



L15/628 Bourke Street, Melbourne Vic 3000, Australia
Telephone (03) 9236 5000, Facsimile (03) 9642 8922

ROAD TRANSPORT CHARGES – JULY 2008 ADJUSTMENT FOR HEAVY VEHICLES REGISTERED UNDER THE FEDERAL INTERSTATE REGISTRATION SCHEME

PURPOSE

The purpose of this paper is to set out data and calculations associated with the automatic annual adjustment of annual registration charges for heavy vehicles registered under the Federal Interstate Registration Scheme which fall under the *Interstate Road Transport Charges Act 1985*.

The *Road Transport Charges (Australian Capital Territory) Act 1993* automatically adjusts heavy vehicle registration charges according to an annual adjustment procedure. These changes normally apply equally to heavy vehicles that come under the *Interstate Road Transport Charges Act*. The annual adjustment procedure is automatically applied on 1 July each year.

Changes to charges legislation were approved by the Australian Transport Council (ATC) in the Model Heavy Vehicle Charges Act 2007. This model legislation contains a revised set of heavy vehicle charges for implementation from 1 July 2008. The heavy vehicle registration charges were to be implemented uniformly in all States and Territories and for vehicles registered under the Federal Interstate Registration Scheme. However, due to the failure of the Commonwealth legislation to be passed in the Senate an annual adjustment to vehicles subject to Commonwealth legislation will now need to occur. This affects both heavy vehicles registered in the Australian Capital Territory and vehicles registered with the Federal Interstate Registration Scheme.

This report lists updated heavy vehicle charges only for vehicles registered under the Federal Interstate Registration Scheme. Due to the non-take up of the July 2006 annual adjustment vehicles registered under this scheme differ from national road transport charges by 2.7%. A separate report is available which lists the impact of annual adjustment to heavy vehicles registered in the Australian Capital Territory which are not registered under the Federal Interstate Registration Scheme.

The annual adjustment procedure requires the National Transport Commission (NTC) to publish data and calculations used in the annual adjustment procedure for heavy vehicle registration charges.

BACKGROUND

The National Transport Commission (NTC) is responsible for regularly reviewing the level of heavy vehicle registration charges as part of its role to improve road transport's efficiency and safety and reduce its environmental impacts. The NTC is required to make assessments as to

whether charges are at the right levels. These assessments are contained in a “Determination”, which is recommended to Australia’s Transport Ministers for decision. Three Determinations have been made (in 1992, 2000 and 2007). In recognition of the effort involved in updating heavy vehicle charges and the length of time between Determinations, an annual adjustment procedure was agreed at the meeting of the Australian Transport Council (ATC) in May 2001. It was agreed that heavy vehicle registration charges would be adjusted annually by a formula based on changes in road expenditure, modified to reflect changes in road use by heavy vehicles. This approach included a ceiling set at the Consumer Price Index (CPI) and a floor of zero percent to prevent any reductions in charges. The initial application of this formula was made through the *Road Transport Charges (Australian Capital Territory) Regulations 2001*, and occurred in most jurisdictions on 1 October 2001.

The *Road Transport Charges (Australian Capital Territory) Amendment Act 2002* puts in place amendments to the *Road Transport Charges (Australian Capital Territory) Act 1993*, which ensure that adjustments occur automatically each year from 1 July 2002. This Act contains no sunset clause, and therefore the annual adjustment arrangements continue to apply.

The annual adjustment of heavy vehicle registration charges is an automatic process. However, as road expenditure information used in the application of the formula is not available in advance it is not possible to include it in legislation ahead of time. In order to keep the process as transparent as possible, and as required by the *Road Transport Charges (Australian Capital Territory) Act 1993*, the NTC is publishing this document which sets out all of the data used in the application of the annual adjustment procedure for July 2008 for vehicles registered under the Federal Interstate Registration Scheme.

ADJUSTMENT PROCEDURE

The annual adjustment formula for heavy vehicle registration charges adjusts charges in accordance with changes in road expenditure and expected changes in road use. Derivation of this formula can be found in the Annual Adjustment Procedure for Heavy Vehicle Charges: Regulatory Impact Statement May 2001. It takes the form:

$$\begin{aligned}
 \text{Adjustment (\%)} &= \text{Weighted change in road expenditure (\%)} \text{ less} \\
 &\quad \text{adjustment for fleet growth (\%)} \\
 &= 0.60 \times \text{Change in Rural Arterial Expenditure (\%)} \\
 &\quad + 0.21 \times \text{Change in Urban Arterial Expenditure (\%)} \\
 &\quad + 0.17 \times \text{Change in Rural Local Expenditure (\%)} \\
 &\quad + 0.02 \times \text{Change in Urban Local Expenditure (\%)} \\
 &\quad - 1.5\% \text{ (ie, Road Use Factor)}
 \end{aligned}$$

The maximum increase in heavy vehicle charges is limited to a CPI “ceiling” and reductions in charges are avoided by including a “floor” of 0%. The CPI ceiling factor is the amount of percentage points worked out using the following formula:

$$100 \times \left[\frac{(\text{Sum of index numbers for the 4 quarters in the recent calendar year})}{(\text{Sum of index numbers for the 4 quarters in the previous calendar year})} - 1 \right]$$

If the amount worked out under the annual adjustment formula for a particular 1 July is greater than the CPI factor for that 1 July, then the heavy vehicle registration charges are increased by the CPI factor.

INPUT DATA

There are three key sets of data needed to apply the annual adjustment procedure. These are:

- arterial road expenditure for the four most recent years;
- local road expenditure for the four most recent years; and
- CPI numbers for the four quarters of the past two calendar years.

Please note that these figures have been reviewed to reflect the most accurate and most recent data available.

ARTERIAL ROAD EXPENDITURE

Rural Arterial Road Expenditure

The change in rural arterial road expenditure is calculated for the purposes of the adjustment formula as:

$$100 \times \left[\frac{(04/05+05/06+06/07)}{(03/04+04/05+05/06)} - 1 \right] = 100 \times \left[\frac{(2845.20+2776.20+2923.59)}{(2432.52+2845.20+2776.20)} - 1 \right] = 6.1\%$$

Table 1: Rural Arterial Road Expenditure Data

RURAL ARTERIALS (millions)	03-04	04-05	05-06	06-07
NSW	936.25	1096.48	1215.42	1092.65
VIC	397.70	452.00	315.40	298.60
QLD	605.72	721.74	715.44	836.90
SA	115.00	168.00	91.00	86.00
WA	282.37	302.25	325.52	485.91
TAS	48.92	54.96	63.91	73.82
NT	45.08	49.00	49.51	49.71
ACT	1.48	0.97	0.00	0.00
TOTAL	2 432.52	2 845.20	2776.20	2923.59

Urban Arterial Road Expenditure

The change in urban arterial road expenditure is calculated for the purposes of the adjustment formula as:

$$100 \times \left[\frac{(04/05 + 05/06 + 06/07)}{(03/04 + 04/05 + 05/06)} - 1 \right] = 100 \times \left[\frac{(2010.68 + 3004.74 + 4254.20)}{(1976.57 + 2010.68 + 3004.74)} - 1 \right] = 32.6\%$$

Table 2: Urban Arterial Road Expenditure Data

URBAN ARTERIALS <i>(millions)</i>	03-04	04-05	05-06	06-07
NSW	1 015.74	976.51	1063.53	1305.09
VIC	336.80	272.70	669.00	1082.90
QLD	275.09	352.40	817.10	1234.61
SA	82.00	78.00	143.00	244.00
WA	171.50	263.50	244.97	278.40
TAS	6.76	7.83	13.41	16.51
NT	9.02	8.30	10.65	11.39
ACT	79.66	51.44	43.07	81.30
TOTAL	1 976.57	2 010.68	3004.74	4254.20

LOCAL ROAD EXPENDITURE

Estimates of council spending on roads were derived from unpublished Government Finance Statistics provided by the Australian Bureau of Statistics (ABS). These figures have been reviewed to reflect the most accurate and most recent data available as part of the current Heavy Vehicle Charges Determination.

The *Road Transport Charges (Australian Capital Territory) Act 2002*, requires that the expenditure data to be used in calculating the heavy vehicle charges annual adjustment each year be specified in the NTC's most recent annual report. Unfortunately reliable 2005/2006 and 2006/07 local road expenditure data was unavailable from the ABS when the NTC's 2007 Annual Report was published. Therefore, the July 2008 annual adjustment calculations use local road expenditure up to 2004/2005.

Rural Local Road Expenditure

The change in rural local road expenditure is calculated for the purposes of the adjustment formula as:

$$100 \times \left[\frac{(= 02/03 + 03/04 + 04/05)}{(01/02 + 02/03 + 03/04)} - 1 \right] = 100 \times \left[\frac{(1719.01 + 1879.73 + 1892.65)}{(1759.21 + 1719.01 + 1879.73)} - 1 \right] = 2.5\%$$

Table 3: Rural Local Road Expenditure Data

LOCAL ROADS <i>(millions)</i>	2001-02	2002-03	2003-04	2004-05
Rural	1759.21	1719.01	1879.73	1892.65

Urban Local Road Expenditure

The change in urban local road expenditure is calculated for the purposes of the adjustment formula as:

$$100 \times \left[\frac{(02/03 + 03/04 + 04/05)}{(01/02 + 02/03 + 03/04)} - 1 \right] = 100 \times \left[\frac{(2570.99 + 2456.01 + 2428.96)}{(2594.44 + 2570.99 + 2456.01)} - 1 \right] = -2.2\%$$

Table 4: Urban Local Road Expenditure Data

LOCAL ROADS (millions)	2001-02	2002-03	2003-04	2004-05
Urban	2594.44	2570.99	2456.01	2428.96

Consumer Price Index Factor

Calculation of the CPI factor, based upon the numbers in Table 5 is determined as follows:

$$100 \times \left[\frac{(\text{Sum of index numbers for the 4 quarters in the recent calendar year})}{(\text{Sum of index numbers for the 4 quarters in the previous calendar year})} - 1 \right]$$

$$100 \times \left[\frac{(155.6 + 157.5 + 158.6 + 160.1)}{(151.9 + 154.3 + 155.7 + 155.5)} - 1 \right] = 2.3\%$$

Table 5: Consumer Price Index Figures

Year	Quarter	CPI All Groups (Weighted average of 8 capital cities)
2006	March	151.9
2006	June	154.3
2006	September	155.7
2006	December	155.5
Sum of 4 quarters		617.4
2007	March	155.6
2007	June	157.5
2007	September	158.6
2007	December	160.1
Sum of 4 quarters		631.8
Implied Percentage Change		2.3

Source: Consumer Price Index, Australia (ABS Cat. No. 6401.0).

CALCULATION OF THE ANNUAL REGISTRATION CHARGES FOR HEAVY VEHICLES (JULY 2008)

Based upon the most recent road expenditure figures available, the annual adjustment formula for heavy vehicle registration charges has resulted in an adjustment factor of 9.4%. The formula has been calculated as follows:

$$\text{Adjustment (\%)} = .60 \times 6.1\% + .21 \times 32.6\% + .17 \times 2.5\% + .02 \times -2.2\% - 1.5\% = 9.4\%^1$$

Using the CPI numbers in Table 5, the ceiling is calculated at **2.3%**.

As the amount worked out under the annual adjustment formula for 1 July 2008 (9.4%) is more than the CPI factor for the same date (2.3%), the cap will therefore apply for the adjustment and charges will increase by 2.3% (with the resulting charges rounded to the nearest dollar).

The adjusted charges, which will apply from July 2008, are set out in Table 6². Table 7 sets out examples of the resulting charges for a selection of heavy vehicle configurations.

¹ According to Item 1(2), Part 4 of the Schedule to the *Road Transport Charges (Australian Capital Territory) Act 1993*, this amount is “to be rounded up or down to one decimal place”.

² According to Item 4, Part 4 of the Schedule to the *Road Transport Charges (Australian Capital Territory) Act 1993*, this amount is “to be rounded up or down to the nearest whole dollar amount (rounding an amount of 50 cents upwards)”.

Table 6: 2008 Adjusted Registration Charges for Vehicles Registered under the Federal Interstate Registration Scheme only

DIVISION 1 - LOAD CARRYING VEHICLES (\$) - 2008				
Vehicle Type	2 axle	3 axle	4 axle	5 axle
Trucks				
Truck (type 1)	354	707	1,061	1,061
Truck (type 2)	589	942	2,356	2,356
Short combination truck	648	2,356	2,356	2,356
Medium combination truck	4,477	4,477	4,829	4,829
Long combination truck	6,184	6,184	6,184	6,184
Prime Movers				
Short combination prime mover	1,531	4,003	5,181	5,181
B-double prime mover	4,711	5,888	6,478	6,478
Road train prime mover	5,888	5,888	6,478	6,478
DIVISION 2 - LOAD CARRYING TRAILERS				
Calculated using the formula:	$\$354 \times \text{Number of Axles}$			
DIVISION 3 – BUSES (\$)				
Bus Type	2 axle	3 axle	4 axle	
Bus (type 1)	354			
Bus (type 2)	589	1,472	1,472	
Articulated bus		589	589	
DIVISION 4 - SPECIAL PURPOSE VEHICLES				
Special purpose vehicle (type P)	No charge			
Special purpose vehicle (type T)	236			
Special purpose vehicle (type O)	Calculated using the formula: $295 + \$295 \times \text{Number axles over 2}$			
PERMIT FEES				
The charge for the grant of permit to operate a vehicle over 125 tonnes carrying an indivisible load is to be calculated as				
:	4 cents x ESA-km			







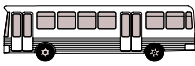
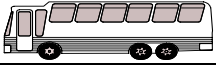




Note: See *Road Transport Charges (Australian Capital Territory) Act 1993* for complete definitions of vehicle types. In summary:

Truck (type 1) means a rigid truck under 12.0t (2 axles), 16.5t (3 axles) or 20t (4 or more axles)

Truck (type 2) means a rigid truck over 12.0t (2 axles), 16.5t (3 axles) or 20t (4 or more axles)

Short combination truck means a truck nominated to haul one trailer where, according to the nomination: (a) the combination has 6 axles or fewer; and (b) the maximum total mass that is legally allowable for the combination is 42.5 tonnes or less.

Table 7 : Current and July 2008 Federal Interstate Registration Scheme Vehicle Charges (Selected Vehicles)

Vehicle Type	Mass	July 2007 charge	July 2008 charge
	Up to 12.0t	\$346	\$354
	Over 12.0t	\$576	\$589
	Under 42.5t	$\$634 + \$692 = \$1\,326$	$\$648 + \$708 = \$1\,356$
	Up to 16.5t	\$691	\$707
	Over 16.5t	\$921	\$942
	Under 42.5t	$\$2\,303 + \$1\,038 = \$3\,341$	$\$2\,356 + \$1\,062 = \$3\,418$
	Over 42.5t	$\$4\,376 + \$1\,038 = \$5\,414$	$\$4\,477 + \$1\,062 = \$5\,539$
		$\$4\,376 + \$1\,384 = \$5\,760$	$\$4\,477 + \$1\,416 = \$5\,893$
	Up to 20.0t	\$1 037	\$1 061
	Over 20.0t	\$2 303	\$2 356
	Up to 12.0t	\$346	\$354
	Over 12.0t	\$576	\$589
		\$1 439	\$1 472
		$\$3\,913 + \$1\,038 = \$4\,951$	$\$4\,003 + \$1\,062 = \$5\,065$
		$\$5\,756 + \$2\,076 = \$7\,832$	$\$5\,888 + \$2\,124 = \$8\,012$
		$\$5\,756 + \$2\,768 = \$8\,524$	$\$5\,888 + \$2\,832 = \$8\,720$
		$\$5\,756 + \$4\,498 = \$10\,254$	$\$5\,888 + \$4\,602 = \$10\,490$