



NATIONAL ROAD TRANSPORT ASSOCIATION

**Submission to Freight Victoria
Department of Transport and Planning**

Update of the Victorian Freight Plan

28 June 2024

1. Executive Summary

The future of the freight industry faces significant challenges, including:

- Moving significantly more freight in a growing economy and for a growing population
- Addressing significant workforce and skills shortages
- Enabling a clean economy and achieving net zero carbon emissions by 2050
- Achieving vision zero road trauma by 2050
- Rising costs in a small business industry with limited economic bargaining power to pass on cost increases
- Road infrastructure gaps and inadequate rest areas.

The existing pace of reform does not position our road freight industry to meet these goals. Substantial reform, including for heavy vehicle access, will be required if these targets are to be realised.

NatRoad recommends that the Victorian Government should implement:

- **Better road access** to improve productivity, improve safety and lower emissions and **reform the Victorian approach and costs for bridge assessments**
- **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 the 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
- **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.

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.

Key reform areas should be addressed:

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

NatRoad members have reported that Victoria presents a particular challenge to improving the use of more productive vehicles as a result of the approach to bridge assessments and their exorbitant cost.

Those assessments are required for industry to obtain operating permits for a wide range of heavy vehicle combinations, including innovative B-doubles, A-doubles, Performance Based Standards (PBS) vehicles, quad-axle semi-trailers, and combinations featuring next-generation low and zero emissions trucks.

These vehicle combinations have been proven over and over to be safer, more efficient, and more productive than the vehicles that do not require such assessments.

Without exception, the fees are exorbitant, ranging from up to \$8,000 for a single vehicle on a single route, to over \$50,000 for multiple vehicles on multiple routes. In many cases, operators cannot absorb such fees. If they can, they often cannot accept the risk that the assessment might yield a negative result. Both scenarios lead to countless innovative heavy vehicle projects being abandoned.

This is holding back emissions reduction in road freight transport, and working against achieving the emission reduction targets which have been set by Victoria.

The Victorian bridge assessment fees policy should be abolished.

Automated access and moving away from permits

NatRoad strongly supports the development of automated access. This system 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 recommend transitioning 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.**

We welcome the areas where improvements to access have been delivered.

Ultimately, the ambition of Victoria's 2035 emissions reduction target (75-80 percent) should be matched by similar high ambition for improved efficiency and better access for road freight transport. Incremental access improvements will not be enough – and roadblocks (such as bridge assessment costs) need to be removed.

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 Victorian Government should work with the Australian Government to accelerate the introduction of road standards in Victoria, 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.

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

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.

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.

Ultimately, the 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.

NatRoad recommends that Victoria should:

- 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, introduce a truck toll rebate similar to the NSW 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 NSW taxi industry
- Establish an independent regulator to assess and approve new and varied tolling concessions and their pricing arrangements for road users.

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.

[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 Victorian 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. 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 2028.¹

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.

¹ IRU. November 2023. [Global truck driver shortage to double by 2028, says new IRU report.](#)

8. 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 Victoria, 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.

9. 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.

The complete lack of adequate rest facilities in urban areas illustrates 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.

10. 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.² The industry has just over 50,000 businesses and employs approximately 208,000 people.³

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.

² IBISWorld. March 2023. Road Freight Transport in Australia. 7.

³ IBISWorld. 2023. 7.

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.⁴

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.⁵

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.⁶ 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.

⁴ HoustonKemp. March 2023. Macro trends for road freight operators in Australia.

⁵ HoustonKemp. 2023.

⁶ IBISWorld. 2023. 7.