

# EVALUATION OF THE FEDERAL INTERSTATE REGISTRATION SCHEME

## Executive summary

The Department of Infrastructure and Regional Development (the Department) is responsible for the Federal Interstate Registration Scheme (FIRS). Grosvenor Management Consulting (Grosvenor) was engaged to collaboratively conduct an evaluation of FIRS. The purpose of the evaluation was to assess the effectiveness and efficiency of FIRS in meeting its stated objectives in the context of potentially transitioning to a national registration scheme for heavy vehicles or revising the legislation for the current regulatory climate.

FIRS has the following features:

- It is a voluntary registration scheme for vehicles over 4.5 tonnes undertaking interstate trade, as an alternative to State and Territory registration schemes
- States and Territories administer FIRS on behalf of the Australian Government
- In 2015-16, State and Territories collected approximately \$71 million in FIRS registration revenue
- Revenue from FIRS is not retained by the Australian Government, but redistributed to the State and Territories to expend on road maintenance
- At June 2016, 5,942 heavy motor vehicles and 8,706 trailers were registered under FIRS (14,648 total FIRS fleet). This is approximately 1.65 per cent of Australia's total heavy vehicle fleet of 886,081 vehicles including trailers.

FIRS has had a positive impact for the industry and is celebrated by many FIRS operators. The exemption to the payment of stamp duty is a key benefit of the Scheme, as FIRS operators can achieve substantial savings and are able to reinvest these savings into their businesses. Generally, the Scheme provides a viable regulatory option for operators already engaged in interstate transport and looking to increase their own productivity by investing in HPVs and/or increasing their interstate transport activities.

However, in the current operating environment, restricting transport to exclusively interstate carriage of goods has become a limitation, in particular for small-sized operators, as heavy vehicle operators value greater flexibility in the use of their vehicles.

The evaluation found that FIRS is limited in its ability to achieve the overall policy outcomes of the Scheme. This is not a shortfall of the Scheme's operations but rather represents an incongruity between its registration feature and its aim to increase transport productivity. As a registration scheme, FIRS has minimal influence on industry's investment in its transport fleets.

The approach of using existing State and Territory registration authorities to administer the Scheme generally meets the needs of the industry and is considered appropriate. However, the Commonwealth's lack of enforcement power and involvement in day-to-day operations, and the age of the Scheme, has contributed to the inconsistencies in the Scheme's operations and implementation across the jurisdictions. Implementation of formal arrangements that clearly define the service delivery requirements, and expectations and

performance standards of all parties involved, is essential to ensure the success of the Scheme.

Overall, while FIRS is a federal Scheme, it is not a national scheme. Stakeholders, and in particular industry, emphasised that there is a need for a national registration scheme.

With today's increasing need for the efficient transport of goods both interstate and internationally through Australia's ports, a strategic national approach through an overarching regulatory body is more important than ever. It is hoped that the collaborative approach between State, Territory and Federal Governments with the National Heavy Vehicle Regulator will continue to determine the appropriate regulatory framework for the heavy vehicle industry.

Based on the findings and conclusions of the evaluation, a number of key lessons learned were identified.

#### LESSONS LEARNED

- The exemption of stamp duty is currently the primary incentive for operators to join, or continue in, the Scheme and is the key differentiator from State and Territory registration schemes. Similar financial incentives could be considered for any future national registration scheme.
- The absence of detailed contractual arrangements and formal partnership agreements have contributed to the Commonwealth's lack of enforcement power and jurisdictional oversight of the administrators of FIRS. This has contributed to inconsistent operating conditions and registration charges across the different jurisdictions.
- In the current operating environment, the Scheme's original policy objectives of exclusive use of a vehicle for the interstate transport of goods or passengers has become a limitation, as heavy vehicle operators value greater flexibility in the use of their vehicles.
- Insufficient provision of public information regarding FIRS, by the different jurisdictions, is resulting in a reduced awareness and understanding about the Scheme's existence, participation requirements and opportunities.
- FIRS legislation is dated, ambiguous and complex, which has resulted in jurisdictional inconsistencies and a degree of confusion about the legislative requirements of FIRS from RTAs, police and operators, sometimes resulting in legal disputes and non-compliance.
- The jurisdictions' allocation and expenditure of FIRS funds on road maintenance is not transparent and there is no formal mechanism in place to monitor funding expenditure, which contributes to a lack of accountability on behalf of both the Commonwealth and the jurisdictions.