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Road User Charging, here we go again.....

By the time you are reading this piece, submissions for yet another review of heavy vehicle Road User Charging (RUC) will have close.

Why do I already sound jaded in only the opening line of my column this month?

Well simply, because this is the umpteenth government review of heavy vehicle RUC, all of which have led to little, or no, worthwhile reform. The National Transport Commission (NTC) has had a few cracks at reviewing RUC and have made some quite considered and worthwhile recommendations, the best being a RUC based on Mass, Distance, Location charging for heavy vehicles. Unfortunately, a seeming minority of operators in the road transport industry have scuttled these proposals well before a whole and balanced discussion could be undertaken.

This time however, government has taken a different approach. Back in July 2018 the Honourable Paul Fletcher MP, Minister for Urban Infrastructure and Cities, released a statement detailing that the Transport and Infrastructure Council of COAG (the Commonwealth, State and Territory Transport and Infrastructure Ministers) agreed to assess the costs and benefits of independent price regulation and a forward-looking cost base which would provide a more transparent way of setting road transport charges. Marsden Jacob and Associates have been engaged by the Transport and Infrastructure Council to develop a Regulation Impact Statement (RIS). The reduction and potential complete phasing out of fossil fuels (for example diesel) and autonomous (driverless) trucks are just two of a number of game changing technologies that will render our current heavy vehicle RUC obsolete. Minister Fletcher's press release explained that the RIS is being undertaken by Marsden Jacob and Associates as an independent consultancy, because the Transport and Infrastructure Council wants to understand the costs and implications of independent price regulation. As well as a system that will work in a sector that is facing considerable change of the coming years. The release concluded by encouraging stakeholder involvement in the Regulation Impact Statement process, calling on all in the road transport industry to have their say.

We currently have a system with substantial annual truck registration charges, plus heavy vehicle operators pay a fee for every litre of diesel their truck consumes. This fuel-based RUC represents the part of fuel excise that is retained by government and is used to pay for road infrastructure construction and maintenance. Truck operators are eligible to claim back the remaining diesel excise they pay at the bowser, along with GST input credits, through their quarterly Business Activity Statement (BAS). This system applies to diesel (currently the fuel that powers over 99 percent of Australian trucks) on-road vehicles above 4,500 kg gross vehicle mass. Thus, we have a system that charges vehicles just for being registered, even if they travel little or no distance, in addition to a further charge that depends on the volume of fuel consumed. The fuel-based component is the closest we have

to a “pay as you go” system for trucks. Larger, heavier trucks use more fuel, so pay proportionally more, while those that travel longer distances also pay more. Both the fuel-based RUC and the Registration charges are recalculated annually through the NTC, however due to a number of reasons, these charges have been frozen for a number of years.

It can easily be seen that as truck manufacturers move away from diesel powered trucks in the future, this form of road user charging will fall over. So what will work in the future? The front-runner for a new system involves recording Mass, Distance and Location (MDL) of a truck and its load, to determine heavy vehicle charges. As detailed above, this system was proposed a number of years ago by a very forward thinking NTC and would require most (if not all) registered on-road trucks to be fitted with a telematics device. The device will gather the necessary information about vehicle’s mass, distance travelled and route taken (location) determined by global positioning and transmit it to a database that can calculate the charges owing. This is not new, it is the fundamental basis for Intelligent Access Programs (IAP).

Whatever the final heavy vehicle charging system that is adopted, we can be sure that it will be one that is a much improved “user pays” system than currently exists. We live in exciting and ever-changing times!

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