



27 June 2019

Productivity Commission
LB2 Collins Street East
Melbourne VIC 8003
Email: www.pc.gov.au/transport

Gas Energy Australia response to National Transport Regulatory Reform Issues Paper

Dear Sir/Madam

Gas Energy Australia (GEA) is pleased to make a submission responding to the Productivity Commission's National Transport Regulatory Reform Issues Paper dated May 2019.

GEA is the national peak body which represents the bulk of the downstream gaseous fuels industry which covers Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). The industry comprises major companies and small to medium businesses in the gaseous fuels supply chain; refiners, fuel marketers, equipment manufacturers, LPG vehicle converters, consultants and other providers of services to the industry.

Gaseous fuels transported in tanks is a significant source of energy in Australia, providing energy for homes and businesses and fuel to power vehicles. This energy transits national freight infrastructure and can do so multiple times, especially in the case of LPG, before it reaches consumers travelling from production facilities to supply terminals, then regional depots to the consumer installation. It is worth noting the volume and worth of this trade to gain an insight into our industries drive for national transport regulation. To place this in context and just looking at the LPG sector, Australians consumed 1,178 kilotonnes of LPG in 2018 and this was delivered through Australia's freight network. In wholesale prices, this represents over \$½ billion dollars of raw energy. While some gas is transported via rail and sea the vast majority is delivered by road transport. This figure does not include CNG and LNG fuel volumes which are point to point delivery systems (i.e. from a compressor station/liquefaction plant to the end user) and are a vital source of energy for remote mining operations.

GEA notes that the Commission been asked to investigate the long-run benefits of COAG's transport regulatory reform agenda, examine the implementation and development of the national regulators and the extent to which the objectives of the agenda have been achieved and identify opportunities to further integrate and harmonise the national freight market and the current focus and remit of the three national regulators.

GEA fully supports a national system and recommends the following priorities for consideration in COAG's transport regulatory reform agenda.

- A national system must be a national system,
- Derogation and inconsistent application of national law by states and territories, which continue to impose unnecessary costs on businesses and consumers, require reform.
- A truly national system of road transport regulations must include harmonisation of state and territory regulations covering all aspects of freight regulation, including licensing and dangerous goods.
- Integration and harmonisation of national road transport regulations must include infrastructure and planning.

GEA offers the following in support of these priorities.

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A national system must be a national system

LPG, which is propane, butane or a combination of these gases, is sourced mostly through separation plants from Australia's gas fields and to lesser extent from Australia's four remaining refineries where it is a product of refining crude oil. There are a series of marine and regional terminals located across Australia which support the LPG distribution network and maintain supply to industry, domestic and automotive outlets supply industry and provide access to Australia's internal freight network, which is predominately based on the road network which also links several LNG plants supplying the domestic market.

Product from the major freight hubs is distributed across Australia and distribution methodologies vary between suppliers. Gaseous fuel suppliers use key supply points such as Port Botany, Kwinana and Otway as hubs to delivery via road transport across state borders while some use marine terminals, which are shown in Figure 1 below. All major gas distributors, which include GEA members BOC, BP, Caltex, Elgas, Kleenheat, Origin and Supagas, operate a variety of heavy vehicles as shown in Figure 2 below that cross state and territory borders.

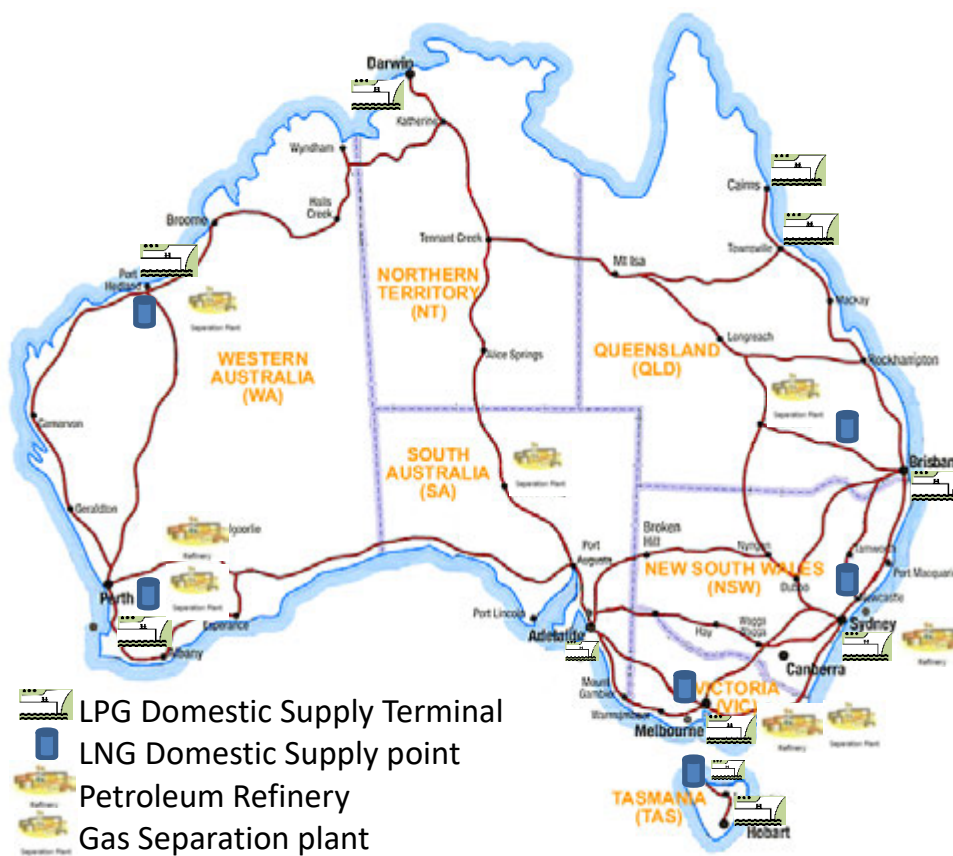


Figure 1 –Major LPG and LNG supply infrastructure



Figure 2 –Road train, Semi-trailer, Bobtail and Cylinder delivery truck highlights the diverse range of vehicles in the distribution system

A national approach is vital to the gaseous fuels industry and GEA supports a national system that includes all states and territories not derogating national law or inconsistently applying it.

Derogation and inconsistent application of national law by states and territories require reform

GEA directs the Productivity Commission to the recently published National Transport Commission (NTC) Issues Paper - A risk-based approach to regulating heavy vehicles March 2019 - Chapter 4 – The Problems.

The issues paper clearly identifies that the implementation for road transport has not been national and has not been down to a level that truly harmonises state and territory systems. “The HVNL is not applied uniformly across Australia. Over half of Australia (by area) has not applied the HVNL, and every participating jurisdiction has derogated.”¹

An example which highlights the need for harmonisation of state and territory regulations involves a heavy vehicle (LPG Bobtail tanker) travelling from NSW to a workshop in Queensland for a 3-week overhaul. An oncoming vehicle threw a stone which cracked the windscreen. The vehicle was shortly thereafter stopped by a roadside inspection and an NSW infringement notice issued requiring the defect to be cleared within 2 weeks. The workshop in Queensland that was conducting the overhaul was not able to clear an infringement issued in NSW. The vehicle owner had to postpone the overhaul and clear the defect with an NSW authorised repairer. This had a monetary cost of approximately 2-man days plus vehicle costs, incurred in clearing a defect with respect to jurisdictional requirements before it could commence its overhaul and highlights the need for cross border recognition and consistency in application. This is vital so national operators can efficiently manage their fleets through their network of service providers.

A truly national system of road transport regulations must include harmonisation of state and territory regulations covering all aspects of freight regulation, including licensing and dangerous goods

In relation to our industry which transports dangerous goods, GEA notes the Australian Code for the Transport of Dangerous Goods by Road and Rail (the ADG Code) as applied by various state and territory laws includes risk controls mechanisms that contribute to a safe and efficient heavy vehicle journey carrying dangerous goods. The classification “Dangerous Goods (DG)” brings with it more legislative requirements which suffer from the same malaise as the HVNL in that DG law is not applied uniformly across Australia, and there are derogations. GEA considers there are opportunities to further integrate and harmonise the national freight market. As an example, a dangerous goods vehicle is covered by laws and regulations including;

- a safe driver – one who is well-trained, competent, fit for duty and alert when driving
 - Australian Road Rules (License)
 - NHVL (CoR requirements)
 - ADG Code (DG Licensing)
- a safe vehicle – one that is registered, roadworthy and safely loaded
 - Australian Design Rules (ADR)
 - NHVL (Load restraint, mass and dimensions)
 - ADG Code (calls up Australian Standards AS 2809 which requires both prime mover and trailer specific standards)
 - Workplace Health and Safety Laws
- a suitable route – one that minimises public safety risks and excessive impacts on road infrastructure (given a heavy vehicle’s mass and dimensions)
 - NHVL (routes and permits)
 - ADG Code (Route planning)
 - Workplace Health and Safety Laws, and
- an emergency response requirement
 - Transport Emergency Response plan (ADG Code)

The integration and transfer of gaseous fuels in the supply chain is well understood and managed by industry with Australian Standards in place covering the storage and handling of gases. Because the freight is categorised as

¹ [https://www.ntc.gov.au/Media/Reports/\(36FCC036-E3B4-F885-CBE5-CB9DF08E308D\).pdf](https://www.ntc.gov.au/Media/Reports/(36FCC036-E3B4-F885-CBE5-CB9DF08E308D).pdf)

a dangerous good, the vehicle is subject to the National Heavy Vehicle Law (NHVL), and the freight is subject to not only the requirements of the NHVL (load restraint) but also to the Australian DG (ADG) Code of Practice for the transport of dangerous goods by road or rail which is called up in regulation by states and territories.

While the NHVL includes national licensing, permits and registration, the addition of the ADG code of practice means a second layer of licensing, registration and permits. While states and territories have mutual recognition of DG licenses and registrations, permits are valid on a state by state basis.

There are two issues at play here. First, the additional permit requirements which have been addressed under the NHVL for general freight but not for DG. Second, the double jeopardy situation where a gas transporter could be penalised for the release of gas by a State Transport Regulator under NHVL load restraint laws and be penalised by the DG regulator for the same incident. GEA considers this is an opportunity to further integrate and harmonise the national freight market.

Integration and harmonisation of the national freight market must include infrastructure and planning

GEA further considers that planning and infrastructure are becoming a greater issue and needs to be part of a holistic conversation when discussing the national freight market and productivity. The safe passage of freight requires roads that are designed to allow access to all users and include supporting infrastructure to allow operators to meet the requirements of the NHVL Chain of Responsibility requirements including suitable rest areas and parking. For example, in the Port Botany area, there are no suitable rest areas for tankers in the Port, or on Foreshore Road (which has plenty of space each side). Drivers need to wait to access the M1 or M5 before they find suitable rest areas.

GEA offers the Tugun Tunnel as a case study that highlights not only cross-border flow of dangerous goods, but also the need to ensure infrastructure is open to all freight operators. The Tugun Tunnel precludes the carriage of:

- Dangerous goods class 1
- Dangerous goods class 2.1, and
- Dangerous goods: mixed class

This requires tankers transporting LPG to take an alternate route using the Gold Coast Highway as shown in Figure 3 below. The alternate route passes through commercial areas, with entrances to the John Flynn Hospital, Southern Cross University and the Gold Coast Airport. LPG tankers must navigate 5 traffic lights and 5 intersections.

While the alternate route is only 1km longer, the transit time increases to between 15 and 30 minutes depending on the time of day, compared to the 5 minute transit time using the Tugun Tunnel Bypass. Exclusion from the Tugun Tunnel Bypass requires one carrier's LPG tankers to transit the Gold Coast Highway 14 times per day and more during the winter period. Over 5,000 movements per year could have been avoided by one carrier alone with careful assessment of the public risk and appropriate design of the tunnel infrastructure.

In productivity terms, using an average travel time of 15 minutes more than of normal traffic, the Bypass requires drivers and tankers carrying dangerous goods to be on the road **1274** hours more than they would without the Tunnel exclusion.



Figure 3 - Tugun Tunnel Bypass

Conclusion

In summary, GEA fully supports a truly national system of road transport regulations and recommends the following priorities for consideration in the COAG's transport regulatory reform agenda.

- A national system must be a national system.
- Derogation and inconsistent application of national law by states and territories, which continue to impose unnecessary costs on businesses and consumers, require reform.
- A truly national system of road transport regulations must include harmonisation of state and territory regulations covering all aspects of freight regulation, including licensing and dangerous goods.
- Integration and harmonisation of national road transport regulations must include infrastructure and planning.

GEA welcomes the opportunity to further discuss this submission in relation to the transport of gaseous fuels.

For your consideration.

Yours sincerely

John Griffiths
Chief Executive Officer