



Representing Long Distance
and Regional Trucking

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12 September 2006

Mr Gary Banks
Chairman
Productivity Commission
Locked Bag 2
Collins Street East
MELBOURNE VIC 8003

Dear Mr Banks,

Our apologies for the lateness of our response to the Productivity Commission's review of Economic Costs of Freight Infrastructure and Efficient Approaches to Transport Pricing.

NatRoad is the National Association representing road freight operators, we are a member of the Australian Trucking Association, with an extensive membership reflecting the demography of the heavy vehicle hire and reward industry.

NatRoad would like to express our full support for the submission developed by the Australian Trucking Association and in particular bring to the attention of the Commission a number of key issues:

1. NatRoad firmly believes that the current methodology adopted by the Commonwealth and State Governments to recover road freight infrastructure development and maintenance expenditure through a net excise charge on Diesel, and a vehicle registration charge is the simplest, most economical, and practical means of heavy vehicle charging.
2. Any increase in road infrastructure costs attributed to heavy vehicles will result in a direct increase in the cost of transport to the community, particularly those located in regional and rural Australia;
3. An increase in road infrastructure costs attributed to heavy vehicles will not result in a significant shift of freight from road to rail; as detailed by the BTRE only 10% of land freight is contestable between road and rail.

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4. Mass Distance Charging is totally impracticable in Australia. The cost of the infrastructure and systems to develop, administer, monitor, and maintain such a system is prohibitive, from a transport company's operational perspective, and for Government. Further the net result of a Mass Distance Charge must, in order to be commercially equitable, result in a significant rise in road freight costs to regional and rural communities and industry.

In speaking to the many primary producing customers (just one segment of our membership) of our members located in regional and rural Australia we have identified that a 10% increase in the cost of transport localised to the Australian market will have a significant impact on the competitiveness of Australia's primary producing industry globally.

5. A mass distance charge, given that it would need to incorporate a road wear factor, would disproportionately penalise more efficient vehicles, such as B Doubles and Road Trains, and result in a commercial advantage for less efficient load carrying vehicles. A subsequent shift toward less efficient load carrying vehicles would require an increase in the number of heavy vehicles required to deliver the freight task, and ultimately not only increase the cost of transport, but importantly negatively impact on road safety.

Inline with the Australian Trucking Association's solution, NatRoad recommends that a more viable solution is to:

- Exhaust efforts to optimise the functioning of each mode before introducing a further and potentially distortionary pricing adjustment;
- Limit areas of government intervention;
- Allow competing modes to compete on their individual merits to drive efficiencies;
- Maintain the effort, through the National Transport Commission and the COAG process to advance road and rail regulatory harmonization; and
- Increase investment in transport infrastructure.

NatRoad would be happy to discuss the matter further or provide any assistance required.

Yours Sincerely

A handwritten signature in black ink that reads "B B Belacic". The signature is written in a cursive style with a large initial "B" and a smaller "B" followed by the name "Belacic".

Bernard Belacic
Chief Executive Officer