



## 2022-23 PRE-BUDGET SUBMISSION

28 JANUARY 2021

### 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. National responsibility for key freight roads

The impact of COVID-19 on Australia's supply chains and resulting empty supermarket shelves has illustrated that **Australia's trucking industry and key freight roads are of vital national significance.**

Despite this, truck drivers face congested cities, poorly maintained interstate and regional roads, scarce rest areas which rarely meet national guidelines and falling productivity. Whilst heavy vehicle charges recover about \$22 out of every \$100 spent on roads,<sup>1</sup> only \$17 out of every \$100 spent on roads by the Australian Government supports freight.<sup>2</sup>

Through the impact of COVID-19, trucking has been expected by governments to absorb significant costs. Despite operating with low profit margins, trucking businesses have had to meet the costs of –

- higher diesel and AdBlue prices
- COVIDsafe plan development and implementation, including meeting varying jurisdictional requirements
- personal protective equipment
- rapid antigen testing (including the difficulty and time to find supplies)
- border crossing controls and delays, including inconsistent arrangements between different jurisdictions
- proposed increases to the road user charge
- already high and increasing costs for accessing toll roads and ports.

The pandemic has illustrated that trucking is vital to the fabric of the Australian community, keeping us supplied and connecting our exporters to markets. The time has come to end the underfunding of road freight infrastructure and provide national leadership for the quality of our road network and rest areas.

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<sup>1</sup> Department of Infrastructure, Transport, Regional Development and Communications, 2020. [Heavy Vehicle Road Reform Consultation Paper](#). 8.

<sup>2</sup> ATA assessment of the \$110 billion infrastructure pipeline as of the 2021-22 Budget.

## Recommendation 1

### The Australian Government should –

- a. take responsibility for funding and operating all major freight roads
- b. upgrade national freight roads to meet minimum safety star ratings, national rest area guidelines, productivity outcomes and mandatory service level standards
- c. introduce an additional 10 year, five billion dollar truck roads and rest areas program.

### National responsibility for funding and operating all major freight roads (Recommendation 1A)

National highways are a national responsibility. The Australian Government should utilise its national leadership and constitutional role to ensure Australians, wherever they live, have access to high quality national highways to provide access to goods, markets, jobs, services and community.

Whilst the Australian Constitution does not provide a direct head of power for roads, there are provisions for amending the constitution (either a referral of powers or referendum) and the Commonwealth maintains powers for trade and commerce with other countries, and among the States. The Australian Parliament has previously used this power to legislate for interstate road transport.

The constitution also provides for the Parliament to grant financial assistance to any State on such terms and conditions as the Parliament thinks fit. The Australian Government already funds the National Land Transport Network (often 80 per cent in regional areas, and 50 per cent in metropolitan areas). The ATA has consistently advocated that this funding should be tied to achieving outcomes on safety and productivity.

In light of the importance of national truck routes, **the Australian Government should assume responsibility for major freight roads through the national highways program.** This should include funding and operational responsibilities, including granting access approvals for heavy vehicles. The current scope of the National Land Transport Network should be reviewed to ensure it includes all major truck routes.

### Upgrading national freight roads to meet minimum safety star ratings, national rest area guidelines, productivity outcomes and mandatory service level standards (Recommendation 1B)

With responsibility for funding and operating national freight roads, the Australian Government should ensure safety and productivity outcomes are achieved. This should include ensuring the entire national highway network meets minimum safety standards, rest area guidelines, and heavy vehicle access by notice approvals to boost productivity.

The National Service Level Standards Framework, currently under development, will implement a number of metrics for measuring the level of service provided to road users. This will include metrics on safety, rest areas, heavy vehicle access, mobile phone

coverage, electric recharging and hydrogen refuelling infrastructure, travel time, road quality and resilience.

For national highways, these service level standards must be mandatory. The Australian Government should deliver investment plans which ensure national highways meet minimum service levels and have ongoing maintenance funding. Mandatory service levels would ensure that regional and remote sections of the national highway network are not ignored.

### **\$5 billion truck roads and rest areas program (Recommendation 1C)**

ATA analysis of the 10 year \$110 billion infrastructure pipeline reveals a gap between the level of heavy vehicle charges collected and investment in road infrastructure projects for freight purposes.<sup>3</sup> This infrastructure gap is an estimated \$4.7 billion.

To ensure heavy vehicle charges are spent on freight infrastructure, Budget 2022-23 should include a new \$5 billion truck roads and rest areas program over the 10 year infrastructure pipeline. This should incorporate the existing Heavy Vehicle Safety and Productivity Program, lifting the average annual spend from \$76.35 million to \$500 million (an additional \$423.65 million annually).

Funding under the \$5 billion truck roads and rest areas program should be subject to assessment by an independent panel, including industry representatives and truck drivers. All projects would be linked to outcomes, including –

- rest areas which meet national guidelines and the proposed national rest area strategy (recommendation 2)
- roads which deliver increased network access by notice
- projects that fix gaps in road and rest area networks and align with freight infrastructure plans and service level standards.

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<sup>3</sup> Road infrastructure projects which have a primary purpose for light vehicle traffic are not included by the ATA as spending on freight.

### 3. National rest area strategy

#### Recommendation 2

The Australian Government should, in consultation with industry, design and deliver a national rest area strategy. This must include –

- a. auditing the quantity and quality of rest areas on national highways
- b. requiring rest areas to be included in the planning, design and delivery of all road infrastructure projects
- c. commitment to clear investment plans to fix the gaps in rest area provision.

Rest areas are a critical part of the road network, but for too long they have been treated as an after-thought. This must change.

Truck rest areas are critical to managing fatigue, improving road safety, enabling productivity and ensuring truck drivers are treated with respect.

However, **existing funding programs for investment in rest areas are woefully insufficient.** Funding under the Heavy Vehicle Safety and Productivity Program (HVSP) is one of the Australian Government's main programs for funding rest areas, yet only 8.5 per cent of HVSP investment is going to rest areas, parking bays and decoupling sites (\$22 million out of \$259.3 million in Australian Government funding). Approved projects from round six (2018) and seven (2020) will only result in 15 new rest areas from 226 projects.<sup>4</sup> Considering the period of funding, **the average annual spend on rest areas under the HVSP is just \$5.5 million.**<sup>5</sup>

A minimum of 20 per cent of the ATA's proposed \$5 billion truck roads and rest areas program should be reserved for rest area projects. **This would provide at least \$100 million each year and establish fixing rest areas as a national priority.**

#### Delivering a national rest area strategy

Australia needs a national rest area strategy to deal with our long-term chronic undersupply of truck rest areas. This proposal has wide industry support.

In the ATA's view, the national rest area strategy must –

- be developed in consultation with industry, including truck drivers
- commence with an audit of the quantity and quality of rest areas on national freight roads, including reporting on the gaps in the network
- require rest areas to be included in the planning, design and delivery of all road infrastructure projects

<sup>4</sup> ATA analysis of approved HVSP projects as of October 2021. Information provided to the ATA by the Department of Infrastructure, Transport, Regional Development and Communications.

<sup>5</sup> The ATA has sought clarification from the Australian Government on the level of rest area funding under other infrastructure programs. Initial ATA analysis is that other rest area funding is minimal.

- commit the Australian Government to clear investment plans to fix the gaps in rest area provision. The ATA's proposed \$5 billion truck roads and rest areas program, with a minimum guaranteed spend for rest areas would provide funding for these investment plans.

#### 4. Achieving Net Zero by 2050

##### Recommendation 3

**The Australian Government should deliver a net zero truck incentive package, including –**

- a temporary purchase price incentive**
- electric truck recharging infrastructure**
- hydrogen fuel cell pilots and infrastructure.**

*Australia's long-term emissions reduction plan* sets out the Australian Government commitment to net zero emissions by 2050, including an emissions reduction of up to 71 per cent for transport.<sup>6</sup>

At the same time, Australia's freight volumes are projected to increase by over 35 per cent between 2018 to 2040, with urban freight increasing by nearly 60 per cent in the 20 years to 2040.<sup>7</sup>

In Europe, it has been reported that whilst the transition to zero emission trucks is underway, this transition is not proceeding fast enough to meet climate goals. Multiple reports indicate that both infrastructure and vehicle cost are having a significant impact on the rollout of zero emission trucks.<sup>8</sup>

Australia lags significantly behind Europe in the take up of zero emission trucks and the availability of zero emission truck models.<sup>9</sup> Australian operators and manufacturers have cited a number of barriers to uptake of zero emission trucks in Australia, including the cost of vehicles, limited model availability and lack of charging infrastructure.<sup>10</sup>

The Australian Government commitment to net zero by 2050 and reducing transport emissions will not be achieved without stronger action to increase the uptake of zero emission trucks. The transition needs to begin now, to ensure the smoothest transition for trucking businesses.

Zero emission trucks are also an economic opportunity. It costs about \$117 to fuel a diesel truck for 300 kilometres, but just \$18 for an electric truck. If Australia gets left behind on the

<sup>6</sup> Australian Government, 2021. [Australia's long term-emissions reduction plan: A whole-of-economy plan to achieve net zero emissions by 2050](#). 17.

<sup>7</sup> Transport and Infrastructure Council, 2019. [National freight and supply chain strategy](#). 7.

<sup>8</sup> World Economic Forum, 2021. Road freight zero: Pathways to faster adoption of zero-emission trucks. 4.

<sup>9</sup> ATA, 2021. [Safer freight vehicles submission](#). 4.

<sup>10</sup> ATA and EVC, 2022. Electric trucks: Keeping shelves stocked in a net zero world. 12.

transition to electric and zero emission trucks, we risk our supply chains and exporters getting stuck with high, globally uncompetitive per km freight costs.<sup>11</sup>

The following measures should be introduced in Budget 2022-23 as core elements for a net zero truck incentive plan.

### **Temporary purchase price incentive**

Zero emission trucks are expensive, with some an extra \$200,000 in terms of upfront price (about double the price of a diesel equivalent). This delays sales, which in turn delays new model availability and keeps prices high.

A temporary purchase price incentive would break this cycle and bring forward the transition to zero emission trucks, which is critical to Australia's net zero plan.

**The ATA recommends establishing a voucher based scheme, with vouchers that provide between 50 to 80 per cent of the price difference.** Voucher schemes provide transparency for the outcome of government funds, have proven effectiveness overseas, could be co-funded with the states and territories and incorporate local priorities. This model has been implemented in California, New York State and Chicago in the United States.<sup>12</sup>

Funding for the existing Freight Energy Productivity Program should be reallocated to support establishing a voucher scheme, noting the level of funding for the voucher scheme will need to be higher than the FEPP.

### **Electric truck recharging infrastructure**

The accessibility and affordability of charging infrastructure is consistently raised by both operators and truck manufacturers as a key challenge in truck electrification.<sup>13</sup>

Investment in charging infrastructure is necessary to provide confidence to operators that they can fulfil their daily operations. Funding should include grid upgrades, site electrical upgrades, and charging infrastructure installation.

Two forms of charging infrastructure will be required to support electric truck fleet operations: depot-based charging and public charging networks (including highways, hubs and distribution centres).

### **Hydrogen fuel cell electric pilots and infrastructure**

Existing investment by the Australian Government and the Clean Energy Finance Corporation into hydrogen transport projects are critical first steps to enabling long-distance zero emission transport.<sup>14</sup>

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<sup>11</sup> ATA and EVC, 2022. 8.

<sup>12</sup> CALSTART, 2019. [Voucher Incentive Programs: A tool for clean commercial vehicle deployment.](#)

<sup>13</sup> ATA and EVC, 2022. 15.

<sup>14</sup> For example, [CEFC \\$12.5 million investment in five hydrogen fuel cell heavy vehicles and refuelling infrastructure.](#)

This type of funding should be expanded and accelerated.

The Australian Hydrogen Council White Paper has cited the need for a range of vehicle trials in Australia to assist projects to be established and to provide data for subsequent investment.<sup>15</sup> In particular, **the ATA supports the AHC call for projects which provide for linehaul freight, with ability to scale up, and are sited on freight corridors and connected to ports via hubs. This should include heavy vehicle trials of large fleets, on high traffic truck routes.**<sup>16</sup>

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<sup>15</sup> AHC, 2021. [Unlocking Australia's hydrogen opportunity](#). 49.

<sup>16</sup> AHC, 2021. 52.