

# National Local Roads and Transport Congress

## Agenda Item 5: Freight

**Norm Mcilfattrick,**  
**Secretary, Tasmanian Department of Infrastructure, Energy and Resources**  
**HVCI Board Member**

**16 November 2012**

# Context:

## Why change the system?



# Why change the system?

“The key domestic policy directions are to continue microeconomic reforms to improve the productivity of our economy. This includes ...appropriate infrastructure investment planning, funding and use, including better price signals..”

- Martin Parkinson

## **Parkinson calls for productivity-focused reforms**

**Current funding and investment does not support HV Productivity**

“We simply don't have the infrastructure for another 14 million Australians. We don't have the mechanism for thinking about the sort of infrastructure we're going to need or how it is going to be funded.”

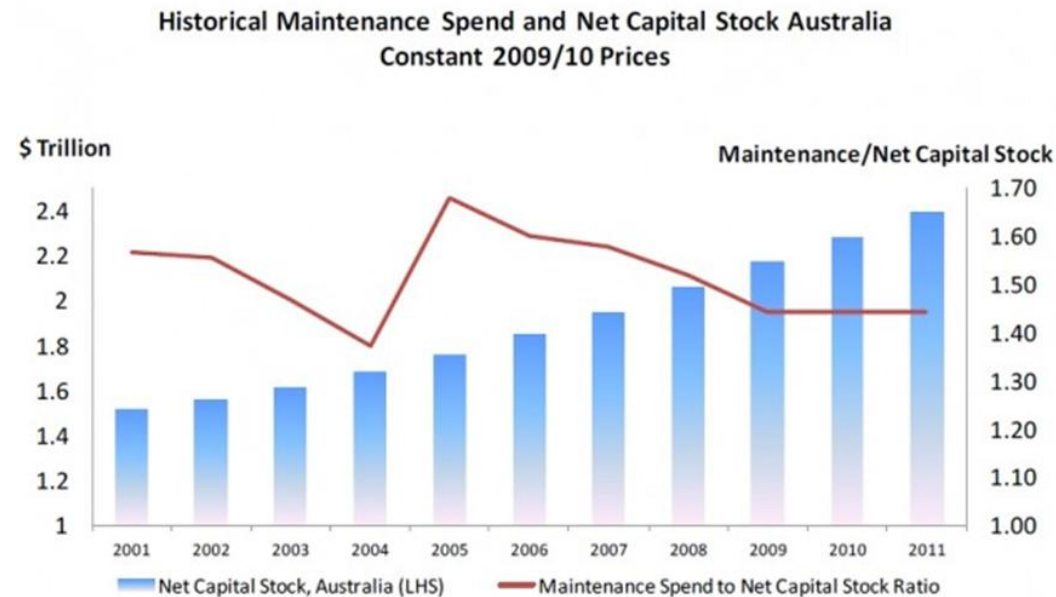
- Ken Henry

# Why change the system?

## Insufficient maintenance budgets

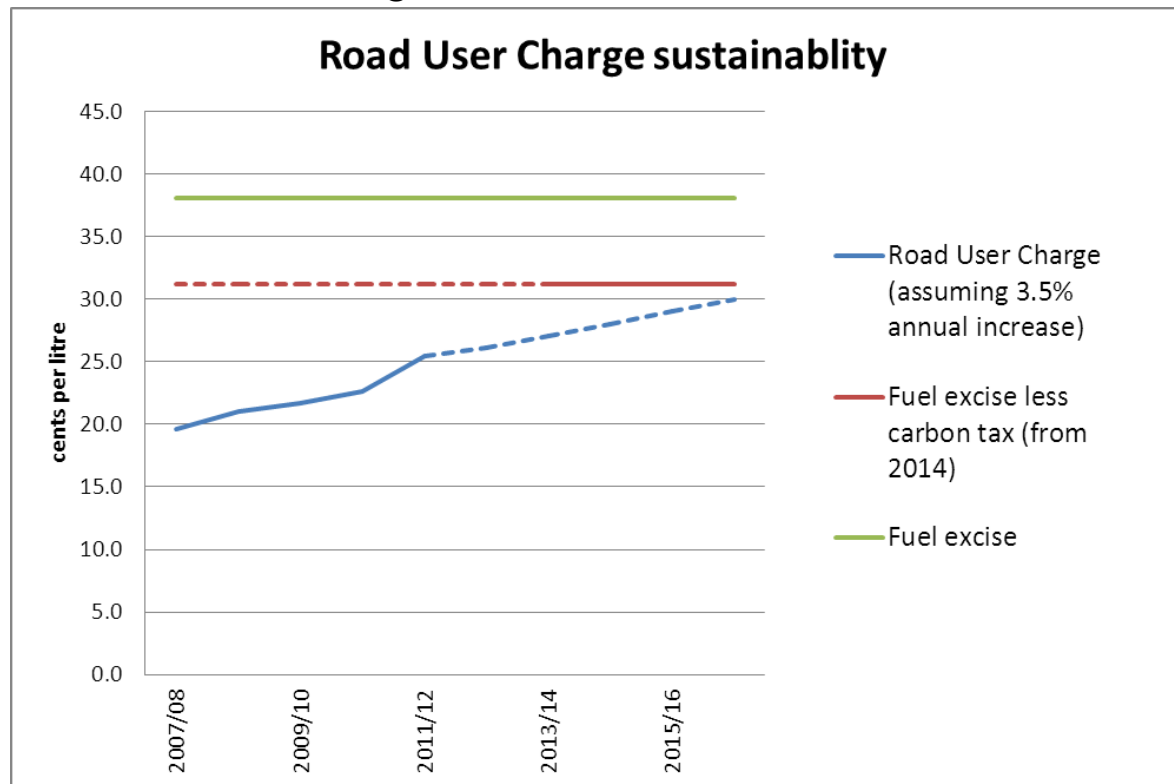
“Unless we start rethinking our attitudes and the funding of maintenance, we will face a wall of reconstruction costs within the next decade – and with no added output or productivity gains to show for it.”

BIS Shrapnel



# Why change the system?

- Current charging arrangements are not efficient equitable or sustainable
  - Lack of industry acceptance
  - National charges no longer uniform
  - Limits to the fuel charge



# The COAG Road Reform Plan

## Feasibility Study



# COAG Road Reform Plan Feasibility Study

## Objective of the study:

- Promote the more efficient, productive and sustainable provision and use of freight infrastructure.
- Ensure that national heavy vehicle road prices promote the efficient, safe and sustainable use of infrastructure, vehicles and transport modes.

## Pricing options investigated

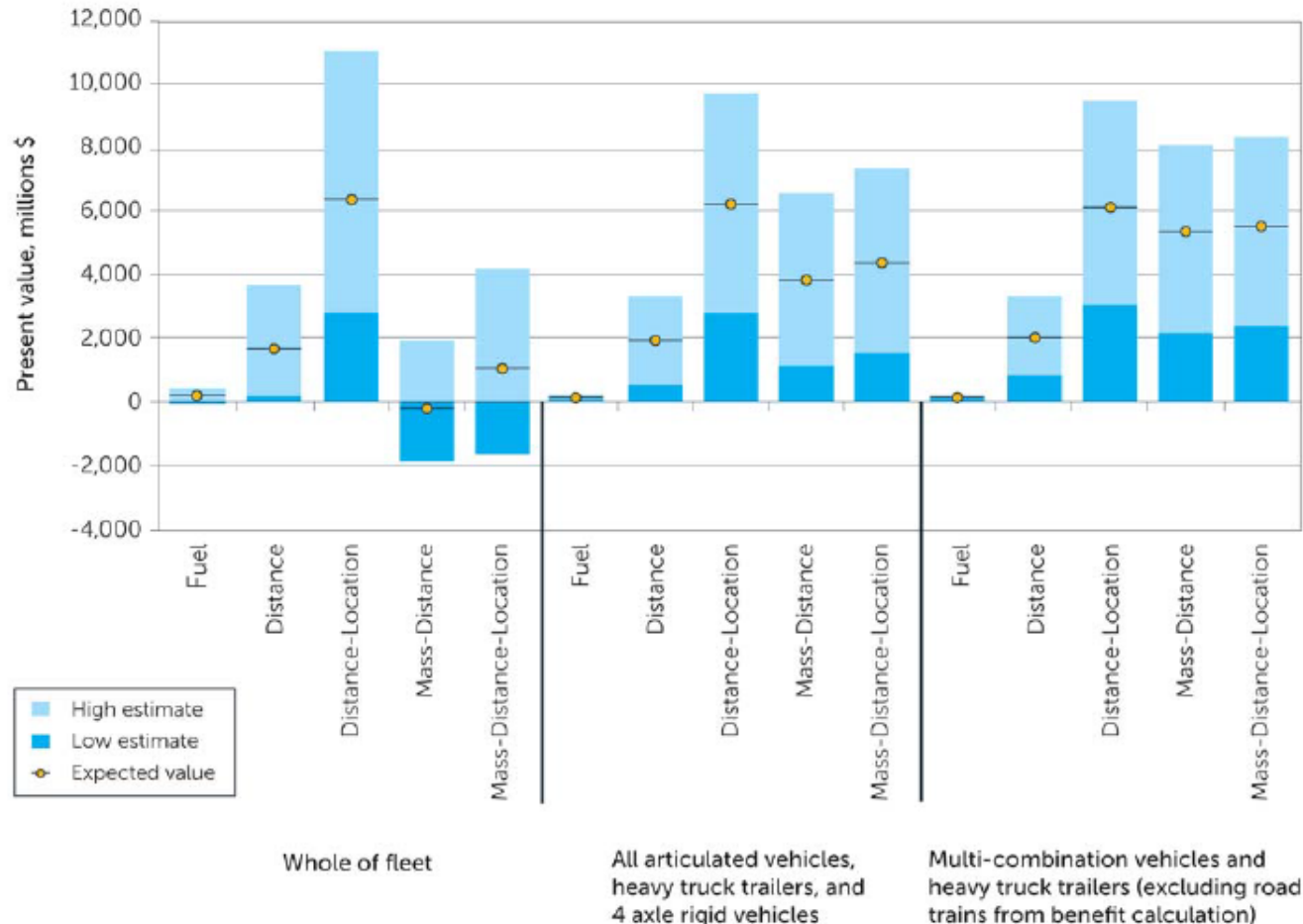
- Fuel only
- Distance only
- Distance and location (static measure of mass)
- Mass and distance
- Mass distance and location



**Analysis also considered various funding reform options**

# CRRP Feasibility Study findings

Figure 6.2: Net benefits of introducing more direct road use charges and associated funding and expenditure reforms for selected segments of the fleet (\$2011 present value)





# Feasibility Study findings cont.

## Findings:

- A more direct link between costs of heavy vehicle road use, charges, and revenues to road providers would provide significant positive net benefits
- Reform is feasible if heavy vehicle user charges are directly linked to the provision of roads for heavy vehicles

## Recommendation:

- An integrated package of pricing, funding and expenditure reforms should be pursued where benefits outweigh the costs

**COAG endorsed recommendations in July 2012**

# Heavy Vehicle Charging and Investment Reform with a renewed focus



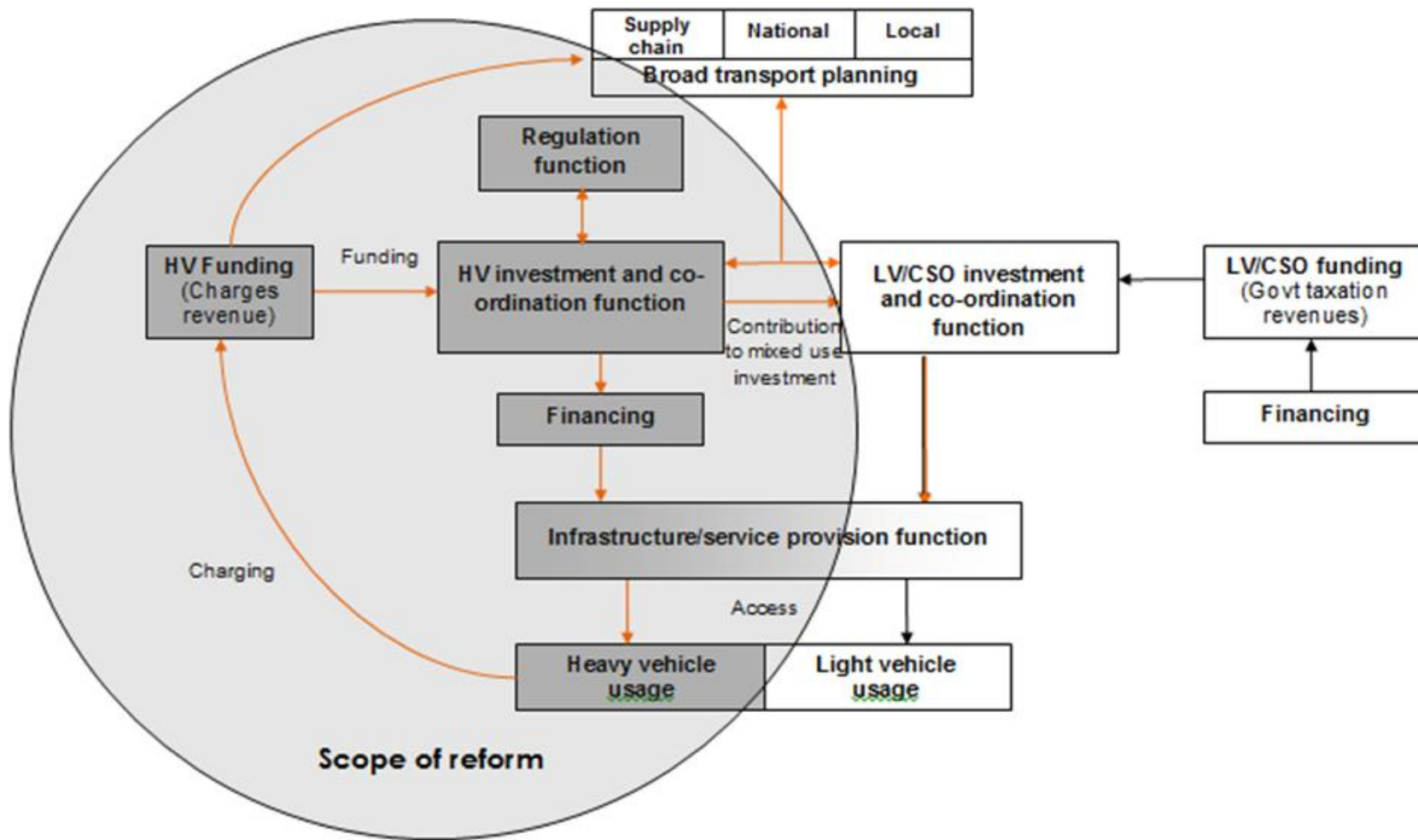
# New Governance with new focus

## HVCI Board

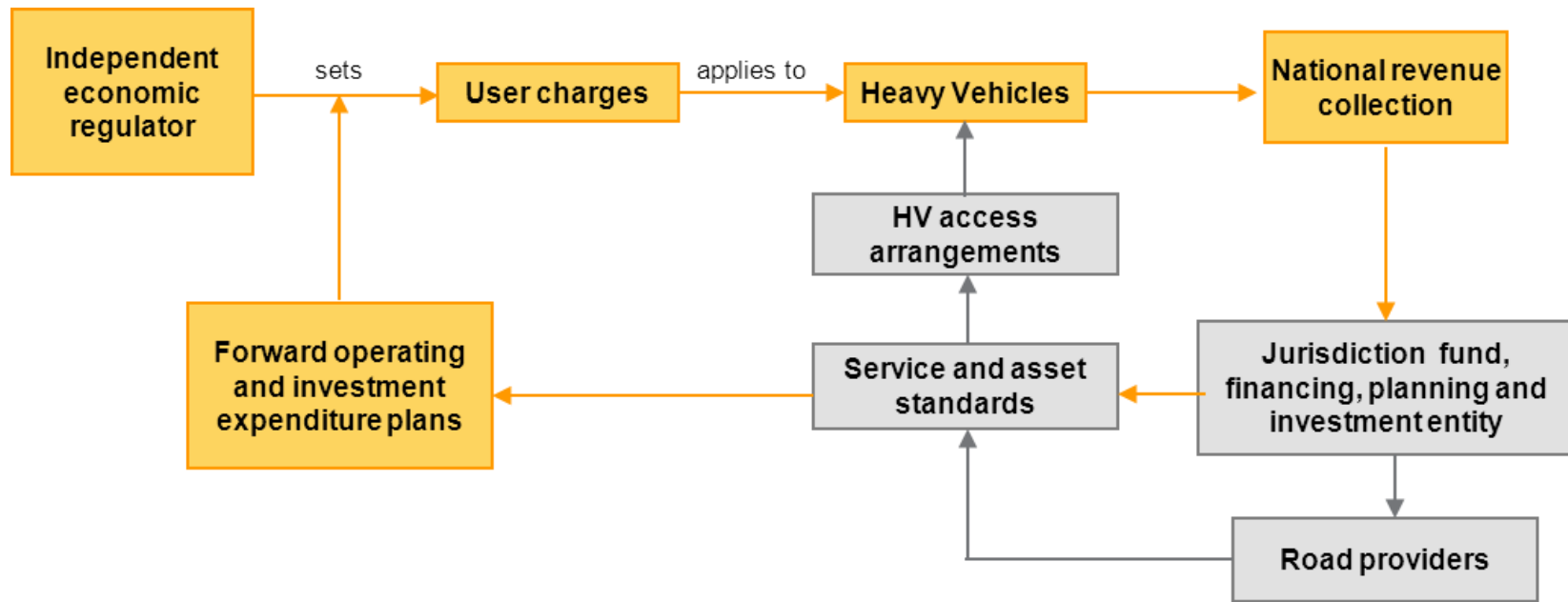
- Michael Lambert, Independent Chair
- Jim Hallion, Premier & Cabinet (SA)
- Lyn O'Connell, Infrastructure & Transport (C'wealth)
- Norm McIlfratrick, Infrastructure, Energy & Resources (TAS)
- Mark Cridland, Transport & Mainroads (QLD)
- Sharron Noske, Lands & Planning (NT)
- Tim Reardon, Transport for NSW
- Nick Dimopoulos, NTC
- Adrian Beresford-Wylie, ALGA
- Brendan Flynn, Treasury (VIC)
- Kevin Cosgriff, Treasury (NSW)
- Anthony Kannis, Treasury (WA)
- Gareth Chaplin, Ministry of Transport (NZ)
- Industry member (TBC)

# Functional framework for HVCI

A new framework for efficient road provision for freight



# A road network that responds to market demand



- Charges transparently set by independent regulator, based on maintenance and investments planned with industry
- Service levels determined “up front”
- Charges revenue flow to heavy vehicle funds to deliver stated service levels

# Specific options

**Integrated road planning and investment**

**Pricing reform**

- Direct HV charges for services

**Supply side reform**

- Returning revenues to road funds

- Minimal changes to structure of charges
- Focus on supply side reform

- MDL Charging
- Supply side reform

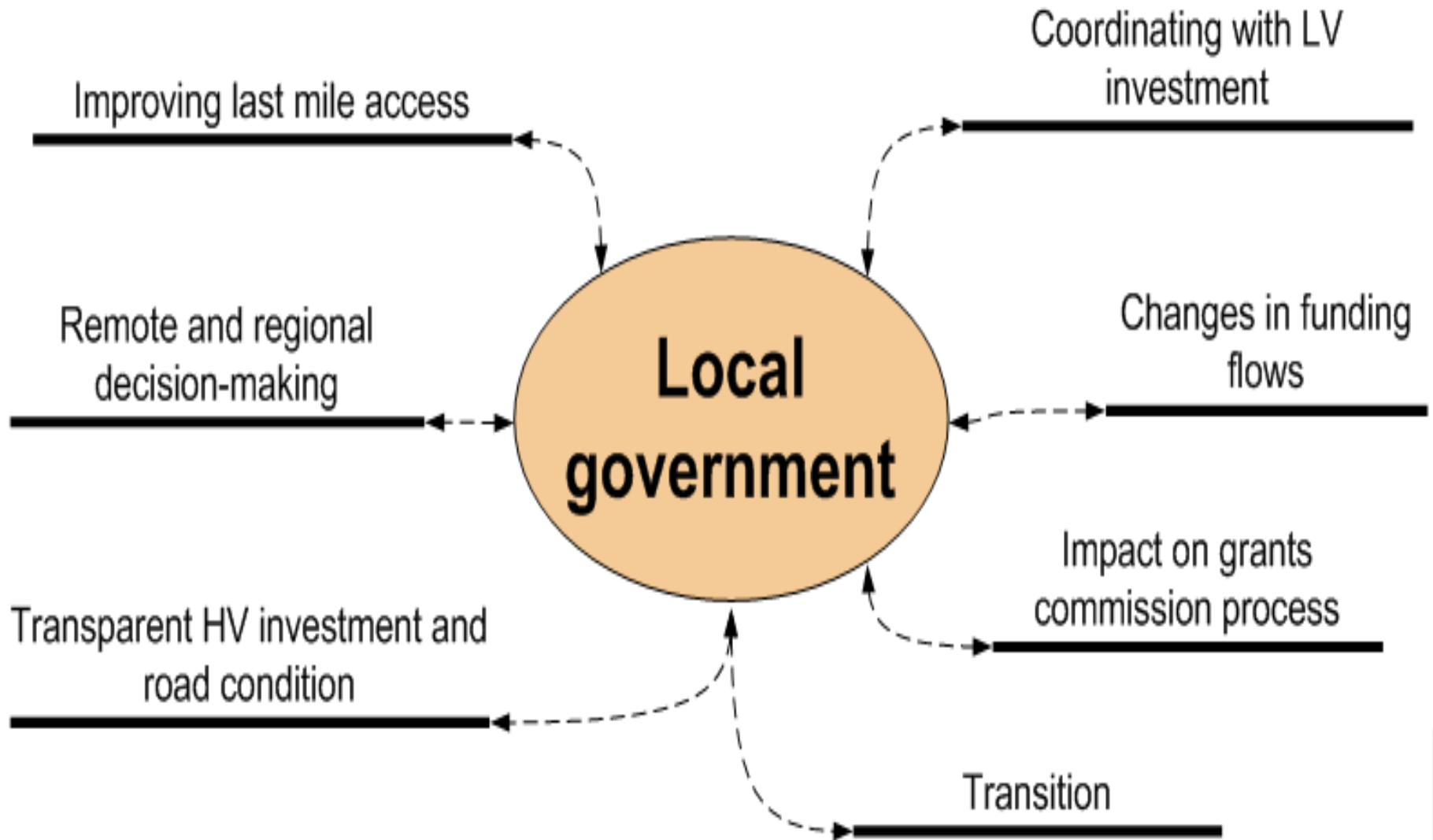
- Integrated LV and HV planning and investment
- MDL Charging
- Supply side reform

**Option 1  
Incremental**

**Option 2  
MDL + Road fund**

**Option 3  
Corporatised**

# Issues for consideration



# Next steps

