

QUEENSLAND TRUCKING ASSOCIATION
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PRODUCTIVITY COMMISSION REPORT – ROAD & RAIL FREIGHT
INFRASTRUCTURE PRICING

SUBMISSION TO HEARING HELD IN BRISBANE ON 30TH OCTOBER 2006

The Queensland Trucking Association Ltd (QTA) acknowledges the draft Report released by the Productivity Commission is September 2006.

The Queensland Trucking Association participated at the Commission's Regional Round Table held in Emerald, Central Queensland during the Inquiry process which led to the release of the draft Report.

Queensland Trucking Association is an active participant in the Australian Trucking Association (ATA) including the ATA's Taxes Charges and Roads Policy Committee. The Queensland Trucking Association relies on the detail of the ATA response to the Commission during its Inquiry stage, and which was lodged on the 12th May 2006.

Queensland Trucking Association welcomes the Productivity Commission Discussion Draft and regards the document as a substantial and valuable contribution to the debate on Road and Rail Infrastructure Charging.

The QTA notes the key conclusions in the draft Report in particular the following:

- The report recognizes the importance of the road and rail transport industries to the national economy, with road freight transport contributing 2.42% of GDP i.e. \$ 21.78 bn, and rail freight and passenger services contributing 0.54% of GDP i.e. \$4.86 bn.
- It confirms that trucks pay their way through the current PAYGO system which assesses road expenditure and road use, whilst acknowledging aggregate over recovery of attributable expenditure from trucks. It says that addressing the under-recovery from B doubles, implemented for safety environmental and fuel efficiency reasons, would not lead to modal shift in freight.
- In relation to the competitive neutrality issue, the report says "... the Commission has not found a compelling case to increase road user charges solely for competitive neutrality reasons...".
- The report found that "Government financial contributions to rail infrastructure allow access charges to be maintained below the economic costs of providing some rail freight services, further clouding assessment of competitive neutrality across modes".

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- The report emphasises that there are considerable productivity gains to be achieved by regulatory reform apart from considering changes to the current charging systems. The QTA believes that it is imperative to achieve the targets identified in the heavy vehicle regulatory reform program endorsed by the Council of Australian Governments (COAG) on 14 February 2006, which seek the outcomes of productivity and efficiency for the benefit of the community.

The Queensland Trucking Association makes the following observations.

- Productivity Commission raises the question of the establishment of a Road Fund and suggests that such a Fund would allow Road Agencies to respond more directly to road use patterns for heavy vehicles, thus changing industry attitudes to current revenues to being seen as the price paid for the use of the road system.

QTA believes that whether the maintenance of current funding arrangements is maintained or a new arrangement established, the existing inefficiency and political influence on priority will continue without transparency. Issues such as ownership and control of the road system, the basis for funds being distributed, and Government/Private Sector Partnerships would be critical.

Such a proposal would require rigorous debate.

- The QTA seeks to emphasise that in a State as geographically diverse as Queensland the use of high productivity vehicles for the freight task needs to be encouraged.
- The future of road pricing needs to consider the real impact on regional communities in an economic analysis.

Heavy vehicle charges will be passed on to clients of transport companies servicing regional Australia. There are no viable alternatives to the road transport task in these communities.

- Queensland Trucking Association recognises that efficient road investment is critical to safety and productivity outcomes. Such expenditure should therefore be implemented in a nationally consistent manner. Roads must be built in a manner which is fit for the task.
- Road pricing arrangements must not create an administrative burden on transport operators. Apart from the cost of this task, we would hold concern as to irregularities if not abuse leading to inconsistency.
- Externality considerations must recognise existing contributions in such areas as insurance costs to cover road accidents, positive environmental contributions including carbon credits programs and enforcement revenues. Costs to industry should not rise in proportion to a more compliant industry delivering safety outcomes.
- The QTA believes that governments have an ongoing role to provide an efficient and safe road network, particularly as they collect registration and fuel excise charges and taxes from commercial and private users of the road network.

- Where private investment is applied to the construction of tollways, governments must satisfy themselves that their objectives in providing a safe and productive road network are met by such projects, and that such expenditures are quarantined from the heavy vehicle cost recovery process and that alternative routes are available.

Summary

The Queensland Trucking Association is participating in the development of an “industry response” through its national body, the Australian Trucking Association.

Albeit that this document has not yet been finalised but will be shortly lodged with the Productivity Commission, the Queensland Trucking Association relies on its contents and the submissions made today should be seen in a supporting context.

Peter Garske
Chief Executive Officer

30th October 2006