

Professor Ian Harper
Chair, Competition Policy Review
Competition Policy Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Ron Finemore Transport Services Pty Limited
ABN 40 005 471 036 ACN 005 471 036
www.ronfinemoretransport.com.au

4 July 2014

Dear Professor Harper

Ron Finemore Transport (RFT) welcomes the opportunity to make a submission to your review - the Competition Policy Review ('the Harper Review').

RFT is a major contributor in the Australian transport industry. We have more than 200 vehicles on the road at any time and we employ around 500 people across a range of vocations.

The company generates an annual turnover of approximately \$140M, all of which remains within the Australian economy to support local businesses and jobs. RFT maintains strategically located regional logistical hubs in several locations to best service the needs of our customers.

I am writing to you to detail our recent experience with the purchase of 3 axle semi-trailers that are used in our operations in a contract with Woolworths to transport groceries and other items for sale in Woolworths stores in the Canberra region.

In overview, RFT's recent experience with purchasing the new equipment suggests that the differences in design rules between Australia and North America unnecessarily raises the cost of imported trailers because:

Manufacturers in North American need to "tool up" to meet different Australian specifications;
and

Time and effort needs to be expended by the Australian purchasers to design and liaise with North American manufacturers to ensure equipment is constructed to Australian standards.

As an example, to efficiently meet this task RFT designed a 3 axle semi-trailer that was capable of transporting 26 pallets of groceries compared to a standard trailer that could transport 24 pallets of groceries. This is a 8.33 per cent improvement in productivity per trip. When coupled to a prime mover the new vehicle was longer in length than a standard vehicle and approval was gained to operate the vehicle as a high performance vehicle.

In total approximately 45 trailers were required to undertake the new contract and RFT sought quotes to supply the trailers from Australia and overseas manufacturers. The cost to obtain the trailers from overseas manufactures was inflated due to differences in Australian design standards and North American design standards. In particular Australia has maximum structural width of 2500mm compared to North America is 8'6" (2590.8mm) and Europe is 2550mm and 2600mm for "conditioned (read refrigerated) trailers.

Wodonga Head Office

186 Sangsters Road
Wodonga VIC 3690
PO Box 438
Wodonga VIC 3689
(P): 02 6024 9900
(F): 02 6024 9999

Wagga Wagga

1A Mortimer Place
Wagga Wagga NSW 2650
PO Box 5073
Wagga Wagga NSW 2650
(P): 02 6932 7050
(F): 02 6925 6867

Orange

3-4 Hanrahan Place
Orange NSW 2800
PO Box 1317
Orange NSW 2800
(P): 02 6392 8800
(F): 02 6362 6576

Brisbane

Warehouse 4
95 Industrial Avenue
Wacol QLD 4076
PO Box 453
Sumner Park QLD 4074
(P): 07 3718 6700
(F): 07 3879 3347

I believe there is no technical reason why Australia should have narrower trailer widths than trailers operating in North America. This is evidenced by the fact that clause 7.2.4.1. of the Australian Design Rules states in regard to the placement of lights on trailers that the

point on the illuminating surface which is farthest from the vehicle's median longitudinal plane must not be more than 150 mm from the extreme outer edge of the vehicle.

Technically, clause 7.2.4.1. would allow a "complying" Australian vehicle to be 2800mm over the extremities of the side clearance lights. That is, the trailer would be wider than a trailer operating in North America.

RFT's experience with the purchase of the 20 semi-trailers from North America suggests that these factors unnecessarily raise the landed cost of semi-trailers by around 30 per cent. This unnecessary cost escalation on imported semi-trailers impedes competition between Australian trailer manufacturers and overseas trailer manufacturers.

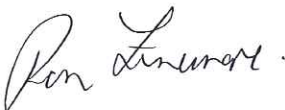
Whilst this example relates specifically to trailers, I believe that the requirement for heavy vehicle equipment (both trailers and prime movers) to meet Australian Design Rules is now largely obsolete and imposes unnecessary costs on transport users who inevitably pay for these higher costs.

Most prime movers today are either built overseas or components are imported and the vehicle assembled in Australia. The differences between Australian, North American and European standards are now minimal but the additional costs imposed by having a separate Australian system seem unjustified.

I believe that the Australian community would benefit from a review of Australian design standards to ensure that such standards are internationally competitive in the sense that an Australian standard should only be different from a standard in overseas countries where it can be shown that conditions in Australia warrant such a difference.

I believe the Harper Review should give consideration to recommending that an inquiry be undertaken into the effect on competition and productivity of Australia's design rules.

Yours faithfully



Ron Finemore AO