



20 February 2023

National Transport Commission
Level 3/600 Bourke Street
Melbourne VIC 3000

Via email: rstaheli@ntc.gov.au

RE: NFF submission to NTC heavy vehicle charges consultation

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the National Transport Commission (NTC) on the proposed changes to the roads component of heavy vehicle registration charges and the Road User Charge.

The NFF is the national peak body representing Australian farmers and agriculture. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and length of the sector.

Australian agriculture is heavily dependent on freight and logistics. Everything produced on an Australian farm will be transported on an Australian road before it reaches its final consumer. As such, the cost of freight has a direct impact on both prices for consumers and the profitability of farm businesses.

While the NFF recognises and supports the need for sufficient road expenditure, we do not support either proposed change to heavy vehicle charges. Australian freight and logistics costs are already high by international standards reducing Australia's competitiveness in a global market. The proposed increased costs come at a time of where the cost of production is increasing for Australian farmers. Perpetuated by natural disasters, supply disruptions and geopolitical tensions, the cost of almost all critical inputs for Australian farmers has increased substantially in recent years.

Our sector's profitability and international competitiveness is already significantly diminished by Australia's costly and ineffective landside freight. According to a 2020 LEK Consulting benchmarking study up to 50% of the final price of grain can go towards freight and logistics, and those Australian producers pay significantly more per kilometre of grain freighted than grain producers in competing countries.

When considered in this broader context of inflationary pressures, both proposed changes are significant increases which will place additional financial strain on the agricultural and rural transport sectors. Additional freight and logistics costs would further and severely dent Australian agriculture's international competitiveness.

The NFF recognises the need for continued evaluation of Australia's road funding model. However, the road transport system must be funded fairly and not place strain on sectors unnecessarily or disproportionately.

Additionally, the NFF is concerned about increased road user charges when existing road user costs are not being returned to road investments. Expenditure from the fuel excise is a key example. The Australian Automobile Association estimates that only 53% of net collections of the fuel excise has been reinvested in land transport projects over the last 10 years. Instead, the fuel excise is paid into consolidated revenue and used to support other initiatives outside of roads funding. The NFF asks that all existing road user charges are dedicated to funding improvements in roads infrastructure before increasing costs to users.

The NFF thanks the NTC for the opportunity to comment on the proposed changes to heavy vehicle charges. The policy contact for this matter is Charlotte Wundersitz, Policy Officer (Trade & Economics) via e-mail: cwundersitz@nff.org.au or phone (02) 6269 5666.

Regards,

A handwritten signature in blue ink, appearing to read 'Tony Mahar', with a stylized flourish at the end.

TONY MAHAR

Chief Executive Officer