20]
- A community's economic prosperity is linked to its access to markets.

These findings illustrate the need for critical infrastructure reform to be undertaken by governments.

3. Independent regulation of infrastructure access charges

The IA audit also identifies another key challenge for freight in the significant increases in charges paid by land transport operators for collecting and delivering containers to and from ports. The audit identifies concerns that:

- Landside operators face practical constraints and limited marker power, so they cannot avoid these costs
- Increasing stevedore costs may lead to increasing costs for exporters and consumers
- The benefits of increased stevedore competition may not be realised equally across the supply chain. [21]

Unfortunately, the audit does not reflect similar concerns and experience of industry with toll roads charges for heavy vehicles. The audit identifies user pays as an underutilised funding source that has a high level of community support,[22] with some negative sentiment driven by limited understanding of how tolls are calculated.[23]

Heavy vehicle tolls have progressively been increased on most routes to three times the rate of light vehicle tolls. In NSW, this forms part of the Government's tolling principles.[24] Whilst on one hand the way heavy vehicle tolls are calculated is clear – they are set by governments in tolling concession agreements with private companies – the principles on which they are set are not clear.

[19] Ibid, 194.
[20] Ibid, 349, 351.
[21] Ibid, 333.
[22] Ibid, 226.
[23] Ibid, 178.
[24] NSW Legislative Council, October 2017, Road tolling in New South Wales, 79.

The higher rate appears to be justified by governments and tolling companies by a number of problematic arguments, which are explored below:

The rate is nationally consistent [25]

Justifying tolling rates as nationally consistent, when one private company is the dominant supplier, is just an excuse to increase tolls.

In March 2017, the Brisbane City Council announced that Transurban would fund the Inner City Bypass upgrade and take over maintenance and operation, in return for increased heavy vehicle tolls on the Clem7, Legacy Way and Go Between Bridge. The increase in the truck toll multiplier from 2.65 times to 3 times the light vehicle toll was justified by Transurban as being in line with the market and consistent with toll roads in Sydney and Melbourne. Also in March 2017, the Transurban announcement of increases to CityLink heavy vehicle tolls in Melbourne was stated to bring the rate into line with rates on other toll roads and roads in other states.

Within the same month, Transurban announced increases in the heavy vehicle multiplier in separate cities, effectively using the other increase on its own roads as justification.

Higher truck tolls reflect increased maintenance and road damage costs by heavy vehicles

Research into the marginal cost of road wear as a result of the impact of an additional trip made by a heavy vehicle indicates that in terms of recovering the cost of truck use to road wear and repair costs, the Transurban heavy vehicle multiplier vastly exceeds the marginal cost.

For a fully laden 6 axle articulated heavy vehicle, the estimated maximum marginal cost would be $0.16 per kilometre for an urban toll road.[26]

Using the M7 as an example, the maximum capped truck toll is $24.72 for a continuous 20km or greater trip, three times the maximum car toll of $8.24.[27] Of the extra $16.48 that is collected, just $3.20 represents road damage costs over 20km, under 20 per cent of the increased toll rate.

Similarly, calculations about the road wear damage appear based on heavy vehicles carrying their maximum allowable weight. For heavy vehicles which are not carrying their maximum allowable weight, and other types of heavy vehicles, the actual cost would be lower. The National Transport Commission has reported that a significant proportion of heavy vehicles operate at below their mass limits,[28] and there are several heavy vehicle

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[25] These reasons given for the truck toll multiplier are taken from NSW Legislative Council, October 2017, Road tolling in New South Wales, 79, 80.

[26] Cost calculation is based on work by the Australian Road Research Board and West Australian Local Government Association (2015, Calculating the cost of road wear on local roads) and Austroads (March 2012, Preliminary methodology for estimating cost implications of incremental loads on road pavements).

[27] Westlink M7, Toll pricing, accessed 6 November 2019.

[28] National Transport Commission, Increasing heavy vehicle volumetric load capacity without increasing mass limits discussion paper, February 2017, 7

operational uses which result in vehicles carrying weight lower than the maximum allowable, including palletised mixed freight, white goods groceries and cars.[29]

Historical traffic figures show no significant diversions of heavy vehicle traffic as a result of the multiplier at this rate

Governments have a responsibility to the wider community to demonstrate greater transparency on this point. Vehicle diversions, at whatever level, are increasing congestion, exacerbating community impacts from heavy vehicles on local streets and increasing emissions (by not taking the most direct route). They suggest that urban road networks are not working as efficiently as they could, which in light of the increasing congestion costs cited in the 2019 Australian Infrastructure Audit, represent a failure of transport policy.

Additionally, if governments actually believe this argument then there is no need for truck bans on alternative routes to the tolled routes. Heavy vehicles are increasingly being forced to use new toll roads, such as NorthConnex in Sydney.

Due to the higher operating costs of heavy vehicles, the value of the time savings are greater

Heavy vehicle tolls have a significant impact on trucking operators. Independent evidence to the Australian Senate reported that smaller trucking operators are less able to use their fleets (or single vehicle) to convert travel time savings to direct benefits for their companies. Smaller operators are also very sensitive to costs and road pricing.[30]

Toll Group have assessed the value for money proposition of some of these toll roads. An analysis of a Victorian based customer found that toll charges have doubled, increasing by half a million dollars since 2017. Despite this significant increase, travel time savings were either minimal to non-existent. Additionally, an assessment of 12 routes showed that fees had increased by 100 per cent and failed to delivered travel time savings, which actually increased by 1.3 per cent. [31]

If the heavy vehicle toll multiplier reflected the actual monetary gains to operators, then operators would be incentivised to utilise the roads. There would be no need for truck bans on alternative routes.

Instead, new toll roads are increasingly applying truck bans on alternative routes. That these are considered necessary is an illustration that the multiplier is not reflective of its economic value.

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[29] National Transport Commission, Increasing heavy vehicle volumetric load capacity without increasing mass limits issues paper, September 2016, 11.

[30] Thompson, Associate Professor Russell, Australian Senate, Operations of existing and proposed toll roads in Australia 3 August 2017 transcript, 11.

[31] Toll Group, information provided to the ATA, 2019.

Larger vehicles require greater road space

This is a simplistic, incorrect view that does not justify a three times multiplier toll charge. When you consider the space requirement between travelling vehicles a typical heavy vehicle is not equal to three light vehicles. An articulated truck is equivalent to approximately 1.2 to 2 light vehicles when travelling, inclusive of spacing between vehicles.[32]

Independent reports

The 2017 NSW parliamentary inquiry into road tolling recommended that the NSW Government should identify and publish the evidence supporting its decision to toll heavy vehicles three times that of light vehicles.[33] This has not occurred.

Similarly, the Victorian Auditor-General's report on the CityLink Tullamarine Freeway widening project in Melbourne found that:

- The audited agencies were unable to justify the substance of the arguments for the tolling of goods vehicles as the preferred funding approach, and that they did not provide a full and objective assessment of a range of alternative funding options
- The private sector proponent (Transurban) will contribute $850 million and is expected to recover an equivalent toll revenue stream worth approximately $3.2 billion up to 2035
- For unsolicited proposals, the private sector is likely to be focused on its own commercial interests in generating a proposal
- The April 2015 business case did not describe the potential disadvantages of making commercial vehicles bear the majority of the project cost through increased tolls and how this affects commercial vehicle productivity.[34]

Increasing the cost of business

IA suggests that negative sentiments about tolls are driven by a lack of understanding. Instead, for heavy vehicle tolls negative sentiment is driven by the lack of justification of the toll multiplier and the impact on the cost of business. Heavy vehicle tolls are not a simple application of user pays – trucking operators are overpaying and are increasingly forced to use the asset as a result of government regulation.

Higher tolls cannot always be passed on to customers. A regional operator (who incurs tolls in Brisbane and on the Toowoomba range crossing) reports that it is difficult enough to get

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[32] ATA analysis of a convoy of 10 articulated six axle heavy vehicle combinations, with vehicle spacing, and the light vehicle convoy equivalent for the same road space. To get up to a 2 times equivalency you need to reduce travel speeds to about 30 or 40km/h, with only a one second spacing between vehicles. Higher speeds and safer spacing between vehicles reduce the number of light vehicles compared to heavy vehicles. Using larger heavy vehicle combinations would reduce the total number of trucks required and reduce the road space required to move the freight task.

[33] NSW Legislative Council, October 2017, Road tolling in New South Wales, xi.

[34] Victorian Auditor-General's Report, Applying the High Value High Risk Process to Unsolicited Proposals, August 2015, xii, xiii, 15, 38.

rate rises from customers to offset increasing wages and that they're unable to pass on toll road costs.[35]

Even larger operators cannot always pass these significant costs on. Toll Group advise that toll road charges cost them an annual $15 million to $20 million and due to the competitive nature of the industry that increases often have to be absorbed.[36]

Need for independent regulation of infrastructure access charges

The IA audit states, in relation to landside port charges, that the challenge for government will be to know if and when a regulatory response is required.[37] This point has already arrived.

The ACCC has reflected on the strong financial motives for governments to structure privatisation processes in order to maximise the sale price of their assets, and that as a result, governments have little incentive to closely examine whether the market structure and regulatory arrangements that will apply post-privatisation are conducive to competition and appropriate outcomes.[38]

This is true of toll road concessions and landside port charges. The incentive for state governments is to reduce the upfront cost of new road infrastructure without giving full consideration to the long-term outcomes for competition, urban connectivity and costs for businesses and other road users.

Private toll road owners and state governments have been increasing toll road charges on heavy vehicles whilst avoiding a fair distribution of increases with light vehicles. At the same time, toll roads are increasingly becoming a monopoly asset for heavy vehicle traffic, with NorthConnex in Sydney being accompanied by truck bans on alternative routes.

The ACCC decision not to oppose the Transurban consortium bid for the acquisition of WestConnex[39] illustrates the inability of the current regulatory framework to provide constraints on using heavy vehicle tolls as a revenue raising mechanism, above and beyond the level required for cost recovery.[40]

This lack of a competitive or regulatory constraint on heavy vehicle charges for accessing infrastructure also applies to landside port charges. Stevedores have increased the burden on trucking operators through significant increases in landside port charges.

[35] Information provided directly to the ATA, 2019.
[36] Toll Group, information provided to the ATA, 2019.
[37] Infrastructure Australia, June 2019, An Assessment of Australia's Future Infrastructure Needs: The Australian Infrastructure Audit 2019, 333.
[38] Sims, Rod, How did the light handed regulation of monopolies become no regulation? Speech to the Gilbert + Tobin Regulated Infrastructure Policy Workshop, 29 October 2015.
[39] ACCC, ACCC will not oppose Transurban consortium WestConnex bid following undertaking, 30 August 2018.
[40] ATA, Submission to ACCC review – proposed acquisition of WestConnex, 31 May 2018, 4 & 5.

ACCC Chair Rod Sims has commented that infrastructure fees imposed by stevedores on transport companies have gone up a lot more than costs have gone up, and that apart from increasing profits it is unclear what rationale there is for the increased charges.[41]

Surcharge increases introduced in 2017 have ranged from $20 to $30 per container, and in some cases have increased twice within the one year. DP World imposed a surcharge in Sydney of $21.16 per container in early 2017, and then almost doubled the charge to $37.65 per container from 1 January 2018.

Dramatic increases to these surcharges continue to spread, with DP World announcing a 447 per cent increase to commence in 2020 at Fremantle Port.[42] The ACCC has reported that in 2018-19 the revenue generated by stevedores from infrastructure charges increased by 63 per cent to $267 million.[43]

As stated by the NSW Government, the legislation governing the port access charges for Port Botany reflects the pricing principles adopted by the Council of Australian Governments. However, as reflected in the concerns of the trucking industry in 2012 and the lived experience since, this approach has failed to constrain cost increases.

In 2012, ATA NSW, the predecessor organisation to Road Freight NSW, raised serious concerns about the 2012 NSW legislation to lease Port Botany to a private operator.

ATA NSW said that the legislation needed protection for trucking operators against price gouging:

> The potential for a new owner of the ports to impose crippling fees on our industry is of significant concern, and one that appears to have been overlooked in the drafting of this legislation.

The impact of these potential charges on small to medium operators was also a concern:

> The survival of these businesses is jeopardised if a new port owner decides to impose onerous fees and charges on these small businesses.

ATA NSW also said:

> The potential for major impacts on trucking operators is a serious threat. Our industry operates on tight margins, and additional fees and charges are impossible to pass on to customers while maintaining competitiveness. The introduction of additional fees and charges will cause some operators to cease trading, causing increased unemployment and reducing productivity on the port.[44]

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[41] Rod Sims as quoted by Ewin Hannan, Spotlight on stevedores over hikes in charges, The Australian, 9 April 2018.
[42] ATN, 6 November 2019, DP World in 447 per cent hike for land transporters.
[43] ACCC, Container stevedoring monitoring report, October 2019, 5.
[44] ATA NSW submission as quoted by the Hon Adam Searle MLC, in debate on the Ports Assets (Authorised Transactions) Bill 2012, NSW Legislative Council Hansard, 21 November 2012

The NSW Government and the then NSW Treasurer made a number of commitments in relation to the proposed sale:

> The Government will retain oversight of all regulatory matters such as those relating to price, the environment and the handling of dangerous goods.[45]

The NSW Treasurer also stated:

> …the Bill provides for a transparent pricing regime consistent with the principles adopted by the Council of Australian Governments. This includes regular reporting obligations to the Minister and the opportunity to refer any price issues to the Independent Pricing and Regulatory Tribunal for review. Third, the infrastructure charge, which the member for Maroubra raised, is subject to robust government oversight, including the price monitoring regime. The bill provides that the new port operator must provide details to the Government regarding the details of the infrastructure project, the basis of the charge, the persons required to pay and the time frame of the charge.[46]

The ACCC has commented on the Competition and Infrastructure Reform Agreement, as agreed by the Australian, state and territory governments in 2006. This agreement sets out the introduction of price monitoring for significant infrastructure facilities, as a first step where the potential introduction of price regulation may be required.

The intent of these reforms to provide a pathway to price regulation, when required, has not been fulfilled. Stronger pricing principles are needed for significant infrastructure to transition from price monitoring to price regulation when monitoring has proven to be ineffective.

The ACCC also state that the privatisation of monopoly or near monopoly assets, without appropriate pricing controls, can result in the transfer of market power and economic rent extraction to private hands.

Many infrastructure assets, such as toll roads and ports, have legislated or natural monopoly characteristics. The introduction of truck bans on alternative routes is increasing the monopoly status of toll roads. **The ACCC has stated that price monitoring (such as what applies to port access charges) has little or no longer-term impact on the conduct of monopoly infrastructure owners.[47]** The ACCC is clearly right, with Patrick co-owner Qube dismissing the ACCC's price monitoring as part of its "annual 'kick a stevedore' day."[48] The existing price monitoring approach is being dismissed by stevedores, who continue to roll out significant increases.

As stated by the ACCC, private owners can operate assets more efficiently and at a lower cost than government owners. But privatisation should promote economic efficiency and not obtaining the maximum proceeds from the sale of the asset. This requires an effective regulatory framework, which does not currently exist.

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[45] The Hon Mike Baird MP, 17 October 2012, Ports Assets (Authorised Transactions) Bill 2012 second reading, NSW Legislative Assembly Hansard.
[46] The Hon Mike Baird MP, 17 October 2012, Ports Assets (Authorised Transactions) Bill 2012 second reading, NSW Legislative Assembly Hansard.
[47] Sims, Rod, How did the light handed regulation of monopolies become no regulation? Speech to the Gilbert + Tobin Regulated Infrastructure Policy Workshop, 29 October 2015.
[48] Wiggins, J. "ACCC cracks whip on stevedoring fee hikes" Australian Financial Review, 7 November 2019, 20.

Due to the conflict for state governments between their role as a regulator and their own financial motives, **the ATA recommends that heavy vehicle charges for accessing toll roads and ports should be included in the future independent heavy vehicle price regulator, as part of the Heavy Vehicle Road Reform program.**

4. Reform: infrastructure investment and heavy vehicle access

The ATA recommends that governments should undertake significant reforms to infrastructure investment and heavy vehicle access, including:

- **Fundamental reforms to road access decisions under the Heavy Vehicle National Law**, as recommended by the ATA submission on access to the HVNL review[49]
- **Transitioning the National Land Transport Network (NLTN) to a gazetted A-Double High Productivity Freight Vehicle (HPFV) network.** The Australian Government should provide national leadership on achieving road freight productivity gains by establishing HPFV access as an outcome from NLTN investments. This should commence HPFV access to the Hume Highway, to ensure the value of the existing investment in this corridor is maximised
- **Use of corridor and investment strategies to guide infrastructure upgrades. A strategy should be in place for each NLTN and major freight route by 2024**[50]
- **Ensuring future infrastructure investments:**
    - **Adopt safe roads principles and design and minimum road safety standards**
    - **Adopt the Austroads guidelines on the provision of heavy vehicle rest areas.**[51] The NLTN and major freight routes should be immediately assessed against the guidelines to identify gaps in service provision
    - **Require productivity projects to be linked to improvements in as-of-right heavy vehicle access.** Projects that are funded to provide better access should be tied to delivering this outcome
    - **Ensure government infrastructure contracts deliver safe and financial sustainable business outcomes.** Contractors should be required to pay their supply chains within 30 days and deliver construction truck safety standards.[52]

[49] ATA, August 2019, Submission to HVNL review on easy access to suitable routes issues paper.
[50] For example, the ATA submission on the development of the Newell Highway corridor strategy, April 2019, makes recommendations about the need for a national corridor investment strategy, 8, 9.
[51] For further information see ATA submission on the development of the Newell Highway corridor strategy, April 2019, 6.
[52] For further information on truck safety accreditation for infrastructure construction contracts see ATA submission to the Inquiry into the National Road Safety Strategy, March 2018, 6-8.

5. Reform: infrastructure business case assessment

The ATA strongly supports reforms by governments to improve the transparency of infrastructure project assessment and in particular the improved use of business case assessment by Infrastructure Australia.

The ATA recommends that this process should be strengthened by:

- Adopting willingness to pay valuation of safety costs, including injury costs[53]
- Inclusion of connectivity, social and economic development outcomes for regional and remote projects[54]
- Increased support for business case development, including for regional projects
- Strengthening the legislative requirements for business cases to be prepared and published before infrastructure funding can be committed.

6. Reform: upgrading rural, regional and remote road infrastructure

The audit establishes the need to upgrade rural, regional and remote road infrastructure.

Additionally, the Australian Livestock and Rural Transporters Association (ALRTA), an ATA member association, has highlighted the chronic under investment in rural and regional roads and the resulting impact on heavy vehicle access and the ability to capture the economic benefits of agricultural growth.[55]

Ultimately our freight networks will work best when they are connected. **The ATA recommends that governments should:**

- **Invest in improving the standard of key rural freight roads,** including the ALRTA recommendation of a national fund to deliver a minimum service level standard on rural freight roads[56]
- **Deliver the regional road safety improvements project** identified by Infrastructure Australia in the 2019 Infrastructure Priority List[57]
- **Deliver funded investment strategies, with timelines, to seal additional remote routes,** such as the full length of the Tanami Road and the Outback Way
- **Improve the flood resilience of regional and remote freight corridors,** including the Great Northern Highway.

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[53] For further information see ATA submission to the Inquiry into the National Road Safety Strategy, March 2018, 5, 6.
[54] For further information see ATA submission to the Inquiry into National Freight and Supply Chain Priorities, July 2017, 11, 12.
[55] ALRTA, October 2019, Submission to Senate inquiry on the Importance of a Viable, Safe, Sustainable and Efficient Road Transport Industry, 11-13.
[56] Ibid, 14.
[57] Infrastructure Australia, February 2019, Infrastructure Priority List, 44.

7. Reform: heavy vehicle economic reform

The ATA recommends that the Heavy Vehicle Road Reform agenda should focus on:

- **Establishing an independent regulator to set heavy vehicle charges,** ensuring that independent regulation extends to heavy vehicle toll road and landside port charges
- **Development of the National Service Levels Standards Framework should include productive heavy vehicle access and rest areas as key customer outcomes.** The SLS should be expressed numerically, designed to provide a basis for independent oversight of road expenditure and identify infrastructure gaps in the road network
- **Establish road funds** to provide sustainable, reliable funding that allows longer term decision making, including for road maintenance
- **Deliver monthly registration payment options for heavy vehicles**[58]
- **Any policy proposal to change the heavy vehicle road user charge from a fuel-based charge to a distance-based charge should be subject to a rigorous, independent and transparent benefit-cost analysis.** This should include an assessment of the impacts on different industry sectors.

8. Reform: integrated land use and transport planning

Trucking operators experience the disconnect between land use planning, transport planning and heavy vehicle access as an additional cost of doing business.

New industrial and logistics areas are not always connected with investments in road infrastructure to access those precincts, and even if they are, proactive and timely decisions to gazette as-of-right heavy vehicle access to these zones are often not a priority.

Additionally, the ATA is concerned that some local governments seek to add a mix of road uses (such as shared walkways, bicycle lanes and recreational facilities) that then impact and restrict the operations of existing transport businesses located in logistics areas. Whilst planning for active transport modes is important, it needs to be safe in its interaction with heavy vehicles and we ultimately also need to plan for safe, efficient and productive movement of heavy vehicles.

Local governments have to meet a number of existing planning obligations. As an example, NSW local governments have legislated responsibilities to produce local strategic planning statements, which set out a vision for land use over 20 years, the character and values that are to be preserved and how change will be managed. The statements implement actions in regional and district plans and the council's own priorities developed under local government legislation. Ultimately, the statements are intended to shape how development controls evolve over time.[59]

[58] For further information see ATA submission on National Transport Regulatory Reform, June 2019, 32, 33.
[59] NSW Department of Planning and Environment, Guide to the updated Environmental Planning and Assessment Act 1979: Part 3 – Strategic Planning, accessed 13 August 2019.

However existing planning instruments are effectively incomplete, as they fail to link to and fail to plan the connections between land use and heavy vehicle access.

As part of their wider land use planning obligations, local government and road managers should be required to produce a heavy vehicle access strategy. These strategies should link land use with providing better, more productive heavy vehicle access, and how road managers will proactively plan and invest to enable the productive delivery of Australia's freight task.

This would better link new logistics developments with road access, and councils would need to consider the impact of other strategies and planning actions on heavy vehicle access.

Failure to plan for heavy vehicle access risks increases in vehicle movements and associated impacts on local communities. These are issues that should be managed through the land use planning system, not by imposing additional regulatory burdens on trucking operators.

9. Reform: urban congestion

The audit also identifies the challenges of growing urban congestion, especially for our fastest-growing cities and the impact on urban freight.

The ATA recommends that governments should:

- **Invest in the productivity and optimisation of the urban road network and deliver the Roads Network Optimisation Program** identified by Infrastructure Australian in February 2016. This program would include works such as optimising traffic flow through intersection treatments, traffic light sequencing, clearways and incident management[60]
- **Plan and deliver urban access for high productivity freight vehicles,** including links to logistics zones and freight routes. The NSW Heavy Vehicle Access Policy Framework for Sydney motorways is one example. The ATA's Truck Impact Chart clearly illustrates that the road space requirements to move a set freight task reduces with the use of high productivity freight vehicles[61]
- **Not impose higher toll road charges on high productivity freight vehicles and end the practice of increasing the truck toll multiplier.** HPFVs reduce total truck movements, and higher charges discourage their use. This principle should also apply to any proposals for a congestion charge. The Grattan Institute's recommendation to implement congestion charges in Sydney and Melbourne (with higher charges for heavy vehicles) assumes that heavy vehicles take up more space on the road, accelerate more slowly and thus cause more congestion. But this analysis does not appear to account for the actual travelling road space requirements for trucks and cars or how many truck movements would be required if the urban freight task was to be moved in smaller, light commercial vehicles[62]

[60] Infrastructure Australia, February 2019, Infrastructure Priority List, 46.
[61] ATA, March 2018, Truck impact chart.
[62] Grattan Institute, 2019, Right time, right place, right price, 14.

- **Not implement urban road design solutions which constrain productive freight movements.** For example, the Grattan Institute has recommended the introduction of narrower traffic lanes[63] which would have potential impacts on accessibility for high productivity freight vehicles and on increasing heavy vehicle width. Increasing heavy vehicle width to 2.6m is a necessary policy reform for international harmonisation of vehicle standards and reducing emissions from refrigerated vehicles[64]
- **Not impose unnecessary curfews and regulatory restrictions on truck movements,** which may result in increased truck movements over longer, less direct routes. These restrictions are usually an attempt to mitigate community impacts from heavy vehicles, which usually are a result from failing to integrate land use planning and heavy vehicle access
- **Not create unrealistic expectations around the ability for night deliveries to handle the urban freight task.** Night delivery trials and proposals do not often adequately consider:
    - The safety issues involved in night operations, due to the increased risk of fatigue related crashes
    - Willingness and cost for customers to open at night to receive deliveries
    - Planning restrictions, truck curfews and the impact on local community amenity of night operations. Increasing residential densities and mixed-use development in and around commercial tenancies decrease the likelihood of community acceptance of night deliveries.

Ultimately urban congestion is largely the result of light vehicle movements and governments will need to implement solutions involving land use planning, transport planning, public transport investments and road infrastructure upgrades which address specific urban needs.

[63] Grattan Institute, 2019, Why it's time for congestion charging, 21.
[64] ATA, October 2019, Submission to expert panel consultation on low cost abatement, 6.