28 October 2020

Mr Gareth Prosser
Director, Road Market Reform Section
Department of Infrastructure, Transport,
Cities and Regional Development

Via email: HVRR@infrastructure.gov.au

GEA RESPONSE TO THE HEAVY VEHICLE ROAD REFORM CONSULTATION PAPER

Dear Mr Prosser

Gas Energy Australia (GEA) welcomes the opportunity to respond to the *Heavy Vehicle Road Reform Consultation Paper,* (the Consultation Paper), September 2020.

By way of background, GEA is the national peak body which represents the bulk of the downstream alternative gaseous fuels industry, which covers Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). The industry comprises major companies and small to medium businesses in the gas fuels supply chain including producers, refiners, distributors, transporters, retailers, vehicle manufacturers, equipment manufacturers and suppliers, installers, educators and consultants.

GEA's responses to selected consultation questions are detailed below.

1. **What do you see as the pros and cons of establishing service level standards?**

GEA supports the establishment of service level standards to consider the needs and preferences of road users to guide government road investments. GEA considers the establishment of these standards would help Australian Governments to better plan their road investments, and subsequently determine what expenditure is recoverable from heavy vehicle users in a more uniform nationally consistent way.

2. **What are the most important things for the service level standards to capture?**

GEA considers that important things for the service level standards to capture are the:

- differing needs of different road users such as heavy vehicles and vehicles which transport dangerous goods (DG) such as gas fuels.

- provision of adequate rest facilities and amenities such as rest stops, meal services and adequate parking facilities which in particular enable DG vehicle drivers to comply with the stringent requirements of the Australia Dangerous Goods Code.
- exclusion of some road users from particular transport routes due to the design of supporting infrastructure. For example, DG vehicles are currently prohibited from travelling through the majority of tunnels in Australia and there is no agreement to allow any dangerous goods through future tunnels[1].

It critical that these issues are considered when determining service level standards to guide all future government road investments.

3. **What mechanism/s should be established to make sure the service level standards reasonably reflect the views of users, including their willingness to pay? For example, how can a wide range of stakeholders be represented in the process?**

To ensure the issues raised in our response to question 2 above are addressed, GEA considers it critical that all forms of road transport are consulted on service level standards. This is particularly so for the DG transport industry, where its needs and preferences significantly differ from the average road user.

GEA also considers it critical that when Australian Governments are determining the service level standards for road expenditure, improved safety, economic and environmental outcomes are also considered to give DG vehicles access to particular transport routes.

One example of this is the Coffs Harbour Bypass, where the most recent design of the bypass put forward in the Environmental Impact Statement incorporates three tunnels. Given current DG transport regulations, DG heavy vehicles would be required to continue using the existing highway through Coffs Harbour instead of using the new bypass. This would maintain interaction with vulnerable road users as well as the dangers associated with longer journey times and the environmental impact from higher fuel consumption.

Another example is the Tugan Bypass, which incorporates a 334 metre tunnel to form part of the bypass. This bypass was expected to take traffic off the existing Gold Coast Highway and reduce the average travel time between Currumbin and Tweed Heads West. As with the Coffs Harbour Bypass, current regulations prevent DG heavy vehicles from travelling through this tunnel which means that tankers transporting DG must take an alternate route using the Gold Coast Highway. The alternate route passes through commercial areas,

[1] 2020, *National Road Transport Association Limited,* https://www.natroad.com.au/news/transporting-dangerousgoods#:~:text=Dangerous%20goods%20are%20currently%20prohibited,future%20tunnels%20such%20as%20NorthConnex

entrances to the John Flynn hospital, Southern Cross University and the Gold Coast Airport increasing transit time and interaction with pedestrians, cyclists and other local road users.

These examples highlight how the incorporation of tunnels in conjunction with current DG transport regulations can ultimately reduce the expected benefits of bypasses while imposing costs on other road users and the broader community. The determination of service level standards to be used to inform Australian Governments' road expenditure should reasonably capture the views of all road users and seek to allow all vehicles to use the most appropriate transport route, as well as offer overall better value for money for all road users and the community.

5. Which model for independently determining what expenditure is recoverable from heavy vehicle users would you prefer and why?

GEA is supportive of the national body determination approach, which ensures the determination is made consistently across all jurisdictions. GEA considers that this national approach to determining what expenditure is recoverable from heavy vehicles would allow for a fairer determination given that the Road User Charge (RUC) applies nationally.

6. How important is the independence of the body/ies assessing expenditure?

GEA considers it to be important that the body/ies which will assess expenditure is/are independent and separate from governments and politics to ensure that only relevant costs are included in determining what costs of road investment are recoverable from heavy vehicle users. An independent assessor would also be more efficient and provide greater transparency to the heavy vehicle industry with regards to road expenditure.

12. How important is the element of independence in assessing expenditure and charge-setting?

GEA considers it to be important that the body/ies responsible for charge setting is /are independent and separate from governments and politics to ensure that only appropriate costs are being included in heavy vehicle charges calculations. An independent charge setting body/ies would also be more efficient and provide greater transparency to the heavy vehicle industry with regards to the setting of heavy vehicle charges.

17. Under the proposed new system, should heavy vehicle registration fees be nationally consistent and based on nationally agreed service level standards like the Commonwealth Road User Charge would be?

GEA considers that heavy vehicle registration fees should be nationally consistent and based on nationally agreed service level standards like the Commonwealth RUC.

18. Do you have any comments about how charges are proposed to be dedicated to road infrastructure?

GEA considers that when determining road expenditure charges recoverable from heavy vehicles, environmental impacts should be taken into account. For example, gas powered vehicles offer advantages over traditional diesel-powered heavy vehicles in terms of greenhouse gas emissions, toxic tailpipe emissions dangerous to human health and noise pollution. GEA considers that gas powered vehicles should benefit from lower registration charges compared to diesel-powered heavy vehicles to reflect their significantly lower environmental impact.

Low emission fuels such as LPG and natural gas have the ability to reduce emission costs effectively through the use of innovative technologies for heavy vehicles. One example is the heavy-duty dual fuel (HDDF) system which substitutes LPG for diesel. Sixteen Volvo HDDF prime movers operated by national freight and logistics company Rivet Energy have been fitted with modified engines which substitute LPG for diesel by up to 23 per cent. These HDDF trucks operate across Victoria, NSW, SA and Queensland and deliver LPG on bulk and multi-drop delivery runs to businesses every day of the year. On average per year, each vehicle saves around 7 per cent in fuel costs and reduces emissions by almost 8 tonnes, which is equivalent to taking four cars off the road.

GEA also notes that heavy vehicles powered by other low emission sources such as electricity and hydrogen currently pay no fuel tax in Australia. GEA considers this to be inconsistent with the current tax on gas fuels. This is especially so given electric or hydrogen vehicles can have a bigger carbon footprint than gas vehicles when upstream emissions associated with either the generation of electricity or the production of hydrogen are taken into account.

Since 2011, the introduction of continually increasing fuel excise rates on gas fuels have eroded the price advantage of gas compared to diesel. This growing tax burden contradicts the bipartisan commitment by the major parties at the federal level to apply energy content-based fuel excise to all transport fuels, with a 50 per cent discount for gas fuels in recognition of the broader benefits of Australian gas as a fuel source. These include environmental - lower carbon monoxide, carbon dioxide, particulate matter and NOx

emissions - as well as economic and energy security that flow from it being locally produced rather than imported like most oil-based fuels.

For your consideration

Kind regards

John Griffiths
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Gas Energy Australia