

## **Presentation to Standing Committee on Infrastructure and Communications – ARTIO’s Opening Statement**

Firstly, let me say thank you to the Committee for allowing ARTIO to expand on its written submission.

As indicated in our written submission, safety must be paramount and the touchstone by which the proposed Tribunal assumes jurisdiction and then operates on a day to day basis. Without safety as that fundamental bedrock the Tribunal will fail. The remuneration related incentives, pressures and practices creating safety concerns will have to be identified and eradicated by this Tribunal working co-operatively with the transport and logistics industry. Australia cannot afford for this to fail.

With me today is Laurie D’Apice, one of ARTIO’s national VPs. He works at Linfox as President of Human Resources, Asia Pacific.

With us in spirit, although clearly not physically present, is Tim Squires, ARTIO’s other National VP and probably the only genuine transport operator involved in this important task of improving safety in the transport and logistics industry.

He actually owns and runs a small transport business –15 trucks and 23 employees over 2 sites, in NSW and Qld. He could not be here today because he is physically involved in the logistics of shifting the freight tonight. I will occasionally quote from material he has prepared as ARTIO thinks it important that this Committee deals with the facts.

ARTIO represents the hire and reward transport operators, some large companies but also the SMEs that shift around 80% of Australia’s freight task – we do NOT represent

the manufacturers, miners or those companies in the construction, automotive, food, telecommunications, printing, defence, aviation, retail, rail or any other industries. We communicate and consult with them but it is those industries and their continuous focus on lowering transport costs – thereby potentially impacting safety – that are the problem. That is why there needs to be some mechanism to protect the safety of transport operators, their employees and owner-drivers in the transport industry and just as importantly, people driving on our nation’s highways.

ARTIO considers that the Road Safety Remuneration Act can assist in that task – as does the Australasian Transport News (ATN) which states in its January editorial:

“What can’t be disputed is that, in many cases, freight transport users have been getting a free ride and have been big and ugly enough to keep it that way. They have no price signal for reform or increased efficiency at the interface between the truck they hire and their warehouse and that cost has been borne by those with least power.”

And on page 23 of the same edition, Murray Reddie, an owner-driver with a keen interest in current affairs states:

“A good OD mate of mine gets only \$150 more than I got 15 years ago to tow a single trailer from Sydney to Adelaide for a major transport company when fuel was 60 cents a litre.”

Just think about that for a minute, and for OD you can include a small transport company – in 1997 the weekly minimum award wage for a six axle driver was \$443, now it is \$675.60, a difference of \$232.60; fuel was 60 cents per litre, it is now \$1.49. Sydney- Adelaide is 1367 ks and would operate on 3 trips one week and 2 the next.

Assuming fuel consumption at 2.2 litres per kilometre, which is generous, the current driver would have a fuel bill of around \$2800, compared to around \$1110, 15 years ago. A difference of \$1700 in fuel, plus a notional wage differential of \$230 - giving in round figures a total payment differential of \$1930. He gets an extra \$150 per trip or \$450 over the week, leaving \$1500 to be shared amongst whom – the Governments will take a share, so will the fuel companies and so will the customer – perhaps someone in the automotive, food, telecommunications, printing, defence or retail industries ? I have not even mentioned, let alone attempted to cost the return journey.

Is that owner driver or SME cutting corners on safety? Surely, any risk management system or approach would ring alarm bells.

Is he alone – certainly not!

Can this proposed Tribunal help – absolutely it can!

How – because it will have the power to determine whether or not safety is compromised and if so, to investigate practices up the supply chain and if appropriate make a Road Safety Remuneration Order (RSRO).

Tim Squires, our spiritual attendee, was a member of Julia Gillard's Safe Rates Advisory Group. He said:

**“I am of the opinion that Transport in this country is cheap.**

When I was invited to join the Safe Rates Advisory Group, I did so gladly but somewhat apprehensively. Why apprehensively?.....Well to be honest.....this is too big and too important an issue for this industry .....to get it wrong.....This legislation needs to be **“the playing field leveller”**. This legislation needs to.....quite simply.....be the mechanism by **which all players in the supply chain, regardless of size, are given the opportunity to be heard**..... if their business is forced into the situation of

having to operate in an unsafe manner due to poor remuneration or the payment methodology of any other party within the supply chain.”

He goes on to say and I quote again:

“I am sure we are all aware of situations where small operators have been exploited by prime contractors.....The small operator takes on a contract that may be tightly costed at the time of commencement but it will allow him to make a dollar as long as he is able to maintain his cost structures.

12 months in .....he / she goes to the prime contractor to seek an increase based on cost increases, so that they are able to maintain their margin, only to be told by the prime contractor that there will be no increase due to the fact that.... the customer has not agreed to an increase and..... if you wish to keep doing the work it will have to be at the same rate or ... you will need to reduce your rates as we, the prime contractor, have had to cut our rate to maintain the work.....and by the way..... we won't be paying you fortnightly any more **we will pay you at 60 days.**

What options are there for the small operator in this type of scenario?.....unfortunately not many.... They either continue to do the work... often at a loss and in the hope that it may come good.....try and find other work for their trucks or they go out backwards and just hand the trucks back to which bank.” End quote.

Those organizations representing customers don't want this legislation passed.

Why.....because it will probably increase costs.

Who will pay? Their members will have to stump up their share.

Will it improve safety?

- Yes, because it will ensure that those customers are held accountable for their conduct before an independent tribunal

- Yes, because it will give those SMEs or Mum & Dad businesses a vehicle to be heard, particularly through their Associations
- Yes, because contract allocation and payment terms will not be used as a penalty or incentive
- Yes, because it will over-ride confusing and inconsistent State laws
- Yes, if adequately resourced and properly enforced

This is not a proverbial ‘silver bullet’ and it must be understood that it is part of the wider safety agenda concerning the implementation of a safer system, including:

- Safer roads
- Safer drivers
- Safer operators
- Safer vehicles
- Safer customers

‘Safe rates’ as it is known colloquially, is one plank, and an important one, in that safer system. We must always continue to strive for continued improvements in each and every one of those planks. Clearly, the proposed National Heavy Vehicle Laws are also integrated to that safer system.

In conclusion, let me say that the introduction of a new law is understandably often accompanied by concern and uncertainty about how it will operate and how it will impact on current legal rights and obligations. In a public policy sense, success or failure will be measured in the cold, hard statistics of heavy vehicle accidents and fatalities.