



## INDEPENDENT PRICE REGULATION OF HEAVY VEHICLE CHARGES

### AUSTRALIAN TRUCKING ASSOCIATION SUBMISSION 14 JULY 2017

#### 1. About the Australian Trucking Association

The Australian Trucking Association (ATA) is the peak body representing trucking operators. Its members include state and sector associations, some of Australia's major logistics companies and businesses with leading expertise in truck technology. Through its members, the ATA represents many thousands of trucking businesses, ranging from owner drivers to large fleets.

#### 2. Introduction and summary

The Australian, state and territory governments have agreed to pursue moving to independent price regulation for heavy vehicle charges. The Department of Infrastructure and Regional Development (DIRD) has sought stakeholder views on nine questions about the establishment of such a regulator and its later transition to an economic regulator for the supply and maintenance of roads.<sup>1</sup>

As a starting point, the ATA considers that governments must address and resolve the existing overcharging of truck and bus operators. Truck and bus operators will be overcharged by \$264.8 million in 2017-18. The meter is ticking up by more than \$725,000 per day.

In the ATA's view, an independent pricing system should have the following characteristics:

- Governments would agree on the pricing rules to be used. During the initial price determination period, it would be appropriate to establish a pragmatic +/- band for charge movements using the October 2015 NTC direct implementation option as a starting point. Table 2 sets out how such a constraint on charges could work.
- Once the rules were established, the regulator would make and apply its pricing decisions. Its decisions would not be subject to ministerial approval or parliamentary disallowance.
- There could be a limited merits review process, particularly if the legislation included a defined transition to full economic regulation. Any merits review process would need to draw on the lessons of electricity regulation.

The best option for establishing the independent price regulator would depend on the scope of the reforms agreed by governments.

If the reforms included an early and legislated transition to full economic regulation, the initial price regulator should be the ACCC or a dedicated entity established under the *Competition and Consumer Act*.

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<sup>1</sup> Department of Infrastructure and Regional Development (DIRD), [Independent price regulation of heavy vehicle charges](#). Discussion paper, May 2017.

If the transition is to occur at an undefined future time, the NTC should be responsible for price regulation, noting that it would no longer make recommendations to ministers. Its determinations, made within the constraints of the pricing rules, would be binding.

The ATA's response to question 8 looks ahead to the possible functions of an economic regulator for roads. In the ATA's view, the regulator's scope should include heavy vehicle charges on toll roads and the landside charges set by ports and stevedores.

### 3. Responses to discussion paper questions

#### Q.1 Do you have any comments, concerns or observations in relation to the transition from the current process to independent price regulation?

The ATA has three concerns about the transition from the current process to independent price regulation.

##### *Resolving the current overcharging of truck and bus operators*

The ATA's highest priority is to resolve the current overcharging of truck and bus operators. We believe it should be the highest priority for governments too.

In 2014, the NTC concluded that the existing charging system overcharged truck and bus operators, because it consistently underestimated the number of heavy vehicles on the road.

The NTC recommended a number of technical amendments to the system, which governments accepted, and later put forward three options for dealing with the overcharging from 2016-17. Of these, the ATA urged governments to adopt what the NTC described as 'direct implementation' – an immediate cut to the road user charge and registration charges to eliminate the over-recovery.

Instead, governments chose to freeze revenue from heavy vehicle charges, and decided that the NTC should 'explore options to advance the methodology to better balance heavy vehicle charges and government revenues.'

Despite the freeze, truck and bus operators will be overcharged by a total of \$515 million in 2016-17 and 2017-18, as table 1 shows.

**Table 1: Breakdown of overcharging, 2016-17 and 2017-18**

	2016-17	2017-18	Total
Registration charges	201.2	212.8	414.0
Road user charge	49.0	52.1	101.1
Total	250.2	264.8	515.0

Source: NTC. Figures may not add to totals due to rounding.

The overcharging will continue beyond 2017-18. **As a down payment on future reform, governments must address and resolve the overcharging.**

*Lack of detail about the FLCB model*

The NTC is prototyping a potential replacement for PAYGO, described as the Forward Looking Cost Base (FLCB) model, through a separate, parallel process to the discussion paper.<sup>2</sup>

But the best way to design the proposed independent price regulator depends on the model that is adopted. Specifically:

- It is not yet clear if a FLCB model based on the building block approach used for utility regulation is even feasible, let alone desirable. The ATA considers **it may still be preferable to incorporate forward looking elements, a fixed price determination period, and an unders and overs account into PAYGO.**<sup>3</sup>
- The level of community service obligation (CSO) payments is likely to be a more important determinant of the final user price for regional road users than the charging model itself. **Substantial further work is still needed to develop the CSO concept,** with Austroads pointing out a host of implementation issues and the need for new institutional and review frameworks.<sup>4</sup>
- The rate of return used in the FLCB will also be an important determinant on prices, but the **options for calculating and applying the rate have not yet been released for consultation.**

*The transition from price and economic regulation is unclear*

The ultimate goal of the heavy vehicle road reform process is the adoption of full economic regulation, with an independent regulator charged with assessing the investment plans of road agencies as well as determining prices.<sup>5</sup>

**Governments have not yet agreed on how to establish full economic regulation, or even the bodies that would be regulated, yet the best approach to the questions in the paper is dependent on these decisions.**

*How this submission deals with these uncertainties*

Given the uncertainties in governments' approach to heavy vehicle pricing reform, the ATA's response to the questions in the discussion paper is structured around two possible cases:

**Case A:** a full government commitment to economic regulation, with legislation in place and independent price regulation occurring as a transitional phase for the first price determination period (desirably five years).

**Case B:** a government commitment to adopt independent price regulation now and a transition to economic regulation at an undefined future time on the basis of later consultation.

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<sup>2</sup> DIRD, 7.

<sup>3</sup> ATA, [Heavy vehicle charges—options for improving the accuracy and stability of the PAYGO heavy vehicle charges methodology](#), July 2016.

<sup>4</sup> Austroads, [Community service obligations framework for the roads sector](#). Research report AP-R545-17, April 2017.

<sup>5</sup> Transport and Infrastructure Council, [Heavy vehicle road reform – what we are doing and why we are doing it](#), 29 April 2016.

**Q.2 What do you understand independent to mean? Do the options presented in the paper accord with that understanding?**

The current heavy vehicle charging system is broken. In part, this is because pricing decisions are not independent. The discussion paper notes:

While the National Transport Commission produces a recommended price in accordance with its stated principles, usually this recommendation is not accepted by governments and, instead, a price is agreed through political negotiation.<sup>6</sup>

In the ATA's view, an independent pricing system should have the following characteristics:

- Governments would agree on the pricing rules to be used. During the initial price determination period, it would be appropriate to establish a pragmatic +/- band for charge movements using the October 2015 NTC direct implementation option as a starting point.
- Once the rules were established, the regulator would make and apply its pricing decisions. Its decisions would not be subject to ministerial approval or parliamentary disallowance.
- There could be a limited merits review process, particularly if the legislation included a defined transition to full economic regulation. Any merits review process would need to draw on the lessons of electricity regulation.

**Q.3 In the short term, while the price regulator would only be regulating prices for heavy vehicle charges, could user concerns be adequately addressed through regulatory rules or is an appeal process needed?**

*Using regulatory rules to address user concerns*

The discussion paper suggests that an option for addressing user concerns in the short term could be to set regulatory rules such as maximum allowable charge increases.<sup>7</sup> In its work for HVCI, Farrier Swire described this approach as a 'pragmatic starting point' for the pricing regime.<sup>8</sup>

In the ATA's view, **the only acceptable starting point for the new regime would be to start by eliminating the existing overcharging under PAYGO and setting charge levels on the basis of the NTC's direct implementation option.** Any other starting point would carry over the deficiencies of the existing pricing model into the new system.

With this starting point established, **the regulator should be tasked with establishing a pricing path through the first determination period, with charge increases or decreases capped at forecast CPI.**

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<sup>6</sup> DIRD, 4.

<sup>7</sup> DIRD, 10.

<sup>8</sup> Farrier Swire, [Economic regulatory input to HVCI reform project](#), October 2013. 45.

In the trucking industry, it is rare for long term contracts to include clauses that allow freight rates to be adjusted to reflect changes in input costs other than the cost of fuel. Those contracts that do allow adjustments tend to base the adjustments on the all groups or transport group CPI.

Table 2 shows the effect of a +/- forecast CPI constraint on a range of charges for common vehicle types and the road user charge, using the October 2015 NTC direct implementation option as a starting point.

**Table 2: Proposed charging constraints**

Vehicle type	Current		First determination period		
	2017-18	2019-20		2020-21	2023-24
2 axle rigid truck 7-12t (\$)	611	528	Max	541	583
			Min	515	477
6 axle semitrailer (\$)	6,232	5,106	Max	5,234	5,636
			Min	4,978	4,614
9 axle B-double (\$)	14,776	12,097	Max	12,399	13,353
			Min	11,795	10,932
Triple road train (\$)	16,601	13,595	Max	13,935	15,006
			Min	13,255	12,286
Road user charge (c/l)	25.8	23.8	Max	24.4	26.3
			Min	23.2	21.0

Sources: NTC, [Registration charges for heavy vehicles 2017–18](#); *2016 Heavy vehicle charges industry briefing information paper*, October 2015, table 5, 10. Forecast CPI set at 2.5 per cent, consistent with Treasury, [Budget Paper No. 1](#), 1-9.

### *Merits review*

The ATA considers that the introduction of economic regulation would require the adoption of a limited merits review system. This system could be legislated now if price regulation is a short term transitional stage toward economic regulation.

**Governments should designate the Australian Competition Tribunal as the appeals body, and appoint additional members with road infrastructure expertise.** It should be noted that the tribunal already includes members with expertise in port pricing.

Experience in the electricity sector shows that merits review can be subject to abuse. In 2016, for example, the Australian Energy Regulator argued that limited merits review under the national electricity laws had resulted in:

- Strategic gaming of the regulation system, with stakeholders lodging material with the regulator to build a case for later review, rather than for decision on the merits.<sup>9</sup>
- Merits review becoming a routine part of applications, with reviews sought on 32 out of 51 regulatory decisions.<sup>10</sup>

<sup>9</sup> Australian Energy Regulator, [AER submission: review of the limited merits review framework](#), October 2016. 16-17.

<sup>10</sup> AER, 15.

- Significant challenges for stakeholders, such as energy consumers, to access the merits review process, given the legalistic nature of the review process.<sup>11</sup>
- Massive amounts of material being submitted to the review process. For example, the ACT and NSW reviews included more than a million pages of documents, hundreds of pages of written submissions and 14 days of substantive hearings.<sup>12</sup>

As a result, the COAG Energy Council noted at its July 2017 meeting that the Australian Government would abolish limited merits review in the electricity sector.<sup>13</sup>

The ATA considers that any merits review system for the road sector must draw on the lessons of electricity regulation. In particular:

- Applicants seeking leave to apply for a review of a decision should be required to justify the application on the basis that correcting the relevant error of fact or discretion would be likely to lead to a materially better decision.<sup>14</sup>
- Associations representing road users should specifically be listed as parties that can apply for merits review.<sup>15</sup>
- The legislation should specifically exempt road user associations from cost orders, unless the tribunal considers that the association has made the application without regard for the cost and time that would be involved in considering the application.<sup>16</sup>
- The regulator should be able to issue a binding guideline about the cost of capital used in the building block model, which would be subject to judicial but not merits review. Experience in the electricity sector shows that rate of return methodologies and parameters are the matters most routinely contested, yet they are the least suitable matters for merits review.<sup>17</sup> As the Productivity Commission has pointed out, there is no single correct method for determining a rate of return.<sup>18</sup>

#### **Q.4 How important is a nationally consistent approach to the regulation of heavy vehicle charges?**

Heavy vehicle operators pay for their use of the road system through the road user charge on fuel (implemented as a reduction in the fuel tax credits they can claim through the BAS system) and very high registration charges.

NSW, Victoria, Queensland, South Australia, Tasmania and the ACT apply consistent heavy vehicle registration charges, as does the Australian Government for FIRS operators.

##### *Road user charge*

**It is essential that there be one, nationally consistent, road user charge on fuel.** It would involve higher compliance costs for operators to have to claim fuel tax credits at multiple rates

<sup>11</sup> AER, 18.

<sup>12</sup> AER, 34.

<sup>13</sup> COAG Energy Council, [Communique](#), 14 July 2017.

<sup>14</sup> National Electricity Law, s 71C.

<sup>15</sup> National Electricity Law, s 71A (definition of 'affected or interested person or bodies')

<sup>16</sup> National Electricity Law, s 71X.

<sup>17</sup> AER, 29-30.

<sup>18</sup> Productivity Commission, [Review of the gas access regime](#). PC, 2004. 299

according to the location of their vehicles or where they purchased fuel, as is shown by the industry's experience with the former Energy Grants (Credits) Scheme.

Under this scheme, operators of vehicles massing 4.5 tonnes or more, but less than 20 tonnes, were entitled to on-road fuel credits, but only for journeys that were not solely within defined metropolitan areas.<sup>19</sup> When the Australian Government announced the removal of the boundaries, it said that:

Removal of the urban–regional boundaries will facilitate a major reduction in compliance costs for many businesses by removing a legal impediment to the introduction of a single comprehensive business credit regime.<sup>20</sup>

### *Registration charges*

The HVNL jurisdictions have agreed to establish a national heavy vehicle registration system from 1 July 2018, which would include a common number plate and a range of measures to benefit industry, including removing the requirement for heavy vehicle registration stickers, more flexible options for heavy vehicle registration transactions, and more seamless interstate registration transfers.<sup>21</sup>

As a result, **registration charges in the HVNL jurisdictions must be consistent.**

In the ATA's view, there is no reason for WA and the NT to apply consistent national charges if they do not consider those charges to be in their economic interest.

***Q.5 What do you consider more important for establishing an independent price regulator for heavy vehicle charges, organisational capacity in economic regulation or industry specific expertise?***

***Q.6 What would be your preferred option for establishing an independent price regulator for heavy vehicle charges?***

The discussion paper sets out three options for the establishing the independent price regulator:

**Option 1:** the ACCC would undertake independent price regulation of heavy vehicle charges

**Option 2:** the NTC's price determinations would automatically be implemented by governments, provided certain criteria are met.

**Option 3:** State and territory based economic regulators would undertake independent price regulation.<sup>22</sup> As the result of follow up discussions with the department, the ATA understands that this option would involve state economic regulators like NSW IPART setting both registration charges and the Australian Government's road user charge in their state.

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<sup>19</sup> *Energy Grants (Credits) Scheme Act 2003* (Cth), s 43(2), repealed by *the Fuel Tax (Consequential and Transitional Provisions) Act 2006*.

<sup>20</sup> Australian Government, *Securing Australia's Energy Future*. 2004 White Paper. 100.

<sup>21</sup> Transport and Infrastructure Council, [Communique](#), 19 May 2017.

<sup>22</sup> DIRD, 14-15.

The best option for establishing the independent price regulator depends, above all, on whether there is a detailed plan to transition to economic regulation, or if the transition to economic regulation is to occur at a future time.

*Case A: there is a full government commitment to economic regulation, with legislation in place and independent price regulation occurring as a transitional phase for the first price determination period (desirably five years)*

**In this case, the ATA's preferred option for the independent price regulator would be the ACCC or a dedicated entity established under the *Competition and Consumer Act* comparable to the AER.**

The ACCC is an experienced economic regulator. Its independence is unquestionable, and any gaps in its expertise could be addressed by transferring staff from the NTC.

The NTC would still have a role in price/economic regulation, because its responsibility should, in the ATA's view, then change to developing and maintaining the road pricing rules used by the independent regulator.

The ACCC's pricing determinations would need to take effect automatically, subject only to appeal through the limited merits review process set out in the ATA's response to Q.3 or judicial review. Its decisions would not be subject to governmental review or parliamentary disallowance.

*Case B: a government commitment to adopt independent price regulation now and transition to economic regulation at an undefined future time on the basis of later consultation*

**In the absence of specific plans to transition to economic regulation, the ATA remains of the view that the NTC should be designated as the independent price regulator on an interim basis.**

As the discussion paper points out, this option could be implemented quickly and would build on the NTC's current processes. It would be particularly appropriate if governments decided to incorporate forward looking elements into PAYGO rather than transitioning to a full building block model.

Again, the NTC's pricing determinations would need to take effect automatically, subject only to appeal through the limited merits review process set out in the ATA's response to Q.3 or judicial review. Its decisions would not be subject to governmental review or parliamentary disallowance.

#### *Non-viable options*

The ATA does not consider discussion paper option 3 (state and territory economic regulators undertaking independent price regulation) to be viable.

This option would be inconsistent with the establishment of the national heavy vehicle registration system and the ATA's view that there should be one road user charge on fuel nationally.

The ATA joins the department in the view that it would not be appropriate for the NHVR to have a price or economic regulation role, because international best practice is to separate economic regulation from other types of regulation that address critical areas of public interest, particularly related to safety.<sup>23</sup>

In addition to the safety issue raised in the discussion paper, there are two other reasons the NHVR should not have this role:

- Despite its name, the NHVR is not a national regulator. WA and NT are not participants in the Heavy Vehicle National Law; it would be inappropriate for the NHVR to be considered for the role of setting prices in those states. The ATA has raised similar concerns about the NHVR's role in allocating Australian Government funding under the Heavy Vehicle Safety Initiative.
- The discussion paper rightly points out that the design of the heavy vehicle reforms needs to consider how those reforms could be applied to light vehicles in the future to avoid sunk cost and duplication.<sup>24</sup> The NHVR would not be a viable regulator for light vehicle charges.

***Q.7 Does there need to be a structural separation in the roles of price development and price regulator?***

The ATA considers that **the state and territory road management agencies should provide their inputs directly to the independent price or economic regulator.**

In our view, price or economic regulation is most effective when regulated entities can be held directly to account for their own submissions. Interposing another party between the regulated entities and their regulator would muddy responsibility for those inputs and establish a whole new series of grounds for appeal against regulatory decisions.

***Q.8 Are the functions of the economic regulator, as discussed in this paper, appropriate in the heavy vehicle sector? What should/shouldn't an economic regulator do?***

Table 4 sets out the possible functions of a heavy vehicle sector economic regulator as set out in the discussion paper and the ATA's proposed amendments.

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<sup>23</sup> DIRD, 10.

<sup>24</sup> DIRD, 6.

**Table 4: Proposed functions of an economic regulator**

Discussion paper	ATA proposals
Sets heavy vehicle charges based on agreed principles and methodology	Sets heavy vehicle charges based on agreed principles and methodology, <u>including for toll roads and landside port charges.</u>
Audits input data to ensure it is within scope of charge setting methodology (i.e. relevant road related expenditures only)	Audits input data to ensure it is within scope of charge setting methodology (i.e. relevant road related expenditures only)
Defines efficient, prudent or otherwise recoverable (e.g. CSOs if cross-subsidies in place) expenditure	Defines efficient, prudent or otherwise recoverable (e.g. CSOs if cross-subsidies in place) expenditure, <u>for expenditure that is not already required to be assessed by Infrastructure Australia or a comparable state agency.</u>
Scrutinises data to ensure only efficient, prudent or otherwise recoverable expenditures flow through to user charges	Scrutinises data to ensure only efficient, prudent or otherwise recoverable expenditures flow through to user charges. <u>For projects required to be assessed by Infrastructure Australia or a comparable state agency, the regulator would ensure that only expenditure prioritised by those agencies flowed through to user charges.</u>
Develops and sets agreed service levels	Develops and sets agreed service levels, <u>including for HPV access, future vehicle automation and HV route services such as rest areas and effluent dumping facilities</u>
Monitors delivery of agreed service levels, including community service obligations	Monitors delivery of agreed service levels, including community service obligations
Conducts ex-post evaluation of investments.	Conducts ex-post evaluation of investments.

### *Toll roads and landside port charges*

In April 2017, the toll for heavy vehicles using CityLink in Melbourne increased by up to 125 per cent to fund the CityLink-Tullamarine widening project.<sup>25</sup>

Meanwhile, in Sydney, the truck toll multiplier on the M2, Lane Cove Tunnel, M5 and M7 has increased to 3 times the car toll. And in Brisbane, the truck toll multiplier on the Logan and Gateway motorways will progressively increase to 3.46 times the car toll once the Logan Enhancement Project is completed in mid-2019.<sup>26</sup>

These state government approved toll increases apply only to trucks, even though all road users will benefit from the projects they fund. The arrangements for approving truck tolls are ad hoc

<sup>25</sup> Carey, A. "Big rise in CityLink truck tolls tipped to push heavy vehicles onto local roads," *The Age*, 29 January 2017. [Link](#).

<sup>26</sup> Transurban, [Results for six months to 31 December 2016](#). ASX release, 7 February 2017, 8.

and can lead to state-by-state ratcheting. International evidence suggests that the contracts are unlikely to be sustainable in the long term without external regulation.<sup>27</sup>

The ATA and its members have similar concerns about landside port charges.

Earlier in 2017, DP World unilaterally increased the infrastructure surcharge at its Melbourne terminal from \$3.20 to \$32.50 per container and imposed a new surcharge of \$21.16 per container at its Port Botany terminal.<sup>28</sup> The Port Botany surcharge could cost carriers up to \$150,000 per year. Trucking operators are charged through 1-Stop and payment is required within seven days, even though they cannot recover their costs for 30 days or longer.<sup>29</sup>

Separately, Patrick increased its existing surcharges at Fisherman Islands and East Swanson Dock from 10 July 2017. It introduced a \$4.76 surcharge per container at its Fremantle terminal and a \$25.45 surcharge per container at its Port Botany terminal, even though its total rent per square metre of occupied land area at Port Botany declined between 2013 and 2017. To its credit, Patrick extended its 1-Stop payment terms from seven to 30 days.<sup>30 31</sup>

These charge increases cannot be avoided by trucking operators; they have not been subject to detailed regulatory scrutiny; they simply build additional costs into Australia's supply chains.

**As a result, the ATA considers that heavy vehicle tolls and landside port charges should be regulated by the heavy vehicle economic regulator.**

#### *The role of Infrastructure Australia and state infrastructure agencies*

Infrastructure Australia is responsible for maintaining the national infrastructure priority list, and evaluates all non-defence infrastructure projects involving more than \$100 million in Australian Government spending.<sup>32</sup>

A number of states have similar infrastructure advisory bodies.

In the ATA's view, the economic regulator's work should build on the expertise of these bodies and not attempt to replace them. **The regulator should, in particular, base its view of proposed expenditure on whether a relevant infrastructure body has evaluated and appropriately prioritised the investment.**

<sup>27</sup> Stern, J. "The relationship between regulation and contracts in infrastructure industries: regulation as ordered renegotiation," *Regulation & Governance* (2012) 6, 474-498.

<sup>28</sup> CBFCA, [DP World infrastructure surcharge – Sydney and Melbourne](#).

<sup>29</sup> O'Hara, S. [The true cost of DP World's crippling port tax](#), RFNSW media release, 5 April 2017.

<sup>30</sup> Patrick, [Patrick Terminals – Infrastructure Surcharge and Ancillary Charges: effective 10 July 2017](#).

<sup>31</sup> NSW Ports, [NSW Ports statement re Port Botany stevedore rents](#). NSW Ports media release, 21 June 2017.

<sup>32</sup> Fletcher, P (Minister for Territories, Local Government and Major Projects), [Statement of expectations for the board of Infrastructure Australia for the period 1 November 2015 to 30 June 2017](#).

### *Service levels for roads*

The ATA strongly supports the implementation of service levels for the road network as proposed in the discussion paper; however, these need to be broader than the existing, proof of concept Heavy Vehicle Infrastructure Ratings (HVIRs).<sup>33 34</sup> In particular:

- the proof of concept HVIR system includes only the most basic information about vehicle access. In the ATA's view, **service levels should be set to encourage high productivity vehicle access** and help direct funding to optimal investments, such as bridges that need upgrading to allow a route to be opened up.
- **the service levels need to specify roads that are ready for vehicles with higher levels of automation.** Bridge loadings may need to be reviewed to support heavy vehicle platooning; more consistent road marking and machine readable signage may be required; the cellular black spots on designated routes must be addressed.<sup>35</sup>
- the **service levels must include HV route services such as rest areas and, where appropriate, livestock effluent dumping facilities.**

### **Q.9 Is a model law the best approach for bringing governments under the same regulatory model?**

Again, the best approach to implementing the independent regulator would depend on whether there is a detailed plan to transition to economic regulation, or if the transition to economic regulation is to occur at a future time.

*Case A: there is a full government commitment to economic regulation, with legislation in place and independent price regulation occurring as a transitional phase for the first price determination period (desirably five years)*

**Because of the complexity of economic regulation, the ATA considers that it could best be implemented via template legislation** in the states and territories that wish to participate, as well as amendments to the *Competition and Consumer Act* and *Fuel Tax Act* at Commonwealth level.

*Case B: a government commitment to adopt independent price regulation now and transition to economic regulation at an undefined future time on the basis of later consultation*

**Model legislation would be appropriate in case B;** however, to deliver regulatory independence the legislation should simply provide the mechanism for the regulator to set the relevant registration charges.

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<sup>33</sup> DIRD, 5.

<sup>34</sup> Transport and Infrastructure Council, [Asset registers and heavy vehicle infrastructure ratings](#). Second editions, 2017.

<sup>35</sup> Austroads, [Assessment of key road operator actions to support automated vehicles](#). Research report AP-R543-17, May 2017.

The model legislation should not itself implement specific charge levels. In the ATA's view, this would subject the regulator's decisions to the same political appeals and argument that have delivered the present level of overcharging.

#### **4. ATA contact**

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