



NATIONAL ROAD TRANSPORT ASSOCIATION

**Submission to the Department of Infrastructure, Transport,
Regional Development, Communications and the Arts**

Review of the National Freight and Supply Chain Strategy

27 September 2023

Executive Summary

Australia's National Freight and Supply Chain Strategy should be recalibrated with a stronger focus on delivering outcomes.

The recalibrated strategy should recognise that financially viable road freight operators are critical to achieving multiple goals of the strategy. Decarbonisation, innovation, productivity and safety outcomes will not be achieved without a financially viable industry to drive investment in these priorities.

The existing goals of the strategy have provided a strong foundation but should be reset to provide a stronger focus on key priorities for the remainder of the decade. The new strategy goals should be—

- Safe operations and networks
- Increasing freight productivity
- Skilled, professional and resilient workforce
- Enabling decarbonisation and improving sustainability
- Fit for purpose regulation
- Financially viable operators
- Backing innovation
- Planned, accessible and resilient freight precincts and networks.

Whilst the strategy has provided welcome national strategic direction on improving our freight and supply chains, success is ultimately dependent on the decisions of governments across a range of issues and reform programs.

The next five-year action plan will take us to the eve of the 2030s. The recalibrated strategy should set clear outcomes to be achieved. For the next five-year action plan this should include—

- the new Heavy Vehicle National Law should be legislated and operational
- major decarbonisation pathways should be cost effective for road transport businesses
- the road network should be funded on the basis of system-wide outcomes of improving safety, productivity, sustainability and connectivity. The proposed National Service Level Standards Framework (NSLSF) for Roads should be operational and guiding investment decisions by no later than 2025, underpinning a fair go for all Australians
- non-legislative reforms to improve heavy vehicle access should be implemented and operational
- all state, territory and local governments should have published freight plans which align with the national strategy and the national urban freight planning principles
- the focus of connected and automated vehicles should be to improve safety, productivity and increasing job choice through new career pathways.

Finally, the governance of the strategy should also be recalibrated to better engage and represent the industry.

1. About NatRoad

The National Road Transport Association (NatRoad) is Australia’s largest national representative road freight transport operators’ association. NatRoad represents road freight operators, from owner-drivers to large fleet operators, general freight, road trains, livestock, tippers, express, car carriers, as well as tankers and refrigerated operators.

2. Recalibrating the goals of the strategy

The following table sets out how the NatRoad recommended goals for the recalibrated strategy relate to the existing strategy goals that were set in 2019.

2019 strategy goals	NatRoad recommended goals	Reason for the change
Improved efficiency and international competitiveness	Increasing freight productivity	The strategy should place a stronger focus on improving freight productivity. Improving productivity reduces vehicle movements, reduces congestion, reduces fuel use and emissions, lowers costs and improves safety.
Safe, secure and sustainable operations	Safe operations and networks	Safety is vital and should be elevated as a specific goal. It is also broader than operations and must include road infrastructure and other networks. The freight strategy should also integrate with achieving the road safety targets in the National Road Safety Strategy.
	Enabling decarbonisation and improving sustainability	Sustainable operations and the need to enable decarbonisation should be separated out and elevated as a specific goal.
A fit for purpose regulatory environment	Fit for purpose regulation	This goal should be retained.
Innovative solutions to meet freight demand	Backing innovation	This goal should be retained but recognise that innovation is about more than meeting freight demand.
A skilled and adaptable workforce	Skilled, professional and resilient workforce	This goal should be retained, but with a higher priority placed on recognising the professionalism of our industry, the need to invest in and improve training, and creating a resilient industry through the prioritisation of mental health and wellbeing. ¹

¹ For further detail on resilient workforces in the industry, see the Healthy Heads Trucks and Sheds [National Mental Health and Wellbeing Roadmap](#).

An informed understanding and acceptance of freight operation	Planned, accessible and resilient freight precincts and networks	<p>The supporting narrative for this goal was largely focused on land use planning reform – which should be more strongly reflected in the goal itself. Additionally, that should include transport networks/planning as well as precincts.</p> <p>Recent years have also illustrated the importance of resilient transport networks – through natural disasters and pandemic related restrictions.</p>
	Financially viable operators	This would represent an additional strategy goal which recognises that most goals of the strategy will be unachievable without financially viable businesses/operators.

3. Setting clear outcomes – linking the recalibrated strategy to other reform programs

The next five-year action plan of the strategy should set clear outcomes to be achieved, with clear integrated links to related reform programs.

Fit for purpose regulation: legislating a new Heavy Vehicle National Law (HVNL)

The existing strategic goal of a fit for purpose regulatory environment is unachievable without HVNL reform. The HVNL review has gone on for too long – with multiple issues papers, proposals and regulatory impact statements. NatRoad welcomes the more recent decisions of governments to bring this work towards an outcome.

The revised HVNL review timeline is ambitious, and governments must prioritise achieving this outcome. Governments should ensure, for example, that the legislative drafting of the new proposed law is well resourced with sufficient parliamentary drafting capacity.

If the next five year action plan of the national freight and supply chain strategy does not coincide with a legislated and operational new HVNL – then the National Freight and Supply Chain Strategy will be a failure.

Enabling decarbonisation

The recalibrated freight strategy will need to be integrated with implementing the upcoming transport and infrastructure net zero plan. NatRoad will make more detailed input into consultation on developing the net zero plan.

However, it is clear that decarbonising trucking will be dependent on the investment and operational decisions of trucking operators, which in turn are dependent on their financial viability. There needs to be a focus on enabling decarbonisation by improving the cost competitiveness of low emissions solutions.

Financial viability

The National Freight and Supply Chain Strategy should recognise the need for financially viable freight operators as a core goal of the strategy.

The investment decisions of businesses will be vital to achieving a number of the goals of the strategy, and this is not possible without financial viability.

This goal should recognise the restrained ability of road freight operators to pass on cost increases – which governments must take into account when setting taxes and other charges, especially when governments then need those same businesses to drive investment to achieve other objectives, such as decarbonisation.

The current economic and regulatory operating environment is the most difficult for our sector in living memory. Putting aside the well-publicised collapse of Scott’s Refrigerated, the exit from the industry of smaller, less well-documented operators continues, unabated and relatively unnoticed.

Off the back of the pandemic, operators are struggling with persistently high fuel prices; inflation; unfairly high motorway tolls; the impact of natural disasters; a disrupted global supply chain and a chronic shortage of drivers and mechanics. Government decisions, such as increases to the road user charge and registration, only makes this environment more difficult.

NatRoad commissioned economic research illustrates the impact of increasing costs. HoustonKemp has estimated the costs of operating a nine-axle B-double travelling 250,000 kilometres per year. Operating costs have increased from \$532,000 in 2015-16 to \$670,000 in 2021-22, largely driven by a 16 percent increase in 2021-22. This cost increase was driven by higher diesel prices, higher than usual increases in labour, maintenance and tyres, and increasing interest rates leading to higher vehicle costs.²

Additionally, a survey of road freight operators showed that increases in costs, for fuel, vehicles, maintenance, compliance with regulations, and the difficulty to pass through costs to customers were the top pain points for businesses.³

² HoustonKemp. March 2023. Macro trends for road freight operators in Australia.

³ HoustonKemp. 2023.

Overcoming the tyranny of distance: implementing service level standards for roads

The provision of our road network is an issue of equity.

In the nation of the Fair Go, Australians pride themselves on the idea that anyone in this country has a fair chance to be whatever they want to be.

Australians expect fair access to schools and hospitals so that all children, rich or poor, will have an opportunity to be their best and make their best contribution to society.

But in the 21st century, there's another impediment to equity that looms as a threat to equity in this country – distance.

- Anthony Albanese.⁴

The tyranny of distance is one of the great challenges to the Australian sense of the Fair Go. As the now Prime Minister argued, this extends to the accessibility of jobs and transport links across our cities.

It also applies to access to goods and markets, across our cities and regions.

Australia's road network should be funded on the basis of achieving system-wide outcomes of improving safety, productivity, sustainability and connectivity.

The proposed National Service Level Standards Framework (NSLSF) for roads should be operational and guiding investment decisions by no later than 2025.

The NSLSF would apply a set of metrics across our road network, providing evidence of where gaps in service levels exist. These service level metrics should include safety standards, provision of rest areas, heavy vehicle access, road quality, travel time, mobile phone coverage, and low emission energy infrastructure (such as electric vehicle recharging and hydrogen and renewable diesel refuelling).

Government road investments should prioritise fixing the gaps identified by the NSLSF.

Delivering real gains for productivity: reforming access

Improving heavy vehicle access is a key productivity reform as noted in multiple reports and reform justifications, including for both the Heavy Vehicle National Law and Heavy Vehicle Road Reform. There are a number of complimentary non-legislative reforms on access being progressed alongside the work on legislating a new HVNL.

These non-legislative reforms include developing and delivering—

- a national automated access system (NAAS)
- the national access framework for heavy vehicles (NAFHV)
- rapid economic appraisals of identified routes to be opened up for as-of-right access
- improving the PBS scheme and access to networks for PBS vehicles.

All four reform elements should be developed and implemented as a priority.

⁴ Albanese, A. 2018. Tyranny of distance threatens the fair go.
<https://thefifthestate.com.au/columns/spinifex/tyranny-of-distance-threatens-the-fair-go/>

Planning for freight

Whilst the development of the National Urban Freight Planning Principles was a welcome outcome from the strategy, state, territory and local governments should commit to delivering freight plans which align with the principles.

These freight plans should include both land use and transport planning considerations. For example, our cities need land reserved for logistics, rest areas to be planned and provided in urban areas, and road connections which are suitable for and have as of right heavy vehicle access approvals.

Connected and automated vehicles

By the end of the next five-year action plan for the freight strategy, automated trucks are likely to be operating on defined highway routes in the United States.

Indications are that the introduction of this technology will be gradual, focused on defined sites (such as mines) and then defined routes (such as a highway or road between two identified hubs).

Australia should ensure that the focus of connected and automated vehicles should be to improve safety, productivity and increasing job choice through new career pathways. It should not be about displacing drivers, who will continue to be an integral part of the industry.

To get this framework right, NatRoad recommends that—

- vehicle connectivity (to both other vehicles and infrastructure) be progressed to improve safety outcomes
- mobile phone connectivity on freight routes should be improved
- the proposed new Australian national law on automated vehicles should be legislated to provide legal clarity over the operation and responsibility of automated driving systems
- self-driving trials of heavy vehicles should be undertaken in Australian conditions. Technology should not be adopted without being exposed to Australian conditions
- employers who may choose to deploy self-driving trucks in the future should seek to retain and reskill any impacted employees. Considering the size of the global driver and skills shortage, NatRoad considers that this would be in the interests of both employers and employees.

4. Governance and engagement

Industry representation and engagement for the freight strategy should make better use of industry-led representation, including industry associations.

The existing members of the industry panel are experts in their own fields, but the design of the panel is limited in scope. For example, the panels expertise does not include a strong focus on either small businesses or employees. In contrast, the 30 August 2023 ministerial roundtable held about the review of the strategy included broader representation.

NatRoad welcomes recent appointments to the industry panel, but broader governance and engagement reform is also required.