



# Representing Tasmanian Motorists Policy

August 2019

# RACT Policy – Representing Tasmanian Motorists

## Mobility Strategy Pillar: Overarching Principle

RACT'S mobility strategy contains one overarching principle – which is to represent Tasmanian motorists and progress issues deemed to be of highest priority.

## Representing Tasmanian motorists policy statements

### Representing Tasmanian motorists explained

- There are more than 631,000 vehicles registered on Tasmanian roads, with more than 401,000 car, motorbike and heavy vehicle licences active in the state (Department of State Growth, 2019). RACT believes the interests of these motorists need to be protected.
- Issues typically of highest priority to Tasmanian motorists include transport costs, safety, fuel prices, registration, insurance, licensing and road rules, congestion as well as service and repair rights.

### Purpose of this policy

- This policy details RACT's position for protecting the interests of Tasmanian motorists.

### Relevance to RACT

- As Tasmania's premier membership organisation, RACT has a mandate to represent Tasmanian motorists, advocating for lower transport costs and improved mobility outcomes for the community.
- This enables Tasmanian motorists to access employment, education, services and recreation without being exposed to excessive transport costs.

## Background, evidence and position

### Background

#### Overall motoring costs and safety

- Governmental road-related revenue primarily comprises of annual state-levied vehicle registration fees, stamp duty for newly purchased vehicles, as well as the federally-levied fuel excise and GST (Parliament of Australia, 2019).
- The Australian Automobile Association's (AAA) Transport Affordability Index assesses costs associated with insurance, registration, licensing, fuel, public transport and Roadside Assist (AAA, 2019).

- The latest iteration of this report states that Hobart is the second most expensive capital city relative to income.
- However, weekly vehicle registration, compulsory third party insurance and driver's licence costs in Hobart and Launceston are among the lowest in Australia.
- Weekly insurance costs in Hobart and Launceston are also among the lowest in the country.
- Unregistered vehicles continue to feature in Tasmanian crash statistics (Department of State Growth, 2019).
- The Motor Accidents Insurance Board (MAIB) administers the Tasmania's compulsory third party (CTP) motor accident insurance scheme. The scheme is funded through compulsory premiums on all motor vehicles. It provides medical and income benefits on a no fault basis to people injured as a result of a motor accident (MAIB, 2016).
- Compulsory third party (CTP) insurance covers any persons injured in a crash with a motor vehicle if they were not at fault. Without CTP, those at fault in a crash would be responsible for the compensation costs arising from injuries (ACT Treasury, 2019).
- The Tasmanian Road Safety Levy is an annual fee collected via the vehicle registration system. Funds raised through the levy are used for governmental road safety initiatives designed to reduce serious injuries and deaths on Tasmanian roads (Department of State Growth, 2017).
- Australia's Luxury car tax (LCT) is a tax on cars with a GST-inclusive value above the LCT threshold. LCT is paid by businesses that sell or import luxury cars (dealers), and also individuals who import luxury cars (Australian Taxation Office, 2019).

### Fuel prices

- Approximately 75% of Australia's crude oil supply is imported from overseas countries, before being refined locally, while 55% of refined fuel (petrol and diesel) is also sourced overseas (Department of Environment and Energy, 2017).
- Fuel costs in Australia fluctuate due to the international benchmark price, which are set by Singapore Mogas for petrol, Singapore Gasoil for diesel and Saudi Arabia prices for LPG (ACCC, 2018).
- Benchmark prices for petrol, diesel and LPG are priced in US dollars, meaning the value of the Australian dollar relative to the US dollar may affect domestic fuel prices (ACCC, 2018).
- Fuel wholesalers and retailers can also raise prices due to costs, including wharfage, freight, insurance, transport, storage, salaries, rent, power and utilities (ACCC, 2018).
- The AAA's Transport Affordability Index has consistently found that Hobart and Launceston are among Australia's most expensive cities for fuel prices (AAA, 2019).
- In New South Wales, the NSW Government has implemented a Fuel Check Order under the Fair Trading Act that makes it compulsory for fuel retailers to report their retail prices at the petrol pump (NSW Government, 2016).
  - Tasmania has a similar model known as GasBuddy, which allows members of the public to record fuel prices across the state.
- All retail fuel prices in Australia include fuel excise and GST charges. The fuel excise, which is indexed in February and August each year, is worth just over 40 cents per litre of fuel for both unleaded petrol and diesel (ACCC, 2019).
  - GST is charged at the rate of 10% of the total price, after the excise is added.
  - The Australian Government does not allocate fuel excise revenue for road safety and transport infrastructure, as many other countries do. Therefore, the government can allocate these funds to any area of expenditure (AAA, 2018).
- Infrastructure Australia recommends removal of road fees and charges, including the fuel excise, in place of a road user charge model that reflects each road user's consumption of the network (Parliament of Australia, 2019).

- This includes location, time and distance of travel as well as vehicle weight and environmental impact, with an appropriate percentage of revenue going towards road safety and infrastructure improvements.
- This system is supported by Infrastructure Partnerships Australia and the Australian Automobile Association.

### **Licensing and road rules**

- The National Driver Licensing Scheme (NDLS) provides the framework for driver licensing across Australia. The scheme stipulates the uniform arrangements for post-novice licensing of drivers, as well as the renewal, suspension and cancellation of licences (National Transport Commission, 2019).
- There are three stages to the Australian Graduated Licensing Scheme (GLS) including standard, enhanced and exemplar. Most states and territories have some GLS standard in place, with some more comprehensive than others. (Transport NSW, 2014).
  - Tasmania has a standard GLS model, compared to a mix of enhanced and exemplar models on the mainland.
  - RACT understands that these jurisdictional differences result in confusion for drivers travelling or moving interstate.
- The Australian Road Rules are model laws that form the basis of road rules of each state and territory. However, not every provision in the rules has been fully adopted in each state and territory. There are a number of provisions in the rules that allow state and territory governments to show discretion for certain rules (NTC, 2019).

### **Traffic congestion**

- The AAA's Road Congestion in Australia report outlines traffic trends and issues across Australia to facilitate the development of congestion relieving measures (AAA, 2019).
  - The latest iteration of this report states that Hobart has some of the worst congestion in the country.
  - RACT understands that congestion is an issue faced by many Tasmanians, particularly those in Hobart and Launceston. The vast majority of people across Tasmania drive to work (ABS, 2016).
- Traffic congestion impacts on social and family life, community health as well as the economy and environment (AAA, 2019 and Bus Industry Confederation, 2014).
  - Extra hours spent in traffic are taken away from family life as well as access to friends, jobs, shopping, services and recreation.
  - Business costs rise and productivity declines when workers and goods are stuck in traffic. These are passed on to consumers, adding to the cost of living.
  - Traffic also increases emissions and air pollution, damaging public health and the environment, leading to increased health costs.

### **Rights of vehicle owners**

- As vehicles become increasingly advanced, the information and parts required to safely repair a vehicle increases. Manufacturers of vehicles generally distribute the majority of this information exclusively to their dealership networks, unless they make it available to independent repairers (Department of Treasury, 2019).
  - The ACCC has recommended a mandatory scheme be introduced for car manufacturers to provide the same technical information and vehicle parts they share with authorised dealer/repair networks to independent repairers. The ACCC also recommended parts prices be considered.
  - The Australian Government is considering a scheme that specifies minimum standards of conduct for parties sharing and accessing vehicle service and repair information. This will provide a level playing field in the sector and ensure consumers can have their vehicles safely repaired by a repairer of their choice. Appropriate skills, training and equipment will be considered.

- Additionally, the ACCC recognises that while Australian Consumer Law protects consumers, there are a number of systemic problems in the new car industry preventing consumers from obtaining fair warranty/repair solutions (Department of Industry, Innovation and Science, 2018).
  - This includes the power imbalance between car manufacturers and dealers, in favour of the former, that allows manufacturers to impose commercial and capital terms on dealers. This makes it difficult for dealers to provide acceptable warranty/repair outcomes for consumers.
  - The government has been consulting with the automotive sector on how to address power imbalance concerns with the commercial relationships between car manufacturers and new car dealers.
- Hobart's and Launceston's weekly servicing and tyre costs are among the lowest in Australia (AAA, 2019).

## Evidence

### Overall motoring costs and safety

- The Australian Automobile Association's Transport latest Transport Affordability Index from March 2019 shows that in the year to December 2018:
  - Hobart households have the cheapest annual transport costs out of all Australian capitals, spending \$15,700. This was well behind leader Sydney with \$22,100.
  - However, when average income is considered, the Tasmanian capital city has the most expensive transport costs, with 16.6% of each household's income spent on transport. This was ahead of Brisbane (16.3%), Melbourne (15.2%) and Sydney (14.9%).
  - Similarly, the index recorded that Launceston was Australia's fifth least expensive regional city in household transport expenses, spending \$14,400.
  - However, like Hobart, Launceston is the Australia's most expensive regional centre when average income is considered, with 16.8% of commuter income spent on transport. This was well ahead of Mount Gambier (13.7%).
- The index reveals, more specifically, that:
  - Hobart's weekly vehicle registration costs, compulsory third party and driver's licence costs are the lowest of all capital cities at \$23 as of December 2018. Launceston's costs are also the lowest of regional cities at \$23 a week.
  - Hobart's weekly insurance costs as of December 2018 were approximately \$18, the second lowest of all capitals behind Perth. Similarly, Launceston had the second lowest weekly costs of regional cities, with \$15.
- Unregistered vehicles continue to feature in Tasmanian crash statistics. Of the 115,000 crashes recorded between 2009-18, almost 2050 of the vehicles involved in those crashes were unregistered (1.8%) (Department of State Growth, 2019).
- The Tasmanian Government has budgeted for more than \$200 million to come from vehicle registration and other motoring taxes in 2019-20. This includes the CTP levy paid to the MAIB through registration fees (Department of Treasury and Finance, 2019).
- Approximately 75% of funds from the Road Safety Levy goes towards infrastructure projects, with 25% towards behavioural projects (Department of State Growth, 2019).
- Australia's LCT is imposed at the rate of 33% on the amount above the luxury car threshold. In 2018-19 the threshold is \$66,331 (or \$75,526 for fuel-efficient cars) and the LCT applies to the price of the car, less this threshold (RACQ, 2018).

### Fuel prices

- The AAA's Transport Affordability Index has consistently found that Hobart is Australia's most expensive capital city in terms of fuel prices, with drivers spending \$82 per week as of December 2018 (AAA, 2019).

- This was ahead of Canberra (\$72) and Darwin (\$68), with Brisbane, Perth, Sydney, Adelaide and Melbourne all sitting about \$67.
- The index has also consistently found that Launceston is one of Australia's most expensive regional cities relating to fuel, with drivers spending \$93 per week as of December 2018. This was ranked third, behind Bunbury (\$97) and Geelong (\$94) (AAA, 2019).
- Fuel is the second highest weekly expense of both Hobart and Launceston households, behind car loan repayments at \$123 a week in each city (AAA, 2019).
- Launceston motorists pay approximately 20 cents per litre more for petrol than motorists in Sydney, Melbourne, Brisbane, Adelaide and Perth (AAA, 2019).
- The Australian Government's fuel excise is worth just over 40 cents per litre of fuel for both unleaded petrol and diesel, which resulted in \$17.5 billion going to the government in 2018-19 (Australian Taxation Office, Department of Treasury, 2019).
  - This revenue does not go towards road safety and transport infrastructure, as mentioned previously (AAA, 2018).
  - The GST rate of 10% is added to the total purchase price after the excise is added (ACCC, 2019).

### Licensing and road rules

- RACT understands that nationally consistent driver licensing and road rules standards are in place. However, there are variations between states and territories surrounding road rules and certain licence conditions, such as novice drivers (National Transport Commission, 2018).
  - There are six licence classes in Tasmania, as well as 15 licence conditions (Department of State Growth, 2019).
  - Tasmania has a standard Graduated Licensing Scheme model but the Tasmanian Government announced in May 2019 it would be upgrading to enhanced GLS by the end of 2020 (Department of State Growth, 2019).

### Traffic congestion

- Approximately 85% of people in Greater Hobart drive to work, while 90% of the rest of Tasmania also use a private vehicle to drive to work (ABS, 2016).
- Approximately 6% of people in Greater Hobart travel to work by public transport, which is the lowest proportion of all Australian capitals - behind Canberra (8%) (ABS, 2016).
- Approximately 2% of people across the rest of Tasmania take public transport to work, one of the lowest proportions across regional Australia (ABS, 2016).
- The latest iteration of the AAA's Road Congestion in Australia report states that between January 2013 and December 2018:
  - Hobart was the fourth most congested capital city in terms of free-flow traffic, with 95% of traffic travelling at free-flow speeds. This was on par with Sydney (92%), Perth (93%) and Melbourne (94.5%).
  - Hobart is the third least congested capital city in terms of drivers travelling at the posted speed limit, with approximately 83% of drivers travelling at the limit. This was on par with Brisbane (86%) and Canberra (84%).
  - Hobart also has the third best travel-time variability, which measures journey predictability and reliability. Hobart's variability is close to 22%, on par with Darwin (21%) and Brisbane (20%).
  - Hobart's average speed is 67.1km/h, which is the fifth worst in the country behind Melbourne (63.5km/h), Perth (63.2km.h), Sydney (59.6km/h) and Adelaide (55.5km/h).
- Congestion in Hobart costs the Tasmanian economy approximately \$90 million per year, based on personal time costs, business time costs, extra vehicle operating expenses and vehicle emission costs (Bureau of Infrastructure, Transport and Regional Economics, 2015).
  - This is expected to rise to up to \$160 million by 2030.

## Rights of vehicle owners

- Approximately 22,500 manufacturer approved and independent repair and service businesses were expected to earn a revenue of \$18 billion in 2016-17, while approximately 11,000 crash repair businesses were expected to earn a revenue of \$6.8 billion (ACCC, 2017).
- Around one in 10 new car buyers in Australia have their car repaired or serviced by an independent repairer (ACCC, 2017).
- In addition to potentially increased labour costs, the average Australian consumer pays a further \$46 in non-labour costs when independent repairers do not have access to technical information and tools from a manufacturer (ACCC, 2017).
- In the United States, the Auto Car Association claims that laws to increase the sharing of technical information has saved US consumers \$US26 billion per year. Previously in the US, repairs in the new car dealer network cost about 42% more than repairs performed at independent shops (ACCC, 2017).
- There are approximately 73,000 franchisees (as dealers) and 1180 franchisors (as manufacturers) in Australia (Department of Industry, Innovation and Science, 2018).
- Over the two years to December 2017, the ACCC received over 10,000 contacts in relation to issues with cars. In 2017, 20% of complaints to the ACCC regarding warranty issues related to motor vehicles – the second largest industry category for warranty complaints (ACCC, 2017).
- The Australian Consumer Survey conducted in 2015-16 found that 8% of consumers that purchased a car in the previous two years experienced a warranty problem, and that in 54% of cases, these problems had either not been resolved or were resolved but not to their satisfaction (ACCC, 2017).
- Hobart's weekly servicing and tyre costs are the third lowest of all capital cities at \$27 as of December 2018, just more than Adelaide (\$23) and Brisbane (\$24). Launceston's costs are also the lowest of regional cities at \$22 a week, well below Alice Springs (\$34) (AAA, 2019).

## Position

### Overall motoring costs and safety

#### RACT

- Urges the Tasmanian Government to:
  - Not introduce any new state-based motoring taxes or fees. This includes taxes that target motorists as a source of revenue or those that subsidise other road users.
  - The only exceptions to this are increases to motoring taxes or fees that are in line with the CPI rate or otherwise evidence based, as well as the Tasmanian Road Safety Levy.
  - Direct the MAIB not to raise premiums unless there is an assessment warranting an increase. Premiums must not increase if the MAIB is making significant profits.
- Urges the Tasmanian Government and Tasmania Police to spend an increased percentage of revenue from motoring related taxes and infringement notices on road infrastructure projects and/or educational programs.
- Supports the Road Safety Levy and current distribution of funds, but encourages the Tasmanian Government to regularly review the initiative. Such reviews should evaluate the funding breakdown to ensure new road safety projects or initiatives can be funded.
- Strongly urges vehicle owners to maintain their vehicle registration to ensure they are covered by third party insurance under the MAIB, protecting themselves and others who may be injured or sustained a loss during a crash.
- Urges the Tasmanian Government and Tasmania Police to increase deterrent measures to reduce the number of unregistered vehicles in the state. This may include penalties equivalent to the cost of 12 months registration.

- RACT also encourages Tasmania Police to increase efforts to detect unregistered vehicles, through automatic number plate recognition, or other identifiable means.
- Encourages motorists to purchase comprehensive insurance but supports compulsory third party insurance paid under vehicle registration.
- Urges local government and the Tasmanian Government to reduce the likelihood of infringement notices through: visible and transparent signage and road markings that indicate bus lanes, clearways and on-road parking, improved advertising on parking meters and thorough community education of any changes.
- Urges local government to only increase parking prices in line with CPI. Any extra increases must only serve as a deterrent to private vehicle use, if public and active transport options do not reduce congestion.
  - Parking enforcement is necessary to ensure all motorists can access parking facilities and ensure illegal parking does not disrupt traffic or cause danger. This includes enforcement of disabled parking zones.
- Urges local government to re-invest parking revenue into public transport, cycling and/or walking improvements.
- Urges public transport providers and the Tasmanian Government to not exceed the rate of inflation when increasing fare prices. Concessions and free travel for seniors should be maintained to reduce non-essential private car trips.
- Urges the Australian Government to phase out and remove the national luxury car tax.
  - RACT also urges the Tasmanian Government to support removal of the LCT.
- Urges local government and the Tasmanian Government to consider lowered vehicle registration fees and stamp duty, removal of the luxury car tax, preferential parking and transit lane use to incentivise the use of electric and hybrid vehicles through reduced upfront costs.
- Encourages key stakeholders to implement a unique fee structure for electricity used to charge electric vehicles at private residences, in order to incentivise use.

## Fuel prices

### RACT

- Urges all levels of government to implement a transparent terminal gate pricing system for all fuels and to actively monitor metropolitan and country retail and wholesale fuel prices in order to address any unjustifiable and excessive differences.
- Urges the Tasmanian Government to mandate that fuel retailers report changes in their fuel prices and make them publically available through a centralised real-time platform both online and on a smart phone app.
  - This should involve the adoption of the NSW Fuel Check model for price monitoring.
  - RACT also encourages the Australian Competition and Consumer Commission to enforce consumer protection in the retail fuel market.
- Urges all levels of government to develop and phase in a new transparent road-user charging model in place of the Australian Government's fuel excise.
  - This charge should reflect each road user's consumption of the network, such as: location, time and distance of travel, as well as vehicle weight (heavy vehicles), environmental impact and road maintenance.
  - An appropriate percentage of revenue from this road-user charge must go towards road safety and transport infrastructure.
  - Removal of the excise must also specifically target electric vehicles as they become more common, in order to incentivise uptake.
  - However, if the excise cannot be removed, the Australian Government must specifically allocate an appropriate percentage of its revenue towards road safety and transport infrastructure.

- Supports initiatives and incentives from all levels of government that encourages more independent wholesalers and retailers to Tasmania, therefore increasing competition.
- Supports partnerships that establish fuel discounts for consumers.

### **Licensing and road rules**

#### **RACT**

- Supports, in principle, the National Driver Licensing Scheme (NDLS) and Australian Road Rules (ARR), providing they are reviewed regularly to maintain clarity around licensing and road rules for motorists across all states and territories.
- Urges both the Tasmanian and Australian governments to improve clarity and education around the NDLS and ARR for Tasmanian drivers, drivers visiting Tasmania and Tasmanians driving interstate.
  - This must create more consistent knowledge for Tasmanian drivers travelling interstate and Tasmanian visitors. Education should cover licence categories, restrictions, medical conditions, licensing ages as well as conditions and restrictions for learner and provisional drivers.
- Supports the Tasmanian Government's implementation of an enhanced Graduated Licensing Scheme (GLS) model, but urges it to implement an exemplar model in the long-term.
- Encourages the Tasmanian Government to provide a financial incentive for motorists, particularly provisional drivers, who demonstrate good driver behaviour, such as licence fee refunds or renewal discounts.

### **Traffic congestion**

#### **RACT**

- Urges all levels of government to develop settlement strategies in key areas that consider the integration of infrastructure with private, public and active transport. This must ensure the community has universal access to a range of transport options, and:
  - Fall in line with long-term visions for the Greater Hobart, Greater Launceston and North West Coast regions.
  - Consider future economic and social impacts and minimise the environmental impacts of mobility.
  - Aim to minimise traffic congestion and parking demand on the broader network, as well as the increased incentivisation of alternative forms of transport.
  - Enhance access to employment, education, leisure, social, health and recreation opportunities.
  - Consider mobility as a service principles, intelligent transport systems and mobility data that informs transport planning and infrastructure investment.
  - Dictate the provision of adequate funding from all levels of government for the construction and maintenance of an efficient transport network.
  - Consider behaviour change programs that encourage the use of more sustainable modes of transport and make more efficient use of existing infrastructure. This includes active and public transport modes as outlined in RACT's Active Transport Policy and Public Transport Policy.

### **Rights of vehicle owners**

#### **RACT**

- Urges both the Tasmanian and Australian governments to protect all vehicle owners through appropriate legislation and regulation, which dictates that:
  - All motor vehicle manufacturers, dealers and repairers must be licenced by an appropriate authority and operate within Australian Consumer Law and fulfil quality assurance claims for their products.
  - Manufacturers must not place restrictions, such as price, on the availability of advanced vehicle technical equipment, information and parts that allow repairers to adequately service and repair

vehicles. This facilitates competition between repairers and allows consumers to access to high-quality information.

- Consumers maintain adequate coverage for warranty and servicing of their vehicles. They must also maintain the right to choose where to have their vehicle serviced, maintained and repaired without negating their rights under manufacturer and any warranties.
- Consumers also maintain the right to access data generated by their vehicles to make informed decisions with regards to servicing.
- Safety Certificates for vehicles must accompany every application for transfer of a registration for vehicles more than seven years old across Tasmania.
- Urges the Tasmanian and Australian governments to reduce the power imbalance towards manufacturers over dealers in order to improve financial and safety outcomes for vehicle owners.
- Urges Tasmanian vehicle servicers and repairers to maintain the state's currently low servicing and tyre costs, with consideration to the state's low income in comparison to other jurisdictions.

## Scope

### Policy Application and Ownership

This policy applies to:

- All Tasmanian motorists
- Local government
- Department of Premier and Cabinet (Service Tasmania)
- Tasmanian Government policy makers and ministers
- Australian Government policy makers and ministers
- Fuel retailers and wholesalers
- Insurance companies, including RACTI
- Vehicle manufacturers, servicers and repairers

The ownership and responsibility of this policy is with the RACT Board.

## Approvals

Date of approval: [insert date]

Date of review: [insert date]

Signature of CEO: [insert signature]