

## DRAFT SECOND READING SPEECH

HON M.T. (RENE) HIDDING MP

### *Vehicle and Traffic Amendment (Heavy Vehicle Charges) Bill 2016*

*\*check Hansard for delivery\**

Madam Speaker,

I move that the Bill now be read a second time.

Madam Speaker, this Bill amends the *Vehicle and Traffic Act 1999*. The primary purpose of the Bill is to implement an updated schedule of nationally consistent heavy vehicle registration charges in accordance with the decision made by the Transport and Infrastructure Council (the Council) on 6 November 2015. 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 with a Gross Vehicle Mass (GVM) more than 4.5 tonnes. The 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 are levied by State and Territory governments and, in some cases for interstate transport, by the Commonwealth under the *Interstate Road Transport Charge Act 1995*.

The combination of the fuel and annual registration charges are set so that each class of heavy vehicle pays its share of allocated road expenditure and reflects the road wear and tear attributable to each vehicle type.

Madam Speaker, the amendments introduce a two-part registration charge which comprises a road use charge to be retained by States and Territories, and a regulatory component which will be collected by jurisdictions on behalf of the National Heavy Vehicle Regulator. The regulatory component of the registration charges will replace Tasmania's payment to the National Heavy Vehicle Regulator.

The Bill sets new uniform national heavy vehicle registration charges (motor tax) that are to apply to heavy vehicles registered in Tasmania from 1 July 2016.

It 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 Bill will also streamline the process for introducing subsequent heavy vehicle charges by providing a mechanism for these charges to be set in subordinate legislation in the future.

Madam Speaker, heavy vehicle charges are initially set under a Pricing Determination and are then adjusted annually to enable charges to keep up with expenditure between Determinations.

The new Heavy Vehicle Pricing Determination has been agreed to nationally by Transport Ministers following a review of the charges by the National Transport Commission (NTC), an independent transport advisory body. The NTC conducted extensive national consultation on the new charges, including the release of a Regulatory Impact Statement.

The Determination uses more accurate data to update the assumptions and methodology on which charges are based. It also changes the way charges are allocated across the articulated vehicle fleet to better represent the load carrying capacity that results in wear and tear on roads. This results in a reallocation of charges among heavy vehicle types with charges for some heavy vehicle types increasing and others decreasing according to their impact on the roads. The changes will ensure that charges will be consistent for different types of articulated trailers that are commonly substituted to suit the type of load being carried, unlike the current charges which vary significantly between otherwise similar trailer types like A-trailers and semi-trailers.

Madam Speaker, the Heavy Vehicle National Law commenced on 10 February 2014 in all jurisdictions except Western Australia and the Northern Territory. This Law allowed the National Heavy Vehicle Regulator (NHVR) to undertake a number of heavy vehicle regulatory functions previously undertaken by jurisdictions. As part of these reforms, the Intergovernmental Agreement provides that the ongoing costs of the NHVR are to be recovered from the heavy vehicle industry.

The introduction of a two-part registration charge implements this cost recovery and provides greater transparency by clearly identifying the regulatory costs associated with the operations of the NHVR.

As part of the implementation of the new regulatory component, the applicability of existing concessions has been a matter for individual States to consider. There are differing approaches between States as to which will provide concessions on both components of the registration charges. I am pleased to advise that Tasmania will provide existing concessions to both the regulatory and road components of heavy vehicle charges set in this Bill.

Madam Speaker, when Transport Ministers originally considered the new Determination in 2014, it became clear that immediate introduction would have substantially reduced heavy vehicle revenue to all jurisdictions. Had the new Determination been implemented immediately, governments would likely have had to cut road investment programs – an outcome that would have been unacceptable to truck operators and the community.

Ministers therefore agreed to:

- Implement the technical recommendations of the Determination from 1 July 2016;
- Transition to new charges by setting new heavy vehicle charges that reflect the technical improvements and freeze revenue for an initial two year period; and
- Implement the new regulatory component of heavy vehicle charges to fund the NHVR.

While it is acknowledged that this implementation pathway will over-recover heavy vehicle charges on a national basis, and is not supported by peak transport industry bodies, the alternative options would have resulted in a significant reduction in revenue and unacceptably limited the ability of States and Territories to maintain and improve their road networks.

In recognition of this issue, Transport Ministers also agreed to instruct the National Transport Commission to investigate and report back to Ministers with options to improve the methodology to better balance heavy vehicle charges and government revenues. This work is currently in progress.

Madam Speaker, in Tasmania, heavy vehicle charges are set in the Vehicle and Traffic Act. In other jurisdictions, charges are set in subordinate legislation. The current arrangement makes it

more difficult for Tasmania to meet national implementation deadlines as the process for amending primary legislation takes considerably longer than amending regulations.

Registration renewals are generally sent out six weeks before the changes are due, allowing reasonable time for payment. Delayed implementation of changes can reduce the ability to provide sufficient advance notice to heavy vehicle operators. Late implementation can also result in a requirement to refund or issue revised heavy vehicle charges, which is administratively inefficient.

Therefore, this Bill will enable heavy vehicle charges to be set by regulations from 2017-18. This will streamline future charge setting processes.

I commend this Bill to the House.