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18 March 2008, no. 88, 2007–08, ISSN 1328-8091

Interstate Road Transport Charge Amendment Bill 2008

PaoYi Tan
Law and Bills Digest Section

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Interstate Road Transport Charge Amendment Bill 2008

Date introduced: 13 March 2008

House: House of Representatives

Portfolio: Infrastructure, Transport, Regional Development and Local Government

Commencement: 1 July 2008

Links: The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

To amend the *Interstate Road Transport Charge Act 1985* (IRTCA) to increase the registration charges for heavy vehicles registered under the Federal Interstate Registration Scheme (FIRS).

Background

What is the FIRS?

The FIRS commenced in 1987 as an alternative to state based registration for heavy vehicles weighing 4.5 tonnes and over.

The Scheme was designed to provide uniform charges and operating conditions for heavy vehicles engaged solely in interstate operations. A vehicle registered under FIRS may not be used for intrastate work. This means that goods carried by a FIRS vehicle must be in the process of being delivered to an interstate address in a continuous journey.

Basis of policy commitment

Heavy vehicles pay registration charges (which vary by truck type to capture varying axle-load damage) and a diesel fuel excise. The National Transport Commission (NTC) makes recommendations to Transport Ministers about, amongst other things, the amounts they should charge to recover road expenditure attributable to 'heavy' vehicles.¹

1. That is, vehicles over 4.5 tonnes.

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Of total road spending Australia-wide of around \$10.4 billion (the annual average for the three years to 2004-05), heavy vehicles were required to pay a little over \$1.6 billion.²

As it was unclear whether this might be too low, the former Treasurer, the Hon. Peter Costello requested that the Productivity Commission undertake a review of the economic costs of freight infrastructure and efficient approaches to transport pricing.

The purpose of the review was to assist the Council of Australian Governments (COAG) to implement efficient pricing of road and rail freight infrastructure through consistent and competitively neutral pricing regimes.³

The review of heavy vehicle charges was endorsed in 2007 by the COAG.⁴ The Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon. Anthony Albanese, referring to the Productivity Commission [report](#) stated that

existing charges are insufficient and... the heaviest vehicles are not paying for the damage they cause while lighter trucks are paying too much... The increase in the Road User Charge will ensure all heavy vehicles types pay their fair share and will have only a marginal impact on a vehicle's operating cost.⁵

The bills digest for the Road Transport Charges (Australian Capital Territory) Repeal Bill 2008 provides further information about the repeal of the existing system of registration charges for heavy vehicles.

Position of interest groups

In his second reading speech to this Bill, the Minister stated that a six-week consultation process on the draft Regulatory Impact Statement (including the new Heavy Vehicle Charges Determination) had been conducted and that the consultation with industry, trade

2. Productivity Commission, *Road and Rail Freight Infrastructure Pricing: Productivity Commission Inquiry Report no. 41*, Canberra, 22 December 2006, p. xxx.

3. *ibid.*, p. v.

4. National Transport Commission, COAG ruling phases-out heavy vehicle cross subsidies, 6 July 2007, at <http://ntc.gov.au/NewsDetail.aspx?page=A024003055000000200240> (accessed 17 March 2008).

5. Hon. Anthony Albanese, Minister for Infrastructure, Transport, Regional Development and Local Government, *Road Safety and Productivity Package*, media release, Parliament House, Canberra, 29 February, 2008.

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unions, state and territory governments, peak industry associations and freight customers, had informed the final recommendations.⁶

Financial implications

According to the Explanatory Memorandum there is no net impact on the Australian Government Budget flowing from the amendments in the Bill. It states that all revenue from FIRS charges is returned to the state and territory governments under an agreed distribution formula that accounts for road usage by FIRS heavy vehicles.⁷

However, an [article](#) in the Australian Financial Review shows that industry bodies such as the Australian Trucking Association, have voiced concerns over the flow-on effect that increased registration charges might have to the costs of domestic freight goods, such as grocery items.

Main provisions

The Bill amends the IRTCA to introduce a new system of determining registration charges for certain heavy vehicles. It does this by:

- repealing the current fees Schedule in the IRTCA
- deleting references to a repealed Act (the *Road Transport Charges (Australian Capital Territory) Act 1993*) which set out the system for determining annual adjustments, and
- providing for Regulations to be made under the IRTCA, to set the fees and annual adjustments for heavy vehicles.

The new system makes reference to the 2007 Heavy Vehicle Charges Determination which was released in December 2007. The Determination recommended a new set of registration charges which re-assess the relative contribution of different heavy vehicle classes. Consequently, the new charges will result in large trucks, B-doubles and road trains, paying more in registration charges, with the increases to be phased in over three years. It was also recommended that the charges for smaller trucks be reduced.⁸

Item 2 of Schedule 1 of the Bill inserts **proposed section 3A** which contains relevant vehicle definitions.

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6. Hon. Anthony Albanese, Minister for Infrastructure, Transport, Regional Development and Local Government, 'Second reading speech: Interstate Road Transport Charge Amendment Bill 2008', House of Representatives, *Debates*, 13 March 2008, p. 4.
 7. Explanatory Memorandum, p. 2.
 8. Anthony Albanese, Second reading speech, op. cit., p. 5.

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Truckspotter's guide⁹

Rigid truck



Semi-trailer



B-double



Road train



B-triple



Item 3 of Schedule 1 of the Bill repeals the existing subsection 4(1) of the IRTCA and inserts proposed subsections 4(1) and 4(1A). These subsections impose the charge on the registration of the vehicles listed and extend the category of vehicles to include a number of new types of vehicles, such as pig and dog trailers, converter and low loader dollies, and some B-double trailers.

Item 6 of Schedule 1 of the Bill repeals the current section 5 of the IRTCA, which provides the formula for calculating the registration charges for the relevant vehicles. The repealed section is replaced with a new section 5, which allows for registration charges to be worked out in accordance with regulations made for the purposes of the section. The Regulations that provide the charges must reflect the national charges and annual adjustment processes that are agreed by the Australian Transport Council: **subsection 5(4)**.

Item 7 of Schedule 1 of the Bill repeals section 5A of the IRTCA, which provides for automatic increases of registration fees in accordance with a determination under the *Road Transport Charges (Australian Capital Territory) Act 1993*. As this latter Act is being repealed, the process for applying future annual adjustments will be set out in Regulations under the IRTCA.

Item 12 provides that the amendments apply from the financial year beginning 1 July, 2008. The Explanatory Memorandum states that the date was agreed to by Australian Transport Council Ministers.

9. Productivity Commission op. cit., p.xxix.

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