



**SUBMISSION TO THE
SENATE FINANCE AND PUBLIC ADMINISTRATION
COMMITTEE**

**INQUIRY INTO THE NATION BUILDING AND JOBS
PLAN
9 FEBRUARY 2009**

Introduction and recommendation

The Australian Trucking Association is the peak body that represents the trucking industry. The ATA's members include state and sector based trucking associations, the Transport Workers' Union, some of the nation's largest transport enterprises and elected representatives of small fleet owners and owner drivers.

This submission sets out the ATA's views on the parts of the Australian Government's Nation Building and Jobs Plan that are especially relevant to the 50,000 businesses and owner drivers that make up the trucking industry.

The ATA's view is that the Senate should pass the Bills that make up the Nation Building and Jobs Plan.

Additional funding for road maintenance

Under the plan, the Government proposes to spend an additional \$150 million on road maintenance on the National Road Network in 2008-09. The funding is conditional on the states and territories signing up to the Government's Nation Building Program by 1 March.

The increased funding will go to all the states and territories, but the majority will go to the ones with the largest maintenance backlogs: Queensland, New South Wales, South Australia and the Northern Territory.

The ATA supports the Government's plan to spend more on road maintenance. In fact, the plan reflects one of the key recommendations in the ATA's pre-budget submission, which was lodged with the Government in January.

There is no doubt that Australia's major highways need more spending on maintenance and asset preservation. Under AusLink, the previous Government allocated \$300 million per year to maintenance spending, but this figure was inadequate from the start and was not indexed to the rapidly rising cost of road construction and maintenance inputs.

The effects of the growing maintenance backlog are now being felt across the highway system. For example, the pavement on 25 per cent of the AusLink Network in Queensland is now more than 30 years old.¹ The pavement was designed to have a 20 year life, and now needs to be replaced and strengthened. The road networks in the other states all have similar problems.

¹ Queensland Government, *Queensland AusLink Network Forward Strategy, 2009-10 to 2013-14*.

Allocating more money to road maintenance will also have immediate macroeconomic benefits. Road maintenance projects can get underway very quickly; in contrast, major road projects can take years to reach the construction stage.

Additional funding for active safety measures at level crossings

The Government has announced it will spend \$150 million (\$50 million in 2008-09 and \$100 million in 2009-10) to install boom gates and flashing lights at about high risk level crossings.

The states and territories are required to lodge their funding priorities with the Government by the end of February; these priorities are to be based on assessments using tools such as the Australian Level Crossing Assessment Model (ALCAM).

The ATA supports the measure, because level crossing safety is a major issue for the trucking industry.

The Australian Transport Safety Bureau (ATSB) and the state authorities investigated 15 level crossing accidents between April 2006 and December 2007. Twelve of those accidents involved heavy vehicles. In total, the accidents cost 19 lives, injured more than 60 people and created a damage bill of more than \$100 million.²

There are more than 6,000 level crossings in Australia that do not have active warning systems like flashing lights and boom gates. These level crossings are a potential safety risk,

² Australian Transport Safety Bureau, *Railway Level Crossing Safety Bulletin*, April 2008.

because they often do not provide drivers with enough cues to remind them that they face a potentially dangerous situation.

The ATA has consistently argued that these level crossings need to be rigorously assessed and upgraded, with upgrades such as:

- installing rumble strips and reducing signage clutter so the key safety warnings stand out;
- improving sight lines by removing trees and other obstacles;
- installing high visibility strobe lights on locomotives;
- reducing the speed of high speed trains near high risk crossings; and
- installing active protections like flashing lights and boom gates on the crossings with the highest level of risk.

The Australian Government's decision will upgrade some 200 high risk level crossings. The states and territories will then be able to focus their spending on upgrading crossings that require lower cost safety treatments, such as the passive upgrades set out above.

Additional funding for the Black Spot Program

The Government will spend an extra \$90 million on the Black Spot Program (an extra \$30 million in 2008-09 and an extra \$60 million in 2009-10). The Black Spot Program pays for safety improvements at road locations that have a history of serious accidents or a high accident risk.

The funding is expected to pay for an extra 350 black spot projects, remembering that the program focuses on low cost treatments such as traffic signs, sealing road shoulders and pedestrian facilities.

The ATA supports the increased funding. As the BITRE has pointed out, the Black Spot program has been highly effective at reducing casualty crashes. From 1996-97 to 1998-99, every dollar of spending under the program generated \$14 in benefits to the community. Urban projects generated \$18 in benefits for every dollar of spending.³

In the past, the Black Spot Program only funded projects on state and local roads. The Government has announced that a capped proportion of the extra funding will be available for projects on the National Road Network.

The Government's decision can be expected to increase the community benefits of the program, because of the higher levels of traffic on the national network compared to state and local roads.

Expansion of the 10 per cent capital allowance announced in December 2008

³ Bureau of Transport Economics. *The Black Spot Program 1996-2002: An Evaluation of the First Three Years*, Report 104, 2001.

In its Nation Building package, the Government announced a 10 per cent investment allowance to encourage businesses to buy new capital assets. The allowance was available for assets acquired, held under a contract, or constructed between 12 December 2008 and 30 June 2009.

The Nation Building and Jobs Plan extends the capital allowance. Small businesses with a turnover of \$2 million per year or less can claim the bonus 30 per cent tax deduction for new assets costing \$1,000 or more that they purchase from 13 December 2008 to 30 June 2009 and install by 30 June 2010.

The bonus deduction falls to 10 per cent for small businesses that buy new assets costing \$1,000 or more from 1 July 2009 to 31 December 2009. These assets must be installed by 31 December 2010.

Other businesses will receive the same deductions when they buy new assets costing more than \$10,000.

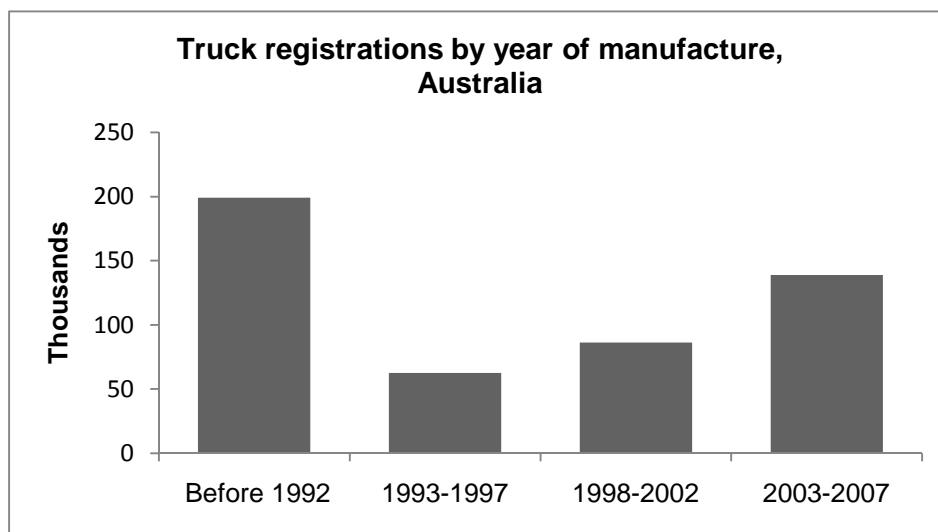
The ATA supports the expanded capital allowance, which is again consistent with one of the recommendations in the ATA's pre-budget submission. The expanded capital allowance will provide many trucking businesses with the opportunity to press on with updating their capital equipment, despite the downturn in the economy.

There are considerable safety and environmental benefits from updating Australia's heavy vehicle fleet. There are just under 487,000 trucks registered in Australia. As the chart shows, almost 200,000 were registered before 1992.⁴ Although these vehicles must be well-maintained to be

⁴ Australian Bureau of Statistics. *Motor Vehicle Census, 31 March 2008*. ABS Cat 9309.0, released 14 January 2009.

eligible for fuel tax credits, there is no doubt that more recent equipment has more safety features and is generally more fuel efficient.

The potential improvements in fuel efficiency will be particularly important given the forthcoming introduction of the Carbon Pollution Reduction Scheme, and the long term increase in fuel prices that will result from emissions trading after the end of the transition period that will apply to the trucking industry.



ATA contact for this submission

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