Submission 007
Received 29/01/12

Brookfield's Transport Services.

**Parliament of Australia,
House of Representatives,
Standing Committee on Infrastructure & Communications,
Inquiry Into The Road Safety Remuneration Bill 2001 & The Road Safety (Consequential Amendments & Related Provisions) Bill 2011, namely "Safe Rates Issue".**

To All Concerned,

I am writing this letter/submission to the inquiry into road safety and namely "safe rates" for carriers. I am making this submission both as a carrier in heavy transport and as a delegate with the National Road Freighters Association (NRFA), an association for road transport. A quick history of our business is it was started by my father in 1950 and still exists today. We run full time and seasonal trucks depending on freight availability and cropping seasons. Due to the HUGE registration costs imposed on road transport not all of my equipment remains registered all year.

"Safe Rates", whilst a great idea in principle, it will have a huge amount of flaws in practice. What is a "safe rate"? Who will decide what a "safe rate" is? You will think that by holding an inquiry into this you will be able to come up with a safe rate, but who will make that decision? How on earth would it be implemented? And what about the implications to those carriers who are actually earning a rate now which is above a "safe rate" decided on by a committee?

After all, what I think is a safe rate, "job blo" down the road thinks he can work for half, and "jim jones" up the other end of the road wants more than I. This situation exists now and it is the "jo blo's" of this industry which is killing it, but they may have more influence on a committee than the hard working carriers out there who actually get a reasonable rate. A lower government decided "safe rate" may end up pushing down the money those carriers were getting, thus having them either struggle or push them out of the industry entirely.

Then there is all the different aspects of road transport with different costings due to the type of work they do, the type of equipment they require, the distance they travel in a year, the bargaining power they have for fuels and tyres and the like compared to large companies, the hours they can work in a day, the roads they travel on. The list of different costs throughout the transport industry is huge and this alone would make it impossible for any committee to devise any "safe rates" for our industry to adhere to.

I am going to supply some costings for you to look at. These costings are going to be a basic cost of running a B-Double all year, with the combination travelling different kilometres in a year to demonstrate the difference in cost an operator has depending on the distance travelled. I am picking a B-Double as it is a fairly common combination on the road nowadays, some of the costs for the year are close estimates as they are more for a demonstration than exactness. Also, I am using

Submission 007
Received 29/01/12

repayments instead of depreciation and interest as loan repayments are a true cost of operating the truck, whilst depreciation are bull$@%& accountants figures, nothing against accountants.

The table will be based on a B- Double costing approximately $500,000 in total comprising of a prime mover @ $300,000 and two aluminium tipping trailers in a B-Double combination costing $100,000 each. Fuel economy will be calculated at a respectable 1.8 kilometres per litre which many won't do. I have based tyre wear on my own observations over many years, and an estimate for maintenance and repairs as that can only ever be an estimate.

Total Annual Kilometres	**100,000**		**150,000**		**250,000**	
	per Year	**per Km**	**per Year**	**per Km**	**per Year**	**per Km**
Direct Fixed Expenses						
Registration	$16,400	$0.16	$16,400	$0.11	$16,400	$0.07
Insurance	$26,000	$0.26	$26,000	$0.17	$30,000	$0.12
Repayments	$96,517	$0.97	$96,517	$0.64	$96,517	$0.39
Total Direct Fixed Costs	**$138,917**	**$1.39**	**$138,917**	**$0.93**	**$142,917**	**$0.57**
Distance Variable Costs						
Fuel	$64,951	$0.65	$97,380	$0.65	$162,331	$0.65
Tyres	$10,975	$0.11	$16,455	$0.11	$27,430	$0.11
Repairs/Maintenance	$5,500	$0.06	$7,250	$0.05	$11,750	$0.05
Wages, incl. on costs	$73,000	$0.73	$87,840	$0.59	$120,150	$0.48
Total Distance Variable Costs	**$154,426**	**$1.54**	**$208,925**	**$1.39**	**$321,661**	**$1.29**
Total Operating Costs	**$293,343**	**$2.93**	**$347,842**	**$2.32**	**$464,578**	**$1.86**
Total Overheads all vehicles						
Administration incl. mobile ph, postage, uniforms, cleaning, etc	$3,500	$0.04	$3,500	$0.02	$3,500	$0.01
Total Costs on Total Kilometres	**$296,843**	**$2.97**	**$351,342**	**$2.34**	**$468,078**	**$1.87**

Now, if you concentrate on the direct fixed costs listed in the table you can see that dependant on the distance travelled with the combination influences dramatically the actual cost per kilometre on that combination. Since registration costs are the same for the same combination the distance travelled between the 100,000km and the 250,000 km travelled more than halves. The same occurs with the repayments too, and basically the same as insurance, though the total insurance rate would likely lift on the greater distance vehicle.

In the variable costs table it can be seen that fuel and tyre costs per kilometre remain the same, with maintenance slightly dropping, but wage costs if based on a kilometre rate will also drop dramatically. I started with a base rate of over $60,000 a year for a driver plus on costs for the 100,000km vehicle as it is near impossible to find a driver for any less. I raised the wages

Submission 007
Received 29/01/12

accordingly due to the increase in distance and workload. Many drivers however are on more money than what I listed though.

So looking closely at that table, how on earth can a committee decide on what a safe cartage rate would be? I based this on carting bulk products such as grain, but flat top and tautliner work has different requirements and purchase costs to this work. Oversize and over mass hauliers are different again and have different hour's constraints. So again, how do you work it out.

My work for instance has one truck registered all year round and two more seasonally for the grain harvest and cotton, the seasonal work of which is short distance work generally. The truck registered all year round travels a little over 100,000kms a year whilst the other two are under 40,000kms each year each. Due to the variation in work I have I keep 4 trailers and one convertor dolly registered all year as I do bulk, flat top and road train work. How do you calculate that for me as I have a much larger registration bill just for the combination I keep working all year round?

The registration costs for heavy vehicles is a huge hindrance and cost burden to the road transport industry, with operators whom do not travel the kilometres covered by the majors and who usually require more trailers per prime mover than the majors end up subsidising the registration costs per kilometre when compared to the majors in a huge way. There has been submissions made by the NRFA and other associations to governments to change the registration price structure due to this inequity but nothing has changed. So if a government cannot or is not willing to change something like that which is fairer, how on earth could a government ever come up with a so called "safe rate"?

Can you see and understand what I have written? Apparently, in a government report, the large majority of road transport is made up of smaller operators, small fleets and owner drivers. It are these operators that make up the vast differences in our industry in what we haul, how far, how we perform that task. To have someone, or a body of only a few so called experts, sit and decide what our minimum or "safe rate" is would be a joke as it just cannot be done. I have spoken to many before writing this, and I believe many more would agree with me in what I am writing. Unfortunately many do not have the time nor the writing skills to sit down and write submissions, nor do many really know about the opportunity to do so.

I will reiterate about differences in what people in the industry now believe is a safe rate. We run Dubbo to Newcastle during the year and generally receive $50 a tonne for our work (am simplifying), not enough in my belief but if any higher would receive no work. A company entered this area a few years back (rate was then up to $60 a tonne) and dropped the rate dramatically. At the time the rate was about $30 a tonne, I believe that they are now on $35 a tonne. They obviously believe they can run safely at that rate, I would not get out of bed to even look at that rate as I believe not only is it unsafe but I would be broke quickly. Some of us have even performed some calculations on what they do and they would have to be loaded both ways 70% of the time, which they are not even close. How do they do it? I do not know. How do you legislate that they do not cart for that rate? After all, they obviously think they can cart for that rate (they also have performed other jobs at much lower rates too).

I have listened to their drivers on the UHF talking about what they get paid to drive and it is very low. So maybe the TWU should investigate more what these bigger companies pay their drivers instead of pushing for a so called "safe rates", trying to make themselves look relevant as I also know of other companies out there paying rubbish to their drivers and no safe rates committee will alter those companies actions.

Submission 007
Received 29/01/12

To even try to gauge operators actual views you would have to get out into most towns and have forums, but not held on week days as small operators are working. Weekends are the only chance to get any sort of number to attend, and advertise them well. Otherwise all of your committee and any decisions on instigating "safe rates" would be a farce.

You really do not need a committee to even look at "safe rates" as again, it will not work due to the wide diversity of road transport, and any attempt to introduce it would just show a total lack of understanding of road transport in Australia. Seriously, get out and actually talk to the back bone of road transport, and they are not the major companies. Find out what their real costs are, the government red tape, registration costs and farmers not paying the same registration costs whilst competing against us, waiting times at loading and unloading sites, and of course roads. Fix those things and maybe then the industry as a whole may get better.

Oh, and how about anybody who actually goes into business for themselves to actually have to do a small business course to understand the true costs of running a business, like most tradesman have to do to get a contractor's licence. I thank you for your time.

Yours,

(Dallas Brookfield)