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Trucks may be tracked for fees

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THE nation's 548,000 trucks could be required to install GPS devices so they could be charged for the distance they travelled and the roads they used under a controversial proposal being considered by a high-powered advisory group.

The Heavy Vehicle Charging and Investment Reform group —

whose work has been singled out by Tony Abbott and state leaders as a priority for the infrastructure agenda — has issued a stinging critique of the system for funding roads used to move freight.

The critique claims there could be almost \$22 billion in net economic benefits from radical changes.

The group warns that within seven years, and possibly sooner, the limits on revenues raised by heavy vehicle road-user charges paid through fuel excise will be reached.

When this happens, the only source for extra roads funding

would be “inefficient, inequitable and lumpy” registration fees that truck owners pay to the states.

The warnings are significant because last month's Council of Australian Governments meeting said it had commissioned urgent work on heavy vehicle charging and investment reform, with the group set to give further advice on its proposals to the next COAG meeting.

Rail companies have been pushing for trials of “mass-distance-location” pricing that would charge trucks based on their weight, distance travelled

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JAMES CROUCHER

Truck driver Chris Bird, at Border Express in western Sydney, says efficiency could be improved by addressing congestion

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and the roads they use. But the peak body for trucking operators has demanded a halt on work to the HVCI's proposal for mass-distance-location charges, saying it has "grossly underestimated the cost, administrative burden and practicality of rolling out and maintaining this equipment".

The proposal "would greatly increase the cost of transporting freight in rural and regional areas, because roads in these areas are built to a lighter standard than major highways," said Australian Trucking Association chief executive Stuart St Clair. "To meet the cost of road wear, charges for local roads in rural areas would need to be 25 times higher than charges for freeways."

Border Express driver Chris Bird said that efficiency could be improved by addressing congestion. "I spend half my life parked on the M4 (motorway in Sydney)," Mr Bird said.

In a submission to the Productivity Commission inquiry into infrastructure, the HVCI says existing charging arrangements have a number of deficiencies, including that heavy vehicle charges are "disconnected" from roads spending and mostly flow into federal and state government funds.

Because road providers are largely funded through annual government budgets, they have no funding certainty. "This can mean that road works are undertaken at a time that is inappropriate (eg, before heavy rainfall months) or are concentrated into a short period of time putting greater pressure on road construction and inflating costs," the submission says.

On top of this, there are bottlenecks on local roads because councils rely on council rates and government grants to provide roads that are crucial for distributing freight. That means trucks "either have to decouple trailers

and run multiple trips or operators use smaller less productive vehicles that will be able to travel over the entire route".

The HVCI group says the specifics of the reform are still to be agreed among governments and that a number of different options for truck charges are being considered, including a national fuel-based charge and mass-distance-location charging.

While mandatory in-vehicle GPS technology was an option, HVCI project director Meena Naidu said that the group was looking at various models.

While countries in Europe have tended to make GPS technology compulsory from the start, others including New Zealand and the US state of Oregon had made it optional.

"Ideally we want to leverage as much as possible off the GPS technology that already exists in a lot of the heavy vehicle fleet," Ms Naidu said.

But Mr St Clair said the plan

would deliver positive economic benefits only if accompanied by "dramatic" changes to the way governments plan, fund and build road freight infrastructure.

"These changes would greatly reduce the discretion of governments to announce and implement their infrastructure policies. It's hard to see governments agreeing to this. The likely result is that the industry would be saddled with a complex new charging system without the expected supply side benefits," he said.

Another option being considered is a reformed fuel charge with lower registration fees, but a higher road user charge.

Under the existing road user charge, trucking operators receive a fuel tax credit for the difference between the charge (of 26.18c a litre) and the fuel excise rate of 38.14c/L. But because of the rate the road user charge has been increasing; it is expected to reach the fuel excise ceiling in the next five to seven years.