

The Hon Julia Gillard MP
Prime Minister of Australia
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

Council of Australian Governments: COAG Road Reform Plan

The road transport industry anticipates that First Ministers soon will approve the public release of the *Feasibility Study* of the COAG Road Reform Plan (CRRP) and continuation of the next Phase of work under CRRP.

My Association's assessment is that the road transport industry will need encouragement before it will engage more closely with the CRRP process. The overwhelming majority of the industry currently views this reform agenda with a great deal of anxiety, if not to say fear.

I write to suggest that an important step to raise confidence would be to revise the governance arrangements that currently apply to this reform.

To date, work upon CRRP has been led by a 'Board' that substantially comprises the Heads of the State Road Agencies.

Revising this governance model may help reduce concern amongst industry and may also assist in addressing any Commonwealth-State issues that might arise in the next stages of CRRP.

My Association suggests that a more suitable and effective governance model for the next Phase of CRRP could include:

- *Appointment of an eminent independent person as Chair, reporting directly to governments* (an ideal candidate might have knowledge of infrastructure funding and State government finances, and business experience); and
- *Appointment of several independent people with experience in transport and logistics;* and
- *Appointment of at least one person with particular understanding of the circumstances of rural and regional Australia.*

Direct participation from State Road Agencies is likely to remain essential. We merely suggest that, in any new governance model, current infrastructure providers should not predominate.

Further detail of my Association's views and objectives in the CRRP process is provided at Attachment 1. Our contact officer is Mr Philip Halton (02 6247 5434; office@alrta.org.au).

Yours sincerely,

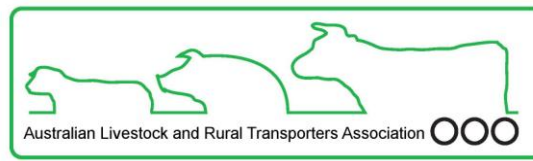
A handwritten signature in dark ink, appearing to read "John Beer". The signature is fluid and cursive, with the first name "John" and last name "Beer" clearly distinguishable.

John Beer

National President

Australian Livestock and Rural Transporters Association

6 April 2012



Position statement upon COAG Road Reform Plan

Strategic road reform objectives

The ALRTA believes that there is a need for governments to deliver reforms through the current CRRP process that will lead to the following outcomes:

- Removing the rapid escalation in heavy vehicle registration fees and the national road use charge ('the diesel tax') that has been occurring in recent National Determinations that set these industry fees.
- Reducing relative-cost disadvantages that face rural and regional transport operators, and the customers and communities we serve.
- Promoting greater access to the road network for existing and new types of higher productivity vehicles.
- Improving maintenance of the existing road network.
- Accelerating the delivery of new and better roads.

The ALRTA considers that delivering these outcomes will require major reforms to how Commonwealth, State and Local Governments currently plan, fund, provide and manage the nation's roads.

The ALRTA's understanding is that the recent CRRP report which has been provided to the Prime Minister, as the Chair of COAG, has highlighted that it is these 'supply-side' initiatives which will produce the overwhelming majority of the economic and productivity benefits from any reform program.

Our understanding is that the advice now before Governments is that many these 'supply-side' benefits are not necessarily dependent on the adoption of specific new charging systems or new charging technologies for heavy vehicles.

We would strongly welcome public release or confirmation of any such advice, which would be a significant clarification of the assumptions being applied within government.

As part of any reform proposal that may arise under CRRP, the ALRTA will be looking for Governments to recognise that the road network has 'universal service obligations' to connect all communities and all regions. Access to the road network must not involve price barriers that will isolate or disadvantage rural and regional economies and communities.

The ALRTA will also be looking for Governments to make commitments to protect existing levels of road funding from Budget cuts, to make commitments that all revenues paid by the heavy vehicle industry will be returned to the road network, and to deliver institutional reforms that will allow new sources of investment into the road network, such as from superannuation funds, so as to supplement Government's own investments.

Road use charging issues

Notwithstanding an apparent re-focus upon supply-side and institutional issues, the ALRTA is aware that governments are likely to consider reforms to the current heavy vehicle charging system in the context of any reforms arising from CRRP.

The ALRTA's strong preference is for the CRRP reforms to establish a fuel-based charging scheme in which diesel tax receipts would be directed into a single national road fund, with that fund used both to contribute to road funding and to drive delivery of institutional and operational reforms in the roading sector.

- Industry would have confidence that a fuel-based charging system is fair, affordable, cannot be avoided, and requires little if any administrative cost or change for business.
- Fuel-based charging would greatly raise industry's support for, and engagement with, the more important reforms to governments' own institutions and operations that, we understand, are now being recommended as part of CRRP.

Telematics issues

The ALRTA is aware that there is strong interest within agencies in moving to a heavy vehicle charging scheme that relies on telematics (GPS-based technologies).

The ALRTA is not currently persuaded that that a charging scheme based on in-vehicle telematics is economically necessary, nor even viable, as a stand-alone reform.

- Our information is that Governments are now being advised in similar terms.

The ALRTA also is not currently persuaded that a charging scheme based on in-vehicle telematics is necessary, and certainly it is not sufficient, to drive the major reforms in the planning, funding, provision and management of road freight infrastructure.

The ALRTA acknowledges that constant improvements to the cost and capability of technology are likely to occur. We anticipate that Governments will very likely wish to re-visit the question of charging using in-vehicle telematics in the future.

It is important for Governments to appreciate that industry views the prospect of shifting towards telematics with strong concern, driven by multiple factors.

The ALRTA believes that a reform strategy that is predicated on technology poses a great risk of exhausting agencies implementation capabilities. The key institutional and operational reforms to the roading sector risk being delayed or even abandoned under the pressure and cost of managing a vast information technology initiative.

The ALRTA also strongly cautions that it will be impossible to gain industry 'buy-in' for any technology-based charging reform without a comprehensive review of the compliance and enforcement programs currently applying to heavy vehicles.

Operators and drivers will have an overwhelming apprehension that any telematics-based charging system will, in time, be utilised for law enforcement purposes.

To address this highly emotive concern, the ALRTA suggests that, before any technology-based charging reforms were ever to be progressed, governments would need to demonstrate that any operator using telematics in order to meet some government-related obligation will be regulated by government in fundamentally new ways.

The traditional focus on 'enforcement and deterrence' should be replaced with a new focus on 'performance management'. Governments would need to ensure that this commitment can be delivered through an authoritative national compliance strategy.

From a commercial perspective, the ALRTA considers that any possible future transition to a telematics-based charging system should be voluntary.

A voluntary pathway should reward individual operators with substantial incentives such as a reduction in the road use charges that they would otherwise pay. Operators who do less than 'the average mileage' and carry less than 'the average payload' should enjoy a reduction from their current level of charges.

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BACKGROUND MATERIAL

About ALRTA

- 1) The Australian Livestock and Rural Transporters Association (ALRTA) is the national federation that represents road transport companies who provide the 'first and last' link of the supply chain for Australia's agricultural industries and communities.
- 2) Australian agriculture relies on ALRTA's members in order to access domestic and global markets. Almost all inputs to, and production from Australian agriculture involves some transport by truck. Two-thirds of Australia's agricultural production is exported, comprising 20% of Australia's global merchandise exports.
- 3) Established in 1985, originally as the Australian Livestock Transporters Association, ALRTA is Australia's oldest purely policy-focused road transport industry association. ALRTA has no political affiliation and does not engage in industrial representation.
- 4) The National Council of the ALRTA is solely comprised of road transport operators, as are each State Council. ALRTA and its member bodies represent transport operators located in every Australian State and Territory. Our member operators are engaged in both short haul operations and long-distance haulage, extending to trans-continental movements. Our members provide services to remote stations, regional communities, coastal urban areas and regional and metropolitan ports.
- 5) Over 50 per cent of ALRTA's member operators run fully or partially diversified businesses in order to service the needs of the regional and rural communities in which they are based. In addition to their focus on livestock, many of our member operators are involved in transport of grains, feeds, fertilizer and other bulk materials cartage, fuel, milk, molasses, water and other tanker operations, refrigerated transport, inland retail fulfilment, and various forms of industrial and general freight cartage. Predominantly smaller businesses, our member operators are operationally complex.

Status of this submission

- 6) The submission was authorised by ALRTA's National Executive on 16 February 2011. This submission is a policy statement of the ALRTA.
- 7) Enquiries should be directed to ALRTA on (02) 6247 5434 or office@alta.org.au. It is available at www.alrta.org.au.