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Land Transport Market Reform Steering Committee Secretariat
Department of Infrastructure, Transport, Regional Development & Communications
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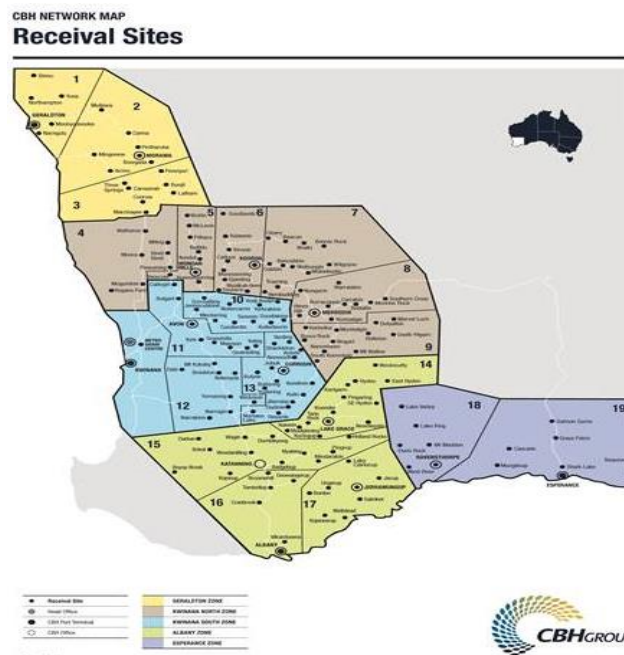
Submitted via – HVRR@infrastructure.gov.au

Heavy Vehicle Road Reform – Consultation Paper

1. The purpose of this letter is to provide feedback from Co-operative Bulk Handling Limited (**CBH**) in response to the Heavy Vehicle Road Reform Consultation Paper released in September 2020 (**Consultation Paper**) by the Department of Infrastructure, Transport, Regional Development & Communications (**Department**) to assist its consultation on proposed changes to the way heavy vehicle charges are set and invested.

Background – CBH and the WA grains industry

2. CBH is Australia's largest co-operative, which is owned and controlled by nearly 3,900 Western Australian grain growers. As a co-operative, CBH's core purpose is to create and return value to its WA grower members, both current and future.
3. The WA grains industry is the largest agricultural sector in WA and the 4th largest export industry overall, with CBH's grain grower members producing an average of about 15 million tonnes per annum – about 40-50% of the entire Australian grain production – and contributing approximately \$4 billion to the WA economy and regional communities every year.
4. CBH – as the bulk handler and supply chain operator for the vast majority of the WA grains industry – operates a large and complex grain supply chain in regional WA comprising road, rail and port infrastructure and approximately 150 upcountry receival points over a land area almost the size of Victoria.



5. Unlike the Eastern States, the vast majority of grain produced by WA growers (approximately 90%) is exported to international markets, primarily to South East and North Asia (31% and 25%, respectively). Australian grain exporters are price-takers in these international markets.
6. CBH consistently provides an efficient and low-cost grain export supply chain, which the majority of growers and exporters in WA choose to use to export their grain to these international markets.
7. However, despite all these efficiencies and natural advantages, the international competitiveness of WA growers is currently under significant threat, primarily because of the relatively recent rise in supply of grain from alternative origins like the Black Sea region (which includes Russia and Ukraine).
8. Even small increases in costs, whether pre- or post-farm gate, may shift international customers to alternate grain suppliers, like the Black Sea, leading to potential loss of profitability and therefore lower export earnings for WA.
9. More broadly, it is therefore crucial that domestic settings are appropriate – including appropriate infrastructure policy decisions – to ensure that there is downward pressure on WA grain production and supply chain costs.

Responding to the Consultation Paper

10. With an average of about 40% of the annual WA harvest being transported via road (~6 million tonnes per year), open access to road transport infrastructure is vital to allow for the efficient transport of both harvested grain, and farm inputs (fertiliser, fuel etc).
11. The multi-user road network in the WA grain belt (managed by the State and Local Governments) is therefore a vital transport asset that CBH and growers utilise as part of their grain supply chain.
12. As it relates to the Consultation Paper, CBH notes that it is primarily a user of road transport services, contracting various road contractors to cart grain from CBH receival points across the WA grain supply chain (for example, to a port or to another CBH receival point).¹
13. Given this context, CBH has limited its feedback to providing its broad views on the proposed changes outlined in the Consultation Paper, and only addressing those specific questions that are relevant to CBH's operations in WA.
14. As a statement of general principle, CBH agrees with the Consultation Paper that the current system for setting heavy vehicle charges and investing the funds raised can be improved. In particular, CBH is supportive of the proposed investment focus on road maintenance (as opposed to new road construction) as it is widely recognised across the State that the condition of the regional road network is in decline. Relevantly, CBH notes that in a 2017 report the WA Auditor-General identified that WA was facing an \$845 million road maintenance backlog.²
15. However, before considering any changes to the current arrangements, in CBH's view, structural changes to the current road funding model are required and should be pursued.
16. For example, CBH notes that currently WA receives significantly less fuel excise return from the Federal Government than what the Federal Government receives from Western Australian motorists.³

¹ Noting that CBH's WA grain grower members also use their own trucks, or their own transporter, to deliver grain from their farms to a CBH receival point.

² <https://audit.wa.gov.au/reports-and-publications/reports/maintaining-state-road-network-follow-audit/audit-conclusion/>.

³ The pipelines between revenue and expenditure are complex, but it is clear that the current funding model is imbalanced. For instance, in March 2020, RAC WA commissioned a report by ACIL Allen which revealed that the majority of the revenue collected by the Federal Government from WA motorists is retained in its Consolidated Revenue, and that for every dollar collected by the Federal Government it is estimated that only \$0.41 will be returned to directly benefit WA motorists in 2019-20: <https://www-cdn.rac.com.au/-/media/files/rac-website/about-rac/public-policy/motorist-taxation->

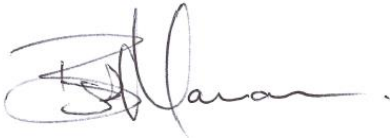
17. If that imbalance were addressed first, then that would logically decrease the amount of heavy vehicle charges required from users. In other words, it is equally important that efforts are made to increase the size of the funding pool from which those funds are allocated, instead of just focussing on allocating what is currently being received more efficiently.
18. Further, it is not clear to CBH from the Consultation Paper if the proposed new heavy vehicle charges are intended to replace or decrease current charges (i.e. fuel excise, vehicle registration etc) or are meant to be in addition to those existing charges. To be clear, CBH and its members could only support new charges if there was a corresponding decrease in existing charges and/or an equivalent increase in road capacity and productivity.
19. In relation to the balance of the Consultation Paper, CBH makes the following observations:
 - a. Any new system of price setting and oversight must be fair, transparent and independent;
 - b. Wherever possible, revenue raised from heavy vehicle usage should be reinvested into key road supply chain infrastructure, recognising the additional revenue that flows to Government by transport dependent industries (such as agriculture and grain);
 - c. The setting of Service Level Standards for some roads may be complex, given that many regional roads are often very long (with differing existing service levels along the route), may only be used by road users along certain parts of a route, traverse multiple Local Government areas, are multi-use, and are often used on a seasonal basis (and may not be used at all, or infrequently, during low seasons, or through certain parts of the year). Clearly, these factors would need to be properly accounted for in development of the Service Level Standards;
 - d. Any additional charges, if applied, should assist in driving productivity and/or efficiency gains in the road transport task, such as higher Restricted Access Vehicle (RAV) ratings or access to Performance Based Standards (PBS) vehicles;
 - e. There should be a recognition that the application of any new road user charge has the potential to provide rail operators (particularly operators of below rail infrastructure) with an opportunity to increase access fees to match road rates that become subject to the impost of new road user charges; and
 - f. Care should be taken that key export industries such as grain are not rendered uncompetitive with other international origins of grain supply because of revenue raised from heavy vehicle haulage.
20. Finally, CBH notes the significant safety and productivity efficiencies that have been gained at the local WA level which will need to be retained and, to the extent necessary, taken into account in the development of any new heavy vehicle charges system. For example:
 - a. Heavy haulage vehicle combinations differ between NHVR States (such as SA, NSW, and Vic) and WA. East Coast combinations brought across to operate in WA during harvest are often tandem axle trailers/dollies - 26 meters in length. These combinations often have a restricted gross combined mass (**GCM**) based on the State of registration. When compared to Western Australia:
 - i. Tri axle configurations customary in WA utilise 27.5m combinations (up from the national, 26m);
 - ii. WA's Restricted Access Vehicle (**RAV**) 3 + 4 combinations are not classed as NHVR, Common Heavy Freight Vehicle Configurations due to combination length;

[revenue-and-spending-in-western-australia-march.pdf?la=en&modified=20200807050731&hash=E543E4029FC809276754B5484A71B4673421E9F3&_ga=2.230303836.1785657523.1603263378-637696931.1603263378](#). It is also worth noting that a fuel excise penalises individuals who live in areas with poor transport options, including those in regional areas like CBH members, who have little choice but to drive long distances to access jobs and services.

- iii. WA Tri-drive combinations do not feature in NHVR; and
 - iv. NHVR does not recognise or support the Western Australian Accredited, Accepted Mass Management Scheme, Level 3 equivalent mass (highest NHVR mass is CML = AMMS level 2).
- b. Differing fatigue management requirements and chain of responsibility regulations:
- i. Fatigue management under the NHVR is an element of the accreditation, managed by NHVR regimes. In Western Australia, fatigue management is an element within Main Roads WA HVA (managed by WorkSafe WA). This means that unlike the NHVR, Western Australia has a multi-party (MRWA/ WA Police/ WorkSafe WA) approach to elements of the MRWA HVA Accreditation;
 - ii. By contrast, the NHVR is overseen by one regulator with the power to enforce all elements of the NHVR Accreditation.
- c. In collaboration with Main Roads WA and WA Local Governments, Western Australia's Accredited Concessional Mass System provides for increased combination lengths (longer than East Coast combinations) and more flexible road access arrangements.
- d. Similarly, the Harvest Mass Management Scheme (**HMMS**) has been developed to assist the grain industry with the difficulties of loading grain from a paddock.⁴

21. We appreciate the opportunity to provide feedback on the Consultation Paper and ask you to contact our Government & Industry Relations Manager, Mr David Paton, at david.paton@cbh.com.au should there be anything further you require.

Yours sincerely



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Ben Macnamara
Chief Operations Officer

⁴ The HMMS is not a concessional loading scheme. A Transport Operator is expected to aim for statutory mass limits when loading their vehicles. However, given there are no weighing facilities on paddocks and the known variations in grain densities, the HMMS allows for a margin of error during the loading process. With the assistance of the grain receiver (such as CBH), the loads can be adjusted for the next delivery which eliminates serious overloads and works toward achieving fully compliant loading practices for the remainder of the harvest season. The scheme commences each year between the first day of October and finishes on the last day of February. To join HMMS, operators are required to register with the relevant grain receiver.