

Road Transport Senate Enquiry

SUBMISSION

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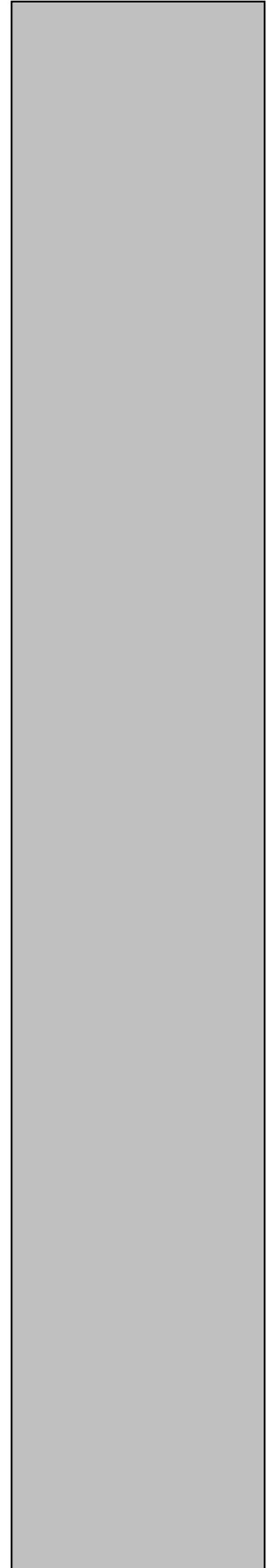


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a. the importance of an enforceable minimum award rate and sustainable standards and conditions for all stakeholders in the road transport industry

To be fair to all stakeholders it is important that all employees be paid award rates or above.

There should not be an enforceable minimum award rate for services provided by road transport operators or subcontractors. i.e. non employees

The Road Safety Remuneration Tribunal “RSRT” was well-meaning but ill conceived. It was a mistake to endeavour to impose a minimum rate on suppliers of road transport services. The almost start of the RSRT had a huge negative impact on the industry. If it had commenced, it would have caused substantial disruption, unfairness and dislocation to the supply chain.

Some businesses would have collapsed.

Employees would have lost jobs.

Australia is a capitalist society with strong industrial awards providing fair remuneration to employees.

Imposing minimum rates “selling prices” on road transport operators and subcontractors contradicts the free market which has served Australia well. Any attempt to impose minimum rates (i.e. fixing selling prices) on road transport operators or sub-contractors would disrupt and damage the industry.

It would also set a bad precedent.

Reintroducing the RSRT or anything similar would create havoc, disrupt supply chains and destroy businesses.

An RSRT should not be reintroduced.

b. the development and maintenance of road transport infrastructure to ensure a safe and efficient road transport industry;

The present Federal Budget includes substantial expenditure on road transport infrastructure.

c. the regulatory impact, including the appropriateness, relevance and adequacy of the legislative framework, on all stakeholders in the road transport industry;

The regulatory impact is substantial.

Each federal body should be requested to identify ways to reduce the regulatory burden without reducing working conditions or safety.

Each body should be required to report annually on:

1. what they have identified to reduce
2. what they have reduced
3. feedback on reductions implemented
4. plan to reduce over the next year

d. the training and career pathways to support, develop and sustain the road transport industry;

The training and career pathways to support, develop and sustain the road transport industry are generally ad hoc in Australia.

They vary from very good to non-existent.

The industry should be encouraged via existing bodies to foster training and career pathways.

The federal government should encourage all transport industry operators and subcontractors to ***join an industry association***. Either national, state or specialist association.

The federal government should encourage associations to deliver a range of training and career development programs to members and non-members.

Training can be by commercial trainers/coaches/mentors and by existing state government programs such as those delivered by Business Victoria.

e. the social and economic impact of road-related injury, trauma and death;

The cost is huge; unacceptable in Australia, a first world country.

Firstly, an example of how to try to reduce the toll would be for the federal government to encourage the Victorian government to investigate why the road toll in Victoria has risen dramatically.

It should ask:

1. What it believes to be the causes
2. What actions are planned to reduce the toll

Secondly:

Driver training standards in Australia are inadequate. Accredited training providers, under the current licensing regime have a choice between commercial success or delivering quality trained drivers.

The current licensing threshold is too low.

The market offers insufficient behind the wheel training.

States should require minimum behind the wheel times to ensure new drivers are properly trained.

f. efficient cost-recovery measures for industry stakeholders, including subcontractors;

While “cost recovery” is commonly used in the road transport industry it is an inappropriate term.

It is an example of the lack of industry professionalism and commerciality.

A demonstration of insufficient business “nous”.

There are still low barriers to entry to the road transport industry. Many couriers and subcontractors are price takers. They are unable to set their selling prices (rates).

Also, it is not uncommon for a diesel mechanic to set up a transport business and grow to become a substantial employer. However, many transport operators do not understand profitability by customer. Thus, they cannot take corrective action on loss incurring customers.

They do not understand “Pareto”. 20% of customers generate 80% of profits, 20% of customers are low profit or loss incurring etc.

The bottom 20% of operators stumble along and if they survive, get a low price when they exit the industry. Many operators work hard, many operate a relatively unprofessional business and are thus more likely to collapse or be forced to sell out for a low sale price.

Businesses do not exist to recover costs.

They are in business to make a profit.

Business owners and their people should also enjoy what they do.

The federal government should encourage the industry, via industry associations, to deliver comprehensive training on all the skills required to run a successful, safe, consistently profitable, business.

g. the impact of new technologies and advancements in freight distribution, vehicle design, road safety and alternative fuels;

The impact is substantial.

The federal government, through industry bodies, should, *generally speaking*, encourage the uptake of new technology.

Australia's road transport industry fleet is old. According to the Australian Bureau of Statistics the average age of vehicles above 4.5t GVM was 14.9 years and getting older.

The federal government, via industry associations, should encourage a faster uptake of new, more efficient, safer vehicles.

Examples should be given of how, through lower maintenance costs and better fuel consumption the purchase of a new vehicle can often be self-funding. New Euro 6 compliant vehicles should be encouraged

An area of technology and business evolution the federal government should **discourage** is the "click and collect" mentality delivering to residential addresses.

The delivery of single parcels to residential addresses should be discouraged. That is an inefficient, expensive use of vehicles and adds to traffic congestion.

The couriers and drivers involved are often poorly remunerated.

The federal government should encourage the use of Australia Post and commercial post office box style locker systems at commercial premises such as service stations and supermarkets.

h. the importance of establishing a formal consultative relationship between the road transport industry and all levels of government in Australia;

This is important and there should be a regular, structured process of consultation via industry bodies.

i. and other related matters.

Reverse factoring has been introduced into some parts of the road transport industry and other areas of Australia.

It is an abuse of market power.

A master slave relationship.

It should be stopped by the Australian Competition and Consumer Commission.

If necessary, the government should legislate to stop the practice.

For example, if a transport operator renders invoices on thirty-day terms during a month, totalling \$100,000 that sum should be paid at the end of the following month.

What presently happens to some operators is a statement, from their customer, “we pay sixty or ninety days but we will introduce you to a funder who will pay you in thirty days.”

The funder of course requires a fee so the operator receives a lower amount. That is, forced to give a discount.

It is unfair and is done because the buyer of the transport service has excessive market power.

The buyer does it because it can.

The practice is blatantly unfair.

It should be made illegal in Australia.