

Australian Trucking Families in Crisis

Unique by World Standards

Australia is unique by world standards in that, as a first world country, it has a huge landmass with a comparatively small population spread sparsely over its vastness. In comparison to other countries the Australian road transport industry carries more freight over more kilometres per capita than any other country in the world. In addition to this, it has higher freight levels and longer roads per capita than most other countries in the developed world.

As well as carrying the goods and products for every other industry in Australia, road transport is a massive industry in its own right generating huge demand for goods and services to ensure its continued operation throughout Australia on busy multi-laned highways between urban capitals and to the most geographically isolated communities serviced only by poorly maintained dirt tracks that are often unusable for certain periods of the year.

Australia has over 800,000 kilometres of road and only 44,000 kilometres of rail track. In most areas of Australia the only freight mode available is road. Road Transport is a fundamental element of any developed country but in Australia the job of connecting business to markets and the supply of inputs is even more strategically and economically vital than in most other countries. The population of Australia is dependent on road transport and relies on trucks more so because its low density and dispersed population is so geographically distanced from producers and markets.

Major Employer of the Population

This in itself has created a very real need for literally thousands of small trucking operations to service the diversity Australia has within its confines. Previous studies on the road transport sector, including the Governments Green Paper (Auslink) estimate that the transport sector collectively accounts for around 5% of total economic activity. It is estimated that around 75% of total tonnage is carried by road.

In 2004, KPMG, a report commissioned by the Australian Trucking Association on "*The effective life of trucks*", asserted the total number of trucks (rigid and articulated) in the Australian road transport fleet to be in excess of 410,000 comprising some 32,000 businesses of which a massive 75% were owner-driver or "micro-fleet" businesses. Apart from drivers, the same report estimated that the industry directly employs over 450,000 people and indirectly employs a further 250,000 in supporting activities.

Earlier studies by road transport associations have shown the figure to be much higher estimating that for every one person employed in road transport, another three persons are employed indirectly in service and supply industries. Whatever the case, road transport is a major player in Australia when it comes to employment of the population.

Expected Quality of Life

To Australia as a whole, and particularly to the people and industries that live and work in Outback Australia, road transport costs are a substantial element impacting the expected quality of life for constituents.

Sustainability of Family Business

Economic and social changes in remote, rural and regional Australia since the 1970s have had a major impact on the sustainability of family businesses in a wide range of rural and agricultural industries. Many of Australia's small towns and regional centres exist primarily as service centres for farming, agricultural and mining industries that operate in their immediate localities. Road Transport is the vital economic link between those industries, their customers, their suppliers and their markets both domestic and international.

Road Transport costs are a significant influencing factor in strengthening these local economies, the creation of employment and Australia's international competitiveness. Trucking is literally the lifeblood of this country and its vehicle for an economically and socially sound future.

Freight Task to Double by 2020

The Bureau of Transport and Regional Economics reports that the total non-bulk freight task in Australia grows at a rate of one and a quarter times faster than the economy and that this trend is likely to continue well into the future. At this rate, Auslink predicts that non bulk, non-urban freight will double by 2020 and that interstate road transport haulage will almost triple in the same period. If there was ever a time to reform the inadequacies of existing legislation and remove the impediments to road transport productivity, it is NOW.

The efficiency of the supply sector of the economy (people, vehicles and infrastructure collectively) is crucial to the continuation of Australia's economic growth if international demands for Australia's commodities and products are to be met and maintained at full potential. Equally, it is just as important that the social impact of existing and proposed policy are fully examined and properly assessed by all decision makers and stake-holders in the reform process.

Undeniable Disconnection

There is an undeniable disconnection between people in cities who consume goods and services and small transport, agricultural business, mining communities, manufacturers and service providers who produce, make and carry the goods to market. The social implications of road transport reform involves a lot more people, a lot more businesses and a much more significant part of the economy, than 'just' the road transport industry and those who work within it.

Road transport plays a vital economic role from origin to end use. This input and output is essential to Australia's productivity as a whole and contributes significantly to consumption of goods and services on all levels.

Road transport operators in remote, rural and regional Australia are also significant consumers of local goods and services in the communities in which they operate. They generate the demand for a huge service industry to manufacture and supply the items (trucks, trailers, tyres, fuel, spare parts) and services (mechanical, administration, financial etc) it needs to operate in both micro and macro economies.

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Scratching Each Others Back

In regional centres around Australia there exists a degree of reciprocal trade between operators, their customers and their suppliers that is both essential to the economic growth of those communities and the social well-being of the populations that live within those communities.

Infrastructure Backlog of \$26 Billion

Much of this country's road (and rail) infrastructure is in a sad state of disrepair following several decades of under-investment. This has been estimated by several studies to be in excess of \$26 billion. Australia is currently struggling to meet its land transport demands both from national and international competitiveness perspectives.

If Australia does not immediately address this backlog now, how is it going to cope with the anticipated doubling of the freight task in the next ten years? It has been proven in numerous studies over the years that investment in infrastructure generates a higher return than can be (and is) expected from investment in other areas of the economy.

The "User Pays" model used by Governments in recent years to justify its taxing regimes, would purport that funds raised from taxes, charges and levies to the road transport industry are for the planning, installation and maintenance of the infrastructure that supports its activities. It is time for Governments to reform its taxation regimes on the industry so that they reflect *true* road user charges. Government must also ensure that returns recovered through these taxation regimes are in fact used to finance infrastructure development.

The purpose of this research was not to determine the complex issues of taxation versus infrastructure investment and development but to highlight the very real concerns small road transport operators are experiencing within the existing legislative framework in relation to these issues.

Social Justice Responsibility

There also exists, in Australia, a social justice responsibility for Governments to ensure that road transport operates as efficiently and effectively as possible for it is here "*on the road*" that Australia's future economic growth will be determined. Real reform, starting at the grass roots level of industry, needs to occur now and it needs to be within a national framework that integrates the many other issues that impact industry in the national arena including environmental, financial, safety, economic and social aspects. The road transport industry in Australia is made up of three segments.

1) Physical (fixed) infrastructure - roads, bridges, by-passes, parking facilities and rest stops required by industry.

2) Equipment (moving) infrastructure – trucks, trailers, dollies, depots and administration centres required by industry

3) People – those people with the appropriate skills to drive, maintain, manage, warehouse, load and train within industry.

This study addresses those issues raised by small road transport businesses in remote, rural and regional Australia during the course of this research project.

Alarming Statistics

These statistics are alarming and the issues raised have the potential to impede Australia's economic and social growth with devastating consequences if not taken into consideration by this country's future policy determination. If nothing else, this study highlights the very real need for social implications to be taken into consideration by Governments when developing economic policy for industry.

Industry Associations

Most respondents felt industry associations, (sectorial, state and national) are doing a reasonable job of lobbying Government on matters that are controlled or legislated by Governments but felt they fell short on resolving issues that beset the industry from within. It is seen generally that the "big business end" of trucking controlled (and funded) the associations and therefore issues pertinent to the "big business end" of trucking operations was given priority. While many of these issues, from a Government perspective at least, are the same for the whole of the industry (fuel excise, road maintenance, registrations, rules and regulations, governance and enforcement etc) most respondents in this survey thought industry associations fell short of being truly representative of the small transport business sector. They felt they were largely "out of sight and out of mind" working in remote, rural and regional areas of Australia.

Without exception, small transport business operators saw themselves as an integral part of the supply chain but felt, that they were "piggy in the middle" with their nonexistent profit margins being eroded from links on all sides of the chain. Most felt it was here, within industry, that they were being let down by associations. Respondents felt that small operators were not considered by Government or industry associations to be very valuable in the "big picture" but, at the same time, readily admitted their sector of industry was disjointed and disunified on many issues and, that it was simply "too hard" to get consensus on many issues. Other operators said they were too busy and too financially strapped to get too involved in industry associations. For the main part they supported the work of the associations in lobbying governments but not their work with internal industry issues.

MEMBERS OF INDUSTRY ASSOCIATIONS

Owner-Operators

28% of respondents said they were a member of a local business, service or commerce organisation

22% of respondents said they were a member of a local truck drivers club or support network.

58% of respondents said they were a member of a national, state or sectoral road transport industry association

Small Fleet Owners

23% of respondents said they were a member of a local business, service or commerce organisation

38% of respondents said they were a member of a local truck drivers club or support network.

62% of respondents said they were a member of a national, state or sectoral road transport industry association

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No Real Status in Political Arena

The small business sector of the road transport industry in Australia felt it lacked any real status in political arenas and is, in many ways, having its significance to the economic and social well being of Australia downplayed and misrepresented by industry associations and big business in their lobbying of governments.

Most felt this was an area where industry associations had a role to play. This sector of the road transport industry is the first to admit that there are some very fundamental issues within its own dynamic. The most significant identified in this study is that small business in this industry perceive that those at the business end of the freight task, (associations, big customers, prime-contractors and freight forwarders) do not consult with, or take into account the operational and financial requirements of the carrying end of the freight task ie: sub-contractors and small transport businesses.

Sub-Contractors

Sub-contractors in this country are primarily made up of owner-operators and small fleet owners. Of the 300 respondents interviewed in the course of this study all respondents indicated that the larger portion of their carrying tasks involved subcontract work with only 12% of small fleet owners and 15% of owner-operators reporting that 100% of their work was prime. Around 40% of respondents felt their division between prime and sub-contract work was too difficult to quantify given seasonal and other external influences with the balance indicating that between 45% and 95% of their workload was on a sub-contract basis.

The 'Cowboy' Element

The "Cowboy" element of industry was another issue raised by transport operators in the small business sector of the industry. Respondents applauded both Governments and industry associations for their focus in removing this element from the industry. However, some felt that while associations were very big on making a noise about unscrupulous operators and the sensationalism of journalists when reporting incidents and accidents, that no real effort had been put into patting the backs of operators who struggled to do the "right thing" in exceptionally difficult circumstances.

Top Heavy with Big Business

Respondents felt that industry associations tended to look after the interests of their membership which was, by financial determination, top heavy with big business, big customers and big suppliers and said that Government had a fiscal, social and financial responsibility to ensure that small business was truly represented.

In Australia, there has been a tendency by Government to address only the symptoms and penalise the truckies accordingly rather than go back to grass roots and fix the cause - a century of the inequities of a system originally devised to keep the trucks off the roads and the freight on the heavily subsidised government owned railway networks. Road Transport Associations are seen by the small business sector of road transport as being the ideal party to reverse this trend and feel let down that it has not happened.

Big Issues - Lots of Them

Some of the bigger issues facing the industry include mutual recognition, national uniformity, lack of training, an experienced workforce to draw from, inequities in the fuel levy system and road user pays calculations, weight and axle restrictions, safety requirements, taxes and charges, licensing and registration, rules and regulations, governance and enforcement, safety, health, chain of responsibility and compliance.

All of these issues, and more, have placed an unacceptably high regulatory and administrative burden on road transport nationally and this, like the issues themselves, impacts upon the performance of road transport. For the small business sector of road transport this presents an unacceptable onus of responsibility.

Disproportionate Burden

It is a burden that is disproportionate to their larger business associates in the same field, and one that threatens both the economic and social viability of their families and businesses as well as being an impediment to Australia's productivity and growing freight task. Governments have found many ways to hand over their administrative responsibilities to small business. It now needs to supply industry the tools of trade.

Inconsistencies with rules and regulations between jurisdictions, the cost of compliance in many areas, unnecessary duplication of paperwork, the keeping of log books or work diaries, the Business Activity Statement and the myriad of other paper trails required under various Acts and Legislations can only be described as a bureaucratic nightmare.

Small business carries the freight task in remote, rural and regional Australia and yet, these "Mum and Dad" businesses are saddled with a disproportionate level of government induced and enforced paperwork that impedes their productivity and profitability and significantly adds to the financial and personal stress levels of small business and trucking households.

Carrot for Compliance

The carrot for compliance is the so called "regulatory benefits" such as heavier weights and increased access but many wonder if the cost of such compliance is worth the extra time, money and effort needed especially when the "system" is still wrought with complexities, inconsistencies and shortfalls from within and without.

Owner - operators and small fleet owners in remote, rural and regional Australia often do not have the internal skills or other resources within their businesses to implement new systems and procedures. The communities in which they live lack the services, training and support that their urban counterparts may outsource in more metropolitan areas.

In this study some 88% of owner operator respondents said they had difficulty with regulatory inconsistencies (and the resultant mandatory paper trails) within the departments of their own jurisdictions as well as inconsistencies between the different jurisdictions they traveled through or to.

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Faring Worse

100% of these felt they fared worse than their urban counterparts who operated in metropolitan areas on an intra-state basis. The statistics were slightly lower for small fleet owners with 85% of respondents saying they struggled with regulatory inconsistencies (and the resultant mandatory paper trail) and 78% reported they had difficulties with the inconsistencies between the jurisdictions they traveled through or to. Again, 100% of these felt they fared worse than their urban counterparts who operated in metropolitan areas on an intra-state basis.

While most operators did acknowledge the need for, and could see room for improvements in their own businesses, the cost of compliance, in human hours, dollars and cents and skilled expertise was simply not available to them.

Centralisation Versus Decentralisation

Government policy over the past thirty years, has been focused on centralisation of services based on the supposed economic efficiency that it brings to the more densely populated urban areas of Australia. However, the immediate benefit of such policy is far outweighed by the subsequent long-term social and economic costs to regional Australia.

The road transport industry is, by its very nature, a de-centralised industry. It is a logical and realistic expectation that the infrastructure to support it also be de-centralised.

This has happened successfully in the past with intermodal freight hubs in Forbes and Alice Springs and with the proposed hub in Wodonga where access to 70% of Australia's populous is within a twelve hour drive.

There are many other such locations throughout regional Australia where there are ideal locations to build what are today being dubbed 'inland ports'. The construction of these intermodal hubs does not necessarily have to be inland. Darwin is also a logical location with its new sea port facility and intra-state railway line.

Opportunities for Regional Australia

Such infrastructure blends the best of road and rail capabilities and removes traffic, air and noise pollution from already congested city streets, as well as creating a value adding opportunity for regional Australia through local manufacturing and production of primary produce and the warehousing and distribution of a myriad of retail items from clothing and furniture to heavy plant and machinery.

This type of infrastructure brings with it opportunities for regional Australia to attract business investment from global and multi-national companies, to create employment opportunities for local peoples, reduce overheads for local producers and businesses and, from a social justice perspective, see the return of vital essential services such as financial institutions, education and training facilities, public housing, health and social services as well the retention of young people in their home towns.

Standard of Living Expectations

Governments have an obligation to look after both business and people by returning the 'tax dollar' to infrastructure development that will improve the populations standard of living - the provision of a truly efficient land transport sector will do just that.

In the past, the trends of big business and Governments to centralise, in the interests of consolidation, has resulted in the removal of vital public services such as financial institutions, educational and training facilities, health and medical care, public transport, public housing initiatives and basic service provision. As such, there is very little support for the many families already suffering hardship and financial crises in rural Australia including trucking households.

Bleak Future

This hardship has been further compounded by the removal of services. The Centre for Rural Social Research has identified a bleak future for inland rural communities that will see them dealing with aging populations, an outward migration of young people and a severe erosion of infrastructure and services. Inappropriate and ill-thought out policy for road transport will increase financial difficulty for road transport "Mum and Dad" businesses that are already struggling financially - in other words, the very people who carry this country will be most penalised.

Continuation of this trend, and the failure of Governments to meet their infrastructure investment obligations can only result in increased work pressure, a worsening of stresses emotionally and physically, complacency and ignorance on personal health matters and further breakdowns in the family unit and other relationships.

It is absolutely essential that impending road transport reform acknowledge that this social crisis already exists and that any new policy framework must work to improve not only the nuts and bolts of industry productivity and professionalism but to ensure that the expected quality of living standards of those families involved in the industry are met. Even the loss of local school bus services has caused involuntary separation of families and/or the need for an adult in the household to waste valuable time and resources ferrying children back and forth to schools.

While it has been argued that relocation of services provides an immediate financial benefit for governments, institutions and private and commercial enterprise in the more metropolitan areas, there has been no consideration given to the adverse social impacts, and economic costs to the small populations from which they have been moved.

Micro-Economic Reform

Micro-economic reform has been the key word in policy change in Australia over the past few decades. The very act of centralisation works against stabilising the economic and social needs of rural Australia. It looks more at economic rationalisation for populated areas. The costs of change are measured by the benefit gained by the receiving community, and not by the impacts on the losing community.

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It Could (and Should) be Win / Win

Governments need to look at both and do some long-term viability and social impact studies. Centralisation, without micro-economic reform for peoples and communities, whose infrastructure and livelihoods are being torn apart because of it, will result in an initial win/lose scenario that ultimately turns to lose/lose. It could (and should) be Win/Win.

Primary attention should be given to the needs of road transport because without it, there is little hope for rural Australia. With the right policy in place it could be a win / win for all concerned including the broader community who have a right to expect safety on the roads and sensible environmental outcomes.

Chain of Responsibility

Respondents in this survey have identified a very real need for customers, freight forwarders and prime-contractors to effect positive Chain of Responsibility (CoR) work practices and Occupational Health and Safety (OH&S) requirements that are conducive to safe operation for all employees, contractors and subcontractors within the entire process. Operators felt that accountability for breaches of road transport mass, dimension and load restraint laws fell squarely on their shoulders and that the actions and inactions of those non-driving parties in the transport chain, whilst included in the legislation, was not properly governed or enforced.

This is supported by the fact that this study was able to determine that 62% of small fleet owners had discussed the legislation with their drivers and other staff and 31% had spoken to their customers about it. By contrast, only 44% of road transport customers interviewed by Transport Women Australia said they knew about Chain of Responsibility legislation and 85% of these conceded they did not know "much about it". Only 25% of these respondents saw themselves as having a role to play in CoR and a startling 45% of customers did not see (or understand) how CoR would, or could, impact adversely on the way they did business with carriers.

Customers in the Chain

Of the customers who did understand their CoR obligations 75% identified ways in which they could improve their operations. This included a wide variety of activities including having despatches better packaged and having appropriate machinery (forklifts or cranes) and licensed operators available for loading and unloading.

Customers also gave a variety of reasons for why they had not implemented appropriate changes to comply with CoR and OH&S requirements. Noting that customers interviewed in this process were also located in remote, rural and regional Australia and were generally much smaller than big customers in urban areas, 45% said they were too short staffed themselves and 25% said that the way they did business was governed by head offices in other locations. 15% could not identify any improvement to their procedure.

Interestingly, this study also found that while customers of road transport in remote, rural and regional Australia were not overly concerned with their obligations in CoR legislation, they all felt they were better serviced by transport operators with one truck or small local fleet owners.

Prosperity of Local Economies

Customers said local operators were diverse and flexible in the way they carried out their business activities. Small transport businesses were also consistently identified as being important to the prosperity of local economies, not only for the services they provide for their customers with inputs and outputs, but through their consumption of local product from local business such as fuel distributorships, tyre companies and mechanics, workshops and spare parts suppliers.

This is something that no amount of rail infrastructure will do for their community. Rail does not generate a supply industry of anywhere near the size of road transport. Local operators were also viewed as an essential employer of the local population both directly and indirectly.

Suppliers in the Chain

Road transport industry suppliers (*noting many suppliers are also customers of road transport but were interviewed as suppliers only*) in general had a much better understanding of both CoR and OH&S legislation with 88% saying they knew about Chain of Responsibility and 75% saying they saw their businesses as having a role to play and had implemented changes. Only 15% of supplier respondents said they had not changed the way they did business saying this was because it was too costly or impractical.

While respondents acknowledged that CoR appeared to be good in theory it was not being put into practise or otherwise governed or policed in any way by the relevant authorities as far as customers (or consignors and receivers) were concerned. While Compliance and Enforcement and Chain of Responsibility is aimed at improving outcomes for safety, infrastructure and the environment, and weeding out the "cowboy" element of the industry, owner-operators and small fleet owners felt that they were subject to disproportionate scrutiny and disadvantage by being able to be pulled up and inspected on the roadside when the majority of their loading was the responsibility of prime-contractors, freight forwarders and big customers to whom their very existence and livelihoods depended.

Surest Way to Lose Your Job

Most small transport operators felt that "dobbing in" the prime contractor for breaches of the Act was the surest way to lose their jobs, their trucks and their families. Most operators also felt that the way big companies handled their loading and unloading was counterproductive to good business practice and fatigue management and that responsibility needed to more clearly be directed at those who "load the trailers".

In short, sub-contractors felt they were being used as scape-goats and being singled out as first point of enforcement (and penalisation) in CoR processes when in many instances these factors were largely out of their control. In rural Australia small transport operators are forced, by external influences outside of their control, to base their business decision making on more immediate and problematic cash-flow requirements.

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Social Implications

Such is the culture of road transport that many owner-operators and small fleet operators choose economic survival and would rather keep their jobs and contracts than report unsafe practices or breaches to the Act. The social implications (loss of house, repossession of truck, likelihood of finding another job etc) are considered to be a far greater financial threat and carry a far higher social stigma within local communities than fines or penalties for non-compliance.

It is considered un-Australian to dob someone in and you can not get any industry more Australian than the road transport industry. The authorities have a lot of work ahead of them to change this culture. Resources would be far better expended ensuring the legislation and enforcement is justly balanced with equitable onus on all parties in the first instance.

Compliance and Enforcement

Governments approach to Compliance and Enforcement is aimed at improving outcomes for road safety, infrastructure development and environmental issues with the ultimate aim of minimising the adverse impacts of road transport on the broader community however, many of its objectives are at odds with those outcomes and actively impede the productivity of small transport businesses in Australia.

Again, most operators identified Governments failure to implement and enforce the full Chain of Responsibility to all stake-holders who influence safety and fatigue outcomes in road transport as a major issue. Likewise, the failure of Governments to introduce a truly nationally consistent package of rules, regulations and enforcement powers, has served only to exacerbate and multiply the problems already besetting an industry struggling with inconsistencies between jurisdictions in many areas including matters of licensing and registrations and mass, dimension and load restraint laws.

At Odds With National Uniformity

While the cost to industry and Australia's productivity has not been measured by this study, most respondents in this study reported the cost of compliance as too excessive and said the rigidity and unjust nature of reforms created a culture of non-compliance within the small business sector simply because they could not afford to comply. Many felt increased penalties for non-compliance would have the opposite effect to that desired by government, with interviewees commenting on the inconsistent introduction of legislation between the states.

A total of 58% of respondents said it was time for the Government to implement some common sense into the Act with 72% of small fleet owners and 50% of owner-operators feeling compliance requirements were over-regulated and produced a disproportionate level of paperwork and in many areas was too impractical to implement with any real effectiveness. Another 48% (collectively) said it was unfair that they were expected (and required by law) to comply while their customers and prime-contractors were not.

Complexity Rules

Most operators felt the Governments answer to the many problems faced by road transport in the last century has been to introduce more complexity to rules and regulations, to increase taxes and charges and to initiate vigorous enforcement procedures and heavy penalties for non-compliance. What is really needed is total reform and a simplification of the system ensuring productivity and profitability gains run hand in hand with improvements in safety, health and environmental matters. It can, and should be, a win-win situation for all.

Governments have traditionally checked that road transport operators comply with the law by using enforcement officers to check vehicles on the road. Most operators do comply by ensuring their vehicles are roadworthy and loaded within the relevant mass limits. The new National Heavy Vehicle Accreditation Scheme has been implemented to acknowledge this. Unfortunately, many small operators in regional and rural Australia struggle with the added administrative and financial costs associated with this type of compliance. The same problems are faced with the Fatigue Management System, where driving and work hours are continually under review and need to be regularly monitored through medical examination and driver performance.

Heavy Handed Enforcement

Existing legislation and heavy handed enforcement encourages non-compliance as small operators struggle to survive financially, ignore their health, neglect their relationships, cut corners on safety and do what-ever they can just to keep the repossession agents at bay and the bank from taking the family home. Today's inequitable enforcement approach not only hinders the progress of a vital, much needed industry but actively discourages new people, operators and drivers, from entering the industry at a time when they are most needed.

Stimulant Usage

One of the perceived consequences of drivers working long hours is the use of stimulant drugs to combat fatigue and stay at the wheel longer so they can meet unrealistic deadlines. The great majority of respondents in this study did not take drugs and did not condone the use of drugs in the industry.

Flow-on Effects are Stress Related

In the case of owner drivers and small fleet operators there is an added financial burden as they struggle to retain their (usually unwritten) work contracts so they can meet their financial obligations. While there is no denying that truck drivers, on average, work longer hours than their counterparts in other industries there are a variety of factors influencing the necessity for this. 95% of respondents acknowledged that driving long hours under stressful circumstances has an automatic flow on with implications to both personal health and the social well-being of the family unit, as well as the safety and professionalism of the industry as a whole.

It is a fair assumption to say that NO study would find the use of drugs or stimulants to be an effective fatigue management measure and the evidence exists to support a significant reduction in their use over the past twenty years.



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It Must be True - It was on TV

There has been a significant improvement in the implementation of productive anti-fatigue measures throughout the industry as a whole in recent years. While some recent research projects purport to the use of stimulants in the trucking industry being a thing of the past, this study found that stimulant usage does occur in this industry albeit in much smaller quantities than the media, with its over-sensationalism of truck incidents and accidents, or the "it must be true - it was on TV" mentality of the general public, would have you believe.

32% of respondents said they took legal substances (coffee, no-doze, guarana drinks, prescribed medication etc) and less than 1% said they took illegal drugs. It is interesting to note, that, given the age of respondents, (older) most had worked through an era where the use of stimulants was commonplace and felt the improvements to both general health of drivers and safety on the roads in today's modern trucking industry was remarkable by comparison to the 1970s and 80s.

Environment

There is no denying that the road transport industry is powered by diesel and one of the challenges of this industry in this century is to reduce its impact on the environment. The industry itself is far from complacent on environmental issues and supports strategies such as the adoption of world's best diesel fuel quality standards and diesel vehicle emission standards, that will see the level of pollutants attributable to road transport continue to reduce in coming years.

Reduced Environmental Damage

However, most studies in the past have failed to bring into the equation the productivity of road transport compared to other road users or the many initiatives implemented by operators, manufacturers and suppliers designed to reduce environmental damage and emission levels and the implementation of other new technologies that enhance the energy efficiency of road transport. While Transport Women Australia did not specifically address environmental issues in this survey many respondents included their thoughts on the environment as part of other matters. (*Particularly the aging truck fleet in Australia*) and have asked that these issues be raised as part of this study.

Sensitivity to the Issues

Owner-operators and small fleet owners were very aware of the sensitivity of environmental issues and felt that the community was being misled about just how much the trucking industry was doing to address these issues. Improved fuel consumption, technical advancements in tyre wear, aerodynamic cab designs, driver training, engine capabilities, reduction in noise pollution and the introduction of low sulphur diesel fuel as well as the recycling of and/or environmentally controlled waste management of tyres, fuels and oils have all contributed to the road transport industry reducing environmental impacts including emissions by 90% since the 1980s. This equates to world best practice.

The road transport industry has a proven record for its advancement in, and the embracing of, new technologies with all key stake-holders (Manufacturers, Operators, Customers and Suppliers) actively working to further improve work practices that adversely impact the environment. While the number of trucks on the road has increased significantly over recent years, as has the total number of kilometres traveled and tonnage carried, the level of truck related emissions, noise and air pollution has significantly decreased.

However, while much has been gained in recent years, there is still a distinctive mismatch between the contribution of the private enterprise sector and Governments. Environmental impacts could have been further reduced had Governments matched the contribution of road transport in developing new technologies. There has been significant improvement in both the efficiency of trucks and machinery and the introduction of environmentally friendly procedures into business.

My Old Truck - Our Aging Fleet

Governments, by under-investing in road infrastructure, and not introducing incentives to lower the average age of trucks on the roads, have to take responsibility for slowing the process of truck related emission and other pollutant measures. On one hand Government has acted to increase the "life" of a truck from five to fifteen years (with a considerable loss of tax benefit for owners) and on the other hand it double penalises those owners of older trucks (that are not emission certified) by disallowing their eligibility to claim fuel excise credits. In both instances, a futile and meaningless financial burden is worn by small transport businesses in remote, rural and regional Australia who generally operate an older fleet (but would like a new one).



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Tax Incentives to Buy New Trucks

This Research project identified two key areas of concern for smaller operators. The first was the under-investment in infrastructure which impedes the productivity of road transport and the economy in general, but also contributes to a slower than possible decrease in emission levels and damage to roads and trucks. The second is the failure of governments to address the aging truck fleet in Australia. The introduction of taxation or other incentives for operators to purchase new more energy efficient trucks would significantly improve all outcomes.

Fatigue - Sleeping on the Job

Fatigue is, and always has been, a contentious issue for road transport. It is from fatigue that a variety of other issues arise causing it to be one of the most controversial and misunderstood issues within the industry. While a myriad of policies have been implemented in recent years through the implementation of Law such as the Chain of Responsibility legislation and the drafting of a Fatigue Code of Practice, the impracticalities and grass roots problems of the industry prevent them being as effective as they might be in an ideal environment where compliance was within reach of small business. As it currently stands, there is both confusion and a lack of knowledge as to who needs to manage fatigue and how each stake-holder fits into the framework of the legislation.

While a significant portion of operators surveyed did not belong to an industry association, even those that did, reported a lack of information or understanding of the levels of risk management needed to meet OH&S, CoR and other road transport legislative requirements. This was compounded by the fact that many also felt the division of responsibility and enforcement was inequitably applied to their businesses in favour of their customers, prime-contractors and freight forwarders eg: the consignors and consignees of freight.

There is also a 'feeling' among small operators that they are being left to explain the legislation on fatigue risk management to their consignees or consignors. The small transport sector reported most of the businesses they deal with in remote, rural and regional Australia are unaware of their obligations under the Fatigue Code of Practice, Occupational Health and Safety requirements or Chain of Responsibility legislation.

Dismissive Attitudes

Respondents felt that most of their consignors or consignees were unconcerned, unaware, or even dismissive of the way their business work practices impacted on driver fatigue, road safety, efficiency or the driver's right to a quality of life.

Restrictive Legislation

There is common consensus among respondents that driver fatigue is a major issue within the industry and that it is in the interests of all road users, and the broader community, to have a nationally consistent and practical system in place for fatigue management. However, most also said that current restrictive legislation actually exacerbated fatigue when underlying factors or contributors were brought into the equation.

Factors Operators Identified That Were Not Being Taken into Account by Legislators.

- The poor condition of Australia's road network in remote, rural and regional Australia.
- Governments continuing under-investment in roads infrastructure in regional Australia.
- Inconsistencies in rules and regulations between jurisdictions and even within jurisdictions.
- Inequities in taxes, charges and levies.
- Operational impracticalities caused by the dismissive attitude of consignors and Consignees in relation to CoR and OH&S.
- Lack of appropriate amenities and rest facilities in remote, rural and regional Australia.
- The failure of prime-contractors, freight forwarders and big customers to assume their share of responsibility in CoR and OH&S Law.

Consultation (That Actually Consults)

Consultation with industry was identified as a key issue for owner operators and small transport fleets. While the National Transport Commission (NTC), in its January 2004 *Proposed Policy Paper on Heavy Vehicle Driver Fatigue Management* identified consultation with drivers and operators as a key component in developing fatigue management practices. 100% of respondents in this study felt the process of the NTC was exclusive of their sector of industry. Most felt that the consultative process and subsequent proposals and policy had been determined by road transport associations top heavy with big company representation and customer management. It is now time for some real consultation that actually consults!

The Motor Vehicle Census of 31 March 2003 (9309.0) estimates the following average age of the vehicle fleet in Australia as follows:

By State or Territory of Registration

Category	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUST. AVERAGE
Light Rigid	11.1	13.4	12.0	13.4	13.6	16.5	8.7	11.7	12.3
Heavy Rigid	14.0	17.4	15.1	17.8	18.1	17.3	13.0	11.5	16.0
Articulated	10.7	12.0	11.6	11.1	13.5	10.9	12.6	8.1	11.7



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Company Driver Perspective

Most believed the consultative process involved stake-holders in road transport at a management level and not on the grass roots level with the operators who both managed and drove in their small businesses.

While 50% of those interviewed saw some advantages in new technologies such as driver fatigue detectors and driver specific monitoring devices, the overwhelming majority (83%) of the small business sector of road transport felt that self regulation within a broad framework of maximum work and minimum rest requirements would be the most effective fatigue management system.

Benefits of Specific Circumstances

Road transport operators who travelled long distances in geographically isolated remote areas, or carried livestock and / or perishables, spoke about the rigidity of fatigue management and the benefits to be gained, in specific circumstances such as driving an extra hour or two enabling them to shower, rest, and enjoy a meal break at home, a depot or roadhouse rather than trying to sleep in a hot sleeper bunk in the middle of nowhere, the ability to unload and water livestock at the earliest opportunity and the delivery of perishables and essential supplies to remote communities whose product has already spent a longer than average period of time "on the road" getting from the supply point to the delivery point.

For Fatigue Management to be truly effective respondents identified several key areas where both government and industry have failed in their responsibility to adequately address the real issues. There is a very real need for Government to ensure the placement of adequate amenities and rest areas, not only on busy roads regularly trafficked by heavy vehicles, but on regional roads that provide the vital life-line to remote and rural communities and are of regional significance to local populations.

Small operators also felt Government had a role to play in both expanding the knowledge base of OH&S and COR and ensuring all participants in the transport supply chain were fully compliant and, held accountable when they were not. 100% of respondents felt the bulk of the onus of responsibility fell squarely on their shoulders.

Age of Drivers - a Contributing Factor

The age of truck-drivers on the road was also identified as an issue with fatigue management with nearly all respondents saying that the increasing average age of drivers in their sector of business was due to the failure of industry and Government to attract young healthy people to the industry. 78% of respondents in this study felt that the industry, in comparison to other industries, had an older workforce that worked longer hours than average in a stressful, under-paid, over-regulated and uncertain environment. Without exception, all operators in this study felt those issues alone constituted a major contributing impediment to quality fatigue management.

Need for Scientific Research

This in turn manifested itself in a variety of other health implications and road safety issues. If Government is serious about fatigue management it will address all the underlying causes of it. Only then, can road safety, industry productivity and driver health be significantly improved.

65% of operators interviewed agreed there was a need for scientific research that looked at these issues and other influences that impact fatigue management such as night driving, broken sleep patterns, diet and exercise regimes and the benefits gained by taking regular short breaks and developing "napping" strategies. However, most said this type of research was a fruitless exercise unless all other contributing issues were factored into the final determinations.

Loading Docks can be a Nightmare

One of the biggest issues raised by operators was the failure by Customers to allow drivers to rest when loading and unloading in the loading docks of big companies and Distribution Centres. Often the driver is required to stay in his truck and move it along the queue periodically while he waits his turn, not even being able to have a toilet break or meal without losing his place in the queue. The same problem was reported when loading and unloading at silos where drivers are expected to remain with their vehicle and move truck space by truck space forward. Delays of up to ten hours are not uncommon. 35% of respondents said 'Time Slots' have not proved to be an effective counter-measure to this problem in most instances. Other operators spoke about arriving to deliver or collect a "load" and finding that

- a) they had to load or unload the truck themselves
- b) that inappropriate or unsafe machinery was being used
- c) that unsafe work practices were commonplace

Shut Your Mouth and Do Your Job

This is a serious impediment on Australia's productivity and effectively removes the opportunity for a truck-driver to facilitate a proper rest or meal break and was cited by many to be a major cause of fatigue and stress; one that impacts safety on the roads. Most operators in these instances felt the matter was out of their control as they were sub-contractors and did not have the right to "buck the system". 25% of respondents said they had been "dropped off" the schedule or roster of a big company for complaining about work practices or breaches and that this had encouraged a "shut your mouth and do your job" culture among sub-contractors.

50% of owner-operators claimed unrealistic scheduling and time-tables were a major factor in causing fatigue and another 33% said unsatisfactory rates further compounded the issue. 48% of small fleet owners said they did not drive themselves while fatigued and 52% said they had instructed their drivers not to drive while fatigued. To a lesser degree, operators spoke of the same situation occurring at inter-modal facilities such as sea ports and rail heads. Yet others commented on the poor logistical management strategies of freight consignees or consignors who sent operators "from one end of town to the other and back again" when loading or unloading freight.



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Right to Adequate Rest and Meal Breaks

There exists in Australia an expectation for a standard quality of life and this should (must) apply to truck-drivers. The right to adequate rest and meal breaks, and basic fundamentals of life such as taking a hot shower or having a few hours "time out" should not be diminished by the fact that he "lives" in his prime-mover several days a week. 88% of operators said that levels of fatigue could be greatly reduced by re-assessing the way that consignors and receivers of freight "treated" the driver of the truck during loading and unloading procedures within their depots and loading docks.

While it was not the purpose of this study to look at alternatives to this existing disruptive and stress inducing system it was generally felt that consignees and consignors should be forced by Government and Industry to address their practices logistically or be held accountable under Chain of Responsibility legislation. Not enough attention or accountability is placed on big business (prime contractors, customers and distribution centres) and other players in the transport supply chain whose decision making and work practices adversely influence driver fatigue outcomes.

Generally speaking, owner-operators and small fleet owners in remote, rural and regional Australia had a good grasp on the practicalities of fatigue management (if not the inconsistencies of legislative requirements) and many had implemented successful strategies into their businesses.

When surveyed on what some of the measures they used to minimise fatigue operators reported as follows

Activity	Owner	Fleet
Had a proper sleeping regime	100%	78%
Good diet and exercise	88%	78%
Snacking on fresh fruit	67%	48%
Using water (or citrus) sprays	50%	55%
Regular short walk (eg: tyre check)	48%	42%
Listening to music or audio books	28%	32%
Talking on the CB or (handsfree)phone	24%	18%
Taking of legal substances and drugs <i>(coffee, cigarettes, emu oil capsules, no-doze, guarana drinks etc)</i>	15%	12%

Fixing The Fuel Fiasco

On a national level road transport is integral to Australia's economy given that it not only services every other industry in the country but, to operate efficiently and effectively, it requires the services and products supplied by a wide range of other industries. Road transport is a moving industry. In this study fuel is identified as its largest overhead and amazingly, it is fuel prices that the government has continuously allowed to "go out of control" in Australia. This severely undermines the health, safety, productivity and profitability of Australia's most essential industry.

The recent abolishing of the Diesel Grants Scheme (due to be done through the Business Activity Statement from July 2006) creates an immediate and drastic cash-flow problem for small operators who will now be forced to wait three months to see any returns rather than applying monthly or "at the bowser" as they are able to do now.

\$8000 more to run a B-Double

100% of respondents in this research indicated the fluctuating and ever-increasing cost of fuel was the major overhead that impacted their profitability and productivity. Yet, the National Transport Commission, despite Australia's failure to invest proportionately in roads infrastructure in past decades, is today actually recommending a further 2.1 cents per litre increase in net diesel excise adding over \$8000 per annum to the cost of operating a B-double and around \$12000 per annum to roadtrain operators costs. These are costs that inevitably add to the cost of goods sold (or produced or consumed) and at the end of the day need to be passed onto the end user or consumer.

There are simply no margins left in road transport to be eroded. The cost of these increases will again disproportionately impact the economic viability of business in regional Australia, have drastic social consequences for regional populations and further distress those "Mum and Dad" small transport businesses that carry the freight task for Australia.

Mum and Dad Businesses

This impacts not only on the quality of life for regional Australians but further impedes Australia's international competitiveness and the productivity of Australia's wealth producing industries that rely on road transport. Increased transport costs will also inevitably impact the viability of marginal industries and will likely cause some producers and manufacturing plants to cease operation causing a further deterioration of local economies, loss of existing jobs, and future employment opportunities and cause a shift to offshore production in more competitive overseas countries.

Australian Governments are already sitting on a \$26 billion windfall from their under-investment in infrastructure over the past few decades. The Third Heavy Vehicle Road Pricing Determination Regulatory Impact Statement (RIS) released in October 2005 fails to address this under investment or its huge costs (in increased operational expenses) to road transport operators over the same years.

GST Windfall

The RIS Statement also fails to take into account the GST windfall gained by Governments through the increased GST paid by all road users as a result of the past few years of increasing fuel prices. The cost of road use and land transport reform can not be expected to be at the sole cost to Australia's most efficient mode of transport - road.

Already Paying its Way

The Australian Trucking Association has estimated that approximately \$1.8 billion per annum is raised through fuel excise and registrations. The National Transport Commission estimates revenues to recover "road user" charges from the industry to be in the vicinity of \$1.6 billion. Under that equation road transport is already "paying its way". Many operators in regional areas who pay more for fuel on average, and drive on worse roads than their urban counterparts noted that the Government actually "owes" them in real terms.

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Inactivity from the ACCC

Another issue raised by operators was the failure of prime-contractors to pass the fuel levies (as charged to customers) on to the actual carrier (sub-contractor) who uses and pays for the fuel on that consignment of freight. Most were bewildered that the ACCC or the Government would allow this to happen. Because of geographical and logistical requirements remote, rural and regional areas of Australia are better serviced by transport operators with one truck, or small fleets that are diverse and flexible in their carrying capabilities. Interviewees believed that concessions and extra fuel credits already enjoyed by Primary Producers should be extended to the Road Transport Industry since they are effectively competing with them in a commercial sense.

Equity in Drought or Hardship Assistance

One of the issues that constantly arose throughout this study was the variance in law, and eligibility for tax initiatives or drought assistance for the same type of vehicle (eg: livestock carriers) based on the categorisation of the owner of the vehicle rather than the vehicles usage eg: the cattle station owner who carries his own stock compared to the general carrier who earns his living hauling other people's stock.

Additionally, 55% of owner operators and 85 % of small fleet owners identified that ever increasing and inconsistency in fuel costs was the major factor influencing the economic viability of their businesses. (Note: a few operators said they worked in situations where fuel was supplied by the prime-contractor).

Triple the Load For Trucks.

Predictions indicate that while Australia's freight task will double by 2020, the load carried by road transport will likely triple over that same period. This means Federal, State and Local Governments must act NOW to reduce the burden of fuel price increases and the level of excise on small business or run the risk of not having a capable fleet for the future.

When asked to estimate how much of their business turnover was spent on purchasing fuel operators said;

(The lack of backload opportunities varied significantly with those in remote areas having a much higher percentage of unladen (unpaid) operation than those in regional areas.)

Owner Operators

44% said between 45% and 60% of their business turnover was spent on fuel and oils

28% said between 35% and 45% of their business turnover was spent on fuel and oils

24% did not respond or said they did not know

Small Fleet Owners

44% said between 45% and 60% of their business turnover was spent on fuel and oils

38% said between 35% and 45% of their business turnover was spent on fuel and oils

18% did not respond or said they did not know

Bureaucratic Flurry

Trucking is an industry that provides the most essential of services and yet the industry, on a national level, continues to struggle in an ever increasing bureaucratic flurry.

There is a Cost to Under-Investment

These inequities and inconsistencies impede Australia's social and economic growth. Any factor that affects the viability of road transport, either economically or socially, has a direct flow on effect to the local economies they service and in which they operate. Given the importance of road transport in servicing other industries this inevitably then impacts on Australia's total economic and social well-being.

If Governments are genuinely concerned about social justice in Australia they would do well to re-structure their policies on road transport. The steady decline in rural economies can be attributed to many factors including new technology, land degradation, seasonal influences and lower commodity prices. However, one of the biggest influences impacting the cost of living is the higher operational costs of road transport in these areas. A significant percentage of travel for remote and rural operators is unladen as the opportunities for backloading are almost non-existent. Trucks running Melbourne- Sydney are rarely unladen while trucks running Adelaide - Darwin do 50% of their travel unladen.

While much fuss is made about increased fuel prices, registrations, freight rates and other overheads having to be passed onto the consumer, Governments have to acknowledge that the cost to the community of under-investment in remote, rural and regional Australia also flows on to the community at large and has a significant impact on this country's continued economic competitiveness.

Gross Domestic Product

If trucks are operating then people and business are both producing and consuming. Road transport is the vital link between the two; it is literally the engine of economic growth. Approximately 40% of this country's physical exports are carried by road transport accounting for 8% of Australia's GDP. Every commodity, product, foodstuff or item in Australia has been carried by road at some stage of its production and consumption cycle. Road transport is the common denominator of all industries. Road transport accounts for around 50% of the value added Gross Domestic Product generated by the hire and reward freight sector in Australia.

Oh, My Aching Back - Health Issues

While it can be argued that most health issues affect the mainstream community, and the long haul trucking industry in general, the impact to owner operators and small fleet owners and their drivers in country communities is compounded by the lack of health facilities and good medical services available to them. The new driver medical standards, *Assessing Fitness to Drive*, were generally accepted by the small business sector of the road transport industry with operators agreeing that looking after their own (and their driver's) health was an important part of improving road safety, productivity and personal quality of life. Many operators commented on age-related conditions, given the older average age of drivers in their sector of industry, as being the major issue. The fact that this industry is failing to attract enough new (young and healthy) drivers to the industry has left many operators resigned to the fact that they are going to "have" to continue driving for longer.

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Age of Drivers Exacerbates Health Issues

This, they said, would exacerbate the health issues they are experiencing today. The higher than average age of drivers in this sector of industry no doubt had an influence on the statistical health and social implication data collected.

AGE OF RESPONDENTS

03% of respondents were aged between 20 and 30 years
 08% of respondents were aged between 30 and 40 years
 22% of respondents were aged between 40 and 50 years
 48% of respondents were aged between 50 and 60 years
 09% of respondents were aged between 60 and 70 years
 01% of respondents were aged 70 years plus
 09% of respondents passed over the question
Customers and Supplier data has not been included

Obstructive Sleep Apnoea

Obstructive Sleep Apnoea (OSA) is a problem that affects some truck drivers. It is a breathing disorder that has dire consequences for the sufferer during his daytime activities. The Woodcock Institute of Medical Research has determined that the disease is prevalent in around 25% of middle aged men. It has also been determined in other studies that around 50% of rural men, in the same age group, and who drive professionally for a living, suffer the symptoms of OSA even if they have not had medical diagnosis.

This lack of diagnosis and failure to seek treatment can often be attributed back to the lack of services in rural communities. The fact that drivers have to take time off, or stand down their truck to travel to another centre (usually metropolitan) for medical assessment, represents a huge cost factor, family disruption and loss of income for small business.

It is now well established that there is a distinct link between OSA, social decline and motor vehicle accidents. Truck drivers in general are deemed to operate under a great deal of stress which constitutes an increased risk to health in both the short and long term. Government should be working to reduce this.

Economic and Social Cost

This entails significant economic and social costs to the community which, in remote, rural and regional centres, is further compounded by a lack of services. Other studies have found that an increase in the work required of long distance drivers equated to longer trips, less sleep and an earlier onset of fatigue. This study found that this created an increase in other occupational and health implications such as heart and liver problems, chronic back pain, migraine headache and stiffness of joints culminating in arthritis or rheumatism.

Not Seeking Medical Attention

62% of small fleet owners and 55% of owner-operators said they suffered from Obstructive Sleep Apnoea of which only 23% and 18% respectively were seeking treatment. Of these, only 32% said treatment and / or support was available in their home community. While most operators were aware of what OSA was many had not sought medical help. 70% said they blamed this condition on their work in the trucking industry.

Other medical conditions that were prevalent in this sector of road transport were as follows:

OWNER OPERATORS	SMALL FLEET OWNERS
Chronic Back Pain 69% suffered from it 15% received treatment 33% suffered in silence 72% said it was work related	72% suffered from it 35% received treatment 32% suffered in silence 69% said it was work related
Poor Eyesight 62% suffered from it 75% wear glasses	58% suffered from it 78% wear glasses
Industrial Deafness 56% suffered from it None wore hearing aids 18% get tested regularly 72% said it was worked related	62% suffered from it 08% wore hearing aids 08% get tested regularly 69% said it was work related
High Blood Pressure and Stress levels 72% suffered from it 42% had affected ability 68% said it impacted family relationships	78% suffered from it 62% said it affected ability 62% said it impacted family relationships
Owner Operators (in relation to stress) 28% said it manifested in heart problems 55% said it manifested in digestive issues 25% said it manifested in migraines 22% said it manifested in nervous conditions 72% said their stress was caused through work problems.	
Small Fleet Owners (in relation to stress) 25% said it manifested in heart problems 63% said it manifested in digestive issues 18% said it manifested in migraines 25% said it manifested in nervous conditions 85% said their stress was caused through work problems.	

Infrastructure

Transport infrastructure in particular should be a primary focus of reform in Australia. Further research, outside the scope of this type of study, should be undertaken to determine how infrastructure is funded, maintained and utilised and how costs can be equitably dispersed between the different levels of government, private investment, all road users and stakeholders. While it can be argued that the National Road Transport Commission and the Australian Transport Council have been charged with this responsibility it would appear that little account for productivity gains attributable to the road transport industry, or social justice requirements for remote populations, is taken into consideration. Without exception, all road transport operators in this survey felt their business would immediately become more economically and socially viable should regulatory policy be changed to ensure that they operated on a level playing field.

Australian Trucking Families in Crisis

Social Benefit of Roads

The Australian Government's Auslink program includes substantial future expenditure on roads and there has already been substantial improvement in the standard of many of Australia's more heavily trafficked roads. However, general consensus, within the road transport industry small business sector, is that roads crucial to improving regional productivity and Australia's expected quality of life for regional populations should be undertaken immediately, even in those cases where social benefits exceed the financial cost or usage. The road transport industry has already "paid enough" road user charges to cover this given the \$26 billion backlog of under-investment in infrastructure by governments in past decades.

Whole of Community Approach

All respondents agreed that Governments should be encouraged to look at the advantages of having rural focussed co-ordinated transport policies that are fair and equitable to all stake-holders. This consolidation of service will in turn provide sustainable economies and promote positive social outcomes for, not only the road transport industry, but the whole of the community.

On a national level road transport is integral to Australia's economy given that it not only services every other industry in the country but, to operate efficiently and effectively it requires the services and products supplied by a wide range of other industries. Because of geographical and logistical requirements, remote, rural and regional areas of Australia are better serviced by transport operators with one truck or small fleets that are diverse and flexible in their carrying activities.

Big Trucks are Big Consumers

Small transport operations were consistently identified as being important to the prosperity of local economies not only for the services they offer their clientele in getting their produce to markets and the input of essential supplies but also with their consumption of local product from fuel companies, tyre companies, mechanics and workshops, spare parts outlets and the like.

Road Transport also employs its staff and contractors from the local population and workforce. Infrastructure investment and development is essential in the bush in order to give social equity to rural business which often competes against business based and operated from urban and metropolitan areas.

Jurisdictional Inconsistencies ...STILL?

In small populations already suffering the consequence of withdrawal of services, depopulation, geographical isolation and financial hardship the impact of excessive taxes and over-regulation, infrastructure under-investment and jurisdictional inconsistencies on road transport places an unacceptable economic and social cost on the whole of the community. Operators were distressed that this debate is still raging.

Given that many of these communities do not have access to a competitive and viable freight alternative such as rail, sea, river or air, regulatory complexities aimed at their lifeblood, is literally a tax on all those populations who live, and industries that operate, outside of the metropolitan areas. The inconsistencies between jurisdictions must be abolished.

Economic and Social Linkages

There is a very real need to develop strong linkages between economic and social responsibilities with the road transport industry and its customers and its suppliers and with local community and business sectors and Local, State and Federal Governments. This is an area that needs further research and this paper points out that there has been little analysis of the economic and social value of road transport in relation to the current downturn in the economic and social well being of remote, rural and regional Australian economies.

Further research is needed to ascertain the extent to which external influences specific to road transport such as policy, inequitable taxes and charges, fuel costs and lack of a good workforce to draw from impacts on whole communities. It is generally felt that an increase in the productivity of road transport will be gained if Federal and State governments simplify road user legislation and compliance procedures, reduce taxes and charges, and implement equitable governance and enforcement.

Protection of the Asset

In the areas where there is competition there has also been little research done on the economic value of those competing activities in relation to small local economies. While there is no doubt that Governments need to protect their asset in roads, railways and other infrastructure, the impact on small economies needs to be balanced by an equalisation in policy governing to the privately owned and "paid for" road transport sector and the government subsidised rail network. Most operators interviewed felt that while there were many commendable factors in the Auslink projections that much of the proposed improvement to the rail network would be done at further cost to road transports efficiency.

Dispelling the Myth of "Free" Road Use

There is a common misconception in Australia that trucks damage the roads and don't pay for their upkeep. Governments, ever keen to increase their revenue base, do little to dispel this myth and it remains one of the biggest myths about road transport in Australia. Make no mistake about it - trucks do not have 'free' use of the highway network. The trucking industry itself has made good inroads in increasing public awareness on some of its major issues but there is still much more ground to cover in this area. Governments have a responsibility to take a leading role in this. Much of the anti-road pro-rail attitudes of city populations has been borne of the injustices of governments early last century and failure of existing governments in this century to right those wrongs.

Complex and Controversial

The matter of determining exactly what heavy vehicles should pay for use of the road network is complex and controversial and has not been a consideration of this research project. The National Transport Commission has been charged with that responsibility through its Heavy Vehicle Charging Determinations of which two have been conducted since 1995 with the third (totally unjustifiable) having just been released. The industry lobbied strongly against its implementation and was successful in doing so.



Australian Trucking Families in Crisis

Customer Perspective on Issues

75% of road transport customers interviewed in this study said road transport costs were a significant factor impacting on the viability of their business saying that trucks contributed financially to their local economy (through spending) while rail did not. 78% said the road transport component of their overhead was crucial to the viability of their businesses.

85% said they considered road transport fared worse than other modes of transport with regard to rules, regulations, taxes and charges. Furthermore, 85% of customers said the withdrawal of and / or lack of infrastructure development had an adverse impact on the local trucking community. 100% of these said this impacted negatively on the whole of the community and the well-being of their local economy.

Supplier Perspective on Issues

As can be expected, 100% of road transport suppliers saw purchases of goods and services from truck operators as an essential component to the economic viability of their businesses. They said this income would be lost to local economies should there be a significant shift of the freight task from rail to road or further penalisation of road transport.

95% of supplier respondents said that the amount of income their business derived from sales of goods and services to road transport directly equated to the number of staff they employed. 85% of suppliers considered that road transport operators fared worse than other modes of transport with regard to rules, regulations, taxes and charges. 100% of these said that this impacted negatively on the whole of the community and the well-being of their local economy.

Insurance

62% of respondents said insurance was a major part of their overhead with 50% of these saying it was a vital part of their operation. 17% said they only had it because it was a requirement of their financiers. Only 15% of small operators said they were adequately covered for all situations with 62% of those saying they regularly struggled to make insurance payments. 77% of respondents said they were not adequately covered because they could not afford to do so. 24% reported that while it was a risk, it was the one overhead they could cut back on without it impacting on normal day to day operations.

Non - Reporting of Minor Injury

Most small fleet owners had never discussed insurance with their employees and said their drivers were usually unaware of what cover (if any) they had. 31% said they had made their drivers aware of what insurance cover they had and what their obligations were in regards to OH&S and safety in the workplace. 38% said their drivers had made claims in the past but 23% admitted that they actually encouraged their drivers not to make a claim for workers compensation for minor injuries or even report minor incidents. This results in a significant number of people continuing to work in this industry with an increased likelihood of minor injury that will not be appropriately treated or financially compensated.

No Wage for the Missus

Significantly, only 32% of respondents had included their wife or partner in their businesses insurance policies with the other 68% believing that because she did not actually take a wage from the business she would not be eligible for treatment or financial compensation should an injury occur. Another factor mentioned by many operators on this matter was that these small transport businesses run so close to (or on) the "bread-line" that when personal income is determined and factored into insurance assessments for loss of income due to injury, accident or sickness, the amount of compensation payable is not worth the cost of the policy.

Where are the Casual Drivers?

While this survey found that some owner drivers and small fleet operators in remote, rural and regional areas discourage the reporting of minor work related accidents they did so primarily because of the potential for loss of income due to the fact that it was almost impossible to source relief or casual drivers in remote, rural and regional communities. Their already financially stressed businesses were under continual pressure to meet contractual arrangements set by prime-contractors and customers. Most reported that their drivers did not argue this point, and in many instances were "happy with the arrangement" because they too needed their full wages to meet their standard of living and, because medical treatment (or other follow up procedures and interviews) often meant relocation from their homes and separation from family given the lack of available services in their towns.

Some of the infrastructure road transport customers and suppliers identified that should be major considerations for Government were:

GOVERNMENT	CUSTOMERS	SUPPLIERS
Local	Better access roads Parking and rest facilities By-passes through residential areas	Better access roads Meal and rest facilities Ramp and weigh facilities
State	Maintenance of regional roads Reduction of registration costs Well equipped truck parking bays	No state fuel excises Return of revenues to the roads Well equipped truck parking bays
Federal	Reduction in taxes and regulations Complete upgrade of highways Drought and assistance packages	Improving roads and Bridges A total reform of land transport. Tax incentives to buy new trucks

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Do Customers Really Care?

Small fleet owners also reported that only 15% of their customers checked to see if their drivers were covered by an insurance policy and only 30% of their customers checked to see if they were covered by load or tow insurance.

Respondents said they had the following types of Cover

TYPE	OWNER	FLEET
Death and Disability	62%	53%
Workers Compensation	54%	46%
Personal Accident	57%	38%
Load Insurance	42%	45%
Tow Insurance	12%	15%
Marine Transit	12%	11%
Loss of Income	5%	28%
Superannuation	08%	31%
Superannuation (staff)	not applicable	58%

Log Books and Work Diaries

It is a ludicrous situation when the Government can fine a man for making a spelling mistake in his log book or fine a man for not filling in his logbook when he goes to refuel his truck or get a tyre change the day before he goes on a trip. Why not initiate a system that allows a daily maximum travel before a driver has to fill in a log book so he can conduct the servicing and maintenance of his vehicle without the unnecessary burden of irrelevant paperwork?

It is literally a bureaucratic nightmare to operate a truck in Australia and the current inequitable, archaic, revenue focused and control based approach to legislation does very little to encourage operators to comply and operate within the law. The law as it stands is "begging to be broken". It simply does not fit within sensible operational or logistical parameters.

Its all too Common

Non-compliance is a big issue for road transport. Factors such as long working hours, too much paper work, insufficient insurance coverage, poor work health considerations, unrealistic scheduling by forwarders, safety breaches, speeding and weight misdemeanors are all too common in the industry.

Culture of Acceptance

It is important for Governments, and the broader community, to realise, and acknowledge, that this has been borne out of over zealous policy and malicious enforcement over many years. While this type of behavior is not condoned by the mainstream road transport industry, it is true to say that there is a "culture of acceptance" for law breaking within parts of the industry. The breaking of some of these archaic laws is the only way many small operators break even. This is an industry where profits are rare and productivity is hobbled by law.

Symptom of the System

Non-compliance is not a matter of greed or neglect, as is portrayed by media, but simply a matter of survival. Non-compliance is the symptom of a system where governance and law do not suit the operational requirements of industry. There is no doubt that duty of care is a necessary part of management in any small business and it makes good sense for operators to comply, but some smaller operators see it as just more red tape with no benefit.

Why? Because they are already overregulated. If Governments expect operators to implement and comply with OH&S requirements and work practices that ensure the health and safety of themselves and their employees then it must first remove the bureaucratic tangle of unjust rules and contradictory regulations of the last century.

Red Tape Ties Up The Industry

The compliance 'value' of new policy, whether it be on fatigue, Chain of Responsibility or even Duty of Care is currently impeded by the huge amount of 'red tape' already tying up the industry. The message from owner-drivers and small fleet operators is simple; Governments need to go back to the drawing board and, in consultation with industry, reform land transport from within and, this time, come back with something practical and easy to administer.

Truck Technology - Miles Ahead

The road transport industry itself has been very pro-active in bettering itself from within. If Government's matched that effort then Australia's economic and social well-being as a whole would be better advanced. Road Transport has worked tirelessly on environmental issues such as increased engine efficiency, controlled disposal of fuel and oils, better tyre wear, safety issues, aerodynamic design and accountability at all levels.

There have been huge technological advancements in the design of state of the art trucks and trailers over the past twenty years as the leading marques vie for market share in a competitive world and yet, Governments have failed to keep up with equal advancements in road infrastructure, uniform rules and regulations and consistency or fairness in governance and enforcement procedures.

Regulation - A Decade Behind

The Accident Research Centre at Monash University estimates that regulation on road transport is at least a decade behind industry advancements. Australia's road network is literally a deteriorating asset which is poorly maintained and is not being upgraded to meet the demands of the growing and innovative industry that is the key to the future of Australia, urban and rural.

In effect, the failure of Australia's Governments to keep up with road transport's technological advancements, and consumer demand for its services, is impeding Australia's growth. The socio-economic cost to both micro and macro economies will be even more severe in the future if action is not taken to amend these policy shortfalls now.



Australian Trucking Families in Crisis

Reasonable Rates for Subbys - Its not *that* Hard

Road transport operates in a very competitive market and previous studies indicate that freight rates are largely controlled by competition within the industry. Subcontracting is a significant element of the hire and reward sector of road transport and most sub-contractors come from the owner-operator or small fleet segment of industry. A recent study and paper compiled by Acil Tasman "Trucking -Driving Australia's Growth and Prosperity" found that 60% of all business in the road freight industry was done by these small road transport businesses but that they only earned 11% of the total income. The Australian Trucking Association estimated it is closer to 75%. This is indicative of some very serious problems with the way bigger operators "do business" with the smaller operators.

Disconnection Within Industry

While the business end of the freight task is being looked after by the big companies, the carrying is actually being done by owner operators and small fleet owners.

This study has shown that the link between prime-contractor and sub-contractor in relation to freight rates is drastically in need of reform and that this disconnection between the business end of road transport and the carrying end of road transport is a significant issue that needs addressing immediately.

While this study has been unable to source data on the number of small fleet owners (five trucks or less) in Australia BTRE (2003a) figures show that there were nearly 30,000 owner-operators trucking businesses in Australia in 2000. The industry estimates that large numbers of small operators in road transport go out of business every week in Australia, most of them because of financial difficulty or bankruptcy.

Rate Decline Over Forty Years

Acil Tasman found that real road freight rates in Australia have been steadily declining over the past forty years. The industry has been able to sustain this through the development of more efficient trucks, a greater use of larger trucks (b-doubles and roadtrains) improved management and driving skills, a better (but not good enough) road network and by the continual erosion of profit margins to current unsustainable levels.

This can no longer be tolerated if Australia is to continue its growth and productivity let alone improve its international competitiveness and maintain Australia's societal expectations for quality of life and standards of living for trucking families.

Simplification IS the Answer

What is needed is a simplification of policy, equity in fees and charges, a fiscal approach to infrastructure development and a change in the way all levels of Government look at road transport as an industry. It is an industry in its own right. Economic and social reconstruction of the way governments deal with the road transport industry is vital if we are to counteract the problems of economic and social decline in rural Australia. In remote, rural and regional Australia owner operators and small fleet owners are 'price takers' rather than 'price setters'. It is crucial Governments initiate corrective policy to how big business works with the small business sector of the road transport industry for this reason alone.

How Rates Stack Up Today

Of the owner operator segment only 25% of respondents said they thought they were paid adequate rates while 75% said they were not paid adequate rates.

95% of respondents said, as small operators, they are price takers rather than price setters and as such have little control over what they get paid. 65% of respondents said Customers are the price setters in this industry, 32% of respondents said Freight Forwarders are the price setters in this industry and 94% of respondents said big companies and national carriers are the price setters in this industry.

(Note: Most operators chose more than one option)

Only 36% of owner-operators said they get paid in an adequate time frame with just over half of these (18% in total) reporting that this enabled them to meet their liabilities and commitments as they fell due. 100% of owner-operators and small fleet operators said they regularly struggled to make ends meet.

When asked what the "price setters" could do to rectify some of the problems in the small business road transport sector owner operators responded;

Customers:

50% of respondents said customers needed to be tied to a mandatory minimum fixed schedule of rates.
48% of respondents said customers had no loyalty and encouraged their carriers to undercut each other.
37% of respondents said customers failed to look at service quality and did business based on service cost alone.

Freight Forwarders:

65% of respondents said Freight Forwarders needed to have a standard schedule of rates fixed by Governments
27% of respondents said Freight Forwarders *favoured* big companies who kept their rates down but who then used subbies for lower rates to ensure their own margins.

Big Companies:

72% of respondents said big companies used subbies at cheaper rates to retain or improve their own margins.
28% of operators said big companies needed legislation to ensure they paid fixed rates within normal trading terms.
34% of respondents said big companies should be forced to pass on surcharges to the subbie (eg: fuel levies)
52% said that slow or bad debts from big companies (prime-contacts and customers) caused major cashflow problems

Governments:

31% of respondents said that Government had a role to play in legislating standard rates and ensuring equitable compliance and enforcement procedures.
20% of respondents said that Government should be keeping fuel costs at a consistent level
15% of respondents said Government should reform the whole of the industry as the current system is simply not practical and impossible to operate within.
35% said Government should be putting registration and fuel taxes back into upgrading the road network.



Australian Trucking Families in Crisis

Price Getters NOT Price Setters

Of the small fleet owner segment 100 % of respondents said they did not get paid adequate rates and 67% of respondents said they did NOT get paid in an adequate time frame. 92% said that small operators are price takers rather than price setters with 31% of respondents saying Customers are the price setters in this industry.

15% of respondents said Freight Forwarders are the price setters in this industry and 63% of respondents said Big Companies and National Carriers are the price setters in this industry.

When asked what the “price setters” could do to rectify the problems in the small business road transport sector small fleet owners said;

Customers:

50% of respondents said customers needed to be tied to a mandatory minimum fixed schedule of standard rates.
25% said that customers had little loyalty and actively encouraged their carriers to undercut each other.
45% said their customers did not understand the logistics of the industry.

Freight Forwarders:

65% of respondents said that Freight Forwarders need to have a mandatory fixed schedule of standard rates.
20% said Freight Forwarders had their preferred carriers (and you could only get a load if one of them wasn't around) and that was usually at a lower rate.

Big Companies:

58% of respondents said big companies used subbies when they couldn't afford to run their own trucks.
67% of respondents said big companies needed to have a fixed schedule of rates set by Government or Unions and be forced (by law) to pay within normal trading terms.
25% said big companies did not pass onto them costs they recovered from customers (eg: fuel levies)
52% said that slow or bad debts from big companies (prime-contactors and customers) caused major cashflow problems within their businesses.

Governments :

55% of respondents said that Government should totally reform the way road transport operates in Australia.
78% said the Government had an economic and social responsibility to keep fuel costs consistent.
56% said State Governments should be abolished and one national law be applied throughout the industry
35% said Government should be putting registration and fuel taxes back into upgrading the road network.

Society can ill-afford to over-regulate, penalise and complicate operational requirements for those trucks crossing over two or more jurisdictional boundaries as this cost has to ultimately be paid by the whole community.

The 3 “R”s: Rego, Revenue and Racketeering

The high cost of registrations is an ongoing issue for road transport in Australia whether you operate a single vehicle or a fleet of hundreds of trucks. Given that the road transport industry already over-contributes through a bevy of taxes and charges (including excessive fuel excises) the past twenty years or so have seen the road transport industry forced to waste valuable time and monetary resources fighting to prevent governments from further increasing registrations.

The most notorious of these was the Interstate Commissions recommended increases of the 1990s based on so call road user charges. In 2006 the industry successfully fought the National Transport Commissions proposed 37% increase in registrations for B-doubles which would have severely impacted cash flows and viability of the truck owners. However, registration costs will be passed on to the road transport customers (and ultimately the end-user / consumer) at the end of the day further penalising those Australians that live and work in remote, rural and regional Australia where road transport costs are already a large component of their cost of living and quality of life standards.

Take it Away From The States

Without exception, every respondent in this study called for simplification, mutual recognition, consistency and national uniformity in registrations with 58% of respondents saying registration should be a Federal matter and removed from the states. Statistics show that 80% of the freight task in Australia is handled by road transport. It has also been determined that 80% of domestic freight is moved by road transport over distances of less than 100 kilometres.

Larger Reliance in the Bush

Theoretically this means that 20% of Australia's freight task must be moved over significantly longer distances to reach remote, rural and regional communities that are not serviced by rail or any other transport mode. Given that much longer distances are traveled between rural communities and their markets and suppliers, that a cost effective land freight alternative is not usually an option and unladen (unpaid) travel is significantly higher, it is a safe assumption to say that the percentages in both instances is much higher in the bush. The reliance on an efficient and cost effective road transport industry can be said to be far greater in regional and rural populations. Society can ill-afford to over-regulate, penalise and complicate operational requirements for those trucks crossing two or more jurisdictional boundaries as this cost is ultimately worn by those regional communities.

Safety Improvements

Latest figures from the ATSB indicate the number of truck accidents and crashes are comparable to that of other road users and drivers and that there has been a marked improvement in the over-all safety record for heavy vehicles since 1989. Given the long distances and long hours of truck drivers in Australia (again in comparison to the mileage traveled and the time spent driving by other road users) it would appear that most truck drivers operate their heavy vehicles in a safe and professional manner.

Australian Trucking Families in Crisis

Good Safety Record

In fact, ABS statistics over the past ten years show that in between 80% and 90% of crashes involving heavy vehicles the other vehicle was at fault. Compared to other OECD countries, and given Australia's high proportion of undivided and unsealed roads Australia's safety record is good.

The road transport industry itself has taken a very pro-active role in increasing safety awareness both within its own ranks and with the broader community. The Australian Trucking Association distributes a leaflet called "The Truckies Top Ten Tips for Road Users" which discusses basic safety issues such as when and how to overtake a turning (heavy) vehicle, the importance of maintaining speed when being overtaken by a heavy vehicle and the importance of using headlights and high beam appropriately when night driving. The Northern Territory branch also distributes a leaflet to other road users called "Sharing the Road with Roadtrains".

Safety In The Workplace

Safety in the workplace is another matter. 65% of small fleet owners reported that they had problems with Occupational Health and Safety Requirements (OH&S) with 55% saying that while they considered safe work practices to be critical to their operations there was little uniformity between what was happening with Consignors and Receivers at both ends of the freight consignment.

OH&S and Over Regulation

72% said existing OH&S legislation was over-regulated for transport drivers in distribution centres but under-regulated in the loading bays, docks (and sheds) operated by their customer base or prime-contractors. 50% of respondents said this made the cost of compliance far too excessive given it was not uniform across the entire supply chain.

Similarly, owner-operators said the biggest issue they had with safety was that requirements were not uniform across the entire supply chain. 48% claimed it was inequitable that they were forced to comply when most of their customers and some prime-contractors did not. 88% of all respondents said the biggest problem was that OH&S legislation was driven by bureaucrats with little understanding of the practicalities and operational logistics of the freight task.

Skills Shortages

There is a critical need in rural Australia to have the problems of the road transport industry addressed in relation to both skill shortages in the areas of the existing workforce and in attracting young people to industry in the future.

Gone To America

The shortage of suitably trained and experienced drivers is causing crisis in the industry today - what is it going to be like in ten or twenty years time if we don't initiate training opportunities and suitable wage and employment legislation now? Australia is not the only country experiencing skill shortages in road transport. Successful advertising campaigns in recent years have attracted many Australian drivers to work in America where their skills are highly sought after.

Training Alone is not Enough

The road transport industry itself has initiated many programs to address this issue including school based programs, traineeships, scholarships and a Training Alliance partnership between the Australian Trucking Association, other industry organisations, training providers and private sector partners. This is not enough. If Australia is serious about coping with the freight task of the future the time in which to act is now.

It is absolutely essential that Governments act NOW to address skills shortages not only in the road transport industry but in the whole of Australia across all geographical and industrial spectrums. Many of the economic and social problems that impact the viability of the small road transport sector (and larger operators) can be traced back to the lack of a skilled or experienced work-force to draw from.

Gravitation to Big Cities and Big Companies

100% of both owner-operators and small fleet owners reported they experienced difficulty accessing experienced drivers because there was a shortage Australia wide. 65% said good drivers tended to gravitate to the more metropolitan areas where firstly, their families had better access to a wide range of services (schools, hospitals, housing, employment and other services) and could expect a better standard of living and secondly, because they could get a job with a big company that paid a higher wage, superannuation, annual leave, penalty rates and provided other employee benefits beyond the capability of small business in remote, rural and regional Australia.

23% of small fleet owners blamed industry initiatives because it was not targeting potential drivers young enough (partly because of insurance implications). Many claimed that by the time a young man was old enough to drive a truck (and be covered by insurance) he already had a career, family and mortgage. 63% of respondents said there were no training facilities in their communities and complained that trainers who visited periodically represented an unacceptable financial burden on their businesses because it meant they had to stand down their trucks (and their drivers) for several days at a time. Most operators supported a system whereby a regular smaller session held weekly at local schools or TAFE colleges as this would (could) also serve to attract new-comers to the industry and had the potential to be part of student, work for the dole, and other training initiatives.

More Money For New Comers

60% of operators felt the current quality of formal education and training was below standard with 55% saying the best training was "on the job". Respondents felt the best way for Governments to address the skills shortage issue was to financially support new-comers to industry (in all trades) by implementing a system similar to Austudy or Abstudy where trainees and apprentices are given financial support to complete their training. Young people have a tendency to "live for today" and in most instances could earn nearly double the hourly rate washing dishes in a restaurant or pumping petrol at a service station than they could earn training in a competency where they ultimately get a qualification and the potential to earn a much higher rate of pay "later in life".



Australian Trucking Families in Crisis

Government Should Fund Shortfall

The Industry itself, particularly the small transport business sector in remote, rural and regional Australia, is unable to fund this type of initiative itself but recommends that Government, subject to certain criteria being met, pick up the shortfall between what business can "afford" to pay and what young people "expect" to be paid.

Skills Shortage Within the Industry? You bet!

On a more personal level, only 22% of owner-operators and 23% of small fleet owners said they had other qualifications they could fall back on if they had to sell, or otherwise close down, their businesses. 60% of respondents said their only education was primary or high school and often not up to Year 12 level.

Another 14% said they had attained a TAFE competency but in 50% of cases this was not up to date and respondents said re-training would be essential.

Others had undertaken a variety of management, accounting, warehousing and marketing courses. 24% of respondents had acquired a trade qualification with 50% of them being in the auto trades. Some were also chefs, plumbers and electricians and the like. In short, 81% of respondents said they would need to be re-trained if they were to seek employment outside of the industry.

Is It Any Wonder?

It is not at all surprising that this sector of industry is not coping with the bureaucratic demands and high level of red-tape forced upon it by Government. It simply lacks the skill base within its own operations to implement, carry out, audit and keep track of the huge administrative burden being placed on it by a myriad of uncoordinated Government policies.

There is again, a severe mis-match between small business where the owner does (and has to) do everything and the larger companies who can afford to employ specific and appropriately trained staff to look after such matters.

Governments have an obligation to ensure that small business is not disadvantaged in this way by ensuring that the existing complicated systems are simplified and that financial and training assistance is given to small road transport operators so they may achieve compliance.

Accountants don't drive trucks! Do they?

The skills shortage in Australia not only exists in attracting new drivers and a variety of other expertise to the industry but also exists, in no small way, within the ranks of Australia's small road transport sector.

While operators no doubt possess many skills associated with driving, loading and repairing and maintaining their trucks many do not have the administrative skills (or the time) needed to implement compliance. The accountants in big companies are not expected to drive trucks.

Tax agents are not expected to drive trucks. The Office Manager is not expected to drive a truck. Why then are drivers in small companies expected to be accountants and tax agents and administrators as well as be "safe" drivers on the road.

Social Dilemma for Trucking Families

The social and economic costs of inequitable and ill thought out policy will reverberate over decades resulting in further deterioration of industrial, commercial and personal interests in rural communities and towns. It will also impact on the well-being of the family unit if it does not take into account the need to be more inclusive of the social issues that impact on acceptable living standards ensuring that societal expectations for quality of life in developed countries are met.

Trucking families really are in crisis. 76% of owner operators and 62% of small fleet owners said their current marriage or relationship was not their first long term relationship. 62% of these collectively said that the stresses of the trucking industry was the major contributing factor in the breakdown of previous relationships with 100% of these identifying that the same issues (not enough money and not enough time) were problems in existing marriages and family relationships.

What Birthday Party?

Without a socially inclusive approach to policy development quality of life will further decline in rural populations and, along with a worsening of local economies, will in turn increase social dilemma, a stretching of limited resources and further family crisis within the remaining community.

Alarming, 88% of owner-operator respondents and 100% of small fleet owners reported having continuously missed out on attending significant family events such as birthdays, deaths and marriages (school sports days and community meetings and such) because of their work commitments in the trucking industry - most of which are influenced by external factors out of their control. Small fleet owners also reported that, in 77% of instances, their driver rosters and schedules had caused their drivers to miss significant family or social events, doctors appointments and other activities.

Bankrupt: Been There, Done That

This study found that in the small fleet owner sector of industry 15% had already been bankrupt or put into receivership with another 45% reporting that they had come (or currently were) dangerously close to losing their business or having their truck repossessed. 15% also reported they had lost/sold the family home because of recurring financial difficulties caused by poor rates, unrealistic schedules, poor payment terms and bad debts. Not surprising the owner driver statistics were very similar with 15% of respondents indicating that they had already been bankrupt or had been put into receivership in the past with 18% saying they had lost, or had to sell, the family home. Nearly half of respondents indicated that they had experienced extreme financial difficulty causing them to refinance the business usually by re-mortgaging or selling the family home. Cost of debt is a major issue.

Sell the House - Keep the Truck!

75% of operators reported that the stresses of working in road transport had caused them to make unwise financial decisions (eg: selling the house and keeping the truck) and in 68% of cases this had caused distress and disruption to the family and its social well-being. Amazingly, 100% of operators said they would *still* sell the house to keep the truck.



Australian Trucking Families in Crisis

No Energy Left To Play

The paradox is that the decrease of services and loss of infrastructure in regional Australia is now compounded by a far greater need than there was before with all indicators saying that unless very real reform is implemented, then the situation will continue to worsen well into the future.

It is impossible to divorce the economics of the industry from the social circumstances of the families within it. The quality of life most Australians enjoy today is totally integrated into the cost and quality of services provided by the road transport industry. It is however, also at significant financial and emotional cost to families in road transport.

94% of owner operators reported that they had problems impacting the social structure of their business in relation to quality of life issues for their families with 80% of those indicating that lack of time and money was a major factor. 75% of them reported that they worked "so hard" they simply did not have the energy to have a social life or get involved in the local community.

Like-wise, 85% of small fleet owners reported the same issues (lack of time and money) impacted their family.

Less Drivers means More Stress

This study found that 68% of small fleet owners blamed financial stresses for the lack of social quality in their homes. 55% said lack of time, finances and energy prevented them from having a social life or getting involved in community activities.

Interestingly, 44% of small fleet owners also said the fact that they could not access relief / casual drivers or experienced permanent employees meant that they were physically driving more hours than they would like to be under ideal circumstances and this too created emotional and financial stress within the family unit and impacted fatigue.

It is a fallacy that declining populations and rural communities need less infrastructure and developmental support. The road transport operators that live in and service rural communities not only suffer the more generalised issues impacting regional Australia but also struggle against many other legislative inequities that have been aimed specifically at the industry.

Local Purchasing and Employment

Small transport operations were consistently identified as being important to the prosperity of local economies not only for the services they offer their clientele in getting their produce and product to their markets but also with their consumption of local product from fuel companies, tyre companies, mechanics and workshops, spare parts outlets etc as well as directly employing their staff and contractors from the local population.

Fix the Cause - Not the Symptom

Some respondents complained that while much debate occurs about what ails the industry, too often it's the symptoms rather than the causes which are addressed. Regional small business felt that through a series of inequitable taxes and charges it over-contributed to Federal Government's general revenue.

Rats and Mice - Our Subcontractors

Respondents felt more attention should be given to the underlying causes of these symptoms. There is a tendency in Australia for major forwarders and customers to base their contracts and tendering processes simply on economic terms for their own benefit disregarding sub-contractors from the process of determination. Owner operators and small fleet owners determined that they were price takers rather than price setters and this alone was one of the major issues impacting the viability of their operations.

It is imperative that sub-contractors and small transport businesses be included in all levels of consultation. Operators said they were sick of being treated like "rats and mice" scuttling around the outside of big business looking for a few crumbs to exist on. They want to be in the heart of it.

A Regularly Received Income is Vital

As is the case for all Australians, the most significant economic resource for small transport businesses, and the families who own them to maintain a reasonable standard of living and a quality of life, is a regularly received income that exceeds, or at least meets, their basic cost of living. In the trucking industry particularly, and in remote, rural and regional Australia specifically, this is not happening and trucking families really are in crisis.

While incomes and the standard of living in Australia are continuously rising in the broader community there remains segments of the population who have declining incomes and reduced standards of living. Ironically, it is this segment of the population (regional populations, rural industries and remote indigenous communities) who will most suffer if government continues to over-regulate and over-tax the road transport industry. Road is often the only mode of transport that can efficiently and effectively service their needs.

Deprivation and Stress Indicators

Deprivation and financial stress indicators used by the Australian Bureau of Statistics and used by Travers and Robertson as part of a *Deprivation Standards Project* (for social security recipients) when applied to owner operators and small fleet owners in Australia today highlights a very real need for change. Future policy on costing structures, taxing regimes and infrastructure development has to reflect both the economic and social needs of such a vital industry.

Questions asked in the HES project by Travers and Robertson related to both deprivation experienced by families, cash flow problems and (lack of) financial resources. Using this methodology, the prognosis for families in small transport businesses in regional Australia is already appallingly below accepted societal expectations for standards of living.

Deterioration of Living Standards

If Governments persist in implementing policy based on recommendations (such as the NTC's Third Determination) then that standard of living will deteriorate even further for Australia's trucking families. They are already in crisis and should not be further disadvantaged and discriminated against.

Australian Trucking Families in Crisis

How "Broke" Are We Anyway?

Some of the 'basics of life' identified as being items that 'deprived' or put 'financial stress' onto households were:

Deprivation Indicators included:

- a holiday for at least one week a year.
- a night out once a fortnight
- having family over for a meal once a month
- affording leisure or hobby activities
- Not having access to medical treatment

Financial Stress Indicators included:

- Household spends more than it gets (over 1 year)
- Inability to raise \$2000 in a week for something important
- Inability to pay power, phone or other bills as they fall due
- Pawning or selling something so you have cash to eat, pay rent or make a truck payment.

Financial Scale for Stress Levels

In the original Travers and Robertson paper a scale of financial stress was established where the reporting of just one incidence was disregarded, a household that reported two to four incidences was deemed to be in "moderate financial stress" and households where five or more incidences were reported were labelled as being under "high financial stress".

Using this methodology the small business road transport sector (owner operators and small fleet owners) can be said to be under "extreme financial stress".

80% of operators interviewed in this study reported between eight and ten indicators could be applied to them

Direct Correlation

The Australian Economic Indicator (2001) found that there is a direct correlation between levels of income and levels of stress. While some of this represents a failure by policy makers to address social issues, it also highlights a very real need for the road transport industry itself to address some vital issues from within its own ranks.

The problems cannot all be laid directly at the feet of Government. Road transport industry associations too, have a vital role to play in, not only lobbying government on national issues, but in addressing the issues that plague the small transport operators from within.

Issues Are NOT Always The Same

Many of these issues, are quite clearly, not always the same issues that plague the bigger operators and national corporations but are just as vital in ensuring the overall professionalism, safety and productivity of the industry.

This study found that most small transport businesses have their trucks under hire purchase or lease arrangements (88% for owner operators and 93% for small fleet owners) with a significant portion of those saying that they had to refinance the vehicle(s) on at least one occasion. Only 22% of owner drivers and 46% of small fleet owners said they drew a wage for themselves from the business with 94% (collectively) of those reporting it was below the award wage and did not reflect the true number of hours they had to work to sustain their businesses. In addition to this 76% of respondents said their wife or partner also had to work in the business with 65% saying they did not pay him or her a wage for those hours. This is an accepted practice.

UNPAID HOURS WORKED TO ENSURE THE VIABILITY OF SMALL TRANSPORT BUSINESSES

(using the standard 38 hours per week model and inclusive of the wife or partners unpaid hours)

Owner-Operator

31% of respondents estimated they worked an extra 10-30 unpaid hours per week.

25% of respondents estimated they worked an extra 30-40 unpaid hours per week.

44% of respondents estimated they worked an extra 40 plus unpaid hours per week.

Small Fleet Owners

08% of respondents estimated they worked an extra 10-30 unpaid hours per week.

46% of respondents estimated they worked an extra 30-40 unpaid hours per week

46% of respondents estimated they worked an extra 40 plus unpaid hours per week.

TIME SINCE LAST 'REAL' HOLIDAY

Owner-Operators

12% of respondents said it was between 1 and 4 years since they had a real holiday (four weeks off with pay)

19% of respondents said it was between 5 and 8 years since they had a real holiday (four weeks off with pay)

25% of respondents said it was between 8 and ten years since they had a real holiday (four weeks off with pay)

44% of respondents said it was ten years and over since they had a real holiday (four weeks off with pay).

Small Fleet Owners

23% of respondents said it was between 1 and 4 years since they had a real holiday (four weeks off with pay)

23% of respondents said it was between 5 and 8 years since they had a real holiday (four weeks off with pay)

15% of respondents said it was between 8 and ten years since they had a real holiday (four weeks off with pay)

38% of respondents said it was ten years and over since they had a real holiday (four weeks off with pay).



Australian Trucking Families in Crisis

Violence: Physical and Verbal

In a report by Professor Quinlan 54% of owner drivers and 42.5% of small fleet drivers had suffered some form of abuse in the 12 months prior to the survey being undertaken. Additionally, some 20% of drivers had suffered 'road rage' from other road users rather than from other truck drivers. This study has found the incidence of violence (physical and verbal) to be much higher. Whether or not this is because this study was concentrated specifically on operators in remote, rural and regional Australia cannot be ascertained without full access to Quinlan's report.

This study found that 75% of owner-operators and 85% of small fleet owners had been affected by occupational violence in the workplace with 44% and 75% respectively saying this was as the perpetrator to people they work with. 72% of owner operators and 61% of small fleet owners said this was as the victim of the people they work with.

Short on Workplace Policies

75% of small fleet owners said they did not know if their employees had been affected by occupational violence and only 18% said they had a work-place policy for anti-social or aggressive behaviour. 52% of all respondents said this impacted adversely on their work environment and 42% said they attributed the level of violence in the industry to the stresses involved in working in the trucking industry.

In addition to this 48% of operators said they had been the victim of "road rage" from other road users and very few reported (or were prepared to discuss) incidences of domestic violence in the home or relationship.

It would be reasonable to assume that the high levels of violence noted in this study could be partially attributed to deprivation and financial stress indicators.

General Statistics on Operational Issues

Registration

88% said cost was a major issue as it was unfair between sectors of industry

88% said it is too inconsistent between jurisdictions

67% said truck and trailer registrations, for trucks that travel interstate, should become a Federal responsibility

Licensing

85% said that the major issue with national licensing was that it was "national" in name only.

15% said training quality was an issue as people coming out of driving schools with truck licenses often had no real practical experience

Regulatory Inconsistencies

98% said regulations between jurisdictions differed too greatly and were both costly and impractical.

24% said carting nationally was a bureaucratic nightmare and compliance was impossible

27% said all regulations should be national with State and Territory rules abolished.

Governance and Policing

75% said there were too many inconsistencies between state jurisdictions

44% said there were too many inconsistencies between departments within their own jurisdictions

40% said too much depended on the personalities involved and interpretation of the law.

24% said there was too much targeting of the older truck fleet by Road Transport Authorities.

Weight and Length regulations

82% said there were too many inconsistencies between jurisdictions and within different sectors of industry.

50% said the Government was failing the industry by not keeping the road network up to truck technology.

48% of operators said they paid their taxes but the equivalent funds did not go back into the road network.

42% said the Government needed to introduce a social justice component for hauliers working in remote areas.

34 % said the inconsistency between jurisdictions impeded productivity.

27% said their trucks were capable of carrying more weight over the front axles

12% said there were unnecessary and unfair weight disadvantages for bonneted trucks

10% said volume loading should apply in all instances where the truck was capable of doing so safely.

(The condition of the roads should not be an issue as their poor condition was due to Government under-investment).

10% said concessional loading tickets were just a "revenue" raiser for states and served no real safety purpose.

Opportunities for Expansion

68% said additional finance was too hard to get, interest rates too high and that they had already used all their collateral.

56% said the taxes, charges and levies imposed in the industry by Government were a disincentive for expansion

48% said it was impossible to expand without a work guarantee or contract and these were impossible to get

32% said their customers will not commit to any guarantees of work that would warrant them expanding

27% said the Government needed to introduce some "decent" tax incentives before they could consider it.

Industry in its own right

While this research paper is specific to issues pertaining to the economic and social viability of the small business sector of the road transport industry in remote, rural and regional areas the issues flow on to impact the whole of the industry and community. Many operators felt that Governments don't see road transport as an industry in its own right but only as a service industry to other industries and that this is part of the problem with the way legislation is thrown at it from all directions. It is time for Government to accept this is an industry in its own right and one that is absolutely essential to Australia's future economic growth and international competitiveness. It is true that road transport services other industry and plays a crucial role in many regional centres. When you're in the middle of Alice Springs or Kalgoorlie, and see a truck unloading at Coles - you know its essential to your life and your community.

Australian Trucking Families in Crisis: RECOMMENDATIONS

Industry in its own right (cont)

However you don't, as a general rule, give much thought to how crucial that service is to Australia. The time is NOW for both Government and Industry to give some real thought to it and embark on a publicity campaign that will educate the public on just how vital trucks are to Australia in terms of equity in living standards for the population, as a vital supply line of inputs and outputs for business and for Australia's continued economic growth and international competitiveness.

The simple fact of the matter is that trucks will never be forced off the road because of safety, environmental or any other reason. The reality is that trucks are here to stay and will always look after the bulk of Australia's freight task. This country's geographically isolated industries and widespread population guarantees that. The challenge for the future is to ensure that this most essential mode of transport operates as efficiently, as safely, and as productively as it possibly can.

Road Versus Rail - The Age Old Debate

While it is true to say that there is some animosity between road and rail, the majority of operators interviewed acknowledged that there is indeed a place for an efficient and cost effective rail system in Australia. However, they felt that it should not be at the degradation of the road transport industry. Most reported that competition between modes was "healthy", if all modes competed on level playing fields. Under those circumstances competition would be "welcome". The reality is, only about 15% of freight is contestable between modes. With the freight task set to double by 2020 (some say 2015) the mode of transport carrying that 15% will be determined by supply and demand factors and, in theory at least, not impact adversely on either mode of transport.

Scrapping the existing complex and inequitable systems and developing new policy that will increase the efficiency and effectiveness of road transport in rural Australia is the ideal vehicle for Governments to start reversing, and eventually counteracting, the current economic downturns in the sparsely populated but vital wealth producing rural areas of Australia.

Barometer to Well-being

Wherever there are people, businesses and roads there is a need for the road transport industry. In rural areas, where it is not financially viable for the multi-nationals to operate, and no rail exists, there is a 100% dependency on owner drivers and small fleet owners. Governments have a fiscal obligation to ensure road transport can operate efficiently and effectively.

The well-being of the trucking industry can literally be used as a barometer in determining the well-being of both micro and macro economies. Judging by the results of this study, Australia is simply not going to cope with its future transport demands for road or rail if an immediate and total reform package that considers the social implication of policy is not legislated and implemented NOW.

As a result of this study Transport Women Australia have put together a package of ten recommendations for consideration by Government. *Looking after road transport really does mean looking after Australia.*

RECOMMENDATIONS

- 1.** That the Federal Government take responsibility for Governance of the national road transport industry by developing a sensible, achievable and practical National Frame-work on road transport governance (divorced from the complexities of the existing inconsistencies) that sets the parameters under which each State and Territory would be obliged to comply and regulate.
- 2.** That the Federal Government immediately undertakes a review of the economic and social impact of the cost of diesel to trucking businesses including a comprehensive indepth assessment into the consequences of removing the Diesel Grants Scheme in favour of claims being done in the Business Activity Statement on a quarterly basis.
- 3.** That Government work with all stake-holders in the road transport industry in developing a fixed and mandatory minimum Schedule of Rates that is inclusive of time frames for specific distances and journeys including criteria for regular payments to subcontractors by prime-contractors.
- 4.** That all Governments work towards reducing, or at least simplifying, the high level of mandatory paperwork associated with compliance, and furthermore, financially assist small transport businesses in meeting compliance requirements.
- 5.** That Governments immediately address their under-investment in roads infrastructure and development particularly in remote, rural and regional Australia where social deficiencies exist.
- 6.** That Government immediately embark on an educational and responsibility based awareness campaign explaining CoR and OH&S obligations to prime-contractors, freight forwarders, customers and suppliers of industry, and furthermore, that Government apply more equitable levels of compliance and enforcement procedures right across the transport supply chain inclusive of those stake-holders.
- 7.** That Federal Government, through the Australian Taxation Office, develop a tax benefit regime that will enable operators with old trucks to purchase new 'emission certified' trucks that are safer and more ergonomic to drive.
- 8.** That Governments allow some flexibility in Fatigue Management legislation to allow for variations in exceptional circumstances, and furthermore, reduce the disproportionate level of mandatory bureaucratic documentation for small transport business.
- 9.** That Governments immediately address the issue of the shortage of drivers ensuring that a safer industry exists today and a younger, healthier and more vibrant workforce is on the road driving trucks in Australia's future.
- 10.** That Government immediately address the issues of provision (and withdrawal) of services in remote, rural and regional Australia and initiate support programs for all families in crisis including those in the trucking industry.



Australian Trucking Families in Crisis

The end.

**FOR MORE INFORMATION ON THIS STUDY,
TO SEE ALL TEN RECOMMENDATIONS OR
TO ORDER THE FULL REPORT
CONTACT PAM McMILLAN on 02 6041 6244 or
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