



**Asia-Pacific
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The Economic Impacts of Overloaded Vehicles

Submitted by: Australia



**Workshop on Regulating High Mass Heavy Road
Vehicles for Safety, Productivity and Infrastructure
Outcomes
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THE ECONOMIC IMPACTS OF OVERLOADED FREIGHT VEHICLES

APEC Transportation Working
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Economic Development,
Jobs, Transport
and Resources

THE RELATIONSHIP BETWEEN TRANSPORT & ECONOMIC ACTIVITY

Whilst many talk about the economic impact of poor roads on a nations economy it is interesting to date little effort has been directed to provide this fact

The basic problem we face is that
Transport is seen as being a derived
demand

TRANSPORT & ECONOMIC ACTIVITY

The problem we face is that the manner in which we organize Economic Accounting System we developed many decades ago and does not properly account the role Transport plays in business

- ***Internationally the standard approach to developing National Accounts does not take account of firms providing their own transport functions;***
- ***In developing estimates of production the transport of intermediate goods is also excluded;***
- ***The economic importance of transport and its business segregate Logistical supply chains are thus significantly understated.***

THE ESTIMATED IMPACT OF TRANSPORT A NATIONS ECONOMY

So how big is the contribution a Nations Economy

Research by the Australian Bureau of infrastructure, Transport & Regional Economics (BITRE) have estimated the contribution of the Transport & Logistics Sector contributes approximately 11% of the nations Gross Domestic Product

- ***The BITRE estimates are similar to estimates developed by researchers in the United States and Japan where work has been undertaken to investigate the potential of developing Transport Satellite Accounts***

THE NEED FOR REFORM

There is an urgent need for reform in the way National Statistical Agencies estimate the economic contribution of Transport to National Economies.

The lack of accurate data to inform decision makers about the full contribution that Transport makes to a Nations Economy can result in situations where policy makers don't fully understand the full situation of how transport services impact business activity.

THE NEED FOR REFORM

The reliance on standard economic measures can lead to situations where the decisions enabling industries to overload their trucks believing that it is in the Nation's interest.

If we examine the policy literature you will find the rationales being adopted in support of overloading fall into 3 sub-classes such as

- ***Improving the efficiency & productivity of an important growth sector of economy,***
- ***The short term additional road maintenance costs are offset by increased economic growth, increase employment opportunities,***
- ***Improved economic conditions resulting from enabling overloading will support an improved quality of life for the nation's population.***

THE NEED FOR REFORM

Road Agency Managers are often faced with a situation where the supposed benefits of overloading are externalised as an economic good .

Costs associated with increased Road Agency Maintenance Costs are internalised & often directly corrected by treasury officials as being a direct result of enabling individuals & firms to overload their trucks and damage the roads on which they travel.

THE NEED FOR REFORM

From an economic standpoint fiscal allocations to roads represents a compromise between limited available public funds and unlimited public needs.

Across the globe analysis illustrates the Road Maintenance projects have over the last 20 years suffered from a lack of available funds. Decision makers continue to place more importance on new projects & ribbon cutting opportunities.

The Capital Rationing is placing pressure on the manner in which arterial road network can be maintained

STRATEGIC ISSUES

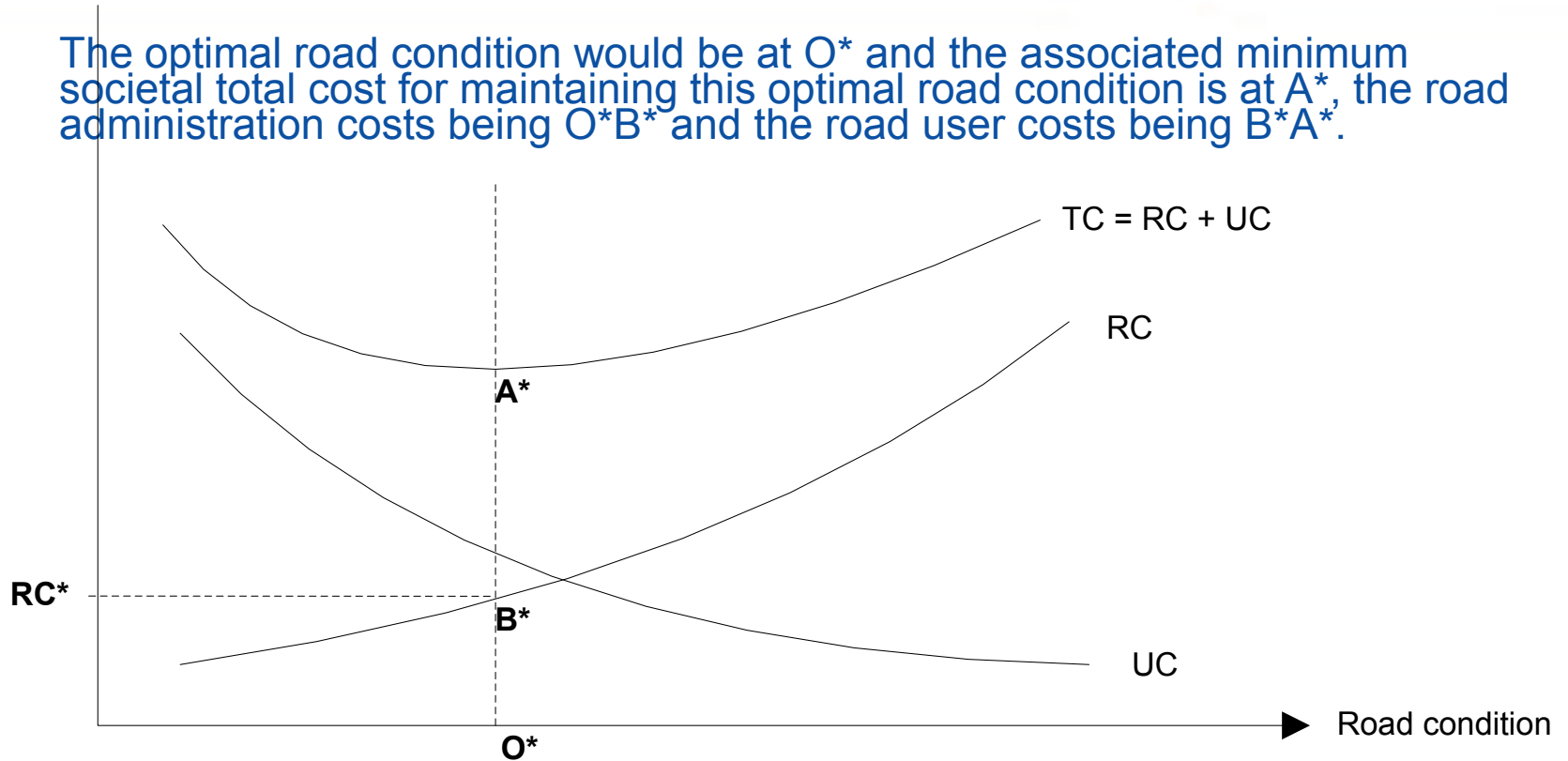
Road Maintenance Managers tasked with optimising road administration face two conflicting objectives:

- Improving the road condition for road users
- Reducing the cost of improving the road condition, both administration and road-user costs.

THE ECONOMIC PRINCIPLE OF ROAD MAINTENANCE

Cost

The optimal road condition would be at O^* and the associated minimum societal total cost for maintaining this optimal road condition is at A^* , the road administration costs being O^*B^* and the road user costs being B^*A^* .



Legend

TC: Total cost = RC + UC

RC: Road administration cost (inc. routine maintenance, major periodic maintenance and rehabilitation)

UC: Road user cost

O^* : Optimal road condition

PARAMETRIC IMPACTS OF OVERLOADING

In Transport Economics the Condition of the Road can does have a impact on the cost of operating Heavy Vehicles

- **Travel Time Costs**
- **Travel Time Reliability**
- **Vehicle Operating Costs**
- **Accident Exposure**

TIC STRATEGIC WORK PROGRAM

Questions