

VEHICLE REGISTRATION INITIATIVES

Discussion Paper

Proposals for light vehicle registration reform in NSW



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Transport for NSW

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FOREWORD

This Vehicle Registration Initiatives Discussion Paper has been developed to enable you to have your say on the future of vehicle registration in NSW.

The Discussion Paper outlines proposals and options to: improve light vehicle registration and management in NSW; improve vehicle and road safety; promote positive environmental outcomes; and enhance customer service through more equitable and flexible registration arrangements.

The NSW Government is committed to promoting safer vehicles and environmentally responsible behaviours. The risk of death or serious injury in a crash is much higher in older vehicles, which generally have fewer safety features. Vehicle safety technologies are continually improving and being incorporated by manufacturers to create safer vehicles, with a positive effect on road safety. It is important to continue this momentum by promoting the uptake of safer new vehicles and motorcycles through registration incentives.

A further aim of changing the structure of registration charges is to help consumers understand the impact of their vehicle choice on the environment and encourage the purchase of greener vehicles. Environmental damage is a pressing NSW and global issue and everyone needs to play their part in reducing our vehicle emissions. This is why we are encouraging people to choose environmentally sound vehicles that will deliver longer term environmental benefits to the community.

Changes are also proposed to improve the equity of caravan and light trailer charges.

The proposed changes to registration charges are combined with improvements to the way vehicle owners can pay for vehicle registration. Offering continuous pay by the month registration will increase the convenience and affordability of registration and the range of services available to customers.



These reforms build on the NSW Government's decision to abolish registration labels for light vehicles from 1 January 2013. Removing labels simplified the registration process, reduced red tape and saves the community, businesses and the government time and money.

The decision to abolish labels was made after a rigorous review process that included community and stakeholder consultation; this Discussion Paper is part of a similar process for proposed vehicle registration changes. The NSW Government is committed to consultation about proposals that will improve government services and customer interactions. It is important for the government to seek and understand the views of stakeholders and the community to ensure that the proposed changes are practical and workable.

I encourage you to provide feedback on the proposals in this Discussion Paper to assist the NSW Government in shaping a positive future for vehicle registration policies in NSW.

A handwritten signature in black ink, appearing to read 'Duncan Gay'.

Duncan Gay
Minister for Roads and Freight

THE PURPOSE OF THIS DISCUSSION PAPER

Transport for NSW (TfNSW) invites members of the public and other stakeholders to comment on a range of options to improve light vehicle registration and management in NSW. Light vehicles have a gross vehicle mass (GVM) up to 4500 kilograms (4.5 tonnes). They include passenger vehicles, motorcycles, caravans, light trailers and some light trucks and buses.

The primary aim of the proposed reforms is to improve road safety and environmental outcomes by raising awareness and encouraging the uptake of safer and greener vehicles.

The reforms also aim to:

- Improve registration charging equity across the vehicle fleet
- Provide customers with more flexible registration payment arrangements, and
- Provide a flexible registration framework to accommodate rapidly changing vehicle technologies and transport needs.

The reforms do not apply to:

- Heavy vehicles and trailers with a GVM of more than 4.5 tonnes. These vehicles are covered by current and proposed national model law and the National Heavy Vehicle Regulator, or
- Conditionally registered vehicles.

How to provide your feedback

Throughout this Discussion Paper you will see a number of questions that highlight key areas where TfNSW is seeking feedback. You may also want to submit other questions or comments that come to mind as you read the paper.

Copies of the Discussion Paper are available online at the Transport for NSW Community Engagement website (transport.nsw.gov.au/engagement). If you do not have access to the internet, and would like a printed copy mailed to you, please call 13 22 13.

You can submit your feedback by:

- Email: VRI@transport.nsw.gov.au
- Mail:
Registration Policy
Transport for New South Wales
PO Box K659
Haymarket NSW 1240
- Online: transport.nsw.gov.au/engagement

TfNSW welcomes all comments, whether they are a brief email or a substantial submission.

All or part of your submission may be quoted or made publicly available. If you do not want your personal details or any part of your submission to be released, please indicate this clearly in your submission.

The closing date for submissions is 24 July 2014.



1. EXECUTIVE SUMMARY

TfNSW considers that there are a number of opportunities to modernise and improve the registration system and is proposing a range of Vehicle Registration Initiatives (VRI). The VRI reforms propose to utilise registration fees as a proactive policy tool to improve vehicle and road safety, and environmental outcomes. Current vehicle registration policy in NSW includes several long-held criteria. It is based on the principles that vehicle registration charges must be determined by a vehicle's weight; that registration periods must be for specific, set periods of time; and that registration must be actively renewed if it is to continue. These principles have provided a dependable registration system but in the modern transport environment they are increasingly outmoded.

Charging registration on the basis of vehicle weight dates back to 1924. In recent years particularly there has been increasing community concern about environmental outcomes and increases in fuel costs as well as the introduction of modern safety technologies and alternative fuels. Currently, any consideration of registration charges when purchasing a vehicle is limited to a price comparison based on weight. Registration charges do not offer a direct incentive to choose a safe and environmentally sound vehicle.

Similarly, the policy of specific registration terms and over-the-counter registration renewals pre-dates the internet and automated payment options.

The primary aim of the proposed VRI reforms is to improve road safety and environmental outcomes by raising awareness and encouraging the uptake of safer and greener vehicles. The reforms also aim to:

- Improve registration charging equity across the vehicle fleet
- Provide customers with more flexible registration payment arrangements, and
- Provide a flexible registration framework to accommodate rapidly changing vehicle technologies and transport needs.

There will be no net reduction in all light vehicle revenues, including revenue allocated to the Roads Program, as a result of these reforms. Roads Program revenue is used to fund and maintain road infrastructure and road safety initiatives.

1.1 The purpose of vehicle registration charges

Originating in 1914¹, vehicle registration charges were designed to pay for the damage vehicles made to roads. NSW light vehicle weight tax is currently charged according to the tare weight of a vehicle. Charges are determined by irregular weight bands for light passenger vehicles, caravans and some trailers. An identical flat fee applies for all motorcycles and scooters.

Under NSW legislation, all revenue from motor vehicle weight tax is directed to the Roads Program. Approximately 5.5 million light vehicles are registered in NSW² and light vehicle weight tax contributes approximately \$1.66 billion³ in revenue a year.

In addition to registration charges, NSW vehicle registration requirements include:

- Regular safety inspections for most vehicles over five years of age
- Compulsory Third Party (CTP) bodily injury insurance, and
- Payment of stamp duty, where applicable, when registrations are established or transferred.

While the primary purpose of this Discussion Paper is to describe proposals to improve vehicle registration policy, it also briefly outlines additional options to reform related registration costs such as stamp duty and CTP insurance.

1.2 Passenger vehicles

TfNSW proposes to reconfigure the current light passenger vehicle registration charge from one that is based solely on weight to a charging framework that incorporates and provides incentives for higher vehicle safety and environmental criteria. Initiatives to improve road safety and environmental outcomes align directly with key NSW Government, Federal Government and international priorities in these areas.

Vehicle safety may be determined via the Australasian New Car Assessment Program (ANCAP) safety ratings system. A vehicle's environmental credentials may be determined using CO₂ emissions and air pollution data sourced from the Federal Government administered Green Vehicle Guide (GVG).

The vehicle weight component of the registration charge is proposed to be a combination of a base fee and a cost per kilogram weight charge. The cost per kilogram calculation would be based on the standard tare weight of the vehicle as reported by the vehicle manufacturer. This would ensure precise charging for all new vehicles.

Under the proposed registration charging framework, a new light passenger vehicle with higher safety and environmental credentials would cost less to register than another new vehicle of similar weight that has lower safety and environmental credentials.

These reforms to light passenger vehicle registration are initially being proposed for all new passenger vehicles, with reforms to second-hand vehicles proposed a number of years later to enable customers to plan ahead and be aware of any potential upcoming changes to second-hand vehicle registration charges. The reforms will not be retrospective.

1.3 Stamp duty and Compulsory Third Party (CTP) insurance

Stamp duty is collected on behalf of the Office of State Revenue (OSR) by Roads and Maritime Services (RMS). In most cases, it must be paid when a vehicle is registered for the first time or registration is transferred. It is proposed that the stamp duty charge, which is currently based solely on the value of a vehicle, be reconfigured to also take into account vehicle safety and environmental criteria.

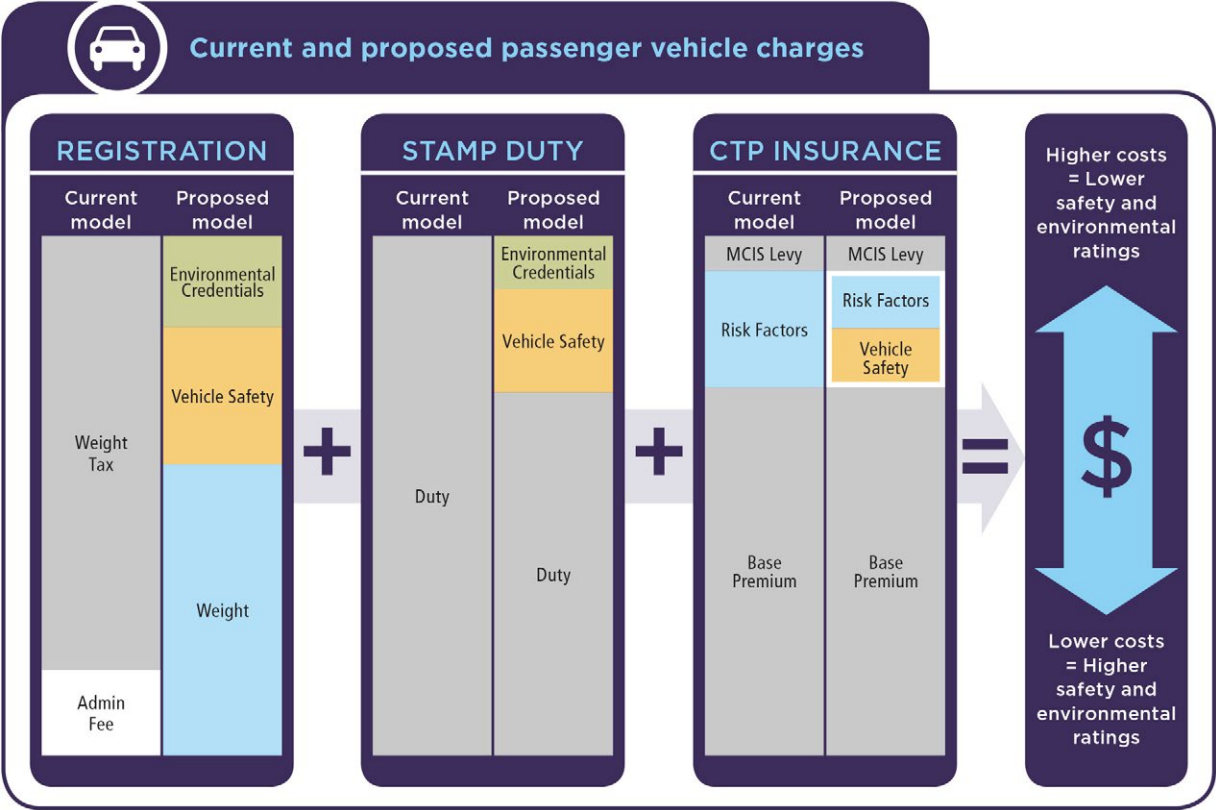
CTP insurance (a 'green slip') is required for all NSW vehicles before they can be registered. CTP insurance provides medical and other financial assistance for people injured in a motor vehicle accident in NSW. CTP insurers are regulated by the Motor Accidents Authority (MAA), which licenses insurers to provide NSW CTP insurance.

The MAA is responsible for the development of CTP insurance premium guidelines and has indicated that it will consider the inclusion of vehicle safety criteria within these guidelines, which may enable insurers to take into account a vehicle's safety rating as a factor in premium pricing.

The inclusion of safety and environmental criteria within stamp duty and CTP insurance charges would provide additional financial incentives for the purchase of safer vehicles.

The following diagram provides an overview of the current and proposed registration costs for passenger vehicles.

Figure 1 – Current and proposed vehicle charges



1.4 Motorcycles

All motorcycles are currently charged the same flat fee (weight tax) of \$58. While this charging framework provides a simple registration system, there are no direct pricing incentives to choose safer motorcycles and the same charge applies to small scooters and to larger touring motorcycles and superbikes.

While there are currently no ANCAP ratings available for motorcycles, the NSW Centre for Road Safety has advised that Anti-lock Braking Systems (ABS) can significantly improve motorcycle and rider safety. Australian and international research concludes that the risk of being involved in a fatal motorcycle crash is related to increasing power to weight ratios, regardless of rider age or experience.

To encourage the purchase of safer motorcycles, TfNSW proposes that ABS and power to weight ratios be considered as options for registration charging criteria.

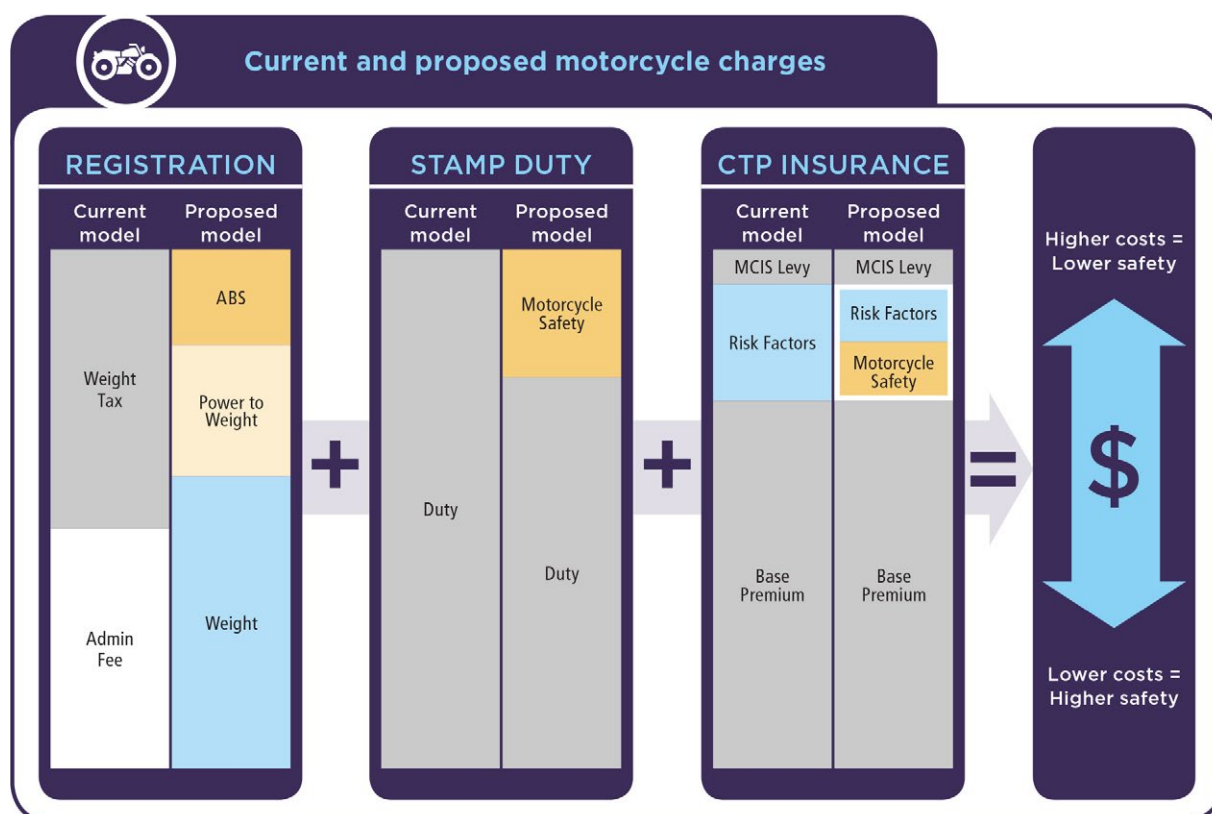
In addition, it is proposed that motorcycle registration charges also include a weight component made up of a base fee and a cost per kilogram weight charge. The cost per kilogram calculation would be based on the standard tare weight of the motorcycle as reported by the motorcycle manufacturer.

These reforms would initially apply to new motorcycles only with reforms to second-hand motorcycles proposed a number of years later to enable customers to plan ahead and be aware of any potential upcoming changes to second-hand motorcycle registration charges. The reforms will not be retrospective.

Australian regulations do not require emissions testing for motorcycles to demonstrate their compliance with Australian Design Rules (ADRs). In the absence of reliable emissions information, TfNSW has not proposed an environmental component within motorcycle registration charges.

The following diagram provides an overview of the current and proposed registration costs for motorcycles.

Figure 2 – Current and proposed motorcycle charges



1.5 Caravans and light trailers

Caravans and light trailers weighing 255kg and above currently pay approximately the same weight tax rates as light passenger vehicles but they are often used on the road less frequently. The 536,000 light trailers weighing less than 255kg currently pay no weight tax. These are the only registrable vehicles in NSW that are not subject to weight tax. By comparison, a scooter weighing 100kg (such as the Honda NSC110) currently pays \$58 in weight tax.

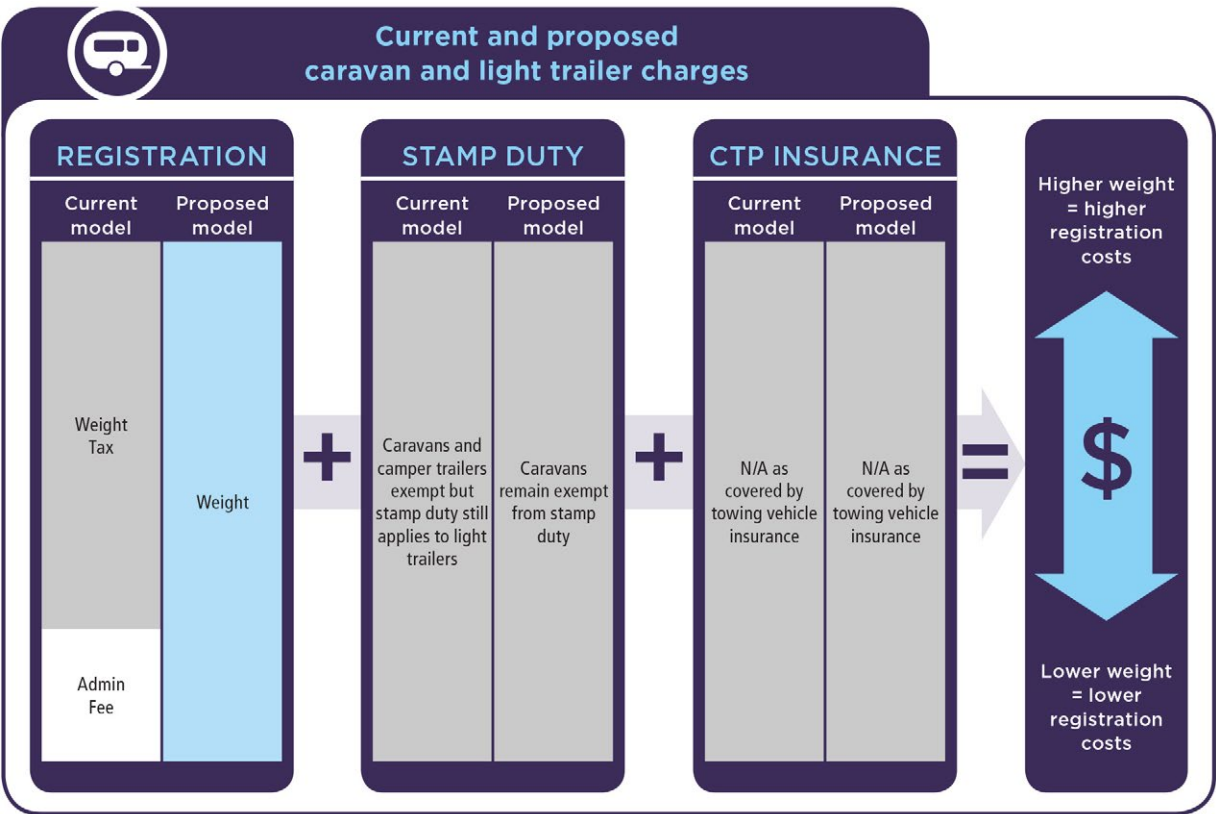
In line with the proposal for passenger vehicles, it is proposed that light trailer and caravan registration weight charges be made up of a base fee and a cost per kilogram weight charge. The cost per kilogram calculation would be based on the tare weight of the light trailer or caravan as reported by the manufacturer. These charges would also apply to light trailers weighing less than 255kg which are not currently subject to weight charges.

This new charging method would reduce the charges that many light trailers and caravans currently pay by a range of approximately 5% to 45% (private usage, depending on the weight of the light trailer or caravan) to reflect the less frequent use of these vehicles.

It is proposed that the changes to light trailer and caravan registration charges be applied to the entire fleet to improve registration charging equity.

The following diagram provides an overview of the current and proposed registration costs for light trailers and caravans.

Figure 3 – Current and proposed caravan and light trailer charges



1.6 Continuous registration

To improve the convenience and affordability of registration and provide additional choice to customers, TfNSW proposes an automated, continuous registration option via a secure online monthly direct debit or credit facility. This would effectively provide vehicle registration with no expiry date, provided that ongoing payments were received.

1.7 Options to improve other registration processes

Through this Discussion Paper, TfNSW also seeks feedback on vehicle inspections and the management of end of life vehicles (ELVs).

Vehicle inspections are a key component of the registration system as they ensure the roadworthiness of vehicles. However, vehicle safety and environmental technologies have advanced, with increasing numbers of vehicles incorporating features that may warrant additional or unique testing and inspection. Inspection intervals for particular vehicle types may need to be assessed within this context.



TfNSW considers that effective ELV policies have the potential to provide a range of vehicle safety, environmental and consumer protection benefits. TfNSW has therefore provided initial options for future ELV policy including the provision of incentives to vehicle owners and recyclers who responsibly dispose of ELVs.

1.8 Discussion Paper format

The Discussion Paper provides an explanation of the current registration system and then highlights the proposed reforms for each vehicle type and areas where specific feedback is sought. The Discussion Paper also highlights key areas of feedback received so far. Ideally, the Discussion Paper should be read in whole but readers who may only be interested in a specific vehicle type (e.g. passenger vehicles) may not find the chapters on other vehicle types as relevant.



2. THE CURRENT NSW VEHICLE REGISTRATION SYSTEM

2.1 An overview of NSW vehicle registration

This section is an overview of the current NSW vehicle registration system, including information about the current light vehicle fleet, registration requirements and registration costs. It provides the background for the proposals in this Discussion Paper.

2.2 Why are vehicles registered?

Registering vehicles enables the NSW Government to:

- Identify the registered operator of each vehicle using road or road related areas
- Enforce traffic and other laws
- Collect funds to sustain the road system
- Contribute to road safety by ensuring vehicles on the roads meet safety standards, and
- Insure against third party injury or loss due to motor accidents.

2.3 When did vehicle registration begin?

NSW Governor Macquarie introduced registration for carts and wagons in 1813. The *Motor Traffic Act 1909* introduced “licensing” requirements for motor vehicles.

Vehicle registration charges (based on vehicle horsepower) were introduced in 1914 to offset the costs of road deterioration and the *Motor Vehicles (Taxation) Act* was introduced in 1916. Charging registration on the basis of a vehicle’s weight commenced in 1924.

The annual registration label scheme began in 1932. In 1937, vehicle number plates with letters and numbers replaced the earlier numerical sequences. In 1939, the Commissioner for Motor Transport introduced compulsory mechanical inspections before registration.

2.4 How is vehicle registration governed?

The registration of vehicles in NSW is governed by the *Road Transport Act 2013* and the *Road Transport (Vehicle Registration) Regulation 2007*. The *Motor Vehicles Taxation Act 1988* sets out the tax payable for the registration of motor vehicles and provides for annual Consumer Price Index (CPI) indexation of motor vehicle taxation.

The Minister for Roads and Freight has oversight and responsibility for this legislation and for the vehicle registration system.

TfNSW is the lead agency responsible for developing strategic road transport policy and legislative initiatives, including strategic registration policy.

RMS is responsible for administering the registration system and maintaining a register of registrable vehicles in accordance with the above Acts and Regulations.

2.5 Key characteristics of the current NSW light vehicle fleet

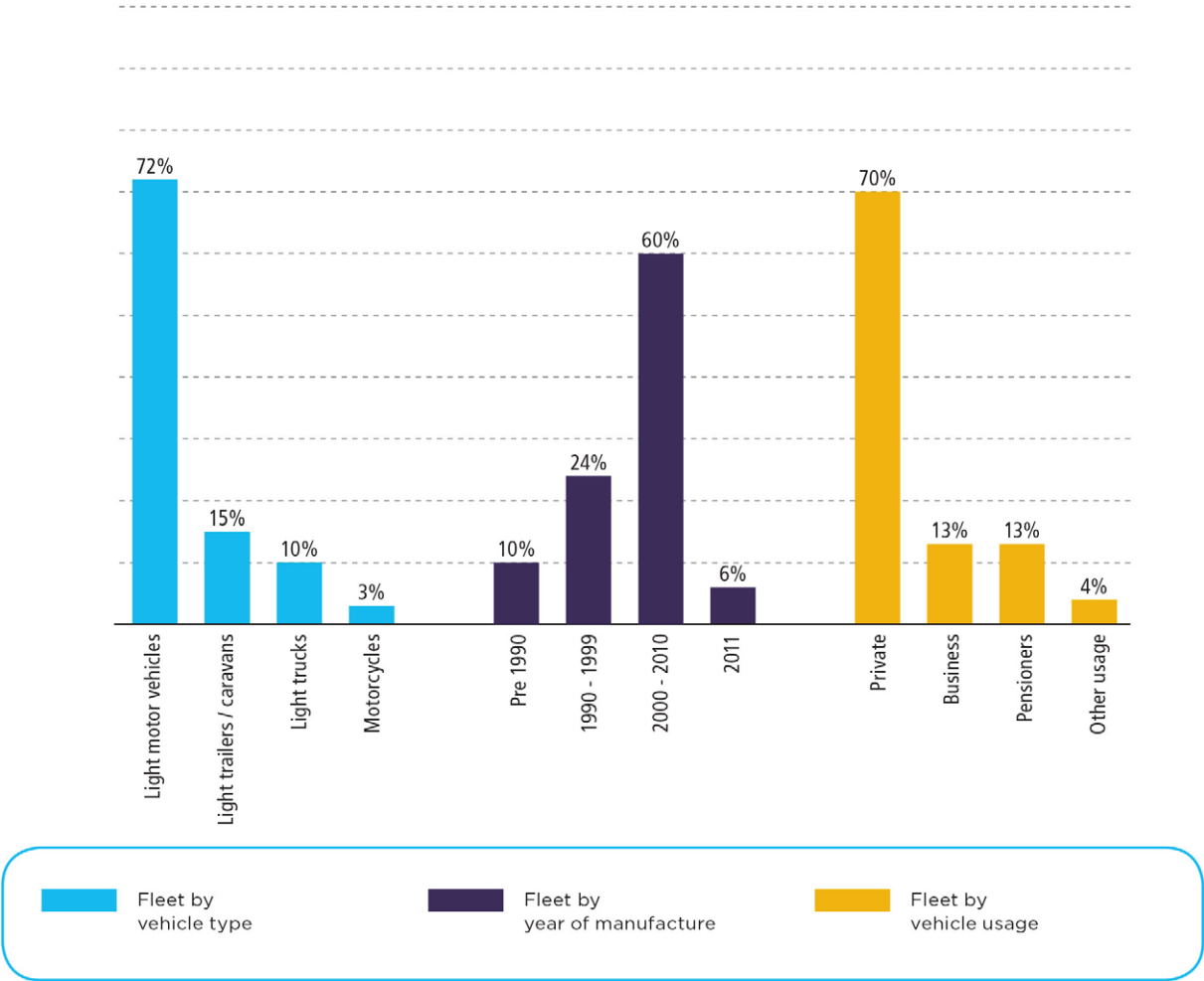
There are approximately 5.5 million light vehicles (including passenger vehicles, motorcycles, caravans and trailers) registered in NSW.

Within this fleet there are approximately 4.5 million passenger vehicles, 184,000 motorcycles (including scooters and mopeds) and 815,000 caravans and light trailers.

The average age of the passenger vehicle fleet is approximately 10 years and new passenger vehicle registrations account for approximately 6.5% of the total passenger vehicle fleet each year.

The following graph details key features of the NSW light vehicle fleet.

Figure 4 – NSW light vehicle fleet as at December 2011



2.6 Funding the road network: NSW light vehicle weight tax

Road funding is directed to ensure safe access to roads, minimise road deterioration and rebuild damaged roads. Road funding is also used for maintaining and operating traffic signals, street lights, bridges, tunnels, line markings, pavement markers, guide and regulatory signs, electronic variable message and speed signs and CCTV cameras to monitor traffic conditions. All vehicle operators should contribute to the availability of the road network for vehicle use and for preventative treatments and repairs related to wear and tear.

The major component of light vehicle registration costs is motor vehicle weight tax which is based on the tare weight of a vehicle. A registration administration fee is also charged. The weight tax component and the administration fee are adjusted annually based on the CPI. An average sized vehicle (e.g. Toyota Corolla) is currently charged \$277 weight tax, while a larger family sedan (e.g. Holden Commodore) is charged \$422. The administration fee is currently \$60.

Under NSW legislation, all revenue from motor vehicle weight tax in NSW is directed to the Roads Program. It is used to fund road safety initiatives, improve traffic management and fund development and maintenance of the road network. This is not the case in other jurisdictions. Therefore, there can be differences

in light vehicle registration charges between states as a result of their different fiscal policies and funding arrangements.

Light vehicle weight tax contributes approximately \$1.66 billion each year to the Roads Program and plays a crucial role in maintaining the NSW road network. The NSW Government also contributes more than \$1 billion each year through consolidated funds and the Australian Government contributes approximately \$1.5 billion. More than 75% of the roads budget is allocated to rural and regional roads.

The management of the road network in NSW is shared between the State Government (through RMS) who manage state roads and Local Government (through local councils) who manage regional and local roads. RMS expenditure for 2012-13 consisted of approximately \$2.2 billion for infrastructure growth and improvement, \$1.5 billion for asset maintenance and \$1.4 billion for services and operations.⁴

2.7 Registration administration fees

The current registration administration fee is \$60. This fee is applied to all registration transactions, including registration establishment and RMS registry or Service NSW Centre and online registration renewals. Eligible customers are exempt from paying the administration fee. A pro-rata rate of the administration fee is applicable for short term registration renewals. A transfer fee of \$30 is payable when a vehicle registration is being transferred to a different person or corporation.

Registration administration fees contribute approximately \$350 million a year to Consolidated Revenue.⁵ This fund collects the public revenue that is used to fund core government services, including RMS services.

2.8 Current registration requirements

Notification of registration renewal is posted to the vehicle's registered operator six weeks prior to the registration expiry date. A reminder notice is sent two weeks after the registration expiry if registration has not been paid. In addition to paper based renewal and reminder notices, in May 2013 RMS introduced an email and SMS registration notification and reminder service, for customers who have an online RMS account, to act as a further reminder that registration is due.

CTP bodily injury insurance (a green slip) is required for most light vehicles before registration can be established or renewed.

Most light vehicles over five years of age also require an annual Safety Check inspection. Current fees for these inspections range from \$21.60 to \$36.40.

RMS acts as an agent for the OSR to collect stamp duty, where applicable, when light vehicle registrations are established or transferred. The registration charges can be paid to RMS:

- Online using credit card or BPAY via myRTA.com
- By cash, credit card or EFTPOS in person at an RMS registry or Service NSW Centre
- By post to RMS, or
- Through the Rego App for iPhone (see below).

To increase the availability and accessibility of registration information to businesses and the general public, RMS has released a Rego App for the iPhone. The app has the same features as the free registration check service currently available on the RMS website and customers can also renew their vehicle registration through the app.

Both services provide the public with access to the following information about a vehicle:

- Whether the registration is current, suspended or cancelled
- The registration expiry date
- Whether there are registration restrictions on the vehicle (for example registration renewal, transfer or establishment restrictions)
- Whether there are registration concessions on the vehicle, and
- The CTP insurance expiry date.

Vehicles registered for business purposes pay 60% higher registration charges than those registered for private use.

Concessions on registration charges apply for eligible pensioners who have a concession card issued by Centrelink or the Department of Veterans' Affairs (DVA) that shows a NSW address. The pensioner concession scheme applies to one vehicle per eligible pensioner.

Registration concessions and rebates are available to other eligible customers, including:

- Primary producers
- First and second year apprentices registered with the NSW Department of Education and Communities
- Charitable organisations, and
- Emergency and rescue services.

Registration can only be renewed up to three months after the expiry date. If registration is not renewed during this time, it is cancelled and the vehicle must be re-registered.

The standard initial registration period is 12 months. When registration is renewed, short term registration for six months is available for all light vehicles, while three or six-month registration periods are available for light trailers and caravans.

2.9 Statutory charges for new vehicles

There are a number of costs involved when purchasing a new vehicle. The main cost is the vehicle itself. Then there are the costs of getting the vehicle registered and insured, which include registration, stamp duty and CTP insurance. These are known as 'statutory' or 'government' charges.

New registration

The Minister for Roads and Freight has responsibility for the registration scheme.

If a person buys a vehicle that has never been registered in NSW, they need to apply for a new registration with RMS. The current cost of registration is based on the tare weight of the vehicle, how it is used (private or business use) and a registration administration fee. Total light vehicle weight tax revenue for the 2012/13 financial year was approximately \$1.66 billion.⁶

Stamp duty

The Treasurer is responsible for tax policy and the Minister for Finance and Services has responsibility for the stamp duty scheme.

Stamp duty is a once-only cost paid when a vehicle is registered in NSW for the first time or if registration is transferred to a different person or corporation. It is collected by RMS on behalf of the OSR. Stamp duty is based on the market value of the vehicle or the price paid for the vehicle, whichever is greater. Stamp duty is currently calculated at:

- 3% of the market value up to \$45,000, and
- 5% on the value over \$45,000.

From 1 July 2009, caravans and camper trailers have been exempt from stamp duty.

Total motor vehicle stamp duty revenue for the 2012/13 financial year was approximately \$630 million.⁷

Stamp duty revenue goes into consolidated revenue which is used to fund core government services, including RMS services.

CTP insurance

The Minister for Finance and Services has responsibility for the CTP insurance scheme.

CTP insurance (a green slip) must be taken out when establishing or renewing the registration of a motor vehicle. CTP insurance currently provides third party personal injury compensation to people injured in motor vehicle accidents. This includes the ‘at-fault’ vehicle’s passengers and other road users such as drivers, passengers, pedestrians, cyclists, motorcyclists and pillion passengers. CTP insurance also provides limited coverage to the at-fault driver. CTP insurance does not cover damage to property or other vehicles.

CTP insurance is provided by a number of licensed insurance companies which set premium prices in a competitive market. The MAA of NSW is the government body responsible for regulating the CTP insurance scheme, including premium pricing, for motor vehicles in NSW.

The cost of CTP insurance currently comprises a base premium (based on vehicle class and geographic region), bonus and malus risk factors (for example, age, vehicle type and accident history), a Medical Care and Injury Services (MCIS) levy and GST.

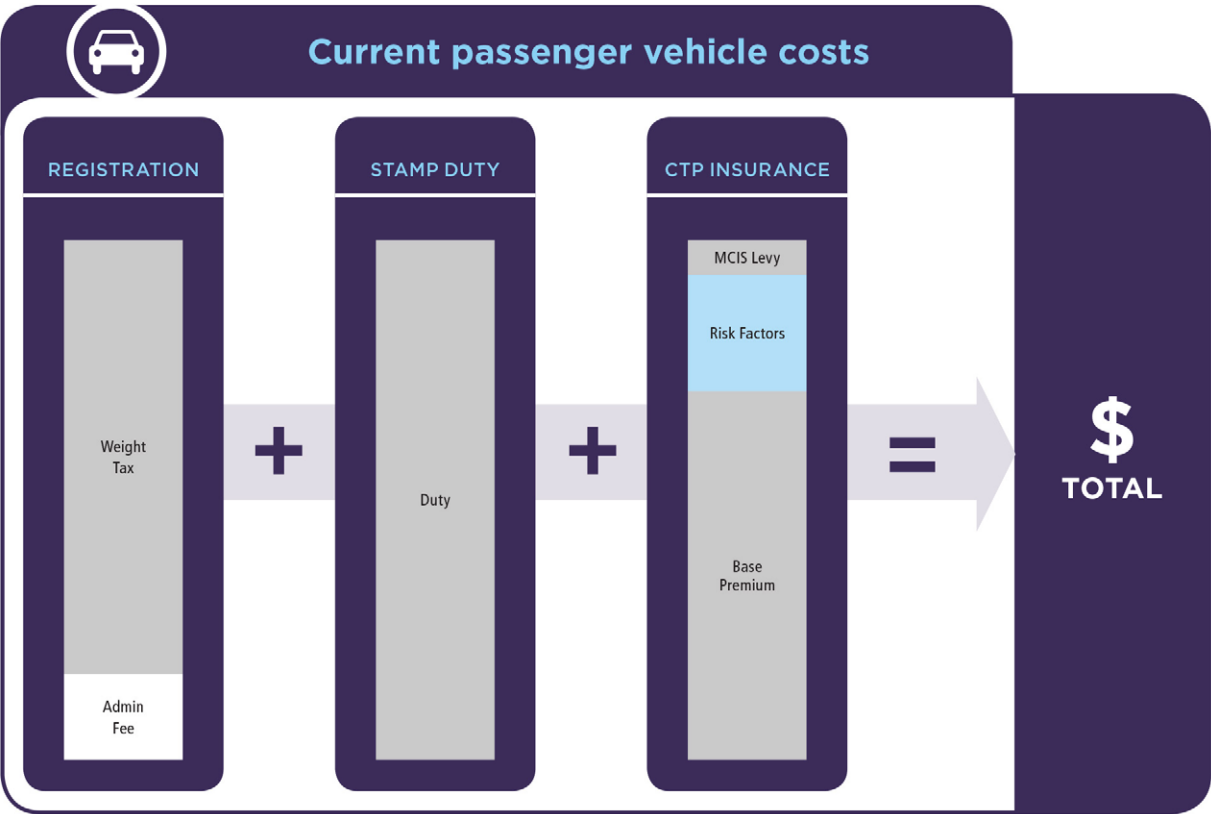
Owners of caravans and light trailers do not need to take out CTP insurance as they are covered under their towing vehicle’s CTP insurance policy.

The average cost of CTP insurance in NSW is \$542 (exc. GST).⁸

Total CTP insurance premium revenue for the 2012/13 financial year was approximately \$1.9 billion and approximately \$157 million in revenue was generated from the MCIS levy.⁹

The following diagram provides a graphical overview of statutory charges for passenger vehicles under the current registration system.

Figure 5 – Current passenger vehicle costs



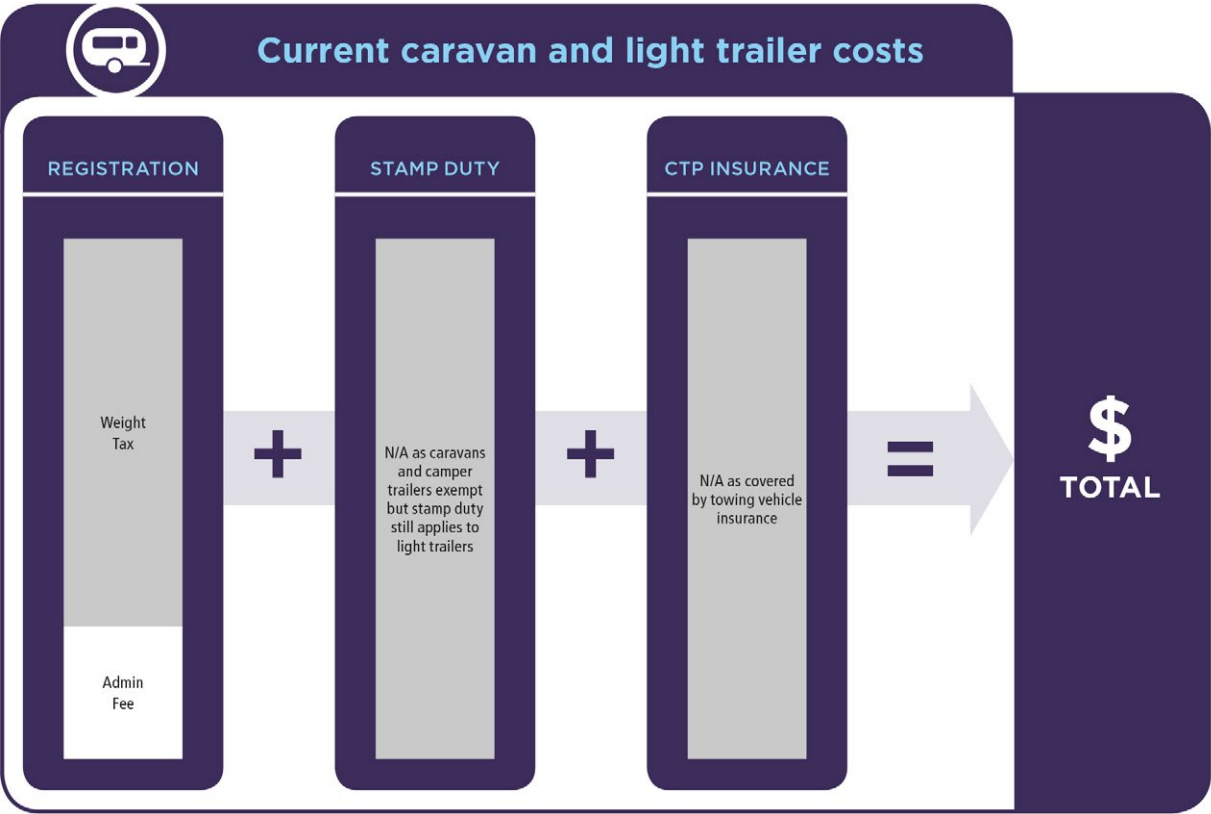
The following diagram illustrates that under the current weight tax charging framework there are considerable variations in the size of the weight bands for passenger vehicles and the amount of tax applying to each band.

Figure 6 – Passenger vehicle weight bands and examples



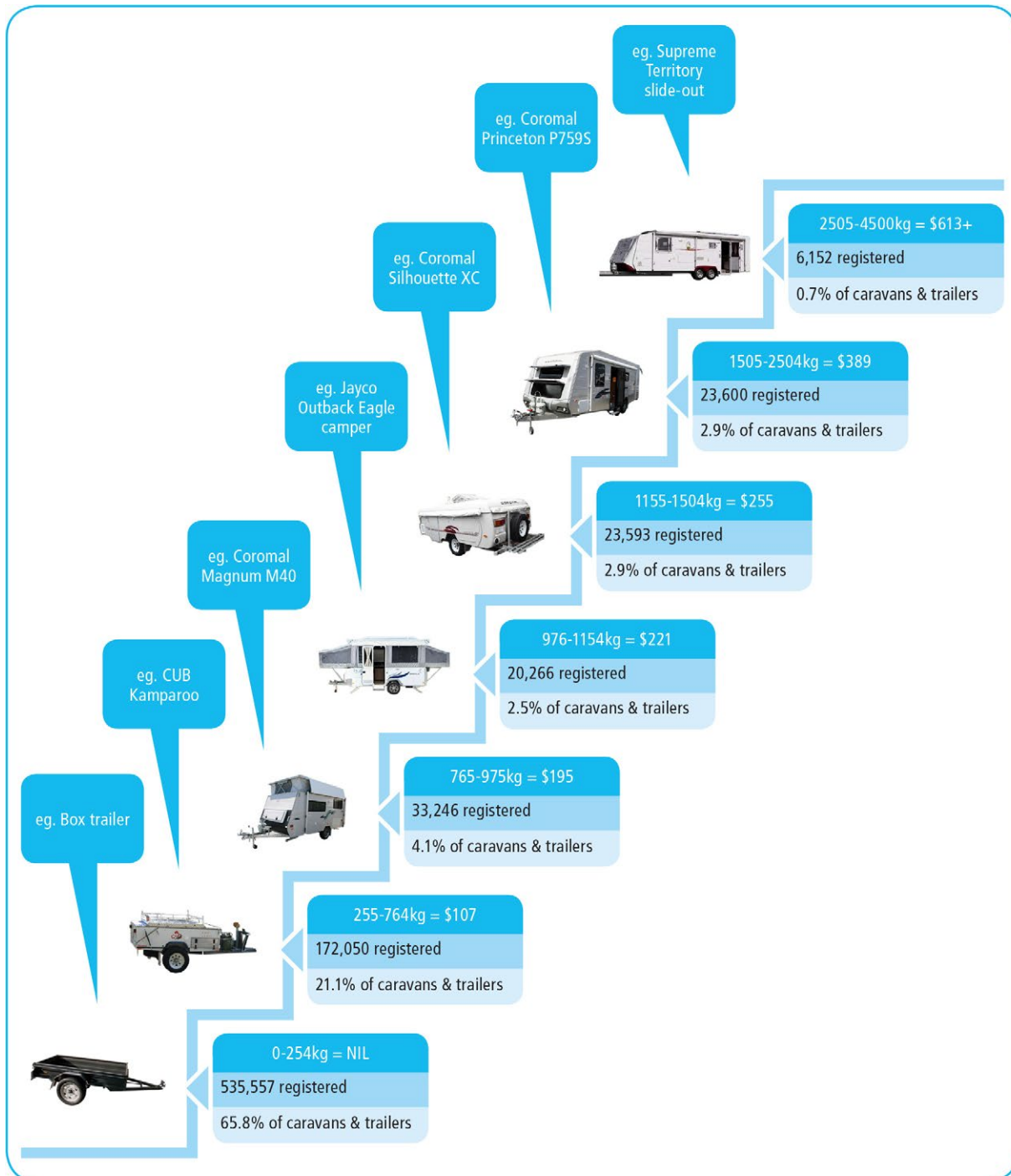
The following diagram provides a graphical overview of statutory charges for caravans and light trailers under the current registration system. Note that under the current system privately registered light trailers weighing less than 255 kilograms pay only the administration fee; they do not pay any weight tax.

Figure 7 – Current caravan and light trailer costs



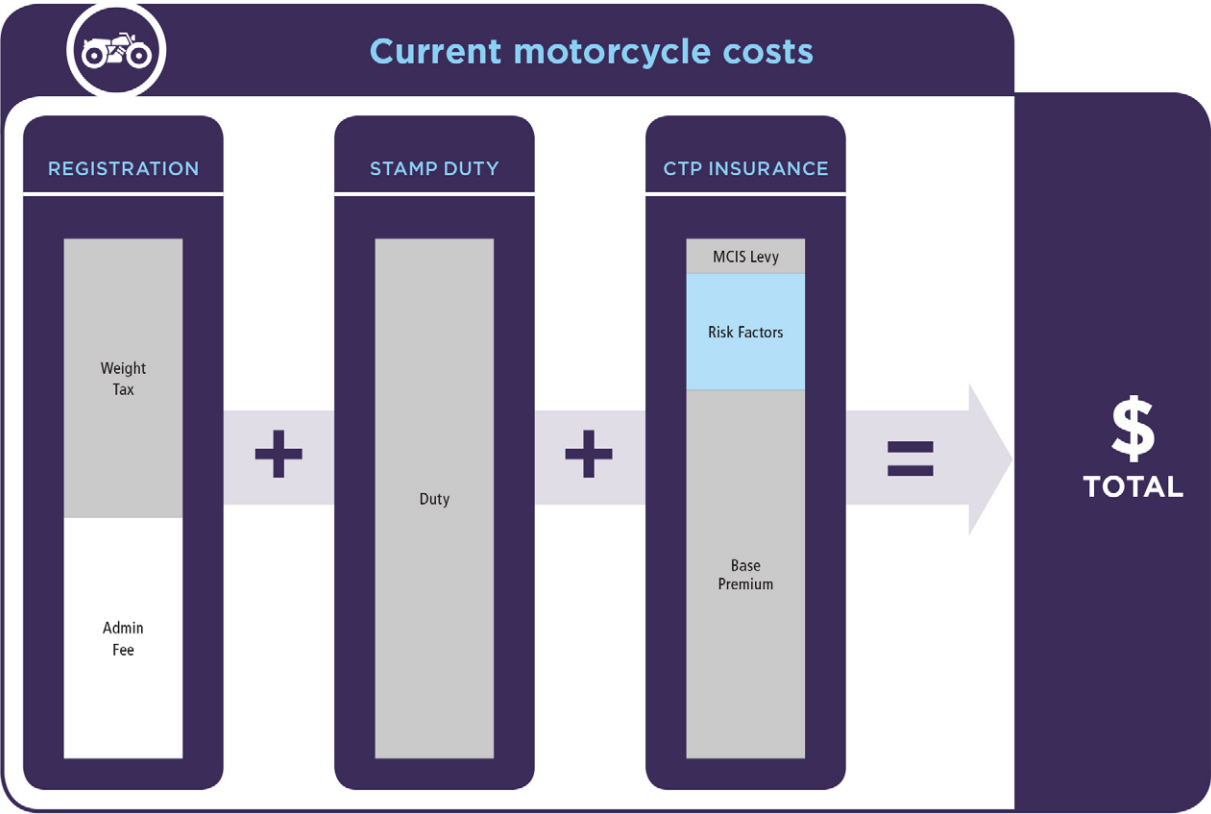
The following diagram illustrates that, consistent with passenger vehicles, under the current weight tax charging framework for caravans and light trailers there are considerable variations in the size of the weight band and the amount of tax applying to each band.

Figure 8 – Caravan and light trailer weight bands and examples



The following diagram provides a graphical overview of statutory charges for motorcycles under the current registration system.

Figure 9 – Current motorcycle costs



The following diagram illustrates that all motorcycles, regardless of type, weight or power to weight ratio, currently pay the same flat fee weight tax.

Figure 10 – Motorcycle examples



3. THE NEED FOR REFORM

3.1 Why are we suggesting reforms to NSW light vehicle registration?

Current vehicle registration policy in NSW includes a number of long-held criteria that have provided a dependable registration system. However, in the modern transport environment, this system has become increasingly outmoded. TfNSW therefore considers it imperative to propose a modern, integrated registration system that proactively encourages the purchase of safer and greener vehicles; provides vehicle owners with greater flexibility and convenience; and is more equitable.

For many years NSW registration policy has been based on three principles:

- Registration charges should be determined predominately by a vehicle's weight
- Registration terms must be for specific, set periods of time, and
- Registration renewal must be intentional and active if it is to continue.

Charging registration on the basis of a vehicle's weight pre-dates strong community awareness and concern about vehicle and occupant safety and the environment. It also does not consider increases in fossil fuel costs, and the introduction of advanced safety technologies and alternative fuels. Currently, if registration charges are considered at all when purchasing a vehicle, they are limited to comparing prices based on the weight of a vehicle. Weight tax alone is not an incentive for consumers to choose a safer or more environmentally sound vehicle. A stronger incentive can be provided by financially rewarding the choice of a safer and greener vehicle.

Similarly, the policy of specific registration terms and over-the-counter registration renewals pre-dates the internet and automated funds transfer to a time when face-to-face customer transactions were the only option for vehicle registration (and other) payments. Despite significant recent customer service improvements via online registration renewal

and short term registration options, registration remains periodic, with a specific end-date, and requires a conscious effort by customers to renew registration before expiry. The current system does not offer a convenient 'set-and-forget' continuous registration option.

In the modern transport environment, therefore, current registration criteria and principles have become increasingly outdated. TfNSW's proposals intend to utilise registration fees and terms as proactive policy tools to improve safety and environmental outcomes, and to provide a more seamless and customer-friendly registration system.

3.2 What are the aims of the reforms?

The VRI reform proposals described in this Discussion Paper provide options for the use of registration charges and terms as incentives to positively influence the choice of vehicles. The proposals are intended to provide the basis for an integrated, flexible, and sustainable registration system that will cater for future changes to the NSW fleet and vehicle management requirements.

The primary aim of the proposed VRI reforms is to improve road safety and environmental outcomes by raising awareness and encouraging the uptake of safer and greener vehicles.

VRI reforms also aim to:

- Improve registration charging equity across the vehicle fleet
- Provide customers with more flexible registration payment arrangements, and
- Provide a flexible registration framework to accommodate rapidly changing vehicle technologies and transport needs.

These registration initiatives are part of an integrated strategy to improve road safety outcomes and complement existing and planned driver and rider training, education, and licensing programs.



3.3 Inclusion of safety and environmental criteria in stamp duty and CTP insurance charges

While the primary purpose of this Discussion Paper is to outline options to reform and improve the current vehicle registration system in NSW, the paper also briefly outlines additional options to reform costs related to registration such as stamp duty and CTP insurance.

Incorporating factors such as vehicle safety and environmental ratings across registration, stamp duty and CTP insurance charging frameworks enables the government to provide larger financial incentives and disincentives on the statutory charges for new vehicle purchases.

Initial customer feedback has suggested that changes to annual registration charges alone based on safety and environmental ratings may not influence their vehicle choice. However if these changes were coupled with changes to the upfront stamp duty payment and/or annual CTP insurance charges, this would increase the likelihood of positively influencing them to purchase a safer and greener vehicle.

3.4 Preliminary consultation on these reforms

A range of preliminary stakeholder and community consultation has helped to shape the reform proposals in this Discussion Paper. TfNSW consulted with a number of key government agencies and industry stakeholders, who provided important input and expertise in the development of the reforms.

TfNSW also convened community focus groups in metropolitan and regional NSW. These focus groups were invaluable both for receiving direct customer feedback on TfNSW's reform options and proposals, and for generating additional ideas and perspectives from members of the community.

Further information on preliminary consultation is provided in section 11.2.

3.5 Have the impacts of the reforms been assessed?

In addition to improving road safety and environmental outcomes, a key consideration for TfNSW in developing the options is the impact of the proposals on the community. TfNSW has carried out an initial analysis to assess the possible impact of the reforms on vehicle operators across NSW.

There will be no net reduction in all light vehicle revenues, including revenue allocated to the Roads Program, as a result of these reforms. Roads Program revenue is used to fund essential road infrastructure for the benefit of all road users.

Until recent years, virtually all new vehicles with high safety and environmental credentials have been in the higher price brackets and therefore generally available only to higher income earners. This is no longer the case, with an increasing number of safe, green new vehicles available in the lower and mid price brackets. For example, there are approximately 260 vehicles that have been tested by ANCAP and listed on their website at www.ancap.com.au as having a five-star safety rating. Similarly, there are a number of popular and affordable vehicles in a range of sizes currently on the market that have CO₂ emissions which would fall into the lowest emissions bands proposed by TfNSW (i.e. Bands A and B). Vehicle emissions information is available on the GVG website at www.greenvehicleguide.gov.au.

The proposed reforms would initially apply only to new vehicles as not all vehicle purchasers wish to, or are able to afford, a new vehicle. This will avoid disadvantaging current owners of less safe and less green vehicles.

Additionally, incentives to purchase new safer and greener vehicles will inevitably have a flow-on effect and increase the number and percentage of safer and greener second-hand vehicles on the used car market. Second-hand safer and greener vehicles would retain a lower registration charge, so that the ongoing registration costs and affordability of these vehicles would also be improved. Conversely, vehicles with lower safety and environmental

ratings would become less attractive to purchase as second hand vehicles as they would be subject to the higher registration charge that they received when first registered as new vehicles.

Although the proposed increases and decreases in charges may not be seen as significant in comparison with the total purchase price of a new vehicle, the changes to registration charges would apply each year, and would accumulate over time. If safety and/or environmental criteria was also taken into account in CTP insurance and stamp duty charges, the financial incentives and disincentives would be further increased.

3.6 How will the reforms be implemented?

The proposal is to initially apply the new charging framework only to the registration of new light passenger vehicles and motorcycles from a prescribed implementation date. The reforms will not be retrospective. There are approximately 296,000 new vehicle registrations annually, representing approximately 6.5% of the total passenger vehicle fleet. There are approximately 18,000 new motorcycle registrations annually, representing approximately 10% of the motorcycle fleet.

Following implementation of the reforms for new vehicles, the remainder of the NSW light vehicle and motorcycle fleet would then be gradually transitioned over to the new charging framework. This would encourage the renewal of the NSW fleet.

An adequate lead time is important to allow owners of second-hand vehicles that do not meet modern safety and environmental criteria time for transition to new charging criteria.

TfNSW will thoroughly assess further practical considerations before applying safety and environmental criteria to the entire light vehicle fleet. These will include the availability and application of safety and environmental ratings for older vehicles.

It is proposed that changes to caravan and light trailer registration charges be applied to the entire fleet to improve registration charging equity.

The option of continuous, pay by the month registration would be available to the entire NSW light vehicle fleet.

Implementation of the reforms will be subject to the options being refined following the consultation process and government endorsement. This will involve considerable legislative, system and administrative changes. An implementation date will be announced at least one year prior to the reforms commencing, and would be supported by an extensive public communication program to ensure awareness and understanding.

All changes to vehicle charging frameworks would be clearly explained and transparent. Thorough communication of the new vehicle charges could include, for example, an easy to use free online registration charges comparison tool.

This service may be particularly useful for new vehicle purchasers who have found a number of potential vehicles, or have 'narrowed down' their choices to a few vehicles, each of which meet their needs for size, comfort, purpose and style. These customers could then enter the make, model and variant of each vehicle to check and assess these vehicles' safety and environmental ratings, and use the comparison tool to immediately compare registration and stamp duty costs between vehicles. This service is likely to be conceptually similar to the Motor Accidents Authority's online CTP insurance comparison and calculator facility. Information on registration and stamp duty charges would also be available via the RMS Contact Centre, RMS Motor Registries and Service NSW centres.

Consumer information on vehicle weight, ANCAP safety ratings and emissions is also readily available online or through motor vehicle dealerships.

The following sections of this Discussion Paper outline the reform proposals in more detail.

4. REFORMS TO PASSENGER VEHICLE REGISTRATION CHARGES

4.1 Options for proposed new charging framework for passenger vehicles

Registration charges for light passenger vehicles are currently based on the tare weight of the vehicle, plus an administration fee. While vehicle weight contributes to road degradation, charges based solely on weight fail to recognise other essential criteria such as vehicle safety and vehicle emissions. TfNSW has considered a range of charging frameworks to effectively improve road safety and environmental outcomes by raising awareness and encouraging the uptake of safer and greener vehicles.

The proposed new registration charging framework incorporates vehicle safety and environmental criteria, as well as vehicle weight. TfNSW proposes that within the reconfigured registration charges, the average proportion of these three components will be:

- Weight: 50%,
- Vehicle safety: 35%, and
- Environmental credentials: 15%.

These proportions will vary for individual vehicle makes and models, depending on each vehicle's combination of weight, safety and environmental criteria.

Under the new system, a new vehicle with higher safety and environmental credentials would cost less to register than a new vehicle of similar weight with lower safety and environmental credentials. This framework is designed to be transparent, easily understood by customers, and easily adaptable to any changes to future priorities, requirements or vehicle technologies.

The registration administration fee, which is currently \$60 for all registration establishment and renewal transactions, would be incorporated into the total registration charge.

The proposed new charging framework would initially apply only to new passenger vehicles registered after a prescribed implementation date.

Figure 11 – Passenger vehicles registration



4.2 Weight charges

Current annual light motor vehicle registration charges are based on an irregular weight band charging framework so the charges can increase considerably with minimal increases in vehicle weight.

For example, a vehicle weighing 1500 kilograms pays \$277 in weight tax whereas a vehicle weighing only 20 kilograms more (i.e. 1520 kilograms) pays \$422 which is a \$145 (52%) increase. Common passenger vehicles can incur this substantial increase in weight tax for a small difference in tare weight between model variants (for example, a base model compared to a luxury model, or the addition of safety features).

Despite the fact they may be greener vehicles, hybrid and electric vehicles can also be disadvantaged under the current weight band charging framework due to the added weight of their batteries and associated systems.



To improve charging equity, TfNSW proposes that the vehicle weight component of the new registration charging framework be a combination of a base fee and a cost per kilogram weight charge. The base fee would be the same for all vehicles, acknowledging that all vehicle operators should contribute to the availability of the road network for vehicle use, regardless of size, weight or other characteristics. The cost per kilogram calculation would be based on the standard tare weight of the vehicle as reported by the vehicle manufacturer.

Moving from the current weight band framework, where there are considerable variations in the size of the weight bands and the charges applying to each band, to a cost per kilogram framework would ensure transparent and precise charging for all vehicles.

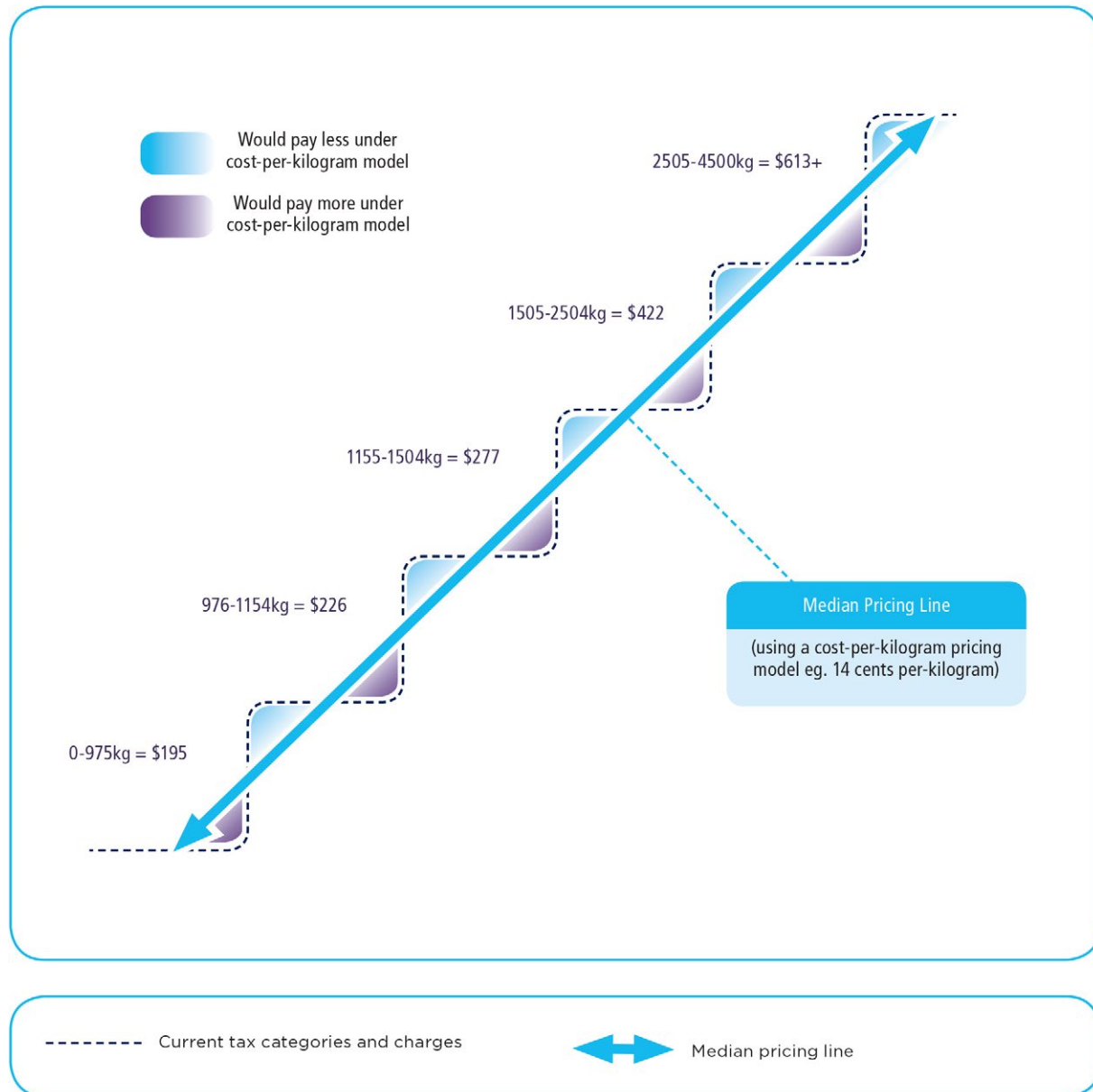
An example (based on vehicles registered for private use) has been developed to illustrate how the new charging framework may function in practice. In this example, the cost per kilogram charge has been set at 14 cents per kilogram, which equals \$14 per 100 kilograms or \$140 per tonne. The base fee has been set at \$50. These are example price settings only and are not intended to provide specific or definite future charges.

The following diagram illustrates the current irregular weight bands and how a precise cost per kilogram charging method would create a median line of pricing throughout the fleet for the weight component of the registration charge.

A cost per kilogram charging method would move all charges to the blue median line shown in the diagram. This would result in a decreased charge for vehicles currently to the left of the median line and an increased charge for vehicles to the right of the line. This is a more equitable method for calculating weight charges than the current system.

Under the proposed reforms, safety and environmental charges would then be applied to the weight charge as described in the following sections.

Figure 12 – Current light motor vehicle weight tax categories and charges (private rate)



Questions

1. What are your views on the proposal to calculate the vehicle weight component of the registration charge as a combination of a base fee and a cost per kilogram of the vehicle's tare weight?
2. Do you agree that administrative fees should be incorporated into the total registration charge?

4.3 Safer vehicles

TfNSW considers that providing registration incentives based on vehicle safety criteria would assist in the uptake of safer new vehicles. Research has shown that without government incentives or regulation, new vehicle safety features – such as seat belts and airbags – can take approximately 15 years to be incorporated into 50% of a vehicle fleet and approximately 30 years to be incorporated into 90% of the fleet. Additionally, the occupant of a 10-year-old vehicle has nearly twice the risk of being killed in a crash than the occupant of a new vehicle.¹⁰

Initiatives to encourage the purchase of safer vehicles also directly support the NSW Government's goal to improve road safety and reduce fatalities and injuries on NSW roads as part of the NSW 2021 strategic plan. Improved road safety is also a core principle of the NSW Long Term Transport Master Plan and the NSW Road Safety and Motorcycle Safety Strategies 2012-2021. TfNSW's registration initiatives have also been designed to complement existing and planned NSW driver and rider training, education, and licensing programs.

Key national and international programs are currently focussed on vehicle and road safety. The United Nations has declared 2011-2020 as the 'Decade of Action' for road safety, and the Australian Transport Council has released the National Road Safety Strategy 2011-2020 which sets out options and initiatives in the four key areas of safe vehicles, safe roads, safe people, and safe speeds. Further information on the alignment of TfNSW's current proposals with state, national and international road safety initiatives is provided in Section 11.

At a personal level, when purchasing a new vehicle, individuals and families who choose a safer vehicle make a direct investment in their own safety, and the safety of their passengers and other road users. Road crashes are a leading cause of death for people aged one to 44 years in NSW and they cost the community approximately \$5.37 billion in 2011.¹¹ Road safety initiatives that reduce the number of injuries and fatalities on NSW roads have a positive and important flow-on effect in reducing the broader social costs of hospital and medical treatment. This benefits the whole community.

For each of these reasons, TfNSW considers it essential to include vehicle safety as a registration charging criteria to promote the uptake of newer and safer vehicles, and to assist in the incorporation of advanced safety technology as standard features in vehicles.

Australasian New Car Assessment Program (ANCAP) safety ratings

TfNSW proposes that the ANCAP safety ratings system be used for calculating the safety component of the new registration charging framework. ANCAP provides consumers with independent and transparent information on the level of occupant and pedestrian protection provided by different vehicle models in the most common types of crashes through its safety star rating program. ANCAP safety ratings are determined based on a series of internationally recognised crash tests and safety ratings are available for approximately 500 vehicles.

ANCAP assesses vehicles up to 3.5 tonnes GVM. Therefore it is proposed that new passenger vehicles weighing up to 3.5 tonnes GVM are included in the new registration charging framework.

A full list of ANCAP safety ratings and model specifications, as well as vehicle safety information and crash test images and videos, are available on the ANCAP website at www.ancap.com.au.

Under the ANCAP safety rating system of 1 to 5 stars, a higher number of stars indicates a higher level of safety in a crash and the ability, through technology, to avoid a crash. ANCAP has advised TfNSW that there is a large difference between the safety credentials of vehicles with high ANCAP safety ratings and those with lower ratings. A range of research shows a strong link between a vehicle's ANCAP safety rating and injury and fatality rates in a crash. ANCAP advises that vehicle occupants have twice the chance of being killed or seriously injured in a 3 star ANCAP safety rated vehicle compared to a 5 star ANCAP safety rated vehicle.

The following diagram illustrates the crash test results of a 1 star ANCAP safety rated vehicle and a 5 star ANCAP safety rated vehicle in a frontal offset test at 64km/h.

Figure 13 – Crash test results of a 1 star and a 5 star ANCAP safety rated vehicle



To achieve the maximum 5 star ANCAP safety rating, a vehicle must perform well in all safety test categories and must have a minimum range of safety equipment and safety assist technologies (SAT) as standard. The rating system is regularly reviewed to accommodate and encourage improved safety technologies introduced by car manufacturers, with requirements for each star rating increasing year on year.

ANCAP is supported by the Australian Federal, State and Territory Governments, the New Zealand Government, the Victorian Transport Accident Commission, NRMA Insurance, Australian and New Zealand motoring organisations and the FIA Foundation (UK).

In early 2013, the NSW Government strengthened its fleet purchasing guidelines to require all new passenger vehicles to have a 5 star ANCAP safety rating and all new light commercial vehicles to have a minimum 4 star safety rating, plus specified safety features.

ANCAP safety ratings cover approximately 94% of new vehicle sales. ANCAP usually tests and rates only one variant of a vehicle model but operates under a variant policy which can allow for the extension of the ANCAP crash test result from a tested model variant to similar variants across the model range, subject to stringent conditions.

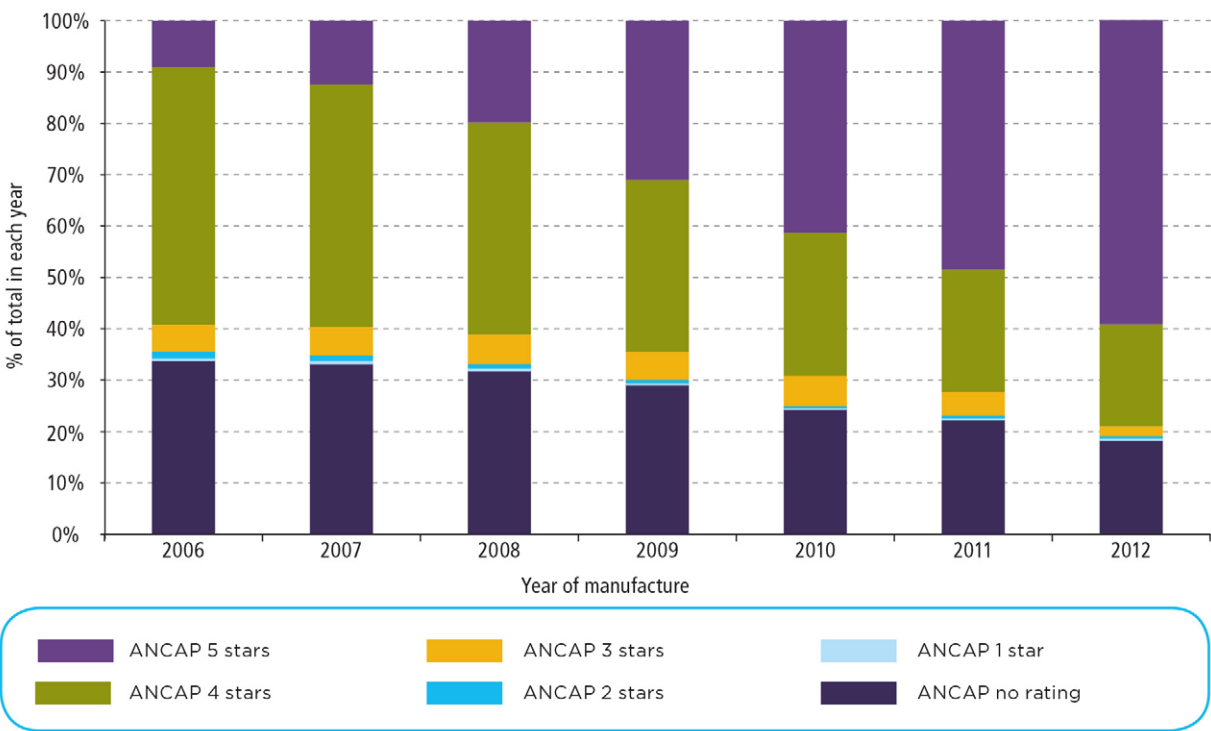
Some vehicles are never ANCAP tested, such as some high value, limited production vehicles. Some are not tested in Australia; in these cases, the results of testing by other NCAP organisations (such as EuroNCAP) are assessed using the Australasian protocols and an ANCAP safety rating is then determined. Once a particular vehicle receives an ANCAP safety rating, it retains that safety rating for the life of the vehicle (i.e. vehicles are not re-rated as they get older). It is proposed that vehicles with no ANCAP safety rating at the time of registration be charged at the higher rate.

As the following diagram shows, the purchase of higher safety rated vehicles in NSW increased significantly between 2006 and 2012.

Charging structure for safety component

The new charging framework being proposed by TfNSW provides incentives for the uptake of

Figure 14 – 2006 - 2012 ANCAP stars % of total vehicles sold



vehicles with high ANCAP safety ratings. The following table shows example charges (based on vehicles registered for private use) for the safety component of the registration charge, using the ANCAP safety rating system. The safety charge would be in addition to the weight charge described in the previous section and the environmental charge described in the next section.

Figure 15 – Example safety charges

ANCAP	
Safety rating	Example fee (private use)
5 stars	\$25
4 stars	\$65
3 stars	\$150
2 stars	\$150
1 star	\$150

Questions

- ?
- Do you support the proposal to incorporate safety criteria into vehicle registration charges? Why or why not?
 - Do you think the ANCAP safety rating system should be used as the basis for determining the safety component of the registration charge?

4.4 Greener vehicles

Motor vehicle emissions contribute to a harmful effect on the environment and on the health of the community. Vehicle emissions include carbon dioxide (CO₂), and a range of air pollutants.

CO₂ emissions are generally referred to as greenhouse gases. The road transport sector is one of the dominant sectors for CO₂ emissions in Australia. Air pollutants include carbon monoxide, nitrous oxides and particulate matter and can cause health problems such as respiratory and cardiovascular disease.

TfNSW considers that providing incentives to encourage the purchase of greener vehicles could make a valuable contribution to improving environmental and health outcomes.

The internationally recognised criteria for assessing vehicle pollution are the 'Euro Emissions Standards' (vehicles are categorised as meeting 'Euro 4', 'Euro 5', or 'Euro 6' standards), while vehicle CO₂ emissions are measured in grams of CO₂ emitted per kilometre.

TfNSW proposes that the environmental component of the new registration charge be calculated either as a combination of a vehicle's air pollution level and its CO₂ emissions, or be based entirely on a vehicle's CO₂ emissions. In either of these two charging models, emissions 'bands' would be used to categorise vehicles from higher to lower environmental performance. CO₂ and air pollution information would be sourced from the Federal Government's Green Vehicle Guide (GVG).

Vehicle fuel consumption has also been considered by TfNSW as additional, separate environmental registration charging criteria. While fuel consumption is an important factor when buying a new vehicle, it is not a reliable indicator of environmental soundness. This is because lower fuel consumption does not always equal lower emissions. The amount of CO₂ emitted per litre of fuel and the amount of pollutant emitted per kilometre differs depending on the type of fuel. For example, a petrol vehicle will generally have lower

fuel consumption than an equivalent LPG vehicle but will have higher CO₂ emissions. Fuel taxes are collected and managed by the Federal Government and are not included in the VRI reforms. For these reasons, vehicle fuel consumption is not proposed in the new charging framework.

Carbon Dioxide (CO₂) emissions

CO₂ emissions are generally referred to as greenhouse gases and are widely acknowledged as contributing to negative environmental impacts. In 2013 the Federal National Sustainability Council concluded that "Climate change is a long term and intergenerational concern with consequences that extend across our economy, society and environment. Per capita, Australia's greenhouse emissions are higher than any other developed country¹²"... "Strong international, national and local actions are needed to reduce greenhouse gas emissions and mitigate climate change."¹³

The national average CO₂ emissions for new passenger and light commercial vehicles for 2012 was 199 grams per kilometre (g/km). This is a 3.7 per cent reduction from 2011¹⁴. The National Transport Commission (NTC) has concluded, however, that if Australian consumers had chosen to purchase vehicles with 'best in class' emissions in 2012 (not including electric vehicles), the national average would have been reduced by 40 percent to 119 g/km ('best in class' as defined by the NTC is "usually one of the variants available for a given vehicle model").¹⁵

In Australia, all new vehicle models up to 3.5 tonnes GVM are tested to determine the level of CO₂ emissions in accordance with Australian Design Rules (ADRs).¹⁶ Test results are expressed in grams of CO₂ per kilometre (g/km). It is proposed that new passenger vehicles weighing up to 3.5 tonnes GVM are included in the new registration charging framework.

CO₂ emission information is displayed on a label attached to the windscreen of new vehicles. In addition, the Federal Government's GVG website contains audited data on greenhouse and noxious emissions for all new light motor vehicles on the Australian market.¹⁷

The transport sector accounts for an estimated 15 per cent of Australia's total CO₂ emissions and transport emissions grew 38 per cent from 1990 to 2011 at an annual average growth rate of 2 per cent. As the following diagram shows, private road passenger transport dominates transport emissions - contributing almost half of total transport emissions in 2011.¹⁸

TfNSW considers that the proposed registration reforms will also contribute to a reduction in vehicle emissions and will improve overall fuel use efficiency.

The international context for CO₂ emissions

In Europe, governments have been proactively involved in reducing vehicle CO₂ emissions for approximately 20 years. In 1995, the European Commission adopted a strategy to reduce vehicle CO₂ emissions which included promoting the choice of fuel efficient cars via financial incentives. In 1998, the European Automobile Manufacturers Association adopted a commitment to reduce average emissions from new cars to 140g CO₂/km by 2008. In February 2014 the European Parliament endorsed a new target of 95g CO₂/km for new cars by 2021.

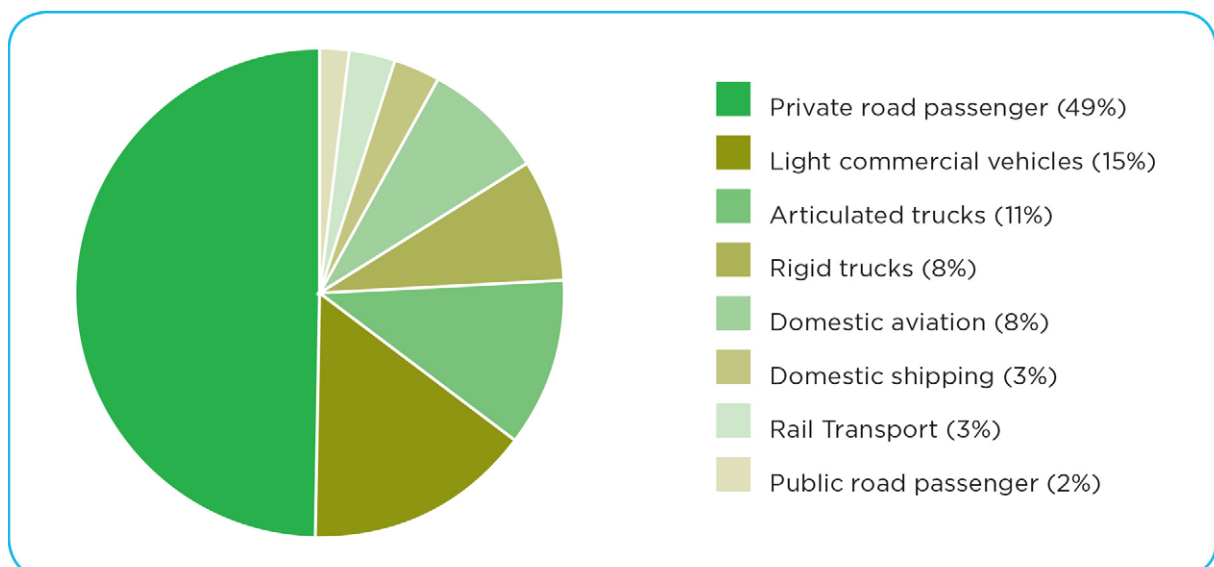
A significant number of European countries now include CO₂ emissions criteria in registration or vehicle purchase charges¹⁹, in alignment with a current European directive.

Since 2001, UK vehicle tax has been based on CO₂ emissions. There are currently 13 CO₂ bands ranging from ≤ 100 g/km for the lowest band to >255 g/km for the highest band. Each band has two price categories, one for petrol and diesel vehicles and one for alternative fuel vehicles.

In Ireland, motor tax and vehicle registration tax rates are also based on CO₂ emission bands and apply to new vehicles registered from 2008 and in France, vehicles that meet particular criteria are charged an amount per gram of CO₂ emitted per kilometre (e.g. €2 per gram of CO₂ greater than 50 grams per kilometre and less than or equal to 100 grams per kilometre and €27 per gram of CO₂ greater than 250 grams per kilometre).

The International Council on Clean Transportation (ICCT) has monitored and compared vehicle CO₂ emissions in Europe for nearly a decade. The ICCT has found, for example, that while Germany and the Netherlands had similar car emissions in 2003, the Netherlands has since 2007 reduced CO₂ emissions much faster than Germany. The ICCT concludes that the improved CO₂ reduction in

Figure 16 – Percentage of emissions from a range of transport modes



the Netherlands “can be primarily attributed to the reorganization of the vehicle tax system to one based on CO₂ emissions, along with the granting of tax-breaks to alternative powertrains.”²⁰ The European Federation for Transport and Environment (T&E) has concluded that “All countries with low average emissions have purchase taxes or vehicle circulation taxes that are steeply differentiated by CO₂.”²¹

Although Australia’s 3.7 per cent reduction in light vehicle CO₂ emissions between 2011 and 2012 is the second best year-to-year reduction since records began in 2002, Australia lags well behind all European countries assessed by the NTC. Using a comparison of 2011 data, the NTC found that Australia’s average new passenger vehicle CO₂ emissions were 46 per cent higher than the European Union (EU) average.²²

Vehicles produced by the same manufacturers also showed significantly higher average CO₂ emissions in Australia than in Europe. The NTC concludes that “There are a number of reasons why emissions from new vehicles in the European countries analysed are lower than in Australia. One is that there have been fewer measures in Australia to reduce CO₂ emissions.”²³

Air pollution

In addition to CO₂ emissions, a range of air pollutants are also emitted by motor vehicles. Air pollutants include carbon monoxide, nitrous oxides, particulate matter, volatile organic compounds and benzene. Recent World Health Organisation studies showed that air pollutants affect air quality and create smog, particularly in urban areas, and can cause health problems, including respiratory and cardiovascular disease.²⁴

A number of initiatives have been or are being introduced to improve air quality in Australia. The Protection of the Environment Operations (Clean Air) Regulation 2010 covers motor vehicles and motor vehicle fuels, and in particular, prescribes anti-pollution devices to be fitted to motor vehicles. The ADRs set national standards for engine exhaust emissions.

Australian vehicle standards have been, where possible, harmonised with international standards, including the internationally recognised ‘Euro Emissions Standards’ (‘Euro 3’, ‘Euro 4’, ‘Euro 5’ or ‘Euro 6’). Euro standards define the acceptable exhaust emission limits for new vehicles sold in the EU.

In Australia, the minimum air pollutant emission standard for all new light vehicles (up to 3.5t GVM) produced from 1 July 2010 is Euro 4 (ADR 79/02). Euro 5 emissions standards have commenced in Australia for new light vehicle models produced from 1 November 2013 and will commence for all new light vehicles produced from 1 November 2016. Euro 6 emissions standards are expected to commence for new light vehicle models produced from 1 July 2017 and for all new light vehicles produced from 1 July 2018.²⁵

Euro 5 and 6 introduce tighter emissions standards for light vehicles and are designed to reduce emissions of particulate matter, nitrogen oxides and hydrocarbons, which should contribute to air quality improvements. By full implementation in 2018, the following reductions in emissions are expected:

- Hydrocarbons by up to 50%,
- Nitrous oxides by up to 70%; and
- Particulate matter by up to 90%.²⁶

Each Euro standard is more stringent than the preceding standard on emission limits. Air pollutant emissions on average from a Euro 4 vehicle are 50% less than from a comparable Euro 3 vehicle.²⁷ Euro 5 standards have significantly lower emission levels for nitrous oxides and particulate matter than Euro 4 standards.

Euro 6 standards are even more stringent, particularly with nitrous oxide emission limits. Euro 6 standards for nitrous oxide emissions for light petrol vehicles are 25% less compared to Euro 4 standards. In addition, light diesel vehicles that meet Euro 6 standards have nitrous oxide emissions limits 50% lower than Euro 5 standards.

As well as emission limits, pollution control devices in vehicles must be able to meet durability requirements. Euro 4 standards required a vehicle's pollution control devices to last 100,000 km, whereas the requirement under Euro 5 and Euro 6 standards is 160,000 km.²⁸

Euro standards are used in EU member states and are internationally recognised. Australia, Japan, the United States, New Zealand, Russia, India and China all use variations of the Euro standards.

Charging structure for environmental component

The new charging framework being proposed by TfNSW provides incentives for the uptake of vehicles with lower emissions. The table below shows example charges (based on vehicles registered for private use) for the environmental component of the registration charge, based on example emissions bands. The environmental charge would be in addition to the weight and safety charges described in the previous sections.

As can be seen from the table below, TfNSW proposes that the majority of charges based on environmental criteria be set lower than charges based on safety criteria. While TfNSW considers that improving environmental and safety outcomes are of equal importance, TfNSW does not wish to disadvantage members of the community who need large vehicles (for example, large families and people in rural and regional communities) in the proposed registration charging framework.

Large vehicles can readily achieve a maximum safety rating, but these vehicles are currently less likely to have low levels of emissions. A proposed lower charge for the environmental component is intended to ensure that customers who need larger vehicles are not treated unfairly as a result of their legitimate transport needs.

In feedback on the proposed reforms, the majority of focus group participants also indicated that they place more importance on vehicle safety than environmental criteria.

Although charges for the environmental component would be lower than the safety component, a graduated banding and charging

system based on emissions would provide encouragement for vehicle owners to choose the most environmentally friendly vehicle, or variant of a particular vehicle model, that would meet their needs.

A single vehicle model can have a broad range of emissions levels across variants of the model. The range of emissions reflects, for example, the different engine capacities, fuel types and transmissions offered as variants of the same model. For these reasons, the proposed bands have been structured so that wherever possible, variants of one model which have a broad range of emissions will fall into two, and in some cases, three of the proposed emissions bands. This banding and pricing structure is intended to provide incentives to choose the most environmentally friendly variant within a particular model range.

Figure 17 – Example environmental charges

Emissions bands	Example fee (Private use)
Band A	\$25
Band B	\$45
Band C	\$65
Band D	\$100

Questions

- Do you support the proposal to incorporate environmental criteria into vehicle registration charges? Why or why not?
- What are your views on the proposal to set the majority of charges for environmental criteria lower than the charges for safety criteria?
- TfNSW has outlined options for incorporating emissions into registration charges either as a combination of a vehicle's air pollution level and its CO₂ emissions, or based entirely on a vehicle's CO₂ emissions. Can you suggest which of these options is best? What are your reasons?

4.5 Business usage and fleet vehicles

Light vehicles registered for business use, including fleet vehicles, currently pay 60% more weight tax than privately registered vehicles. The benefits of encouraging safer and greener vehicles are equally relevant to business vehicles.

Business vehicles make up a significant proportion of all new vehicle sales. Therefore TfNSW proposes that the new safer and greener registration charging framework also apply proportionately to new vehicles with business usage. Under the proposed new charging framework, business use vehicles would pay 60% more weight, safety and environmental charges than equivalent private use vehicles.

An additional option would be to apply differential charges for safety and environmental criteria for fleet vehicles, or for all business vehicles, rather than a uniform 60% loading on private use charges. During preliminary consultation on the reforms, a number of motor vehicle dealer and fleet lessor representatives indicated that the majority of large business and fleet purchasers already prioritise vehicle safety as part of their corporate social responsibility and occupational health and safety policies. Therefore pricing

incentives which place a higher emphasis on safety criteria may have limited additional effect on vehicle purchasing behaviour.

These consultations also highlighted the fact that fleet purchasers in particular are highly conscious of ongoing vehicle running costs, so that providing stronger incentives to purchase vehicles with lower CO₂ emissions (and generally improved fuel economy), may be more effective in encouraging the purchase of lower emitting vehicles. In this context it was suggested that the pricing incentives and disincentives for environmental criteria for business and fleet vehicles should be equal to or higher than charges based on safety criteria.

Irrespective of the final pricing structure for safety and environmental criteria, providing incentives for government and business fleets to choose vehicles with improved safety and environmental outcomes would make a positive contribution within the broader community and serve as an example. Another potential community benefit is an increase in the number of safer and greener second-hand vehicles that will be available once fleet companies decommission and sell their vehicles. As well as the Federal and NSW Governments, local councils, corporations and other organisations with a large number of fleet vehicles are also implementing vehicle safety policies and complementary initiatives to support employee safety such as driver training programs.



Questions

8. What are your views on the following two options for the new registration charging model:
 - a) a uniform additional business use loading for vehicle weight, safety and environmental criteria (reflecting the current 60% business use loading)?; or
 - b) a higher loading for environmental criteria than safety criteria for fleet-registered light vehicles, or for all business vehicles?

4.6 Examples of impact of new charging criteria

The following table provides examples of vehicles with specific tare weight, emissions and ANCAP ratings and current and example new registration charges. These are example prices only and are not intended to provide specific

or definite future registration charges. Charges are based on vehicles registered for private use. ANCAP ratings and emissions information are only available for vehicles up to 3.5 tonnes GVM. For this reason, TfNSW proposes that the new registration charges only apply to vehicles up to 3.5 tonnes GVM.

Figure 18 – Vehicle comparison table

Vehicle	Tare weight (kg)	Current rego charge (2014 weight tax + \$60 admin fee)	Example new weight charge (weight @ 14c/kg + \$50 base fee)	ANCAP rating	Example ANCAP dollar value	Emissions band	Example emissions dollar value	Example total new charge	Price difference between current and example new charges
SMALL VEHICLE (high safety & environment rating)	1050	\$286	\$197	5	\$25	A	\$25	\$247	\$39 decrease
SMALL VEHICLE (lower safety & environment rating)	1050	\$286	\$197	4	\$65	B	\$45	\$307	\$21 increase
MEDIUM VEHICLE (high safety & environment rating)	1450	\$337	\$253	5	\$25	A	\$25	\$303	\$34 decrease
MEDIUM VEHICLE (lower safety & environment rating)	1450	\$337	\$253	4	\$65	B	\$45	\$363	\$26 increase
FAMILY SUV (high safety & environment rating)	1900	\$482	\$316	5	\$25	C	\$65	\$406	\$76 decrease
FAMILY SUV (lower safety & environment rating)	1900	\$482	\$316	4	\$65	D	\$100	\$481	\$1 increase
LARGE FOUR-WHEEL-DRIVE (high safety & environment rating)	2600	\$673	\$414	5	\$25	D	\$100	\$539	\$134 decrease
LARGE FOUR-WHEEL-DRIVE (lower safety rating)	2600	\$673	\$414	3	\$150	D	\$100	\$664	\$9 increase



Questions

9. Do you agree with the overall average proportions proposed for the weight, safety, and environmental components of the new registration charging structure? (ie an average of approximately 50% weight, 35% safety, and 15% environmental – as described on page 23). If not, what proportions would you suggest?
10. Overall, do you believe that the proposed new registration charging framework is better than the current registration charging approach? Are there any additional criteria that should be considered as part of new vehicle registration charges?
11. Do you agree that the proposed new registration charging framework should initially apply only to new vehicles?



5. STAMP DUTY FOR PASSENGER VEHICLES

5.1 Stamp duty

Stamp duty is usually the most significant charge incurred when registering a new vehicle for the first time in NSW. How this duty is calculated could be reconfigured to reflect the new approach to registration charges.

Stamp duty is a transaction tax that must be paid on application to register a vehicle when:

- It is new and being registered for the first time
- Registration is being transferred to another person
- Registration is issued in another name, or
- An imported second-hand vehicle is first registered in NSW.

Stamp duty for vehicles is collected by RMS on behalf of the OSR, which is part of the Department of Finance and Services (DFS). The revenue goes into Consolidated Revenue, which is used to fund core government services, including RMS services.

Stamp duty is charged on the full value of new vehicles, including GST. It is currently calculated at:

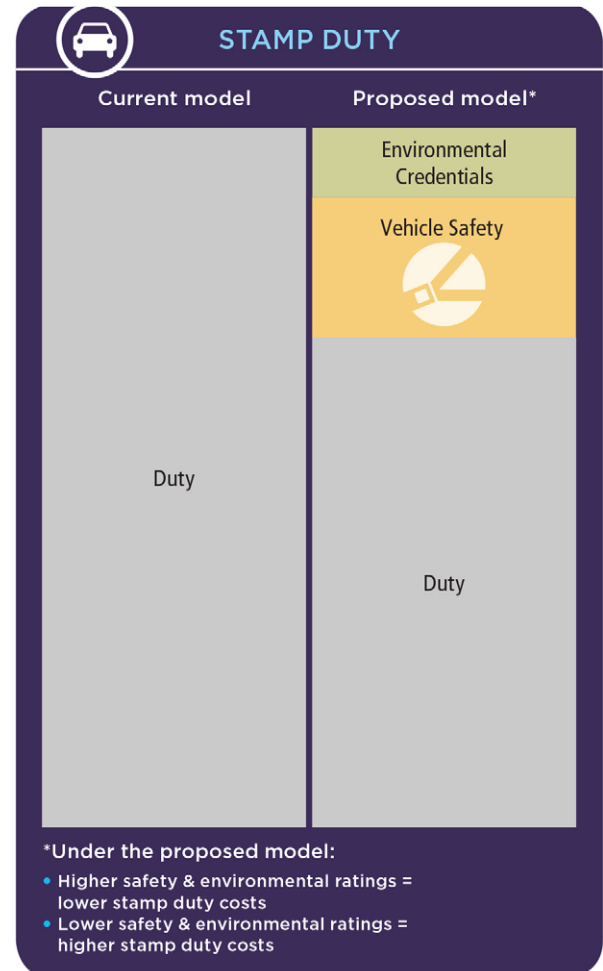
- 3% of the market value up to \$45,000, and
- 5% on the value over \$45,000.

Stamp duty charges could be reconfigured to take into account a vehicle's safety and environmental credentials as well as its market/sale value.

In Australia, the ACT Government uses GVG ratings to determine the amount of stamp duty payable on the dutiable value of a vehicle. Similarly, many European countries provide a tax incentive for vehicles with a higher environmental performance rating such as low CO₂ emissions.²⁹

The following diagram illustrates how the concept would affect current and proposed stamp duty costs in NSW.

Figure 19 – Passenger vehicle stamp duty



Question

12. What are the advantages and disadvantages of incorporating safety and environmental criteria into motor vehicle stamp duty charges?

6. COMPULSORY THIRD PARTY (CTP) INSURANCE FOR PASSENGER VEHICLES

6.1 CTP vehicle insurance

CTP insurance (a green slip) is required for all NSW vehicles before they can be registered. The CTP insurance scheme provides medical and other financial assistance for people injured in a motor vehicle accident in NSW. To promote the uptake of safer vehicles, CTP insurance premium calculations could be amended to include a vehicle safety component.

CTP insurers are regulated by the MAA of NSW, which licenses insurers to provide CTP insurance. CTP insurance is currently provided by seven licensed private insurers in NSW and the statutory coverage for people injured in a road crash is the same whichever CTP insurer a vehicle owner chooses.

The current cost of CTP insurance includes a base premium (based on vehicle class and geographic region), bonus and malus risk factors (for example, the driver's age, vehicle type and accident history), a MCIS levy and GST.

In setting premiums, insurers may take into account factors such as:

- The registered operator's accident record
- The age of all regular drivers for that vehicle
- The age of the vehicle
- The type of vehicle
- Comprehensive or third party property insurance
- The purpose for which the vehicle is used (private or business), and
- Renewal or new CTP insurance.

TfNSW understands that vehicle safety and environmental criteria are not currently included as part of insurer's bonus and malus calculations. While there is an obvious correlation between CTP insurance and vehicle safety, TfNSW understands that environmental criteria is more likely to be considered by some insurers as part of a comprehensive insurance premium.

The cost of CTP insurance includes the MCIS levy. The MCIS levy is used to provide ambulance, hospital and other services for people injured in a motor vehicle accident and to support the Lifetime Care and Support scheme. This provides medical care, treatment, rehabilitation, attendant care and support to people catastrophically injured for the rest of their life. The MCIS levy also helps to fund the MAA's operating costs.

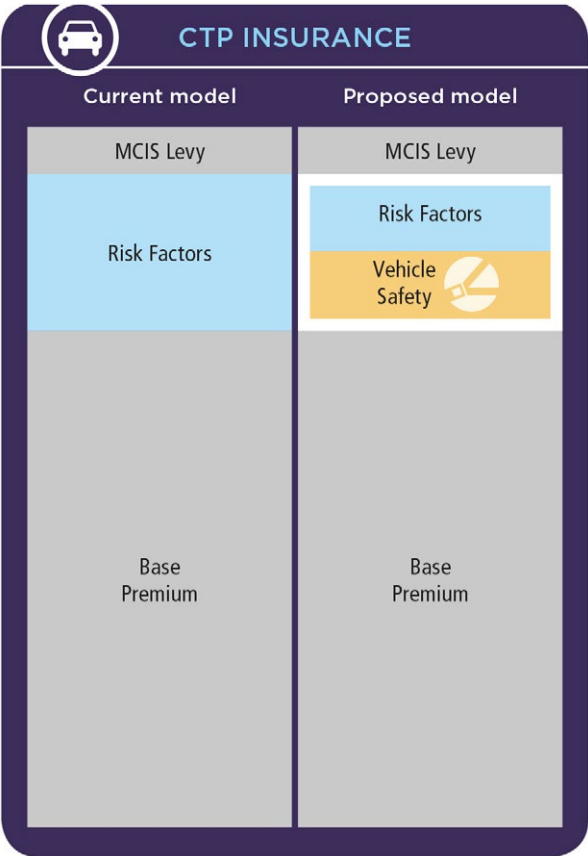
6.2 CTP insurance and vehicle safety

The MAA is responsible for the development of CTP insurance premium guidelines and has indicated that it will consider the inclusion of vehicle safety criteria within these guidelines, which may enable insurers to take into account a vehicle's safety rating as a factor in premium pricing.

The inclusion of safety criteria within CTP insurance charges would provide additional financial incentives for the purchase of safer vehicles. This would support and enhance TfNSW's policy objective of promoting the uptake of safer vehicles on NSW roads.

The following diagram illustrates the potential inclusion of vehicle safety criteria within the bonus and malus component of CTP insurance premium calculations.

Figure 20 – Passenger vehicle CTP insurance



While TfNSW is seeking feedback on the possible inclusion of safety criteria within the CTP insurance premium pricing framework as part of the VRI reforms, specific questions on the NSW CTP insurance scheme should be directed to the MAA at maa@maa.nsw.gov.au.

The MAA also supports the concept of a single registration and CTP insurance transaction to achieve efficiencies for customers, government and CTP insurers. This concept is explored in further detail in the continuous registration section of this Discussion Paper.

Question

13. What are the benefits of incorporating safety criteria into motor vehicle CTP insurance charges?



7. REFORMS TO MOTORCYCLE REGISTRATION CHARGES

7.1 Reconfigure motorcycle registration charges to promote motorcycle safety

All motorcycles (including scooters)³⁰ are currently charged a flat fee weight tax of \$58, plus an administration fee. This charging framework provides a simple registration system but no direct pricing incentives to choose safer motorcycles. It applies the same charge to small scooters as to larger touring motorcycles and superbikes. Motorcycle riders are more exposed and vulnerable in the road environment and at risk of serious injury if involved in a crash. TfNSW proposes options for a more equitable charging framework that encourages the purchase of safer motorcycles.

Motorcycles make up only 3.7 per cent of all NSW registered motor vehicles, but account for 15 per cent of road fatalities and 10 per cent of injuries. A motorcycle is four times more likely to be involved in a fatal crash than another passenger vehicle (even after accounting for vehicle registrations).³¹

TfNSW has considered a number of preliminary charging frameworks that would provide incentives to purchase safer motorcycles. An equitable and effective charging framework could include a combination of:

- A weight charge
- A discount for Anti-lock Braking System (ABS) equipped motorcycles
- A discount for low power to weight ratio motorcycles (aligned with the current Learner Approved Motorcycle Scheme (LAMS) power to weight ratio)
- A surcharge for high power to weight motorcycles (typically supersports motorcycles), and
- No discount or surcharge for motorcycles with a mid range power to weight ratio.

The discounts and/or surcharges would be applied to the weight charge.

Unlike other motor vehicles, there are currently no environment or safety ratings available for motorcycles with which to assess their environmental impact or overall safety. However,

it is generally recognised that motorcycle ABS can significantly improve motorcycle and rider safety. In addition, extensive analysis of international research and motorcycle crash statistics via the NSW CrashLink database³² has provided TfNSW with sufficient evidence to propose that power to weight ratios be considered as an option for registration charging criteria.

In line with changes proposed for passenger vehicles, administration costs would be incorporated into the total charge.

The NSW Government has an ongoing policy commitment to improve driver and motorcycle rider training, education, and licensing programs. These programs and policies are fundamental to road safety in all areas of NSW. The NSW Government also acknowledges and rewards safe driving and riding through the 'Fair go for safe drivers' scheme which provides a 50% discount on the licence renewal fee to eligible licence holders.

The NSW Motorcycle Safety Strategy 2012-2021 sets out targeted motorcycle safety initiatives and actions to address the motorcycle road toll.

Registration incentives are being proposed as an additional initiative to improve driver, rider and vehicle safety, as part of an integrated strategy, not as a substitute or replacement for any current or planned road safety programs.



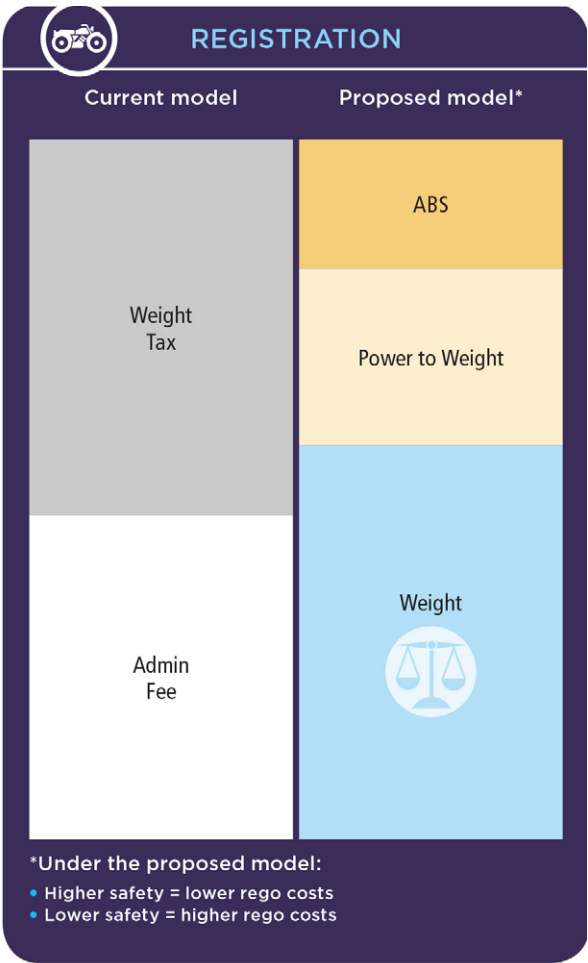
The following diagram illustrates the current motorcycle charging framework and options for incorporating new safety criteria.

Under this new framework, motorcycles with low power and fitted with an ABS would pay lower registration charges than powerful, high capacity and less safe motorcycles.

Based on initial analysis of motorcycle data, this new charging model would result in lower registration charges (in comparison to the current charge) for the majority of new motorcycles.

This registration charging framework would initially apply only to new motorcycles registered after a prescribed implementation date.

Figure 21 – Motorcycles registration



7.2 Weight charges

All motorcycles are currently charged a flat fee weight tax, regardless of weight.

To improve charging equity, and consistent with the proposals for passenger vehicles in relation to weight charges, TfNSW proposes to apply a base fee plus a cost per kilogram weight charge to motorcycle registration charges. The cost per kg calculation would be based on the standard tare weight of the motorcycle as reported by the motorcycle manufacturer.

The base fee would be the same for all motorcycles, acknowledging that all vehicle operators should contribute to the availability of the road network for vehicle use, regardless of size, weight or other characteristics.

Registration weight tax revenue goes directly to the Roads Program to develop and maintain roads and to maintain and operate traffic signals, line markings and guide and regulatory signs. Specific road engineering works, signposting and education campaigns are also undertaken to address motorcycle rider safety.

An example has been developed to illustrate how the new charging framework may function in practice. In this example, the cost per kilogram charge has been set at 14 cents per kilogram, which equals \$14 per 100 kilograms. The base fee has been set at \$50. These are example price settings only and are not intended to provide specific or definite future charges.

Question

14. What are your views on the proposal to calculate the weight component of the registration charge as a combination of a base fee and a cost per kilogram of the motorcycle's tare weight?

7.3 Power to weight ratio

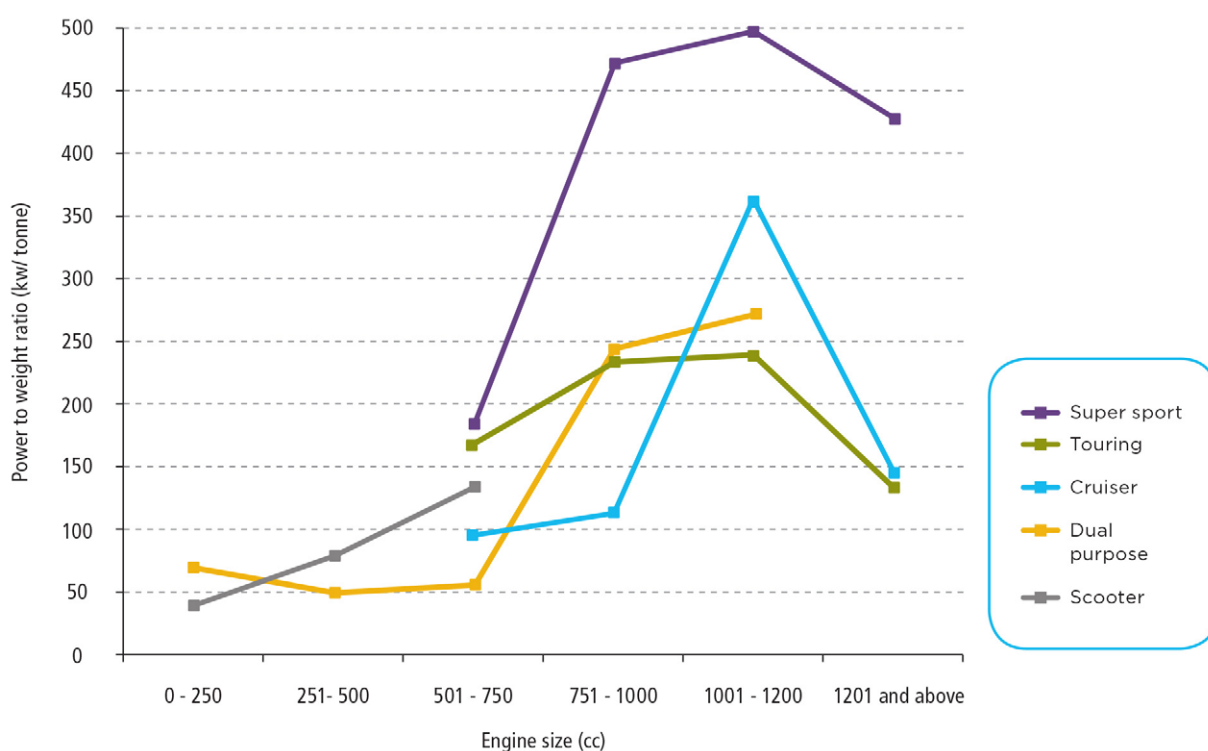
The performance of a motorcycle is directly influenced by the combination of its power and weight. A higher power to weight ratio equates to higher performance. In comparison to passenger vehicles, some motorcycles have extreme power to weight ratios. For example, some supersport motorcycles have a power to weight ratio two to three times higher than a high performance sports car.

The NSW Learner Approved Motorcycle Scheme (LAMS) uses power to weight criteria to restrict novice riders to motorcycles with lower power to weight ratios and engine capacities that are considered manageable for inexperienced riders. LAMS restricts learner and provisional riders to riding motorcycles with an engine capacity not exceeding 660cc and a power to weight ratio not exceeding 150kW per tonne. LAMS has proved to be highly effective in reducing crash risk and severity, is widely endorsed and has been implemented in a number of other Australian jurisdictions. No changes are proposed to the current LAMS.

Australian and international research concludes that the risk of being involved in a fatal motorcycle crash is related to increasing power to weight ratios, regardless of rider age or experience.³³ Riders of motorcycles with high power to weight ratios are also more likely to engage in risk taking behaviour than those on lower powered motorcycles. Supersport motorcycles in particular, which have power to weight ratios far higher than other types of motorcycles, are involved in significantly more serious crashes than standard motorcycles.³⁴

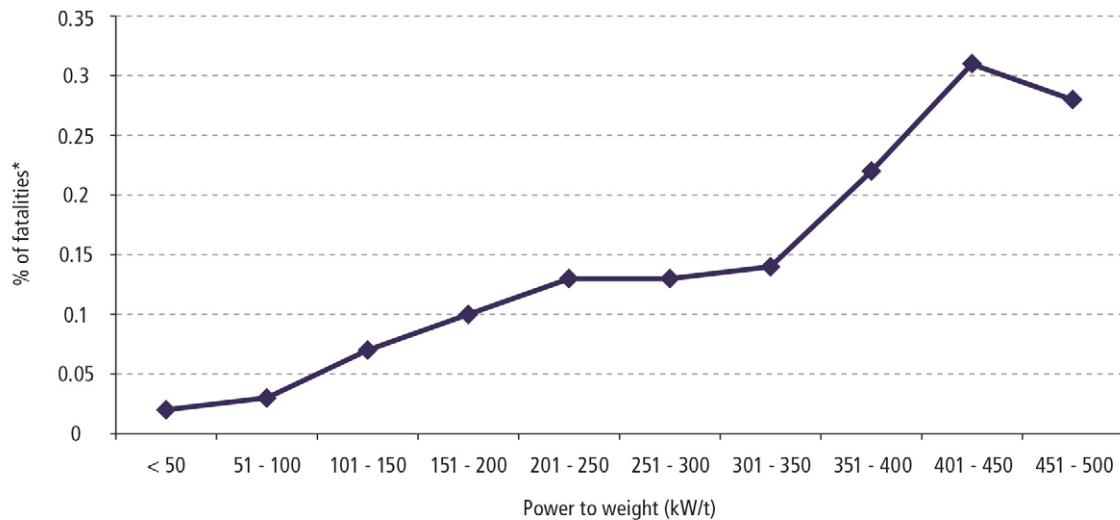
The following graph illustrates the relationship between power to weight ratio and engine capacity for a range of typical motorcycle types. Note that all scooters and most cruiser and dual purpose motorcycles have a power to weight ratio below the LAMS power to weight figure of 150kW per tonne.

Figure 22 – Power to weight: motorcycle type and engine capacity



Analysis of NSW CrashLink data from 2000 to 2011 shows a significant correlation between power to weight ratio and risk of fatality. The following graph illustrates the increasing number of fatalities as a percentage of all motorcycles as the power to weight ratio increases.

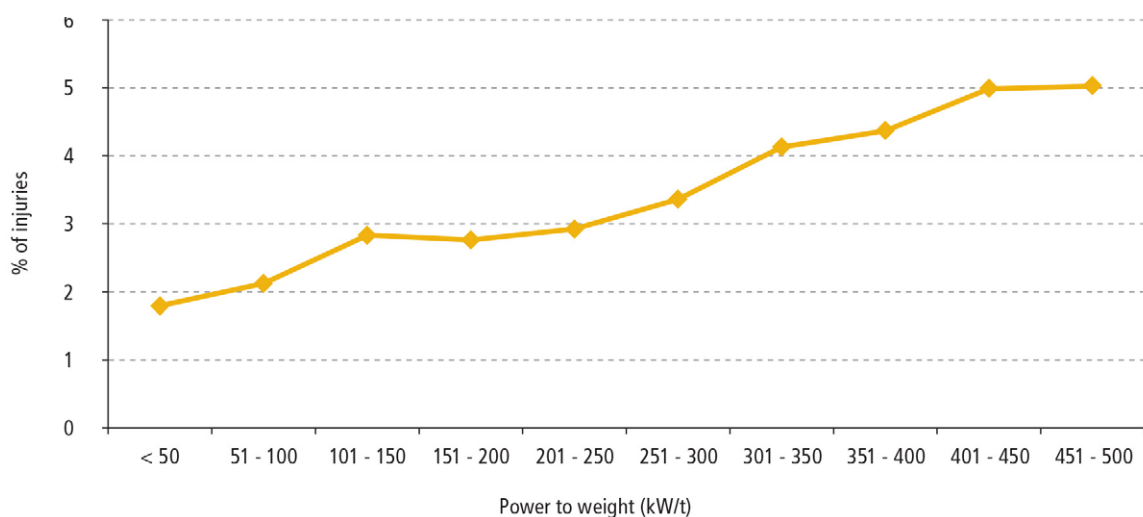
Figure 23 – Motorcycle fatalities by power to weight ratio 2000- 2011



* Fatalities calculated as a percentage of motorcycles registered within each power to weight category.

NSW CrashLink data (2000-2011) also identifies an increase in the number of injuries with increasing power to weight. This relationship is demonstrated in the following graph.

Figure 24 – Motorcycle injuries by power to weight 2000-2011



* Injuries calculated as a percentage of motorcycles registered within each power to weight category.

TfNSW proposes that three power to weight categories be established for the purpose of determining the power to weight ratio component of the registration charge. A discount, surcharge or no change would be applied to the weight charge (i.e. the combined base fee and cost per kilogram charge), depending on which category the motorcycle falls into:

- Up to 150kW per tonne – \$25* discount on weight charge
- Between 151kW-300kW per tonne – no change to weight charge, or
- Exceeding 300kW per tonne – \$75* surcharge on weight charge.

*Note that these are example price settings only and are not intended to provide specific or definite future charges.

Question

15. What are your views on the proposal to incorporate power to weight ratios into motorcycle registration charges? Do you have any comments on the power to weight ratio categories outlined above?

7.4 Anti-lock braking systems (ABS)

A broad range of international and Australian research has demonstrated that ABS is highly effective in reducing motorcycle rider crashes caused by poor braking techniques. ABS significantly reduces the likelihood of a crash by eliminating motorcycle wheel lock while braking.

Research also shows that the safety benefits of an ABS apply in varying weather conditions and at varying levels of rider experience. The reduction in crashes on ABS equipped motorcycles represents a similarly significant reduction in potential rider injuries and fatalities.^{35 36 37}

The European Parliament has approved new rules to mandate ABS for motorcycles over 125cc and ABS or Combined Brake Systems (CBS) for motorcycles under 125cc, including scooters, from 2016. The United Nations Global Plan for the Decade of Action for Road Safety 2011-2020 encourages the universal adoption of ABS for motorcycles due to its “proven effectiveness”.³⁸

TfNSW proposes offering a registration discount (for example - \$25) for motorcycles fitted with an ABS to encourage the purchase of these motorcycles and improve motorcycle and rider safety. TfNSW does not propose any form of surcharge for motorcycles that do not have an ABS.

Motorcycle manufacturers continually develop and add new technologies to improve motorcycle and rider safety. Recent examples include combined/linked braking systems and traction control. TfNSW will monitor take-up rates and research regarding the effectiveness of emerging technologies.

Question

16. What are the advantages and disadvantages of a discount on registration charges being offered for motorcycles fitted with an ABS?

7.5 Business usage

Motorcycles registered for private and business use currently pay the same flat fee registration charge.

TfNSW is seeking feedback from stakeholders and the community on whether this is an appropriate arrangement or whether motorcycles used for business purposes should be charged in a similar manner to motor vehicles used for business purposes i.e. 60% more than the private use charge.

Question

17. Should motorcycles registered for business use pay higher registration charges than motorcycles registered for private use? Why or why not?



7.6 Examples of impact of new charging criteria

The following table provides examples of motorcycles with various performance and safety criteria and current and example new registration charges. These are example prices only and are not intended to provide specific or definite future registration charges.

Questions

18. Do you agree that the proposed new registration charging framework should initially apply only to new motorcycles?
19. Overall do you support the proposed new registration charging framework for new motorcycles? Are there any additional charging criteria that should be considered?

Figure 25 – Motorcycle comparison table

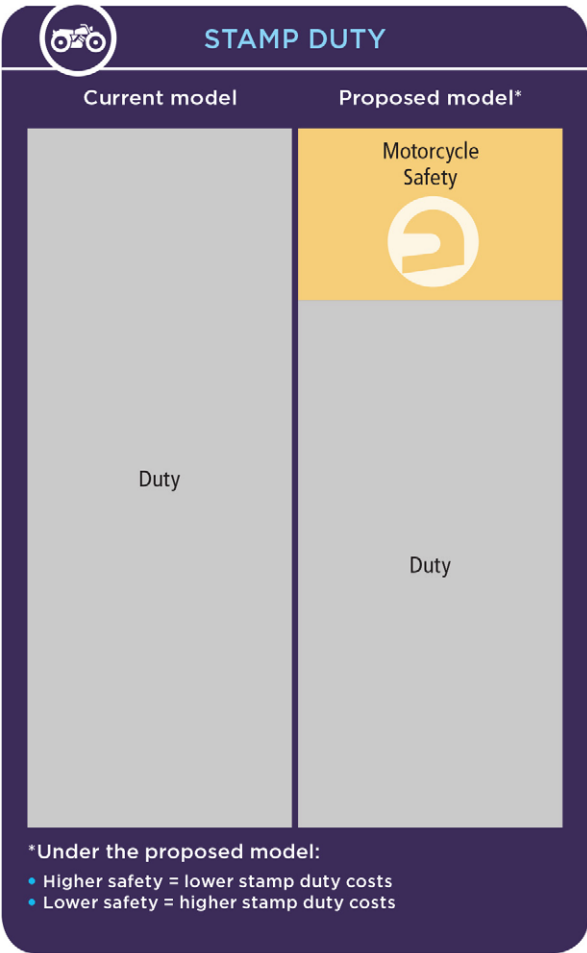
Engine capacity (cc)	Tare weight (kg)	Current rego charge (2014 weight tax + \$60 admin fee)	Example new weight charge (weight @ 14c/kg + \$50 base fee)	ABS fitted (if Yes: \$25 discount)	Low P2W ratio (if Yes: \$25 discount)	High P2W ratio (if Yes: \$75 surcharge)	Example total new charge	Price difference between current & example new charges
49	89	\$118	\$62	No	Yes: \$25 discount	No	\$37	\$81 decrease
278	145	\$118	\$70	No	Yes: \$25 discount	No	\$45	\$73 decrease
650	235	\$118	\$83	No	Yes: \$25 discount	No	\$58	\$60 decrease
999	190	\$118	\$77	Yes: \$25 discount	No	Yes: \$75 surcharge	\$127	\$9 increase
999	190	\$118	\$77	No	No	Yes: \$75 surcharge	\$152	\$34 increase
1198	221	\$118	\$81	No	No	Yes: \$75 surcharge	\$156	\$38 increase
1690	400	\$118	\$106	Yes: \$25 discount	Yes: \$25 discount	No	\$56	\$62 decrease

7.7 Stamp duty for motorcycles

Stamp duty could align with the proposed motorcycle registration reforms and include a safety rating component based on certain safety criteria such as power to weight ratio or ABS.

The following diagram illustrates the current motorcycle stamp duty charging framework and a possible new framework.

Figure 26 – Motorcycles stamp duty



Question

20. What are the advantages and disadvantages of incorporating safety criteria into motorcycle stamp duty charges?

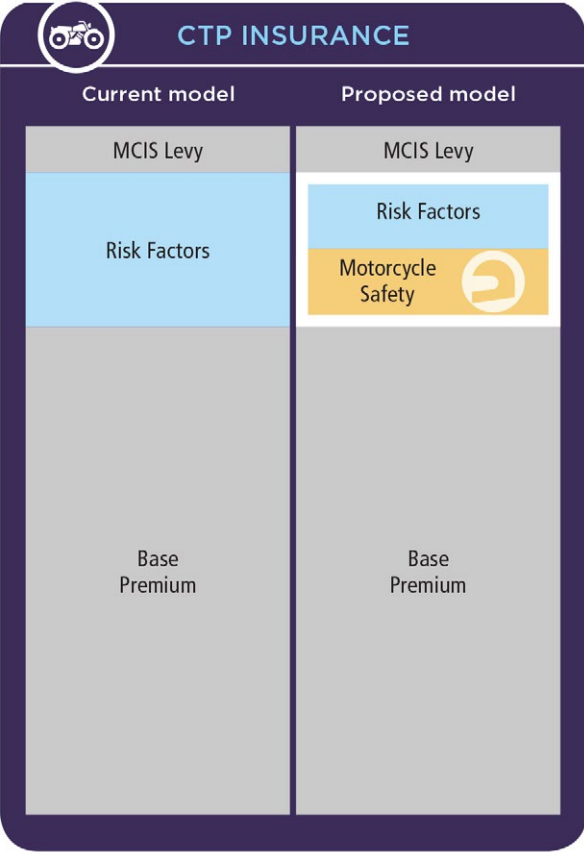
7.8 Compulsory Third Party (CTP) insurance for motorcycles

Motorcycles are classified based on engine capacity for the purposes of calculating the applicable CTP insurance base premium. Bonus and malus risk factors such as age and accident history also form a component of the total premium.

CTP insurance could align with the proposed motorcycle registration reforms via insurers being able to take into account safety features such as ABS as part of their bonus and malus risk calculations.

The following diagram illustrates the current CTP insurance charging framework and a possible new framework.

Figure 27 – Motorcycles CTP insurance



Question

21. What are the benefits of incorporating safety criteria into motorcycle CTP insurance charges?

8. REFORMS TO LIGHT TRAILER AND CARAVAN REGISTRATION CHARGES

8.1 Current and proposed registration charges

Stakeholders have raised the issue of the cost of registering a caravan in NSW compared to other states and have cited examples of caravans registered interstate to avoid NSW charges. TfNSW acknowledges that caravan registration costs are higher in NSW than most other jurisdictions and is considering options to improve the fairness of charges.

There are differences in light vehicle registration charges between states because of their different fiscal policies and funding arrangements. Under NSW legislation, all vehicle weight tax revenue is directed to the Roads Program and used to fund road safety initiatives, maintain the road network and improve traffic management. This is not the case in some other jurisdictions.

Nevertheless, TfNSW acknowledges that improvements can be made to light trailer and caravan registration charges to improve fairness and is considering these options:

- Reducing registration charges for all light trailers and caravans (private and business use) that currently pay weight tax
- Reconfiguring the current weight bands into a cost per kg charge, plus a base fee to make up the total registration charge; and
- Applying a base fee plus weight charge to privately registered light trailers weighing less than 255 kilograms that currently pay no weight tax.

The following diagram illustrates the current and proposed caravan and light trailer charging frameworks. Note that under the current system privately registered light trailers weighing less than 255 kilograms pay only the administration fee; they do not pay any weight tax. Under the proposed new charging framework these light trailers would be subject to weight charges.

Figure 28 – Caravans and light trailer registration



8.2 Caravan and camping – contribution to the economy

Caravan and camping is widely acknowledged to be one of NSW's fastest growing tourism sectors, with more than 10 million nights spent annually camping in NSW. The sector delivers over \$1.5 billion in economic value to the State.

Senior caravan and camping holidaymakers in Australia spend approximately 163 days travelling per year which, combined with an average weekly spend of \$500 on camping and caravanning expenses, provides a significant contribution to tourism and local economies.

8.3 Light trailer and caravan usage patterns

Privately registered light trailers and caravans weighing 255 kilograms or more currently pay approximately the same rate of weight tax as

passenger vehicles of a comparable tare weight. Those weighing less than 255 kilograms pay no weight tax.

Stakeholders have raised concerns about the fairness of the current weight tax arrangements. There is a common perception that caravans and trailers are used much less frequently than passenger vehicles.

TfNSW acknowledges that light trailers and caravans registered privately are generally used significantly less than passenger motor vehicles. Key stakeholder feedback indicates that caravans on average travel approximately half the distance of passenger vehicles. TfNSW has received numerous requests to reduce caravan registration charges in line with reduced distance travelled and usage.

Options to align registration charges with distance travelled are not currently feasible and are not included in the current reform proposals.

As part of the reform options in this Discussion Paper, TfNSW proposes to reduce the registration cost for light trailers and caravans that currently pay weight tax by a range of approximately 5% to 45% (private usage) to achieve greater equity in charges. The reason for this wide range of reduced charges is described below in section 8.6. Short term registration options of three and six months will continue to be offered, along with 12 months and continuous registration as described in the next section, to provide customers with the flexibility to choose the registration term that best suits their light trailer or caravan usage patterns.

As light trailers and caravans are currently subject to the irregular weight bands that apply to passenger vehicles, TfNSW proposes to also reconfigure the current weight bands into a cost per kg charge. The cost per kilogram calculation would be based on the standard tare weight of the light trailer or caravan as reported by the manufacturer. A base fee would also be applied, acknowledging that all vehicle operators should contribute to the availability of the road network for vehicle use, regardless of size, weight or other characteristics.

An example has been developed to illustrate how the new charging framework may function in practice. In this example, the cost per kilogram charge has been set at 14 cents per kilogram, which equals \$14 per 100 kilograms or \$140 per tonne. The base fee has been set at \$50. These are example price settings only and are not intended to provide specific or definite future charges.

Unlike passenger vehicles, further charging criteria based on safety and environmental ratings are not relevant for light trailers and caravans.

Questions

22. Do you support reducing registration charges for caravans and light trailers that are currently charged approximately the same rates as passenger vehicles?
23. What are your views on the proposal to calculate the weight component of the registration charge as a combination of a base fee and a cost per kilogram of the light trailer or caravan's tare weight?



8.4 Improving equity of registration charges

Approximately 536,000 privately registered light trailers weighing less than 255 kilograms currently pay no weight tax. They represent more than half the fleet of approximately 815,000 light trailers and caravans. These are the only registrable vehicles in NSW that are not subject to weight tax. By comparison, a scooter weighing 100kg (such as the Honda NSC110) pays \$58 in weight tax. Business registered light trailers weighing less than 255 kilograms pay \$95 in weight tax.

To ensure equitable charging, TfNSW proposes that a base fee and a cost per kilogram charge also be applied to privately registered light trailers weighing less than 255 kilograms. This proposal aligns with the principle that all registrable vehicles should contribute to the NSW Roads Program.

Question

24. Do you agree that light trailers not currently charged weight tax should now be charged? Why or why not?

8.5 Business usage

In line with the proposals for private use caravans and light trailers, business use caravans and light trailers will also receive a proportionate reduction in registration charges. The current additional 60% business use loading will continue to be applied.

8.6 Examples of impact of new charging criteria

Replacing the current irregular weight bands with a precise cost per kilogram charging framework would mean significant variations in the cost reductions between individual light trailers and caravans of differing weights. This is because a precise cost per kilogram charging framework would create a median line of pricing throughout the fleet. Reductions on current charges could range from 5% to 45%.

Under this new charging framework, the only vehicles paying increased charges would be light trailers weighing less than 255 kilograms, which currently pay no weight tax.

The following table provides examples of caravans and light trailers with example registration charges under the proposed new charging framework. These are example prices only and are not intended to provide specific or definite future registration charges. Charges are based on caravans and light trailers registered for private use.

Figure 29 – Caravan and light trailer comparison table

Trailer / Caravan	Tare weight (kg)	Current rego charge (2014 weight tax + \$60 admin fee)	Example charge (weight @ 14c/kg + \$50 base fee)	Price difference between current & example new charges	Percentage difference between current & example new charges
Box trailer	150	\$60	\$71	\$11 increase	15% increase
Box trailer	254	\$60	\$86	\$26 increase	30% increase
Box trailer	300	\$167	\$92	\$75 decrease	45% decrease
Camper trailer	550	\$167	\$127	\$40 decrease	24% decrease
Camper trailer	764	\$167	\$157	\$10 decrease	6% decrease
'Pop-top' caravan	1100	\$281	\$204	\$75 decrease	27% decrease
Standard caravan	1525	\$449	\$264	\$185 decrease	41% decrease
Large caravan	2800	\$757	\$442	\$315 decrease	42% decrease

8.7 Stamp duty and Compulsory Third Party (CTP) insurance for caravans and light trailers

Caravans and camper trailers in NSW were exempted from stamp duty from 1 July 2009 following a review of state taxation in 2008.

Owners of caravans and light trailers do not need to take out CTP insurance as they are covered under their towing vehicle's CTP insurance policy.



Figure 30 – Caravans and light trailer stamp duty



<div><div></div><div>STAMP DUTY</div></div>	
Current model	Proposed model
Caravans and camper trailers exempt but stamp duty still applies to light trailers	Caravans remain exempt from stamp duty

Figure 31 – Caravans and light trailer CTP insurance

<div><div></div><div>CTP INSURANCE</div></div>	
Current model	Proposed model
N/A as covered by towing vehicle insurance	N/A as covered by towing vehicle insurance

9. PROVIDING A CONTINUOUS REGISTRATION OPTION

9.1 Providing a continuous registration option

In recent years, RMS has significantly improved customer service by providing online registration renewal and short term registration options. These options still rely on the concept of periodic registration and require a conscious effort by customers to renew registration. The continuous registration option offers customers greater convenience and choice regarding their registration payments and improves registration affordability.

Under this proposal, RMS would provide the option of automated, continuous registration via a secure online monthly direct debit or credit facility. The online account and functioning of the service would be similar to other pay by the month services in the marketplace such as motor and home insurance products. Current registration payment options and registration terms would continue to be offered.

Continuous, pay by the month registration would effectively provide ongoing vehicle registration with no expiry date. If a customer elects the continuous registration option and

sets up their monthly direct debit or credit payment, their vehicle would continue to be registered on an ongoing basis. Under this option, there would be no requirement for the customer to renew the registration at periodic intervals. The registration would continue until such time that the customer sold or transferred the vehicle or the registration was cancelled.

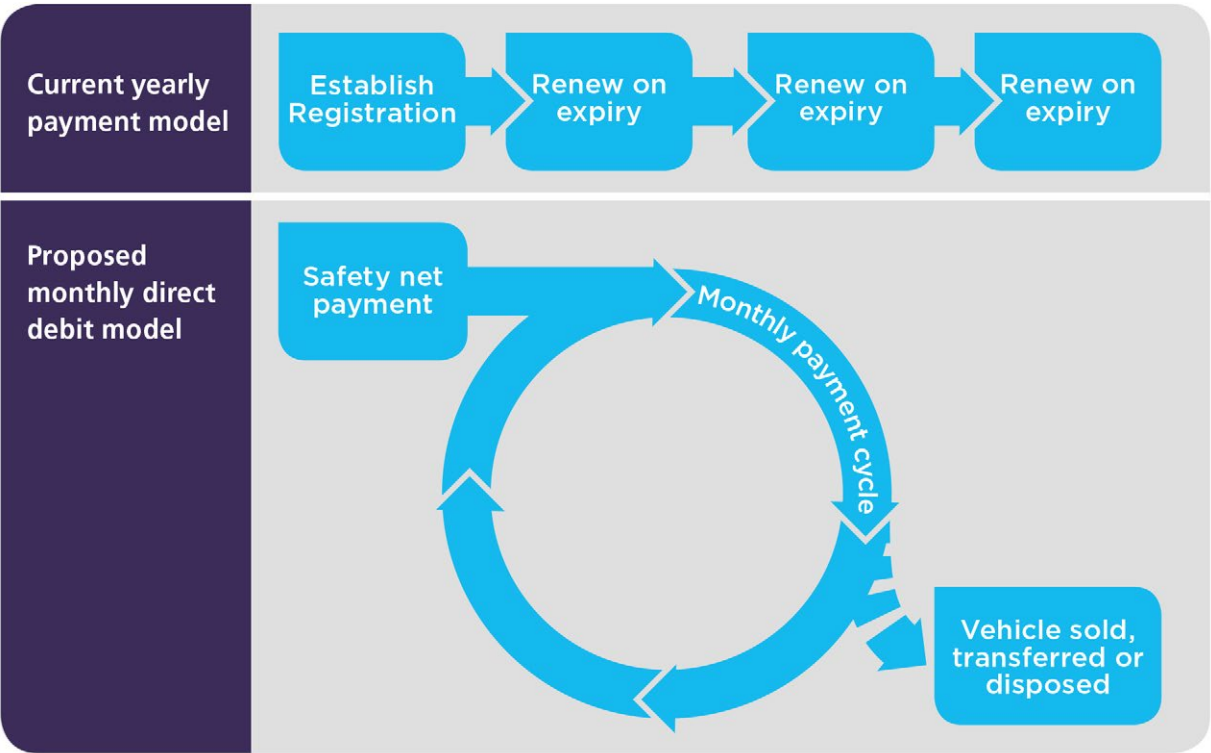
Customers with vehicles over five years old would be required to obtain a periodic safety check for their registration to remain ongoing.

Customers registering a new vehicle under this option could essentially 'set and forget' their registration for five years, as safety checks are not required for the first five years.

This form of registration could also include the facility to pay for as many months in advance as the customer wishes (e.g. to align with a fleet lease period) and could be applied to the current three, six or 12 month registration periods.

The current registration payment model and proposed continuous registration model are illustrated in the following diagram.

Figure 32 – Current and proposed registration payment models





9.2 Improved registration compliance

It is logical to assume that many vehicle registrations lapse due to difficulties in budgeting for lump-sum registration and CTP insurance payments, or change of address and registration renewal notification issues. Under a continuous registration model, these lapses could be minimised, and compliance with registration requirements improved, by assisting with registration affordability and minimising problems with change of address and notification.

9.3 Implementation options

Under the continuous registration option, a monthly payment may be unsuccessful due to insufficient funds in the customer's bank account. This could affect the currency of the vehicle's registration and CTP insurance coverage and customers could be at risk of driving an unregistered and uninsured vehicle and being subject to penalties. Additionally, if a driver has an at fault accident in an unregistered

vehicle, the driver or registered operator could be held personally liable for compensation to any person injured.

To mitigate these risks, a one-off, up-front 'safety net' payment may be necessary under the continuous registration option to provide protection for a payment default. This safety net payment would not be an additional registration charge.

If a payment default was to occur, the vehicle would continue to be registered because of the upfront safety net payment, and this would allow RMS the opportunity to contact the customer and enable the customer to resolve the payment default, with no risk to the vehicle's registration or insurance status.

Question

25. How likely would you be to take up the option of continuous, pay by the month registration?



9.4 Potential impacts for CTP insurance

Proposals for continuous registration may have implications for CTP insurance terms and payment options.

If continuous registration options are implemented, CTP insurers may choose to continue to provide fixed term CTP insurance policies (typically six or 12 month terms for passenger vehicles) with customer payment required in advance for these insurance terms.

Alternatively, insurers may consider aligning CTP insurance policy terms and payments with continuous registration arrangements and offer the option of pay by the month CTP insurance policies, in conjunction with an upfront payment to address CTP insurance coverage risks. This option would offer the opportunity for continuous CTP insurance, with no specific policy end date as long as ongoing payments were made.

TfNSW understands that aligning CTP insurance arrangements with a continuous registration model could pose significant challenges for the insurance industry. CTP insurers have advised that, under a continuous payment scheme, they may be vulnerable to increased customer defaults on payments. Insurers may also require significant additional resources to implement continuous payment facilities, including extensive technology system changes. This may result in additional costs that insurers have advised could be passed onto customers through higher premiums.

Although CTP insurance forms an important part of registration-related costs, TfNSW does not determine CTP insurance policy. Any potential future changes to CTP insurance payment arrangements, including analysis of the costs and benefits for both insurers and customers, would be determined by individual insurance companies in consultation with the MAA.

A further proposal to improve customer service is to provide the option of one-stop payment for both the CTP insurance premium and the vehicle registration charge. This proposal is consistent with the objectives of Service NSW. Service NSW is a newly established NSW Government organisation which seeks to integrate and extend customer services via a single telephone service, website and one-stop-shop facilities across the state.

Question

26. What would be the benefits if you could pay your registration and CTP insurance charges in one single transaction?

9.5 Consumer information

Section 3 of this Discussion Paper provided an overview of current and proposed information tools and sources that would assist consumers in understanding the new registration charging framework, if implemented. TfNSW will consider options for providing an easy to use free online registration charges comparison tool which would allow customers to compare registration and stamp duty costs between vehicles with differing weight and safety and environmental ratings.

This new tool would complement existing information on vehicle weight, ANCAP safety ratings and emissions which is readily available online and at motor vehicle dealerships.

TfNSW is interested in understanding what other information or services customers would find useful.

Question

27. If the proposed new registration charging frameworks were to be implemented, what other information or services could be offered to make the new system easy to understand?

10. OPTIONS TO IMPROVE OTHER REGISTRATION PROCESSES

A number of options exist to further improve other registration processes which may be considered in the future. These options relate to electronic registration renewal notices, vehicle inspections and end-of-life vehicles (ELVs), and are described below.

10.1 Electronic registration renewal notices

The NSW Government's decision to abolish registration labels for light vehicles from 1 January 2013 eliminates the need for customers to remove their old label and affix a new one each year.

This reform opens the door to considering other registration process efficiencies that were impeded by the need to send out hard copy registration renewal notices with labels to customers.

For example, customers could elect to receive their renewal notices via email instead of post. Many private sector businesses such as banks and telecommunication companies already offer this alternative communication channel.

Customers using the continuous registration option may no longer require registration renewal reminders as they will not need to actively renew their registration at a specific time.

Customers who decide not to take up continuous registration or the electronic reminder notice option would continue to receive a hard copy renewal notice in the post.

10.2 Vehicle inspections

Inspections are an integral part of vehicle registration in NSW for motor vehicles over five years old. While the ongoing importance of vehicle inspections is not disputed, rapidly changing vehicle technologies and the option of continuous registration may require a reassessment of current inspection policies.

Safety Checks

The majority of light vehicles in NSW require an annual Safety Check inspection before registration can be renewed.

RMS is currently reviewing operational aspects of the Authorised Inspection Scheme, which is central to the safety inspections regime. In alignment with this operational review, TfNSW seeks feedback on inspection policy options, including inspection criteria and intervals.

Under the continuous registration model, TfNSW intends that the requirement for periodic Safety Checks would remain, subject to the outcomes of the RMS review and feedback on this Discussion Paper. However, the timeframe between inspections and the length of time an inspection certificate is valid (regardless of the registration status of the vehicle) may need to be reassessed.

Unregistered vehicle safety inspections

Currently, when a NSW vehicle's registration has been expired for more than three months, an unregistered vehicle safety check is required under the Authorised Unregistered Vehicle Inspection Scheme (AUVIS).

If evidence from the inspection review shows that the roadworthiness of modern vehicles does not diminish over a period of time longer than three months, it may be appropriate to extend the timeframe before an unregistered vehicle safety check is required to re-register the vehicle.

Work has also commenced on investigating mutual recognition of interstate vehicle safety certificates and harmonising inspection requirements across jurisdictions.

New vehicle technologies

The rapid emergence of new vehicle technologies may also necessitate a review of the current inspection regime. Vehicles with advanced safety systems such as Safety Assist Technologies (for example, autonomous emergency braking and radar based collision warning systems) and hybrid and electric vehicles (in particular, electric vehicle batteries) may require significantly different inspection criteria and intervals to those for mainstream vehicles.

Distance travelled vs. time interval

The current inspection system is based on time; annual inspections are required before registration renewal for vehicles over five years old. This does not account for the distances that vehicles may travel. The average distance travelled by a privately registered vehicle may differ greatly from an average business registered vehicle. A range of vehicle components that impact safety and roadworthiness are likely to have differing levels of wear and tear based on distance travelled. Therefore a distance based, rather than time based, inspection system may be more appropriate in the future.

Inspection requirements

The consistency of inspection requirements for particular vehicle types may also need to be assessed. Passenger vehicles and some caravans and trailers require annual inspections from five years of age while some lightweight caravans, camper trailers, boat trailers and box trailers never require inspection.

While there are clearly different levels of technology and complexity between these vehicles, there may be scope for better consistency of inspection requirements within vehicle types.

Question

28. TfNSW seeks your feedback and suggestions on the current inspection system and the outlined options for future Safety Check inspection requirements, criteria, intervals and cross-border harmonisation.



10.3 End of life vehicles (ELVs)

Effective ELV management is an important part of a long term, integrated approach to NSW vehicle registration policy. TfNSW seeks feedback on issues for consideration in developing policy options for ELVs.

Development of these options could take into account the principles of Product Stewardship (whether voluntary, co-regulatory or mandatory) whereby everyone involved in the life-cycle of a product (manufacturers, retailers, consumers, recyclers etc) is responsible for effectively managing the environmental, health and safety impacts of that product, and in particular those impacts associated with the disposal of that product.

ELVs include:

- Vehicles that are unfit for re-registration (e.g. burnt-out vehicles)
- Vehicles that are not intended to be re-registered (e.g. vehicles disposed of to a vehicle crushing facility)
- Vehicles that are ineligible for re-registration (e.g. ineligible written-off vehicles), and
- Vehicles that are uneconomical to repair to required safety standards.

It is estimated that more than 600,000 Australian vehicles reach their end of life each year.³⁹ As NSW registered vehicles represent more than 30% of the Australian vehicle fleet, it is likely that NSW deals with more than 180,000 ELVs per year – approximately 3,500 per week. While ELVs are one of the most highly recycled consumer products due to strong markets for recycled metals, they still produce up to 195,000 tonnes of waste in Australia per year – approximately 1% of total annual waste. The environmental impacts of ELVs include the land used for waste disposal and the pollutant and potentially toxic effects of automotive liquids, gases and heavy metals released into the ground and into air and water supplies.

ELVs are likely to be older, less safe and higher polluting vehicles. They are typically dealt with by scrap metal merchants, auto-dismantlers and individuals or businesses dealing in parts, vehicle repair and restoration. Many ELVs are abandoned, dumped at rubbish tips or disposed of elsewhere (often in rivers or bushland).

TfNSW considers that effective ELV policies have the potential to provide a range of vehicle safety and environmental benefits in three key areas:

1. Increasing the number of safer, greener vehicles on NSW roads by encouraging the responsible surrender and disposal of ELVs and providing incentives for the purchase of more modern vehicles
2. Reducing vehicle theft, re-birthing and unsafe vehicle repairs and restorations by implementing effective processes to record, notify, de-register and dismantle ELVs, and
3. Reducing the environmental impacts and waste materials generated by ELVs by providing incentives to responsibly depollute and recycle ELV components including batteries and fluids.

Currently there are no formal requirements to record and notify ELVs to the NSW registration database unless, for example, a vehicle has been written-off and is classified as an ELV via this process. The notification of ELVs to the database would enable investigators to better trace the movement and location of vehicles and their parts, which may be involved in criminal activities.



Future ELV policy options could provide incentives for businesses and customers to voluntarily engage in responsible ELV processes. It could provide a regulatory framework that ensures appropriate safety and environmental outcomes and compliance with standards.

A broad policy framework addressing these elements could include the following:

- Vehicle crushing facilities and other businesses involved in receiving and processing ELVs could meet voluntary standards of ELV recording, notification, waste management and recycling
- By choosing to meet these standards, these businesses could be formally accredited and entitled to issue legally sanctioned ELV Certificates to vehicle owners who dispose of their vehicle to the business, and
- These ELV Certificates may entitle vehicle owners to receive decreased or free registration if their next purchased vehicle meets certain safety and environmental criteria.

Such a policy would allow free market forces to reward businesses (via increased customer patronage) that choose to meet appropriate ELV standards. An ELV owner who responsibly disposes of their vehicle would be rewarded with incentives through registration to choose a safer, greener replacement vehicle.

Within such a scheme, a regulatory framework could provide accreditation and required standards and processes. The net effect would be to contribute to each of the three key benefits described. The potential benefits would not depend on end to end implementation of the policy: separate aspects of the policy could be implemented independently.

International ELV policies

In Japan, an Automobile Recycling Law was implemented in 2005 whereby a vehicle purchaser must pre-pay the estimated cost (as determined by the vehicle's manufacturer) of recycling their car at the end of its useful life.

Under this law the vehicle manufacturer is also responsible for disposing of three products from an ELV that are difficult to dispose of in an environmentally friendly and economic manner. These three products are auto shredding residues, fluorocarbons and airbags.

In Europe, there is an EU Directive (2000/53/EC) currently in force which sets out a framework for the design of vehicles to limit waste and facilitate reuse and recycling, as well as requirements for the collection and treatment of ELVs and targets for the reuse and recycling of vehicle components. Member states have implemented the directive to varying degrees.

The Netherlands is the top European performer in recycling ELVs. In the Netherlands, a recycling fee is also payable as part of vehicle registration. In 2011, 96.2% of the weight of ELVs in the Netherlands was recycled.⁴⁰

National Initiatives

TfNSW is participating in initiatives proposed by the National Motor Vehicle Theft Reduction Council (NMVTRC) for the future management of ELVs. These initiatives were discussed at the NMVTRC-convened National Forum on the Management of End of Life Vehicles in June 2012 and at their Strategic Planning Forum in April 2013. Further information on the NMVTRC proposals is available at the CARSAFE website.⁴¹

The Australian Motor Industry Federation (AMIF), which is the peak national motor trades body, has also announced its intention to develop a comprehensive ELV policy framework as part of its *An Industry at Crossroads plan*⁴², as a start for identifying an industry-led solution.

TfNSW considers that further analysis of ELV issues and options in NSW would add impetus to the ELV proposals from the NMVTRC and AMIF.

Question

29. TfNSW seeks your feedback and suggestions on the issues and options for ELV management including the identification, collection, treatment, recording and disposal of ELVs and incentives to promote responsible ELV disposal and the purchase of safer, greener replacement vehicles.



11. RELATED REFORMS AND PRELIMINARY CONSULTATION

11.1 How do these reforms align with other initiatives?

The redesign of NSW registration policy is consistent with the direction of other international, national, state and local reform agendas, including:

NSW 2021

NSW Government

NSW 2021 is the NSW Government's 10-year strategic plan. Two of the plan's key goals are to improve road safety and involve the community in decision making on government policy, services and projects.

NSW Long Term Transport Master Plan

NSW Government

The NSW Long Term Transport Master Plan identifies the priorities and challenges and sets the direction and foundation for transport over the next 20 years. The reforms to motor vehicle registration outlined in this Discussion Paper are a key action under the Master Plan to address environmental sustainability and road safety challenges.

NSW Road Safety Strategy 2012-2021

NSW Government

The NSW Road Safety Strategy 2012-2021 aims to make roads safer through at least a 30% annual reduction in road deaths and serious injuries by the end of 2021. One of the strategy's key initiatives is to explore ways to increase the uptake of safer vehicles in the NSW fleet.

NSW Motorcycle Safety Strategy 2012-2021

NSW Government

The NSW Motorcycle Safety Strategy 2012-2021 includes initiatives and actions to reduce the risk of motorcyclist fatality and injury and improve road safety for riders and their passengers. These include road and traffic engineering, post-crash emergency response, developing rider skills and promoting the use of safer motorcycles and helmets.

Transport Environment and Sustainability Policy Framework

NSW Government

TfNSW with RailCorp, RMS and the State Transit Authority has developed the Transport Environment and Sustainability Policy

Framework to address environmental issues at all levels of planning, policy development and project delivery.

Global Plan for the Decade of Action for Road Safety 2011-2020

United Nations

The United Nations has proclaimed 2011-2020 as the Decade of Action for road safety. The Global Plan is a guiding document to facilitate coordinated and concerted action by all countries towards achieving the goal of stabilising then reducing the forecast level of road traffic fatalities around the world by 2020. 'Safer vehicles' is one of the five pillars of the Global Plan to encourage the uptake of safer vehicles and the deployment of advanced vehicle safety technologies.

National Road Safety Strategy 2011-2020

Australian Transport Council

The National Road Safety Strategy 2011-2020 is based on Safe System principles and outlines broad directions for the future of Australian road safety, planned initiatives and options for further consideration. The initiatives and options are set out in four key areas: Safe Roads, Safe Speeds, Safe Vehicles and Safe People.

Peak industry, motoring and stakeholder groups

The proposed VRI reforms are consistent with the public policy statements of a number of peak industry, motoring and stakeholder groups, including NRMA Motoring and Services and the Motor Traders' Association of NSW, regarding the need to promote safer and greener vehicle use.



11.2 What have you told us so far?

Customer survey

In 2011, the Roads and Traffic Authority (now Roads and Maritime Services) surveyed 1,200 members of the NSW public across a range of demographics regarding potential incentives to encourage the purchase of safer and greener vehicles. Participants were questioned about hybrid vehicles, electric vehicles and vehicles with safety features.

The survey found that if an ongoing annual registration charge incentive were offered on a new vehicle purchase, the majority of respondents would consider the purchase of a safer or more environmentally sound vehicle.

The impact of the incentives was largely dependent on customer knowledge of vehicle features. Respondents generally knew more about vehicle safety features than about hybrid and electric technologies so they were more likely to respond positively to incentives based on safety.

Community feedback

RMS and TfNSW regularly receive correspondence from organisations, the community and industry groups highlighting issues and suggesting improvements to the NSW registration system, including the provision of incentives for electric and hybrid vehicles and other new vehicle technologies. TfNSW has listened to this feedback and it has been taken into account when developing the reform options.

Stakeholder consultation

Before and during the preparation of this Discussion Paper, TfNSW consulted with a range of key government agencies and industry stakeholder groups, who also provided important input and expertise in the development of the reforms.

These stakeholders include:

- Australian Caravan Club
- Australian Fleet Lessors Association
- Australasian New Car Assessment Program (ANCAP)
- Austroads Registration and Licensing Taskforce
- Caravan and Camping Industry Association
- Commonwealth Department of Infrastructure and Regional Development
- Compulsory Third Party (CTP) insurers
- Federal Chamber of Automotive Industries (FCAI)
- Motorcycle Council of NSW
- Motor Traders' Association (MTA) of NSW
- NRMA Motoring and Services
- NSW Motor Accidents Authority (MAA), and
- NSW Treasury.

Focus groups

TfNSW convened a number of community focus groups in metropolitan and regional centres of NSW to discuss and assess the reform proposals described in this Discussion Paper. These focus groups have been invaluable both for receiving direct customer feedback on the proposals, and for generating additional ideas and perspectives from members of the community with a wide range of backgrounds, attitudes, and experience. Discussions with a number of representatives from motor vehicle dealerships and fleet lessor organisations were also held to understand their perceptions of customer purchasing behaviour and current trends and to gather their views about the reforms.

A number of the suggestions from these groups have been incorporated in the Discussion Paper. Below is a summary of additional issues raised which don't at this time form part of TfNSW's reform proposals.

While focus groups provide an important sample of views and opinions, they are not necessarily representative of the entire community.

Distance-based charging

A number of suggestions were made in focus groups to include distance-based charges in vehicle registration. These suggestions ranged from basing all of the registration charge on distance travelled within, for example, one year, to basing a percentage of charges on distance travelled. Distance-based charging was also raised in submissions to the draft NSW Long Term Transport Master Plan.

Road user charging has the potential to further improve registration charging equity. At present, however, significant practical difficulties would prevent implementing such a system.

A viable distance-based charging model would rely on effective and thoroughly tested electronic vehicle identification and tracking technologies. These technologies are not yet widely available or used across the passenger vehicle fleet. Distance-based registration which used vehicle odometer readings as the basis for calculating charges (whether odometer readings were 'self-reported' by vehicle owners, or recorded during vehicle inspections) would involve an unacceptably large risk of odometer reporting or recording errors, or unscrupulous behaviour.

Therefore, at present, options to align registration charges with distance travelled are not included in the current reforms.

'Cash for clunkers'

Stakeholder focus groups identified that the Cash for Clunkers scheme was well remembered and supported as it incentivised the removal of older cars from the roads. Consideration of options for ELVs aligns with the intent of the Cash for Clunkers scheme to remove older vehicles from the fleet over time, as they are not likely to be fitted with advanced safety and environmental features, and to dispose of them in a responsible manner. In addition, the introduction of VRI reforms will provide incentives for safer and greener vehicles through a reduction in registration charges and therefore disincentivise less safe and less green vehicles.

'Cash-back' schemes

A number of focus group participants suggested 'cash-back' or rebate schemes as a more effective incentive to encourage the purchase of safer and greener new vehicles. TfNSW acknowledges that cash-back programs can provide a clear and strong incentive for particular vehicle purchases and may be suitable for stamp duty charges. These programs have been offered in a number of overseas countries. Within Australia, Victoria currently offers a \$100 discount on the registration of hybrid vehicles.

TfNSW has proposed ongoing registration incentives, rather than a one-off cash-back payment on registration because TfNSW seeks to promote and support safer and greener vehicles throughout their lifespan. As new safer and greener vehicles later enter the used car market, ongoing lower registration costs (and, conversely, higher costs for less safe and less green vehicles) are likely to provide a positive and effective flow-on effect of improved safety and reduced emissions throughout the vehicle fleet. TfNSW also considers it important that second-hand vehicle purchasers, particularly those who are not in a financial position to afford a new vehicle, should also benefit from a decision to purchase a safer and greener second-hand vehicle.

12. HAVE YOUR SAY

The initial community and stakeholder feedback outlined within the previous section has been invaluable. Through the release of this Discussion Paper, TfNSW is now inviting comments on the specific proposals and options that form part of the Vehicle Registration Initiatives.

You can submit your feedback by:



Email

VRI@transport.nsw.gov.au



Mail

Registration Policy
Transport for
New South Wales

PO Box K659
Haymarket NSW 1240



Online

transport.nsw.gov.au/
engagement

All or part of your submission may be quoted or made publicly available. If you do not want your personal details or any part of your submission to be released, please indicate this clearly in your submission.

The closing date for submissions is 24 July 2014.

13. APPENDICES

13.1 Glossary of terms used in this Discussion Paper

ABS	Anti-lock Braking Systems A safety system that prevents wheel lock while braking which can reduce the risk of vehicle crashes.
Air pollutants	The main vehicle air pollutants are nitrogen oxides (NO _x), particulate matter (PM), carbon monoxide (CO), volatile organic compounds and benzene. These pollutants adversely affect human health.
AIS	Authorised Inspection Scheme The AIS authorises motor vehicle examiners to inspect vehicles to ensure roadworthiness.
ANCAP	Australasian New Car Assessment Program ANCAP provides consumers with independent and transparent information on the level of occupant and pedestrian protection provided by different vehicle models in the most common types of crashes through its safety star rating program. The higher the ANCAP safety rating the better the vehicle performed in the tests.
ADRs	Australian Design Rules ADRs are national standards for vehicle safety, anti-theft and emissions. ADRs are generally performance based and cover issues such as occupant protection, structures, lighting, noise, engine exhaust emissions, braking and a range of miscellaneous items. The current standards, the Third Edition ADRs, are administered by the Australian Government under the <i>Motor Vehicle Standards Act 1989</i> .
AUVIS	Authorised Unregistered Vehicle Inspection Station An AUVIS is an RMS approved establishment, such as a service station, garage or workshop, where motor vehicles are inspected in accordance with identity, roadworthiness and design check standards for the purpose of unregistered vehicle inspection, adjustment of records and clearance of major, or design-related, defects.
CO₂	Carbon dioxide CO ₂ emissions are generally referred to as greenhouse gases and are widely acknowledged as contributing to negative impacts on the environment.
Consolidated revenue	Consolidated revenue (also known as the Consolidated Fund) is the account into which the NSW State Government deposits taxes, tariffs, excises, fines, fees, loans, income from Crown assets and other revenues, together with transfers from the Commonwealth, and from which it withdraws the money it requires to cover its expenditure.
CPI	Consumer Price Index The CPI is a measure of the average change over time in the prices paid by households in the eight State/Territory capital cities for a fixed basket of goods and services.
CrashLink	A database of the NSW Centre for Road Safety, for the collection, reporting and analysis of crash data.
CTP insurance	Compulsory Third Party Insurance ('a green slip') CTP insurance is a compulsory insurance policy that must be taken out when registering a motor vehicle. CTP insurance provides cover for third party personal injury when the person driving the vehicle is at fault in an accident, and in certain circumstances regardless of who was at fault. This includes the vehicle's passengers, other road users such as drivers, passengers, pedestrians, cyclists, motorcyclists and pillion passengers and limited cover for the at fault driver. CTP insurance does not cover damage to property or other vehicles.

ELV	<p>End-of-life vehicle</p> <p>ELVs include:</p> <p>Vehicles that are unfit for re-registration (e.g. burnt-out vehicles)</p> <p>Vehicles that are not intended to be re-registered (e.g. vehicles disposed of to a vehicle crushing facility)</p> <p>Vehicles that are ineligible for re-registration (e.g. ineligible written-off vehicles), and</p> <p>Vehicles that are uneconomical to repair to required safety standards.</p>
Euro Standards	<p>European emission standards define the acceptable limits for exhaust emissions of new vehicles sold in EU member states. The emission standards are defined in a series of EU directives staging the progressive introduction of increasingly stringent standards. These standards are typically referred to as Euro 1, Euro 2, Euro 3, Euro 4, and Euro 5.</p>
Green slip	<p>The colloquial term for Compulsory Third Party (CTP) insurance.</p>
Greenhouse gases	<p>In motor vehicles, the principal greenhouse gas is carbon dioxide (CO₂) but vehicles also produce nitrous oxide and methane, which contribute to negative environmental impacts. Not all vehicles have the same impact on the environment;.</p>
GVG	<p>Green Vehicle Guide</p> <p>The GVG is a Federal Government initiative under the Commonwealth Department of Infrastructure and Regional Development. The GVG is a nationally recognised, audited, and publicly accessible information source for vehicular environmental impact.</p>
GVM	<p>Gross Vehicle Mass</p> <p>GVM is the maximum loaded mass of the vehicle as specified by the vehicle's manufacturer.</p>
Hybrid vehicle	<p>A vehicle with more than one power source such as a small internal combustion engine and an electric motor.</p>
LAMS	<p>Learner Approved Motorcycle Scheme</p> <p>This scheme allows novice riders to ride moderately powered motorcycles which have an engine capacity up to 660 cc and a power to weight ratio up to 150 kilowatts per tonne.</p>
Light vehicle	<p>Vehicles weighing up to 4500 kg GVM. This generally includes cars, motorcycles, light trailers, caravans, light buses and taxis.</p>
MAA	<p>Motor Accidents Authority</p>
MCIS Levy	<p>Medical Care and Injury Services levy, a component of CTP insurance. The MCIS levy funds the Lifetime Care and Support scheme, which provides medical care, treatment, rehabilitation, attendant care and support to people catastrophically injured (such as severe spinal cord and/or a traumatic brain injury) for the rest of their lives. The MCIS levy also includes a contribution for ambulance, hospital and other services for people injured in a motor vehicle accident.</p>
Motorcycle	<p>References to motorcycles in the Discussion Paper include scooters and mopeds.</p>
OSR	<p>Office of State Revenue</p>
Power to weight ratio	<p>A measurement of vehicle performance. The engine's power output is divided by the weight of the vehicle, to give a ratio of kilowatts per tonne (kW/t).</p>
RMS	<p>Roads and Maritime Services</p> <p>RMS has replaced the Roads and Traffic Authority (RTA).</p>

Roads Program	Money allocated to the Roads Program is used to fund road safety initiatives, develop and maintain the NSW road network and improve traffic management. Under NSW legislation, all revenue from motor vehicle weight tax is directed to the Roads Program.
Safety check	A basic mechanical inspection, targeting vehicle components that may cause a risk to vehicle occupants and other road users if they are not operating correctly or are excessively worn. It is performed at an AIS station.
SMS	Short Message Service A text messaging service component of phone, web, or mobile communication systems.
Stamp duty	A fee collected by RMS on behalf of the Office of State Revenue when registration is issued for a new vehicle or is transferred to a different person or corporation. Stamp duty is based on the market value of the vehicle or the price paid, whichever is greater.
Tare weight	The tare weight of a vehicle is its unoccupied and unladen state, with all fluid reservoirs filled to nominal capacity except for fuel (10 litres only), and with all standard equipment and any options fitted. NSW light vehicle weight tax is currently charged according to the tare weight of a vehicle.
TfNSW	Transport for NSW



13.2 List of Discussion Paper questions

1. What are your views on the proposal to calculate the vehicle weight component of the registration charge as a combination of a base fee and a cost per kilogram of the vehicle's tare weight?
2. Do you agree that administrative fees should be incorporated into the total registration charge?
3. Do you support the proposal to incorporate safety criteria into vehicle registration charges? Why or why not?
4. Do you think the ANCAP safety rating system should be used as the basis for determining the safety component of the registration charge?
5. Do you support the proposal to incorporate environmental criteria into vehicle registration charges? Why or why not?
6. What are your views on the proposal to set the majority of charges for environmental criteria lower than the charges for safety criteria?
7. TfNSW has outlined options for incorporating emissions into registration charges either as a combination of a vehicle's air pollution level and its CO₂ emissions, or based entirely on a vehicle's CO₂ emissions. Can you suggest which of these options is best? What are your reasons?
8. What are your views on the following two options for the new registration charging model:
 - a) a uniform additional business use loading for vehicle weight, safety and environmental criteria (reflecting the current 60% business use loading)?; or
 - b) a higher loading for environmental criteria than safety criteria for fleet-registered light vehicles, or for all business vehicles?
9. Do you agree with the overall average proportions proposed for the weight, safety, and environmental components of the new registration charging structure? (ie an average of approximately 50% weight, 35% safety, and 15% environmental – as described on page 23?). If not, what proportions would you suggest?
10. Overall, do you believe that the proposed new registration charging framework is better than the current registration charging approach? Are there any additional criteria that should be considered as part of new vehicle registration charges?
11. Do you agree that the proposed new registration charging framework should initially apply only to new vehicles?
12. What are the advantages and disadvantages of incorporating safety and environmental criteria into motor vehicle stamp duty charges?
13. What are the benefits of incorporating safety criteria into motor vehicle CTP insurance charges?
14. What are your views on the proposal to calculate the weight component of the registration charge as a combination of a base fee and a cost per kilogram of the motorcycle's tare weight?
15. What are your views on the proposal to incorporate power to weight ratios into motorcycle registration charges? Do you have any comments on the power to weight ratio categories outlined on page 41?
16. What are the advantages and disadvantages of a discount on registration charges being offered for motorcycles fitted with an ABS?

17. Should motorcycles registered for business use pay higher registration charges than motorcycles registered for private use? Why or why not?
18. Do you agree that the proposed new registration charging framework should initially apply only to new motorcycles?
19. Overall do you support the proposed new registration charging framework for new motorcycles? Are there any additional charging criteria that should be considered?
20. What are the advantages and disadvantages of incorporating safety criteria into motorcycle stamp duty charges?
21. What are the benefits of incorporating safety criteria into motorcycle CTP insurance charges?
22. Do you support reducing registration charges for caravans and light trailers that are currently charged approximately the same rates as passenger vehicles?
23. What are your views on the proposal to calculate the weight component of the registration charge as a combination of a base fee and a cost per kilogram of the light trailer or caravan's tare weight?
24. Do you agree that light trailers not currently charged weight tax should now be charged? Why or why not?
25. How likely would you be to take up the option of continuous, pay by the month registration?
26. What would be the benefits if you could pay your registration and CTP insurance charges in one single transaction?
27. If the proposed new registration charging frameworks were to be implemented, what information or services could be offered to make the new system easy to understand?
28. TfNSW seeks your feedback and suggestions on the current inspection system and the outlined options for future Safety Check inspection requirements, criteria, intervals and cross-border harmonisation.
29. TfNSW seeks your feedback and suggestions on the issues and options for ELV management including the identification, collection, treatment, recording and disposal of ELVs and incentives to promote responsible ELV disposal and the purchase of safer, greener replacement vehicles.

14. ENDNOTES

- 1 From 1914 to 1924 vehicle registration charges were based on vehicle horsepower
- 2 All registration data quoted in this Discussion Paper is as at 31 December 2011
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