



Prime Mover Magazine – TIC Article for February 2021 Issue.

### **If it's broke, then fix it..... properly**

In this very column exactly twelve months ago I discussed the then, upcoming National Transport Commission (NTC) review of the heavy vehicle pay as you go (PAYGO) charging system in Australia as requested by the Council of Australian Government's (COAG) Transport and Infrastructure Council. The last review led to COAG Transport Ministers, in November 2015, approving a freeze on Road User Charge (RUC) increases for trucks and trailers for two years because the revenue generated by the RUC was greater than the amount that States and Territories were spending on our nation's roads. I explained how the current RUC arrangements were fundamentally flawed and could not take Australian road transport deep into the 21<sup>st</sup> century. I called for a significant overhaul of the current charging arrangement.

Well a lot has changed in 2020, a lot more that anyone could have predicted. COAG no longer exists replaced mid-year by the National Cabinet, a direct result of the COVID-19 pandemic highlighting shortcomings and excessive bureaucracy with the COAG federal, state and territory government processes. We have endured periods of forced lockdown, seen domestic and international travel halted in its tracks and economic hardship of levels not seen since the Great Depression of the 1930s. However, some things have not changed much at all. The RUC review was diluted to "tinkering at the edges", rather than the broad ranging and wholistic review that is so desperately required and even that much simplified RUC review has not concluded, some twelve months on.

The Truck Industry Council (TIC) has been an interested participant in the NTCs review process, taking more of an observer's role, once we found out the narrow scope that the process would take. The review has highlighted just how complex the PAYGO process has become, as successive reviews over the years have changed the financial modelling to better approximate heavy vehicle road user charges, as new vehicle designs are implemented, existing equipment is repurposed and new infrastructure is developed. Current PAYGO short falls and anomalies include Performance Based Standards (PBS) vehicles that vary widely in the size, number of axles and load carrying capability, electric vehicles and the mandated use of specific roads (usually toll roads) for heavy vehicles,

leaving heavy vehicles paying for repairs to roads that they can no longer legally use, that hardly seems fair!

The issue of electric and low emission vehicles, gained much media attention late last year when the South Australia government announced plans to introduce a road user charge for Low and Zero Emission Vehicles (LZEVs) in 2021. The South Australian announcement was criticised by the automotive industry and environmental groups alike. With those organisations pointing out the obvious, that such tariffs would discourage the uptake of these environmentally friendly vehicles, that are in fact encouraged by many countries around the world by government incentivisation and the deployment of infrastructure. These countries recognise the environmental and health benefits of low and zero emission vehicles. It is likely that this charge will make South Australia the only jurisdiction in the world that actually opposes the uptake of low and zero emission vehicles, effectively turning its back on the topic of Climate Change. As if the South Australia government's stance was not bad enough, the New South Wales state government announced the following week that they too would consider taxing LZEVs.

The purpose of government and their tax systems, is not simply to collect revenue, there is a much higher purpose, it's to shape society for the betterment of all. It is no accident that fresh food is excluded from the GST, that the tariff on alcohol is higher than the tariff on water and that the taxes on cigarettes are significant. There is a bigger, long term picture that needs to be considered, this should not be a short-term money grab.

TIC has long called for a comprehensive review of Australia's RUC scheme. With the development of charging arrangement that ensures all vehicles pay proportionally for the damage, or lack thereof, they contribute to the roads that they actually use, the safety they afford all road users and public health outcomes they generate. TIC, again, calls upon State, Territory governments and the Federal government to show some vision and look beyond the current road user charge discussions, to investigate and develop a road user charging scheme that will take our country out of the 20<sup>th</sup> century and into the 21<sup>st</sup>.

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