NTC AUSTRALIA
National Transport Commission

28 July 2017

Committee Secretariat
Standing Committee on Infrastructure, Transport and Cities
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Secretary,

Inquiry into the Australian Government's role in the development of cities

I am writing in relation to the subcommittee Inquiry on *Sustainability transitions in existing cities*. Specifically, I would like to address one term of reference relative to the National Transport Commission (NTC) namely:

- Considering what regulation and barriers exist that the Commonwealth could influence, and opportunities to cut red tape.

There are three issues where the NTC has an understanding that could be relevant to the Inquiry:

- a model for nationally consistent regulation of state and territory matters, with input from the Commonwealth;
- Commonwealth government's role relating to the movement of freight in cities, particularly to and from ports; and
- road funding and charges.

Model for nationally consistent regulation of state and territory matters

The NTC is a statutory agency established under the *National Transport Commission Act 2003* (Commonwealth). Additionally, the NTC is subject to an Intergovernmental Agreement and Council of Australian Government (COAG) institutional arrangements. As a result, the NTC has responsibility to, and oversight from, the Commonwealth and all state and self-governing territory governments and the Australian Local Government Association (ALGA).

The NTC has a mandate to develop, maintain and monitor agreed national land transport reforms. The *Inter-Governmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport* requires the NTC to recommend reforms that promote land transport productivity and regulatory efficiency.

The NTC Act and the Intergovernmental Agreement provide a mechanism to develop and adopt nationally consistent laws for land transport matters that are not the responsibility of the Commonwealth.

In recent years, reforms proposed by the NTC and accepted by government have included:

- Alignment of the regulations for transporting limited quantities of dangerous goods in Australia with the United Nations Recommendations on the Transport of Dangerous Goods – Model Regulations which has increased productivity by $25 million per annum with no reduction in safety;
- Changes to national laws relating to improving the roadworthiness of heavy vehicles which, when fully implemented, are expected to deliver at least $2.3 billion worth of benefits to productivity due to reduced congestion and at least $570 million worth of benefits to safety due to fewer crashes over 10 years; and
- Changes to road access to allow more efficient vehicles automatic access to the road network that would result in:
    - productivity gains of up to $1.5 billon per annum
    - 5000 fewer rigid vehicles and 1700 fewer B-doubles being required to meet the current freight task
    - between 11% and 42% more goods carried by larger capacity vehicles which also have a 46% lower crash rate and emit fewer noxious gases per tonne of freight.

The Committee may wish to consider if a similar model could be applied for planning regulation in Australia.

Commonwealth government's role relating to the movement of freight in cities, particularly to and from ports

Changes in the economy and consumption patterns have contributed to significant changes in freight flows in Australian cities. Over 30% of the freight moved on Australian roads moves within capital cities and urban areas, while 18-19% of freight on roads moves between capital cities. One driver of this change is the increasing reliance on goods manufactured overseas which are imported via our major ports located in metropolitan areas. This creates two opportunities for Commonwealth intervention in cities.

First, we should consider ways to ensure that residential development close to ports, or increasing expectations of amenity for residential and employment centres near functioning ports, do not impair freight movements. Ports import materials that are increasingly being consumed by the city that they directly service. Australian Bureau of Statistics figures indicate that the overwhelming majority of freight is destined for within 50 kilometres of the port at which it arrived.

In its working paper, *Possible contents of a national freight and supply chain strategy – An industry view*, the Australian Logistics Council quotes the experience of Marika Calfas in managing urban encroachment issues as part of her role as Chief Executive Officer of NSW Ports. NSW Ports manages two ports, including Port Botany and two intermodal logistics terminals. Port Botany currently handles 2.3 million TEU per year. Port Botany is experiencing a growth rate of 4.5 percent and has the potential to become Australia's busiest container port in the next 30 years.

Second, Infrastructure Victoria has stated that urban development is likely to hinder capacity enhancement within the existing Port of Melbourne and that the amenity impacts need to be managed to ensure the Port's social licence to operate continues. Infrastructure Victoria has noted that measures that could assist in managing amenity include:

- noise and emission standards for freight vehicles; and
- the designation of key road corridors for port related vehicles.

The Committee may wish to consider these two areas further as areas for Commonwealth involvement in urban planning.

In the NTC's response to the *National Inquiry into Freight and Supply Chain Strategies*, we have suggested consideration be given to whether there is a need to provide national guidance for local planning authorities to establish appropriate governance arrangements. These could be aimed at considering the needs of passenger and freight movements strategically, ensuring their local land use plans support these needs and that they coordinate with adjoining planning authorities along freight routes.

Road funding and charges

I note that one of the other submitters to this *Inquiry into the Australian Government's role in the development of cities* has commented on road funding and heavy vehicle charges, and on road charges in general. There are two matters that may be relevant to this issue.

First, the Commonwealth Government is reviewing the way heavy vehicles are charged for their use of roads. The NTC is assisting with this process by developing a prototype forward looking cost base (or building blocks) model for road charging and funding.

Second, in 2015, the NTC commissioned work on projected future road transport revenues. This showed that there is likely to be a continuing decline in fuel excise revenue due to improvements in fuel efficiency and increased adoption of zero or lower excise rate alternative fuels. As a result, fuel excise revenue is projected to drop from $8.5 billion per year in 2012 to just $3 billion in 2050.

The Commonwealth is aware of the potential revenue drop. *The Australian Government's Response to Infrastructure Australia's Australian Infrastructure Plan* notes that the Commonwealth is progressing work to investigate the benefits, costs and potential next steps of options to introduce cost-reflective road pricing for all vehicles.

If you would like more information, please contact the Chief Operating Officer, Dr Geoff Allan on 03 9236 5016.

Yours sincerely,

Paul Retter AM
Chief Executive & Commissioner

cc Mike Mrdak, Secretary, Department of Infrastructure and Regional Development