



AUSTRALIAN LOGISTICS COUNCIL

Australian Logistics Council Submission to the Senate Standing Committee on Rural and Regional Affairs and Transport Inquiry into the *Interstate Road Transport Charge Amendment Bill (No.2) 2008* and the *Road Charges Legislation Repeal and Amendment Bill 2008*

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The Australian Logistics Council has identified reform of road pricing as one of Australia's most important supply chain blockages that needs to be addressed. The need to reform road pricing to facilitate the efficient use of road vehicles and the appropriate allocation of the freight task between road and rail is seen as critical to the future of Australia's freight task.

Road pricing has long been and is likely to continue to be a divisive issue for the transport community. The ALC recognises our membership has diverse views on this issue, in particular representatives of the heavy vehicle industry believe trucks are paying their fair share while the rail industry strongly believes that there is substantial under recovery resulting in a predisposition for road to carry freight over the rail system.

While no system is likely to be able to address all industry's conflicting issues, it is important priority in this matter is given to;

- Long term reform of road and rail pricing,
- A multi-modal, whole of supply chain approach that encourages freight to use the most efficient and effective mode/s for the task,
- Appropriate cost recovery and priority for investing in productive infrastructure,
- Infrastructure funding should encourage real regulatory reform with a priority for adoption of nationally uniform regulation, and
- Broader policy objectives are considered.

The Productivity Commission (PC) Inquiry into Road and Rail Infrastructure Pricing comprehensively reviewed the current pricing and regulatory arrangements and found that there needs to be greater transparency and a stronger link between infrastructure investment and revenue. This report has been accepted by COAG.

While the *Interstate Road Transport Charge Amendment Bill (No.2) 2008* and the *Road Charges Legislation Repeal and Amendment Bill 2008* do not directly address the long term recommendations of the PC Report the ALC believes these principles are important to be considered.

In particular;

- Heavy vehicle road charges should be linked to cost recovery for road freight infrastructure,
- Competitive distortions between road and rail should be eliminated by ensuring full cost recovery, and
- As recommended by the Productivity Commission a phased approach towards wider location based pricing should be expedited.

The vast majority of Australia's freight is carried by heavy vehicles. There is no doubt there has recently been a delay in the jurisdictions enacting updated road charges determinations while infrastructure investment has been increasing over recent years with the Federal Parliament still considering the matter.

In conclusion the ALC, while being aware of the diverse opinions of our members, recommends;

- The NTC's Heavy Vehicle Charges Determination as endorsed by ATC in February 2008 should be enacted without delay,
- Future increases in road charges should reflect government expenditure on transport infrastructure with priority given to investment in key supply chain blockages,
- Government should expedite reform of road pricing towards wider location based pricing utilising available and emerging technology with the aim of encouraging the appropriate allocation of the freight task between road and rail, and
- Long-term road and rail pricing reform, including mass-distance charging, should include full and fair cost recovery across the modes ensuring consistent treatment of road and rail.