

12 July 2017

Land Transport Market Reform Branch
Department of Infrastructure and Regional Development
GPO Box 594
Canberra City ACT 2601

By email

Dear Sir/Madam

Land transport market reform - independent price regulation of heavy vehicle charges

GrainGrowers welcomes the opportunity to respond to the discussion paper on land transport market reform released in May 2017. This response has been developed in consultation with the GrainGrowers National Policy Group (NPG). Our NPG consists of up to fifteen elected grower members from across Australia and provides a grassroots basis for GrainGrowers policy priorities and direction setting. GrainGrowers has also provided input to the National Farmers' Federation (NFF) and supports their submission to this process.

GrainGrowers is a national grain grower representative organisation with 17,500 members across all of the major production zones in Australia. Our aim is to build a more efficient, sustainable and profitable grain production sector that benefits all Australia grain growers and the wider grains industry. The Australian grains sector is one of the most important agricultural contributors to the Australian economy with a gross value of \$10.8 billion for 2016. There is a significant freight task associated with moving, on average, 45 million tonnes of grain produced each year to market and this involves transport by both road and rail to domestic markets and ports for export.

Most grain farmers pay, either directly or indirectly, the freight cost from farm to market and these costs represent a significant proportion of total costs. Therefore the need to establish a fair and transparent pricing mechanism is important as this will impact directly on road freight costs and road investment and maintenance. Equally as critical is the need to ensure that road planning, regulation and investment is undertaken in a coordinated manner and within a national strategic framework, and is directly underpinned by appropriate road pricing. To this end, GrainGrowers supports in principle the need for an economic regulator to establish and monitor service levels, road quality and performance, to determine community service obligations, to ensure only appropriate expenditures flows through to user charges, and to evaluate investments.

Furthermore, broader road user reform should be considered and this is particularly important in light of the national freight and supply chain priorities initiative which is currently underway within your Department. It is imperative that these two critical areas are integrated to facilitate real improvements in the supply chain from a strategic, management and operational perspective.

GrainGrowers supports the following principles, developed by NFF, in relation to heavy vehicle pricing, road user charging:

- The introduction of independent price regulation for road use by heavy vehicles is an important first step in establishing a full direct road user charging system.
- Universal service obligations must be an integral part of any road user scheme.
- Fuel excise and vehicle registrations combined with heavy vehicle user charging based on historical expenditure is increasingly becoming outdated as a way to fund the road network necessary to enable movement of a growing freight task.
- Independent price regulation should be pursued, with all revenue raised hypothecated to road construction, maintenance and operation.
- A nationally consistent set of principles for setting heavy vehicle road user charges should be implemented – although this does not mean uniform national pricing.
- Different prices should be set for metropolitan and regional roads and for use at different times.
- Direct road user charges should replace registrations and fuel excise – they should not be imposed over and above existing transport charges.
- With a view to transitioning to full economic regulation (pricing and determining efficient investment) the ACCC has the expertise and experience necessary to administer nationally consistent price regulation.
- A similar set up to the electricity market, with separate bodies to set prices/determine efficient investment and make pricing applications, could work well.

For further information on this matter, please feel free to contact GrainGrowers National Policy Manager, Fiona McCredie on (02) 9286 2000 or by email (fiona.mccredie@graingrowers.com.au).

Kind regards



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