

SECOND READING SPEECH

VEHICLE AND TRAFFIC AMENDMENT (HEAVY VEHICLE CHARGES) BILL 2012

MR SPEAKER/MADAM PRESIDENT

I present to the House the *Vehicle and Traffic Amendment (Heavy Vehicle Charges) Bill 2012*.

Mr Speaker/Madam President, this Bill amends the *Vehicle and Traffic Act 1999*. The primary purpose of the Bill is to implement an updated schedule of heavy vehicle registration charges in accordance with the decision made by the Standing Council on Transport and Infrastructure (SCOTI) on 21 March 2012. This is consistent with the State's obligations under the Inter-Governmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport.

Heavy vehicles are defined as those weighing more than 4.5 tonnes. The current national heavy vehicle charging system comprises-

- A fuel charge levied by the Australian Government through diesel excise; and
- Annual registration charges which vary by vehicle category and which are levied by State and Territory governments and in some cases for interstate transport, by the Commonwealth under the *Interstate Road Transport Charge Act 1985*.

The combination of the fuel charge and annual registration charges are set so that each class of heavy vehicle pays its share of allocated road expenditure.

Mr Speaker/Madam President the 2012 amendment sets new uniform national heavy vehicle registration charges that are to apply to heavy vehicles registered in Tasmania from 1 November 2012.

This Bill contains the annual vehicle registration charges applicable to heavy vehicles, including trucks and prime movers, buses and special-purpose vehicles. The updated schedule of heavy vehicle registration charges will replace those that are currently in the *Vehicle and Traffic Act 1999*.

The current heavy vehicle pricing Determination, agreed to nationally by Transport Ministers in 2007, included the introduction of a considerably higher charge for the lead trailer of the B-double configuration known as the A-trailer. Although the charges were introduced over a three year period to ease implementation, in December 2010 industry expressed the view that the new charging framework was leading to adverse outcomes and should therefore be reviewed.

In May 2011 the National Transport Commission (NTC) began a review of A-trailer charges to ensure that the charges were not producing unintended consequences, concluding that the charges for B-doubles were too high and vehicles at the lighter end of the fleet were not recovering their direct costs.

Following receipt of the NTC's advice and growing concern from industry, SCOTI directed the NTC to present it with options to address the situation by March 2012.

In response, the NTC developed three options for the consideration of SCOTI, with the preferred option being a combined approach which updates cost allocation values using existing expenditure and usage data. This approach simultaneously addresses A-trailer issues, provides for an annual adjustment and extends the Commonwealth Government collected Road User Charge. The Standing Council on Transport and Infrastructure (SCOTI) agreed in March 2012 to implement the preferred option put forward by the NTC.

The proposed new charges will result in a reduction in the A-trailer charges by around 50 per cent. The SCOTI agreed option ensures cost recovery in aggregate is achieved whilst minimising adverse revenue outcomes.

I am pleased to announce that the Department of Infrastructure, Energy and Resources (DIER) will be establishing a process to enable A-trailers registered between 1 July 2012 and 1 November 2012 (when the new charges will take effect) to take advantage of the lower charges applying to these vehicles.

DIER will write to all A-trailer operators with vehicles registered between July and November offering the opportunity for them to register their vehicle at the lower rate and receive a refund. I understand for some trailers this will result in a nett saving to the operator of over \$2,000. There are approximately 150 vehicles whose operators could benefit from this initiative.

Mr Speaker/Madam President the amended registration charges will result in a net revenue increase for a full financial year of approximately \$1 million (subject to the application of an Annual Adjustment Factor, to be set nationally by the NTC).

The amended heavy vehicle registration charges will apply from the date of proclamation, 1 November 2012, and will not be retrospective.

Mr Speaker/Madam President the NTC, an independent transport advisory body, amended the charges following consultation with the transport industry.

Lastly Mr Speaker/Madam President, the Bill also contains provision to validate and remove doubt in relation the 2009/10 and 2011/12 increases to heavy vehicle charges, in particular the annual adjustment factors applied in those

years. In the course of developing this draft Bill it was discovered that the required Gazette Notice for 2009/10 increase was not made properly and for the 2011/12 increase a Gazette Notice was not made.

To avoid doubt in relation to these past annual adjustment increases, it is proposed that both increases be validated by amendment to the *Vehicle and Traffic Act 1999*.

The annual adjustment factor for heavy vehicle charges was established in 2001 and has been the subject of a number of reviews and extensive industry consultation. Notwithstanding that heavy vehicle charges and increases are part of a national process, it is disappointing and unfortunate that these administrative errors occurred. I understand that steps are being taken to ensure correct procedures are in place for making Gazette Notices and associated tabling provisions. I also understand that the Department is establishing further measures to ensure that legislative requirements are adhered to before any change to fees or charges are put in place.

Mr Speaker/Madam President, I commend this Bill to the House.