



**AUSTRALIAN
LOGISTICS COUNCIL**

22 January 2016

The Hon Paul Fletcher MP
Minister for Major Projects, Territories and Local Government
Parliament House
Canberra ACT 2600

Heavy Vehicle Road Reform

Dear Paul

I refer to your 2 December 2015 Ministerial Statement on Road Pricing and your stated desire to work with industry to understand the possible implications of road funding reform.

The Australian Logistics Council (ALC) would welcome the opportunity to participate in an industry roundtable that could be tasked with identifying potential opportunities and challenges associated with heavy vehicle road reform.

As you are aware, ALC is the peak national body representing the major and national companies participating in the freight logistics industry.

ALC supports the need for reform in this area to improve supply chain efficiency and we therefore welcome the Government's commitment to progress this important reform. ALC believes there is merit in engaging in a wide ranging public debate involving government, industry and the community to ensure road funding reform proposals improve supply chain efficiency against the backdrop of an increasing freight task.

For your information, please see below a set of high level principles ALC has developed to progress the debate and which could be used as a basis for further discussions within the proposed roundtable.

In the context of the 2016 Budget process, the draft ALC Budget Submission has supported the inclusion of senior Treasury officials in the reform process. We would therefore suggest it could be opportune to invite Treasury to participate in the proposed roundtable.

One of the matters ALC would also look forward to the roundtable addressing is the use of mandatory telematics in heavy vehicles to collect data that could be used for both road pricing and safety purposes. ALC supports the use of telematics in heavy vehicles and we noted with interest your comments on this matter in your Ministerial Statement.

Please contact me on 0418 627 995 or at Michael.kilgariff@austlogistics.com.au should you wish to discuss this matter further.

Yours sincerely

MICHAEL KILGARIFF
Managing Director

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ALC PRINCIPLES – ROAD REFORM

1. So as to promote:
 - a) improvements in the efficient movement of freight and in national productivity;
 - b) effective planning and coordination across all levels of government;
 - c) transparency of planning, funding and charges for heavy vehicle road services;
 - d) accountability for efficient delivery of heavy vehicle road services by road providers;
 - e) certainty about the amount of revenue road providers will receive for delivering heavy vehicle road services,

ALC supports the introduction of mass distance location charging of vehicles on roads of national significance.
2. Reforms dealing with both supply (infrastructure provision/investment) and demand (pricing) for road freight and associated transport infrastructure, should be developed together, although pricing reform could be subject to a transition period.
3. Prices should be set to generate expected revenue for the provision of services at the level that recovers:
 - a) the efficient cost of providing access to the regulated service;
 - b) a return on investment commensurate with the regulatory and commercial risks involved; and
 - c) depreciation,

by an independent third party utilising a build block utility model incorporating a properly constructed regulated asset base.
4. Funds that are collected are actually invested in the infrastructure used by the vehicle (that is, the revenue 'follows the freight') and not diverted into consolidated revenue for use in other purposes, through the full hypothecation of funds to any road fund identified for the purposes of funding the infrastructure.
5. Heavy vehicle charges are not be used to fund the cost of providing light vehicle and community service obligation related aspects of road infrastructure – that is, investments must be commercially viable for the heavy vehicle industry or will need to be funded out of consolidated revenue.
6. Infrastructure provision should be based on the development of road infrastructure plans and service standards that are:
 - a) consistent with commercial principles;
 - b) responsive to the current and future requirements of heavy vehicle users, including links to intermodal facilities, ports, airport and other significant freight infrastructure;
 - c) developed after full negotiation with industry, and
 - d) clearly reported to the industry and the community.