



# AUSTRALIAN TRUCKING FAMILIES IN

CRISIS

A National Study into the Continued Economic and Social Viability  
of Owner Operators and Small Fleet Owners in Remote,  
Rural and Regional Australia and the subsequent impact on Australia's  
total financial and social well-being.

by

TRANSPORT WOMEN AUSTRALIA LIMITED  
and  
NATIONAL TRANSPORT INSURANCE

to "look after" road transport  
is to "look after" Australia



Transport Women Australia Limited

Survey Results Compiled by Liz Martin

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## TRUCKING FAMILIES IN CRISIS

A National Study into the Continued Economic and Social Viability of Owner Operators and Small Fleet Owners in Remote, Rural and Regional Australia and the subsequent impact on Australia's total financial and social well-being.



Title:	Australian Trucking Families In Crisis: The continued economic and social viability of owner-operators and small fleet operators in remote, rural and regional Australia.														
Period:	Research was undertaken in the six months period from June to December 2005 Compilation was completed by 1 April 2006														
Authors:	This paper has been researched, compiled and collated by the Directors of Transport Women Australia Limited.  <table><tr><td>Pam McMillan</td><td>Wodonga, Victoria</td><td>02 6041 6244</td></tr><tr><td>Liz Martin</td><td>Alice Springs, NT</td><td>08 8952 7161</td></tr><tr><td>Nola Bransgrove</td><td>Traralgon Victoria</td><td>03 5176 2421</td></tr><tr><td>Sue Rowe</td><td>Perth, Western Australia</td><td>08 9454 8269</td></tr></table>			Pam McMillan	Wodonga, Victoria	02 6041 6244	Liz Martin	Alice Springs, NT	08 8952 7161	Nola Bransgrove	Traralgon Victoria	03 5176 2421	Sue Rowe	Perth, Western Australia	08 9454 8269
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Liz Martin	Alice Springs, NT	08 8952 7161													
Nola Bransgrove	Traralgon Victoria	03 5176 2421													
Sue Rowe	Perth, Western Australia	08 9454 8269													
Objectives:	To investigate the economic and social viability of owner operators and small truck fleet owners in remote, rural and regional areas throughout Australia with a view to;  Evaluating the primary issues impacting on the viability of their businesses  Evaluating their contribution to local economies and Australia’s total well being  Identifying resolutions to problems from the smaller operator’s perspective  Making recommendations on behalf of owner-operators and small fleet owners														
Funded by:	National Transport Insurance and Transport Women Australia Limited														
Published by:	Transport Women Australia Limited PO Box 627 Wodonga Vic 3689 and National Transport Insurance PO Box 435 Springwood, Brisbane QLD 4127														
Scope:	The scope of this research covers road transport operations in remote, rural and regional areas of Australia and is inclusive of a diverse range of owner-operators and small fleet businesses based in those locations. The approach was to interview a diverse group of road transport operators, within the research criteria, across a wide geographical spectrum and within the many varied sectors of industry. As such, the research results are truly representative of both the economic and social issues that impact the way smaller road transport operators are able to do business and operate efficiently and safely in today’s political environment.														
Indemnity:	The information in this Research Report is presented in good faith on the basis that neither Transport Women Australia Ltd or National Transport Insurance, nor their agents or employees are liable to any damage or loss whatsoever which has occurred or may occur in relation to that person taking action in respect of any statement, information or advice given in this research document or any consequent publication.														
Thank You:	Transport Women Australia Ltd and National Transport Insurance wish to thank each and every operator who took the time to be interviewed and complete this survey. The interviewers particularly thank them for their honest responses and helpful attitude when answering some very personal questions.  Thank You														

## Background:

The decision to undertake this research project was made due to the very real need to establish correct data in relation to the survival of this integral part of Australia's road transport industry. It is for the attention of governments, community leaders, policy makers, road transport industry leaders and industry associations in the hope they may take a more cohesive and lateral approach when recommending, determining and implementing policy and legislation so that, in the future, the issues that matter to small business are accounted for with equal and just consideration.

### Transport Women Australia Limited :

Transport Women Australia Limited promotes the contribution women make to the road transport industry and pursues their right for input into issues and policy.

### National Transport Insurance :

National Transport Insurance is Australia's number one truck insurer and specialises in providing fleet cover, risk management, accident claims and assessing management services to the road transport industry.

## Methodology:

This research project is a partnership between Transport Women Australia Limited and National Transport Insurance.

Jointly, it was our aim to highlight the issues most affecting and impacting on the economic and social viability of owner - operators and small fleet owners in remote, rural and regional Australia. While many of the issues that impact on this sector are universally the same as those for the whole of the industry there was anecdotal evidence which said there are social justice and sectorial issues that tend to be down-played or forgotten by the big players in the industry and other stakeholders. This research gives the smaller operator the opportunity to present his/her concerns, make comment on issues and make recommendations for change to industry organisations collectively as well as government bodies, key policy makers and legislators.

This report contains the main findings from the survey relating to both the economic and social issues impacting on the viability of the road transport industry. Research information was sourced from diverse sectors of industry and from a wide demographic and geographical area. This included interviews with customers of and suppliers to the industry.

## Respondents:

A total of 120 respondents were asked to complete a comprehensive written questionnaire. Another 200 operators were interviewed on a 'one on one' basis.

Transport Women Australia Limited tried where-ever possible to conduct the survey on a 'one to one' in person basis with operators. This was possible in 75% of instances. A further 20% of interviews were conducted by telephone with the remaining 5% by mail.

Total owner operators interviewed	150	
Total small fleet owners interviewed	150	
Total road transport customers interviewed	10	
Total road transport suppliers interviewed	10	
<b>TOTAL</b>	<b>320</b>	
Respondents aged between 20 and 30 years	15	
Respondents aged between 30 and 40 years	24	
Respondents aged between 40 and 50 years	66	
Respondents aged between 50 and 60 years	144	
Respondents aged between 60 and 70 years	24	
Respondents aged 70 years plus	3	( Customers
Non-Responses	24	and Suppliers
<b>TOTAL</b>	<b>300</b>	not included)
Respondents who deemed themselves as REMOTE	96	
Respondents who deemed themselves as RURAL	81	
Respondents who deemed themselves as REGIONAL	123	
(Customers and Suppliers not included)		
<b>TOTAL</b>	<b>300</b>	



## Definitions:

**The purpose of this survey was to determine the continued economic and social viability of owner operators and small transport businesses located in remote, rural and regional areas across Australia by addressing their specific issues.**

**For the purposes of this survey the following definitions were used :**

### **Owner Operator:**

The respondent is owner of one truck which he drives himself the majority of the time. In all instances the respondent is resident in remote, rural or regional Australia.

### **Small Fleet Owner:**

The respondent is the owner of two, three, four or five trucks which he may not necessarily drive regularly or occasionally. In all instances the respondent is resident in areas of Australia deemed to be remote, rural or regional.

### **Customer:**

The respondent is the owner or manager of a business that regularly uses the services of road transport operators to take product to customers or receive product from suppliers. In all instances the customer had his goods carried within remote, rural or regional Australia.

### **Supplier:**

The respondent is the owner or manager of a business that sells its goods or services to road transport operators enabling them to operate. In all instances the business was located in, or operated out of, an area that is deemed to be remote, rural or regional Australia.

## Data Collection:

One on one interviews in person and by phone and questionnaires completed by mail, with road transport owner-operators and small fleet owners in varied localities around Australia and from varied sectors of industry.

Consultation with local business houses, commerce and business centres, local town councils, local transport authorities and interviews with road transport suppliers and customers.

Statistics from the Australian Bureau of Statistics, road transport organisations, the Bureau of Transport Economics and the Department of Transport and Regional Services

## Privacy:

Due to the personal and contentious issues raised in this research paper all respondents have been given a guarantee of confidentiality. This is particularly pertinent given that many of respondents were known personally to the interviewers and were taken into trust.

Those respondents who have requested a copy of the final summary have had to provide their name and address but no correlation between that information and the responses given to the questions in this survey is in existence.

Accordingly, under the Confidentiality Guarantee given by Transport Women Australia Ltd interviewers at the point of interview, and notwithstanding the provisions of the Privacy Act, we regret no personal information will be available to any person, business, agency or other authority seeking this information.

## Authenticity:

There is a tremendous and very diversified quantity and quality of information available about road transport circulating within industry, government and community circles. Much of it is contradictory in detail and contains significantly huge variances with statistical data and other performance based information. It is a mammoth task trying to sort factual and statistical data from it. Transport Women Australia Limited is a group of women who work in a voluntary capacity for the over-all betterment of the industry. We are not statisticians, economists, analysts or experts in any field but all have extensive backgrounds and experience within the industry itself. We certainly had the best interests of the road transport industry at heart in compiling this survey and to the best of our ability we believe the information and statistical data we have obtained to support our own research is authentic and accurate.

## Regions:

In Australia regions do not have commonly accepted boundaries and jurisdictions. Regions can be defined by state borders, state and local government jurisdictions or through the economic and social interdependence caused by natural environments, population levels, and the industry, business and other infrastructure distinguishing the region from it's neighboring regions.

This paper's main spatial concept to summarise information about regions is based on the **ABS Remoteness Structure** which groups all census collection districts into five broad classes of remoteness which share common characteristics in terms of physical distance from services and opportunities for social interaction. In the classes of this remoteness structure categories cut across all state and other boundaries enabling a better understanding of the socio-economic situations of the regions.

Under the ABS Remoteness Structure the measure of remoteness is based upon the road distance from any point to the nearest ABS urban centre in each of the five population size classes and the population size of the urban centre is used as a proxy for the availability of a range of services. The categories used under this system are : Major cities, Inner Regional, Outer Regional, Remote and Very Remote Australia.

For the purposes of this paper REMOTE pertains to both Remote and Very Remote Australia, RURAL pertains to Inner Regional Australia as it is further distanced from the more heavily populated and fully serviced coastal cities and REGIONAL refers to those areas that are close enough to the more metropolitan coastal areas to avail of the services within.

The population indicators used in determining these definitions are, as defined in the **ABS Remoteness Structure**, REMOTE less than 325,000 in 1021,000 square kms, RURAL 2,037,000 in 803,000 square kms and REGIONAL 4,149,000 in 220,000 square kms.

**Remote :** Remote, in this paper, pertains to an isolated, sparsely populated place or town which is significantly distanced from a metropolitan area and whose administration and needs are largely serviced "remotely" from another city or town.

**Rural :** Rural, in this paper, pertains to those areas or regions that have the characteristic of servicing the needs of a rural industry (agricultural, horticultural, farming, pastoral) with the towns and communities in those regions existing primarily to service those industries.

**Regional :** Regional pertains to the towns and places that are close enough to major cities and metropolitan areas to be serviced and administered from that city with that city being multi-functional with many purposes ie: it does not exist primarily to service a particular industry.

## Location of Respondents

*Interviews took place all over Australia including:*

### Western Australia

Albany  
Broome  
Derby  
Geraldton  
Kalgoorlie  
Kununurra  
Perth (Regional)

### Northern Territory

Alice Springs  
Darwin (Regional)  
Katherine  
Tennant Creek

### South Australia

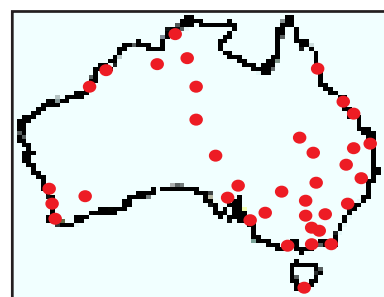
Bordertown  
Coober Pedy  
Mt. Gambier  
Waterloo Corner  
Quorn

### Queensland

Cairns  
Gatton  
Goondiwindi  
Mackay  
Monto  
Roma  
Sarina  
Toowoomba

### Victoria

Bairnsdale  
Geelong  
Lilydale  
Mildura  
Shepparton  
Traralgon  
Wangaratta  
Wodonga



### New South Wales

Albury	Wauchope
Bell	Weethalle
Dubbo	Wellington
Griffith	West Wyalong
Ivanhoe	Wyalong
Jerilderie	
Kyogle	
MacLean	
Newcastle	
Lockhart	
Tatham	

### Tasmania

Hobart (Regional)  
Kingston  
Lindisfarne

## Foreword

The road transport industry in Australia plays a critical role in the total well-being of Australia both economically and socially and this is even more so in remote, rural and regional Australia where our low density population and diverse but geographically spread wealth producing industries exist within Australia's huge landmass.

The economic and social changes in remote, rural and regional Australia, since the centralisation trends of the 1970s, have had a major impact on the sustainability of families involved in a wide range of rural and agricultural industries. Add to this the huge reduction in roads infrastructure development by Governments in the 1980s, the moving of our manufacturing industries off-shore in the 1990s, huge technological advances in trucks and trailers, continued over recovery of road user charges through taxes, levies and charges and the current climate of complex procedures and policies implemented in the name of reform there have been some major changes in the dynamic of the road transport industry over the past thirty or forty years.

The fact that so many of Australia's small road transport businesses managed to survive this turmoil is indicative of just how resilient the road transport industry is. Imagine, how productive Australia could be if governments worked pro-actively to enhance its operations.

**To “look after” road transport is to “look after” Australia.**

*Clearly, taxing our transport sector more heavily in order to suppress demand for transport is an unacceptable option, unless we are also attempting to suppress overall economic growth.*

The Hon. John Anderson MP  
Minister for Transport and Regional Services  
22 June 1999

## **SECOND READING SPEECH ON THE INTRODUCTION OF THE DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME BILL 1999**



# AUSTRALIAN TRUCKING FAMILIES IN

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## Executive Summary

### Overview

This comprehensive study into the economic and social viability of owner-operators and small fleet owners in remote, rural and regional Australia confirms what every-body in the trucking industry already knows but to date has remained unquantified by measures and disconnected in approaches to resolution. It has not involved indepth analysis into any individual issue but has been conducted and compiled to give Governments an overview of the many issues of policy that adversely impact this most vital sector of the industry. Most importantly, it identifies the many areas of governance where the disconnect between jurisdictions and subsequent lack of uniformity in developing rules and regulations places a disproportionate level of financial and operational hardship and social justice burden on small trucking businesses in Australia. The lack of cohesion between departments and jurisdictions, and failure to assess social consideration when determining policy not only impacts on the cost of inputs and outputs to all Australians, but impedes industry productivity and Australia's international competitiveness.

#### **\*Australian Trucking Families in Crisis\***

There is no exaggeration in saying Australia's trucking families really are in crisis and this has a flow on effect to those populations and businesses in remote, rural and regional Australia where the transport component costs to business and to Australia's societal expectation for living standards represent a significantly higher portion of overhead and costs of living than is the case for those in more populous and better serviced urban areas. The majority of Australia's freight task is moved by "Mum and Dad" type small businesses who are literally struggling for survival. In 2004, KPMG, in a report commissioned by the Australian Trucking Association on "*The effective life of trucks*", reported 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 (with another 35,000 estimated to be owner drivers).

#### **\*Inequities in the Financial Distribution of Wealth\***

A massive 75% of these 32,000 businesses were found to be "micro-fleet" businesses. 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. This is indicative of some very serious problems with both the way bigger operators "do business" with the smaller operators and highlights some severe shortfalls in which Governments govern the industry in terms of uniformity in regulation and consideration for social implications in policy development. Deprivation and Stress Measures indicate that the small business end of road transport is already in dire trouble, carries an unacceptable debt level, has non-existent profit margins and has an abnormally high stress level.

#### **\*Under Investment in roads infrastructure\***

Economists value this to be \$26 billion dollars and is currently accruing at, approximately \$2 billion per annum from the failure of Government to return revenues collected from the industry back to infrastructure. If the industry is to cope with the doubling of the freight task by 2020 the government can no longer afford to impede Australia's growth and productivity through under investment in road infrastructure.

#### **\*Diesel Fuel Issues\***

Increases in the cost of diesel not only impact on the cost of road transport which, inevitably raises the cost of living for those most dependent on it (remote, rural and regional populations and business), but simultaneously decreases our quality of life standards and further increases the disproportionate level of financial burden on Australia's small truck fleets. Small operators are struggling to carry out existing contracts at rates negotiated when fuel costs, one of their largest overheads, were significantly lower and also find it impossible to cost future works.

The removal of the Diesel Fuels Grants scheme (in favour of using the Business Activity Statement from July 2006) has dire consequences for small operators who use these funds (currently claimed monthly or "at the bowser"), to maintain the cashflow of their businesses. The ability to claim this rebate only every three months effectively takes away the level of cash these small businesses need to retain for their monthly cash-flows and remain viable.





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## Executive Summary (cont.)

### \*Rates and Scheduling\*

It is estimated that approximately 300 small businesses a week go out of business in Australia. It is reasonable to assume with the large number of transport businesses in the small to medium enterprise range, that a large number of those are within this industry. 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 through the continual erosion of profit margins. Road transport, and in particular, the small business sector of road transport, tend to be Price Getters not Price Setters. This leaves small road transport operators in a vulnerable position; subject to financial disadvantage when the big companies and big customers make their cost determinations without consultation with the sub-contractor base who do most of the carrying. A Standard Minimum Schedule of Rates, inclusive of workable time frames and a realistic schedule for payments is vital if the economic and social viability of small operators is to be improved.

### \* Uniformity and Connection\*

The lack of Uniformity in developing Rules and Regulations between jurisdictions is a financial burden and operational complexity, that, combined with the overload of costly and mandatory documentation required, adds significantly to operator costs in financial and social (stress) terms. This undermines Fatigue Management efforts by both industry and Government. Countless studies in this country connect the level of fatigue to personal stress and relates this directly to financial deficiencies. New technology means modern trucks are able to efficiently and cost effectively carry heavier, wider and longer load limits, and, given the right opportunity by Government, do it more safely and environmentally controlled than ever in the past. It is time the complexities of the various state based jurisdictional irregularities (and the overload of mandatory documentation) were abolished and the Federal Government initiated a National Framework of Policy setting parameters under which each State and Territory would be obligated to comply. This would provide a connection and cohesiveness in road transport rules and regulations as has never been witnessed in this country and provide numerous economic and social benefits to Australia.

### \* Recommendations \*

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. All Governments have a fiscal obligation to ensure road transport in these areas can operate efficiently and cost effectively. The well-being of the trucking industry can literally be used as a barometer in determining the well-being of local economies and indeed, Australia's future economic growth. It is crucial that all Governments immediately assess the impact of road transport policy on small transport businesses from both social and economic perspectives thus ensuring that a cohesive approach between jurisdictions is mandatory in both policy development and implementation. To that end, Transport Women Australia Limited has constructed ten recommendations of which the top three priorities are;

- 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 regulation, 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 assessment into the consequences of removing the Diesel Grants Scheme in favour of claims being done through the Business Activity Statement on a quarterly basis from July 2006.
- 3.** That the Federal Government work with all stake-holders of 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 and contains criteria for regularity of payments to subcontractors by prime-contractors and big customers.

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 LIZ MARTIN on 08 89527161



### From Transport Women Australia Limited Directors

Many of this country's small towns 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 and their suppliers, particularly as far as non-bulk commodities are concerned. Because of the size of Australia, it's small but widely dispersed population, and the huge geographical distances between agriculture, mining, and primary producers from the ports, railheads, manufacturers and their natural markets, goods need to be moved over large distances. Road transport costs are a fundamental element in any developed economy but in Australia, the geographical distances of taking commodities and produce to markets (and the inputting of essential supplies the other way) makes it even more so.

The road transport industry in Australia carries more freight per head of population, over greater distances, than any other country in the world and, in Australia, the road transport industry services *every* other industry in the country. Even in those instances where inter-modal freight movements (rail, sea, air) are undertaken for the larger part of the journey a truly efficient and effective road transport sector is essential for the connection of services at both ends. It is upon the shoulders of road transport that this country's international competitiveness and productivity, continued economic growth, employment creation, business investment and social well-being rests.

In 2002-03 the transport and storage industries contributed 5% to Australia's Gross Domestic Product (GDP) with 80% of Australia's non-bulk freight shifted through Australia's seven major transport corridors. In 2006 it is estimated that the road transport industry contributed 8% to the GDP. While different reports specify different percentages there can be no doubt that road transport is a major contributor to the economy. As well as travelling over 12,500 million kilometres per annum, over 810,000 klms of roads, to disperse over 1,700 million tonnes of freight the trucking industry also generates a 'service' economy to provide it with trucks, trailers, spare parts, fuel and oils, communications, storage and warehousing, legal and accounting services and mechanical repairs just to name a few. Australia is estimated to employ over 500,000 drivers to operate over 400,000 registered trucks. For every one of these it is also estimated that another three people are employed in servicing the road transport industry in one way or another eg: supply, repairs and maintenance, governance, management, warehousing etc.

With the anticipated doubling of the freight task, and the number of trucks on the road, early in this new century (some predict by 2015), it is time for both governments and industry to stand back from the mistakes and injustices of the past and put aside the historical rivalry between road and rail. Australia is in dire need of sweeping reform throughout its land transport sector, and it is in need of it *now*. At the end of the day, there is only about 15% of freight in Australia that can be swapped from road to rail (or visa versa) without adverse economic repercussions. A more lateral approach to the problems that plague road transport is needed if this country wants real land transport reform that will service both the needs of industry and business as well as a fair and equitable social justice responsibility to remote populations. We do not believe that we can divorce the economic woes of the industry from the social dilemmas in regional Australia.

Owner operators and small fleet owners have found their niche in many areas of the industry but particularly as sub-contractors. While some of the big companies, and indeed Governments refer to this sector as "rats and mice feeding on left-overs", subcontracting has emerged, in recent years, as a significant part of the hire and reward sector of the industry. These smaller road transport operators now account for approximately 70% of the freight task but only 11% of the total income earned by road transport. This in itself indicates there are severe shortfalls and injustices within the dynamic of Australia's road transport infrastructure and operational systems.

In Australia, the Federal system of Government allows for each State and Territory to be responsible for its own road transport regulation causing considerable inconsistencies and variations between, and within, those jurisdictions. This includes vehicle and driver operations and standards, weights and dimensions, vehicle registrations, licensing, governance and policing. While there is no doubt that there has been considerable reform in many areas since the 1990s the variations and inequities between jurisdictions has continued, administration and management of small business is more complex than it has ever been, bureaucratic red tape has increased disproportionately and the over recovery of road user costs through fuel excises, vehicle registrations and other taxes, charges and levies has progressively worsened.

This is despite the sometimes disjointed efforts of the various road transport industry associations, numerous government and quasi government committees and councils and the establishment of the National Transport Commission (NTC). The NTC was initially established to bring consistency and national uniformity to road rules and regulations however severe irregularities in that process remains a key failure in the existing system.

Problems for the road transport industry are problems for remote, rural and regional Australia and its continued (increased) economic viability and social sustainability for now and the future.

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