

# Heavy Vehicle Road Reform – Indicative High Level Reform Path Updated August 2015

		Demand-side reforms			Supply-side reforms			Outcome	Decision Points	
		Charge Setting	Charge Application	Revenue	Investment	Planning	Service delivery	Incremental Access		
Phase 1 Initial measures <small>(complete by the end of 2017)</small>					<ul style="list-style-type: none"> <li>Annual publication of heavy vehicle expenditure plans.</li> </ul>	<ul style="list-style-type: none"> <li>Asset registers and assessments of service levels.</li> </ul>	<ul style="list-style-type: none"> <li>Progress demonstration projects.</li> </ul>	<ul style="list-style-type: none"> <li>Investigate ways for industry to negotiate and pay for improved access.</li> </ul>	<p>Improved transparency around charges, expenditure/ investment and service levels. Foundations established for industry to engage with road managers on planning and investment decision making.</p>	<p>In May 2014, Ministers asked jurisdictions to commence work on implementing the initial measures.</p>
	Phase 2 Forward-looking cost base	<ul style="list-style-type: none"> <li>Research to determine feasibility of developing a forward-looking cost base.</li> </ul>		<ul style="list-style-type: none"> <li>Research to determine the revenue implications of transitioning to a forward looking cost base.</li> </ul>	<p>Research to define the commercial and CSO parts of the road network.</p>					<p>Following successful delivery of initial measures, Ministers will be asked to approve moving to first stages of phase two.</p>
		<p>If feasible, implement FLCB through existing Determination methodology (NTC).</p>		<ul style="list-style-type: none"> <li>Research benefits of and frameworks for redistributing heavy vehicle revenues to road managers, including local governments, based on usage proxies.</li> </ul>	<ul style="list-style-type: none"> <li>Research to determine forward-looking heavy vehicle capital and maintenance requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Implement processes for industry to identify expenditure to meet infrastructure standards that should be included in cost base.</li> </ul>	<ul style="list-style-type: none"> <li>Implement processes for industry to communicate service level and infrastructure standard expectations.</li> </ul>	<ul style="list-style-type: none"> <li>Implement national framework for operators to contractually negotiate with local governments for incremental access.</li> </ul>	<p>Charges based on the planned provision of infrastructure to meet the needs of industry rather than past expenditure decisions of governments and charges still applied through PAYGO framework (Rego and RUC).</p>	<p>When the feasibility and implications (revenue in particular) of transitioning to a forward looking cost base are better understood, Ministers will be presented with a detailed transition plan for consideration/agreement.</p>
				<ul style="list-style-type: none"> <li>Put the case to governments and seek commitment to redistribute heavy vehicle revenues to road managers.</li> </ul>	<ul style="list-style-type: none"> <li>Establish processes for industry to integrate NHVR access data into planning, investment and service delivery decisions.</li> </ul>					
Phase 3 Funds flow to road managers	<p>Establish independent economic regulator and transfer task of implementing FLCB.</p>		<p>Implement mechanisms to return heavy vehicle revenue to road managers based on some proxy for road use (dedicated HV programmes, hypothecation to independent road funds, NPAs etc).</p>	<p>Refining existing road funding programme guidelines to split out heavy vehicle expenditure.</p>	<p>Linking revenue redistribution and expenditure plans to service level outcomes.</p>				<p>The case will need to be made to governments to direct revenue to heavy vehicle road infrastructure and progressed through COAG, subject to Cabinet decisions in all jurisdictions.</p>	
				<p>Implement framework for funding CSO network from general revenues and link with service level standards.</p>		<ul style="list-style-type: none"> <li>Implement audit process to ensure service level standards are delivered.</li> </ul>		<p>Funds flow to road managers, removing the current incentive to restrict access and allowing them to deliver service levels agreed with industry through planning and cost base consultation processes.</p>		
Phase 4 Direct user charging where feasible	<p>Review options for direct charging and make recommendations to governments. (e.g. distance-based, mass-distance-location etc).</p>		<p>Establish state-based independent road funds with revenue from charges paid directly to these funds and spent according to the needs of heavy vehicle users.</p>	<p>Establish processes to coordinate independent roads funds contribution to road manager investment decision processes.</p>	<ul style="list-style-type: none"> <li>User charging collection mechanism to provide road owners with road use and demand data.</li> </ul>	<ul style="list-style-type: none"> <li>Independent Economic Regulator to ensure charges are linked to actual service level outcomes.</li> </ul>		<p>Direct user charging would complete the transition to providing roads as an economic service, in line with utilities such as water, gas, electricity and telecommunications. Price signals would reflect the true costs of users' road use decisions and provide road managers with an indication of demand for road services.</p>	<p>Ministers to consider the costs and benefits of full market reform achieved by closing the loop between the use of roads, the collection of charges and the reinvestment of revenue into road services to users.</p>	
	<ul style="list-style-type: none"> <li>Introduce direct-use charging on a voluntary basis initially where feasible/desirable.</li> </ul>									

KEY Outcome Policy decision / RIS Measure Research / Preliminary work Fully delivered Work ongoing Poor progress