

Toll Group Heavy Vehicle Charges Consultation Report - Submission

Introduction and Context

Thank you for the opportunity to comment on the *Heavy Vehicle Charges Consultation Report* issued January 2021. Toll has considered the Report carefully. We take our position following consultation within the business and externally with industry bodies.

Our current environment is challenging, perhaps unprecedentedly so. As Australia's largest provider of transport and logistics services we are sensitive to increases in the road user charge and vehicle registration fees. In most, but certainly not all, cases we can pass these increases onto our customers. However, there is an unavoidable lag.

As a large business we are almost entirely ineligible for the government concessions and subsidies made available during the coronavirus pandemic. This fiscal reality makes it difficult to absorb a 2.5% increase in heavy vehicle charges.

Further, we believe that everyone has the right to go home safely. Consequently we support initiatives that encourage the use of newer, safer vehicles on the road. The proposed charges will increase A-double registration by around \$86 and B-double registration by around \$200 per vehicle.

While these numbers may appear trivial in the context of the price of a new prime mover and trailers, they are a disincentive to upgrade the existing fleet. Australia's vehicle fleet, and heavy vehicle fleet in particular, is old by international standards. Unfortunately, the cessation of the Federal Interstate Registration Scheme (FIRS) means there are no remaining concessions for the purchase of new heavy vehicles intended for inter-state trade.

Toll's position

Notwithstanding the concerns outlined above Toll supports the 2.5% increase proposed by the National Transport Commission.

We recognise that confronting the gap between expenditure and recovery on Australia's road network cannot continue indefinitely. We depend on the upgrade and maintenance of this network and acknowledge our obligation to contribute.

Future state

A 2.5% increase in heavy vehicle fees and charges is a temporary, stop-gap measure. It does nothing to address the fundamental weaknesses besetting the charging and pricing model.

The most urgent of those weaknesses is that pricing and charging is completely divorced from the access decision making process. Put simply, road managers are not sufficiently incentivised to grant access. The existing road infrastructure funding model encourages an asset preservation mind-set because there is no direct relationship between granting access and funding to maintain/upgrade the asset. Road managers may also feel professionally (and even personally) liable if a structural failure occurs on their network.

While many road managers, particularly in regional areas, recognise the importance of road freight to their community, they are also answerable to that community for the condition of roads, culverts and bridges.

Unsurprisingly, the road managers responsible for the 80% of Australian roads that fall under local government jurisdiction may feel a greater obligation to their rate payers than transport operators seeking to travel in and around their communities. They can therefore exercise their power under s.156A (1)(ai) of the Heavy Vehicle National Law (HVNL) to refuse consent because "the mass or dimension authority will, or is likely to, cause damage to road infrastructure".

The heavy vehicle road reforms currently proposed by government entirely exclude local government roads.

This, frankly bizarre, omission renders the reform limp and largely meaningless.



It is not simply industry that suffers from the lack of appetite for meaningful pricing and charging reform. The growth in low emission vehicles is driving fuel excise collection down.¹ Government revenues from registration fees will also fall as younger generations reject driver licences and car ownership in favour of ride-sharing and public transport.² The projected influx of autonomous vehicles will only exacerbate this trend. A radical and thorough redesign of the model is in the interest of the state and federal governments as well as industry.

Recommendation

Toll supports the proposed 2.5% increase in heavy vehicle charges subject to the urgent overhaul of the entire charging and pricing model.

Please do not hesitate to contact me should you have questions or queries regarding our position.

Yours sincerely

A handwritten signature in blue ink, appearing to read "S. Jones".

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¹ Infrastructure Partnerships Australia, *Road Pricing and Transport Infrastructure Funding: Reform Pathways for Australia*

² Peter Barret, "Teens putting the brakes on driving", June 2019,
<https://www.racv.com.au/royalauto/moving/news-information/teenage-driving-licences.html>