28 February 2020

National Transport Commission
Public Submission – Heavy Vehicle Charges Consultation Report
Level 3, 600 Bourke Street
Melbourne VIC 3000

RESPONSE TO HEAVY VEHICLE CHARGES CONSULTATION REPORT

I write to advise that the Australian Livestock and Rural Transporters Association (ALRTA) supports an increase in both the heavy vehicle registration and Road User Charges by 2.5 per cent in 2020-21 and a further 2.5 per cent in 2021-22. This support is conditional on State and Federal Governments committing to improving the quality of rural and regional freight routes.

Our Association
The ALRTA is the peak body representing road transport businesses servicing the agricultural supply chain. We are a federation of six state associations including:

- Livestock, Bulk and Rural Carriers Association of New South Wales
- Livestock and Rural Transporters Association of Victoria
- Livestock and Rural Transporters Association of South Australia
- Livestock and Rural Transporters Association of Western Australia
- Livestock and Rural Transporters Association of Queensland
- Livestock Transporters Association of Tasmania.

Together our associations represent over 700 transport businesses including owner-drivers, small fleet operators and large fleet operators each with hundreds of trucks and trailers.

The ALRTA National Council met in Melbourne on 7 February 2020 to consider the Heavy Vehicle Charges Consultation Report. During this meeting, the NTC delivered a presentation outlining the report contents and answered questions relating to charging principles and methodology.

Background
ALRTA wrote to TIC members prior to the 22 November 2019 meeting expressing grave concerns about the proposal to increase heavy vehicle charges over three years from 1 July 2020 by 6.0%, 3.0% and 2.4% respectively, compounding to 11.8%.

At that time, ALRTA there was no published information justifying an increase in heavy vehicle charges and there was apparently no recognition that industry had been over-charged by around $1.4b since Ministers agreed to freeze charges in response to a previous NTC recommendation to decrease registration charges by 6.3% and the fuel levy by 1.14cpl from 1 July 2014.

ALRTA considers that it is unreasonable to expect industry to absorb a sudden 6.0% increase when governments flatly refused to absorb a decrease of similar magnitude just five years ago. Significantly increasing road freight costs against the background of economically disruptive circumstances including drought, bushfires, floods, live sheep export market closures and a likely corona virus pandemic would further damage rural and regional economies around Australia.

ALRTA is however mindful that revenue is required to build and maintain roads used by heavy vehicles and we continue to advocate for a return to fair cost recovery principles.

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General Condition and Funding of Rural Road Infrastructure
While relatively sparsely populated, it is Australia's rural, regional and remote areas that produce our food, fibre, wood and mineral exports. This is the backbone of Australia's export economy. When all else fails, people still require food, clothing, shelter and energy.

Road transport is typically the first and last link of our agricultural supply chains, bringing vital supplies to our production centres and taking value-added produce to our markets. Many of the same roads that service our farms also support a burgeoning domestic tourist industry as baby boomer retirees join the ever-growing ranks of the 'grey nomads'.

However, the current state of roads in most parts of rural Australia is appalling.

Chronic under investment over successive Federal, State and Local Governments has resulted in a general decline in road quality, to the point that local authorities are threatening to reduce road access or impose speed restrictions at the very time when we should be doing quite the opposite.

Even when access is maintained, poor quality roads add significant cost to transport tasks because journeys take longer, maintenance costs are higher and the risk of road trauma is increased.

Important Rural Freight Routes in Distress
Over the last century, grain, fibre and livestock production has increased dramatically in what was once considered more marginal agricultural regions. In the past 30 years, technological advances have resulted in heavy vehicles becoming far more powerful, larger and capable of safely carrying much heavier loads.

Yet most of the roads servicing Australia's agricultural production zones have not had a significant upgrade in 70 years or more.

Even when road construction or upgrade is carried out, it is usually undertaken by the lowest-cost bidder and of often such a poor quality that it is not fit for purpose and requires constant and costly maintenance (which is then also inadequately carried out).

Across Australia, there are numerous examples of important rural freight and tourism routes that are in distress – far too many to list in this submission. Many of these routes are country highways or 'cross highway' roads that run between country highways – roads that taxpayers would generally expect to be 'up to the task' of moving rural produce efficiently and safely delivering tourists through the region.

Some examples include:

- Major 'pinch points' around Gunnedah and Temora that prevent road trains from servicing a much larger area of the state;
- Unsafe road design on Buckets Way and Thunderbolt's Way that result in alarmingly regular fatalities often involving heavy vehicles;
- Sections of the Murray Valley Highway lacking shoulders, overtaking lanes and rest areas;
- Sections of the Burnett Highway with dangerous bends, poor edges and regular flooding;
- Sections of the Riverina Highway in a generally poor state of repair;
- Even the Newell Highway is not able to provide continuous road train access for its entire length;
- General lack of floodproofing right across QLD and NSW; and
- Recent examples where bushfires have paralysed major freight routes including the Hume, Eyre, Pacific and Princes Highways.

Current Grant Funding Programs
ALRTA acknowledges that Federal and State Governments have allocated several pools of money to assist in improving rural and regional roads. For example, Australian Government Programs include:

- Roads to Recovery
- Black Spot
- Heavy Vehicle Safety and Productivity
- Bridges Renewal
- National Highways
- Northern Australia Roads
- Beef Roads

Most State and Territory Governments also allocate a proportion of funding to regional roads projects. However, the reality is that these programs are just scratching the surface. Even with all of these programs, important rural freight and tourism roads continue to decline. Each program is a welcome, but relatively small band-aid solution, for what is a major problem of national significance.

Longer-Term Solutions
A long-term sustainable solution may yet become available through the current land transport charging and investment reform process. However, this process has now been underway in various forms for more than a decade and governments have yet to decide on a model for a new system - let alone begin the transition.

Australia cannot afford to wait another decade or more for these reforms to be agreed, implemented and long-term infrastructure plans developed.

Australia Must Act Now to Maximise Return on Investment
In a globally competitive market, small price differentials can potentially shift trade flows from Australian producers to lower price competitors located further away. If Australia does not act now to lift the standard of our country roads, a significant part of the 'windfall gain' arising from burgeoning trade with Asia will never reach the farm gate.

Failure to capture the full economic benefit of the agricultural boom now, will decrease our ability to invest in regional road infrastructure well into the future.

It makes economic and commercial sense for Australia to immediately begin the process of identifying our most important economic and tourism roads across rural and regional Australia, and to make the necessary investment to drive down freight costs on these corridors as soon as possible - so as to maximise the return on that investment.

Conclusion
Given current economic circumstances affected by drought, bushfires, floods, live sheep export market closures and the likelihood of a corona virus pandemic, ALRTA strongly rejects the original proposal to increase heavy vehicle charges over three years from 1 July 2020 by 6.0%, 3.0% and 2.4% respectively, compounding to 11.8%.

However, ALRTA recognises the need for Australian Governments to increase investment in road freight infrastructure and therefore support's the preference of the Transport and Infrastructure Council (TIC) for a more modest increase in both the heavy vehicle registration and Road User Charges of 2.5 per cent in 2020-21 and a further 2.5 per cent in 2021-22.

This support is conditional on State and Federal Governments publicly committing to tangibly improving the quality of rural and regional freight routes. If such a public commitment is not forthcoming, ALRTA instead supports a full deferral of any increase in HV charges in 2020-21 in line with the position adopted in the separate submission lodged by the Australian Trucking Association.

If your office wishes to discuss this proposal in more detail, please contact the ALRTA Executive Director, Mathew Munro, on (02) 6247 5434 or mathew@alrta.org.au

Yours sincerely

Stephen Marley
National President