

Speech

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AusIntermodal 2014

Tuesday 9 September, 9:40am

Hilton on the Park, Melbourne

Speaking time: 30 mins including question time

Slide 1: Title slide

Good morning.

“I think it is high time that we paid more purposeful address to the need to make the best of our resources and to accelerate the process of going towards intermodal transport. We ignore that at our peril because our highways will become more and more congested. Added costs for the road transport of goods will be reflected in time in the consumer price index and all other indices which affect the overall well-being of our nation.”

This is an extract from a speech made by former member of Parliament, Clarie Miller in 1985- the first time intermodal

transport made it on the national agenda in Federal Parliament.

Given that we are all here today, still finding ways to improve the performance of intermodal transport, it could have been made last week!

Governments and organisations such as the NTC are still working to improve the safety, productivity and environmental outcomes of road, rail and intermodal transport.

We have made some gains over the years but there is still much more to be done.

Some of you may be familiar with the NTC's work in developing nationally consistent laws and regulations through reforms such as the National Heavy Vehicle Law and National Rail Safety Law.

Until 2013, we had 28 regulators in the rail, road and maritime transport space, 8 state and territory laws and significant number of 'model' laws.

These national reforms were designed to reduce red tape by minimising inconsistencies in the laws between states and territories for the transport industry. The establishment of

the National Heavy Vehicle Regulator and Office of the National Rail Safety Regulator are expected to save Australia \$12 billion and \$71 million respectively over 20 years.

But as we would all agree, what a reform actually achieves to improve transport outcomes in the real world is what really counts.

We can only measure this by having useful data and clear targets to work towards.

As well as helping us to monitor the performance of reforms, good data is vital to tell us about where the problems lie and what reforms are needed.

In some areas, such as productivity, we already have useful data to guide us on the reforms needed.

But in others, I would argue that we require improved data and analytics to guide us to make the important national changes required for Australia's transport system.

We have a clear national target to achieve for road safety, but targets in other areas – productivity, environmental performance, regulatory efficiency - are lacking.

At the NTC we want to work together with government and industry stakeholders on reforms that we know present a realistic opportunity to make a positive difference to productivity, safety, regulatory efficiency and the environment.

We realise its important to work closely with those at the 'coalface' of reform - whether they are implementing the reform or using the laws and regulations in their day to day business – in identifying and prioritising reform projects. These stakeholders are in the best place to advise us on what is needed.

That's why we have recently made refinements to our strategic planning processes to better involve our stakeholders in designing and developing our forward work program.

Slide 2:Today

Today I'd like to provide a picture of how Australia is currently tracking in terms of transport productivity, safety, environment and regulatory efficiency, whether we have any goals or targets in place to work towards, and some of the key areas for future reform identified by NTC and our

government and industry stakeholders during our strategic planning process.

Slide 3: Productivity

The importance of improving transport productivity cannot be overemphasised.

Freight movements across road, rail and ports in this country are steadily rising, meaning that improving efficiencies is more important than ever before.

A recent report by the Australian Logistics Council indicated that a 1 per cent increase in productivity would increase GDP by \$2 billion per year.

Improving transport productivity can offset the future impacts on our economy, such as rising costs of living, by moving people and freight more efficiently.

It's also important in order to be able to support our aging population as the workforce ages and shrinks.

Better productivity is not just important from an economic perspective, but also to improve safety outcomes because fewer trips can reduce our exposure to traffic, and can

improve environmental outcomes by improving fuel efficiency and reducing air and noise pollution.

The Bureau of Statistics has estimated that multifactor productivity - a combination of labour and capital productivity - grew by 2.5 per cent a year between 1993 and 1999, and by 1.1 per cent a year between 1999 and 2003.

But this then slowed to what it now estimates as - 0.5 per cent between 2004 and 2008, and -0.3 per cent in the five years to 2012-13. ¹

We need to ask ourselves whether the current annual growth in productivity is enough to meet the demands of the growing freight task?

Statistics show we need to 'change the game' significantly to achieve the kinds of productivity growth we need.

- How do we use our current infrastructure - roads, rail and ports - more efficiently?
- How do we use new technologies to find efficiencies and drive down costs?

Current targets

¹ Australian, Bureau of Statistics, 2012-13 National Accounts, November 1 2013

There are currently no nationally agreed targets for improving productivity, but we do have large amounts of potentially useful data to measure trends.

What we need to know is:

- What is the target we are aiming for?
- How do we best target scarce resources to make a difference at a practical level?

Slide 4: Safety

On average, four people are killed and 90 are seriously injured every day on Australia's roads.

Work-related road crashes in Australia currently account for about 50 per cent of all occupational fatalities and 15 per cent of national road deaths.²

In the rail sector, there were 350 fatalities between 2002 and 2012.³

I'm a firm believer that improved safety and improved productivity go hand in hand.

Apart from the fact that a high level of safety is good for the

² National Road Safety Strategy 2011-2020

³ Australian Transport Safety Bureau, 2012.

workforce and the wider community, there's nothing more unproductive than a broken down truck or train, or if a driver injured and unable to work because of an accident. It's also not helpful to the bottom line if your reputation is affected by a poor safety record.

Targets

The National Road Safety Strategy set a target to reduce annual road deaths and serious injuries by at least 30 per cent by 2020.

The good news is, we are currently on track to meet the target of below 1000 deaths per year in order to reach 30 per cent fewer road deaths.

The bad news is –serious injuries are up to 15 to 25 per cent more prevalent than fatalities on our roads.

Data about serious injuries is seriously lacking and it will be difficult to monitor our performance towards the 30 per cent reduction target for serious injuries, if nothing is done.

There are no similar national targets for rail related deaths and injuries.

Rail fatalities have more than halved in the ten years leading up to 2011.⁴ However, due to the relatively low number of rail casualties, annual records can fluctuate significantly.

Rail serious injury data is lacking beyond 2008/09 and there is great variability depending on the agency reporting the data.

Slide 5: Safety (cont.)

- How do we reduce the amount of serious injuries?
- How do we make further gains in rail safety?
- How do we ensure we have the accurate data to monitor these trends?

Slide 6 Environment

Transport accounts for around 16 per cent of carbon emissions in our economy.⁵

The freight sector has a large role to play in this space.

⁴ Australian Institute of Health and Welfare, 2012

⁵ Australian Government, *Australia's National Inventory Report 2012, 2014*

As well as emissions, noise pollution has large impacts upon communities, and the problem will become more prevalent as more of us move to urban areas which are subject to more frequent freight movements.

Targets

Our current target is to reach a 5% cut on 2000 carbon emissions levels by 2020.⁶

We are making some gains – on average, emissions from new cars in Australia is declining.

The NTC's analysis of data from the Federal Chamber of Automotive Industries found that the average annual carbon dioxide emissions rating of new passenger vehicles and light commercial vehicles fell to 192 grams per kilometre travelled last year – the third highest drop since records started being kept in 2002.

A recent report from Victoria's Auditor General reported that air pollution-related deaths in Australia have jumped by 69 per cent in five years, while deaths in 20 other similar

⁶ Direct Action Policy, 2014

countries – such as the United States, UK and Germany - have declined.

The report said there were 1483 deaths related to air pollution in 2012, a leap from 882 deaths in 2005.⁷

- How can we reduce the impact of transport on the environment and improve the amenity of our communities?

Slide 7 Regulatory Efficiency

Inconsistent or unnecessary laws and regulations across Australia affect transport efficiency because they cost businesses time and money.

Regulatory efficiency is important to safety because clear and consistent requirements allow for a stronger focus on safe practices.

Efficient laws and regulations also mean ensuring they are up-to-date with international best practice and that they meet the needs of users.

The World Economic Forum's *Global Competitiveness Report 2013-14* interviewed Australian businesses on their

⁷ Victorian Auditor General, *Managing the Environmental Impacts of Transport*, 2014.

perception of the burden of regulation in Australia. The results showed Australia is perceived to be a poor performer in regulatory efficiency - being placed 128 out of 148 countries.

This placing is worse than four years ago, when we were rated 66 out of 133 countries.

The Bureau of Infrastructure, Transport and Regional Economics predicts that in the absence of further productivity-enhancing regulatory reform, fleet-wide heavy vehicle average loads are likely to increase by less than 5 per cent between 2010 and 2030, which is in sharp contrast with the 40 per cent growth in average loads over the past two decades.⁸

Targets

The federal government is aiming to cut red and green tape by \$1 billion per year.

We still need to better understand the real costs of compliance for the road, rail and intermodal transport

⁸ 2011

industry and where the unnecessary red tape can be removed.

Slide 8: New national policy settings and legislative amendments May 2014

The NTC's role is to work with our stakeholders to help to address these issues.

Over the past 12 months, the NTC have worked to provide ministers with a range of reform opportunities based on:

- the increased use of in-vehicle technologies to deliver better safety and productivity outcomes and compliance with the law
- national law harmonisation
- improvements to model legislation
- 'best practice' regulatory improvements
- technical improvements to the heavy vehicles charges model
- the introduction of international best practice policies and guidelines
- the provision of greater access for safer and more productive freight vehicles on our road networks.

In May 2014, Australia's transport ministers approved a range of new national policy settings and legislative amendments proposed by the NTC, covering:

- the introduction of a heavy vehicle telematics compliance framework
- the use of electronic work diaries for regulatory purposes
- outcomes from a Heavy Vehicle National Law (HVNL) penalties review
- outcomes from an independent chain of responsibility review
- outcomes from a review of the work diary counting time rule
- amendments to Australian Vehicle Standards Rules
- improvements to heavy vehicle productivity.

Slide 9: New strategic planning process

However, as the statistics have shown, there is always more work to do.

The NTC has released its Strategic Plan and Work Program for the next three years, which was endorsed by the Transport and Infrastructure Council in May.

These documents were developed in partnership with our industry and government stakeholders.

And when we say ‘**in partnership**’, we weren’t just paying lip service. Our industry and government stakeholders had an active role developing these documents.

Together, we have analysed:

- the key strategic risks and opportunities we face in the current Australian and global environment;
- the current status of the transport system in terms of safety, productivity and environmental performance; and
- the impact of recently implemented reforms.

This discussion led to the prioritisation of our current projects as well as helping develop medium and longer term reform directions, some of which I’d like to share with you today.

Slide 10: Future work

In one proposed project, the **NTC is planning to investigate how to better understand the costs of compliance for the land transport industry.**

Our aim is to discover where exactly the transport industry spends the most money on compliance through conducting industry surveys and other research into compliance costs.

Every reform proposal we consider is analysed in terms of costs and benefits.

Having more accurate information about compliance costs will help us to better understand the impact of proposed regulation and how to develop the right regulation that doesn't create unnecessary red tape.

Another future project will report, benchmark and analyse 'who moves what where' in Australia.

Although we currently have forecasts of the freight task created by the Bureau of Infrastructure and Transport Economics and others, detailed information - about the types of freight, moved by whom and to where - is currently missing and has been identified by our stakeholders as a high priority.

This will provide governments and industry with better data that we can base future planning, investment and access decisions, in addition to informing future policies and laws.

Improved Access for High Productivity Vehicles

The need for more productive freight related transport systems is clear. We need to embrace more capable heavy vehicles and trains and more capable infrastructure.

The NTC advocates for better transport system infrastructure planning, investment and user pays charging regimes to be implemented enable the Australian economy to meet the expected increased freight task as efficiently and effectively as possible.

In the interim NTC has a number of “improved access” related projects that we will progress over the next three years including a project to explore options to allow more of Australia’s trucking industry to take advantage of the benefits of certain higher productivity vehicles combinations.

The NTC’s discussion paper, *Access to PBS mass limits for truck and trailer combinations*, currently out for public comment, examines whether to allow 6 and 7 axle truck and

dog combinations to operate at the higher mass limits available under the Performance Based Standards scheme. The vehicles would have to meet the same strict safety and infrastructure impact standards as those under PBS, but would not have to go through time consuming and costly PBS process.

This initiative, if proved feasible, could deliver up to a 20 per cent increased payload for truck and dog operators.

Maintenance and review

The NTC will continue its vital role monitoring and reviewing reform performance.

This is an essential part of a successful policy and regulatory reform process.

Important considerations when monitoring the performance of legislation/regulation is whether the laws are realistic and able to be complied with and whether they are still meeting best practice.

Over the next three years, a large part of our maintenance program will focus on the Heavy Vehicle National Law and Rail Safety National Law.

While the current national laws for heavy vehicles and rail safety are a significant improvement on the previous sets of state/territory legislation, these laws do not yet represent best practice legislation and can be improved.

Ongoing review and amendments to model laws such as Australian Road Rules, Australian Vehicle Standard Rules, Australian Transport of Dangerous Goods Code and Medical Standards for Road and Rail will also be progressed.

Slide 11 National Transport Reform Monitoring Report

Part of our role evaluating and monitoring reforms also includes reporting on the implementation status of agreed reforms.

The NTC published an implementation status report on national reforms for the first time in November 2013. The *National Transport Reform Implementation Monitoring* report monitors and reports on the implementation progress of national reforms agreed by governments through the Council of Australian Governments or the Transport and Infrastructure Council.

The report provides the Australian community with an independent assessment of the implementation progress of national transport reforms, and advises possible corrective actions or interventions to bring governments back on track if required.

Where information is available, the report notes reasons for any delays and any barriers to implementing reforms. It also analyses whether jurisdictional variations have reduced the benefits of a particular reform.

The report aims to improve transparency and accountability for delivering national reform and allow businesses and the community to better understand the progress of these reforms.

The report is updated and published annually. The next report is being developed and will be published by the NTC in November 2014.

The report highlights that there is still some way to go to fully implement and realise the benefits of some significant reform projects.

For example:

The Heavy Vehicle National Law and Rail Safety National Law aim to provide a consistent set of laws and regulations for industry to minimise duplication and red tape.

However, these are yet to be fully implemented across Australia and inconsistencies remain.

The National Heavy Vehicle Law is yet to be implemented in the Northern Territory, and Western Australia are not signatories to this reform. Access permits are still being processed by states and territories following delays experienced earlier this year and administration of the National Heavy Vehicle Registration Scheme has been delayed until July 2015, pending further analysis of the costs and benefits of moving to a national scheme.

The Office of the National Rail Safety Regulator (ONRSR) administers the rail safety national law in South Australia, New South Wales, Tasmania, the Northern Territory, Victoria and from November, the ACT.

Western Australia is developing laws that mirror the Rail Safety National Law. The Queensland Government has determined that it will retain its sovereign powers for rail safety and not refer those powers to another entity.

Victoria's laws include significant local variations to the national law and New South Wales has enacted local variations to the national law relating to fatigue and drug and alcohol testing.

Another important COAG reform, the *National Ports Strategy* advocates the need for a more integrated and coordinated approach to the long-term planning and development of port infrastructure and integration with port-related supply chains. The strategy was endorsed by COAG in July 2012.

Inter-governmental elements of the original Ports Strategy action plan have been overtaken by subsequent freight and heavy vehicle road reform initiatives by governments.

The *Strategy* lacks definitive implementation milestones to drive progress. Time-bound milestones for implementing the national ports and freight initiatives should be developed and agreed upon.

Slide 12: Keys to effective reform

Conclusion

As you can see, there is still a lot of work for Australia to do to reach an optimal road, rail and intermodal system and ensuring reforms can have impact in the real world.

We will continue to work closely with governments and industry to identify important future areas for reform and continue to closely monitor and report on reform implementation.

But we believe that's only part of the picture – the key to ensuring past reforms can make a real positive difference, and to know where further reforms are needed, is having useful data and clear targets to work towards.

With the help of our stakeholders, the NTC have identified some key projects over the next few years which propose to close some of these data gaps and ensure that significant reforms such as the Heavy Vehicle National Law and Rail Safety National Law can improve productivity, safety and regulatory efficiency as they intended to.

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