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MEMBER OF



Mr Mike Mrdak AO

Secretary

Department of Infrastructure and Regional Development

GPO Box 598

CANBERRA CITY ACT 2601

14 July 2017

Dear Mr Mrdak

I write to you in response to the discussion paper *Independent price regulation of heavy vehicle charges*.

The Australian Automobile Association (AAA) strongly supports the establishment of a fairer and more transparent way to fund Australia's road network. As such, the AAA welcomed the Australian Government's commitment of last November to establish a study, chaired by an eminent Australian, to investigate the potential benefits and impacts of road user charging for light vehicles on road users. The AAA looks forward to this work being progressed.

While the AAA understands that governments have not decided to pursue light vehicle charging given the study has not commenced, the institutions and governance arrangements designed for heavy vehicle reform will need to take into consideration possible light vehicle reform to avoid sunk cost and unnecessary duplication or conflict. The AAA also acknowledges that an independent price regulator for heavy vehicles could provide a foundation of expertise and organisational capacity that may be harnessed to progress reform for all road users.

Given the consultation questions outlined in the discussion paper mainly focus on the implementation of independent price regulation for heavy vehicles, the AAA does not plan to provide specific responses.

However, to support the ongoing consideration of light vehicle reform the AAA has developed a high-level policy position on transport market reform (see **AAA's Policy Position on Transport Market Reform** at [Attachment A](#)). Of relevance to the discussion paper are the following policy principles:

Policy Principle 1: *Transport market reform must be preceded by comprehensive project selection and institutional reform which would be accompanied by fuel excise hypothecation and the establishment of a long-term funding structure.*

Policy Principle 7: *The AAA acknowledges that transport market reform is a long-term objective and supports Infrastructure Australia's assessment of a 10 to 15-year timeframe for implementation. In the interim, incremental steps to reform could be implemented such as institutional and governance reform, heavy vehicle charging or the establishment of state and federal land transport funds.*

The AAA appreciates the opportunity to comment on the discussion paper and looks forward to working with the Government as the study into the potential benefits and impacts of road user charging for light vehicles is progressed later this year.

If your officials would like to discuss this letter or the attached policy position further, please contact Katrina Wotton – Director –Policy and Research on katrina.wotton@aaa.asn.au or 02 6261 4404.

Yours sincerely,


MICHAEL BRADLEY
Chief Executive

Attachment A: AAA Policy Position on Transport Market Reform