

23 August 2018

Marsden Jacob Associates
hvrr@marsdenjacob.com.au

Dear Marsden Jacob Associates

SUBMISSION: REGULATORY IMPACT STATEMENT - HEAVY VEHICLE ROAD REFORM PHASE TWO

Cement Concrete & Aggregates Australia (CCA) thanks Marsden Jacob Associates and the Department of Infrastructure, Regional Development and Cities for the opportunity to comment on the regulatory impact statement for phase two of the Heavy Vehicle Road Reform.

CCA is the peak body for the \$15 billion heavy construction materials industry in Australia, comprising of hard rock quarries, sand and gravel extraction sites, cement production and distribution facilities and concrete batching plants. We have over 90 members, accounting for 90% of total industry output and employing 30,000 Australians directly.

THE MOVEMENT OF HEAVY CONSTRUCTION MATERIALS

Heavy construction materials play a vital role in delivering the infrastructure required to support Australia's population and economic growth. In 2017, the industry delivered over 200 million tonnes of aggregates, 29 million cubic meters of concrete and 12.5 million tonnes of cement. Put another way, Australian's annually consume 8 tonnes of aggregates per person per year to build our roads, railways, bridges, airports, homes and hospitals.

The heavy construction materials industry is a significant freight user. Our members operate a fleet of some 6,500 concrete agitators, 2,500 quarry truck and dogs, and 1,200 cement tankers nationally, making us one of the largest logistics industries in Australia. The Australian Bureau of Statistics, Road Freight Movements Australia (2014) found that 29% of total tonnes carried by road in Australia are comprised of movements of sand, stone, gravel, cement and concrete, equating to 12% of total tonne-kilometres carried.

HIGH LEVEL PRINCIPLES

Throughout the numerous submissions on heavy vehicle road reform, CCA has consistently advocated a set of high level principals that should be factored into a suitable heavy vehicle charging regime.

1. The Heavy Construction Materials Industry supports a strong and consistent pipeline of infrastructure projects that supports a productive and efficient Australian economy
2. CCA recognises that the road freight industry is a significant user of the road network and accepts that as such the industry should pay a fair, but not disproportionate, contribution to service the road network
3. Any reform package must however, take into account the vital role the road freight industry plays in building our economy and communities. Disproportionate charging will result in downstream impacts on goods and services

4. More specifically, heavy construction materials are an essential component in the infrastructure delivery chain, increased road user charges will impact directly on our industries' ability to deliver affordable construction materials for infrastructure projects
5. In general, CCAA supports road pricing reform that facilitates an efficient road network, is not overly burdensome for industry and effectively accounts for on and off road usage
6. Supports the linking of road user charges to road expenditure, requiring revenue recovered through road users be ear marked for investment back into the road network, provided that:
 - a. there is a clear and transparent link between funds raised and investments made based on clear priorities
 - b. it should not be simply a revenue-raising exercise for Government and not result in "double dipping" or cross subsidisation
7. Supports the Mass-Distance-Location model for heavy vehicles provided that:
 - a. the system on which the model is based can accurately account for the mass, distance and location of heavy vehicles
 - b. it does not result in undue administrative burden for the heavy vehicle sector
 - c. concerns regarding storage and protection of commercially sensitive data are addressed effectively
8. Road charging reforms for the heavy vehicle sector must be accompanied with or followed by similar reforms for light vehicles.

KEY ISSUES

As per numerous previous submissions on this issue, CCAA believes that the establishment of an independent price regulator, such as the ACCC, is critical for this reform and that a forward looking cost base would provide a better funding methodology. Given that these issues are the basis for this current consultation, the principles in our previous submissions stand. We now expect Government to make a decision that implements this phase, and begin discussions on end state.

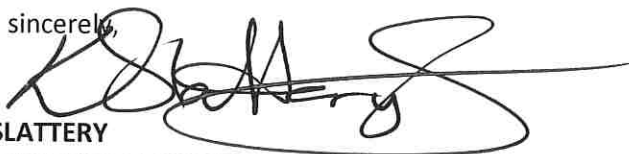
Therefore, we are not going to make any substantive comments on the consultation paper. This is because it does not ask anything new, rather it asks a set of hypothetical questions that do not help to move this reform process forward. While we appreciate the opportunity to engage in this reform process, we need more definitive content to comment on if we are to add value.

The real decision point at this stage of the process is for State and Federal governments to commit to end state, and agree that ACCC will be the independent price regulator with greater authority that is currently given to the NTC. At this decision point, we would welcome the opportunity to comment on how prices are set, and how expenditure is spent (including critical issues such as hypothecation).

NEXT STEPS

CCAA and the heavy construction materials industry are keen to continue engaging in heavy vehicle road reform, and we hope that the next phase of consultation includes real options to discuss.

Yours sincerely,



KEN SLATTERY
CHIEF EXECUTIVE OFFICER
CEMENT CONCRETE & AGGREGATES AUSTRALIA