Submission to the Senate Select Committee on Productivity

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Acknowledgement of Country

Roads Australia acknowledges Aboriginal and Torres Strait Islanders as the Traditional Owners and Custodians of this land and waterways.

We acknowledge and pay respect to their ancestors and Elders both past and present.

Roads Australia is committed to reconciliation amongst all Australians.

Introduction

Roads Australia welcomes the opportunity to provide a submission to the Select Committee on Productivity, focusing on valuable measures to boost productivity in the transport infrastructure sector.

As of 21st November 2025, Roads Australia members unanimously supported our proposal to expand our remit and change our name to Transport Australia. This next step represents a natural progression, broadening our scope to reflect all land transport infrastructure – road, rail and active transport. We will continue to trade as Roads Australia until our official launch of Transport Australia in March 2026.

Roads Australia represents more than 120 organisations including Australia's transport agencies, major contractors and consultants, asset owners and operators, material suppliers and technology providers.

The productivity of Australia's transport infrastructure stands as a critical challenge. Our sector employs more than 1.25 million Australians and contributes over $164.4 billion to GDP.[1] Yet productivity - particularly in infrastructure construction - continues to decline, with construction multifactor productivity now below levels recorded in 1998–99[2].

As the backbone of Australia's economy, the transport network underpins national productivity. When the transport network slows down, so does Australia.

In consultation with our members and drawing on our recent report Rethinking transport infrastructure delivery, this submission provides comments on three core questions in the Committee's discussion paper.

Q How do government-related regulatory burdens affect and limit productivity growth, including regulations imposed by different Australian Government agencies and determine their relative contribution to the red tape burden?

Q How does Australia's overall tax system, including personal, property and other taxes distort or limit investment and productivity growth?

Q How can fit-for-purpose freight infrastructure encourage productivity growth and economic dynamism?

[1] Australian Government DTIRDCA. 2024. Transport and Infrastructure Net Zero Consultation Road Map
[2] ABS - Estimates of Industry Multifactor Productivity

We believe that by prioritising productivity in the transport sector, the Australian Government has the opportunity to improve the baseline operating conditions of the economy, such that it provides enhanced value across our economy and supply chains, while also helping future proof the nation in light of future uncertainties.

Below is a summary of our eight recommendations, which have been developed in deep consultation with our members and industry experts:

1. **Harmonise standards nationally where appropriate to increase efficiency in the design process and leverage modern methods of construction**
2. **Investigate options to improve the process of updating standards to ensure they are up-to date and accommodate innovations**
3. **Use outcome-based standards to accelerate innovation and identify which standards should be updated**
4. **Invest in Modern Methods of Construction to increase efficiencies in construction**
5. **Engage with industry on best value local content requirements to identify potential implications for project time and cost**
6. **Lead and progress Land Transport Market Reform to establish a national road user charge that fully funds road maintenance.**
7. **Invest in freight network modernisation and enhancements to leverage new transport technologies that will reduce emissions, drive down cost of living and improve safety on our roads.**

How do government-related regulatory burdens affect and limit productivity growth, including regulations imposed by different Australian Government agencies and determine their relative contribution to the red tape burden?

1. Invest in Modern Methods of Construction to increase efficiencies in construction

Too frequently in construction we see inefficiencies that result in ongoing drags on economic productivity through cascading delays or impacts on other projects.

Modern Methods of Construction (MMC) - such as off-site construction, prefabrication, modular construction, advanced technologies and design for manufacturing and assembly – are increasingly seen as a solution to flagging productivity. MMC is known to increase the speed and efficiency of construction while also improving build quality and reducing waste and costs.

Transport agencies and infrastructure departments across Australia should look to ensure projects are open to and enable MMC on all projects. While further focus from Government should be placed on ensuring that other policy levers are adapted to encourage broader industry take up.

For instance, Roads Australia members have raised concerns that existing R&D incentives while available in principle to construction firms, impose requirements poorly calibrated to the realities of construction innovation, where "experimentation" often occurs through iterative field application rather than laboratory-based research. Addressing such structural barriers can help facilitate greater uptake and exposure to MMC within firms.

2. Harmonise standards nationally where appropriate to increase efficiency in the design process and leverage modern methods of construction

Commonwealth, state and territory governments need to recognise and create a plan to address the mounting issue of discrepant standards across jurisdictions. The efficiency of the transport infrastructure industry, which works across jurisdictions, is being significantly hampered by different technical and process requirements in each state and territory.

Different standards require design and delivery teams to continually relearn jurisdiction specific requirements for each project. This leads to confusion and forces teams to continually adjust methods, tools and compliance frameworks to meet different regulatory regimes across states and markets. This results in lost opportunities to transfer innovations or embed lessons learned across projects even when the project fundamentals themselves are highly similar.

Australia is losing opportunities to maximise productivity, reduce delivery risk, and leverage the benefits of new construction methodologies. A national approach to harmonising standards–where appropriate and without compromising safety–would reduce duplication, streamline project delivery, and create a more efficient operating environment for industry.

The limitations imposed by inconsistent standards are particularly evident in the implementation of MMC. For example, modular or prefabricated solutions developed to suit one jurisdiction's requirements often cannot be replicated in another without substantial modification, eroding the efficiencies MMC is designed to deliver.

The Federal Government should focus on harmonising standards in land transport infrastructure to enable modern methods of construction.

3. Investigate options to improve the process of updating standards to ensure they are up-to-date and accommodate innovations

Infrastructure standards tend to be reviewed and updated infrequently, leading to frameworks that do not keep pace with technological advances and so rely on outdated methods or data. For example, Victorian Sight Distance Standards have not been updated in decades and therefore do not consider advances in vehicle technology, while NSW only recently updated its guide to traffic generation for new developments.

The outcome is often infrastructure that is more expensive and time consuming to design and build – while also designed using processes or technology that already (or is quickly becoming) out of date. Without addressing this, Australia risks falling behind our global peers, unable to leverage innovations which are reshaping infrastructure delivery around the world.

Reviewing and understanding the impact of current processes to update standards should be a national priority to boost productivity and ensure Australia's infrastructure sector remains viable and up-to-date internationally.

This level of national focus is required to overcome the institutional arrangements behind standard management. Notably this varies by the standard owners, who in some cases, may be Government while others are established by industry bodies or professional associations.

4. Use outcome-based standards to accelerate innovation and identify which standards should be updated

In addition to updating standards and the way in which we establish them, the underlying approach of standards should also be reviewed.

Traditionally standards have taken a highly prescriptive approach to establishing the design approach, materials, or construction processes that engineers and construction teams must follow. While this approach does ensure consistency for designers in understanding project requirements, it also works to discourage innovative approaches that could deliver the same level of design quality and safety outcomes while requiring less resources.

The alternative is to establish outcome-based (or performance-based) standards that establish a clear picture of the desired outcome – ranging from design life, safety outcomes, user experience, risk management, or environmental performance - while not directly prescribing the exact steps that must be taken to get there.

As such, in line with a review of overall standards, the Government should seek to identify where outcome-based standards should be used more frequently as a blended approach alongside prescriptive standards. In doing so Australia can foster innovations in design and process, while still achieving desired safety, quality or consistency outcomes.

5. Engage with industry on best value local content requirements to identify potential implications for project time and cost

Local content requirements are important for state and federal sovereignty and also for encouraging economic development. However, they can in some instances hinder best value for money resulting in projects being reliant on constrained supply chains, limited ability to access top talent or resources from other Australian jurisdictions. This has a direct impact on the sector's productivity.

As such, local content requirements need to be carefully balanced with availability and cost of resources to at once preserve and support local industry, while ensuring the timeliness and best value for money of a project

A national economic strategy that is spatially planned to maximise geographic and industry advantages would help address this. Reflecting that projects often require similar resources and materials, while leveraging each state and territory's different economic advantages and products to incentivise a whole-of-Australia approach to procurement.

This extends beyond just procuring materials, with local content restrictions - as well as regulatory conditions - limiting the ability of top talent to work across state boundaries. For instance, state engineering qualification schemes exist in each state, and replicate the requirements of each other. For engineers to work across jurisdictions they must often hold registrations in each state. This brings further bureaucratic processing and costs and limits the seamless movement of skilled personnel around the country. This leads to project teams advancing without top-tier talent, or being unable to build on lessons learned from other projects.

How does Australia's overall tax system, including personal, property and other taxes distort or limit investment and productivity growth?

6. Lead and progress Land Transport Market Reform to establish a national road user charge that fully funds road maintenance

Australia's current road funding regime is made up of an assortment of taxes, tolls, and fuel excises, which creates a complex network of fees and charges all while not adequately funding road maintenance and upgrades. Within this system, fuel excise encompasses the largest share of direct revenue, however as an increasing percentage of new car sales are made up of battery electric vehicles (BEVs) (9.70%) or Plug-in Hybrid Electric Vehicles (PHEVs) (4.12%)[3], along with overall improvements in vehicle fuel efficiency, the traditional fuel excise revenue is declining.

This threatens the sustainability of road maintenance and transport infrastructure investment. Without a new funding model, Australia risks having unsafe roads and inequitable cost distribution among road users.

A road user charge (RUC) for all road users and vehicle types would create a more fair and sustainable funding model for road maintenance and upgrades, including installation of electric vehicle charging infrastructure, to support our growing population and the decarbonisation of the transport sector.

[3] Australian Automobile Association – Electric Vehicle Index

A RUC would apply a per km or distance-based cost to drivers, directly connecting road users' fees to the amount of driving they do – and the associated wear and tear. This would create a fairer system for all road users, and boost productivity by allowing us to maintain effective road networks, while also investing in strategic upgrades such as electric vehicle infrastructure, or modes/projects which can boost local productivity.

Roads Australia supports the development of a RUC within this term of Government, under the principles that a RUC is:

Fair – Applicable to all road users and all vehicle types
National – Consistent across all states and territories
Hypothecated – Fairly allocated across jurisdictions with funds transparently reinvested into road maintenance and upgrades
Supported by the community – Achieves social licence across the country

How can fit-for-purpose freight infrastructure encourage productivity growth and economic dynamism?

7. Invest in freight network modernisation and enhancements to leverage new transport technologies that will reduce emissions, drive down cost of living and improve safety on our roads

Freight is the lifeblood of Australia. Without an efficient freight network, communities cannot reliably access essential goods such as food and medicine, and businesses cannot move their products to domestic or international markets. Australia's productivity relies not merely on a freight network that functions day to day, but one that actively boosts efficiency and resilience across supply chains.

However, historically we have underinvested in this network. With road freight expected to increase 77 per cent between 2020 and 2050,[4] it is critical that the Federal Government invests in the ongoing maintenance and upgrades of road infrastructure to reduce whole-of-life asset costs.

Roads Australia believes governments must invest in freight network modernisation initiatives focusing on increasing freight productivity through improved infrastructure resilience.

Key to this are three core activities:

- **Ensuring suitable maintenance regimes:**

Trucks rely on high quality roads to travel efficiently and quickly across the country. To provide this, regular and routine maintenance is needed to keep our roads running smoothly. It is critical that governments invest in the ongoing maintenance and upgrades of road infrastructure to reduce the whole-of-life asset cost.

By focusing on routine maintenance, we can both avoid costly major works in the future, while also allowing trucks to operate along smoother routes, reducing vehicle maintenance downtimes and enabling more consistent travel speeds.

- **Shifting suitable freight to alternative modes:**

Converting road freight to rail freight – where appropriate – can save businesses 10-40 per cent, with a typical freight train carrying 300 shipping containers, each freight train removes 65 trucks from congesting our streets, [5] which reduces traffic and saves wear and tear on our roads.

However, to achieve this, Australia needs both national harmonisation of rail standards, infrastructure, technology and operations to ensure the interoperability and seamless movement of rail freight across the national rail network. This is on top of strategic investments in critical infrastructure to enable integrated movements such as intermodal terminals and port connection rail lines.

- **Encouraging safer and cleaner vehicles:**

The average lifespan of a truck on Australian roads is 14 years,[6] significantly longer than typical passenger vehicles. This means that many Australian trucks are missing out on opportunities to leverage new technologies that would improve performance, safety, and emissions reduction.

While work continues to assist the industry to transition to new vehicles – particularly heavy electric vehicles – more can and should be done to support industry in this push. This includes addressing structural barriers in infrastructure. New heavier electric vehicles will require more robust road infrastructure to support their heavier loads. Bridges, for example, across regional Australia are one of the largest impediments to enabling new cleaner EV trucks and will need either strengthening, replacing, or revised asset management plans.

Doing so can both unlock new more productive vehicles but also strengthen the overall network's resiliency in the face of a freight task set to significantly increase in the coming decades.

[4] DITRDCSA – Road Freight
[5] ARTC - Move Your Freight On Rail
[6] Truck Industry Council - Today's Trucks

Conclusionary remarks

These recommendations have been developed in deep consultation with Roads Australia members and key stakeholders in the transport industry.

Roads Australia and its members look forward to continuing to support the Federal Government's productivity agenda.

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