## Submission re: Discussion paper on independent price regulation of heavy vehicles.

Dear Sir/Madam

Thank you for the opportunity of making a submission in response to a Commonwealth departmental discussion paper on heavy vehicle pricing. I wish to make five comments.

1. The matter proposed is charging rather than pricing. Pricing is a resultant of equilibrium conditions in a market. At present there are no markets for road use.

Even in the (unlikely) event there were to be such markets, it will not be possible to establish an optimal heavy vehicle price unless cars are prohibited from relevant roads.

Charging should recover the economic cost of road use by individual heavy vehicles where it is feasible and efficient to do so.

However, the discussion paper purports to rule out such an option by not allowing the regulator to examine government or road agency spending decisions. This is bad public policy.

1. Questions of feasibility and internal and economy-wide efficiency point to the fact that the economic cost of road use should only be recovered by direct charges on certain roads; principally highways that compete with railways.

These propositions are well-known but consistently ignored in official publications regarding charging. Continuation of such a practice, without proper explanation, would be evidence of bad faith in public policy advising.

1. Matters 1 and 2 (above) suggest the intention behind this paper is not to institute appropriate arrangements to constrain monopoly power but to provide authorities with an assured source of minimum revenue (from road users) to finance political decisions regarding road spending.

With current ownership of roads, national level regulation giving rise to such an effect is inconsistent with proper democratic governance.

It is virtually certain that road users will face a substantial increase in charges under such arrangements unless current spending is substantially reduced.

1. Only legal persons are subject to law, meaning that only certain organisations – not assets such as roads – are subject to regulation.

In conjunction with matter 2 (above) this gives rise to the substantial question of regulation of, and guarantees to, local governments who control most of the road assets in Australia on behalf of the States.

It also gives rise to the question about appropriate controls over the activities of private owners of roads, including toll roads.

1. Over the last 30 years matters regarding heavy vehicle road charging, including options for changes, have been led by the National Transport Commission.

The Commission is increasingly under the restrictive influence of government departments. It includes members who face conflicts between loyalties to departments and duties to advance national rather than limited jurisdictional interests.

Its resultant diminishing effectiveness has been exacerbated by departmental resistance to governments receiving advice from, or properly informed by, non-departmental parties. The current discussion paper is consistent with that pattern.

Prior to making other comments I would be interested to see views of the regulatory authorities identified in the discussion paper in particular regarding the cost base.

Yours sincerely

J Austen

4 July 2017