

## What we've heard from the public consultation on Heavy Vehicle Road Reform

In November 2019, Infrastructure and Transport Ministers agreed to consult on proposed changes to the way heavy vehicle charges are set and invested. The Commonwealth Department of Infrastructure, Transport, Regional Development and Communications (the Department), supported by state and territory government officials, publicly consulted on behalf of Ministers between 10 June 2020 and 28 October 2020.

Below is a summary of what we heard, from 51 participants across 8 different workshops and 24 written submissions. Respondents include peak bodies representing heavy vehicle, road freight, and rail sectors, heavy vehicle operators, and local governments and their associations.

### Overall

We heard the strong view that the proposed reforms are a step in the right direction, with some stakeholders wanting the reforms to move faster and go further. Even where challenges were identified, there was broad support for all four pillars of the reform.

Most stakeholders acknowledged the reform's potential to deliver genuine benefits, such as better investment decisions, increased transparency, and less volatile charges. A few industry stakeholders raised reservations about the reform's ability to deliver on its aims, citing poor prior experience with similar reforms.

The benefits industry see in the proposed reforms are more user-led and data-led investment decisions, the potential for increased transparency of investment decisions, and hypothecation of road user charges. Ongoing communication and engagement will be crucial. Many submissions emphasised the importance of consultation across different industry stakeholder groups and tiers of government, expressing a strong desire to be involved in consultation on next steps.

### Developing and setting national service level standards

Out of the four pillars of heavy vehicle road reform, national service level standards has the highest level of unqualified support among industry and local government stakeholders. Benefits identified by stakeholders to implementing service level standards included improved transparency in road funding, national consistency in outcomes, and better data informing better investment decisions.

Respondents said the most important aspects of service to consider when setting standards are safety, road access, access to mobile and technology connection, rest facilities and amenities, travel times, and infrastructure resilience.

A key risk identified is inappropriate classification of roads against the standards, or standards not appropriately capturing user needs. Some industry stakeholders suggested governments commit to not reducing current levels of heavy vehicle access as part of assessing the right level of service for different roads. Local government stakeholders also expressed concerns about additional administrative burden in the longer term, particularly for smaller local councils, such as improving road data collection and aligning existing road classifications to new standards.

### Expenditure plans and determining what costs are recoverable from heavy vehicles

There was strong support for having an independent body assess proposed expenditure plans to determine what costs are recoverable from heavy vehicles. The hybrid model (involving elements of both state and national assessment of expenditure plans) was the most supported model.

Respondents wanted the national body charged with determining what costs are recoverable to be independent, impartial and consistent in their approach to assessing plans across states and territories. They also emphasised the importance of transparency throughout expenditure planning and review processes, suggesting publication of draft plans and audit reports. A number of

stakeholders advocated for enhanced road user engagement and input as part of the expenditure planning and review process, to ensure transparency, accountability, and fairness.

Stakeholders expressed interest in receiving more information about the process a national body would follow to determine what costs are recoverable from heavy vehicles. For example, the principles under which assessments would be made, and potential avenues of review. Local government stakeholders suggested it would be ideal if the proposed process could connect to existing road planning processes to avoid duplicating or adding to already extensive planning work.

### Independent price setting of heavy vehicle charges

There was strong support for an independent price regulator setting nationally-consistent heavy vehicle charges, with the majority of submissions advocating for a single body to perform both expenditure review and price setting functions. As with the assessment of expenditure plans, stakeholders said it was paramount that charge-setting was undertaken by an independent body that is objective, consistent and transparent.

While some stakeholders explicitly agreed a forward-looking cost base would be a better way of assigning charges over time, others were agnostic. A few stakeholders believed implementation of the forward-looking cost base should be deferred until governments have implemented other pillars of the reform. Some asked for more detail regarding the forward-looking cost base, such as which costs would be recognised in the model and potential impacts on heavy vehicle charges.

### Hypothecation of revenue from heavy vehicle charges to road expenditure

Respondents supported the principle of hypothecation, recognising that it would lead to funding certainty for road managers. Some stakeholders suggested that hypothecation could occur prior to other pillars of the reform being implemented. A few also recommended including charges/ taxes paid by other road users in hypothecated funds.

Local government stakeholders emphasised hypothecated funds should supplement and not replace existing revenue sources such as Financial Assistance Grants and Roads to Recovery funding. A few suggested the reform include dedicated additional funding to local governments for road infrastructure and maintenance.