



## NSW FUTURE TRANSPORT 2056

### AUSTRALIAN TRUCKING ASSOCIATION SUBMISSION 1 DECEMBER 2017

#### 1. About the Australian Trucking Association

The Australian Trucking Association (ATA) is the peak body representing trucking operators. Its members include state and sector associations, some of Australia's major logistics companies and businesses with leading expertise in truck technology. Through its members, the ATA represents many thousands of trucking businesses, ranging from owner drivers to large fleets.

#### 2. Recommendations

##### Recommendation 1

NSW future transport 2056 should include a strong emphasis on lifting road freight productivity above recent results, in order to achieve a future with higher living standards, and to minimise increases in congestion and other community impacts.

##### Recommendation 2

NSW future transport 2056 should transition NSW to a modern road network with high quality road service standards in safety, access and automation.

##### Recommendation 3

NSW future transport 2056 should deliver long term, structural reform to road investment, including:

- Introduction of independent management of road networks and selection of road investment and maintenance projects (such as by a road fund).
- Long term and stable road funding, based on hypothecated revenue of road related charges.
- Government setting of priorities for road network outcomes, to be achieved by independent road management.

##### Recommendation 4

Future transport 2056 should commit to the staged introduction of a gazetted, modern, high productivity vehicle road network.

##### Recommendation 5

Future transport 2056 should seek independent regulation of toll road and landside port charges to ensure the efficiency and global competitiveness of NSW supply chains is prioritised.

##### Recommendation 6

The NSW Government should work co-operatively with the Australian Government to maximise productivity outcomes for the wider heavy vehicle fleet by amending vehicle dimensions to allow greater steer axle mass limits, width dimensions and length.

### Recommendation 7

The customer outcomes, targets and measures in future transport 2056 should be expanded to include an improved focus on efficient connectivity for freight, including measures being progressed under the Australian Government's National Infrastructure Data Collection and Dissemination Plan.

### 3. Introduction

Future Transport 2056 is an update of NSW long term transport planning process. It is a suite of strategies and plans for transport developed alongside the Greater Sydney Commission's Sydney Region Plan, Infrastructure NSW's State Infrastructure Strategy, and the Department of Planning and Environment's regional plans. The Draft Future Transport Strategy is designed to set the 40 year vision, directions and outcomes for customer mobility in NSW, to guide transport investment over the long term. The strategy will be delivered through a series of supporting plans.<sup>1</sup>

According to the NSW Government:

Future Transport starts with a vision of the future we want, so we can address challenges as they arise and meet our economic, social and environmental goals. Future Transport will not predict what is to come, but will ensure we are ready to seize opportunities to harness the rapid changes in technology and innovation and create an efficient and reliable transport system for our customers.<sup>2</sup>

The NSW Government also states that long term planning for an uncertain future needs both vision and agility, and that freight volumes are estimated to double in greater Sydney and grow by a quarter in regional NSW by 2056.<sup>3</sup>

The draft future transport strategy recognises the importance of transport to enabling a productive economy:

The transport network enables economic activity across the state. Each day, trucks take cattle from feedlot to port, trains and buses bring commuters to work and students to school, and trade vehicles deliver services to households and businesses.

The more efficient the transport network, the better our economy performs, allowing businesses to reach new markets, attracting new investment, and catalysing new job and training opportunities for our people. By contrast, congestion, poor planning decisions and network inefficiency increase transaction costs, constrain growth, and stifle economic development and labour mobility.<sup>4</sup>

Future transport 2056 will update the 2012 long term transport master plan, which is linked to over 700 projects across NSW. Projects delivered or in progress under the 2012 plan include Sydney Metro, new Sydney light rail lines, WestConnex, and critical regional upgrades such as those delivered under the Fixing Country Roads program.<sup>5</sup> The ATA welcomes the road upgrades being delivered by the NSW Government.

The strategy identifies the importance of freight to securing the future of the NSW economy. Moving freight from producers and manufactures, right through to customers, contributes

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<sup>1</sup> NSW Government, October 2017, Draft Future Transport Strategy 2056, 7.

<sup>2</sup> Ibid, 6.

<sup>3</sup> Ibid, 10.

<sup>4</sup> Ibid, 12.

<sup>5</sup> Ibid, 13.

\$13 billion in Gross Value Added by the sector each year, conveying 280 million tonnes of road freight, 192 million tonnes of bulk cargo and 150 million tonnes of rail freight.<sup>6</sup>

Future transport 2056 also recognises the impact of constraints on freight:

Freight customers value reliability, efficient travel, and certainty to maximise productivity and reduce energy intensity. Network inefficiency, inconsistent regulation, and poor planning decisions impose operational constraints, extra costs, and slower or unreliable delivery times, which reduce the competitiveness of businesses.

In addition to the recognition of the importance of freight in the draft NSW strategy, the Australian Government has recognised the vital link between productivity and living standards, and global competitiveness:

Infrastructure operators and governments focus on productivity because, in developed economies, improved productivity is the largest driver of long-term income and GDP growth, as well as a measure of competitiveness of trade-exposed industries.<sup>7</sup>

Trucking industry productivity is important to the wider economy. The Competition Policy Review (Harper Review) found that in relation to road transport:

Even small changes in productivity in this sector can cascade through the economy, boosting productivity and output in other sectors. Also, given the size of the road transport sector, enhanced productivity in road transport can deliver large gains to the economy.<sup>8</sup>

However, governments have failed to deliver the policy framework to improve trucking industry productivity over the last decade, as illustrated in table 1.

**Table 1: Recent versus long-term productivity growth for the transport industry**

Labour productivity		Multifactor productivity	
1989-90 to 2015-16	2007-08 to 2015-16	1989-90 to 2015-16	2007-08 to 2015-16
1.8	0.3	1.0	-0.8

Source: Productivity Commission, 3 August 2017, 5 Year Productivity Review Supporting Paper No. 1, 16.

Productivity is not just about economics and growing incomes, although these are critically important. It also directly reduces community impacts from heavy vehicle use. Improving truck productivity has been found to improve safety and reduce fuel use and environmental impacts.<sup>9</sup> It also reduces the number of trucks, reducing congestion, noise, and lower impacts on road pavements.<sup>10</sup>

It has been estimated that in the absence of productivity improvements between 1971 and 2007, and in particular uptake of high productivity vehicles like B-doubles, that nearly 150,000 articulated trucks, in addition to the 70,000 registered for use in 2007, would have been required to undertake the 2007 articulated truck freight task.<sup>11</sup>

<sup>6</sup> Ibid, 37.

<sup>7</sup> Department of Infrastructure and Regional Development, September 2017, [National Infrastructure Data Collection and Dissemination Plan](#), 29.

<sup>8</sup> Harper, Anderson, McCluskey, O'Bryan, March 2015, [Competition Policy Review Final Report](#), 38.

<sup>9</sup> Austroads, 2014, Quantifying the Benefits of High Productivity Vehicles, pi.

<sup>10</sup> Ibid.

<sup>11</sup> Bureau of Infrastructure, Transport, and Regional Economics, 2011, Truck productivity, pxiv.

Trucking industry productivity is critical to the wider economy and community. **It is important to recognise that more of the same will not deliver the productive economy and rising living standards that the NSW community should expect in any vision of 2056. It is vital that the NSW Government and the NSW long term transport plan seek to enable greater road freight productivity growth, above recent trends over the last decade.**

The ATA supports the NSW Government recognition of the importance of freight to the future of the economy, and its inclusion in planning for Future Transport 2056. With the central role that NSW plays in national supply chains, it is of national importance that NSW freight is efficient and cost effective. With the critical need for a new road transport productivity agenda, the NSW strategy should be linked to immediate, deliverable reforms for improving the efficiency of road transport.

Future Transport 2056 should include plans to deliver:

- Safer, more productive, modern road infrastructure by setting road service standards.
- A gazetted, staged, modern high productivity vehicle road network.
- Cost effective and efficient supply chains.
- Monitoring of outcomes.

#### **Recommendation 1**

NSW future transport 2056 should include a strong emphasis on lifting road freight productivity above recent results, in order to achieve a future with higher living standards, and to minimise increases in congestion and other community impacts.

#### **4. Delivering safer, more productive, modern road infrastructure by setting road service standards**

Recent road investments by NSW are highly welcome, but the need to respond to the long term underinvestment in transport infrastructure in NSW, as identified by the strategy,<sup>12</sup> illustrates the importance of reforming the long term approach to road investment.

The NSW future transport strategy 2056 includes a number of important commitments and future investigation priorities for expanding freight and road connectivity. Likewise, the intention to design all new roads to a 4 or 5 star safety standard, and to prioritise investment so that a majority of customer travel occurs on 5 star roads, is strongly supported by the ATA.

This approach should be expanded so that road investments are targeted to delivering a road network that achieves high quality safety and productivity standards. The case for road investment reform is clear. The Productivity Commission has reported that the current governance, taxation and institutional arrangements for the provision and funding of roads are ultimately unsustainable. The Commission also reported that road funding decisions are often based on inadequate information, inadequate assessment of the costs and benefits of projects, and are subject to budgetary and electoral pressures.<sup>13</sup>

Austrroads reported that despite Australia spending approximately \$19 billion maintaining, expanding and operating our extensive road network in 2013-14, and despite steady growth

<sup>12</sup> NSW Government, October 2017, Draft Future Transport Strategy 2056, 13.

<sup>13</sup> Productivity Commission, [Public Infrastructure](#), May 2014, 303.

in expenditure, parts of the road network are poorly maintained, accessibility in remote and regional areas continues to be a concern, the road network continued to be congested, and heavy vehicle productivity has plateaued impacting on freight transport costs and leading to an anticipated growth in the number of heavy vehicles on the network.<sup>14</sup>

In its public infrastructure report, the Productivity Commission recommended the adoption of a well-designed road fund model, where independent road funds would make transparent funding decisions.<sup>15</sup> The funds would receive hypothecated revenue from road users and government funding to cover community service obligations. The Harper Competition Review made a similar recommendation.

Establishing road funds with operational independence from governments would help separate long term infrastructure decisions from the budgetary and electoral cycles. The road funds would require stable, long-term funding to enable them to enter into contracts which can seek efficiency savings for road investments, including for maintenance. Road funds should also be required to utilise freight and traffic data to make investment decisions based on achieving improved network outcomes.

This approach would also reinforce the NSW future transport 2056 identified need for a continued focus on spending efficiency, to meet the increases in operational costs and the significant NSW investment program. An example of reform options can be seen in New Zealand, which operates a road fund with independent assessment of investments, and the United Kingdom, which is progressing a significant road funding and investment reform agenda. Further information is available in **Appendix A**.

Better planning and provision of roads maintenance and construction would be a critical step towards providing the right roads that will be needed to handle the road freight task that is critical to NSW's future economic performance. Government would play a critical role in road funds by setting the funding criteria and network objectives, and then allow the independent and transparent selection of projects. Road funds would serve to increase community confidence that charges collected for the maintenance and improvement of the road network will go to that purpose.

The road investment reform agenda needs to include setting service levels for the road network. These service levels need to be broader than the existing, proof of concept Heavy Vehicle Infrastructure Ratings (HVIRs). The service levels should be set to encourage high productivity freight vehicle access and help direct funding to optimal investments, such as bridges which need upgrading to allow a route to be opened up.

They should set significant 'last mile' higher mass limit connections, connecting our supply corridors with major economic businesses and ports. The service levels need to specify roads that are ready for vehicles with higher levels of automation. Bridge loadings may need to be reviewed to support heavy vehicle platooning, more consistent road marking and machine readable signage may be required, and the mobile (cellular) black spots on designated routes must be addressed.<sup>16</sup>

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<sup>14</sup> Austroads, [Reforming Remote and Regional Road Funding in Australia](#), August 2016, i.

<sup>15</sup> Productivity Commission, [Public Infrastructure](#), May 2014, 303.

<sup>16</sup> Austroads, [Assessment of key road operator actions to support automated vehicles](#). Research report AP-R543-17, May 2017.

Additionally, the service levels must include heavy vehicle route services such as rest areas and, where appropriate, livestock effluent dumping facilities.

Road service standards should be in addition to the existing road design standards, and include high safety standards. Maintaining these service delivery standards would also be linked to the operating guidelines of independent road funds or managing authorities.

### **Recommendation 2**

NSW future transport 2056 should transition NSW to a modern road network with high quality road service standards in safety, access and automation.

### **Recommendation 3**

NSW future transport 2056 should deliver long term, structural reform to road investment, including:

- Introduction of independent management of road networks and selection of road investment and maintenance projects (such as by a road fund).
- Long term and stable road funding, based on hypothecated revenue of road related charges.
- Government setting of priorities for road network outcomes, to be achieved by independent road management.

## **5. Delivering a gazetted, staged, modern high productivity vehicle road network**

NSW future transport 2056 should also include commitment to developing a gazetted, staged, modern high productivity vehicle (HPV) road network. The HPV network should seek to provide, initially, gazetted access for A-double combinations, similar to current access for B-double combinations.

Delivery of the HPV network, in a staged development, is an immediate short term reform that would provide a significant productivity boost. The Hume and Pacific highways, following the completion of any required further duplication and bridge strengthening projects, would provide a strong stage 1 and 2 for the NSW HPV network. This would also provide a basis from which to connect to current and future network options in Victoria and Queensland, increasing the productivity growth potential.

The NSW HPV network would provide the highest level of road service standards, once developed and delivered as a longer term reform. It would reduce the rate of growth in truck numbers, and associated impacts, on two major interstate highways that connect the eastern capital cities. Expanding the network beyond these highways, with last mile access to areas of economic activity, should also be prioritised.

Delivery of a NSW HPV network would be a specific reform to achieve the aims of future transport 2056. The strategy identifies:

Planning for the future network means preserving optionality for future uses and travel behaviours. It also means repurposing existing infrastructure and corridors to optimise their performance and innovatively maximise their carrying capacity, as congestion and passenger and freight traffic volumes grow.

While the course or footprint of a corridor is fixed, its capacity is not.

A NSW HPV network would improve:

- The capacity and efficiency of existing road infrastructure and investment.
- Productivity, safety, and environmental outcomes of heavy vehicles on NSW roads.
- Future technological progress, including potential adaptability for higher levels of vehicle automation.

It would be premature, for example, to discuss the potential for driverless trucks or truck platooning as a productivity and safety enhancing technology if the road network does not cater for the use of modern, safer, more productive vehicles which are available today. If existing bridges restrict the use of HPV combinations, then it is hard to see how the network will cope with truck platooning.

**A NSW HPV network would improve the ability of NSW to seize the opportunities of future technological change by seizing the opportunities of current technology.**

#### **Recommendation 4**

Future transport 2056 should commit to the staged introduction of a gazetted, modern, high productivity vehicle road network.

## **6. Delivering cost effective and efficient supply chains**

The draft strategy and section three of this submission highlight the economic importance of freight to the wider economy and community.

NSW and Sydney are critical links for the Australian economy. Sydney provides the annual international gateway for over \$120 billion in value of international trade, representing the highest value of international trade through Australian sea and airports.<sup>17</sup>

Sydney's dominance reflects the growing value of international trade through Kingsford Smith international airport, with Sydney providing the gateway for almost half of the entire value of all Australia's international air freight. This is far above the value of trade through Australia's other major air freight gateways.<sup>18</sup> Despite Sydney's air freight dominance, over half of the value of Sydney's international trade flows through Sydney's seaport, representing the third highest value for an Australian seaport.<sup>19</sup>

The significant value of international trade flowing through Sydney demonstrates the need for cost effective and efficient supply chains. However, the current approach to toll road and landside port charges in NSW is undermining the efficiency of NSW supply chains by building in increased costs, without any focus on keeping supply chain costs competitive for NSW businesses or the need for the efficient movement of goods.

Recent toll increases have seen the truck toll multiplier on the M2, Lane Cove Tunnel, M5 and M7 increased to 3 times the car toll. There has not been a fair distribution of increased

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<sup>17</sup> Bureau of Infrastructure, Transport and Regional Economics, 2015, [Information sheet 67: International trade and Australian cities: what house prices say](#), 10.

<sup>18</sup> Ibid, 9.

<sup>19</sup> Ibid, 8.

charges with light vehicles – despite urban congestion being primarily a result of light vehicle usage. Additionally, the recently announced NSW registration relief for regular toll users does not apply to heavy vehicles.

These cost burdens are also hitting costs for businesses seeking to export goods through NSW ports, with DP World Australia having now announced plans to hit truck operators with a second big price rise for landside port charges in less than a year. The effect of increased road tolls and landside port charges on the efficiency of NSW supply chains has not been considered, risking the competitiveness of local businesses.

The future transport 2056 objective to enable economic activity will be undermined if the approach to increasing road toll and landside port charges does not change.

### **Productive vehicles**

Delivering cost effective and competitive supply chains, and maximising the efficiency and capacity of existing infrastructure and corridors, also depends on maximising the productivity of the heavy vehicle fleet by amending vehicle design requirements.

Increasing steer axle mass limits and allowing greater width and length would improve the productivity outcomes for the wider heavy vehicle fleet. As an example, an increase in allowable width would particularly benefit operators of hard-walled refrigerated trucks, which could have thicker insulated walls without loss of payload. In 38 degree 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.<sup>20</sup>

Infrastructure concerns in Sydney should not prevent these improvements across the wider network, but rather, highlight the need for upgrades and other measures in Sydney. Improved and more productive vehicle dimensions would also encourage the uptake of newer, safer, more environmentally friendly heavy vehicles on the NSW road network.

### **Recommendation 5**

Future transport 2056 should seek independent regulation of toll road and landside port charges to ensure the efficiency and global competitiveness of NSW supply chains is prioritised.

### **Recommendation 6**

The NSW Government should work co-operatively with the Australian Government to maximise productivity outcomes for the wider heavy vehicle fleet by amending vehicle dimensions to allow greater steer axle mass limits, width dimensions and length.

## **7. Delivering for customers and road users by monitoring outcomes**

Future transport 2056 includes a commitment to measure the performance of the transport system, to prioritise the system delivering improved customer outcomes, and to report on how the strategy is contributing to wider economic, social and environmental outcomes. The ATA supports this intent.

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<sup>20</sup> Refrigerated Warehouse and Transport Association, *Submission to the National Road Transport Commission on a proposal that 2.6m trailers be permitted for the carrying of temperature controlled commodities*, July 1998, 3.

However, there is currently a disconnect between the outcome of growing the economy with a target on efficient connectivity for freight and passengers, and the lack freight related measures.

The proposed measures include:

- Monitor the percentage of population within Greater Sydney with 30 minute or less access by public transport to their nearest strategic centre.
- Monitor the percentage of towns and centres with day return public transport services to the nearest regional city.
- Measure travel times and speeds to monitor network efficiency.

The first two measures are clearly targeted at passengers. The ATA supports the third measure, which will provide information on the efficiency of the network, including for road freight.

Additionally, the NSW Government should work with the Australian Government on additional measures which would provide road freight performance measures. The draft National Infrastructure Data Collection and Dissemination Plan has a number of proposed opportunities and projects which should be incorporated into future transport 2056.

These include:

- Expanding the vehicle telematics pilot, on a voluntary basis, to identify road freight congestion points.
- Creating road access indicators for heavy vehicles:
  - Percentage of network accessible to each vehicle class.
  - Percentage of producers within a set distance of network for each class.
- Creating land use/encroachment indicators:
  - Population and jobs density within set distance of port precinct or intermodal terminal sites.
  - Congestion on roads approaching ports.

The proposed road access indicators should be integrated with the existing heavy vehicle infrastructure asset registers, the development of road service standards, and be reported by local government area.

More information is available in the [ATA submission](#) to the National Infrastructure Data Collection and Dissemination Plan.

### **Recommendation 7**

The customer outcomes targets and measures in future transport 2056 should be expanded to include an improved focus on efficient connectivity for freight, including measures being progressed under the Australian Government's National Infrastructure Data Collection and Dissemination Plan.

## Appendix A

### Case Study: United Kingdom

In recent years the United Kingdom has launched a major road funding and investment reform program. These reforms include:

- A stable and long-term roads plan, with the UK Government instigating a Road Investment Strategy (RIS). The first was introduced in 2015, and planning is already underway for the 2020 RIS.<sup>21</sup>
- Independent management of strategic highways. In 2015 the UK Government formed Highways England, a government company to manage the major highways in England. The RIS provides Highways England with funding certainty and an investment plan to implement. The agency is designed to operate at arm's-length, to operate and contract in its own right with a funding stream insulated from short term change, while leaving government responsible for the overall strategic direction.
- Roads Fund. The UK Government will direct revenue from the recently reformed vehicle excise duty in England into the fund from 2020, which will deliver a substantial increase in roads spending. The fund will be set up in legislation.<sup>22</sup>

According to the UK Government:

Our aim is to create world class national roads infrastructure, supporting economic growth, through maintaining and improving the asset, improving resilience and reliability, reducing congestion and supporting broader, sustainable development and safety goals. This requires a world-leading delivery and operations company that delivers efficiency savings, a step change in the scale and speed of investment, a better service to customers and value for money to taxpayers.<sup>23</sup>

### Case Study: New Zealand

New Zealand already operates an example of a road fund, the National Land Transport Fund (NLTF). Revenue from fuel excise duty, road user charges, and motor vehicle registration and licensing fees are paid into the NLTF. Funding is then distributed through the National Land Transport Program (NLTP), which consists of the funds in the NLTF, local government rates for local transport provision, and specific government funding programs, such as for the accelerated delivery of regional highway projects or for natural disaster recovery.<sup>24</sup>

The NZ Government publishes the Government Policy Statement (GPS) on land transport, which sets what is to be achieved in land transport, how funding will be allocated between different activities, how much funding will be provided, and how the funding will be raised. The GPS does not however fund individual projects. The NZ Transport Agency then independently develops the NLTP, which must give effect to the GPS. Project level funding decisions are made independently as part of the NLTP, within the parameters set by the GPS. The GPS and NLTP are both traditionally set for a period of at least three years, providing certainty. The latest GPS is for a ten year period.<sup>25</sup>

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<sup>21</sup> UK Department for Transport, [Road Investment Strategy post 2020: planning ahead](#), March 2016, 1.

<sup>22</sup> UK HM Treasury, [Summer Budget 2015](#), July 2015, 56, 97.

<sup>23</sup> UK Department for Transport, [Case for creation of a new public body in place of the Highways Agency](#), April 2014, 9.

<sup>24</sup> NZ Transport Agency, [National Land Transport Programme 2015-18](#), 3.

<sup>25</sup> NZ Ministry of Transport, [Government Policy Statement on land transport 2018 Questions and Answers](#), February 2017.