



15 March 2021

National Transport Commission  
Public submission – Heavy vehicle charges consultation report  
Level 3, 600 Bourke Street  
Melbourne VIC 3000

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

NSW Farmers is Australia's largest State Farming Organisation, representing the interests of over 6,000 farmers. 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 produce and supplies.

The Association opposes any increase to the percentage of revenue recovery applied to registration and other compliance costs and fuel levies without significant improvement of transport links to reduce the impost of inefficient transport costs on the primary production sector. For most primary producers high transport costs are an inequitable impost on production that must, in the main, be absorbed.

In March 2020, 98.7% of NSW was drought affected and 5.4 million hectares (or 6.82% of the State) had been burned during the 2019-20 bush fire season. The negative impact of these conditions, compounded by the need to manage the containment of COVID-19 were felt across Australia and our interaction with global markets. Given that the economy is in the early stages of recovery, NSW Farmers does not consider now an appropriate time.

The proposal being considered will result in a 2.5% increase to the roads component of the registration charge and a 2.5% increase to the Commonwealth road user charge per year, with a minimal change to the regulatory component.

NSW Farmers recommends a review of the method for calculating heavy vehicle charges, as put forward by NTC in 2020. 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. However, in supporting this, we raise the importance of ensuring minimal cost associated with the required technology to gather and record that data.

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 farmer is liable to pay registration for each of these trailers despite their infrequent use.

**NSW Farmers' Association**

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While a primary production registration concession is available to farmers in NSW, the charge is disproportionate when compared to the number of kilometres travelled by commercial carriers. Freight companies operate 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 regularity of the heavy vehicle use.

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

It was projected that in 2020 only 56 to 58% of the heavy vehicle charges would be recovered from the road user charge, while 42 to 44% would be 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 recently undertaken, and requests that the findings are made available as an evidence base for future heavy vehicle charging. NSW Farmers' members indicated in-principle support for this trial when 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 investigate more accurate, evidence-based options to fund road expenditure, including more active consideration of options such as telematics to gather data on actual road usage by identifying 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 disproportionately 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 there was significant interstate transport of fodder supplies. 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 additional information is required please contact Kathy Rankin, Policy Director on 02 9478 1008 or [rankink@nswfarmers.org.au](mailto:rankink@nswfarmers.org.au).

Sincerely,

A handwritten signature in black ink that reads 'Bill McDonnell'.

Bill McDonnell, Chair  
Business, Economics and Trade Committee