



Blacktown
City Council

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

Email: hvrr@infrastructure.gov.au

Dear Project team,

Heavy Vehicle Road Reform Consultation

Thank you for the Have Your Say email, about the above review and request for submissions on the proposed changes to the way heavy vehicle charges are set and invested, and the heavy vehicle national law Review and Regulation Impact Statement.

Please find attached submission from Blacktown City Council.

If you would like to discuss this matter further, please contact our Manager Access and Transport Management, Mr Richard Campbell on 9839 6269 or email richard.campbell@blacktown.nsw.gov.au.

Yours faithfully

Rudi Svarc
Director City Assets

Connect - Create - Celebrate

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Context:

Blacktown City:

- \$18.81 Billion Gross regional product will increase to \$26.6 Billion by 2036
 - Employment of 143,259 will increase to 177,000 by 2036
 - Dwellings will double to 200,000 by 2036
 - Local Government area of 247sqkm
 - 142km of State roads
 - Council manages 1,466km of roads (further than the distance between Blacktown and Adelaide) or over 90% of the road network in Blacktown City, comprising:
 - 1,379km of Local roads
 - 89km of Regional roads
 - Current population estimated to be 400,000 people
 - Population by 2036 is projected to be 522,000, an increase of almost 1/3rd (31%)
 - Blacktown LGA has 48 suburbs and 142 schools with several more proposed
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Part 1 - Submission on Heavy Vehicle Road Reform Consultation Paper

1. Service Level Standards

Questions for stakeholders

1. *What do you see as the pros and cons of establishing service level standards?*

Response:

- **Pros:** The establishment of a consistent view by users and different governments on service levels standards is a key challenge that has potential benefits for local governments. The needs of local government are of critical importance as they are responsible for the cost of providing and maintaining many the local and regional roads used by heavy vehicles, especially for the last kilometres of their journey.
- **Cons:** The new system doesn't seem to acknowledge or take into-account, the infrastructure role of local government in managing many of the roads used by heavy vehicles.

2. *What are the most important things for the service level standards to capture?*

Response:

- The most important things to capture are the functional classification of the road, its current and future use by heavy vehicles, current condition rating of the road, the expected cost to provide and maintain the road to its selected standard.
3. *What mechanism/s should be established to make sure the service level standards reasonably reflect the views of users, including their willingness to pay? For example, how can a wide range of stakeholders be represented in the process?*

Response:

- A standing user-input group could be established, to seek and consider the views of stakeholders and to advise governments continuously, with full public consultation undertaken periodically.
4. *What mechanisms could be used to review the service level standards periodically? For example, should there be a standing body, or consultation periodically when the service level standards are reviewed.*

Response:

- Service level standards could be reviewed every 4 or 5 years, and could be included as part of reviews of road classifications.

2. Expenditure planning and independent determination of what costs can be recovered from heavy vehicles

Questions for stakeholders

5. *Which model for independently determining what expenditure is recoverable from heavy vehicle users would you prefer and why?*

Response:

- A hybrid model, where an independent state or territory nominated body undertakes user engagement, while a national body oversees the reviews, to ensure consistency and rigour. This would make use of state and territory expertise. National body will check these reviews, and ensure that only allowable costs were being passed through to national heavy vehicle charges.
6. *If some or all of the independent determination of what is recoverable from heavy vehicle users will take place at the state level, what checks could be put in place to ensure national consistency of expenditure recovery?*

Response:

- A national body could be established to oversee the reviews. The Auditor General could undertake an annual check on expenditure recovery to ensure transparency, accountability; and stakeholder engagement.
7. *How important is the independence of the body/ies assessing expenditure?*

Response:

- The independence of the bodies assessing expenditure recovery is paramount to ensuring confidence in the new system and ensure that outcomes are fair, reasonable and equitable. The key is that bodies have the right expertise and can make determinations free from external influence.
 - The bodies should have powers to set prices independently of government and potentially perform a range of oversight activities to improve the efficiency of expenditure by road agencies.
8. *What benefits to users do you think particular expenditure review mechanisms might offer compared to the administrative costs associated with that mechanism?*

Response:

- Expenditure reviews would benefit users by ensuring that expenditure was fair, reasonable and provided value for money.
- Ensure efficient and cost-effective delivery of services.

3. Independent setting of heavy vehicle charges

Questions for stakeholders

9. *How important is the aim of reducing volatility of heavy vehicle charges?*

Response:

- Reducing the volatility of charges is crucial to allow consistent and predictable financial conditions for forward planning by business, governments and users.

10. *Does a forward-looking cost base seem to be a better way of assigning charges over time?*

Response:

- A forward-looking cost base allows business, governments and users to plan and respond better to meet future demand when and where it occurs. This would ensure that.
- Road managers gain funding certainty to promote long-term planning and asset optimisation.

11. *What, if any, additional information would you like to have about the proposed forward-looking cost base?*

Response:

- Additional information may be required in regards to the transition of prices from the current charging system to forward-looking cost base, the length of the control period and the implications for allocating costs to heavy vehicles and across vehicle types.

12. *How important is the element of independence in assessing expenditure and charge-setting?*

Response:

- Independent assessments are critical to public confidence in the new system, and demonstrate that it is a transparent and accountable process with suitable feedback mechanisms.
- An independent body is able to scrutinise expenditure proposals and can set a suitable rate of return for capital investments.
- An independent body should have deterministic power in regards to setting the change and implement the price free from external pressure.

13. *What advantages and disadvantages are there to establishing independent pricing regulation?*

Response:

- Advantages, include providing certainty to business, government and users to plan for future investments.

- Disadvantages, include the lack of consistency in the setting of vehicle registration charges as these would still be set by each individual state.

14. *What are the advantages and disadvantages of the independent price regulator functions being held by a separate body to the body/ies with the expenditure review function?*

Response:

- Advantages, include transparency of decision making.
- Disadvantages, include potential misalignment of future infrastructure planning and expenditure.

15. *Are there any other functions or responsibilities the independent price regulator should have under the proposed new system?*

Response:

- An appeal process should be established at the outset. with any form of economic regulation there is a risk that regulatory errors will occur in the setting of road user charges. A merits review process should be established to allow decisions made by the regulator to be reviewed.

16. *What pricing principles should apply to the independent price regulator/s with the above work?*

Response:

- Nationally consistent pricing principles should apply that reflect the conditions of each state and territory.

17. *Under the proposed new system, should heavy vehicle registration fees be nationally consistent and based on nationally agreed service level standards like the Commonwealth Road User Charge would be?*

Response:

- National consistent registration fees based on agreed levels of service are needed to provide a level playing field between states and territories.

4. Dedicating heavy vehicle revenue to roads

Questions for stakeholders

18. *Do you have any comments about how charges are proposed to be dedicated to road infrastructure?*

Response:

- Individual states and territories have different base and operating costs for infrastructure installation and maintenance. Will the proposed system consider the different cost pressures affecting each state and territory for road infrastructure delivery and maintenance.
- Local governments have ongoing maintenance and operating costs for roads managed by councils. Will the new system provide dedicated funding to local governments for road infrastructure delivery and maintenance operations?

19. *What publicly available reporting from either regulatory bodies or state and territory governments would be useful?*

Response:

- Any current reporting that relates to the revenue, expenditure, tolling and operating costs of road infrastructure.