



A NATIONAL FRAMEWORK FOR REGULATION, REGISTRATION AND LICENSING OF HEAVY VEHICLES CONSULTATION REGULATORY IMPACT STATEMENT (RIS) APRIL 2009

SUBMISSION BY:

- **THE DEPARTMENT FOR PLANNING AND INFRASTRUCTURE (WESTERN AUSTRALIA)**
 - **MAIN ROADS WESTERN AUSTRALIA**
-

The Department for Planning and Infrastructure (DPI) and Main Roads Western Australia (MRWA) are pleased to have the opportunity to comment on the revised draft RIS (April 2009) and to make this submission which reiterates Western Australia's (WA) concerns with the proposed National Framework for the Regulation, Registration and Licensing of Heavy Vehicles.

Local Productivity Variations (LPVs)

WA permits a number of heavy vehicle combinations to operate that are not allowed in other States. These high productivity vehicles minimise the cost of transport and so provide significant benefits to the WA economy. Road transport operators must be allowed to continue to run these high productivity vehicles under any new national system. This is a key issue which is very strongly supported by both Government and industry in WA.

WA expressed concerns at the start of this RIS process that a national system of heavy vehicle regulation would lead to a 'lowest common denominator' approach, resulting in restrictions being placed on the use of high productivity heavy vehicle combinations in WA.

We were pleased to see that this led to the Australian Transport Council (ATC) agreeing to the concept of 'local productivity variations', to ensure that jurisdictions like WA did not lose their ability to allow high productivity vehicles access to their road network. We are also pleased to note the reference in the RIS to a possible decision making framework to manage LPVs that could be included in a National Partnership Agreement (NPA).

However, regardless of the mechanism used, WA would not agree to a new national system unless it allowed it to have these LPVs, and to continue to permit high productivity vehicles to operate for the benefit of the State's economy.

Access

WA, like a number of other jurisdictions, has always been strongly of the view that the decision to allow access to the State's road network should be retained by the asset owner, and not given to the proposed National Heavy Vehicle Regulator (NHVR).



We are pleased to note that the primacy of the asset owner in the access decision, whether State or Local Government, has been recognised in the RIS.

We look forward to seeing this notion embedded in the relevant NPA. As the owner and maintainer of the State's road assets, WA will not agree to a system where it loses any control of the access decision.

National Reforms in which WA is not a Participating Jurisdiction

WA is not a participating jurisdiction for several national transport reforms, including Higher Mass Limits (HML), Concessional Mass Limits (CML), the National Heavy Vehicle Accreditation Scheme (NHVAS) and Heavy Vehicle Driver Fatigue.

While the RIS notes that some jurisdictions are not party to some of the national reforms, and that this is an issue that will need to be addressed, it is seemingly implied that the application of 'a single set of heavy vehicles laws' will result in WA (and other jurisdictions where applicable) needing to become a party to these reforms. We note that it is intended that this issue be addressed at a later stage.

However, should either of options 3 or 4 be chosen for implementation, moving to a single set of national laws is likely to require a major shift in State policy and may affect the ability of the State to commit to an option involving national laws.

WA believes the RIS would benefit from a greater exploration of how to deal with this issue.

Definition of a Heavy Vehicle

Despite the ATC decision applying the national framework to vehicles over 4.5 tonnes, and the existing body of model law using the 4.5 tonne standard, WA believes that a 12 tonne 'breakpoint' for inclusion as a heavy vehicle would better achieve the policy intent of the proposed Framework.

The RIS, in defining the problem being addressed (Section 4; "The Nature of the Problem"), and elsewhere refers almost exclusively to issues relating to the freight task, particularly to interstate road freight movements.

The majority of the vehicles that would be excluded from the system by the application of a 12 tonne breakpoint are not involved in freight transport, particularly interstate road transport. They are predominantly Winnebagos, small 'scout' buses and local delivery vans. We believe that excluding these vehicles from the proposed national Framework would avoid them having to be subjected inappropriately and unnecessarily to the NHVR and other aspects of the proposed Framework, while not having any significant impact on the success of the system.



Stamp Duty, Compulsory Third Party Insurance (CTPI) and Concessions

We remain concerned that the issue of the possible loss of stamp duty revenue, and issues surrounding CTPI and registration concessions have not been sufficiently explored in the RIS. While we note that possible solutions have been mentioned, they have not been 'fleshed out' or investigated in any detail.

Their treatment in the RIS fails to recognise the significance of these issues to Governments in evaluating the likely impacts of the proposed options, as evidenced by the proposition at paragraph 33 that these issues be dealt with at a later stage and "would not affect decisions arising from this regulation impact statement". The cost implications from a systems perspective are considerable and, perhaps, prohibitive.

These issues are of particular significance to WA, as our CTPI system is backed by the State Government, and we currently administer more registration concessions than most jurisdictions. The likely financial, legislative and administrative impacts of the decisions around these issues mean that they are indeed likely to impact on any decision arising from this RIS, and should be treated appropriately.

Additionally, with regard to the suggestion at paragraph 32 that:

"Jurisdictions could simply agree to implement the reform as parties to the Inter-Governmental Agreement on Federal Financial Relations that established regulatory and competition reform as key priorities and under which (through the National Partnership Agreement to Deliver a Seamless National Economy) funding was provided to jurisdictions to implement reform;"

we note that the amount of funding available under this Agreement, and the number of projects competing for such funding, mean that even if this reform did meet Central Agency criteria and receive funding, it is unlikely to cover even 10% of the anticipated costs of the reform, without accounting for the possible loss of revenue.

As such, we do not believe this is a valid option for WA, or, realistically, any jurisdiction.

The RIS would be strengthened by a more robust discussion of the cost implications of these issues and possible solutions that make the proposed system revenue neutral.

Vehicle Inspections

While we note that in the RIS vehicle inspection regimes would be a matter for determination by the NHVR. However, should they be implemented, annual or bi-annual inspections will have a substantial cost impact for WA, and some other jurisdictions.

WA is one of two jurisdictions not requiring annual or bi-annual inspections for heavy vehicles, but there is a distinct likelihood that under a national regime we will be required to inspect heavy vehicles either annually or bi-annually.



These scenarios would both involve substantial investment in capital infrastructure. WA does not have the capacity to absorb such an increase in heavy vehicle inspections at existing sites and has not yet assessed the capacity of the private sector to do so through an outsourcing regime quality assured by auditing. A purpose-built site may be required, at substantial cost, to absorb additional demand.

Such capital costs, along with significant recurrent funding, may impact on our Minister's decision as to which option to support.

Registration Systems Changes

The RIS does not address the issue, timing, or costs of systems changes involved in implementing a National Registration Scheme. WA has a demanding TRELIS program to which it is committed, so, absorbing additional system costs and demands would require substantial additional funding.

While we appreciate that this may be considered to be an 'implementation' issue, it is likely to involve substantial financial costs and a substantial amount of time - neither of which have been factored into the RIS.

Failure to take this issue into account may lead Ministers to believe that implementation is achievable in a time, and at a cost, that are unrealistic.

Cost Benefit Analysis (CBA)

WA is concerned about the 'robustness' of the Cost Benefit Analysis.

While we understand the difficulties in obtaining the data, the lack of actual quantified industry cost data is a concern.

The derivation of industry cost by merely applying an estimated unit cost per net tonne kilometre (comprising eight (8) economic, environmental and social cost variables) against an estimated total traffic must be questioned.

Using the same calculation, a one (1) cent change (or error) to the estimated unit cost will result in a net present value variance that is seven (7) times the total estimated Government costs under Option 1, or a net present value variance that is twenty two (22) to twenty six (26) times the differences between the base case and the OTHER options.

The significant differences in Government cost information, a result of a lack of regulatory, procedural and administrative 'content' in the consultation RIS, are also concerning, such that we believe the variance between the total costs of the Options is not statistically significant.. As such, we believe the CBA is statistically inconclusive, and should not be used as evidence in support of any of the Options.



Notwithstanding that none of the identified benefits were quantified, the key issue for WA is that the benefits alleged to be achieved from the proposed reforms are entirely related to the portion of the fleet involved in interstate transport. For WA, these benefits amount to near zero as less than 5% of our heavy vehicle fleet is involved in interstate trade.

While we do not dispute that there are likely to be some significant savings to industry on the eastern seaboard, the reform presents some quite substantial costs with little or no benefit, and some risk, for WA

Eric Lumsden, Director General Department for Planning and Infrastructure
Menno Henneveld, Commissioner of Main Roads

24 April 2009