



2024-25 PRE-BUDGET SUBMISSION

25 JANUARY 2024

1. About the Australian Trucking Association

The Australian Trucking Association is a united voice for our members on trucking issues of national importance. Through our [ten member associations](#), we represent the 59,000 businesses and 200,000 people who make up the Australian trucking industry.

2. National cost of living crisis

Australia is suffering a cost of living crisis. Inflation peaked at 7.8 per cent in 2023 and remains stubbornly high. According to the Australian Bureau of Statistics (ABS), all five Living Cost Indexes (LCIs) rose between 5.3 per cent and 9.0 per cent in the twelve months to September 2023¹. Inflation has not been this high since the 1980s.

Transport is a primary contributor to increasing costs, recording the strongest quarterly rise (3.2 per cent) across all commodity groups in the quarter to September 2023².

Practically all goods and services have an embedded road freight cost. By some measures, this represents around five per cent of the retail cost of doing business³. In more specific cases, particularly rural commodities, embedded freight costs are much higher. Every year in Australia, three truckloads of freight is moved per person⁴.

The Prime Minister recalled Caucus on Wednesday, 24 January 2024 to discuss cost of living issues. Reducing road freight cost is a necessary part of any sustainable solution.

This submission includes recommendations aimed at rapidly reducing the cost of road freight in Australia.

3. National responsibility for key freight roads

The impact of consecutive natural disasters 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.

¹ Australian Bureau of Statistics, [Selected Living Cost Indexes, Australia](#), September 2023.

² Australian Bureau of Statistics, [Selected Living Cost Indexes, Australia](#), September 2023.

³ Infrastructure Australia, [An assessment of Australia's future infrastructure needs: the Australian Infrastructure Audit 2019](#), June 2019. 344.

⁴ Infrastructure Australia, [An assessment of Australia's future infrastructure needs: the Australian Infrastructure Audit 2019](#), June 2019. 344.

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.

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, resiliency, productivity outcomes and mandatory service level standards.**
- c. introduce an additional 10 year, \$5 billion truck roads, rail crossings and**

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

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, resiliency, 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, resiliency, and heavy vehicle access by notice approvals to boost productivity.

The National Service Level Standards Framework, currently under development, will implement 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. In the wake of road network closures due to fires, floods and accidents, Australia must invest in developing a defined 'all weather' network, with a supporting secondary network that is pre-approved for use in the event of catastrophic unforeseen circumstances.

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, rail crossings and rest areas program (Recommendation 1c)

While the ATA welcomes the Australian Government's \$140 million commitment to funding new and upgraded rest areas over 10 years, and the gradual increase in combined funding of the Heavy Vehicle Safety and Productivity Program and Bridges Renewal Program to \$200 million annually, these initiatives fall short of what is actually required.

To ensure heavy vehicle charges are fully spent on freight infrastructure, the 2024-25 Budget should include a new \$5 billion truck roads and rest areas program over the 10 year infrastructure pipeline. This should lift the average annual spend of the combined current programs to \$500 million.

As with the current Heavy Vehicle Rest Areas Initiative, 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 –

- roads which deliver increased network access by notice
- improving the safety of rail crossings to prevent or greatly reduce the risk of catastrophic truck and train crashes
- rest areas that meet national guidelines and the proposed national rest area strategy (recommendation 4)
- projects that fix gaps in road and rest area networks and align with freight infrastructure plans and service level standards.

4. Increasing road access for high productivity freight vehicles

Recommendation 2

The Australian Government should prioritise infrastructure investment on the National Land Transport Network that significantly improves access for high productivity freight vehicles. The number one priority should be A-double and autonomous truck access on the Hume Highway.

The 2019 Australian Infrastructure Audit found 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 intensive⁵
- Despite their benefits, the use of HPFVs on our roads has been limited
- Restricting the use of HPFVs locks in high freight costs for businesses and consumers, and limit benefits to road safety, air pollution and amenity.⁶

Increasing road access for HPFVs would boost productivity for road freight and enable wider economic gains. However, there are gaps in the infrastructure network that the Government should address.

⁵ Infrastructure Australia, [An assessment of Australia's future infrastructure needs: the Australian Infrastructure Audit 2019](#), June 2019. 344.

⁶ Infrastructure Australia. June 2019. 345.

The ATA submission to the department's Newell Highway Corridor Strategy analysed access for various HPFV combinations on the Newell Highway.⁷ For most combinations above the B-double, there are significant gaps in access.

On other freight routes, such as the Princes Highway, there are even gaps in infrastructure access for B-doubles.

Immediate priority – A-double access autonomous trucks on the Hume Highway



On the Hume Highway, Transport for New South Wales' strategic goal is to allow the use of 30 metre PBS A-doubles. The ATA carried out a technical evaluation of 35 metre modular A-doubles from 2018-2020 and confirm that they are safe and viable.

Enabling the use of these trucks on the Hume Highway in NSW would be an enormous boost to the industry's productivity. The Productivity Commission finds that reducing heavy vehicle operating costs and opening up access for more productive trucks on a road with a large freight load is likely to lead to greater cost savings and benefits (especially on the Brisbane-Sydney-Melbourne corridor).⁸ The Hume Highway is Australia's busiest interstate freight route and carries 40 per cent of the total national road freight task.⁹

The Hume Highway is a national priority corridor which has already benefited from significant infrastructure upgrades and duplication. However, it requires:

- upgrades to rest areas along the highway to allow for the longer length of the combination
- coupling/de-coupling areas at the Sydney end of the highway and
- the upgrade of the 1977 box girder bridge that carries northbound traffic across the Murrumbidgee River at Gundagai. The upgrade would be needed to remove mass constraints from the operation of these trucks.



The following table highlights the productivity advantages of allowing high productivity freight vehicles on the Hume Highway and other national freight routes.

Configuration	Nominal payload (t)	Payload equivalent (mass)	Trips to move 1000t (GML)	Cubic pallet capacity
19m (24 pallet) semi-trailer 	24.04	1.00	42	24
26m 36 pallet B-double 	38.84	1.62	26	36

⁷ ATA, [Newell Highway corridor strategy](#). Submission to PwC/ Department of Infrastructure, Regional Development and Cities. April 2019.

⁸ Productivity Commission. November 2019. 175.

⁹ Transport for NSW. [NSW Heavy Vehicle Access Policy Framework](#). September 2018. 33.

 <p>PBS 30m A-double</p>	48.73	2.03	21	40
 <p>35m modular A-double</p>	48.73	2.03	21	44

Similarly, the use of autonomous trucks on the Hume Highway would unlock massive productivity gains. The 2019 Australian Infrastructure Audit found that autonomous vehicles could reduce freight times by 40 per cent and reduce trucking costs by 47 percent¹⁰. Australia cannot wait and be left behind by our competitors. The Australian Government must commence planning and infrastructure development on our busiest highway now.

Overall, upgrading the Hume Highway to world's best standard would not only immediately benefit Australia's freight productivity, it would serve as a working demonstration model for what is possible with good planning and investment on other Australian key freight routes. Eventually, all Australian capital cities should be connected in this way.

5. Incentivising higher productivity vehicles

Recommendation 3

The Australian Government should establish tax incentives to incentivise the uptake of modern high productivity vehicles. This should include –

- a. re-establishing instant asset write-off and temporary full expensing for trucks and trailers
- b. stamp duty reform to incentivise the purchase of new heavy vehicles

Instant asset write-off and temporary full expensing (Recommendation 3a)

Australia's heavy vehicle fleet is old. The average age of articulated trucks is 12 years; the average age of heavy rigid trucks is 15.7 years.¹¹

ANZ analysis in 2017 found that the national average fleet age continues to age at record levels, and that the **industry will need to invest in excess of \$3.5 billion in capital over five years just to meet expected demand**¹².

Investment needs to be higher to reduce the average age of the truck fleet, which should be a priority. Newer vehicles are more efficient, have the latest safety technologies, meet newer emissions standards, and are quieter. Additionally, uptake of new transport energy technologies will require investment by trucking operators.

¹⁰ Infrastructure Australia, [An assessment of Australia's future infrastructure needs: the Australian Infrastructure Audit 2019](#), June 2019. 344.

¹¹ Australian Bureau of Statistics. 2020. [Motor Vehicle Census](#). Table 3.

¹² ANZ, 2017. Information provided to the ATA.

The Australian Government has previously successfully incentivised business investment in higher productivity vehicles through its economic response to COVID-19 via the extension of the instant asset write off and the introduction of temporary full expensing.

Sales of new trucks were significantly impacted by COVID-19, before recovering strongly. The December quarter, when full expensing took effect, was the strongest quarter for 2020 and stronger than the same period in 2019.¹³

These mechanisms should be re-established to incentivise update of modern high productivity vehicles.

Stamp duty tax reform to incentivise the purchase of new heavy vehicles (Recommendation 3b)

Stamp duties are economically inefficient. They restrict the efficient allocation of capital and labour. Governments should be looking at reducing their reliance on stamp duty as a matter of priority.

The Australia's Future Tax Review (Henry Tax Review) recommended in 2010 that there should be no role for any stamp duties in a modern Australian tax system.¹⁴ In 2015, the Australian Government tax discussion paper noted that stamp duties are some of the most inefficient taxes levied in Australia, and that such taxes are more likely to discourage turnover of taxed goods.¹⁵

KPMG has noted that the more inefficient or distorting a tax is, the more likely resources will be moved away from their highest-value use, leading to lower productivity across the economy and lower living standards.¹⁶ KPMG also reported that motor vehicle taxes, including stamp duties, are taxes on capital and increase the cost of investing in motor vehicles. This in turn leads to a reduction in investment in vehicles, and a high excess burden.¹⁷

The NSW Review of Federal Financial Relations report recognised that stamp duty on motor vehicles should be replaced because it discourages vehicle owners from changing and upgrading vehicles.

The Australian Government should request that the National Cabinet and the Council of Federal Financial Relations progress reform and removal of stamp duty on new heavy vehicles, to incentivise the purchase of newer, less emission intensive heavy vehicles.

¹³ Truck Industry Council, January 2021. [Truck Market Comment: Fourth Quarter, 2020](#). 1.

¹⁴ Recommendation 51 in [Australia's Future Tax System report to the Treasurer](#), December 2009.

¹⁵ Australian Government, March 2015, [Re:think tax discussion paper](#), 145.

¹⁶ KPMG, September 2011, [Economic Analysis of the Impacts of Using GST to Reform Taxes](#), 1, 4.

¹⁷ KPMG. 2011. 6.

6. National rest area strategy

Recommendation 4

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.

Recently, a National Heavy Vehicle Regulator survey found that 60 per cent of caravanners had parked in a truck-specific rest area, and 22 per cent were doing so regularly. Such practices have made truck rest area availability even more dire, particularly given the sharp increase in caravan ownership following the COVID-19 pandemic.

However, **existing funding programs for investment in rest areas remain woefully insufficient.** The current funding level of \$140 million over 10 years (\$14 million annually) will fail to establish the minimum necessary quality and quantity of rest areas needed in Australia.

While the 2023 Heavy Vehicle Rest Area Initiative will at least establish a decision-making framework and process that enables industry and government to cooperatively improve designs and target priority sites, 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.**

7. Minimising road freight price inflation

Recommendation 5

The Australian Government should modify the Fair Work Legislation Amendment (Closing Loopholes) Bill 2023 to ensure that the Fair Work Commission is prohibited from mandating minimum freight rates.

The ATA is concerned that passage of the Fair Work Legislation Amendment (Closing Loopholes) Bill 2023 through the Australian Parliament will re-establish a power for a government tribunal to set minimum freight rates for the road transport industry.

Setting minimum freight rates is likely to increase average freight rates generally, worsening the Australian cost of living crisis.

The Bill has been referred to the Senate Education and Environment Committee for inquiry and report by 1 February 2024.

The bill would add new provisions to empower the Fair Work Commission (FWC) to make minimum standards orders for regulated workers, including regulated road transport contractors.

The attempt by the former Road Safety Remuneration Tribunal (RSRT) to set minimum freight rates for owner drivers was a failure. Setting minimum rates for the entire road transport contract chain would be even harder and would weaken the incentives for firms to make the decisions needed to increase productivity.

The RSRT's attempt to set minimum freight rates was a failure

The RSRT attempted to set minimum freight rates in the *Contractor Driver Minimum Payments Road Safety Remuneration Order 2016* for owner drivers across the long distance and supermarket sectors.

PricewaterhouseCoopers' economic analysis of the order found it would have increased costs by 20-30 per cent.¹⁸

Before the order even came into force, PwC pointed out that the assumption that hirers would have no alternative but to pay the increased rates was flawed. PwC argued that hirers could instead choose to reduce their use of road freight or substitute owner driver services with employee drivers or small fleets.¹⁹

The ASBFEO's review of the impact of order confirmed PwC's prediction.²⁰ As one Queensland owner driver told the ombudsman—

I sat down with the owner of the company I do most of my work for and he told me even though he liked the way I worked and that I was reliable and consistent in all that I did for him, he could simply not afford to pay the 'safe rates' that were brought in.

As a result of the change in rates my work dried up overnight, I did not work for three weeks which put both my family and myself under massive financial pressure, which I'm still feeling.

'As soon as the RSRT had been abolished I went back to work the next day. So my current financial hardship is a direct result of the RSRT.'²¹

¹⁸ PricewaterhouseCoopers, *Review of the road safety remuneration system: final report*. January 2016. 50.

¹⁹ *ibid.*

²⁰ Australian Small Business and Family Enterprise Ombudsman (ASBFEO), *Inquiry into the effect of the Road Safety Remuneration Tribunal's Payments Order on Australian small businesses*.

²¹ *ibid.*, 17.

In addition to setting minimum rates that were too high for some markets, the RSRT failed to take into account—

- backloading, where an owner driver charges a lower freight rate for a return trip or the last leg of a multi-leg job, in order to receive income for a journey that has to be made anyway
- part loads, where an owner driver such as a livestock transporter consolidates loads from multiple consignors.²²

Setting minimum freight rates through the contracting chain would be even harder

It would be even harder to set workable rates across the more complex and dynamic contracting chain.

Road transport and logistics businesses have a diverse range of charging models. Providing that a firm can operate safely and meet its legal obligations, it is perfectly reasonable for it to—

- spread costs across the whole of a contract period, multiple customers or more than one leg of a multi-leg job
- offer transport services as part of a broader contract package. For example, a provider may offer transport services as part of a broader 3PL service that includes storage, pick and pack, tracking and tracing, and cross-docking.

Setting minimum rates through the chain would reduce productivity growth

As the Working Future white paper points out, productivity growth is the key driver of improvements in living standards over the long term. Labour productivity has been the most important source of real income growth in Australia over the past 30 years.²³

But Australia's productivity growth has sagged since the 1990s, from an average of 2.2 per cent per year to 1.4 per cent per year. Real incomes would, on average, be \$25,000 per year higher if Australia had maintained its productivity growth at its 1990s level.²⁴

Setting minimum freight rates through the road transport contractual chain would reduce the incentive for firms to innovate and adopt new technologies, which the white paper acknowledges as a key to boosting productivity growth.²⁵

²² *ibid*, 16.

²³ Commonwealth of Australia, [Working future: the Australian Government's white paper on jobs and opportunities](#), September 2023. 75.

²⁴ Productivity Commission, [Productivity growth and wages – a forensic look](#). PC productivity insights, September 2023. 5,7.

²⁵ Commonwealth of Australia, 78.

The protections in the bill do not, and cannot, go far enough

The ATA thanks the Government for including consultation requirements and protections in the bill, including the establishment of the Road Transport Advisory Group,²⁶ the road transport objective,²⁷ the requirements for making road transport minimum standards orders²⁸ and the 24 month notice of intent period.²⁹

At a broader level, though, the protections and consultation requirements in the bill do not, and cannot, go far enough to protect businesses in the industry from adverse outcomes like the ones caused by the RSRT, because—

- no one person, advisory group, expert panel or commission can know the details of every business arrangement in any industry. The knowledge is dispersed across the firms involved
- the road transport objective envisages there could be adverse impacts on sustainable competition, business viability, innovation and productivity, and administration and compliance costs. The bill would just require that those impacts not be unreasonable³⁰
- the requirements for road transport minimum standards orders envisage that an order could affect the viability and competitiveness of owner drivers, as long as it did not unduly affect them.³¹

Further, Australia can ill afford an increase in freight costs in the midst of a cost of living crisis, or further disruptions to supply chains and freight flows as has occurred with disastrous results (for example empty supermarket shelves) during the recent spate of natural disasters.

For all these reasons, the ATA recommends that the Fair Work Commission should not be able to set minimum freight rates in either minimum standards orders or road transport industry contractual chain orders.

8. Improving Access to Skilled Labour

Recommendation 6

The Australian Government should redesignate truck driving as skill level 3 under the Australian and New Zealand Standard Classification of Occupations.

According to Industry Skills Australia, there are around 200,000 truck drivers working in Australia, but the logistics sector requires at least 10,000 to 15,000 more. There are more than 3,000 job ads posted monthly by businesses seeking qualified truck drivers.

²⁶ Proposed s 40E.

²⁷ Proposed s 40D.

²⁸ Proposed s 536KA(2).

²⁹ Proposed s 536JF(3).

³⁰ Proposed s 40D(b).

³¹ Proposed s 536KA(2)(e).

While separate initiatives are progressing to improve licencing, training and gender bias that may over time increase the driver pool, the current and persistent lack of truck drivers is resulting in upwards pressure on freight costs.

Australians would generally agree that safely loading and navigating large trucks on public roads in Australia and into tight loading spaces takes a special level of skill that most people do not possess. Yet, the current Australian and New Zealand Standard Classification of Occupations (ANZSCO) designates truck drivers as skill level 4, on a par with a barista (also classified as skill level 4).

Given the strict licencing requirements that apply to truck drivers in Australia, and the significant level of skill required to safely drive a heavy vehicle on a public road, the ATA recommends that truck drivers be redesignated as skill level 3.

This recommendation is of material importance because Australia's skilled migration visa program is generally only accessible to skill level classifications 1 – 3.

Redesignating truck drivers as skill level 3 would thus enable eligible migrants (able to meet Australia's strict heavy vehicle licence requirements) access to work in Australia. Potentially, this would rapidly increase the pool of truck drivers, reducing the upwards pressure on freight costs.