

Speech

WA Transport Conference 2012

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Check against delivery

Introduction

Slide 1: Truck driver

The year is 2014. Truck driver Mick is an owner-driver and this week his run is from Perth to Sydney.

With establishment of the National Heavy Vehicle Regulator the previous year, Mick no longer has to battle different state-based rules for counting hours, or carry a cabin full of state notices and permits.

However, Mick's journey is far from hassle-free. Along the way, he puts up with sections of road in need of maintenance, rest areas which are few and far between and urban and city congestion which adds hours to his trip.

Slide 2: Rail CEO

Meanwhile, with the introduction of a National Rail Safety Regulator, David - the CEO of an interstate rail operator - spends less time managing cross-border red tape and more time on growing a safe and efficient business.

But he finds that running viable rail operations is tough without coordinated long-term planning and investment in efficient rail infrastructure, technology and intermodal terminals.

Slide 3

We still have a way to go...

The NTC in partnership with governments and industry has made significant progress towards achieving better efficiency, safety and sustainability outcomes in the land transport sector over the last twenty years.

Most recently, we have worked together on National Laws to underpin the National Heavy Vehicle and Rail Safety Regulators. Other world-leading reforms introduced include Performance Based Standards for heavy road vehicles, Chain of Responsibility in transport supply chains and fatigue management in road and rail.

However, there is an imperative to do more.

Today's transport challenges are becoming more complex. Productivity is slowing, the infrastructure backlog grows, carbon emissions are rising and the cost of transport infrastructure is escalating.

On top of this, too many people are being killed and critically injured on our roads.

Today, I'm going to outline:

- **Why** we need to continue with national transport reforms,
- **What** the NTC believes some of these reforms should be, and, importantly,
- **How** NTC, governments, industry and other stakeholders in the transport sector must work more effectively together and share the task of delivering effective change outcomes.

Slide 4: Why do we need further national transport reforms?

Our nations' prosperity and liveability in our communities is dependent upon our ability to generate wealth through increasing productivity and the international competitiveness of our trade. With transport and logistics being a principal enabler of commercial activity, the efficiency with which freight moves within the country and through gateway ports will play a major role in determining our standards of living.

At the core of our thinking and planning in transport is the role of mobility and accessibility for economic and social activity in our society and how they must be provided and managed even though their impact raises sensitivities in the community.

To identify future reform, or improvement opportunities and priorities, we need to understand the nature and cause of changes occurring in the land transport sector and where an active and beneficial response is needed and can be delivered.

Slide 5: Productivity

NTC research has found that since 1998/1999 road freight costs have increased by 40% and rail freight costs by 20%.¹

Vehicle productivity - volumes of goods moved per trip - is slowing, as network utilisation - the volume of vehicles per km of road or rail - and congestion is increasing.

¹ BITRE 2011 Yearbook

Slide 6: Safety

1292 people lost their lives on Australian roads in 2011. ²

While there has been a measureable decrease in deaths on Australian roads - 23% reduction over the past decade³ - there has been slower progress in reducing the number of serious injuries. In fact, Australian Institute of Health and Welfare research shows that serious and life threatening injuries have actually increased since 2000/2001.

Slide 7: Environment

Transport accounts for 14 per cent of carbon emissions in our economy and is one of the fastest growing contributors to emissions. ⁴

Despite improvements in vehicle emissions intensity through the growth in fuel efficient vehicles, the massive increase in the freight task has overwhelmed these gains. A shift to higher productivity vehicles, such as the articulated truck fleet especially B-doubles, may have lessened the impact of the growing freight task on emissions.

Road passenger vehicle emissions have begun to decrease as private vehicle use flattens and vehicles become more fuel efficient. However, far deeper emissions cuts will be needed to meet national targets.

² Media release: *Australian road deaths continue to fall*, Minister for Infrastructure and Transport, Anthony Albanese, 25 January 2012

³ National Road Safety Strategy, 2011-2020, Australian Transport Council

⁴ *Moving People: Solutions for a growing Australia*, Bus Industry Confederation, Australasian Railway Association and International Association for Public Transport, March 2010

Slide 8: What should these reforms be?

It is evident that even though we have had some success in improving outcomes in these areas, more needs to be done.

Slide 9: Long-term market reform of transport and infrastructure

We need to make significant changes in how we fund construction, maintenance and operation of road, rail and ports infrastructure.

In 2011, Infrastructure Australia estimated that the transport infrastructure backlog is around **85 billion dollars**.⁵

A contributing factor is the decline of fuel excise revenue, which means less money in government coffers to spend on roads, rail and ports infrastructure. This is a result of the community's response to higher fuel prices and adoption of more fuel efficient engines.

Increased costs across the economy means that government budgets are under pressure and transport infrastructure and services competes with other demands on public expenditure.

Given these realities, the NTC believes that market reform of transport and infrastructure is inevitable in the long term. Market reform involves the private sector having a greater role in delivering, managing and operating infrastructure; and this will require changes in some longstanding institutional arrangements and a more direct user pays approach to access and utilisation of infrastructure and services.

⁵ Infrastructure Australia, June 2011, Communicating the Imperative for Action, Report to the Council of Australian Governments. Sydney: Australian Government.

The first steps in engaging the community in a conversation on this issue are under way. It will require exposure of the reasons and approach to meeting the funding challenge while demonstrating the fairness of user charging for services.

Interestingly, the primary driver for congestion charging in London was the flight of businesses and jobs to more productive European cities.

Let's be smart enough to anticipate and plan rather than wait until a crisis forces us to act.

Slide 10: Seamless information infrastructure

The Organisation for Economic Cooperation and Development Secretary-General Angel Gurría recently said in an interview that in many advanced economies, creating seamlessness in transport – improving the interconnections along the supply chain – is increasingly about building an information infrastructure, and less about new roads or rail lines.⁶

Powerful advances in information technology are opening up new opportunities to achieve improved transport safety, efficiency and sustainability.

The opportunities range from:

- vehicle innovations to improve driver safety,
- better communications and data sharing between supply chain parties to improve efficiencies,
- to ways for industry to better manage their compliance with legislation.

⁶ *The Art of Seamlessness*, Motion magazine, Issue 02 May 2012.

Slide 11: FoxTrax

For example, Linfox Logistics has begun to use smart technologies to help improve safety and productivity across its operations.

'FoxTrax', the name of their fleet tracking and management system, uses the global positioning system to monitor vehicle movements. It records a range of operational data, including the arrival and departure times of trucks as they travel between supermarket distribution centres and stores.

The system also uses SMS alerts to inform drivers of important delivery changes or traffic hazards, as well as alerting distribution centres and stores of expected vehicle arrival times – thereby boosting the efficiency of vehicle loading and unloading.

But how do we achieve the “seamless” information infrastructure to support the growth and utilisation of these exciting innovations across the transport industry?

We need a national view on common standards to avoid information-related “break of gauge” issues across transport modes and networks.

Slide 12: Open data

We also want to encourage 'open data' where appropriate, allowing industry operators, service providers and researchers to devise innovations which will boost transport efficiency and safety.

The NSW government recently partnered with Google, providing data to give users information about public transport options when searching for directions on Google Maps.

The Government said in a statement that they had modified public transport data to be in a format which '*would help to inspire future third party application developers*'.⁷

As well as making government data more accessible, parties along the supply chain would benefit from sharing data to boost efficiencies.

This will require a culture change across many parts of the transport and logistics industry to accept that everyone can be more efficient and productive without individual operators losing their competitive position.

There is a role for government in facilitating these opportunities and in some cases the potential for government to intervene where no agreements can be reached.

The NTC is currently working on regulatory and operational policy issues related to cooperative intelligent transport systems, electronic work diaries, train communications, data loggers and port community systems.

These issues include exploring the impact the wider use of these technologies will have on privacy, personal liability, driver distraction, compliance and enforcement and how this can be reflected in policy and regulation.

⁷ Media release: *Customers to benefit from public transport on Google Maps*, NSW Minister for Transport, 25 July 2012.

Slide 13: City Logistics initiatives

City strategic planning and reform

The opportunity exists to improve the safe and efficient movement of people and freight in and through cities.

Research has shown city logistics initiatives can reduce congestion and emissions, save on transport costs and improve amenity.

This is becoming increasingly important as the demand for freight transport grows in our cities – just think of the impact of the increasing popularity of online shopping deliveries on the number of delivery vans and trucks on our roads.

Modelling by the Australian Sustainable Built Environment Council found that urban centres will become more transport intensive and less transport efficient, resulting in urban congestion, longer trips and slower travel times.

Slide 14: Bristol, UK

City Logistics initiatives around the world are facilitating collaboration on more sustainable freight transport solutions with industry and governments.

For example, in 2004, Bristol City Council in the UK introduced an 'urban freight consolidation platform' serving the city centre of Bristol, run by logistics company DHL on behalf of the council.

The 'platform' is a strategically located warehouse close to the CBD, where deliveries of product bound for retailers in the city can be consolidated to reduce vehicle movements.

The objectives were to:

- Achieve improved air quality by using fewer delivery vehicles and cleaner and more efficient vehicles reducing emissions
- Ensure safe and secure roads for all city users including pedestrians and cyclists by reducing traffic flows
- Reduce congestion, particularly in inner city areas
- Relieve pressure on parking and loading / unloading areas
- To provide retailers with additional beneficial services such as waste and packaging collection, inventory management and seasonal peak storage
- To increase the general quality of life for residents and visitors in Bristol.

Operations at the warehouse are served by electric vehicles and presently involve 55 retail organisations that receive consolidated deliveries at fixed time slots. The service also includes the return of waste and packaging on the return leg to the warehouse.

The scheme has achieved a 76% reduction in delivery trips to the participating retailers.

This equates to a saving of over 264,000 vehicle kilometres, 70 tonnes of carbon dioxide and approximately 26,000 litres of fuel. The program has also collected and recycled over 26,400 kilograms of cardboard and plastics from users.

There is also minimum noise pollution from the electric vehicle fleet, meaning out-of-hours operations are viable. The neighbouring city of Bath is planning to partner with Bristol in extending the freight consolidation platform to service both cities.⁸

There is the opportunity for governments and industry to work together to run similar initiatives in Australia. Some of the key opportunities to optimise the Australian urban supply chain include:

- reviewing access regulations to address growing (noise and emissions) delivery curfews in built-up areas
- measures to harmonise operating hours of businesses in the city logistics chain to spread demand and reduce storage and double-handling
- measures to improve logistics efficiency - sharing vehicles and assets, for example avoiding trucks coming back empty from the depot when they could be utilised to transport another load, if appropriate
- reverse logistics – efficient transport of waste and returns. For instance, when goods move from the customer to the distributor or to the manufacturer.

⁸ Trailblazer consortium, <http://www.trailblazer.eu/content2.php?cid=6&sid=25>

Slide 15: How should we approach the next wave of transport reform?

Just as important as **what** transport reforms we undertake, is **how** we undertake them.

Our approach to transport reform needs to evolve to be focused on achieving outcomes and continuing to develop and follow best practice.

Slide 16: Collaboration

Collaboration to share expertise and resources

Australian governments have been fairly successful in cooperating to fix fragmented cross-border regulations and standards over the past twenty years.

Moving forward, collaboration, rather than simply cooperation or coordination, amongst governments and with industry, is necessary to more effectively address the already evident policy challenges. Innovation and acceptance across influential stakeholders together with effective implementation will be necessary in support of government policy initiatives.

There are a few examples of where this is already happening.

The National Ports Strategy, developed by the NTC and Infrastructure Australia, encourages all levels of government and the ports industry to work together on improving ports performance and supply chain efficiency.

Key features of the Strategy include:

- Opt-in arrangements for ports to develop long-term master plans;
- A commitment to better practice, recognising that a one-size fits all approach is not appropriate;

- A collaborative steering group (of government officials) to share research, policy innovation and learning and put it into practice;
- Resources and leadership (provided by the NTC and Infrastructure Australia); and
- Peer review and advice from an expert panel

In relation to ports, governments play both a direct role in facilitating land side access through direct provision of infrastructure and a supportive regulatory environment for private sector investment and operations. The transport and logistics system as a whole, not solely the individual parts, determines the productivity and competitiveness of the trade.

Governments across the country are now recognising that greater engagement and opportunity for the private sector to provide transport infrastructure and its maintenance must feature in forward policy development. Government will need to create an environment in which this can evolve.

Collaborative models

Australia has a strong track record of working together through intergovernmental groups, taskforces and committees. However, “reform by committee” can be a barrier to change if the group lacks a clear purpose and mandate, becomes overly concerned with process, and loses sight of the policy goal - timely delivery of outcomes capable of being defended in implementation.

Ultimately, the design of collaborative networks must be driven by the *participants*. This avoids the risk of a particular model from past practice driving the behaviour, rather than collaboration driving the solution.

Slide 17: Innovation

Significant national benefits also flow where effective *regional policy innovation* is shared.

Here in WA, we have been known for our innovative approach to transport policy. A good example is the preservation of local productivity variations under the new Heavy Vehicle National Law. For WA, this means our innovative approaches to heavy vehicle mass concessional loading and accreditation will be preserved when the nation heavy vehicle regulator comes into operation in 2013.

It doesn't make sense for WA to forfeit favourable regulations just for the sake of national consistency. No one concerned for national productivity can contemplate lowest common denominator thinking for the future. Local and regional innovation can 'set the standard' for other locations and jurisdictions to aspire to and embrace. In other words, national consistency is good if it provides efficiency benefits - however, it shouldn't be at the expense of innovation and improvement opportunities!

Slide 18: Co-create and design policy with people, not just 'for' people

In an environment of complex and difficult policy challenges, it is important that national policy reform is developed *with people, not for people*.

Specialist skill sets, resources and knowledge to manage diverse agendas and open relationships are needed to replace the standard stakeholder-relationship management approaches of the past.

This type of engagement is invaluable and essential, especially in exploring approaches to controversial and sensitive issues. For example, the NTC held community forums last year which revealed that the community has little knowledge about the way that transport

infrastructure is funded, or of pricing models that operate overseas. Interestingly, when given further information, participants gave a firm indication that they will consider pricing options – as long as it is fair and does not limit car use.⁹

Slide 19: Managing performance and outcomes

As I highlighted earlier, there is still much work to do to optimise the performance of our transport system.

At the NTC we are aware that even though we have achieved successes with national transport regulatory reform, significant shared transport performance issues remain.

The NTC has moved towards a system of 'outcomes based' performance reporting to focus attention on the intended results – or outcomes – of reforms we undertake.

Importantly, it underpins a strategic culture of learning by doing; and moving away from a focus on efficiency of process – for example, getting the report out on time - as an arbiter of value.

However, to be able to measure the impacts of reforms on transport safety, productivity and environmental outcomes, we need to be able to access consistent national data. For example, a consistent way of monitoring serious injuries caused by road accidents across the country or the movements of freight vehicles is needed.

The NTC is working with research bodies on useful national data sets. Future reform proposals to Ministers will include outcome indicators and an agreed national plan to collect data.

The NTC recently presented the first reform outcomes status report to the Standing Council on Transport and Infrastructure for reporting to COAG.

⁹ Smart Transport for a Growing Nation discussion paper (NTC 2011)

This featured for each reform project, a listing of shared goals, shared and intermediate objectives, forecast outcomes and a tracking of performance outcomes. Examples include take-up of PBS vehicles, number of B-doubles in the HV fleet, compliance with mass limits, HV speeding compliance rates, fatigue related crashes in heavy vehicles and rail fatalities and injuries.

This is important because public reporting of outcomes will inform and encourage a national discussion on reform progress and its effectiveness and sufficiency.

Slide 20: Conclusion

It is clear that the next wave of transport reform needs to address some complex and difficult challenges unique to our time. We are conscious that the “target” keeps moving – population and transport demand continues to grow, national and international competitiveness demands a continuing focus on productivity improvement, and businesses need to evolve in response, as do governments responsible for the operating environment within which businesses and the community live.

As the types of challenges we are addressing with national transport reform evolve, it is necessary for our methods to evolve as well.

The national reform agenda should always be informed through open engagement, evidence-based analysis and bipartisan advice. It is time to move forward utilising our networks of federal, state and local governments, the private sector and the wider community to facilitate action and change.

We at NTC look forward to continuing to work together with all affected parties as we embark on the next stage of the transport effectiveness reform journey.

Thank you for your attention and I welcome questions.