



Dedicated to a better Brisbane

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Marsden Jacob Associates
Level 4, 683 Burke Road
CAMBERWELL VIC 3124
hvrr@marsdenjacob.com.au

Dear Sir/Madam

Thank you for the opportunity to provide a submission on the *Consultation Regulation Impact Statement: HVRR Phase 2: Independent price regulation of heavy vehicle charges*. Attached with the cover sheet, is Council's response to the questions posed in the consultation paper.

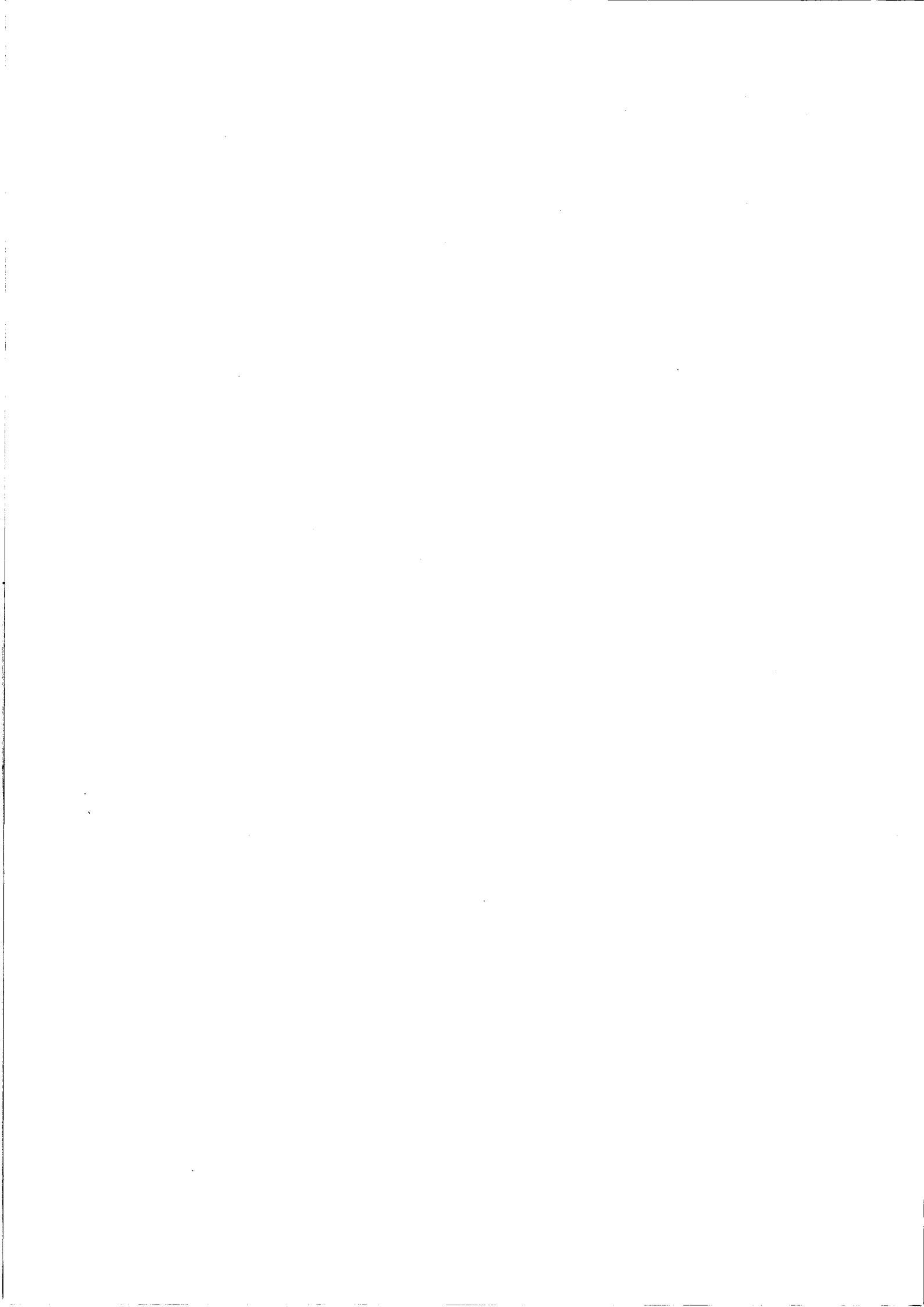
As you are aware, Council controls more than 5,700 kilometres of road network, carrying all types of traffic, including freight. However, the cost of maintaining and upgrading this network (including the cost of freight damage) is almost entirely borne by Brisbane ratepayers without compensation from the Queensland or Australian Governments. Progress on the reform road map is therefore welcomed by Council, particularly the next step of returning revenue from user charges back to road owners based on use.

It is of concern that the initial analysis of the costs and benefits do not take into account the significant asset base held by local governments across Australia, not just Council. It is therefore hoped that this will be rectified as the reform road map progresses.

If you have any further questions about Council's submission please contact Mr Brendan O'Keeffe, Principal Engineer, Policy and Strategy, Business Improvement and Transport Strategy, Transport Planning and Strategy, Brisbane Infrastructure, on (07) 3403 7671.

Yours sincerely

Colin Jensen
CHIEF EXECUTIVE OFFICER



Response to Consultation Regulation Impact Statement (RIS)

No.	Consultation question	Council's response
1	Is the reform objective appropriate?	Council agrees with the overall reform objective: <i>"to deliver the roads needed for strong freight productivity growth in a transparent, equitable and affordable manner – to have the right truck on the right road at the right price"</i> . However, Council notes that although this heavy vehicle road map has an economic objective, there are other aspects of freight management that are of high concern to Council, such as urban amenity and environmental issues.
2	In general, do you support the program of heavy vehicle road reform?	Yes, Council supports the program of heavy vehicle reform to enhance the city's economic competitiveness, and provision of greater transparency in the accounting of road maintenance costs. Council is also extremely supportive of the principle of returning charges revenue to road owners based upon use (Phase 3 of the heavy vehicle reform road map).
3	Of the reforms considered in this Consultation RIS, which reform option(s) do you support? What are your reasons/concerns?	<p>Council supports the principle of an independent price regulator where heavy vehicle charges are set by an agency at arms length from government.</p> <p>Council is concerned that neither reform option incorporates reforms relevant to local governments impacts. Council is a major road authority in its own right, controlling more than 5,700 kilometres of road network. As Council's road network incorporates access to industrial, sea and airport related land uses, freight related road damage is a major issue.</p>
4	Do you think that the preliminary analysis presented in this RIS understates or overstates the costs of any of these options?	The cost assumptions appear reasonable although they relate to other levels of government. Council would need to undertake its own analysis of its costs if it was subjected to changes in documentation, analysis and reporting.
5	<p>Do you think that the preliminary analysis understates or overstates the benefits of any of the options? If so by how much and in what ways?</p> <p>a. What impact will reform option A or B will have on road maintenance costs?</p> <p>b. What impact will Reform option A or B will have on road capacity expansion costs?</p> <p>c. What impact will Reform option A or B have on road quality and levels of service?</p>	<p>There is insufficient information on the Deloitte Access Economics analysis for Council to provide comment on whether the RIS understates or overstates the benefits of the options. The method by which Marsden Jacob Associates separates the local government component is not made explicit. In relation to the specific questions:</p> <p>a. It is likely that the reform options would have some impact on road maintenance levels of service due to the optimising of costs to match the revenue received from the road user charging scheme if local governments were included in the scheme.</p> <p>b. It is unclear from the document as to whether 'capacity' is described in the context of load/structural capacity or traffic volume. The reform options are unlikely to have any impact on capacity expansion as the needs for capacity expansion are judged on the volumes and benefits to all traffic, not just freight, which is in most cases a small proportion of the overall traffic volume.</p> <p>c. The impact of the reform options has minimal impact on road quality, and levels of service are determined by a number of factors, not just damage by freight vehicles.</p>

No.	Consultation question	Council's response
6	Do you believe that any of the reform options will result in other impacts (such as regulatory burden, competition impacts or increased risks) compared to the current arrangements?	<p>The key concerns for Council are:</p> <ul style="list-style-type: none"> • reform arrangements placing an administrative burden upon road authorities with additional reporting • road authorities being locked into particular methodologies for determining long-term future costs that do not reflect the particular environment of the road network.
7	Thinking of your preferred reform option, are there particular elements that you feel strongly about and either support or oppose? (Please explain your reasons and describe the change in costs and/or other changes that are likely to arise)	<p>The forward looking cost base (FLCB) methodology is a desirable basis of determining road use charges. However, the structure and methodology of the FLCB needs to be further developed so that it satisfies the needs of all road authorities and delivers real value for money.</p> <p>The possibility needs to be opened for road authorities to use their own models for cost determination. The Austroads methodology needs to be referenced in the RIS.</p>
8	What other matters should decision-makers take into account when considering whether to implement an IPR and FLCB?	In urban areas, freight is a small proportion of the overall traffic volumes but can have a significant impact on structural capacity. Identifying incremental road damage that is attributable to freight is therefore a key issue for this reform package but is not addressed in the RIS.
9	Can you identify particular changes for which a different transitional arrangement would provide a benefit?	The entire freight network needs to be addressed not just the portion controlled by state and territory governments. There is no transition plan as to how the road-user charging scheme will be rolled out and cascaded down in the long term to the full hierarchy of roads (i.e. national, state, local and privately managed roads).