

14 July 2017

Land Transport Market Reform Branch
Department of Infrastructure and Regional Development
GPO Box 594
CANBERRA CITY ACT 2601

INDEPENDENT PRICE REGULATION OF HEAVY VEHICLE CHARGES

Dear Sir/Madam

Gas Energy Australia (GEA) welcomes the opportunity to provide comments in response to the *Independent Price Regulation of Heavy Vehicle Charges* discussion paper.

By way of background, GEA is the national peak industry body for the bulk of the downstream gaseous fuels industry, including Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). Our members include a range of businesses in the gaseous fuel supply chain from major companies to small businesses that are refiners and suppliers, fuel marketers, vehicle and equipment manufacturers and vehicle converters.

GEA is broadly supportive of the establishment of an independent price regulator that would be separate from government and the politics that goes with it. An independent price regulator would also be more efficient and provide greater certainty to the heavy vehicle industry with regards to charges. As is detailed in the discussion paper, the current state of play is that the National Transport Commission produces a recommendation regarding price. This recommendation is usually rejected by governments and a different price is agreed through political negotiations.

- An independent price regulator would eliminate the political nature of price setting which currently exists. An independent price regulator would be more efficient, transparent and give industry greater certainty.

GEA would also like to see more than just 'wear and tear' included in price setting deliberations. Including an environmental measure, for example vehicle emissions, would be advantageous, particularly as Australia strives to meet its commitment at the 2015 Paris Climate Agreement to cut greenhouse gas emissions and implement the National Clean Air Agreement developed by all Australian Governments.

Please find attached GEA's responses to the Questions for Discussion. We would be more than happy to discuss our submission with you in more detail.

Yours sincerely



John Griffiths
Chief Executive Officer

QUESTIONS FOR DISCUSSION

Q1. Do you have any comments, concerns or observations in relation to the transition from the current process to independent price regulation?

Gas Energy Australia (GEA) considers that a smooth, well planned transition would give industry greater certainty. Additionally, it would provide key stakeholders with confidence that the new system would provide benefits to the sector and the community in the long run.

Q2. What do you understand independent to mean? Do the options presented in the paper accord with that meaning?

GEA agrees that a heavy vehicle pricing regulator needs to be sufficiently independent from decisions within governments around budgets, funding and service delivery. GEA considers that by making the price regulation of heavy vehicles truly independent, the politics would be removed and both industry and the government would get greater certainty and transparency.

Q3. 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?

GEA has no comments on this question.

Q4. How important is a nationally consistent approach to the regulation of heavy vehicle charges?

GEA supports the continuation of a national approach to price regulation of heavy vehicle charges. The national approach is consistent with the policy basis of the cost recovery arrangements under PAYGO as well as the regulation of safety and other standards of heavy vehicles and drivers.

Q5. What do you consider more important for establishing an independent price regulator for heavy vehicle charges, organizational capacity in economic regulation or industry specific expertise?

Q6. What would be your preferred option for establishing an independent price regulator for heavy vehicle charges?

GEA considers that the independent regulator should have a framework designed to ensure clarity, transparency and fitness for purpose. GEA does not have strong views on the relative importance of organisational capacity in economic regulation or industry specific expertise in establishing an independent price regulator for heavy vehicle charges. But the former capability appears to be a necessary function for such a body whereas details about the operation of industry can be obtained through consultation with industry.

Q7. Does there need to be a structural separation in the roles of price development and price regulation?

GEA has no comment on this question.

Q8. Are the functions of the economic regulator, as discussed in this paper at Table 1, appropriate in the heavy vehicle sector? What should/shouldn't an economic regulator do?

GEA considers that the functions of the economic regulator, as discussed in Table 1, would be appropriate in the heavy vehicle sector. GEA considers that transparency and certainty are essential to ensure the smooth running of the regulation.

Q9. Is a model law the best approach for bringing governments under the same regulatory model.

GEA has no comment on this question.