



NATIONAL ROAD TRANSPORT ASSOCIATION

**Submission to Transport for NSW**

**NSW Freight Policy Reform and the  
Draft NSW Heavy Vehicle Access Policy**

**7 June 2024**

## 1. Executive Summary

Our freight industry faces a watershed – a moment when ‘kicking the can down the road’ on policy solutions or resorting to incremental and piecemeal changes will no longer work.

Our transport sector faces three significant goals—

- Vision zero road trauma by 2050
- Net zero carbon emissions by 2050
- Moving a growing freight task to enable our growing economy and the opportunities that provides for the NSW community. By 2040, road freight is projected to be 57.1 percent above 2020 levels in NSW.<sup>1</sup>

At the same time, the industry faces significant operational challenges including the skills and driver shortage, rising costs and significant pressure on business viability, a high regulatory burden, inadequate roads and rest areas and punitive fines on drivers for non-safety issues.

We have just over 15 years to enable the NSW road freight system to deliver 57 percent more goods, and just over 25 years to eliminate or offset all carbon emissions and eliminate road trauma, all whilst addressing operational challenges.

The existing pace of reform does not position our freight industry to meet these goals.

The NSW Freight Policy Reform Consultation Paper seeks input on what is needed to deliver a step change in freight transport, or in other words, a fundamental change or breakthrough.

**The Draft NSW Heavy Vehicle Access Policy represents a critical part of that step change – and delivering it will be key to the success of the Freight Policy Reform program.**

NatRoad recommends that the NSW Government should implement:

- **Better road access** to improve productivity, improve safety and lower emissions
- **National road standards** to improve the effectiveness of road funding and deliver better roads
- **Reducing the heavy vehicle toll road multiplier** to restore fairness and public benefit to Sydney’s road network
- **A cost-effective low emissions transition** to ensure climate targets can be realised whilst protecting jobs
- **Abolish stamp duty on all new heavy vehicle sales** to remove an inefficient tax on lower emission vehicles
- **A new Road Safety Authority**, to provide independent road safety advice to all levels of government
- **Independent no-fault heavy vehicle crash investigations** to improve understanding of why heavy vehicle crashes occur
- **Enabling our future workforce** including improvements to the quality of training
- **Supporting changes to the Heavy Vehicle National Law, improving the PBS scheme and reducing non-safety related fines on drivers and industry** to reduce the red tape burden
- **Linking access and rest areas to land use planning** to deliver a safer and more productive road network.

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<sup>1</sup> Transport for NSW. April 2024. Freight Policy Reform: Consultation Paper. P41.

## **2. 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.

## **3. Better road access**

Improving road access for more productive heavy vehicles provides a boost to productivity, improves safety outcomes and reduces emissions.

Three key reform areas should be addressed:

- Increasing the delivery of access by notice, and simplification of those notices
- Delivery of an automated access scheme
- Improving interstate end to end access.

### **Prioritise delivery of the Draft NSW Heavy Vehicle Access Policy**

NatRoad strongly welcomes and supports the broad intent and proposals of the Draft NSW Heavy Vehicle Access Policy.

Section three of this submission should be taken as the NatRoad submission to the draft access policy. It has been included in our broader Freight Policy Reform submission as it is fundamental to the success of that reform program.

We welcome that the revised policy includes:

- recognition of the critical role that the efficient movement of goods performs for the economy
- clear intent to develop a package of reforms which improves access
- shift in focus from network preservation to optimisation
- identification of strategic opportunities for expanding access
- intent for all new roads and upgrades to enable access for more productive vehicles.

The policy proposes to shift towards focusing on the performance of the vehicle, to support innovation in industry and ensuring the fleet is using the safest, most productive and sustainable vehicles on the road network.

Noting the detail of the proposals in appendix A, B and C of the draft policy, some of these may require further consultation to engage industry on the specifics of what is proposed. In terms of the priority routes identified in appendix A, a number of these should be supported with published route assessments. For example, the proposed future network for the Princes Highway does not appear to deliver end to end connectivity. This may be due to an infrastructure constraint, such as the Narooma Bridge, but more transparency around the assessment should be provided. NatRoad would hold concerns where specific constraints are essentially 'baked in' to the future network.

Whilst NatRoad appreciates that telematics conditions can be important for securing improved access, the move to include telematics as a condition of access for all restricted access vehicles

under notice and permit risks increasing the regulatory burden on some operators without a corresponding regulatory offset (in the form of improved access).

Best practice approaches to public policy mean that increases in regulatory burden on industry should be offset. However, a blanket approach to new regulatory requirements risks imposing a higher regulatory burden on some operators without a corresponding improvement in access. Additionally, the initial roll out of this approach has already caused confusion and added to concerns about increasing costs. Transport for NSW should significantly improve communication and advice materials, and ensure the addition of the new requirement is introduced with improvements in access conditions across applicable routes.

### **Automated access and moving away from permits**

NatRoad strongly supports the development of the Automated Access Assessment Program (AAAP) by Transport for NSW. The AAAP is included under Pillar 3 (Streamlined access) under the draft Heavy Vehicle Access Policy, to help streamline access decision-making and approvals, including automated assessments for routes and assets. Automated access should focus on delivering a greater certainty of access, and not just be another layer over the top of the permit system.

We also strongly support the intent to transition away from permits to notices or similar arrangements. Certainty of access, with a reduced regulatory (permit) burden, are key reforms to improving freight productivity, safety, and lowering emissions.

### **Interstate access connectivity**

NatRoad strongly supports the strategic priority to strengthen end to end journey connectivity, including into Queensland, South Australia, Victoria and the Australian Capital Territory. Despite operating under a “national law,” NatRoad members still report continued access complexity and disconnect across state borders. Whilst NSW should not adopt a ‘lowest common denominator’ approach (reducing access approvals to match other jurisdictions on a route), it should ensure that NSW networks are not the barrier for interstate connectivity and should work with neighbouring jurisdictions and the National Heavy Vehicle Regulator towards improving interstate end to end connectivity.

## **4. Road standards**

The introduction of road standards would provide a clear step change in freight policy reform, with benefits also extending to the broader transport system.

The Australian Government has been developing a National Service Level Standards Framework for Roads. **The NSW Government should work with the Australian Government to accelerate the introduction of road standards in NSW, with a priority focus on key freight routes.** The reform could be implemented in phases, to ensure implementation is achievable and can commence as soon as possible.

These standards should include metrics on road safety design, rest areas, heavy vehicle access, pavement quality, mobile phone coverage and travel time. Later phases to the standards could include a larger set of metrics, including low emission vehicle charging and refuelling infrastructure.

Road standards would provide data to better target infrastructure funding towards fixing gaps in the road network, including a higher priority on maintenance.

**The consultation paper specifically asks about how road funding can be made more sustainable – the clear and immediate action is to implement road standards.** Road standards are a prerequisite reform before alternative reforms to road pricing, user charging and infrastructure funding can be considered.

Road standards and the data against those standards should be transparent and publicly available. To ensure an achievable implementation as soon as possible, this transparency could also be introduced in phases.

## 5. Reducing the heavy vehicle toll road multiplier

NatRoad has provided detailed input into the NSW independent toll review. We highlighted that the:

- road network must serve public policy goals, including the efficient movement of goods, improving liveability and connectivity
- current three times truck toll multiplier has no justification
- assumption that higher trucks tolls can be simply passed onto customers and are covered by the commercial value of using the route are misguided and disconnected from commercial reality
- lower tolls should be implemented for cleaner and lower emission vehicles, to meet public policy goals to reduce emissions
- there is a strong case for independent regulation of infrastructure user charges.

Our detailed package of recommendations for the NSW Government included:

- Replace the three times truck toll multiplier with a two times multiplier, and progressively move all new concessions and variations to this principle
- For existing concessions, expand the M5 East and M8 truck rebate
- Introduce a variable lower truck toll rate to incentivise off-peak journeys
- Introduce discounts for multiple truck toll journeys
- Rule out the introduction of higher truck toll multipliers
- Exempt zero emission (tailpipe) heavy vehicles from the truck toll multiplier and implement a 1.5 times multiplier for Euro VI heavy vehicles
- Consult on regulatory options for requiring customers of road freight to pay tolls, when incurred, in addition to the cost of the freight transport service, such as what applies to the taxi industry
- Establish an independent regulator to assess and approve new and varied tolling concessions and their pricing arrangements for road users.

The details are further covered in the [NatRoad submission to the NSW Independent Toll Review](#).

## **Interim report of the independent tolling review**

The independent review interim report has avoided the central issue impacting heavy vehicle tolls – the three times multiplier which applies to heavy vehicle toll charges. The interim report recommended further modelling should be undertaken on what the multiplier should be. This is just the latest in a long line of admissions that the multiplier has never been transparently justified.

The NatRoad submission outlined the repeated reports and findings on this issue:

- In 2015 the Victorian Auditor General found that there was **no objective assessment of alternative funding approaches and that agencies were unable to justify the substance of the arguments for tolling goods vehicles as the preferred funding approach**. Considering the intent to deliver ‘nationally consistent’ tolling principles, the inability to justify the tolling approach in Victoria is centrally linked to the experience in NSW.
- The 2017 NSW Parliamentary inquiry into road tolling recommended that the evidence in favour of the three times multiplier should be published. Now seven years later, the evidence is still not clear.
- In 2019, an industry commissioned report (including by NatRoad) showed a complete lack of operational savings for trucking businesses in using a range of toll roads at different times of the day, undermining one of the central arguments often made in favour of the multiplier.

**The interim report of the independent tolling review has not adequately considered these issues.**

The recommendation for more modelling, when the case for the three times multiplier has not been made and does not stack up to scrutiny, appears to be an attempt to try and find a justification.

The central failing of the NSW approach to tolling has been that it is focused on infrastructure financing to the expense of transport planning and public policy objectives from our transport system. It also appears that this has extended to the design of motorways, with priority placed on generating more traffic and creating more valuable assets to be sold.<sup>2</sup>

We do however agree with a number of findings of the review, in particular that toll setting has been more focused on financial concerns than on the economic management of the roads (or the commercial and financial impact on road users). We also support a number of the recommendations, including around implementing off peak pricing for freight operators and establishing independent oversight of toll setting (which NatRoad has advocated for over a number of years).

However, any package of reforms which fails to reduce the exorbitant three times truck toll multiplier will ultimately fail to address the central issue leading to an unreasonable burden on NSW small businesses and supply chains.

## **6. A cost-effective low emissions transition strategy**

Decarbonisation will be one of the most significant changes to impact Australia’s supply chains and it is critical that we develop a transition strategy to get this right. Road freight transport is largely a small business industry operating on tight margins, there is no pathway to a low emissions future without ensuring the cost effectiveness of that transition.

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<sup>2</sup> Paul Forward, evidence to the NSW Legislative Council, Portfolio Committee No 6. – Transport and the Arts, Inquiry into the impact of the Rozelle Interchange. 3 May 2024. P3.

[NatRoad's road freight transport decarbonisation industry white paper](#) sets out a clear framework for the transition, including highlighting key policy issues such as financial viability and critical infrastructure, and that both alternative fuels and energy, and the energy efficiency of vehicles and operations, are key enablers to lower emissions.

**The NSW Government should move to phase out stamp duty on all new heavy vehicle sales.**

Reducing both noxious and carbon emissions will require new vehicles to be deployed by a small business industry operating on tight margins. Stamp duty is an inefficient tax which essentially penalises businesses for trying to do the right thing – deploy new and lower emission vehicles.

## **7. Independent road safety advice and heavy vehicle crash investigations**

We expect two big outcomes from our road network by 2050 – zero trauma and net zero emissions.

On emissions, governments have established a range of independent agencies to inform governments and public debate, monitor progress, and provide recommendations. This includes the Climate Change Authority (established by the Australian Parliament) and the soon to be established NSW Net Zero Commission (established by the NSW Parliament). These agencies are independent of government.

However, this same level of priority has not been provided to road safety. Whilst both the Australian and NSW Governments have road safety centres and offices, these sit within government and work to enact policies. There is no agency which can provide independent advice on reducing road fatalities and injuries.

The NSW Government should work with the Australian Government to **establish a new Road Safety Authority**, an independent agency which can provide frank and fearless road safety advice to all levels of government.

NatRoad has repeatedly backed calls for no fault heavy vehicle crash investigations to improve the data and understanding of underlying causes of crashes. This would not replace existing police crash investigations and only occur where there may be a safety lesson to be learnt.

This is already a critical part of the way the Australian Transport Safety Bureau investigates other transport modes.

**The NSW Government should work with the Australian Government to introduce no-fault heavy vehicle crash investigations.**

## 8. Enabling our future workforce

The skills shortage presents a significant challenge to the transport industry. The driver shortage is entrenched – the 2023 survey from the International Road Transport Union (IRU) shows that there are over 3 million unfilled positions globally, with the shortage likely to double by 2028.<sup>3</sup>

As the Australian road freight member of the IRU, NatRoad is currently working with industry to include Australian data for the first time in the 2024 survey.

A range of solutions will be needed, including:

- Improving the quality of training
- Implementing competency-based reforms to driver licensing
- Greater diversity in the workforce
- Reducing pressures on drivers, including reducing non-safety fines and improving rest areas
- Enabling skilled migration, provided skills and training are appropriate for Australian conditions.

Transport requires a range of skills – the shortage is not limited to drivers. There are many rewarding careers in logistics, including schedulers, mechanics, finance and accounting, ESG/sustainability, human resources and others.

## 9. Supporting the national reform agenda

Key opportunities to delivering a step change to freight policy reform exist through supporting national intergovernmental reforms.

The review of the Heavy Vehicle National Law (HVNL) has been underway for too long, and it is vital that all jurisdictions, including NSW, bring it to a conclusion and ensure that reforms are delivered.

NatRoad has made multiple submissions on the review. [Our most recent \(November 2023\) submission](#) laid out support for proposals put forward by the National Transport Commission (NTC), with an aim on reducing the administrative burden of the HVNL, provide improvements to enforcement and reducing the burden of ‘punitive’ offences, and improvements to access.

Additionally, the NHVR has published a paper calling for swift reform to remove roadblocks for the PBS scheme, a number of which will require HVNL reform.

## 10. Linking access and rest areas to land use planning

Whilst there have been improvements to the visibility of the need to incorporate freight needs into land use planning, this has mostly been focused on protecting industrial land.

Freight needs are however not just about where you locate a distribution centre – but connectivity of that site with the road network and the access conditions for heavy vehicles, and provision of adequate rest areas, are also critical.

NatRoad strongly welcomes the NSW Government project to build a heavy vehicle rest area in Western Sydney. However, the complete lack of adequate rest facilities in urban areas illustrates

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<sup>3</sup> IRU. November 2023. [Global truck driver shortage to double by 2028, says new IRU report.](#)



that the existing system of urban development does not prioritise these essential facilities. Ultimately, the land use planning system is intended to ensure our urban communities have the range of land uses which are needed, especially when the property development industry is not likely to deliver the outcome. **Urban rest areas should be included in the land use and transport planning system.**

Additionally, new developments such as industrial land, distribution centres, retail developments, intermodal terminals and any site which will generate heavy vehicle traffic should have heavy vehicle access connections. When local governments are developing and approving these sites, they should also work to connect these sites with heavy vehicle access networks.

## 11. Industry viability

Australia's road freight sector is a significant economic sector, with demand for road freight transport services being a leading measure of economic growth.<sup>4</sup> The industry has just over 50,000 businesses and employs approximately 208,000 people.<sup>5</sup>

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; unfair and harsh contracts; a disrupted global supply chain and a chronic shortage of drivers and mechanics.

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 has increased by more than 20 percent over a six-year period. 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.<sup>6</sup>

Additionally, a NatRoad commissioned survey of road freight operators showed that increases in costs (for fuel, vehicles, and maintenance), compliance with regulations, and the difficulty to pass through costs to customers were the top pain points for businesses.<sup>7</sup>

Other research has shown that increases to industry revenue is being squeezed by higher costs, with profit margins declining by 1.8 percent over the last five years to now be just 2.3 percent, and industry profit declining by 7.4 percent.<sup>8</sup> Wafer thin industry profit margins hide that for many businesses, profit margins are non-existent or going backwards.

Ultimately, freight reform will need to be undertaken within this context. Small business trucking operators are not able to absorb increasing costs – and often lack the bargaining power to pass on cost increases.

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<sup>4</sup> IBISWorld. March 2023. Road Freight Transport in Australia. 7.

<sup>5</sup> IBISWorld. 2023. 7.

<sup>6</sup> HoustonKemp. March 2023. Macro trends for road freight operators in Australia.

<sup>7</sup> HoustonKemp. 2023.

<sup>8</sup> IBISWorld. 2023. 7.