

# ALC Submission on Heavy Vehicle Charges Determination: Consultation Regulation Impact Statement

24 August 2021



The Australian Logistics Council (ALC) welcomes the opportunity to make a submission on the *Heavy Vehicle Charges Determination: Consultation Regulation Impact Statement (the RIS)*.

ALC is the peak national body representing major companies participating in the freight and logistics industry.

ALC's policy focus is on delivering enhanced supply chain efficiency and safety. Freight affects every Australian, every day, everywhere. Common goods purchased by Australians such as food, clothing, household appliances and medicine all need to be transported by freight operators.

Similarly, the freight supply chain provides the materials to build and operate critical community infrastructure – roads, hospitals and schools – which are fundamental to our society. An inefficient and unproductive national supply chain can ultimately result in lost export income, reduced employment, higher consumer prices and Australia becoming less competitive in the global market.

ALC believes a road user charge should fairly capture all the relevant cost components of roads so that, as far as is practicable:

- pricing does not distort the choice of transport mode used by consignors and/or consignees in the transport of freight; whilst
- road infrastructure developments undertaken to advance either general congestion issues, light vehicle use or community amenity (rather than the efficient movement of freight down the supply chain from freight generation point to ultimate destination) is not cross subsidised by heavy vehicle operators.

ALC has as its preference a road user charge calculated on a forward-looking cost base utilising the 'building block' approach proposed under the Heavy Vehicle Road Reform (HVRR) applicable for all classes of vehicle.

However, as ALC said in its [Statement on the Infrastructure and Transport Ministers Meeting](#) of 28 May 2021:

#### **Heavy Vehicle Road Reform**

ALC is disappointed with the slow pace of reform to the [Heavy Vehicle Road Reform \(HVRR\)](#), which is designed to reform the method of determining the road user charges to be imposed on heavy vehicles.

- The current timetable suggests there will be a 'cascading, and not concurrent commencement to any reform', and that governments 'may decide at any time whether to continue on the pathway, and whether to ultimately participate in the reformed system'.

As ALC recently told the [Senate Economics Legislation Committee](#), it has been disappointed by the speed in which the HVRR has been developed.

At the end of the day, the framework for access to roads is more important than pricing mechanisms.

Because the future of the HVRR is not certain, ALC believes that the PAYGO system should continue to operate on the current basis until such time as:

- the HVRR has developed some form of road user charge mechanism capable of being considered by industry and governments; and
- there is a likelihood the jurisdictions will pick up the proposed model.

In that context, ALC believes there should be no real change to the current cost allocators and expenditure categories.

However, if the PAYGO system looks like becoming permanent it may become appropriate to consider the utility of adopting the alternative cost allocators developed by the Victorian Department of Treasury and Finance that are based on allocators recommended by the Australian Road Research Board in its 2019 report. There is also scope to consider striking road user charge rates for multiple years so as to remove the 'lumpiness' of the RUC and so make investment and pricing decisions easier for heavy vehicle operators.

Finally, as discussed in Table 6 of the RIS it is appropriate to change the guidelines in relation to toll roads, to require the reporting of government revenue received from tolls so there is full knowledge as to how much heavy vehicles operators have to pay for the use of toll roads.

Thank you again for the opportunity to respond to the RIS, if you require any further information please contact Rachel Smith, Director – Policy and Advocacy on 0433 569 301 or [policy@austlogistics.com.au](mailto:policy@austlogistics.com.au).

Yours sincerely



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