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## 1. Introduction

The ATA believes that the work done on A-trailers has severely overlooked important principles and safety evidence that led to A-trailers, and specifically the use of A-trailers in B-doubles, being encouraged with lower registration fees in the past. The original purpose of lower charges for A-trailers was anticipated to lead to an accelerated uptake of these safer, more productive vehicles. This, in turn, was expected to see a reduction in the growth of the number of trucks on the road, producing a safer outcome through reduced exposure. This policy was working well, as safety was improving and truck growth was being moderated.

The pursuit of no-cross subsidisation between different types of combinations led to increased registration in A-trailers, which at the time of the 2007 determination was set to reflect the Equivalent standard axles (ESA) predictions. These were incorrect as ARRB and the NTC have admitted. This led to the policy to increase A-trailer charges in order to recover the costs. This increase has led to negative outcomes that need to be addressed and reconsidered in the face of the decline of A-trailer use. The Government can alter COAG principles in order to make the right decision.

We note that many other COAG principles and commitments are not held as rigidly as cross-subsidisation is. For example, the obligation to increase the use of B-triples has not been met, nor provides a single decision point in performance based standards.

The foundation of the current charges is the 2007 determination. Prior to that determination, all trailers were charged on a common per axle basis. Industry believes this was, and remains, a fair and logical platform for all trailer charges. The charges should return to a common per axle charge for trailers before advancing to a longer-term model, which moves charges away from fixed registration charges and towards more revenue recovery from a variable fuel charge.

Many in industry have rejected the high A-trailer charges as being too extreme to maintain their viability and have reduced A-trailer use as a direct result. To match the community's freight demands, industry is simply using greater numbers of smaller combinations. This has a negative effect on safety, productivity, environmental outcomes and future-proofing heavy vehicle investment.

The evidence is clear. Industry will not pay registration charges that are too high as they are simply not affordable. If a charge for a more productive, safer combination is above what the operators can afford and be viable in the industry, industry will simply use more (smaller) trucks at higher net cost to the community.

An A-trailer carries half the freight of a semi-trailer (12 pallets v 22 pallets) but it currently costs close to five times the registration charge (\$1,419 v \$6,525). It makes engineering, economic and common sense that semi trailers and A-trailers, which have the same axle groups and the same allowed axle group loads, should be charged the same.

The ATA has been unable to analyse the NTC options as the model used has not been provided for public review. The refusal to provide the PayGo model for review and scenario testing by the industry, means that calculations, methodologies, assumptions and inputs cannot be adequately scrutinised, therefore the ATA does not endorse any of these options. There is little analysis on the effects each option would have on industry, meaning industry has had to do its own investigations, modelling and analysis based on the NTC's (ever changing) charges. There is a large risk that the NTC options will cause more pain for stakeholders than relief.

If ministers are to follow the NTC recommendations, it is our view these proposals will not deliver the safety and other productivity outcomes ministers desire.

The PayGo cost allocation approach is not fatally flawed. We acknowledge there are aspects where further debate with industry will improve the robustness, for example, the treatment of weathering effects.

Some states have opted out of the national charges to continue to support the positive effects of B-doubles and B-triples, in an effort to assist operators to be safer and more productive. The ATA supports any state that wishes to keep A-trailers at semi-trailer levels, as Western Australia has. We fully support the South Australian Minister's public statements which indicate he seeks to reduce A-trailer charges to semi-trailer levels, thus ensuring operators choose safer, more productive, less wearing and environmentally friendlier combinations.

### Safety concerns

The safety benefits of high productivity freight vehicles such as B-doubles and B-triples are well-known; improved stability, better competency on the road and completing the freight task in fewer trips, thereby lowering the risk of accident.

Research has shown that the introduction of B-doubles saved more than 350 lives between 1990 and 2003. The number of crashes caused by B-doubles between those times showed that B-doubles were involved in 2 fatal crashes compared to 329 fatal crashes caused by single articulated vehicles over the same period<sup>1</sup>.

We have modelled the effects of a 25% decrease in the use of B-doubles and ministers have every right to be concerned about the safety impacts.

A report published in the 2004 by the Commercial Vehicle Industry Association of Queensland and the Truck Industry Council states:

*Road safety is directly related to the number of trucks, the total travel by trucks and to the type of trucks, with B-doubles showing superior safety and contributing to less travel due to higher payloads. Any action or lack of action, that inhibits change from single articulated vehicles to B-doubles, or contributes to B-doubles becoming unviable, will certainly lead to lesser safety outcomes<sup>2</sup>.*

The reduced exposure due to fewer trucks being needed to do the same task is one of the most tangible benefits of B-doubles, with a reduction in accidents due to the safer nature of high productivity freight vehicles B-doubles and the fact that minimising the amount of these combinations road freight reduces the number of incidents.

National Transport Insurance (NTI) (2011 Major Accident Investigation Report) has compiled comprehensive evidence that the safest configuration in terms of accidents is the B-double. They state that B-doubles are the safest vehicle, with 48% of road freight being carried by these combinations, but being involved in just over a quarter of all accidents. Semi-trailers are over-represented in the accident statistics, representing 60.1% of accidents that occurred in 2009. The report also points out that although the proportion of semi-trailers decreased, they still have the highest proportion of accidents.

The NTI reports that B-doubles are “*newer, better maintained, with experienced highly trained drivers using the best of the road network*” compared to semi-trailers.

Accordingly, the trend to semi-trailers and truck and dog-trailers must be a concern.

### Productivity concerns

The introduction of B-doubles increased the industry's productivity hugely as did the relaxing of limiting regulations on vehicle mass, length, access and speed. However, in recent times productivity has dramatically decreased relatively compared to when these productivity encouraging decisions were made by Government and industry uptake of these high productivity vehicles. A-trailers are one of the most productively innovative components of the fleet and failure to continue to increase their productivity will stall the industry and subsequently the economy.

<sup>1</sup> Page 7 - Trucks to Meet the Future Road Freight Task – Industry Issue paper presented by the Truck Industry Council and Commercial Vehicle Industry Association of Queensland – November 2004

<sup>2</sup> Page 18 - Trucks to Meet the Future Road Freight Task – Industry Issue paper presented by the Truck Industry Council and Commercial Vehicle Industry Association of Queensland – November 2004

The Department of Infrastructure and Transport published a report in 2011 which points to articulated trucks, specifically the B-double, as being the greatest source of productivity gains in the industry. It stated that fewer road freight vehicles were needed on the roads due to the increase in the load B-doubles could carry, reducing the number of vehicles required on the road and improving business outcomes for operator and client. Articulated trucks have increased tonne per kilometre by 150% since 1990, while the increase in actual freight vehicles on the road has only increased by 50%, with B-doubles contributing to the majority of that gain in tonnage and vehicles on the road<sup>3</sup>.

Estimates on the fleet reduction (required to carry out the task) since 1990 to 2007 have stated that B-doubles can carry the same amount of freight as 1.6 semi-trailers<sup>4</sup>. While semi-trailers have kept a static mass limit, B-doubles have actually increased their carrying capacity in comparison due to the embracing of B-doubles in the fleet and government agencies allowing increased mass on the combination and volumetric possibilities.

Some of the largest ancillary operators in Australia have expressed concern over limitations placed on B-doubles and the stalling in the approval of B-double access on Australia's roads, and the impact this is having on productivity.

Qantas, Woolworths and Toll made submissions to the Department of Infrastructure and Transport regarding concerns over the urgency of allowing B-doubles access to more roads. The registration cost has had huge impact on these operators, limiting the productivity gains B-doubles made in the past, in terms of volume and mass allowance.

Woolworths, one of the largest companies in Australia, has made the statement – *“These inconsistencies and complexity create additional cost, confusion and increase the compliance burden for both Woolworths and its transport supply partners.”*<sup>5</sup> The effects of the increase in the A-trailer price on smaller and single vehicle operators cannot be underestimated. Operators either do not renew A-trailer registration, substitute to other, less productive combinations or stop transporting altogether.

With the highly competitive nature of the trucking industry, even small gains in productivity can mean increased benefits for operators and their clients

#### Environmental concerns

High productivity vehicles have played a central role in the abatement of potential emissions the industry produced, with B-doubles being responsible for a reduction of over 11 million tonnes of emissions up to 2008, which is equated to be around 50% of one year's emissions for the trucking fleet.<sup>6</sup>

Greater fuel efficiency in B-doubles is a key benefit of the vehicle combination. While the demand for road freight is going to increase to record levels in the next twenty years, the emissions produced by the trucking industry is on a downward trajectory. Since 2000, emissions per billion tonne kilometres have reduced significantly in comparison to the rise in demand. This reduction in emissions has been attributed to smarter use of the fleet by substituting away from smaller, rigid trucks to larger, articulated combinations. This is due to the greater carrying capacity of the larger combinations and better engine and emissions technology resulting from the shift to B-doubles.<sup>7</sup>

The NTC 2007 report regarding B-triples also indicated the massive environmental gains this combination can offer, with one estimate of 60 B-doubles and semi-trailers transferring their freight to B-triples and lowering the number of trips by one in four. This led to a fuel saving of 2 million litres per year, and a reduction in greenhouse gas emissions by 5,900 tonnes of CO<sub>2</sub> a year<sup>8</sup>.

<sup>3</sup>Page 7 – Bob Pearson - A case study of B-Doubles in Australia

<sup>4</sup> Page 8 – Bob Pearson - A case study of B-Doubles in Australia

<sup>5</sup>Red tape derailing freight investors – June 27 2011 – the Australian – Annabel Hepworth

<sup>6</sup> Page 10 - Bob Pearson - A case study of B-Doubles in Australia

<sup>7</sup> 17-18 Trucking – driving Australia's growth and prosperity – prepared by the Australian Trucking Association – August 2004

<sup>8</sup> Truck Week 21-27 February 2010 – environmental performance.

## 2. Recommendations

### ***Recommendation 1***

The NTC should recommend to ministers an immediate stop-gap decision to reduce the registration charge for A-trailers to equal the same registration charge as semi-trailers, with no other adjustments.

### ***Recommendation 2***

The NTC should not just be concerned with revenue recovery. It should be about common sense and what delivers safety and productivity outcomes. Western Australia has set the precedent. South Australia understands the need for an immediate solution. The Commonwealth reports it is also concerned about the current A-trailer crisis.

### ***Recommendation 3***

The ATA recommends as a next step a movement to fuel based charging as we believe this will provide the safety, productivity and revenue outcomes required.

### ***Recommendation 4***

The NTC should work in a transparent manner, giving full disclosure of data, models, assumptions and formulas so we can work with the NTC to secure the optimal outcome.

### ***Recommendation 5***

The ATA recommend that supply side reform should be undertaken prior to any more fundamental changes to heavy vehicle charges. E.g. COAG Road Reform Plan (CRRP).

## 3. NTC objectives

According to ATC directives, the NTC should ensure that industry pays no more than it ought to in charges. The ATA believes that over recovery has been occurring since the 2007 determination and the NTC model of bottom-up charging explicitly shows over recovery occurring.

The cross-subsidisation that occurs in the past and current system is wholly acceptable, as it occurs in nearly all charging models that exist. The ATA has made it clear that cross-subsidisation is not something that should be a premium objective because it allows for a cost effective and practical charging system.

While the principles behind the optimal road use prices are agreed to by the ATA, the NTC should focus on its own endorsement that tradeoffs can be made between the principles. Tradeoffs such as cross-subsidisation should be considered for superior outcomes.

There is too much focus on the distribution of state and Commonwealth revenues. As this is purely a registration revenue matter.

The assessed options and scenarios are considered against five objectives that the NTC are using to judge each of the options.

NTC objectives	ATA comments
<b>Quick implementation</b>	Leaving the implementation any later than July 2012 would be devastating on the industry.
<b>Better B-triple/double Road train pricing relativity</b>	The NTC has focused on this because Queensland does not levy full A-trailer charges on some A-trailers used in road train combinations. A common per axle charge solves this.
<b>National consistency</b>	The National Heavy Vehicle Regulator is set to harmonise heavy vehicle law and charges. Therefore, industry would prefer an option which adheres to national consistency.
<b>Minimising revenue change</b>	This depends on how the NTC creates options.
<b>Complying with COAG Pricing Principles (i.e. no cross-subsidisation)</b>	Cross subsidisation exists now as all light rigid trucks pay registration, when all the attributed share of costs is fully recovered by fuel alone. Further, there are plenty of examples where COAG directives are not achieved such as the national use of modular B-triples.

## 4. NTC paper

The NTC have allowed less than 6 weeks to analyse the options, which has left industry disadvantaged by the NTCs delay in presenting SCOTI with an adequate solution to the A-trailer crisis in October. The NTC in the 6 week period of comment still has not provided concrete numbers or complete transparency and have changed registration charge prices at least 3 times over the 6 week period.

The narrative of the NTC paper downplays the reality of the problem for the industry, implying that those who use 'low mileage and/or multiple A-trailers' are the ones mostly affected. Any charging system, which does not offer concessions to those who operate on low mileage, will have this problem, regardless of the A-trailer crisis. The bigger picture in terms of safety, productivity and environmental credentials has not been addressed in the NTC work, and these priorities cannot be ignored.

SCOTI directed the NTC to come back with stronger options, however, in the discussion paper there is no mention of what SCOTI directed the NTC to do.

### Data issues

The ATA model depends on the revenue gap created by the rationalisation of A-trailers to the same registration charge as semi-trailers. This revenue gap has not been disclosed to the ATA so we can only estimate the gap that the change in registration charge creates. The paper uses a trailer population multiplier to estimate how many A-trailers are registered, 1.5 trailers for ever prime mover. This figure seems unrealistic, as those operating a truck and dog are unlikely to have spare dog trailers and the majority of operators do not have more A-trailers than they can use. A-trailer usage is likely to have higher annual kilometres travelled than the average semi-trailer.

In 2003 there were 7,345 B-doubles and 14,689 trailers<sup>9</sup>. This equates to one trailer and one semi-trailer per B-double. Hence, when the calculations show the revenue gap this is based on 1.5 trailers per prime mover; this inflates the revenue impact by 50%.

While any improvements to correct the skewed ESA affects the 2007 ARRB work had on industry are welcome, simply claiming this is the best we can do at the moment is not good enough. The foundations of the ARRB work have to be corrected in order for industry to provide support of the findings.

The model being is operating backwards, in that they work in reverse from the current revenue which has to be recovered. Adjusting the road user charge (RUC) in each option is an error, there is no need to adjust the RUC as the A-trailer issue is registration charge related not fuel charge related.

<sup>9</sup> Table 12 page 27 of the third heavy vehicle road pricing determination: technical report



Further, this revenue based approach can be used to expose the current over recovery. When the inputs are applied to a gap impact assessment a different per axle charge results. The difference between these approaches show over recovery of at least \$100 million.

### Annual Adjustment

The two scenarios for the annual adjustment, A and B for each option, complicates matters. The unconfirmed annual adjustment figure causes difficulties. Further, it would make consistent sense that the adjustment figure (5.7%) be factored into charges as it previously has.

The 5.7% figure still overstates the expenditure that industry is responsible for. This is because the annual adjustment figure is backdated for inflation, meaning that expenditure is inflated beyond CPI. With the removal of the floor and the ceiling from the annual adjustment figure, RCPI has spiralled out of control. This would indicate that there has been a marked reduction in the efficiency of road provision, including expenditure spent on heavy vehicle road maintenance or upgrading.

Scenario A, recalculates the charges and then includes the annual adjustment figure on top of the recalculation. Scenario B is more of an unknown application. With the use of 2011-12 road expenditure and 2008 usage data – there are considerable difference in this method. Overall scenario B does not give the best outcome for industry.

The effects of the weathering on infrastructure due to the natural disasters from 2010-11, should effectively be removed from heavy vehicle expenditure costs. In the determination 50% of all maintenance is excluded from related truck use, as it is determined 50% is due to weathering effects. However, in recent times far more maintenance is weather related due to natural disaster events, grants, insurance and state funds that have accommodated increased expenditure related to these natural disasters. Hence, the current moderated inputs that leads to the 5.7% annual adjustment, is most likely an overstatement of true truck related expenditure.

The 50% weathering effect is not based on scientific assumptions. A previous attempt was made to set weathering at 0% at one stage; however, the transport industry was successful in arguing that weathering plays a significant part in road maintenance, especially if roads are poorly built. More work needs to be done to better allocate these effects, as artificially high truck charges create a negative effect on the economy.

With the annual adjustment calculation, it is more realistic to state that the ceiling has been removed, as over the period of time the new calculation method has been in place the charges have never fallen. The statement that fleet mix has been taken into account does not stand up to our scrutiny. Our review of the previous calculation suggests 5.7% is at least 2% too high, impacting the transport industry in a negative matter.

The -1 used for the road use factor is evidence of this. The figure has not been updated since 2007, even though the vehicle kilometres travelled and gross domestic product, which are the parameters of the calculation, have changed. We believe this number should be -3, and therefore the 5.7% figure should be less than 3.7%

## **5. Options**

The ATA recommends that the A-trailer registration charge should be lowered to that of a semi-trailer. As we believe this problem is not a significant revenue loss and that the improved benefits to improved safety outcomes outweigh the minor revenue loss. We note there is significant over recovery happening. Charges should be reduced and no further changes made. In the long term industry seeks a move towards more fuel based variable charges and a move away from fixed registration.

Recent enquires to the Office of Best Practice Regulation (OBPR) cannot confirm the published claims that RIS exemptions have been granted for some options, but not for others within the discussion paper. Further information may be available following an FOI request.



## a) Option 1 – updating ESA values in the cost allocation models

While there is admission that the 2007 ESA work which was used to calculate the attributable costs for heavy vehicles were not as robust as they could have been, the work presented to the ATA still has significant fundamental flaws that cause the ATA to not endorsing the use of the findings.

The 2007 work was not supported because of the use of average gross mass and a flawed predicting formula, which generally overstated ESA effects. The findings overestimated the ESA effects of B-doubles and underestimated ESA effects for rigid trucks. However, it was stated that it was the best it could do. The 2007 work used weight in motion (WIM) data from three states measuring average gross mass. It included overloaded vehicles and other unclear data in its analysis. There is a significant mismatch in NTC vehicle categories and in the WIM categories leading to further distortions.

The 2009 ARRB work uses a different methodology with a distributional approach for calculating predicative ESA formulas. The ATA secretariat has seen a draft of the report and pointed out errors in the methodology and analysis. While we were told that the changes would be reflected in the discussion paper, however the adjusted final ARRB paper has not been released for review.

The problems Identified included:

- The analysis contains data points that are clearly in error and dirty data, which ARRB admitted has been included simply to bulk up the findings.
- WIM machine error has not been appropriately accounted for. The ATA suggest examining the concept behind the measuring adjustment approach in the NTC mass measuring guidelines.
- The masses included in the report were not physically feasible and overestimated load mass considerably. 100% overloading on gross was included (meaning a payload overload of 3 or 4 times). The latest version lowers the overload to 10% of gross mass, we still object to this as it continues to overstate the ESA impact of heavy vehicles.
- The report uses Higher Mass Limits (HML) to obtain inputs for the ESA calculations. This is wrong. Heavy vehicles that can travel at HML use road friendly suspension (RFS), this means that these vehicles cause no additional road wear than vehicles travelling at general mass limits on non-RFS. The high proportion of RFS vehicles in the industry at GML or lower masses should be properly accounted for in the ESA assessment, as these vehicles have less ESAs than the analysis takes into account for identical configurations without RFS.
- There is still a significant mismatched in trying to match WIM coding and NTC charge classes. There were several critical cases such as a 7axle truck and dog vs. 7 axle B-doubles, the results showed no difference in WIM data.
- It is unclear whether empty running vehicles have been accounted for. The attempt to match NTC and WIM classifications led to the removal of all empty running from some subclasses and moved these data readings to the class below. This likely leads to a distortion which overstates the ESA of vehicle classes.

It is unlikely that the report can be amended to correct the above flaws without substantial reworking. The inputs from the ARRB work are not sturdy enough to be used in the options. It is too much of an unknown outcome to give support.

## b) Option 2 – Standard trailer axle charge

While it is stated that this option is based on the ATA proposal, there is little resemblance between what the ATA recommended and the methodology used in the paper. The emotive, negative and leading language used in the review of the option is used to steer observers away from this option. It does not deal with the option fairly and creates excessive problems that have not previously been raised in consultation.

Two sub options have been devised for this choice. These sub-options were not discussed with the ATA and the logic surrounding them is yet to be explained.

Sub option 2a, introduces a standard axle charge for trailers, the same charging structure used before the 2007 determination. This outcome is what the ATA suggested, but it was to lower the cost of an A-trailer to that of a semi-trailer, then work out a per axle charge of the revenue reduction caused by the rationalisation of the A-trailer. This is a simple logical approach. The model in the paper uses a revenue back calculation which is unexplained to industry. The ATA does not support the papers methodology.

The nine sets of the charges the paper states is likely to emerge from option 2 appears to have been included in order to undermine endorsement of the broader option. It has overly complicated the simple, administratively easy and popular option in order to alter it from its origin considerably. When in consultation prior to the paper release there was no indication that these two options would not be used, nor was the supposed 9 different charges mentioned, this is a potential issues for all options, not just option 2.

It is claimed that option 2 would need a RIS and would be slow to implement. We disagree with both findings. While there are claims of RIS exemptions for the NTC preferred option, this option is no less or more deserving of a RIS than any of the other options. If a RIS was needed it would be simple and quickly done, as it would mean returning to a previously approved approach to setting registration charges. There are a number of RISs' previously undertaken that support this method of charging (RIS appendix Third heavy Vehicle Road Pricing Determination Technical Report Figure 8 on page 64.)

The paper states the option is at odds with CRRP, and may discourage broader investment in access for B-doubles and B-triples. This is unsubstantiated, especially given that the CRRP project is a longer term project that has no concrete outcomes as of yet.

One of the many merits of this option is that the current registration system can be amended. The changes would be similar to an annual adjustment. The timing of the decisions made on the issue would likely indicate that a July change will happen. The ATA has suggested that defining 'trailers' as a class of vehicle does not require new usage data (currently not collected.) The ATA option returns the charges model to a known, certified previous form of charging that is preferable to the outcomes of the current system.

The key point not mentioned, which is paramount to the ATA per axle model is that A-trailer and semi-trailer charges (which both have the same number of axles) are aligned is not made. Sensitive language about cross subsidisation is used by the NTC. However, there is no further analysis about how the no-cross subsidisation between vehicle classes would be negated under the ATA options as trailers could and should be considered a vehicle class.

The claim that state revenue would fall under this option, and the Commonwealth would accrue more revenue, is unexpected. Overall, the ATA original per axle redistribution model is registration revenue neutral for the jurisdictions, and has no effect on fuel charges.

On the 28<sup>th</sup> August 2011 the ATA furnished the NTC with data spreadsheets providing information about the ATA's model for the A-trailer solution. Some six months later, on 2<sup>nd</sup> February 2012, the NTC replied with their findings, even though they had not consulted with us in the meantime in relation to the spreadsheets.

The model being used for all calculations is not in any way reflective of the methodology the ATA have used for the per axle charge. This explains to some extent why the numbers are different. It also exposes over recovery as the papers 'back' calculation of trailer charges from revenue does not align with forward calculation of the same inputs. In this option the calculation exposes \$100 million plus of over recovery.

### c) Option 3- change the split between registration and the road user charge

This option recovers more revenue from fuel and less revenue from registration. While industry does favour an increased use of variable charges, the specifics of this option are not attractive to industry. A-trailers are still not lowered enough to have a restraining effect on the decline in their use, with only a \$2,087 registration reduction for B-doubles. The methodology is limited by using a single fuel amount (RUC) and suggesting that light rigid truck registrations cannot be reduced. Problems arise over the distribution of revenue between States and Commonwealth. The RUC increase with this option is considerable and net-over recovery increases.

### d) Option 4 – update ESAs, B-triple discount, and increased RUC

This option is a combination of various measures to address the A-trailer problem. The B-triple discounts are not explained, and it implies there will be a different registration rate for each A-trailer in a B-triple. This complicated method of charging would affect industry and regulators. Industry needs more information on this option and its implications before it could be supported.

## 6. The charges

Little support for any of the charges can be made, as industry is not allowed, as a matter of NTC policy, to be provided with a copy of the models workings, meaning we are unable to make robust conclusions as to the numbers provided. No thorough analysis of the options is provided in the paper, making deeper examination of the numbers a necessity. However, the numbers provided are not supposed to be viewed as final. We have no confirmation that these are the final numbers to be presented to SCOTI.

Note: The 4 options reviewed below are responding to the published paper not the 30 January 2012 recalculation results. However, the principles of our finding are still valid.

#### Option 1

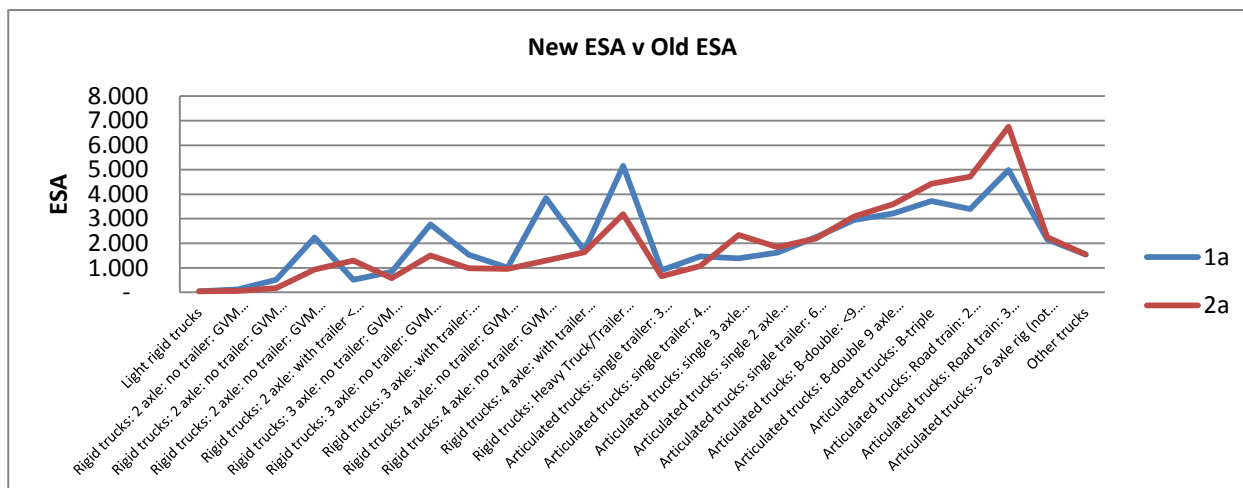
Considerable increases in registration will be felt in the rigid truck component of industry, reflecting the adjusted ESA figures. For a 4 axle rigid truck GVM >25 tonne registration charge will increase by \$1846. However the 4 Axle rigid trucks with GVM >25 <42.5 tonne will lower the registration charge by \$2 from the status quo.

The reduction in A-trailers is small. For a B-double the reduction is only \$1,283, equivalent to just over a third of how much the registration charge increased from 2009-10 and 2010-11 charges.

The road user charge is lowered from the 5.4% adjusted status quo in scenario A but increased in scenario B. The report states that the increase in scenario B is to balance out the reduced registration revenue. The increase in the RUC is not explained and in a determination if the ESA \* Km quantum falls the allocated cost also falls, therefore overall charges would drop (see 2007 HVC determination RIS vol 11 page 20). The application appears to be inconsistent with the approach used in the current determination, as reduced ESAs should reduce the cost to be recovered from trucks.

The charges suggest that the heavier end of the fleet will be charged less, but it is a small amount. We are at a loss to see why some charges have changed and others haven't; the sensitive nature of the input means that one would expect prices to change because of the new findings.

The chart below shows the changes in ESA from option 1 (new) and option 2 (old) are significant.



Source: NTC ESA factors for each option. Email sent Tuesday, 17 January 2012 4:05 PM from Andradi Adhiputro to David Coonan.

Option 1B shows a higher increase in registration to rigid trucks and also leads to an increase in \$259 in rigid trucks: 4 axle: with trailer >25<42.5 tonne while under option 1A they reduce payments by \$2 – the considerable differences need to be explained. Registration charges are much higher than in 1A.

For the heavier end of the vehicles, the charges do lower for B-doubles/triples, but the balance of the charges for all other articulated vehicles has been significantly increased. Road train registration cost will increase between \$663 and \$1080 for type 1 and 2 road trains.

### Option 2

This is preferable for the rigid truck end of industry, as option 2 is the only option where the rigid trucks will not be burdened with higher coverage registration charges. For articulated vehicles with trailers there is an increase due to A-trailers bring charged the same per axle charge as semi-trailers. This is the only option that attempts to set A-trailer charges to equal semi-trailer charges. However, we disagree with the per axle charge that is recommended.

The \$166 increase in a per axle charge (\$584-\$418) is a huge increase and is not a number that industry has been presented with before. On the 30<sup>th</sup> January this increased further to \$785, this disparity is not explained. We wrote to ministers before the SCOTI meeting in October to warn them that charges have been changed several times. We still have not had a concrete number after 6 months of what should be a simple calculation.

### Option 3

The effects of option 3 appear preferable as there is no increase in registration; in fact, all vehicle configurations have a lower registration than the status quo. However, there is a considerable increase in the road user charge, as this is the fuel option. It does not lower the A-trailer to the same level as a semi-trailer, and therefore it will not be the best option for industry to reverse the decline in A-trailer use.

### Option 4

The effects of option 4 are similar to option 1 given the effects of the new ESA calibrations. The reduction in B-triples travelling on unsealed roads currently occurs in Queensland, with this jurisdiction recognising this is a benefit. However, the cost of this will need to be recovered somewhere in the revenue, and this needs to be explicitly presented by the NTC how that cost is expected to be recovered.

## 7. Conclusion

The ATA's greatest concerns are that Australia's road safety and the broader economy are being placed in jeopardy by the NTC's failure to act in a timely and correct manner over the A-trailer issue.

Industry has made it clear what it believes will solve the problem; lowering A-trailers to equal semi-trailers. This is the only way to halt the deterioration in safety, productivity and environmental credentials of the fleet caused by the move away from safer combinations that incorporate A-trailers. The ATA suggested a simple and revenue neutral solution to the NTC but they have distorted it and dismissed it. Therefore, we are unable to lend any support to the NTC presenting such an option to ministers, especially if they claim it is 'based on the ATA's model'.

The NTC workings are unsubstantiated. The ATA therefore call upon ministers to make an immediate stop-gap decision to reduce the registration charge for A-trailers to equal the same registration charge as semi-trailers, with no other adjustments