



Mr Ramon Staheli

24 August 2021

National Transport Commission
Level 3/600 Bourke Street.
Melbourne. Victoria 3000

Email:

rstaheli@ntc.gov.au

Dear Ramon,

Re: Heavy Vehicle Charges Determination Consultation Regulation Impact Statement.

Thank you for the opportunity to respond to this regulation impact statement. We also acknowledge the significant effort that has gone into presenting the information for consideration and the range of options for setting heavy vehicle charges from 2022-23 onwards.

Over many years, the VTA has always been involved in the PAYGO model. We also understand that this determination is being conducted while work on the Heavy Vehicle Road Reform (HVRR) is also taking place.

Whilst the NTC has requested a response to a series of questions contained in this consultation paper, the VTA will not be responding to them on this occasion.

The VTA wishes to highlight several points and they include the following:

- We recognise the complexities involved with the PAYGO model and the inherent limitations in the PAYGO methodology.
- Heavy vehicles should not be expected to continue to 'over-pay' their share of the costs.
- Due consideration and adjustment should be made to the tolls allocated to 'light' vehicles.
- Extrapolation of the data/evidence presented does not accurately cover the fact that heavy vehicles do not travel on all roads.
- The impact and disproportionate tolls paid by heavy vehicles for toll road use which are three times higher (or more) than light vehicle tolls.

The VTA maintains that there should be no changes made to the cost allocation matrix to the PAYGO model contained in the *'Consultation Regulation Impact Statement'* for implementation in 2022-23.



The VTA proposes that the implementation of the increased PAYGO costs should allow the transition to full cost recovery at a measured pace as a direct implementation approach would immediately impose an unreasonable burden on heavy vehicle operators. The VTA maintains that these increases should not exceed CPI for the defined periods.

There is a fundamental assumption which needs to be highlighted when applying these proposed increases to the PAYGO model. Governments and government agencies assume that in order to achieve full cost recovery, it is a matter of heavy vehicle operators passing on these increase costs to their customers and through their contractual arrangements.

In reality this is not the case as the imposition for the PAYGO model and its complexities to be communicated to customers is extremely difficult and operators are unable to pass on these increased charges. As stated earlier, we wish to highlight that heavy vehicle operators pay a disproportionate share of the costs.

If you have any queries or wish to discuss any aspects of the '*Consultation Regulation Impact Statement*', please do not hesitate to contact me.

Yours sincerely,

Peter Anderson
Victoria Transport Association - CEO