

Submission – Road and Rail Freight Infrastructure Pricing

Country Regions Council of WA inc. (CRC) draws its representation mainly from the farming communities of South West Western Australia. As such it is vitally aware of the need for efficient road and rail freight if our industries are to remain competitive, particularly our export markets.

These communities suffer a ‘double whammy’ in that freight is generally charged on production in transit to markets as well as industry inputs. The generally higher costs of living in regional Australia is also due largely to freight costs. Transport costs are also a huge factor in the cost of providing normal family essentials such as health services, education and social activities.

Historically, land transport was provided by beasts of burden which were then superseded by rail transport. In this state relatively small tonnages encouraged the use of the economic 3’6” gauge tracks which were mainly built in the 30 year period around 1900. These provided transport for bulk cargo, wheat and superphosphate as well as livestock, household requirements and passengers.

In turn, rail has been largely overtaken by motor vehicles in all but the transport of large tonnages of bulk commodities. Today, only large loading facilities for grains and mining outputs enable rail to compete. Today, state of the art rail systems operate in the Pilbara transporting iron ore from mine to port. The major line from the West Coast to other capital cities has been upgraded to standard 4’8” to cater for this major freight route but the South West, where rail has not been closed, is served by obsolete light rail designed in the days of the horse and wagon.

The international demand for commodities, particularly iron ore, is creating a need to re-design Western Australia’s transport system. In particular as new ore deposits in the Mid West are exploited there will be a need for a new port, Oakagee, just north of Geraldton and an interconnecting standard gauge rail system.

Good planning should enable a standard gauge rail system that will connect the Pibara rail system to Oakagee and south to the existing standard gauge East West line. There will also need to be rail to the mining areas east of the port. These lines and strategic wheat handling facilities need to be integrated if efficient low cost freight is to be available for our export industries. Along the south coast, plantation timber, particularly for export wood chip, is creating a need for new transport routes. As this is once again a point to point task (chipper to Port) it should be a task where rail is competitive.

Certainly in WA there is not only a need to fund our current transport system, but urgent need to plan for the future. Because development has occurred around ports and along early rail lines, roads tend to join the population and production centres. It often appears a waste of resources that there is a road parallel to the rail lines.

The road freight industry is highly efficient and the drivers generally very professional however there are social problems when passenger vehicles have to share roads with heavy transport.

Many roads in regional WA are narrow with poor 'shoulders' or of gravel construction. These can be slippery in the wet and dusty in the dry. One of the most dangerous manoeuvres on country roads is passing. When overtaking on dusty roads there is a danger of head on collision, and the risk is almost as great when there are poor shoulders and two vehicles travelling in opposite directions.

From a safety point of view it can be argued that to move a given tonnage fewer and larger trucks pulling multiple trailers are best. In terms of road damage, provided axle loading is within measurable limits fewer vehicle movements are also best.

Certainly, provided there is sufficient tonnage or volume to justify larger units they also the most economic.

Whilst it is obvious that these road trains are dependable for safe economic freight movement they do require roads of a matching standard.

The question is not that there must be better roads but how they will be financed. From an equity point of view the use of fuel tax and both rail and road as the major source of funds is clearly preferable. Fuel tax rather than licensing fees of prime movers on trailers is the surest way of achieving "user pays".

Licensing fees should be set at a rate that covers costs of administration only.

High fees are unfair to many primary producers who need a large prime mover for seasonal grain and livestock movement but cover a small annual distance. They are also unfair on trailers where a primary producer or contract carter needs to change from one cargo to another and often has a stock crate or tipper parked in the yard.

The other very good reason to use fuel tax as the major source of funding infrastructure is that it encourages the efficient use of fuel with all the environmental advantages that this achieves.

As most citizens would like to see bulk freight, from point to point, on rail where economically feasible, fuel taxes are the best way of rewarding rails advantages of fuel efficiency.

In Western Australia we are very aware that our state receives less than a fair share of current Commonwealth Government road funding. We are a large state with a low population density. We receive less than our fair share of funding if it is calculated on either length of our roads or proportion of the population.

The stupidity of this policy is obvious when Australia is rapidly amassing an enormous balance of payments problem with foreign debt more than doubling over the last ten years to approximately half a billion (\$500 000 000) dollars.

West Australian and Queensland primary production is not the only providers of the greatest export income, but offshore oil and gas royalties provide a major Federal income source.

Historically, Government has best encouraged future production and prosperity by providing well planned and essential infrastructure. It is imperative that this proven formula is followed now if our future is to be ensured.

Roads, and to a lesser extent rail, provides not only infrastructure for freight but the major source of passenger travel, be it business or private.

Once again the distribution of road funding from the approximately 38 cents collected per litre of petrol is most unfair. Only about 4 cents is returned to roads, the balance funding other government services.

Prior to the ruling that state fuel taxes were unconstitutional WA charged approximately 11 cents on each litre of petrol used on road. Because of the need to tax all states equally, the Commonwealth introduced an 8 cent tax to replace the state taxes. WA had used the extra tax entirely on roads. It had been introduced as a surcharge under the slogan "Fix Australia, Fix the roads".

In addition, the state refund system for petrol taxes on 'offroad' petrol was dismantled.

Clearly there is a need for Australia to invest in safer and economic transport infrastructure if we are to remain competitive on world markets and enjoy an improved standard of living.

Whilst there have been major improvements in heavy transport efficiency over the last 50 years the reverse is often the case for ordinary motorists. The lack of better roads in regional WA has often meant it now takes longer to travel from a regional centre to the city than it did 50 years ago.

At peak hours even the freeways resemble a car park.

Despite the great improvements in vehicle design and safety equipment the road toll has plateaued. Clearly the infrastructure has not kept up with demand.

CONCLUSION:

1. There is an urgent need for long term planning of our future transport needs by government.
2. The form of freight movement should largely be determined by market forces.
3. Government spends (and often wastes) huge community funding on social services of various types. Transport infrastructure is perhaps the most important social service.
4. Fuel tax is the most equitable form of funding by the transport industry.
5. Fuel taxes far exceed road funding, and an even small increase of 3 or 4 cents put back on roads would be in the national interest.