

Intelligent Access: Sustaining Australia's Growing Freight Task

Steve Golding

Chairperson

Transport Certification Australia Ltd

Friday, 21 April 2006

ATA Convention

Technology for Compliance Session


Presentation Format

- About Transport Certification Australia Limited (TCA)
- What is the challenge - growing freight task
- What is the Intelligent Access Program (IAP) – how does it address the challenge
- How will the IAP work
- What's next



- Established (15 August 2005) as a Public Company under Corporations Act (Cth)
- Organisational Members (owners) comprise Australian, State and Territory Governments
- TCA's purpose is to serve its Members and the Community by:
 - supporting the development and implementation of the IAP; and
 - ensuring IAP Service Providers are certified and audited.
- Independent National Certification & Audit Organisation





So what is this thing called IAP?



Freight Task Challenges

➤ Industry

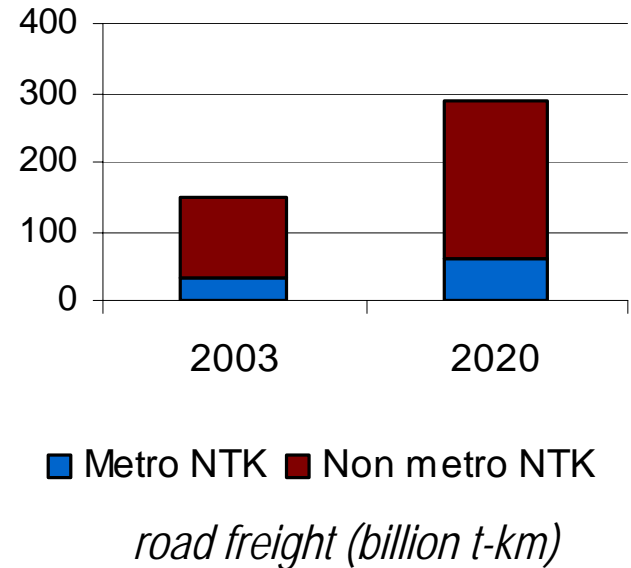
- Freight task forecast to increase significantly
- National and increasingly international factors
- Rapid technological change and innovation

Seek Improved Access to Road Network



Twice the Freight Task

- Land transport task to double (2000 – 2020)
- 1 in 4 vehicles in our cities carrying freight by 2020
- Do nothing is *not* an option
- Optimise the network solution



BUT – this is also
today's challenge!

- Requests for improved access
- Requests for different vehicle configurations
- Requests for additional mass



*Governments Adopt a Risk
Management Approach*

Freight Task Challenges

➤ Government (all levels)

- Steward of road network (safety, infrastructure & environment)
- Need to meet community expectations
- Smarter compliance

Require Confidence in Compliance to Access Conditions



What is the Intelligent Access Program?

- IAP is a national reform 'ready' to deal with Australia's growing freight challenges
- IAP provides a mechanism to manage the growing freight task
- A voluntary program that remotely monitors heavy vehicles to ensure they are complying with their improved and permitted operating conditions ensuring they operate how, where and when they should
- IAP provides a 'win – win' outcome to all participants



- Administers the IAP, responds to IAP policy issues and is the steward of national issues associated with its operation and the certifies and audits IAP Service Providers
- TCA does not:
 - Control access to the road network
 - Identify and implement specific IAP applications
 - Negotiate jurisdictional or cross-jurisdictional access conditions
 - Determine sanctions against transport operators
- In essence, TCA is the ‘wholesaler’ of the IAP



IAP and road authorities

- Road authorities can use the IAP to better manage their respective road network and provide for the growing freight task
 - IAP can provide enhanced access to the road network
 - Can provide for improved safety, infrastructure and environmental management
 - Can better management the expectations of the community
 - Can provide for improved productivity
- In essence, road authorities are ‘retailers’ of the IAP



IAP and transport operators

- Make a commercial decision to determine if the benefits of joining an IAP Application outweigh the costs of participation
- Incorporate IAP as part of a solution to gain enhance or improved access to the road by showing compliant behaviour
- Can negotiate specific access conditions with road authorities to suit their specific business operations
- IAP Applications may suit some transport operators but not others
- By participating in the IAP you can better match the vehicle to the network
- Increases business performance opportunities, safety, efficiency and productivity



Budget and Pricing Schedule

- Statement of Corporate Intent – Budget and Pricing
 - Released
 - Transparent

- IAP Service Providers will pay for their:
 - Certification and on-going review and audit;
 - Fees are payable by applicant and certified IAP Service Providers;
 - Fees are not payable by transport operators; and,
 - Transport operators need to negotiate any fees with their chosen IAP Service Provider.



Budget and Pricing Schedule

- Certification Fee for one IAP Service Provider system and the associated endorsement to use a specific type of In-Vehicle-Unit (rebate caps the fee at \$50,000 - 61% reduction)
- Operational Fee covers the on-going review and audit activities performed by TCA on IAP Service Providers

$$\text{Operational Fee (per vehicle per month)} = \left\{ \frac{\text{IAP Service Providers share of TCA Operating Budget}}{\text{Total number of vehicles}} \right\} / 12$$

Year 2007 includes any period in 2006 in which an IAP Service Provider is operational	Actual Cost \$ per vehicle per month	Fee after rebate \$ per vehicle per month
2007	33	20
2008	33	25
2009	33	30
2010	33	Not Applicable



Budget and Pricing Schedule

- Monitor of vehicles take-up and any effect this might have on the Operational Fee, and adjust the Fee annually based on:
 - vehicles participation exceeds the estimated 8,500 sooner than 30 June 2010;
 - additional IAP parameters are added changing on-going review and audit activities performed by TCA; and
 - structural changes to the TCA operating budget.
- Other Charges
 - Other user caused or specified services by IAP Service Providers will be charged on the basis of actual cost



What will it cost transport operators?

- Transport operators enter into a fee-for-service arrangement with an IAP Service Provider
- Transport operator may in addition to IAP, purchase and combine commercial tracking services from the IAP Service Provider
 - Fee is based on:
 - Total services required and number of vehicles
 - Purchase equipment outright or lease
 - Communication coverage and frequency of reporting required
 - Service level required
- Commercial decision to determine if the benefits of joining an IAP Application outweigh the costs of participation



- Mobile Crane Concessional Benefit Scheme, New South Wales
- Class 3 Cranes, Victoria
- Innovative Vehicle, Queensland
- All of the above have provided enhanced access to the road network in return for the transport operator demonstrating compliance



HML/IAP business case

- B-Double (with road friendly suspension)
- HML will allow increased payload of (up to) 5.5 tonnes into Sydney
- Conservative estimate
- Assume extra payload of only 4 tonnes
- Assume no additional freight on return trip

INDICATIVE IAP AND RELATED COSTS	INDICATIVE ANNUAL FIGURE
Cost of in-vehicle unit (\$1500 - \$2500 amortised over 2 years)	\$1,000
IAP Service Provider fee (for combined IAP and commercial services) - \$120 per month (\$33 x 2.5 + \$40 ≈ \$120)	\$1,440
<u>Additional</u> fuel consumption (3 litres / 100km*) - \$40 per trip x 16 trips * Source: ARRB Vehicle Operating Costs Model	\$640
TOTAL	\$3,080



HML/IAP business case

- Assuming freight rate of \$50 per tonne (Source: Transport Industry)
- Trips needed to fully cover annual IAP and commercial telematics services:

\$3,080

\$50 per tonne x 4 tonnes

= 16 trips per year



HML/IAP business case

- 16 'HML' trips Melbourne to Sydney will fully pay for IAP and commercial telematics services for one full year
- 'Order of magnitude' analysis
- Analysis doesn't take into account:
 - other 'HML' trips;
 - benefits under other IAP applications; or,
 - benefits from commercial services.
- 'Order of magnitude' analysis
- Affordable for large and small operators alike
- Transport Operators need to assess their business needs



What should the transport industry be doing now?

- TCA will be 'taking IAP to Market' in 2006/07
- Transport industry should be assessing their business and operational needs
- Need to determine if the IAP can be used to present a case to jurisdiction(s) about enhanced access to the road network
- Transport operators can identify IAP Applications that suit their business requirements and negotiate these with jurisdictions.
- Transport operators should not simply rely on jurisdiction(s) to identify IAP Applications – you should be pro-active



Five years from now?

- In 2010 we expect more IAP Applications providing for better matching of vehicle type to network
- We expect 8,500 vehicles by 30 June 2010
- We see road agencies and transport industry collectively driving the IAP



Subscribe to our News Alert service
for all the latest information on TCA or IAP.

Visit our website at

www.tca.gov.au

