



02 March 2020

National Transport Commission
Level 3/600 Bourke Street
Melbourne VIC 3000

Re: NSW Farmers' comments on the Heavy Vehicle Charges Consultation Report

The New South Wales Farmers' Association ('NSW Farmers') welcomes the opportunity to comment on the Heavy Vehicle Charges Consultation Report.

NSW Farmers is Australia's largest State Farming Organisation, representing the interests of over 6,000 farmers in NSW. Our members rely on a robust road transport system to efficiently and effectively operate their businesses. This includes as an integral element the use of heavy vehicles to transport their produce and supplies.

We strongly oppose any increases to the percentage of revenue recovery applied to registration and other compliance costs and fuel levies at this time of significant cash flow pressure on primary producers. According to NSW Department of Primary Industries mapping, 98.7% of the State is drought affected; until recently this figure was 100%. In addition, 5.4 million hectares (or 6.82% of the State) was burned over the 2019-20 bush fire season. The impacts of these conditions are not exclusive to New South Wales, with drought and bush fires affecting states and territories across Australia. In this context of dry and difficult times it is not appropriate to increase costs to farmers and rural transporters facing significant challenges for business continuity.

Whilst the Transport and Infrastructure Council (the Council) acknowledged the impact of drought conditions on regional Australia in its report, its suggestions were drafted prior to the catastrophic conditions experienced across Australia over the Black Summer period. The Council's suggestion will result in a 2.5% increase to the roads component of the registration charge and 2.5% increase to the Commonwealth road user charge per year. This is not a 2.5% overall increase, it is a 5% annual increase that will be cumulative over the next two years.

However, NSW Farmers is supportive of the NTC's decision to review the method for calculating heavy vehicle charges. We recommend that any data used to inform this review be publicly available.

In progressing a review, NSW Farmers highlights the need to consider the NTC guiding principles that govern the application of the cost recovery method, particularly those underlying issues of transparency, cost effectiveness and administrative simplicity that underpin fairness and equity.

Rather than relying upon the PAYGO model which calculates the heavy vehicle cost base on the basis of historical government road expenditure and road usage data, the Association is supportive of a model based on improved road usage data of vehicles. This will recover costs more appropriately and proportionately.

While there may be standard classifications of heavy vehicles, there is significant variability in the usage dependent upon the type of business.

Rural transport covers a multitude of products carted using a variety of vehicle and trailer combinations. Farmers may register multiple heavy vehicles designed for particular purposes to be used at particular times of the year. For example, a farmer may own a grain trailer, a stock trailer and a general trailer. The

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ABN 31 000 004 651 PO Box 459 St Leonards NSW 1590 Level 4 154 Pacific Highway St Leonards NSW 2065
Member Service Centre 1300 794 000 T 02 9478 1000 F 02 8282 4500 www.nswfarmers.org.au



farmer is liable to pay registration for each of these trailers despite their infrequent use. Whilst a primary production registration concession is available to New South Wales farmers, the charge is still disproportionate when compared to the number of kilometres travelled by commercial carriers. Freight companies operate their heavy vehicles using the road network as their primary business activity year-round, and simply register the vehicle to be used for this purpose. These 'costs' are able to be integrated more transparently into their business operating costs – enabling cost recovery. This is not possible in the main for primary producers who will have less transparency and regularity of the heavy vehicle use.

The application of a blanket charge under registration costs (roads component) is inequitable and lacks transparency.

Currently, only 56 to 58% of the heavy vehicle charges are recovered from the road user charge, while 42 to 44% is recovered as a fixed road use charge component of the registration charges. NSW Farmers requires that a greater proportion of the heavy vehicle charges is collected using the road user charge component to account for the fact that heavy vehicles are a tool to enable business – not an income generator for the business as is the case for transport companies. It is NSW Farmers preference that the regulatory component of the registration charge continue to be recovered through fixed charges and the remainder through the road user charge, removing the roads component of the registration charge. This way, the road user charge more accurately reflects actual road use of the vehicle.

To this end, NSW Farmers supports the National Heavy Vehicle Charging Pilot currently being undertaken and the NTC's review of the method for calculating heavy vehicle charges.

Members have indicated in-principle support for this trial coupled with further research into alternative charging strategies that reduce the disproportionate contribution of farmers to road usage charges.

NSW Farmers strongly urges government to look at more accurate, evidence-based ways of funding road expenditure, including more active consideration of options such as telematics to gather data on actual road usage, for example measuring mass and distance travelled. However any costs that may arise as a consequence of telematics must be proportionate and there must be recognition that not all heavy vehicles will have this capability without farmers facing additional expenditure. This must be voluntary for low frequency users rather than introducing a mandatory requirement.

The cost of any technologies to take these measurements must not be borne by primary producers, nor must they require the installation of regulatory tracking devices.

NSW farmers highlights the need for road user charges that are applied relative to road damage caused by individual vehicle types, loads carried and especially the extent of use. In relation to registration charges, this should be calculated based on distance, excluding off-road usage by primary producers. We seek a registration charge that is reflective of primary producer road usage that is comparable to other states.

Re-modelling of the road user charge could also better recover the cost of road expenditure due to interstate travel of heavy vehicles. Geographically, New South Wales is a transport corridor between Queensland, Victoria and the West, and as such bears the impact of extensive interstate transport movements. For example, during the drought it has been common for trucks to cart loads of hay from Victoria to New South Wales, and sometimes further afield. Trucks travelling through New South Wales would not contribute to the registration component for this State, yet cause significant wear and tear on the roads. A higher road user component based on actual road use would help to capture the extensive travel of heavy vehicles through New South Wales.

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NSW Farmers recognises that the development of a fair, transparent and equitable heavy vehicle charging strategy will require ongoing adjustment. There must also be consideration of the impacts and opportunities for improved visibility of actual usage by use of technology and the broader uptake of electronic vehicles.

The road transport system must be fairly funded and reflect actual road use of heavy vehicles, ensuring farmers do not contribute a disproportionate amount.

Should your staff require additional information, your office is invited to contact Kathy Rankin, Policy Director on 02 9478 1008 or rankink@nswfarmers.org.au.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Wilson'.

Peter Wilson, Chair
Business, Economics and Trade Committee