27 October 2020

Land Transport Market Reform Steering Committee Secretariat
The Department of Infrastructure, Transport, Regional Development and Communications
GPO Box 594
CANBERRA ACT 2601
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Dear Mr Prosser,

RE: Heavy Vehicle Road Reform Consultation Paper

The Queensland Transport and Logistics Council (QTLC) thanks the Department of Infrastructure, Transport, Regional Development and Communications for the opportunity to comment on the Heavy Vehicle Road Reform Consultation paper.

QTLC is a cooperative industry and Government advisory body that provides advice to industry stakeholders on the development, planning, regulation and operation of freight and logistics transport, infrastructure, and services in Queensland. The Council works across all freight modes road, rail, and sea to identify freight solutions for the whole Queensland supply chain.

There is a great deal of detail and depth in the proposals set out in the consultation paper that government agencies, tasked with the supply of road infrastructure, are better placed to comment on. If the proposed amendments deliver an independent and transparent process for assessing, charging, and allocating funds then this will enhance the system and enable continuous review and improvement.

Road user charges have been subject to political pressure and their allocation somewhat removed from optimal assessment of need. Road infrastructure and maintenance has been treated as a public good delivered by government to the public almost free of charge. Rail operators would argue the lack of charges disproportionately favour road and charges should be more evenly distributed. This overlooks the broader community use and impact on the road network but does highlight the importance of balancing road v rail modal share.

The uptake of electric vehicles sited as a primary reason for this reform is yet to be realised however, QTLC would be interested to understand the potential incentives for transition to low or no emission vehicles the national approach to charging could deliver.

QTLC supports the reform in principle as an opportunity to recalibrate, improve the transparency of allocation for freight operators and hopefully improve infrastructure maintenance and development. This submission will provide comment on the four proposed design elements.

1. Design considerations: national service level standards

Standardising the road classification process and service level will provide the consistency needed to set national supply charging levels. The potential draw-back is the additional layer of administration and review bogging the process down, delaying expenditure decisions and adding costs.

QTLC supports the establishment of a consultation user-group approach to review the standards. Consistency in committee members reviewing the process will also be important to build understanding of the process and its constraints. This should lead to improved decision making and continuous improvement of the program. The process for renewal of committee members was not clearly defined in the paper and could become political. Potentially it requires further consideration.

2. Expenditure planning and determining what costs can be recovered from heavy vehicles?

The independence of the price regulator is very important to achieving an equitable outcome. In many instances heavy vehicles should probably increase the amount they pay as they utilise the infrastructure for commercial gain and disproportionately impact the quality of the road surface. This is unlikely to be a popular decision for Minister's to make and the price regulator will need supporting independent evidence to propose increases in costs.

QTLC preferred option for determining expenditure is the hybrid model. States/Territories are best placed to undertake analysis of the road network and federal oversight could improve consistency and approach. It is extremely important to maintain the independence of the federal oversight of the expenditure recovery process. It is difficult to tell how road users will benefit from these changes as it could ultimately lead to higher costs overall to achieve a more equitable system.

3. Independent setting of heavy vehicle charges

QTLC supports the establishment of an independent body to set national baseline registration charges based on what needs to be recovered to meet the heavy vehicle share of the expenditure consistent with service level standards. The independence of this body is very important to ensure impartiality and fair outcomes. The benchmarks should be publicly available to ensure states/territories make appropriate adjustments to suit their environment.

QTLC supports the smoothing of prices and spreading the investment out over time. Industry's ability to accommodate the cost, building it into the long term pricing structure will be improved. However, potentially this will advantage the larger operators that are able to structure process over the smaller price taking operators. QTLC recommends an annual review process is built in to ensure a level playing field is maintained.

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The key disadvantage of establishing the independent price setting body is the additional administration and decision making time required. Potentially this will be balanced by the longer forecast timeframes that the prices will be established over. Review of the overall efficiency of the system should be regularly undertaken to ensure administration is not delaying decisions and reducing productivity.

In addition, registration is one of the few mechanisms a states/territories have to raise funds and incentivise changes in policy. The consequences of losing this capacity remain unclear.

4. Dedicating heavy vehicle revenue to roads

QTLC supports increased transparency in all stages proposed, to enable industry to make appropriate investment and business decisions. Element 1 requires comprehensive consultation process. Element 2 expenditure plans, including weight restrictions and capacity, should be public to enable transparent access/permit arrangements. Element 3 price setting and registration fee in balance with federal benchmark also require independence and public scrutiny. Element 4 the state federal funding model is likely to remain however, streamlining revenue will hopefully ensure longer term investment in maintenance benefitting the heavy vehicle industry.

If you require further information, please let me know.

Regards,

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