




Australian Government
Department of Infrastructure,
Regional Development and Cities



Business Case Program for Location-Specific Heavy Vehicle Charging Trials

Proposal Information Kit
August 2018



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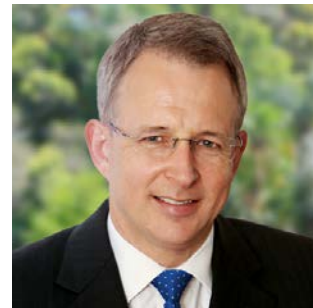
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Foreword

I am pleased to launch the Business Case Program for Location-Specific Heavy Vehicle Charging Trials (the Trials Business Case Program) as part of the Australian Government's commitment to Heavy Vehicle Road Reform.

The potential benefits of moving to a more efficient system of heavy vehicle charging and investment are substantial – between \$6.5bn and \$13.3bn to the national economy over 20 years. Economic modelling indicates these benefits will flow from improved heavy vehicle access, more efficient lifecycle management of roads, reduced operating costs for users and better-targeted investment in heavy vehicle infrastructure. This is why the Council of Australian Governments has directed the Transport and Infrastructure Council to accelerate Heavy Vehicle Road Reform. It is important to note that governments have not decided on an end state for reform and there are many system design issues to consider.



Putting users rather than governments at the centre of the system is what will drive these productivity benefits. International experience suggests that well-designed trials are critical for developing and building community confidence in road user charging reforms.

The Trials Business Case Program aims to support the planning and development of potential heavy vehicle charging trials where industry has indicated a willingness to explore paying an additional charge (above the national PAYGO charges) for additional investment and higher levels of service and/or access on a particular route or network. The development of business cases will determine if there is scope for mutually beneficial situations for industry and government. Are there productivity benefits on offer where industry is willing to contribute to a user charge to address operating restrictions or issues impacting their business? Can we design a trial to address a localised issue while also supporting national reform? The process of developing a business case will inform government and industry decisions on possible implementation of trial proposals.

If you are a heavy vehicle operator, represent a local government or a business that can see the potential benefits of a heavy vehicle user charging trial on a particular route or network, I encourage you to submit a proposal. Proposals must be submitted to the Department by the closing date of **11.55pm AEST, 21 September 2018**.

For further information on the Program, please email HVTrials@infrastructure.gov.au.

More information on heavy vehicle charging trials, including the Australian Government's complementary initiative - the National Heavy Vehicle Charging Pilot, can be found at <https://infrastructure.gov.au/roads/heavy/charging-trials/index.aspx>.

The Hon Paul Fletcher MP, Minister for Urban Infrastructure and Cities

17 August 2018



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Introduction

The Australian Government is working with state, territory and local governments, as well as industry and community stakeholders, to progress heavy vehicle road reform.

The goal of heavy vehicle road reform is to turn the provision of heavy vehicle road infrastructure into an economic service where possible. This means creating better links between the needs of heavy vehicle users, the level of service they receive, the charges they pay, and the investment of those charges back into heavy vehicle road services.

Heavy vehicle charging trials are a key strategy to progress this national reform. Well-designed trials can bridge the gap between concept and practice creating a tangible link to the end state for reform. In addition, trials play a critical role in building industry, community and government confidence in reform. Trials can also test specific elements of a reformed system, such as technology, implementation issues, costs of delivery models and determine which charging systems best meet the needs of both road users and governments.



Through this Program, the Australian Government is providing up to \$2 million (total) to support the development of business cases for heavy vehicle charging trials on particular routes or networks.

The objective of the Program is to explore how heavy vehicle charging trials could be used to address local freight and supply chain issues and offer a value proposition to operators, where the productivity benefits they could gain would be greater than the cost of an additional charge.

These studies will test the willingness of industry to pay a heavy vehicle road user charge on specific routes and/or road networks (in addition to the existing national Pay-As-You-Go (PAYGO) charges) in return for a higher level of service and associated productivity benefits. A higher level of service could be delivered through measures including increased access, relaxation of operating restrictions such as curfews and improved road conditions.

The Program is not about replacing existing PAYGO charges, rather investigating ways a heavy vehicle charge can work in conjunction with the existing charging framework and deliver benefits for industry and governments alike. The Program could support a range of developmental and planning activities for location-specific heavy vehicle charging trials, including (but not limited to):

- business cases;
- scoping studies;
- project planning; and
- concept of operations.



How will this process work?

Problem identification and proposal submission

Project Champions (industry, regional and local stakeholders) identify where, how and why a heavy vehicle charge could improve supply chain productivity and submit a proposal to develop a business case.

Proposal assessment


The Department of Infrastructure, Regional Development and Cities (the Department) undertakes an assessment, seeking advice from state and territory transport departments and the Australian Local Government Association (ALGA) on relevant proposals. The Department makes recommendations to the Minister for Urban Infrastructure and Cities on which proposals should progress to business case development.

Ministerial decision

The Minister makes a decision on which proposals progress to business case development and proponents are advised of outcome. The Minister also writes to the relevant State and/or Territory Ministers seeking support.

Development of business cases

The Department procures a supplier to develop a business case for selected proposals and works with relevant stakeholders (Project Champions, state and territory transport departments/road agencies and local governments) to develop the business case. A financial contribution to the procurement will be sought from relevant state and territory governments.



Trial proposals developed under the program should align with the Australian Government's principles and objectives for heavy vehicle charging trials.

The objectives of heavy vehicle charging trials are to:

- Demonstrate that direct user charging for heavy vehicles is feasible and has benefits for users and governments;
- Build stakeholder confidence in and practical engagement with Heavy Vehicle Road Reform; and
- Provide opportunities to identify and address operational issues to inform future implementation decisions.

Heavy vehicle charging trials should align with the following principles:

- Support Heavy Vehicle Road Reform;
- Be developed, conducted and evaluated in collaboration with stakeholders;
- Have a clear purpose with measurable outcomes;
- Operate in parallel to the current charging and investment system or test changes to it in a systematic way; and
- Be compatible with national policies and programs and other national initiatives.

A diverse range of proposals from a variety of locations and industry sectors is encouraged.

The types of trials that can be developed under the program include incremental charging, use of price signals to manage heavy vehicle congestion on particular routes or networks, or reducing curfews, regulations or other operating restrictions on particular routes in exchange for an additional fee.

Proposals for trials that replace or modify the current fuel tax are ineligible.

Proposals are not about scoping new toll roads.

Trials proposals should be based around addressing productivity issues on the existing network rather than funding new roads through tolls. Proposals based around addressing productivity pinch points on the current network are likely to be a good basis for developing a potential trial.

Eligibility

Project proposals will be sought from a range of interested stakeholders connected to the heavy vehicle industry. This includes heavy vehicle operators, freight businesses and major freight customers such as, agriculture, mining or other industry bodies, regional, and local organisations (including local governments). Proposals from a consortium of eligible stakeholders (e.g. industry, local government, state transport agency and technology providers), that demonstrate collaboration across jurisdictions, are encouraged.

State and territory government agencies are not eligible to bring forward individual proposals, or act as the lead proponent, but may demonstrate support as a member of a consortium.

Assessment

The Department will assess project proposal submissions against the assessment criteria.

As part of this process, the Department will seek advice from the relevant state or territory government transport department/road agency (road managers) and consult with the Australian Local Government Association as appropriate. Through a collaborative assessment process incorporating all levels of government, any areas of concern or issues that may impact the implementation of the proposal, including financial resourcing required and local stakeholder support, can be identified and addressed at this early stage.

Proposal Assessment Criteria

1. Identification of a freight and supply chain with a productivity issue which could be addressed through a heavy vehicle charge.
2. Demonstration as to how a heavy vehicle charge could address the identified problem and the benefit heavy vehicle users could expect to receive.
3. Support of key stakeholders to engage in the development of a business case for a potential heavy vehicle charging trial.
4. Feasibility of implementing the proposed trial, in particular the value for money of any investment in the road network that would be required to support a trial.
5. Alignment with the Australian Government principles and objectives for heavy vehicle charging trials.

In addition to the assessment criteria, consideration will be given to:

- Geographic spread of business case project proposals, to test reform in different jurisdictions and types of locations;
- Variety of different types of project proposals, to test different elements of reform;
- Capacity for co-contributions to the development of a business case (from state and/or local governments, Project Champion (or member of joint proposal), or other stakeholders), the specifics of which will be determined on a case-by-case basis; and
- Any potential risks associated with a proposal.

Where proposals involve capital investment (in the form of government funding or financing), the following factors will also be considered:

- Estimated costs and timeframes; and
- Alignment of the proposed trial with Commonwealth infrastructure investment priorities.

Project proposal submissions that are found suitable may be selected to progress to the development of a business case. Proposal progression to business case development is contingent on meeting all assessment criteria and the support of the relevant state and/or territory government.

The Department may request modifications to the scope of the proposal as a condition of the proposal progressing to business case development.

The Minister for Urban Infrastructure and Cities will make the final decision about which project proposals submissions proceed to business case development.

The Department reserves the right to remove from consideration any proposals that specify mandatory use of proprietary software or hardware or any proposals that the department deems present an unacceptable risk (for legal, safety, commercial, anti-competitive or other reasons).



Key dates

The anticipated timeline for the Program is outlined below:

Problem identification and proposal submission	
Project proposal outlines due	11.55pm AEST, 21 September 2018
Ministerial decision and proponents advised of outcome.	November 2018
Development of business cases	
Approach to market for third party suppliers to prepare business cases	November 2018
Third party suppliers engaged	January 2019
Business cases finalised	By 30 June 2019
Program evaluation complete	31 December 2019
Program close	30 June 2020



Problem identification and proposal submission

Industry, regional and local stakeholders including local governments are invited to bring forward a diverse range of proposals. Proposals should identify how heavy vehicle charging could be trialled to solve a local issue and deliver benefits to industry.

Project proposals should detail the nature of the proposed trial, the local issue/s it is seeking to address and how the trial will contribute to broader heavy vehicle road reform objectives. It should clearly identify the problem in the freight network, the current flow-on-effects the issue has on industry (including costs if known) and how a heavy vehicle charging trial will resolve the issue/s. The benefits obtained by industry in return for the additional charges should also be identified.

Proposals will also need to demonstrate support from relevant government and industry stakeholders.

Proposals across a range of geographic locations and industries may be selected to progress to business case development.

Proposals from consortiums addressing issues that cross jurisdiction borders and propose a joined up approach by relevant stakeholders are encouraged.

What information do I need to include?

Proponents should provide detailed information on their proposal using the Proposal Form. Required information includes:

Scope

An outline of the scope of the project, including:

- The proposed route, road network, or region where the trial is proposed;
- The issue that the proponent is looking to solve (e.g. congestion, access, road quality, safety);
- Potential solutions for the problem, if known (e.g. road upgrades, addition of rest stops, changes to regulations);
- High level estimates of implementation costs, timeframes, and numbers of operators or businesses that would be involved in a trial;
- Evidence of support from relevant government and industry stakeholders;
- Information about potential risks or difficulties (e.g. financial, legal, commercial, other) that are relevant to the proposal and the proponent/s; and
- How the proposal aligns with some or all of the Commonwealth Principles and Objectives for heavy vehicle charging trials.

Proponents

Information about the organisations putting forward the project proposal, including:

- One lead organisation (Project Champion);
- Partner organisations; and
- Any other organisations involved.

Proposal submissions should represent the consolidated view of all stakeholders making the submission. Proponents may also be members of a consortia and may include industry, regional and local stakeholders, local government, technology providers and state and territory government agencies.

Stakeholders

An overview of other relevant stakeholders in the region, for example:

- Mining, forestry or agricultural businesses;
- Supply chain businesses, ports, and other transportation and logistics facilities; and
- Community groups.

Evidence of support from key stakeholders

Proponents are strongly encouraged to seek support for their proposal from the relevant state or territory government, from local governments, and from other identified stakeholders in the region.

Evidence of support from key stakeholders is a requirement for project proposals progressing to business case development.

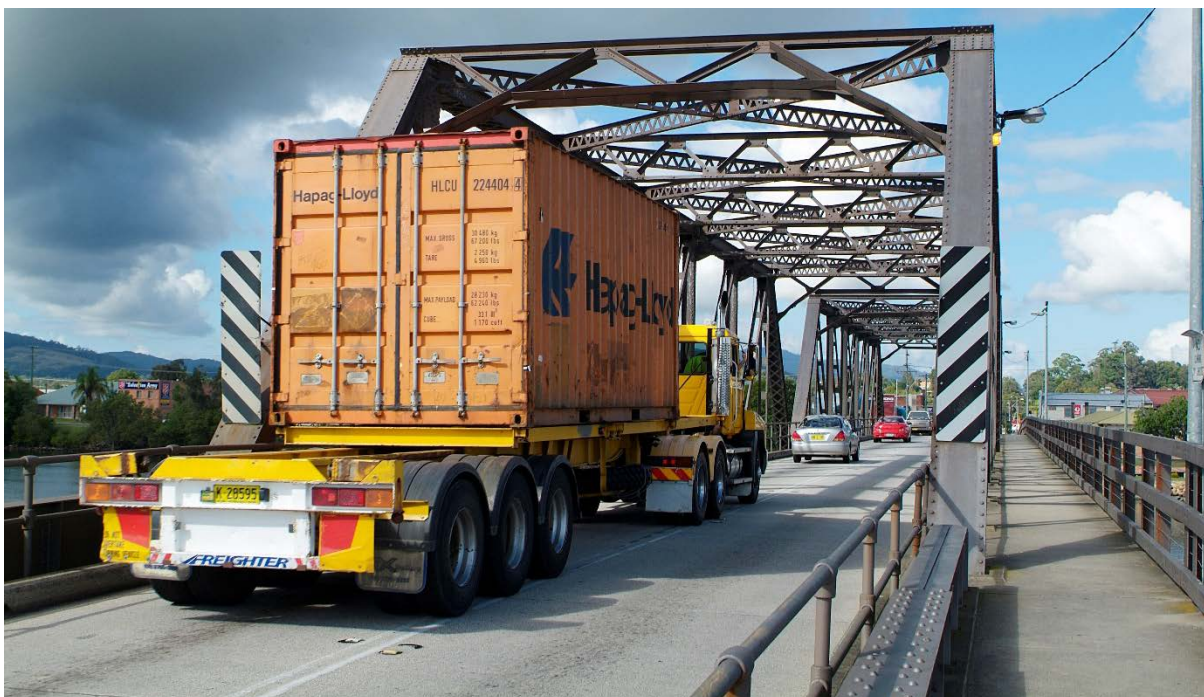
The Department will assist proponents where necessary to establish relevant connections and facilitate productive discussions.

When are project proposals due?

Project proposals must be submitted via email (HVTrials@infrastructure.gov.au) to the Department using the Proposal Form by **11.55pm AEST, 21 September 2018**.

Please note emails have a size restriction of 10MB including attachments. All project proposals will be acknowledged via return email within two business days of receipt. If you do not receive an acknowledgement within this timeframe, please contact the Department immediately. In the event of circumstances resulting in the inability to submit via email, please contact the Department to discuss alternate submission options. Participants are strongly encouraged to submit proposals in advance of the deadline.

The Department retains the right to request further information during the assessment period to assist in the assessment of detailed project proposals. The relevant contact person will be notified in writing where additional information is required.



Development of business cases

Successful proposals will be investigated in depth through the development of business cases by third party suppliers.

Business cases will investigate the benefits, costs, and feasibility of running a trial, identify implementation options, and provide recommendations for consideration by governments.

How will business case development work?

The Project Champion, Department and the relevant state or territory government agency will form a joint project team for each successful proposal.

The joint project team will approach the market for a supplier/s to develop the business case. The procurement will use the existing whole-of-government Infrastructure Advisory Services Panel ([Panel: 20000581](#)) or a direct approach where appropriate.

The joint project team will assess responses based on the extent to which they address the criteria set out in the approach to market, the respondent's proven capacity to provide the requirement, and overall cost, and will select a supplier/s to deliver the business case.

The General Manager, Land Transport Market Reform Branch will make the final decision on which suppliers are appointed.

Funding contributions

The Program will provide up to \$2 million (total) to support the development of business cases.

For each project, a co-contribution to the procurement of a business case will be sought from the relevant state and/or territory as well as other project partners.

What happens after the business case is completed?

The development of business cases will determine if there is scope for mutually beneficial situations for industry and government. The process of developing a business case will inform government and industry decisions on possible implementation of trial proposals.

Proponents should note that financial support for the development of a business case does not guarantee government commitment to the operation of trials or physical infrastructure investments.

Completed business cases will be considered in the context of the Australian Government, state and territory government and local government wider infrastructure priorities and future Budgets.

Additional Information

What can the heavy vehicle industry be reasonably expected to pay through a location-specific heavy vehicle charging trial?

In the development of business cases, it will be important to work closely with the heavy vehicle industry and their customers in developing potential trials. Any charge as part of a potential trial should only cover the additional costs associated with providing the productivity improvement proposed through the business case. Such a trial would have to be carefully calibrated to ensure changes only cover reasonable costs and that there is a benefit for industry and road owner/managers. Business cases will determine if there is a potential value proposition for all stakeholders. The exact nature of these costs will depend on the freight and/or infrastructure issue to be addressed.

For proposals that progress to business case development, the consultant will work closely with the project steering committee to identify the costs that could be reasonably covered by a charge and develop the technical basis for calculating those costs.



Examples of trials to address supply chain issues addressed through a heavy vehicle charge:

Example One: Addressing the first-last mile

A heavy vehicle charging trial might be designed to develop a solution to address first-last mile issues that impact freight productivity. For example, a user charge could be a way to fund the maintenance associated with the additional road wear from letting heavier vehicles access a stock yard, a manufacturing facility and/or a freight hub. This could offer industry the benefit of potentially not having to decouple and break up loads to access a key location.

Example Two: Supporting access on major freight routes

A heavy vehicle charging trial might seek to improve heavy vehicle access on major freight routes.

For example, sometimes access restrictions may be in place due to the strength of structures that make up the route (e.g. a bridge) or the geometry of the route (e.g. intersections or turning circles too tight to allow an extra trailer). A heavy vehicle charging trial could be designed to recover the costs of capital upgrades needed to open up access on the route (e.g. a new/strengthened bridge and/or wider intersection) from those users who benefit from the additional access. This could provide industry the benefit of potentially not having to decouple and break up loads to complete an end to end journey.

National Heavy Vehicle Charging Pilot – A related initiative

The National Heavy Vehicle Charging Pilot (the National Pilot) is another part of the Australian Government's commitment to Heavy Vehicle Road Reform. It differs from the Trials Business Case Program in that the National Pilot will test the feasibility of replacing the existing fuel-based Road User Charge (RUC) and registration fees with a national direct user charging system. The Trials Business Case Program will test charges in specific locations in addition to the existing RUC and registration fees, in return for industry productivity benefits.

Key features of the National Pilot include:

- Testing the proposed end state for Heavy Vehicle Road Reform.
- Participation will be voluntary and open to heavy vehicle operators from across Australia.
- Participants will have opportunities to provide feedback on their experiences and views throughout the National Pilot and will be involved in shaping national reform.

Additional information on the National Pilot is available at:

<https://infrastructure.gov.au/roads/heavy/charging-trials/index.aspx>



Roles and Responsibilities

Project Champion

As the Project Champion you play a significant role at each stage of project development. You are responsible for submitting the proposal which identifies and articulates a problem in the freight and supply chain that could potentially be addressed through a heavy vehicle charging trial.

If your project proposal submission is successful in securing funding for a business case, you will join a project team with the Department and your relevant state or territory, as the single point of contact for the proposal. From here the Project Team will work together to jointly procure an independent consultant to deliver a business case. As the Project Champion you will be available to provide information, advice and assist in facilitating local connections to the consultant, as well as to actively participate in discussions both in person and via phone. This may include reaching out to stakeholders and project partners to obtain information and views on the direction of the project.

Consortium members

A consortium may be formed consisting of members from industry, regional and local stakeholders, local government, state/territory government or any other interested party, on the condition that the lead proponent (Project Champion) is an Industry member or body, or local stakeholder (including local governments).

A consortium will collaborate to inform and progress a project proposal, and if successful, using the Project Champion as a conduit, provide information and advice to the joint project team on the approach to market and business case as it is developed.

The Minister for Urban Infrastructure and Cities

The Minister will be provided with advice from the Department on the merits of each proposal, in order to make the final decision on which project proposals progress to business case development.

The Department of Infrastructure, Regional Development and Cities

The Department will assess project proposal submissions against the assessment criteria, consulting with the Australian Local Government Association and the relevant state/territory transport department/road agency where required to validate information provided.

Following assessment of proposals, the Department will provide the Minister with recommendations on which proposals proceed, based on the merits of the proposal as per the assessment criteria.

For successful proposals, the Department will partner with the Project Champion and relevant state/territory to form a joint project team and procure a supplier (independent consultant) to develop a business case.



The General Manager of Land Transport Market Reform Branch, is the final decision maker on the appointment of the supplier/s to deliver each business case.

State and Territory transport departments and road agencies

State and territory transport departments and road agencies will be provided with the proposals relevant to their jurisdictions as part of the assessment process. State and territory transport departments and road agencies will be expected to provide contextual information on the viability of the proposals and alignment with jurisdictional priorities.

State and territory transport departments and road agencies may not bring forward proposals as the lead proponent, however it is encouraged that Project Champions consult with the relevant jurisdictional authority on the development of a proposal. This may occur as independent consultations or through the inclusion of officials as part of a consortium.

For successful proposals, the state and/or territory transport department and road agency will form part of the joint project team and assist in drafting the approach to market and identification of an appropriate supplier. During business case development jurisdictions are expected to assist suppliers through the provision of information and guidance.

Australian Local Government Association

The Australian Local Governments Association (ALGA) will be provided with proposals in which their constituents are involved to provide advice to the Department on the implementation feasibility of the proposed trial.

ALGA may not bring forward proposals or participate in a consortium bringing forward a proposal.

ALGA may function as a facilitator in the development of proposals involving multiple local governments.

Where appropriate, ALGA may be consulted in later processes for successful proposals.

Third party consultant

The appointed third party consultant/s are responsible for developing the business case in accordance with the approach to market documentation.

Enquiries

Any enquires regarding the Trials Business Case Program should be directed to: HVRR@infrastructure.gov.au