

**Submission to:** National Transport Commission

**Title:** Heavy Vehicle Road User Charge Annual  
Adjustment

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## 1. Introduction

The heavy vehicle industry believes in paying its fair share of road maintenance and infrastructure provision costs. However, the annual adjustment which is applied to heavy vehicle registration and the road user charge (RUC) has significant weaknesses. These have been highlighted in the NTC heavy vehicle charges review and have been raised by industry in the previous NTC A-trailer review.

Given these faults, the ATA believes the proposed increase of 2.5% should not be applied. Instead charges should increase in line with CPI.

## 2. Australian Trucking Association

The Australian Trucking Association (ATA) is the peak body that represents the trucking industry. Its members include state and sector based trucking associations, some of the nation's largest transport companies, and businesses with leading expertise in truck technology.

## 3. Recommendations

### Recommendation 1

**Until the parameters in the annual adjustment are updated, the NTC should index heavy vehicle charges to CPI.**

### Recommendation 2

**The NTC and ATA establish and agree on the inputs and methodology for calculating the road user factor (RUF).**

### Recommendation 3

**The RUF factor should be updated annually.**

### Recommendation 4

**The road expenditure factor (REF) 'A' weighting should be updated regularly.**

### Recommendation 5

**Given the NTC review has presented fundamental weaknesses in the annual adjustment methodology, its use should be suspended.**

## 4. Concerns with the annual adjustment

The ATA believes that there are considerable doubts in the functionality of the current annual adjustment process that mean its application to the RUC and registration should not happen in 2013-14.

Road agencies are also well aware of the faults of the annual adjustment and have the choice to either choose revenue or to instigate a fair charge that does not endorse a broken formula.

### 4.1 ATA solution

Until all parameters of the annual adjustment are updated, results produced from the current methodology are rejected. The future of the annual adjustment is unclear, as the NTC review has revealed.

Until the NTC review RIS proposes options for an annual adjustment, CPI could be applied to industry RUC and registration in the annual adjustment's place. The CPI forecast for 2013-14 is 2.25%.<sup>1</sup> This would be an acceptable charge for road agencies to implement until the future of the annual adjustment has been decided.

We have provided a schedule of what registration charges, the fuel tax credit and the RUC would be under the proposed 2.25% adjustment (Section 5).

RUC would increase by 0.57cpl, to 26.07cpl. The fuel tax credit would be reduced from 12.64cpl to 12.07cpl.

It must be remembered that 2012-13 charges increased the RUC by 10% and increased registration charges by 6-32%. The heavy vehicle industry operates on small profit margins and adding unfair charges will burden industry further.

#### ***Recommendation 1***

***Until the parameters in the annual adjustment are updated, the NTC should index heavy vehicle charges to CPI.***

### 4.2 Non dynamic parameters of the annual adjustment formula

While some parameters in the annual adjustment methodology are updated annually, several have been fixed since 2007 leading to the figure produced by the annual adjustment to be unreflective of how much the heavy vehicle industry should be paying.

#### Road use factor (RUF)

The road use factor (RUF) should reflect the change in the heavy vehicle cost base due to changes in road use between heavy and light vehicles. While it is described as reflecting 'a change', it has not been updated since 2007 when it was fixed at -1. The data used to calculate the RUF in 2007 was from 1998-2005.

Given that the composition of light and heavy vehicle travel on roads has changed, the RUF must be updated to reflect the changes in the parameters used to calculate the RUF: GDP chain value, Vehicle kilometres travelled and vehicle population figures.

The ATA would like to work with the NTC to establish and agree on inputs into the RUF calculation.

The RUF factor should be dynamic and be updated annually to reflect the change in road use between light and heavy vehicles.

#### Road expenditure factor (REF)

The REF represents the impact of a change in the four different types of road expenditure.

<sup>1</sup> 2.25% according to the Mid-year Economic and Fiscal Outlook.

The current REF formula is:

0.45 x % change in rural arterial road expenditure +  
 0.362 x % change in urban arterial road expenditure +  
 0.119 x % change in rural local road expenditure +  
 0.064 x % change in urban local road expenditure.

The decimals represent a weighted 'A' factor to reflect the influence each expenditure type on road costs that should be recovered from heavy vehicles. These have also not been updated since 2007. While updating the weighting factors every year may not be ultimately useful, updating the A weighting figures regularly would mean they are more reflective than they currently are.

#### **Recommendation 2**

***The NTC and ATA establish and agree on the inputs and methodology for calculating the road user factor (RUF).***

#### **Recommendation 3**

***The RUF factor should be updated annually.***

#### **Recommendation 4**

***The road expenditure factor (REF) 'A' weighting should be updated regularly.***

### **4.3 The NTC 2013-14 Determination**

The NTC determination casts considerable doubt over the accuracy of the annual adjustment formula. Industry does not believe it is acceptable to impose charges on industry from a process that is under scrutiny.

The NTC review is proposing to overhaul, or at the least amend, the current annual adjustment methodology to improve the PayGo model. Hence, the integrity of the figure produced is doubtful, and its outcomes should not be applied to truck charges.

Given the NTC review, the use of the annual adjustment should be suspended.

#### **Recommendation 5**

***Given the NTC review has presented fundamental weaknesses in the annual adjustment methodology, its use should be suspended.***

## 5. ATA proposed 2013-14 charges

Component	2012-2013 rego charge \$	2013-14 rego charge \$	Charge Increase \$	% change
<b>Short combination prime mover</b>				
2 axle	1164	1190	26	2.25
3 axle	4744	4851	107	2.25
4 axle	5030	5143	113	2.25
<b>Multi-combination prime mover</b>				
2 axle	9457	9670	213	2.25
3 axle	9457	9670	213	2.25
4 axle	10402	10636	234	2.25
5 axle	10402	10636	234	2.25
<b>Rigid Trucks</b>				
2 axle: no trailer: 4.5-12t	542	554	12	2.25
2 axle: no trailer: >12.0t	859	878	19	2.25
2 axle: with trailer <42.5	1684	1722	38	2.25
3 axle: no trailer: 4.5-18.0t	859	878	19	2.25
3 axle: no trailer >18.0t	1021	1044	23	2.25
3 axle: with trailer: >18.0t <42.5t	2671	2731	60	2.25
4 axle: no trailer: 4.5-25.0t	759	776	17	2.25
4 axle: no trailer: >25.0t	1021	1044	23	2.25
4 axle: with trailer: >25.0t	3504	3583	79	2.25
<b>Trailers</b>				
<b>Pig/Dog</b>				
Single axle group	550	562	12	2.25
Tandem axle group	1100	1125	25	2.25
Tri axle group	1650	1687	37	2.25
Quad axle	2200	2250	50	2.25
<b>Semi trailer</b>				
Single axle group	550	562	12	2.25
Tandem axle group	1100	1125	25	2.25
Tri axle group	1650	1687	37	2.25
Quad axle	2200	2250	50	2.25
<b>B-double lead/B-triple lead and middle</b>				
Single axle group	550	562	12	2.25
Tandem axle group	2100	2147	47	2.25
Tri axle group	3300	3374	74	2.25
Quad axle	4400	4499	99	2.25
<b>Convertor/low loader dolly</b>				
Single axle group	550	562	12	2.25
Tandem axle group	1100	1125	25	2.25
Tri axle group	1650	1687	37	2.25
Quad axle	2200	2250	50	2.25

<b>Articulated Combinations</b>				
6 axle semi-trailer	6394	6538	144	2.25
7 axle B-double	12657	12942	285	2.25
9 axle B-double	14407	14731	324	2.25
12 axle B-triple	17707	18105	398	2.25
Road train: 2 trailers	13857	14169	312	2.25
Road train: 3 trailers	16607	16981	374	2.25
AB-triple	17157	17543	386	2.25
BAB-quad	20457	20917	460	2.25
<b>Road User Charge</b>				
Fuel tax (cpl)	25.50	26.07	0.57	2.25
Fuel tax credit (cpl)	12.64	12.07	-0.57	