



SUBMISSION TO
AUSTRALIAN TRANSPORT COUNCIL MINISTERS
REGARDING THE DEVELOPMENT OF THE
NATIONAL TRANSPORT POLICY

APRIL 2008

CONTENTS

1.0 INTRODUCTION	1
2.0 THE AUSTRALIAN TRUCKING ASSOCIATION	2
3.0 THE AUSTRALIAN TRUCKING INDUSTRY	2
4.0 NATIONAL TRANSPORT POLICY STRATEGIC PRIORITY AREAS	
4.1 SAFETY AND SECURITY	3
4.2 ECONOMIC FRAMEWORK FOR EFFICIENT TRANSPORTATION MARKETPLACE	4
4.3 INFRASTRUCTURE PLANNING AND INVESTMENT	5
4.4 CAPACITY CONSTRAINTS AND SUPPLY CHAIN PERFORMANCE	6
4.5 URBAN CONGESTION	7
4.6 ENVIRONMENT AND ENERGY	8
4.7 STRATEGIC RESEARCH AND TECHNOLOGY	9
4.8 WORKFORCE PLANNING AND SKILLS	10
4.9 SOCIAL INCLUSION	10
4.10 GOVERNANCE	10

1.0 INTRODUCTION

At its meeting of 29 February 2008, the Australian Transport Council (ATC) considered a *Draft National Transport Policy Framework* prepared by the National Transport Commission (NTC). The ATC agreed there was a need for a national approach to transport policy and that the implementation of the policy would involve:

- agreeing the details of a national policy framework;
- a new inter-governmental agreement to implement the national policy framework which will establish the governance structure; and
- settling the key priorities and timetable.

As a first step, ATC assigned individual ministers with responsibility for developing aspects of the national transport policy for consideration at the next ATC meeting on 2 May 2008.

The table below sets out the strategic priority areas identified by the NTC and the ministerial responsibilities assigned by ATC.

National transport policy strategic priority areas and ministerial responsibilities	
Safety and security	Minister for Main Roads and Local Government, the Hon Warren Pitt MP (Qld)
Economic framework for an efficient transportation marketplace	Minister for Transport, the Hon John Watkins MLA (NSW) Minister for Roads, the Hon Eric Roozendaal MLC (NSW)
Infrastructure planning and investment	Minister for Public Transport, the Hon Lynne Kosky MP (Vic) Minister for Roads and Ports, the Hon Tim Pallas MLA (Vic)
Capacity constraints and supply chain performance	Minister for Transport, Minister for Infrastructure and Minister for Energy, the Hon Patrick Conlan MHA (SA)
Urban congestion	Minister for Public Transport, the Hon Lynne Kosky MP (Vic) Minister for Roads and Ports, the Hon Tim Pallas MLA (Vic)
Climate change, environment and energy	Minister for Planning and Infrastructure, the Hon Alannah MacTiernan MLA (WA)
Strategic research and technology	Premier and Minister for Infrastructure, the Hon Paul Lennon MHA (Tas)
Workforce planning and skills	Minister for Transport and Infrastructure, the Hon Delia Lawrie MLA (NT)
Social inclusion	Minister for Territory and Municipal Services, the Hon John Hargreaves MLA (ACT)
Governance	Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP (Comm)

The Australian Trucking Association (ATA) was consulted by and provided submissions to the NTC during the process of development of the *Draft National Transport Policy Framework*. This submission expands on those consultations and sets out the trucking industry's views on the national transport policy's strategic priority areas.

2.0 THE AUSTRALIAN TRUCKING ASSOCIATION

The ATA was originally established in 1989 as the Road Transport Forum and is the peak national body uniting and representing the interests of the Australian trucking industry.

The ATA provides public policy advocacy at the national level for trucking operators and industry employees through a federated membership structure comprising state and sector based trucking associations, the Transport Workers' Union and some of the nation's largest transport enterprises.

3.0 THE AUSTRALIAN TRUCKING INDUSTRY

The transport sector plays a vital role in the Australian economy given the country's huge land mass, dispersed population and production centres, and trade advantages in minerals, energy and agriculture production. Transport services provide the means through which communities and industries are interconnected across vast overland distances and are connected with the rest of the world in efficient and streamlined production and distribution networks.

The trucking industry is an especially important component of the Australian transport sector because road freight services impart significant logistical efficiencies in servicing the demands of non-bulk and, to a lesser extent, bulk freight customers. In 2005-06, road freight transport and storage contributed \$30 billion to Australia's national income, accounting for 3.3 per cent of gross industry value added¹.

The hire and reward sector of the Australian trucking industry comprises around 48,000 individual operators and has a 16-firm turnover concentration ratio of less than one-quarter². The fiercely competitive market structure of Australian trucking is uncompromising to industry participants and perhaps the greatest source of value to the downstream industries and communities who depend upon individualised, efficient and efficiently priced freight transport.

Road transport is the dominant freight transport mode in Australia. In 2004-05 road transport is estimated to have carried in excess of 2 billion tonnes of freight or 75 per cent of the total tonnage carried by Australian domestic transport. Extending the measure to incorporate both mass and distance, road transport is estimated to have moved 194 billion-tonne kilometres of freight or 38 per cent of the 2004-05 domestic freight task, with rail and domestic shipping accounting for 36 and 22 per cent respectively³.

Official forecasts predict the domestic freight task will grow at an average annual rate of 2.8 per cent over the period to 2020, with growth in the movement of non-bulk freight (3.6 per cent) substantially outstripping that of bulk freight (2.3 per cent). The freight task serviced by road transport is forecast to grow at an average annual rate of 3.8 per cent through to 2020, leading to an increase in the modal dominance of road transport in the domestic freight market and a doubling in the output of road freight transport over the period 2000 to 2020⁴.

There exists only a marginal element of modal competition in the Australian freight market due to inherent differences in the service delivery characteristics between road, rail and maritime. Road

¹ Australian Bureau of Statistics (ABS), Australian National Accounts: National Income, Expenditure and Product, cat. no. 5206.0.

² Bureau of Transport and Regional Economics (BTRE), 2003, *Working Paper 60: An Overview of the Australian Road Freight Transport Industry*

³ Australian Logistics Council (ALC), 2007, *Contribution of Transport and Logistics to the Economy*

⁴ Bureau of Transport and Regional Economics (BTRE), 2006, *Report 112: Freight Measurement and Modelling in Australia*

transport dominates the domestic freight market because it is flexible, market responsive and provides the greatest degree of streamlined connectivity to Australian industry and Australia's dispersed communities.

Economic modelling undertaken by the Productivity Commission shows that road and rail are complementary freight transport modes, i.e. the cross-price elasticity of rail freight services with respect to road freight is negative. Simulations show that if taxes on road freight transport were increased substantially there would be only a marginal shift in the modal share composition of the Australian freight market and this would come at the expense of an overall reduction in rail output due to a contraction in the size of domestic freight market⁵.

4.0 NATIONAL TRANSPORT POLICY STRATEGIC PRIORITY AREAS

4.1 SAFETY AND SECURITY

Australia's current road safety performance is well short of the target set out in the *National Road Safety Strategy 2001-2010*. The strategy target is to reduce Australia's annual road fatality rate by at least 40 per cent over the decade from 9.3 deaths to 5.6 deaths per 100,000 population. At the end of 2007, though, the annual road fatality rate stood at 7.7 deaths per 100,000 population. The next version of the *National Road Safety Strategy* is currently being developed and provides the opportunity for ATC ministers to take the first step toward entrenching the application of the *Safe System* model for road users, road asset owners and regulators.

The *Safe System* approach stresses the need for responsible road user behaviour, but also aims to minimise the probability and consequence of accidents by emphasising safer speeds, allowing and encouraging the use of safer vehicles and providing safer infrastructure.

The national transport policy should emphasise the use of the *Safe System* model and should specifically include:

- The roll-out of highly visible initiatives aimed at educating private motorists about safely sharing the road with heavy vehicles. These initiatives are needed because most multi-vehicle accidents involving heavy vehicles are the fault of the private motorist in the accident, not the heavy vehicle driver.
- The introduction of significant regulatory incentives, including financial incentives, to encourage trucking operators to join audited safety accreditation schemes like TruckSafe. Operators who join audited accreditation schemes develop a strong safety culture and have much better safety records than non-accredited operators;
- Overhauling the funding, development and practise of heavy vehicle enforcement, including through:
 - Increasing the presence and visibility of on-road safety enforcement;
 - Instituting a national system for setting enforcement strategies, including expenditure, that is transparent and accountable to industry, benchmarked to efficiency increases and that targets enforcement at the minority element of the trucking industry demonstrating systematic non-compliance; and
 - Developing and mandating the adoption of customer service charters for on-road enforcement officers, including mechanisms for reporting and pursuing breaches.

⁵ Productivity Commission (PC), 2006, *Inquiry Report 41: Road and Rail Freight Infrastructure Pricing*.

- The appropriate introduction of high-technology safety devices. The introduction of these safety devices needs to focus on technologies as conduits for enhanced compliance rather than as tools for automated, non-visible and non-discretionary enforcement. The trucking industry would, however, support the use of technologies such as IAP as part of a court-imposed mandate to monitor operators who have a proven history of non-compliance with road access conditions.
- The introduction of strong regulatory measures to improve heavy vehicle speed management and compliance, including a ban on the importation of heavy vehicle speed limiter tampering devices coupled with a rigorous national enforcement effort directed at punitively removing speed limiter tampering from the industry, including by issuing defect notices;
- The implementation of heavy vehicle driver fatigue laws, including chain of responsibility provisions to ensure drivers are not pressured by their schedulers or customers to press on when they are fatigued. Fatigue is an important cause of heavy vehicle accidents and the new laws will have an important role in improving the industry's safety.

Some jurisdictions are implementing their own versions of the model legislation. The ATA believes the new laws will only work effectively if they are implemented consistently. In addition, the states and territories will need to review their existing laws imposing duties relating to fatigue to ensure they are consistent with these new laws;

- An adequately funded program for constructing and upgrading heavy vehicle rest areas across Australia's road system and in urban areas; and
- Upgrades to the thousands of level crossings in Australia that do not have active protections like flashing lights or boom gates. The upgrades would need to be based on thorough and consistent risk assessments to determine the most suitable solutions.

4.2 ECONOMIC FRAMEWORK FOR EFFICIENT TRANSPORTATION MARKETPLACE

At its meeting on 20 December 2007, COAG agreed to the continued, though qualified, progression of the heavy vehicle pricing reforms (including incremental pricing, externality pricing and direct user pricing in the longer term) that had been previously agreed by COAG under the National Reform Agenda.

In its *Draft National Transport Policy Framework*, the NTC has proposed that the pricing and institutional reforms currently singled out for heavy vehicles should be expanded to include all modes of transport, including ports.

The trucking industry is concerned that the pricing agenda for heavy vehicles has been decoupled from the basic productivity and safety reforms that are required by trucking operators to continue servicing the rapidly growing domestic freight task at reasonable cost and to an increasingly high standard of safety.

Transport ministers must understand that the continued overhaul of heavy vehicle pricing, and transport infrastructure pricing more generally, will not make Australia's transport system more efficient or safer unless governments also:

- Substantially reform the cross-jurisdictional institutional arrangements that govern the level and distribution of road infrastructure funding;
- Introduce the safety reforms set out in section 4.1 of this submission;

- Roll out the regulatory reforms that were promised but either not implemented or not implemented properly. These reforms would significantly boost the trucking industry's safety, productivity and environmental performance, and include:
 - Expanding the B-triple network to link Australia's capital cities, with the following initial priorities:
 - Melbourne to Adelaide via the Great Western and Dukes highways;
 - Melbourne to Brisbane via the Newell Highway;
 - Melbourne to Sydney via the Hume Highway, including the Barton and Federal Highway links to Canberra; and
 - Sydney to Adelaide via the Sturt and Hume highways;
 - Filling in the missing links on the existing network, particularly the connection from Adelaide to Broken Hill.

B-triples should not need to be assessed individually under PBS even if they are different to the NTC's blueprint specifications, because the concept of B-triples as a modular combination has already been independently assessed against the PBS.

- Expanding the Higher Mass Limits network, particularly in NSW given its geographic importance for the movement of interstate transport;
- Increased road network access, moving to general access, for quad-axle groups in 19m semi-trailer combinations; and
- Establishment of an effective and administratively streamlined PBS system that institutes a single national decision-making body.

4.3 INFRASTRUCTURE PLANNING AND INVESTMENT

AusLink 1 initiated the process of introducing major reforms to transport infrastructure planning and the process has continued through the funding commitments for AusLink 2. The corridor strategies developed as part of the AusLink process have provided decision makers with new insights into the pressures on the intercapital routes and road links in regional areas. However, the AusLink planning and funding process has been less successful at:

- Addressing the issues associated with urban congestion – *see section 4.5 below*;
- Integrating land use and transport planning notwithstanding that this was one of the goals of the original AusLink White Paper. Specifically, AusLink has failed in its intent to deliver the measures required to separate local traffic from long distance traffic on the national network;
- Banking land for freight corridors and protecting the existing freight corridors from incompatible land use planning decisions such as the establishment of close proximity residential estates;
- Preventing cost blowouts as a result of inconsistent and poor estimation protocols and unsatisfactory contract management by the state and territory road authorities;
- Supporting the construction of the non-road infrastructure required to support seamless road freight transport operations, such as the provision of heavy vehicle rest areas and coverage for mobile phones and data transfer.

In order to continue the successful reforms to transport infrastructure planning, the trucking industry considers it appropriate that the Australian, state and territory governments:

- Maintain and thereafter increase the projected funding for the construction and maintenance of vital road infrastructure. Other important transport infrastructure projects, such as upgrading rail track infrastructure, should be funded by increasing overall transport infrastructure expenditure and not simply by diverting road infrastructure funds that are absolutely necessary to improve the safety, productivity and environmental performance of the trucking industry;
- Increase the productivity of Australia's existing road infrastructure by increasing access for higher productivity vehicles through the regulatory changes set out in section 4.2.
- Strengthen the planning arrangements to ensure separation of long distance traffic on the national network from local traffic. This could be achieved by:
 - Requiring, as a pre-condition for AusLink project funding, state and territory road authorities to fund enough service roads in proximity to the national network to ensure local traffic remains off the network; and
 - Retrofit existing links on the national network with limited access priority lanes for through traffic.
- Secure zone limitation provisions in state, territory and local government land use planning to ensure compatible land use in proximity to new and proposed freight corridors;
- Rigorously implement the recommendations of the 2007 Evans and Peck report into cost estimation blowouts in Queensland, which would ensure transport planners across the country apply prudent and consistent contingency factors;
- Require new national network projects to incorporate funding for the construction of heavy vehicle rest areas so as to ensure full compliance with the NTC guidelines.

4.4 CAPACITY CONSTRAINTS AND SUPPLY CHAIN PERFORMANCE

One of the key bottlenecks to boosting the productivity in the trucking industry is the 'last mile' problem. Trucking operators are often unable to carry Higher Mass Limits loadings, or utilise higher productivity vehicles such as B-triples and quad-axles to and from their customers because of access restrictions on the last few miles of state, territory or local roads.

The last mile problem can be viewed as a failure of the COAG transport reform process because:

- The COAG reform milestones were so imprecise that state and territory governments could avoid dealing with difficult issues, such as the last mile problem, and still claim to have successfully carried out the reforms; and
- There were no financial incentives to encourage the state and territory governments to provide extra assistance to local councils or allocate funding for Higher Mass Limits upgrades on state roads.

In order to overcome the last mile problem and to ensure that successful road transport reform extends across the entire length of the supply chain, the trucking industry considers it appropriate that the Australian, state and territory governments:

- Recast the road transport reform milestones to ensure state and territory road agencies engage systematically with local councils, the trucking industry and supply chain participants to resolve last mile access issues;
- Include the delivery of these road transport reforms in the proposed system of incentive payments to the states and territory governments;

Furthermore, the trucking industry urges the Australian Government to:

- Maintain its funding to local councils and carry out the AusLink 2 funding increase for the Roads to Recovery Program; and
- Continue funding the AusLink Strategic Regional Program, which includes \$300 million for additional grants to be allocated through competitive funding rounds in 2009-10 and 2011-12. Grants under the program will be an important source of funding to enable the upgrade of key local government access roads.

4.5 URBAN CONGESTION

The Bureau of Infrastructure, Transport and Regional Economics estimates that congestion on the urban arterial roads of AusLink national network could cost the Australian economy in excess of \$20 billion per year by 2020.

Australia's urban congestion problem is caused by passenger cars on the network commuting across cities, not by the trucking industry servicing communities and the industry's demand for freight movement. Although freight traffic is growing rapidly, it is projected that passenger cars will still comprise 75 per cent of traffic flows on urban networks in 2020.

The Australian Government's election commitments include substantial investment in urban roads; however, the new road links will be swamped by growth in traffic flow unless they are accompanied by strong congestion management measures.

In order to effectively reduce the costs of congestion the trucking industry considers that:

- Urban congestion can only be resolved through measures that focus on passenger traffic as well as road freight transport.
- Urban congestion cannot be resolved through heavy vehicle pricing or by transferring freight from road onto rail;
- The Australian Government should revitalise its commitment to public transport, but only as part of an integrated approach to transit oriented development. The funding for the Australian Government's role in public transport would need to be in addition to its funding for road infrastructure under AusLink;
- Intelligent traffic management systems should be adopted as an integral part of urban road management, including ramp metering and variable speed limits;
- More emphasis should be placed on re-allocating road space to provide freight priority lanes and priority ramp access on the links to major ports and intermodal facilities;
- The planning arrangements for separating long distance traffic on the AusLink network from local car traffic should be strengthened, with the creation of limited access express lanes on freeway routes where it is not possible to upgrade local service roads;

- The NSW Road and Traffic Authority's FreightSmart study should be extended to examine the commercial feasibility of encouraging distribution companies to combine loads before delivery in highly congested urban areas.

4.6 ENVIRONMENT AND ENERGY

The Australian Government recently confirmed its intention to introduce a cap and trade emissions trading scheme in Australia beginning in 2010 that will be comprehensive enough in coverage to capture greenhouse gas emissions from the transport sector from the outset.

The Australian Trucking Association is working collaboratively with the Government and in partnership with other industry associations to ensure that emissions trading is realised and that the Government's approach to mitigation is delivered at least cost.

A comprehensive emissions trading scheme designed to minimise distortions within the domestic economy and avoid carbon leakage abroad will achieve Australia's annual greenhouse gas emissions reduction targets in the most efficient and least expensive way.

However, both the Government and industry accept there will continue to be a 'market failure' basis for measures to be implemented in addition to emissions trading.

In order to impose the lowest possible cost on the Australian economy, the trucking industry considers that additional measures (including any policies, programs and regulations that include as their objective the reporting or reduction of greenhouse gas emissions or energy, the latter as a proxy for emissions) should demonstrably address market and institutional failures not already addressed by the establishment of the emissions trading scheme.

These complementary measures could include:

- The regulatory reforms set out in section 4.2, which would increase the trucking industry's productivity and reduce the number of trucks needed to deliver the same amount of freight. The case study below shows that these reforms have considerable potential to deliver greenhouse benefits.

Case study: Greenhouse benefits of increasing trucking industry productivity

In 2007 the NTC published a case study about the productivity benefits of using B-triples on intercapital routes.

The study pointed out that a national linehaul trucking operator with 60 B-doubles and semi-trailers could use B-triples to reduce the number of trips by one in four, reduce operating costs by 22 per cent and save 3.7 million kilometres of truck travel per year.

Through reduced fuel consumption, these productivity gains have tremendous potential to reduce greenhouse gas emissions.

The ATA has calculated that by saving 3.7 million kilometres of B-double and semi-trailer truck travel, the linehaul operator could reduce fuel consumption by in excess of 2 million litres of diesel per year and direct greenhouse gas emissions by more than 5,900 tonnes of CO₂ equivalent per year.

- The congestion management measures set out in section 4.5, because congestion accounts for 40 per cent of the fuel consumed in urban areas.
- Targeted infrastructure investments to construct highway deviations that avoid steep grades and therefore increase the fuel efficiency of road transport;
- Research and development funding for low emission alternative fuels technology coupled with funding for research and development for engine technology to enable the introduction of alternative fuels; and
- Research and development funding for examining the commercial feasibility of cross-corporation integrated logistics systems, including cooperative loading schemes.

Many well-meaning people have proposed other greenhouse measures for the trucking industry. Most of these proposals would not complement the emissions trading system. The measures that should be avoided include:

- On-going subsidies for commercially available low emissions alternative fuels;
- Mandatory renewable energy targets, including bio-fuels targets;
- Fuel efficiency regulation on heavy vehicle engines;
- Mandatory greenhouse and/or energy programs;
- Volume subsidies to rail or maritime freight transport; or
- Increased taxes on road freight transport, because the trucking industry will already be paying for its emissions through increased fuel prices.

4.7 STRATEGIC RESEARCH AND TECHNOLOGY

Better research into freight transport and the development on new technologies have the potential to further increase the trucking industry's productivity, safety and environmental performance. Additionally, it could be anticipated that a better understanding of freight logistics would positively impact upon the development of rigorous public policy.

Although much of the technology used by the trucking industry is developed by global upstream fuel, engine and engineering manufacturers, there is an important role for Australian governments in researching the transport system, transport safety issues and conducting foundation research of a 'public good' nature.

The trucking industry considers it to be worthwhile for the Australian, state and territory governments to:

- Carry out additional supply chain mapping to identify capacity constraints and bottlenecks;
- Conduct better safety research, including research to identify the location of fatigue related crashes on the transport system;
- Provide funding for research and development into low emission alternative fuels technology coupled with funding for research and development for engine technology to enable the introduction of alternative fuels; and
- Provide funding for research and development into examining the commercial feasibility of cross-corporation integrated logistics systems, including cooperative loading schemes.

4.8 WORKFORCE PLANNING AND SKILLS

The trucking industry considers that the introduction of measures and initiatives that positively impact upon working conditions will have a lasting impact on recruitment and retention of drivers in the industry and go some way to resolving the skills shortage that is approaching critical levels.

In particular, the trucking industry commends to Australian, state and territory governments the following initiatives:

- The introduction of significant regulatory incentives, including financial incentives, to encourage trucking operators to join audited safety accreditation schemes like TruckSafe.
- Encouraging operators and other participants in the supply chain to sign up to codes of conduct, such as the Retail Logistics Supply Chain Code of Conduct.
- Developing and mandating the adoption of customer service charters for on-road enforcement officers, including mechanisms for reporting and pursuing breaches, to ensure drivers are treated as fellow professionals of the road.
- An adequately funded program for constructing and upgrading heavy vehicle rest areas across Australia's road system and in urban areas.
- Reviewing the graduated licensing system for heavy vehicle drivers to address industry concerns that it discourages competent young people from entering the industry.
- Pursuing the strong measures detailed in section 4.1 above to improve road safety.

4.9 SOCIAL INCLUSION

To address social inclusion through road freight transport the trucking industry considers it to be worthwhile for the Australian, state and territory governments to provide a detailed and transparent recognition of freight transport Community Service Obligations to regional, rural and remote communities.

On social inclusion more generally, the trucking industry would encourage the Australian Government to revitalise its commitment to public transport, but only as part of an integrated approach to transit oriented development. The funding for the Australian Government's role in public transport would need to be in addition to its funding for road infrastructure under AusLink;

4.10 GOVERNANCE

Due to poor governance of the COAG reform process, the implementation of the existing reform program has been slow and inconsistent across jurisdictions.

Australian, state and territory transport ministers face a huge challenge to achieve meaningful reform, and a strong governance structure will be necessary to achieve well-co-ordinated results. In the ATA's view, there needs to be:

- A restructure of the Australian Transport Council and its subordinate working groups to provide observer status for representatives of the aviation, road transport, rail and shipping industries. The inclusion of the industry peak bodies would help add real-world experience to the decision making process; it would also help governments and the transport sector to understand each other's concerns.

- A new transport reform IGA to clarify the process that governments will use when they consult with the transport sector on the new national transport policy.
- More support for local government in implementing the reform decisions taken by ATC, recognising that local authorities are responsible for managing 85 per cent of Australia's road network.