

# Delivering Australia's freight

## Key statistics

Millions of tonnes carried <sup>1</sup>	2,146
Share of Australia's domestic freight (per cent) <sup>1</sup>	74.8
Number of trucks <sup>2</sup>	502,900
Millions of kilometres travelled <sup>3</sup>	16,199
Employment <sup>1</sup>	246,100
Number of hire and reward trucking companies <sup>4</sup>	47,000

**The trucking industry carries three quarters of Australia's domestic freight, including every item on the shelves of every supermarket.**

## Australia's growing freight task

The BITRE projects that Australia's total road freight task will more than double between 1999 and 2030. The freight growth is expected to be extremely high on the shorter interstate corridors, such as Sydney to Melbourne and Sydney to Brisbane.

## Why can't this extra freight be moved by rail?

Road and rail freight are complements, not competitors. Rail is well-suited to transporting bulk commodities and moving containerised freight across continental distances, although even this freight is transported by road at the start and end of its journey.

Road freight will continue to dominate the shorter transport corridors, where reliability, speed and flexibility are vitally important.

A consumer ordering an item through the internet wants it delivered the following day; a company that works on a just-in-time basis needs to know that its overnight consignment of intermediate production goods will arrive in time for its first shift.

## Towards a single national regulator and regulations

Trucking operators have to contend with nine different regulatory frameworks and nine registration systems.

Australia's governments have agreed to establish a national heavy vehicle regulator and regulations.

The ATA supports this in-principle, because it has the potential to improve the industry's safety and productivity. The industry's support, though, is conditional:

- ♦ There must be seamless chain of responsibility rules across the national system to boost safety. Under these rules, company managers and directors in one state could be held to account if their actions, inactions or demands led to unsafe practices on the road in another.
- ♦ The national system must recognise that most trucking companies operate within state borders rather than interstate. These firms will only benefit from national regulations if they are easier to understand, easier to comply with, and ideally provide productivity enhancements compared to the present ones.



<sup>1</sup> BITRE, *Transport Statistics Yearbook 2009*.

<sup>2</sup> ABS, *Motor Vehicle Census*, 31 March 2009. (ABS cat 9309.0).

<sup>3</sup> ATA staff estimate, derived from ABS, *Survey of Motor Vehicle Use*, 12 months ended October 2007. (ABS cat 9208.0).

<sup>4</sup> BTRE, *An Overview of the Australian Road Freight Transport Industry*, 2003. Working Paper 60.

- ♦ There must be scope for local, regional and state-based variations that will improve productivity, including provisions so local operators and associations can have input into those variations. Ideally, like circumstances should lead to like outcomes across the states and territories in the national system.
- ♦ There must be provisions to ensure that Australia's road agencies and police forces enforce the national regulations consistently.
- ♦ The system must ultimately provide better road access for longer, safer trucks like super B-doubles and B-triples. These combinations can haul more freight and using them is a key to improving the industry's productivity and safety.

## Road pricing and taxes

The trucking industry pays \$2.3 billion in specific taxes and charges for its use of the road system. The National Transport Commission adjusts those taxes and charges each year to make sure the industry pays its ways.

Under the current charging system, the industry pays:

- ♦ \$1,572 million a year in fuel tax, through the 21.7 cents per litre road user charge paid by trucking operators. Operators receive a fuel tax credit for the difference between this figure and the fuel excise rate, 38.143 cents per litre.
- ♦ \$727 million per year in registration charges, which are very high for some combinations. For example, the registration charge on a B-double is \$12,214.

This system collects the right amount of money, but is heavily reliant on registration charges, which are the same whether a vehicle is used or not.

A COAG review is examining the feasibility and merits of mass-distance-location pricing for heavy vehicles. Every truck would be fitted with a GPS transponder linked back to a road pricing agency.

Trucks would be charged on the basis of their weight, the distance they travel and the roads they use.

Mass-distance-location pricing would be expensive to administer.

It would require road agencies to set the correct price for using individual roads, even though they are not yet able to classify their roads according to their capability.

It would not distribute any of the charging revenue to local governments, who need it to upgrade their roads to handle longer, safer vehicles.

The ATA has instead proposed a model called fuel based charging, which would provide operators with strong price signals to use their vehicles more efficiently:

- ♦ truck and trailer registration charges would be reduced to a flat \$400 per vehicle.
- ♦ the road user charge (currently 21.7 cents per litre) would be split into two charging classes. Class A vehicles (2 axle rigids, special purpose vehicles and buses) would pay 24.0 cents per litre. Class B vehicles (all other trucks) would pay 30.9 cents per litre.
- ♦ road asset managers like local governments would be able to apply for funding to upgrade their roads to handle longer, safer vehicles.

This model would raise the same amount of money, so the trucking industry would continue to pay its way.

It would increase the proportion collected through variable charges from 68 per cent to 90 per cent, so operators would have a strong incentive to operate efficiently.

It would allow for strategic spending to upgrade the road network used by heavy vehicles. And it would be a simple extension of the existing charging system rather than a complex new one.