



ENQ: Mr David Paton

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National Transport Productivity Commission
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Melbourne VIC 8003
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Productivity Commission - National Transport Regulatory Reform

This letter sets out the submission from Co-operative Bulk Handling Limited (**CBH**) in response to the Issues Paper released in May 2019 (**Issues Paper**) by the Productivity Commission (**Commission**) to assist its inquiry into National Transport Regulatory Reform (**Inquiry**).

Background – CBH

Established in 1933, CBH operates a large and complex supply chain in regional WA (comprising road, rail and port infrastructure), which currently receives and exports around 90 per cent of the 14.6 million tonne average annual WA grain harvest.

Owned and controlled by more than 4,000 Western Australian grain growers, CBH is Australia's largest exporter of grain, with a market share of approximately 30 per cent of aggregated bulk Australian grain exports.

In a typical year Deloitte Access Economics calculated that CBH and its grower members contribute almost \$3.5 billion in gross value-add to the WA economy.

Responding to the Issues Paper

As it relates to the Inquiry, CBH is primarily a user of transport services, contracting various road, rail and shipping providers to assist in the operation of its WA grain supply chain. As noted in the Issues Paper, in relation to the relevant Intergovernmental Agreements (**IGAs**), WA has not adopted the Heavy Vehicle IGA, but is a signatory to both the Rail and Commercial Vessel IGAs.

Given this context, CBH has limited its submission to addressing those "Requests for Information" outlined in the Issues Paper relevant to CBH's operations in WA.

Regulatory frameworks differ across modes

In receiving, storing, transporting and exporting grain, CBH engages with all three of the transport modalities referred to in the Issues Paper: from significant road and rail operations used to transport grain from up-country receival sites to port, to stevedoring services at the ports to load the grain onto export vessels.

This span of operations provides CBH with a relatively unique exposure to multiple transport regulatory regimes and regulators.

As a result of that experience, CBH makes the general observation that while efforts to ensure consistency of regulation and regulatory approach, within a transport mode, on a national level are commendable, efforts to ensure consistency *between* transport modes should also be considered.

For instance, this may include, where relevant and appropriate, reviewing the following:

- consistency of terminology between the various regulatory modalities – to promote administrative certainty;
- consistency of regulatory requirements between regulatory regimes – to ensure that a particular regulatory system or regulator is perceived as being more (or less) ‘onerous’ than another;
- a standardised approach for when one transport modality (for example rail) engages with another (maritime) – ensuring consistency between regulators (ONRSR v AMSA); and
- considering the practical implications of an organisation’s HSE system(s) needing to be adapted to meet multiple regulatory requirements across different modalities.

Effect of States and Territories not participating in national approach

As noted, WA is not currently a signatory to the Heavy Vehicle IGA and has not adopted the National Heavy Vehicle Regulations (**NHVR**). Instead, WA’s heavy vehicle regulations continue to be developed at a local level (primarily by Main Roads WA).

Should there be a plan for WA to consider adopting the national approach to heavy vehicle regulation, CBH’s view is that that decision should balance any benefits of the national system not only against the resulting increased regulatory compliance cost, but also the significant safety and productivity efficiencies that have been gained at the local level, which may not be available under the national system.

For example:

- Heavy haulage vehicle combinations differ between NHVR States - SA, NSW, and Vic - and WA. East Coast combinations brought across to operate in WA during harvest are often tandem axle trailers/dollies - 26 meters in length. These combinations often have a restricted gross combined mass (**GCM**) based on the state of registration. When compared to Western Australia:
 - Tri axle configurations customary in WA utilise 27.5m combinations (up from the national, 26m);
 - WA’s Restricted Access Vehicle (**RAV**) 3 + 4 combinations are not classed as NHVR, Common Heavy Freight Vehicle Configurations due to combination length;
 - WA Tri-drive combinations do not feature in NHVR; and
 - NHVR does not recognise or support the Western Australian Accredited, Accepted Mass Management Scheme, Level 3 equivalent mass (highest NHVR mass is CML = AMMS level 2).
- Differing fatigue management requirements and chain of responsibility regulations:
 - Fatigue management under the NHVR is an element of the accreditation, managed by NHVR regimes. In Western Australia, fatigue management is an element within Main Roads WA HVA (managed by WorkSafe WA). This means that unlike the NHVR, Western Australia has a multi-party (MRWA/ WA Police/ WorkSafe WA) approach to elements of the MRWA HVA Accreditation;
 - By contrast, the NHVR is overseen by one regulator with the power to enforce all elements of the NHVR Accreditation.
- In collaboration with Main Roads WA and local WA Shires, Western Australia’s Accredited Concessional Mass System provides for increased combination lengths

- (longer than East Coast combinations) and more flexible road access arrangements.
- Similarly, the Harvest Mass Management Scheme (**HMMS**) has been developed to assist the grain industry with the difficulties loading grain from a paddock.¹

Clarity of roles and responsibilities (for transport regulation) of each level of government

In CBH's experience, there are instances where the current roles and responsibilities (for transport regulation) between each level of government could be made more specific. As a case in point, while CBH remains supportive of the WA's RAV Network Access Strategy (as a means of directing heavy vehicle movements and ensuring WA roads receive targeted funding to sustain the volume of heavy vehicles):

- WA growers frequently encounter issues associated with the first and last segments of freight journeys where the RAV rating for local road segments are inconsistent with the RAV rated roads that form part of the Strategic Road Freight Network (**SRFN**) (that growers use for the majority of the freight journey). For instance, the entry or exit point of their farm may be located on a local road that does not have the same RAV rating as the nearest connecting road to the SRFN. This creates considerable loss in productivity for grain growers by having to use a lesser RAV rated vehicle to ensure their freight journey remains legally compliant.
- There are examples where the RAV rating of a road can differ between one Local Government area and another. This too translates into lost productivity on the basis that growers and CBH's road transport providers are obliged to utilise the lower rated RAV vehicle for the freight task in order to remain legally compliant (or, alternatively, to use a different but less direct route).

Biggest opportunities for future safety and productivity gains

The below-rail freight network in WA is currently operated under a long-term lease arrangement from the WA Government to Arc Infrastructure (a Brookfield Group-subsidary). The WA grain rail network, which forms part of the freight network, is a significant part of the CBH supply chain, transporting an average of almost 8 million tonnes of grain per year on rail, comprising about 60% of the entire WA grain freight task.

Access to the WA rail freight network is governed by the *Railways (Access) Act 1998* (WA) (**Act**) and the *Railways (Access) Code 2000* (WA) (**Code**). The rail access fee that CBH currently pays to Arc Infrastructure to access the grain rail network comprises about \$7.40 per tonne of grain, equating to about 50% of a WA growers' total rail freight charge and 8.5% of the entire supply chain fee. CBH estimates that WA grain growers are paying up to 5 times more than what growers in eastern Australia pay for track access (that also have higher speeds/mass available). Efforts to use the Code to negotiate a long-term and cost-effective access agreement with Arc Infrastructure have also been lengthy, frustrating, remains unresolved after more than 5 years since access was first sought. Self-evidently therefore, the current regulatory regime clearly does not provide satisfactory certainty or financial and operational security for CBH or its members.

The WA State Government, via the WA Department of Treasury, is currently conducting a review of the Act and Code. CBH supports the review and has provided submissions recommending significant reforms of the Code. If those recommendations are ultimately adopted by the WA Government, it will promote access to the railways covered by it, and therefore enhance the productivity of WA growers, the grain industry, and the State.

Conclusion

Ensuring that future transport policy arrangements provide an appropriate framework for safe productivity - contributing to Australian industry's competitive advantage - requires close consultation and engagement with key stakeholders. To this end, we are grateful for the opportunity to provide a submission to the Inquiry and ask that you contact our Government & Industry Relations Manager, Mr David Paton, should there be anything further you require.

Yours sincerely

Ben Macnamara
General Manager Operations