



**ROAD TRANSPORT FORUM NEW ZEALAND INC
SUBMISSION TO NZTA
ON
GVM POLICY POSITION STATEMENT**

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RESPONSE BY ROAD TRANSPORT FORUM NEW ZEALAND TO NZTA ON THE GVM POLICY POSITION STATEMENT

1.0 Introduction

1.1 The GVM (Gross Vehicle Mass) Policy Position Statement details NZTA's perspective on considering the options for assigning vehicle GVM. NZTA have considered the following:

- The affect that GVM has in defining the maximum safe working load of a vehicle
- The need to treat all sectors in the heavy transport industry fairly and consistently
- The use of GVM in other aspects of heavy vehicle operation

1.2 As we understand it NZTA, as collectors of RUC revenue, wish to streamline the collection process. The discussion document also lists safety and purist engineering practice as other primary drivers.

1.3 Our response focuses on the commercial use of heavy trucks. We have focused on trucks as the distinction made between locally and overseas manufactured vehicles suggests that trucks are the focus of NZTA's attention.

1.4 We have no comment to provide on the proposals for vintage vehicles over 40 years old and not being used for commercial purposes.

2.0 Revenue collection

2.1 NZTA's primary concerns with collecting RUC revenue relate to whether individual trucks are being appropriately charged for the wear that they impose on the road surface, and whether vehicles can be adequately identified and coupled with an appropriate RUC rate.

2.2 The implementation of the 2012 Road User Charges Act changed the way that vehicle owners Elected to RUC comply their vehicles. Prior to

the Act's implementation vehicle owners could nominate the mass they operate their vehicle at. Vehicle owners could readily change their RUC purchases to suit changes in laden operating mass.

- 2.3 Those purchases could not exceed the vehicle's maximum mass rating as set by the manufacturer. The same applies now. These conditions were (and still are) controlled to a large extent by mass limits prescribed by the Vehicle Dimensions and Mass Rule.
- 2.4 The incremental RUC mass options that were previously available have been replaced by mass "bands". Powered vehicles are broken down into 6 separate RUC payment types. Realistically, there are only two classes of heavy truck that are able to have their GVM uprated or downgraded that are of concern. They are Type 2 and type 6 trucks that are being operated at masses over 6 and 12 tonnes respectively.
- 2.5 Truck operators must pay road user charge rates commensurate with the vehicle's GVM rating (or VDAM mass, whichever is the lesser) although the truck may never be operated at its maximum mass rating. Truck operators have good reason to feel aggrieved if they are paying a maximum RUC rate for a truck that may never be operated at its maximum GVM mass. That aggravation is compounded by the fact that similarly configured trucks have lower RUC rates if their GVM rating falls within a lower band setting.
- 2.6 To a large extent the RUC bands relating to GVM and VDAM limits can artificially distort RUC attribution within the commercial road transport industry.
- 2.7 The counter argument has been that operators should invest more wisely in their equipment. In the future they will do so, but it needs to be recognised that there are some truck owners who purchased vehicles well in advance of the implementation of the 2012 RUC Act that have since that time been significantly negatively impacted.

2.8 It should also be recognised that enabling some trucks to be assigned lower GVM ratings to provide access to a lower RUC band has no long term detrimental effect. RUC revenues given the limited number that might change is discussed below.

3.0 **Revenue loss**

3.1 The discussion document does not contain a cost benefit analysis. That makes it extremely difficult to identify any benefit that may arise from implementing the proposed suggestions. It also makes it difficult to ascertain the magnitude of the concern that NZTA are attempting to address.

3.2 At this stage our prediction is that the deadweight loss associated with the proposed changes will be substantial. That reason alone should be enough for discontinuing the majority of NZTA's proposals.

3.3 Although NZTA have failed to identify the scope of the alleged problem our research suggests that the number of truck operators that would wish to "move" trucks to higher or lower RUC bands is minimal. Our reasoning for that is:

- The trucks that NZTA are targeting are predominately limited to non-towing Type 6 and 2 variants. Type 6 has three RUC bands. Type 2 has four bands.
- It would be a rarity for a type 6 vehicle to have a GVM rating lower than 12 tonnes. Our research for the two remaining bands shows that in the 2010-2011 year there were 2,425 Type 6 RUC purchases processed to operate individual trucks between 12 tonne and below 18 tonne. 16,269 RUC purchases were processed to operate individual Type 6 trucks over 18 tonne.
- For type 2 trucks in the 2010- 2011 year, 525 individual vehicles were operated at not more than 6 tonnes. 39,596 individual vehicles

were operated between 6 tonnes and at not more than 12 tonnes. 6,430 individual trucks were operated above 12 tonnes.

- The vast majority of type 6 trucks that tow trailers are operated above 18 tonnes. It would be inefficient to operate them below that mass. It would also be inefficient for operators of type 6 non-towing trucks whose maximum mass do not exceed 18 tonnes to pay the maximum rate. The same principle applies to type 2 vehicles.

3.4 During the RUC Act's development RUC revenue for each vehicle type and mass was forward forecast. Those forecasts enabled government to hypothecate road wear costs for vehicle groups. Given the limited number of trucks that operators have been "moving" or would wish to "move" through mass "bands" future revenue loss would be minimal.

3.5 However, a loss is a loss and that should be accounted for. There are ways that this can be achieved. These are discussed further below.

3.6 If the concern is that trucks will not be able to be coupled correctly to the commensurate RUC rate if the truck GVM is downgraded or upgraded that suggests NZTA systems require further refining to accommodate these scenarios.

3.7 It should also be noted that once a GVM is assigned to a truck that GVM would typically remain with the truck for the remainder of its operating life. Operators wishing to uprate or downgrade truck GVM can be discouraged from making such decisions. We discuss this further below also.

4.0 **Safety**

4.1 The discussion document references the GVM definition from within primary legislation and notes that this is the maximum permitted

mass of a vehicle. The Agency's interpretation does not reflect the spirit in which the definition was written.

- 4.2 The spirit of the law is to ensure that vehicle chassis and associated components are not over-stressed when in use. With this in mind the reduction of a new truck's chassis rating can only reduce the possibility of that vehicle or its components being overloaded.
- 4.3 The document raises safety concerns relating to upgrading or downgrading truck GVM. In respect to new trucks it is highly unlikely that an operator would purchase a new truck with an undesirably low GVM rating and then attempt to have its GVM increased so that the truck could operate in a higher RUC "band".
- 4.4 If a new truck is designed to operate at a high mass no safety or duty cycle issues would arise by downgrading its operating capacity through a GVM reduction. Reduced operating capacity would commensurately increase that trucks duty cycle- further improving long term safety.
- 4.5 The position posed by NZTA in the discussion document is that if an operator wants to downgrade a truck's GVM that truck's structural integrity must be suitably weakened to justify giving it a lower GVM rating. That is an irresponsible position to take. The most appropriate position to take would be to recognise an operator's desire to operate in a lower RUC "band" and facilitate that by assigning it a lower GVM or RUC weight. Doing so provides exactly the same outcome but removes unnecessary costs associated with HV engineer assessment or unnecessary truck modification.
- 4.6 With this in mind used imported trucks should be considered similarly to new trucks. The discussion document mentions that these trucks are assigned GVM ratings when de-registered in the country of origin. There may be some examples where operators would prefer a truck

to have an up-rated GVM. That is the realm of the HVS certifier and is their responsibility to ensure the rating provided matches the truck components capability.

- 4.7 Modifying existing trucks is also the realm of the HVS certifier and it would be their responsibility when modifying trucks to assign a GVM rating commensurate with the vehicle's capability and duty cycle.
- 4.8 Once these ratings are set it should be made difficult for those ratings to be revised.
- 4.9 We agree that vehicles manufactured overseas should have their GVM nominated by overseas manufacturers. Once that rating is set it should be made difficult for that rating to be revised also.
- 4.10 Although we agree with this position it is a pertinent fact that that New Zealand's road tax system is unique and that truck GVM usually does not match operating conditions in New Zealand. That should be taken into account.

5.0 **Solutions**

- 5.1 Rather than insisting that operators pay a premium to operate trucks in an undesirable mass band an option is to enable truck operators to nominate the mass they wish to operate their new, newly imported second hand, or existing second hand vehicle at.
- 5.2 New or Newly imported vehicle operators could nominate the RUC band they wish to operate their truck in and be provided the according GVM rating. If that nominated RUC weight is below the GVM designation provided by the vehicle manufacturer it should be acceptable for that vehicle to operate in the lower RUC "band"

without being modified or re-engineered. Once that "band" is selected further subsequent "band" changes should be discouraged.

- 5.3 Discouragement could be in the form of a cost or regulatory requirement that is difficult to overcome.
- 5.4 It is currently possible for transport operators that operate existing vehicle's to have their vehicle GVM's recalibrated. Unless there are issues with a vehicle the GVM should be able to be down-rated without modification. That decision would rest, as it does now, with the certifying engineer.
- 5.5 There are cases where vehicle components deteriorate to such a degree that in the interests of safety the GVM must be re-rated downwards. The certifying engineer system already exists to accommodate this scenario.
- 5.6 Any immediate losses in revenue from subsequent down-rating of any vehicle's GVM can be recouped through application charges that recognise the extent of revenue losses for that RUC year.
- 5.7 In the same context if a transport operator wishes to recalibrate a vehicle GVM once that vehicle has been in use in New Zealand they should be required to broadcast that desire well in advance and pay appropriate administrative and associated costs to do so.