2020-21 PRE-BUDGET SUBMISSION
THE TREASURY

AUSTRALIAN TRUCKING ASSOCIATION
21 AUGUST 2020

1. About the Australian Trucking Association

The Australian Trucking Association and its member associations collectively represent 50,000 businesses and 200,000 people in the Australian trucking industry. Together we are committed to safety, professionalism and viability.

2. Summary of recommendations

Recommendation 1
The Australian Government should continue to prioritise economic support and recovery from the impacts of COVID-19.

Recommendation 2
The Australian Government should increase the base rate of JobSeeker by at least $100 per week.

Recommendation 3
The Australian Government should ensure that JobKeeper continues whilst the need remains and that economic support for businesses and households responds to the evolving health and economic impacts of COVID-19.

Recommendation 4
The Australian Government should introduce a long-term investment allowance to support investment in new trucks and trailers, supporting domestic manufacturing and local jobs.

Recommendation 5
The Australian Government should extend the $150,000 instant asset write off to 30 June 2021.

Recommendation 6
The Australian Government should not proceed with the planned 1 July 2021 increase of the superannuation guarantee.

Recommendation 7
The Australian Government should request that the National Cabinet and the Council of Federal Financial Relations progress national payroll tax reform to reduce the tax and compliance burden for business.

Recommendation 8
The Australian Government should continue and strengthen its commitment to the infrastructure pipeline, ensuring funding for truck rest areas, freight routes, regional roads and bridge upgrades.

Recommendation 9
The Australian Government should strengthen the independent assessment of proposed infrastructure projects.

Recommendation 10
The Australian Government should reduce red tape for trucking businesses and ensure regulations are well designed.

Recommendation 11
The Australian Government should maintain Australian Design Rules for heavy vehicles.

Recommendation 12
The Australian Government should target infrastructure investment to improve road network access for High Productivity Freight Vehicles.

Recommendation 13
The Australian Government should prioritise investment for enabling A-double access on the Hume Highway.

Recommendation 14
The Australian Government should adopt minimum standards on the National Land Transport Network to deliver:

A. Road safety design standards
B. Heavy vehicle rest area standards
C. High Productivity Freight Vehicle access standards.

3. Introduction

The ATA welcomes the Government's intent to focus the 2020-21 Budget on recovery from the impacts of COVID-19 pandemic, growing the economy and creating jobs.

The economic outlook has changed as a result of the impacts of COVID-19. The July 2020 Economic and Fiscal Update forecasts that in 2020-21:

- Real gross domestic product will fall by 2 ½ per cent
- Household consumption will fall by 1 ¼ per cent
- Non-mining business investment will fall by 19 ½ per cent
- Exports will fall by 6 ½ per cent
- Imports will fall by 6 per cent
- Unemployment is expected to peak around 9 ¼ per cent
- There will be downward pressure on wage and price growth for some time.[1]

These forecasts were made before the Victorian Government announced stage four lockdown restrictions in metropolitan Melbourne, including significant restrictions on business operations. The economic impact is likely to be worse than the July forecasts.

Against this backdrop, the Australian and state and territory governments have worked hard to address the health impacts of COVID-19. The recent spike in cases in Victoria illustrates that the collective National Cabinet health response to COVID-19 is also critical for economic policy. Successful suppression of COVID-19 should remain the absolute priority.

This submission updates the original ATA 2020-21 Budget submission, which was lodged in December 2019.

In light of the changed economic outlook as a result of COVID-19, Budget 2020-21 needs to:

- Support Australian households and businesses
- Support economic recovery by supporting business investment
- Not proceed with the 1 July 2021 superannuation increase
- Provide consistent national payroll tax relief
- Increase productivity through deregulation and effectively target infrastructure investment to enable greater road access for High Productivity Freight Vehicles.

Research by Deloitte Access Economics, commissioned by the ATA, illustrates that productivity for the transport sector has been falling since 2014. The modelling showed significant economic benefits from increasing the use of High Productivity Freight Vehicles.

The economic benefits would include significant cost savings to industries that rely on transport services, including wholesale and retail trade, construction and food processing. **For the average consumer, it is estimated they could save $452 per annum on everyday purchases.**[2]

[1] Australian Government. Economic and Fiscal Update. July 2020. 31, 32, 36.
[2] Deloitte Access Economics. Economic benefits of improved regulation in the Australian trucking industry. March 2019. 46.

The ATA continues to support our December 2019 Budget submission recommendations, noting that the recommendations on heavy vehicle charges have been superseded by policy decisions made in early 2020.

Recommendation 1
The Australian Government should continue to prioritise economic support and recovery from the impacts of COVID-19.

4. Supporting Australian households and businesses

Increasing unemployment and decreasing household consumption are critical economic issues for the trucking industry. The projected increase in unemployment would take billions of dollars of household consumption out of the economy.

Lower consumption will reduce the demand for transport. The trucking industry is characterised by small businesses, high fixed costs and low margins.

JobSeeker

The Grattan Institute recommends that Australian governments should introduce more fiscal stimulus to boost aggregate demand.[3] Without further stimulus, unemployment is likely to remain too high and economic growth will be slower for many years.[4]

Economic recessions can also affect the long-run growth path. Higher unemployment in 2020-21 is likely to lead to a higher unemployment rate in 2030 than otherwise would have been the case. Fiscal stimulus can reduce the potential long-run damage that would result from a long recession.[5]

The base rate of JobSeeker is too low. The increased number of Australians who now rely on JobSeeker now makes this a priority issue.

The Grattan Institute points out that the base rate of JobSeeker does not provide a minimum, adequate income, and is well below the poverty line.[6] The base rate of JobSeeker increases financial stress and has not kept pace with improvements to Australia's living standards. Representing just 27 per cent of the average age, the rate is the lowest in the OECD for newly unemployed people and is below average for long-term unemployed.[7]

In addition to the ATA, increasing the base rate of JobSeeker is supported by the Grattan Institute, KPMG, the Small Business Ombudsman, Australian Industry Group, Council of Small Business Organisations Australia and the Business Council of Australia.[8]

[3] Grattan Institute. The Recovery Book. June 2020. 28.
[4] Grattan Institute. June 2020. 15.
[5] Grattan Institute. June 2020. 27.
[6] Grattan Institute. June 2020. 57.
[7] Grattan Institute. June 2020. 59, 60.
[8] Grattan Institute. June 2020. 58.

With a $100 per week increase, JobSeeker would still be only around half of the full-time minimum wage, maintaining an incentive for unemployed to move into full-time work.[9] The OECD has noted that the current payment level is so low that it may actually be undermining effective job search.[10]

Unemployment benefits provide an automatic stabiliser, smoothing the business cycle. Spending goes up when economic conditions deteriorate and falls when they improve, smoothing the business cycle without decision and implementation lags that exists for other measures, such as infrastructure spending.[11]

Recommendation 2
The Australian Government should increase the base rate of JobSeeker by at least $100 per week.

JobKeeper

JobKeeper has been a critical part of the Australian Government's economic response to COVID-19. It set out to support business and job survival, preserve the employment relationship and provide much needed income support. The three-month review of the program concluded these objectives were met.[12]

The program has been critical to the Australian economy. Over 920,000 organisations and around 3.5 million individuals were part of the program over the April-May period, with coverage of the program representing 30 per cent of pre-coronavirus levels of private sector employment.[13] The Grattan Institute have concluded that without JobKeeper, many more businesses would have closed.[14]

The three-month review reported that approximately 30 per cent of the organisations and over 20 per cent of employees in the transport, postal and warehousing sector received JobKeeper.[15] Critically for the trucking industry, the coverage of JobKeeper across all industries kept consumers employed and businesses going. Trucking and demand for transport depends on other businesses and consumers.

An ATA survey of trucking operators from late March to early May 2020 showed that 34 per cent of trucking businesses reported decreased business compared to the same time period in 2019, 69 per cent expected COVID-19 to impact their business in the next 6 months and 17 per cent had to reduce staff numbers.

The ATA welcomes the Australian Government decision to extend JobKeeper beyond the end of September 2020 and to revise the original eligibility for this extended period. On 21 July 2020 the Government announced the extension of JobKeeper by six months to 28

[9] Grattan Institute. June 2020. 61, 62.
[10] OECD. Economic Surveys: Australia. 2010. 127, 128.
[11] Grattan Institute. June 2020. 62,63.
[12] The Treasury. The JobKeeper Payment: Three-month review. June 2020. 7.
[13] The Treasury. June 2020. 7.
[14] Grattan Institute. June 2020. 44.
[15] The Treasury. June 2020. 18.

March 2021. The rate will gradually reduce and a new part time rate will also be introduced. New eligibility requirements were also introduced.

On 7 August, responding to the economic deterioration in Victoria due to increasing COVID-19 cases and resulting business restrictions, the Government revised these eligibility requirements to expand eligibility for the extended JobKeeper. Taken together, these decisions ensure critical economic support continues into 2021 and that it seeks to ensure that the support does not ignore the health and economic reality that faces the Australian community. It is important that JobKeeper and economic support apply across state borders, recognising the complexity of supply chains and the modern Australian economy.

Recommendation 3
The Australian Government should ensure that JobKeeper continues whilst the need remains and that economic support for businesses and households responds to the evolving health and economic impacts of COVID-19.

5. Boosting business investment

The July 2020 Economic and Fiscal Update makes it clear that the economic impact of the COVID-19 pandemic is more than a one-off hit for a few months. The effects will continue into 2021 and for years to come.

The Government has begun extending economic support measures into 2021, including JobKeeper and the Coronavirus SME Guarantee Scheme. The ATA welcomes these measures. Combined with other elements of the Government's economic response to the impacts of COVID-19, including the instant asset write off and temporary investment allowance, these policies have supported investment in new heavy vehicles and trailers.

Investment in new trucks and trailers puts newer vehicles on our roads, which have the latest safety technologies, meet newer emissions standards and are quieter. This can include lane departure warning, front underrun protection, autonomous emergency braking (AEBS), adaptive cruise control and electronic stability control (ESC).

The Australian Government is expected to soon release exposure draft ADRs on mandating autonomous emergency braking for new trucks and the extension of mandatory ESC to new rigid trucks, further improving the safety standards of new vehicles. This is projected to save more than a hundred lives and prevent more than 2,500 serious injuries.[16]

The average age of articulated trucks is 12 years; the average age of heavy rigid trucks is 15.7 years.[17] Reducing the average age and increasing the proportion of newer vehicles in the truck fleet would improve safety and environmental outcomes.

Supporting investment in new trucks and trailers supports jobs today and reduces the costs of road crashes over the years ahead.

[16] Australian Government. Regulation Impact Statement: Autonomous Emergency Braking. August 2019. 58.
[17] Australian Bureau of Statistics. Motor Vehicle Census. 2020. Table 3.

Long term investment allowance

As part of its economic response to COVID-19 the Government implemented a temporary 15 month investment incentive to support business investment and economic growth over the short term. The existing measure, also known as Backing Business Investment (BBI), applies to eligible assets acquired and first used or installed by 30 June 2021.[18]

The existing measures are welcome, but they do not provide a plan for economic recovery over the medium and long term. The forecast fall in non-mining business investment of 19½ per cent requires a stronger, longer term response.

The trucking industry is an industry of small and family businesses. More than 98 per cent of trucking operators are owner operators or small businesses with 19 employees or fewer.[19]

The industry works on tight margins. Research by ANZ has previously put the industry's median profit margin at just over two per cent, with the bottom quartile of the industry either experiencing negative, flat, or very tight profit margins.[20] New trucks and trailers represent a significant investment, especially for a small business, and are usually financed.

A long-term investment allowance would provide greater certainty for business to plan their investments.

The Government should extend the existing 50 per cent investment allowance. Reducing the rate of the allowance would reduce the likely benefits. For example, a 10 per cent investment allowance would only offer a small additional tax saving to a business purchasing a new truck, primarily because trucks already have a 7.5 year effective life. The additional tax saving needs to be high enough to change buyer behaviour.

A long-term investment allowance is a higher priority than additional company tax cuts, beyond what has already been legislated. Under the Australian Government's existing reforms the company tax base rate for entities with an aggregated turnover lower than $50 million will reduce to 26 per cent in 2020-21 and then reduce to 25 per cent in 2021-22. For companies above the $50 million turnover threshold, the company tax rate is 30 per cent.[21]

Reducing the top rate of company tax would only impact a small number of trucking businesses. Of the 53,000 trucking companies in Australia, only 1.4 per cent have a turnover of $10 million or more.[22] The Grattan Institute have previously concluded that while a company tax cut would boost investment and incomes, the benefits would phase in slowly and that due to the existing dividend imputation system it would not induce as much additional investment from domestic investors. The Grattan Institute also concluded that alternatives, such as an investment allowance, could provide an equivalent boost to investment but at a lower long-term budgetary cost when compared to company tax cuts.[23]

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[18] Australian Government. Delivering support for business investment. 21 July 2020. 3.
[19] ABS, Counts of Australian Businesses. ABS Cat 8165.0. June 2018.
[20] ANZ Bank, Research provided to ATA, 2017 and 2018.
[21] ATO. Changes to company tax rates. Accessed 12 August 2020.
[22] ABS. 8165.0 Counts of Australian Businesses, including entries and exits, June 2015 to June 2019. February 2020. Data Cube 3.
[23] Grattan Institute. Submission to Senate Inquiry into the commitment by the Business Council of Australia. April 2018. 1.

Recommendation 4
The Australian Government should introduce a long-term investment allowance to support investment in new trucks and trailers, supporting domestic manufacturing and local jobs.

Extending the instant asset write off

As part of the economic response to COVID-19, the Australian Government increased the threshold of the instant asset write off from $30,000 to $150,000, and expanded access to include all businesses with aggregated annual turnover of less than $500 million (up from $50 million).[24] The expanded instant asset write off was originally due to end on 30 June 2020, before the Government extended the scheme to 31 December 2020.

The Government should commit in Budget 2020-21 to extend the $150,000 instant asset write off until 30 June 2021. The instant asset write off was designed by the Government to assist businesses and economic growth in the short term, and encourage a stronger economic recovery following the COVID-19 outbreak.[25]

Since the original announcement of the $150,000 instant asset write off and the June 2020 decision to extend it to the end of 2020 the health and economic impacts of COVID-19 have escalated, especially in Victoria. This support should be extended to at least the end of the 2020-21 financial year.

The instant asset write off has been a success and already delivered an economic boost for heavy vehicle manufacturers and suppliers. However, the July 2020 Economic and Fiscal Update projected a fall of 19½ per cent in non-business investment before the stage four business restrictions were announced in Melbourne. The economic impact of COVID-19 will now be greater than anticipated when decisions were made on the $150,000 instant asset write off. The Government should now extend this support to 30 June 2021.

Recommendation 5
The Australian Government should extend the $150,000 instant asset write off to 30 June 2021.

[24] Treasury. Economic response to the coronavirus: your assets and purchases. Accessed 20 August 2020.
[25] Treasury. Delivering support for business investment. July 2020. 1.

6. 1 July 2021 increase of the superannuation guarantee

The July 2020 Economic and Fiscal Outlook outlines that household consumption will fall in 2020-21, and low wages growth will be a factor for some time. The Governor of the Reserve Bank of Australia has also stated that wage growth is expected to be low, averaging 1½ per cent over the next two years.[26]

The Governor also noted that the economic recovery depends on how successful COVID-19 is contained, and that:

> Given this uncertain outlook, we should be prepared for a recovery that is uneven and bumpy. The recovery is also likely to be more drawn out than was initially expected despite the downturn being less severe than expected.[27]

Concerning the impact of the scheduled increase to the superannuation guarantee the Governor noted:

> If this increase goes ahead, I would expect wage growth to be even lower than it otherwise would be. So there will be an offset in terms of current income.[28]

This is the wrong environment to increase the rate of compulsory superannuation contributions. The Grattan Institute notes that at least 80 per cent of the cost of higher compulsory superannuation contributions comes at the cost of lower wages for workers. Additionally, it reduces consumer spending. The cost of tax breaks on higher contributions would be an additional $2 billion a year by 2025.[29]

Further increasing the pressure on wages growth and consumer spending would likely slow the economic recovery, including for the transportation of consumer goods.

Recommendation 6
The Australian Government should not proceed with the planned 1 July 2021 increase of the superannuation guarantee.

7. Consistent national payroll tax relief

The Australian Government's 2015 Re:think tax discussion paper found that payroll tax was a relatively efficient way of raising revenue, but also that it was likely to be passed on in the form of lower wages and higher prices.[30] The 2020 NSW Review of Federal Financial Relations (FFR) draft report reached similar conclusions.[31]

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[26] House of Representatives Standing Committee on Economics. Parliament of Australia. Public Hearing: Reserve Bank of Australia annual report 2019. 14 August 2020. 2.
[27] House of Representatives Standing Committee on Economics. 14 August 2020. 2.
[28] House of Representatives Standing Committee on Economics. 14 August 2020. 7.
[29] Grattan Institute. The Recovery Book. June 2020. 26.
[30] Australian Government. Re: think tax discussion paper. March 2015. 143.
[31] NSW Treasury. NSW Review of Federal Financial Relations Draft Report. July 2020. 74, 75.

The 2015 review also recognised that there is significant criticism of payroll tax, including its short-run impact on business costs. It warned that a zero threshold would likely impose significant administrative costs and compliance burdens on very small businesses.[32]

The 2010 Future Tax System Review (Henry Review) recommended that in time, payroll tax should be abolished.[33] The review recognised that the current structure of payroll tax is inefficient, but did not recommend broadening the base and removing exemptions as the policy answer.

COVID-19 has impacted the Australian economy through loss of jobs, loss of income and is now affected by weak demand.[34] The Australian Chamber,[35] Australia's largest and most representative business network has highlighted that payroll tax is inefficient and impedes business activity such as employing staff.

The Chamber argues that state and territory government have an over-reliance on payroll taxes as a revenue source and that reducing the payroll tax burden on business is necessary to support business and job growth as the economy recovers from the impact of COVID-19.[36]

The NSW FFR review draft report recommended national reform to reduce the compliance burden of different payroll tax systems in different state and territory jurisdictions.[37] However, this approach would potentially increase the reliance of states and territories on payroll tax, increase the tax burden on business and increase the compliance cost for small businesses who would risk losing existing exemptions.

Now is not the time to increase the payroll tax burden, with the likely impact flowing through to lower wages and higher prices. Instead, existing state decisions to reduce payroll tax burdens reflects the right intent.

Governments should, through the National Cabinet and the Council of Federal Financial Relations progress national payroll tax reform, which should:

- reduce the complexity of payroll tax, where that can be achieved without increasing the tax burden for business
- not increase the administrative burden of payroll tax for small businesses
- continue to lower the payroll tax burden on business.

Recommendation 7

The Australian Government should request that the National Cabinet and the Council of Federal Financial Relations progress national payroll tax reform to reduce the tax and compliance burden for business.

[32] Australian Government. 2015. 144.
[33] Australian Government. Australia's future tax system. Part one overview. December 2009. Xviii.
[34] Grattan Institute. June 2020. 16.
[35] The ATA is a member of the Australian Chamber.
[36] Australian Chamber. Pre-Budget Submission 2020-21. July 2020. 5, 6.
[37] NSW Treasury. NSW Review of Federal Financial Relations Draft Report. July 2020. 81.

8. Infrastructure investment – building safer and more productive roads

The ATA welcomes the Australian Government's commitment to building better infrastructure. Key elements of this approach include:

- Commitment to the $100 billion infrastructure pipeline
- Independent assessment of major project business cases and infrastructure priorities by Infrastructure Australia
- Funding regional and strategic freight links, including through the Roads of Strategic Importance program
- Continued commitment to heavy vehicle specific projects, especially new and upgraded rest areas, through the Heavy Vehicle Safety and Productivity Program
- Accelerated infrastructure funding to respond to the impacts of COVID-19 (for shovel ready projects and targeted road safety works)
- Funding of corridor strategies to guide investment decisions (for the Newell and Princes highways)
- Continued support for local roads and bridges.

The Government should expand and continue to invest in the above elements. It should also build on this approach with a stronger prioritisation of enabling High Productivity Freight Vehicles (HPFV) and expanding HPFV road network access. **The Government should maximise the productivity benefit from its existing infrastructure investment program.**

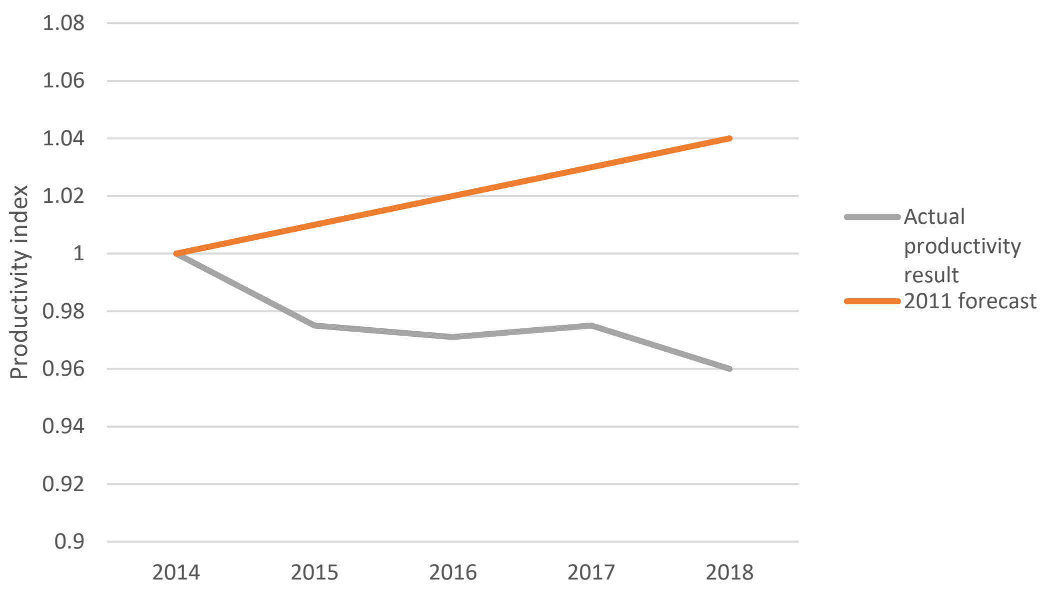
Recommendation 8
The Australian Government should continue and strengthen its commitment to the infrastructure pipeline, ensuring funding for truck rest areas, freight routes, regional roads and bridge upgrades.

Recommendation 9
The Australian Government should strengthen the independent assessment of proposed infrastructure projects.

9. Increasing productivity through deregulation and high productivity freight vehicles

In 2011, it was predicted that the proposed Heavy Vehicle National Law would deliver up to $12.4 billion in economic benefits,[38] with most of the benefits concentrated in gains for access for more productive vehicles.[39] The following chart shows the reality: the productivity of the transport, postal and warehousing sector has fallen steadily since the HVNL came into force in 2014.[40]

Forecast and actual changes to industry productivity, 2014-2018



Source: Deloitte Access Economics

The Productivity Commission has also concluded that the productivity gains from the reforms have been far less than the original estimates.[41] The Commission reported that increases in vehicle size have driven past efficiency growth, with the introduction of semi-trailers and then B-doubles, increases in mass and dimension limits, improved road infrastructure and other regulatory changes contributing to heavy vehicle productivity increasing by almost 500 per cent between 1971 and 2007.[42]

However, since 2010 the Commission estimates that heavy vehicle productivity has not improved with slower growth in the freight task, strong growth in the number of heavy vehicles and little change in the tonne kilometres carried per heavy vehicle.[43]

The economic benefits of improved heavy vehicle productivity and increased use of more productive trucks are significant. Deloitte Access Economics has estimated annual cost savings could include:

- $80 million for wholesale trade
- $70 million for construction services

[38] NTC, Heavy Vehicle National Law regulation impact statement. September 2011. 16
[39] Deloitte Access Economics. Economic benefits of improved regulation in the Australian trucking industry. March 2019. 17.
[40] Deloitte Access Economics. March 2019. 21.
[41] Productivity Commission, National transport regulatory reform. Draft report. November 2019. 173.
[42] Productivity Commission. November 2019. 176.
[43] Productivity Commission. November 2019. 176.

- $40 million for retail trade
- $30 million for house construction
- $30 million for meat processing.[44]

It is estimated that the average consumer could save $452 per annum on everyday purchases as a result of reforms to increase the use of more productive trucks.[45]

Removing red tape

Productivity can also be boosted by removing red tape and ensuring regulations are well designed.

Through its role as chair of the Transport and Infrastructure Council, the Australian Government is involved in the review of the Heavy Vehicle National Law, which regulates heavy vehicles in all jurisdictions except Western Australia and the Northern Territory. It is critical that the HVNL review delivers real reform, which reduces red tape and ensures regulations are well designed.

Australian Design Rules

Vehicle dimension rules currently set the width for Australian trucks at 2.5 metres wide, excluding safety devices like mirrors. A standard traffic lane is 3.5 metres wide, or 3.3 metres in some urban settings.

The Australian Government policy is to harmonise vehicle safety standards with international regulations where possible, in line with existing international commitments.[46]

Governments are currently researching a width increase to 2.55 metres but have excluded consideration of 2.6 metres. However, the existing international standard for refrigerated vehicles is 2.6 metres. This would enable refrigerated trucks to utilise thicker insulated walls without loss of payload. In 38 degrees outside temperatures, these thicker walls would reduce heat gain by 36 per cent and deliver a fuel saving of 2,500 litres per typical refrigerated vehicle per year.

For heavy vehicles, it is however important that Australian Design Rules are maintained and are not abolished. Although Australia no longer manufactures cars, we have a substantial truck and heavy trailer manufacturing industry. The ADRs and the associated conformance effort by the Australian Government are needed to ensure that Australian-made vehicles are safe when they are purchased. Australia cannot rely on the work of overseas agencies to do this – in this case, we are the country of origin.

In addition, the Australian trucking industry operates highly productive truck combinations that are not used internationally, such as B-doubles and road trains. The Australian Design

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[44] Deloitte Access Economics. Economic benefits of improved regulation in the Australian trucking industry. March 2019. 45.
[45] Deloitte Access Economics. March 2019. 46.
[46] Department of Infrastructure, Transport, Regional Development and Communications. Australian Design Rules: Harmonisation. Accessed 12 August 2020.

Rules include the technical standards that are needed enable these combinations to operate safely, such as—

- ADR 62/.. which prescribes the strength of the couplings between large combinations
- ADR 63/.. which sets out rules for trailers designed for use in road trains
- ADR64/… which specifies additional design and construction requirements for hauling vehicles designed to be used in road trains and B-doubles.

There are no international (UNECE) standards covering these requirements.

As a result, abolishing the ADRs relating to heavy vehicles and relying on international standards would prevent the use of these vehicles or result in regulatory duplication as each state implemented their own version of the former ADRs to re-implement the missing requirements. **This would result in more, not less red tape.**

Recommendation 10
The Australian Government should reduce red tape for trucking businesses and ensure regulations are well designed.

Recommendation 11
The Australian Government should maintain Australian Design Rules for heavy vehicles.

Increasing road access for high productivity freight vehicles

The 2019 Australian Infrastructure Audit found that:

- HPFVs reduce total vehicle movements, reduce congestion growth, lower costs of freight, enable faster delivery times and are more likely to be safer, quieter and be less emissions intensive[47]
- Despite their benefits, the use of HPFVs on our roads has been limited
- Restricting the use of HPFVs locks in high freight costs for businesses and consumers, and limit benefits to road safety, air pollution and amenity.[48]

Increasing road access for HPFVs would boost productivity for road freight and enable wider economic gains. However, there are gaps in the infrastructure network that the Government should address.

The ATA submission to the department's Newell Highway Corridor Strategy analysed access for various HPFV combinations on the Newell Highway.[49] For most combinations above the B-double, there are significant gaps in access.

On other freight routes, such as the Princes Highway, there are even gaps in infrastructure access for B-doubles.

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[47] Infrastructure Australia, An assessment of Australia's future infrastructure needs: the Australian Infrastructure Audit 2019, June 2019. 344.
[48] Infrastructure Australia. June 2019. 345.
[49] ATA, Newell Highway corridor strategy. Submission to PwC/ Department of Infrastructure, Regional Development and Cities. April 2019.

Immediate priority – A-double access on the Hume Highway

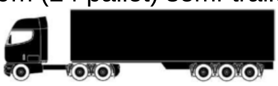
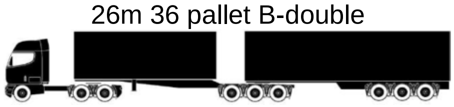
On the Hume Highway, Transport for New South Wales' strategic goal is to allow the use of 30 metre PBS A-doubles, with the ATA now carrying out a technical evaluation of 35 metre modular A-doubles.

Enabling the use of these trucks on the Hume Highway in NSW would be an enormous boost to the industry's productivity. The Productivity Commission finds that reducing heavy vehicle operating costs and opening up access for more productive trucks on a road with a large freight load is likely to lead to greater cost savings and benefits (especially on the Brisbane-Sydney-Melbourne corridor).[50] The Hume Highway is Australia's busiest interstate freight route and carries 40 per cent of the total national road freight task.[51]

The Hume Highway is a national priority corridor which has already benefited from significant infrastructure upgrades and duplication. However, it requires:

- upgrades to rest areas along the highway to allow for the longer length of the combination
- coupling/de-coupling areas at the Sydney end of the highway and
- the upgrade of the 1977 box girder bridge that carries northbound traffic across the Murrumbidgee River at Gundagai. The upgrade would be needed to remove mass constraints from the operation of these trucks.

The following table highlights the productivity advantages of allowing high productivity freight vehicles such as PBS 2B and 3A trucks on the Hume Highway and other national freight routes.

Configuration	Nominal payload (t)	Payload equivalent (mass)	Trips to move 1000t (GML)	Cubic pallet capacity
19m (24 pallet) semi-trailer 	24.04	1.00	42	24
26m 36 pallet B-double 	38.84	1.62	26	36
PBS 30m A-double 	48.73	2.03	21	40
35m modular A-double 	48.73	2.03	21	44

50 Productivity Commission. November 2019. 175.
51 Transport for NSW. NSW Heavy Vehicle Access Policy Framework. September 2018. 33.

A PBS 30 metre A double – comprising a prime mover and two trailers linked by a converter dolly – can carry twice as much freight by mass as a conventional semi-trailer, or 40 pallets of cubic freight compared to 36 pallets for a B-double or 24 pallets for a semi-trailer.

At a time when the productivity of the transport, postal and warehousing sector is declining, upgrading the Gundagai Bridge and permitting PBS 30 metre A-doubles onto the Hume Highway would improve productivity, reduce congestion and reduce the cost of transporting products by road.

Other upgrades that would be needed include extending heavy vehicle rest areas that were designed to handle B-doubles rather than these longer combinations. There is also a lack of coupling/de-coupling sites at the Sydney end of the highway.

With these upgrades in place, some PBS A-doubles could be allowed on the Hume Highway, with mass constraints lifted once the Sheahan Bridge is upgraded.

Enhancing safety and productivity on the national highway network

Whilst the Australian Government is not a road manager, it does determine a network of nationally important road and rail links, the National Land Transport Network (NLTN). This network was updated on 1 July 2020 and NLTN projects receive significant investment support from the Australian Government.

The Australian Government should ensure that the NLTN reflects safety and productivity standards to support the growth of the Australian economy. This should include:

- Safe roads principles and minimum road safety design standards
- Deliver the nationally agreed Austroads guidelines for the provision of heavy vehicle rest areas as a minimum NLTN standard
- Fixing infrastructure gaps to enable a minimum A-double HPFV access on the network
- Providing HPFV access on the NLTN by a notice (gazette), removing red tape and the need for individual permit applications.

State and territory governments should be required to develop investment plans to deliver these safety and productivity standards for the national highway network.

It is critical that new standards for the national highway network include heavy vehicle rest areas in addition to access for HPFVs. Rest areas enable drivers to rest so they are more alert and safer when driving.[52]

Austroads released new truck rest area guidelines in January 2019. The new guidelines specify that:

- detailed heavy vehicle rest areas strategies should be developed for major highways and significant freight routes.
- class 1 and 2 rest areas should be 70-100 kilometres apart; class 3 and 4 rest areas should be 35-50 kilometres apart, and class 5 rest areas should be 15-25 kilometres apart.

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[52] Austroads, Guidelines for the provision of heavy vehicle rest area facilities, 2019, 7.

The guidelines also set out detailed considerations for the services that should be provided at each class of rest area.

Recommendation 12
The Australian Government should target infrastructure investment to improve road network access for High Productivity Freight Vehicles.

Recommendation 13
The Australian Government should prioritise investment for enabling A-double access on the Hume Highway.

Recommendation 14
The Australian Government should adopt minimum standards on the National Land Transport Network to deliver:

A. Road safety design standards
B. Heavy vehicle rest area standards
C. High Productivity Freight Vehicle access standards.