



13 August, 2013

Ms Meena Naidu
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Via email: meena.naidu@transport.vic.gov.au

Cc:

Mr Simon Humphries, Truck Industry Council shumphries@truck-industry-council.org

Dear Meena,

Subject: TIC Feedback for Heavy Vehicle Charging and Investment Options Development Discussion Paper June 2013

Thank you for the opportunities so far to provide input into the very important reforms you are preparing.

The Truck Industry Council (TIC) is the peak industry body representing manufacturers and distributors of heavy commercial vehicles (that is, with Gross Vehicle Mass above 3,500 kg) in Australia. Accordingly, as the body representing truck suppliers to the industry rather than operators, TIC is somewhat neutral regarding the final type of road charging that is recommended. However, TIC is pleased to advise that current and emerging technologies available on board new trucks, or systems that can be installed in current and late model trucks, are available that can achieve the objectives of the various options that are included in the subject discussion paper.

Further, as we have discussed, TIC has been promoting elements of a National Truck Plan to all levels of government, which aims to assist governments achieve their objectives on safety, environment and productivity through modernising the fleet. To those ends, a key recommendation of the Truck Plan involves a three part incentive program, comprising two types of Investment Allowances to stimulate demand for new trucks, while at the same time offering budgetary savings through the existing Fuel Tax Credit scheme. This third component of the recommended incentive program proposes older trucks which do not meet recent emissions standards to be effectively charged a higher rate of Road User Charge. The savings generated would then fund the Investment Allowances.

The principle of the TIC's recommended incentive program is that the Road User Charge (RUC)

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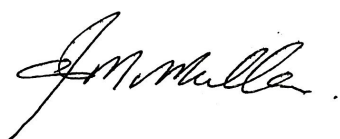
can be varied to include the health impacts generated by the high emissions levels of older trucks (and in particular, the 35 per cent or so of the current national truck fleet built before 1996 which was not required to comply with any emissions standards). The current federal government has already indicated that the RUC can incorporate elements beyond the cost of building and maintaining roads, such as the carbon dioxide component scheduled to be added to the RUC on 1 Jul 2014. TIC is proposing to extend this principle to include noxious emissions levels, thereby encouraging users of the oldest trucks in the national fleet to consider upgrading to a newer model vehicle which would be eligible for a lower RUC rate.

TIC hereby confirms that the principles of a variable RUC according to emissions standard of the vehicle can be easily adapted to the Heavy Vehicle Charging scheme that you are working on. For example, a Mass-Distance-Location (MDL) charging scheme can easily contain a component relating to the vehicle's emissions compliance level, with the lowest charges being applied to the cleanest, safest new model trucks. Operators of Pre-1996 trucks can still choose to run these older vehicles, however they would pay a higher level MDL charge (or loading to the standard charge) according to the level of environmental damage the vehicle provides.

If an MDL based scheme is not the final product of your Reform Project, then the same principles can be applied to a fuel-based surcharge, by varying the surcharge according to the emissions standard that the heavy vehicle was built to comply with.

TIC would be happy to provide further details relating to the National Truck Plan proposals and how they can be adapted to the recommended Heavy Vehicle Charging Scheme before it is finalised. The strong relationship and open dialogue between your office and TIC is appreciated and I trust that it will continue. Please contact the undersigned, on 0427 941 281 or tony@truck-industry-council.org or Simon Humphries, Chief Technical Officer on 0427 554 775 or shumphries@truck-industry-council.org for any questions about this position.

Yours sincerely,



Anthony J. McMullan
Chief Executive Officer