

PROPOSED ROAD SAFETY (TRAFFIC MANAGEMENT) REGULATIONS 2009

Regulatory Impact Statement

This Regulatory Impact Statement (RIS) has been prepared to fulfil the requirements of the *Subordinate Legislation Act 1994* and to facilitate public consultation on the proposed Road Safety (Traffic Management) Regulations 2009. The proposed regulations are provided as an appendix to this RIS.

Public comments and submissions are invited on the proposed regulations, in response to information provided in this RIS. All submissions will be treated as public documents. Written comments and submissions should be marked “**Road Safety (Traffic Management) Regulations 2009 – Submission**” and must be received by 5.00 pm, Friday, **2 October** 2009. Submissions should be addressed to:

Manager Road & Traffic Standards
VicRoads
60 Denmark Street,
KEW VIC 3101.

or email to: roadrules@roads.vic.gov.au

Any queries regarding the content of the RIS should be directed to Mr Ben Matters on 9854 2008



Frontispiece

Summary

Introduction

This Regulatory Impact Statement assesses the proposed Road Safety (Traffic Management) Regulations 2009 ('the proposed regulations'). The purposes of the proposed regulations may be summarised as:

- regulating the installation, operation and maintenance of traffic control devices (Part 2);
- regulating activities (other than normal road use) on or near roads, and to set fees for non-road activities (Parts 3 and 5); and
- prescribing the requirements for traffic management plans (Part 4).

The proposed regulations are one of a set of interrelated regulations made under the *Road Safety Act 1986* ('Road Safety Act'). Other proposed regulations made under the Road Safety Act which implement a range of road safety initiatives include the:

- Road Safety (General) Regulations 2009;
- Road Safety (Vehicles) Regulations 2009;
- Road Safety (Drivers) Regulations 2009; and
- Road Safety Road Rules 2009.

The proposed regulations will also implement a range of Government policies including:

- Victoria's Road Safety Strategy, *arrive alive 2008-2017*, which sets out how the Victorian Government will continue its leadership in road safety to deliver a safer system for all road users and make a significant reduction to road trauma.
- Victoria's Safe System approach to road safety which is amongst world's best practice.

The proposed regulations are intended to replace parts of the existing Road Safety (Road Rules) Regulations 1999 ('the existing regulations') which will 'sunset' or automatically expire 10 years after the day of making on 9 November 2009. The proposed regulations also introduce new regulations relating to:

- erection of traffic control devices by utilities works managers;
- fees for non-road activity permits; and
- prescribing the requirements for traffic management plans.

The modifications to the existing regulations contain additions and improvements to implement changes in legislation, policy and strategy that have occurred in recent years. These additions and improvements also draw on the operational experience of the existing regulations over the decade since 1999, and take into account input from various stakeholders (refer to Part 1.3 of this RIS).

Nature and extent of the problems

The problems addressed by this regulatory proposal are not road safety in general, nor even non-vehicle related road safety but some specific problems that are not addressed by other legislation or regulations.

The proposed regulations aim to implement measures to ensure the safe and efficient use of roads and to meet essential needs which include:

- Safety and mobility of traffic, public transport, pedestrians and other road users;
- Safety of people undertaking works or participating in events on roads; and
- Safe and orderly access to properties and services adjacent to roads.

The nature and extent of the problems, which may be briefly summarised as the safe and efficient use of roads, are best identified by considering the likely consequences if there were no relevant regulations or effective alternatives in place by the time the existing regulations expire on 9 November 2009. These problems are discussed in some detail in Part 2.1 of this RIS, but generally arise in relation to the following specific sources of risk:

1. The installation, alteration and removal of traffic control devices.
2. Unclear or inconsistent messages conveyed by traffic control devices, including advertising on them.
3. Non compliance with Victoria's obligations to implement and maintain nationally agreed road rules.
4. Possible lack of consultation by VicRoads with Councils before erecting certain traffic control devices on municipal roads.
5. Unsafe works, 'non-road activities' and other activities, together with increased traffic congestion creating adverse effects on other road users and the community in general.
6. Lack of specified requirements for the content of traffic management plans.
7. Safety problems arising from dazzling lights and destructive materials on roads.
8. Lack of cost recovery regarding the costs of issuing permits for non-road activities.

The market failure associated with these problems is discussed in Part 2.3 of this RIS.

Policy objectives

To address the problems identified above, the policy objectives of the regulatory proposal may be summarised as:

Primary Objectives:

- (a) To ensure public safety, order and equity in relation to the installation, maintenance and removal of traffic control devices;

- (b) To ensure that works, non-road activities and other activities on or near roads are conducted safely and that delays and other adverse effects on other road users are minimised;

Secondary Objectives

- (c) To recover the reasonable costs of considering applications for non-road activity permits; and

- (d) To ensure that traffic management plans are adequate and available on site.

The main test for assessing the proposed regulations against the practicable alternatives is their relative net benefit in achieving these policy objectives.

The viable options

The proposed regulations and practicable alternatives (collectively termed ‘viable options’) considered in the cost benefit assessment are:

Regulatory options

- **Regulatory Option A:** The development and publication of guidelines under the Road Management Act or the Road Safety Act for the installation, maintenance and removal of traffic control devices; non-road activities and traffic management plans (non-regulatory option);
- **Regulatory Option B:** The proposed non-fee regulations;
- **Regulatory Option C:** A variation of the proposed non-fee regulations omitting the power of utilities works managers to erect certain¹ traffic control devices without the written authorisation of VicRoads (as under the existing regulations);
- **Regulatory Option D:** A variation of the proposed non-fee regulations prescribing traffic modelling as a requirement for traffic management plans.

Options for fees

- **Fees Option 1:** Stratified fees based on full cost recovery *excluding* the costs of law enforcement;
- **Fees Option 2:** The proposed fees regulations, including provision for fee waivers. Fees based on full cost recovery *excluding* the costs of law enforcement and a flat rate across all classes of permits;
- **Fees Option 3:** A variation of the proposed fees regulations with no provision for fee waivers. Fees based on full cost recovery *excluding* the costs of law enforcement and a flat rate across all classes of permits.

The preferred package of options will consist of one option from each of the above groups, that is, either Regulatory Option A, B, C or D, plus either Fees Option 1, 2 or 3.

¹ A works advisory sign; or a hand-held stop sign; or a works zone sign; or a temporary works speed-limit sign.

Cost benefit assessment

The evaluation criteria (I + II + III) used in this analysis to compare the effectiveness of each non-fee option in achieving the relevant part of the policy objective included the following:

- I** **minimising risks to public safety and order;**
- II** **non-fee compliance costs** for permit holders and road authorities; and
- III** **horizontal equity** for road users: in terms of providing the level of clarity and consistency of traffic control devices and parking signs.

The costs and benefits of the various fee options (1, 2 and 3) were assessed by using the following criteria (IV + V) to compare the effectiveness of each fee option in achieving the policy objective:

- IV** **horizontal equity** in relation to cost recovery;
- V** **fee costs:** this criterion involves minimising fee costs; and
- VI** **administrative simplicity.**

In terms of the regulatory options relating to public safety and order, Options A, B (the proposed regulations), C and D provided weighted scores of **+0.4, +0.8, +0.5 and +0.5**, respectively. **The proposed regulations have the greatest net benefits (+0.8) and therefore Option B is the preferred option.**

With regard to the fee options – Option 1 (stratified fees with full cost recovery excluding law enforcement costs), Option 2 (*the proposed fees regulations with waivers*) and Option 3 (*the proposed fees regulations without waivers*) provide weighted scores of **+0.2, +0.5 and -0.3**, respectively. **The proposed fee regulations with waivers have the highest weighted score (+0.5), and therefore Option 2 is the preferred option.**

Nature and effects of preferred option

A summary comparison of the substantive differences between the existing regulations and the proposed new regulations is given in Appendix 5 to this RIS. The more significant changes are in three main areas:

- erection of traffic control devices by utilities works managers;
- fees for non-road activity permits; and
- prescribing the requirements for traffic management plans.

The 10-year estimated incremental net quantifiable cost of the proposed regulations (other than fees) would be approximately **\$9.49 million** in 2009/10 present value dollars. There are also some unquantifiable costs as set out in Part 4.3.2 of this RIS. Costs will be imposed on road authorities, works managers and organisers of non-road activities.

The proposed regulations would minimise risks to road safety and traffic order. These risks relate to the unauthorised installation, alteration or removal of traffic control devices; non-road activities, road races, highway collections, dazzling or distracting lights; and destructive materials on roads.

The cost of non-road activity permits has been estimated at **\$57.37** in dollar terms per permit in 2009/10 (no fees are currently charged, due to the lack of the necessary regulations). While presented here in dollar terms for ease of comprehension and comparison, the proposed fees are prescribed in terms of 5 fee units in the proposed regulations, which amounts to **\$58.45** in 2009/10.

This proposed new fee slightly exceeds the estimated cost of processing permits. However, the cost figure is an *estimate* based on assumptions about the expected volume and cost of processing applications. In the interests of simplicity, and because the fees are stipulated in the Regulations in terms of the number of fee units, it has been decided to round the fee to the nearest full fee unit. This fee level is also consistent with the lowest fee charged for similar applications under the Road Management (Works and Infrastructure) Regulations 2005, so this approach will have benefits in terms of administrative simplicity. The aggregate fee revenue is estimated to be \$1.2 million over ten years in present value 2009/2010 dollars.

Going from the state of the existing regulations (legislative requirements under memoranda of consent) to the proposed regulations would provide a reduction in the administrative burden on traffic management companies, utility companies, and construction companies – equivalent to **\$672,680** in 2009/10².

The proposed regulations specify the minimum requirements for traffic management plans and require that such plans are available for inspection on site. The obligation to have a traffic management plan for works and non-road activities is imposed by section 99A of the *Road Safety Act*. In order to clarify this requirement, the proposed regulations explain what such a plan must contain.

All jurisdictions regulate the installation of traffic control devices to maintain nationally agreed Australian Road Rules and a mechanism to control the quality of traffic management plans. VicRoads believes that the overall burden of the proposed regulations is likely to be no higher than that imposed by regulations in other Australian jurisdictions and is likely to be less onerous in most respects.

National Competition Policy assessment

The costs imposed by the proposed regulations would constitute only a very small fraction of the annual turnover of each business. Therefore, they would not restrict competition by creating a barrier to the entry of new businesses and are unlikely to restrict competition.

Given that VicRoads or the relevant coordinating road authorities are the only organisations which can provide permits in Victoria for non-road activities on roads, the competitive neutrality principle, that is the need for fair competition with other private sector businesses in the same market, does not apply.

Consultation

Key stakeholders have been consulted on the proposed regulations, as listed in Part 1.3 of this RIS.

At this stage, there are no known significant objections to the proposed regulations, although there has been no external consultation as yet on the specific levels of the proposed fee structure.

² This estimate has not been calculated using the full SCM methodology as described in appendix F of the *Victorian Guide to Regulation*.

Comments from interested stakeholders are now invited on the proposed regulations, particularly with respect to the proposed fee structure for non-road activities and the changes from the existing regulations (refer to Part 5.1 and Appendix 5 of this RIS), particularly the requirements for traffic management plans.

Conclusions

In summary, the RIS concludes that that the proposed regulations:

- **are expected to impose costs on road authorities, works managers and organisers of non-road activities;**
- **are expected to confer benefits in terms of minimising risks to public safety and order;**
- **assist the Victoria Government's obligation to implement and maintain nationally agreed Australian Road Rules;**
- **are essential to implement the Victorian Government's initiatives set out in *arrive alive 2008-2017*;**
- **are expected to confer net benefits compared to the base case;**
- **are not inequitable in terms of the distribution of costs and benefits;**
and
- **do not restrict competition.**

Table of Contents

SUMMARY	III
PRELIMINARY.....	XI
1.0 BACKGROUND.....	1
1.1 INTRODUCTION	1
1.2 SETTING THE SCENE	2
1.2.1 <i>Government policies and strategies on road safety</i>	2
1.2.2 <i>Relevant road safety legislation</i>	4
1.3 CONSULTATION TO DATE	7
2.0 THE PROBLEM AND THE POLICY OBJECTIVE.....	10
2.1 THE NATURE AND EXTENT OF THE PROBLEM	10
2.1.1 <i>Installation, alteration and removal of traffic control devices</i>	11
2.1.2 <i>Clarity and consistency in the messages of traffic control devices</i>	14
2.1.3 <i>Consultation by VicRoads with Councils</i>	16
2.1.4 <i>Safe and fair conduct of non-road activities</i>	16
2.1.5 <i>Adequate traffic management plans</i>	18
2.1.6 <i>Dazzling lights and destructive materials on roads</i>	19
2.1.7 <i>Inadequate cost recovery</i>	19
2.1.8 <i>Risk analysis</i>	21
2.2 POLICY OBJECTIVES OF REGULATORY PROPOSAL	22
2.3 NEED FOR INTERVENTION	23
2.3.1 <i>Public goods</i>	23
2.3.2 <i>Externalities</i>	24
2.4 FEASIBILITY OF INTERVENTION	24
3.0 IDENTIFICATION OF VIABLE OPTIONS.....	26
3.1 POSSIBLE REGULATORY OPTIONS	26
3.2 POSSIBLE FEE OPTIONS.....	28
3.3 VIABLE OPTIONS.....	29
4.0 ASSESSMENT OF COSTS AND BENEFITS	31
4.1 INTRODUCTION	31
4.2 THE BASE CASE	32
4.2.1 <i>Defining the base case</i>	32
4.2.2 <i>Likely consequences of the base case</i>	32
4.3 ASSESSMENT OF OPTIONS.....	34
4.3.1 <i>Option A: (non-regulatory option)</i>	34
4.3.2 <i>Option B (regulatory option): The proposed non-fee regulations</i>	36
4.3.3 <i>Option C: Variation of proposed non-fee regulations omitting exemptions to utilities works managers from the need to obtain authorisations</i>	42
4.3.4 <i>Option D: Variation of proposed non-fee regulations prescribing traffic modelling as part of the requirements for traffic management plans</i>	43
4.3.5 <i>Summary of costs, benefits and equity considerations under Options A, B, C and D</i>	45
4.3.6 <i>Option 1: Full cost recovery (stratified) fees excluding law enforcement costs and ability to waive fees</i>	47
4.3.7 <i>Option 2: Full cost recovery (flat rate) fees excluding the costs of law enforcement – the proposed fee regulations with ability to waive fees</i>	49
4.3.8 <i>Option 3: Full cost recovery (flat rate) fees excluding the costs of law enforcement – the proposed fee regulations with ability to waive fees removed</i>	51

4.3.9 Summary of horizontal equity, fee cost and administrative simplicity considerations under fee Options 1, 2 and 3.....	52
4.4 IDENTIFICATION OF PREFERRED OPTIONS	52
5.0 NATURE AND EFFECTS OF PREFERRED OPTION	57
5.1. EXPLANATION OF PROPOSED REGULATIONS	57
5.2. IMPACT ON SMALL BUSINESS	62
5.3. IMPACT ON ADMINISTRATIVE BURDEN.....	62
5.4. COMPARISON WITH OTHER JURISDICTIONS.....	63
5.5 COMPLIANCE AND ENFORCEMENT ISSUES	64
6.0 NATIONAL COMPETITION POLICY TESTS.....	66
6.1 COMPETITION PRINCIPLES AND GUIDELINES	66
6.2 NCP ASSESSMENT	66
7.0 EVALUATION STRATEGY	70
8.0 CONCLUSIONS.....	71
GLOSSARY OF TERMS AND ACRONYMS	75
REFERENCES.....	77
APPENDICES.....	78
APPENDIX 1 – ESTIMATION OF NON-FEE COST IMPACTS (QUANTIFIABLE AND UNQUANTIFIABLE) OF THE PROPOSED NON-FEE REGULATIONS (OPTION B)	79
<i>[(e)*(15/60)*200.....</i>	<i>90</i>
APPENDIX 2 – ESTIMATION OF QUANTIFIABLE COST IMPACTS OF OTHER NON-FEE OPTIONS A, C, AND D AND INCREMENTAL BENEFITS OF CRASH REDUCTIONS UNDER THE PROPOSED REGULATIONS	99
APPENDIX 3 – FEE CALCULATIONS, OPTIONS 1 AND 2	107
APPENDIX 4 – ESTIMATION OF QUANTIFIABLE COST IMPACT OF OPTION 1, OPTION 2 (THE PROPOSED FEES REGULATIONS), AND OPTION 3	113
APPENDIX 5 – SUMMARY OF SUBSTANTIVE CHANGES FROM EXISTING REGULATIONS.....	116
APPENDIX 6 – COMPARISON OF PROPOSED REGULATIONS WITH OTHER JURISDICTIONS	118
APPENDIX 7 – PROPOSED REGULATIONS	123

Preliminary

This Regulatory Impact Statement ('RIS') has been prepared to fulfil the requirements of the *Subordinate Legislation Act 1994* and to facilitate public comment on the proposed regulations. The RIS contains information on:

- the nature and extent of the problem to be addressed by the proposed regulations, including relevant research and investigations;
- the policy objectives of proposed solutions to the problem;
- public consultation to date;
- the case for Government intervention;
- the authorising legislation, objectives, nature and effects of the proposed regulations;
- alternatives to the proposed regulations;
- a cost-benefit analysis of the proposed regulations and alternative policy options; and
- National Competition Policy tests.

Public comments and submissions are invited on the proposed regulations, in response to information provided in this RIS. All submissions will be treated as public documents. Written comments and submissions should be forwarded no later than 5 pm on Friday, 2 October 2009 to:

Manager Road & Traffic Standards
VicRoads
60 Denmark Street,
KEW VIC 3101

1.0 Background

1.1 Introduction

This Regulatory Impact Statement ('RIS') assesses the proposed Road Safety (Traffic Management) Regulations 2009 ('the proposed regulations'). The specific purposes of the proposed regulations may be summarised as:

- regulating the installation, operation and maintenance of traffic control devices (Part 2);
- regulating activities (other than normal road use)³ on or near roads, and to set fees for non-road activities (Parts 3 and 5); and
- prescribing the requirements for traffic management plans (Part 4).

The proposed regulations are one of a set of interrelated regulations made under the *Road Safety Act 1986* ('Road Safety Act'). Other proposed regulations made under the Road Safety Act which implement a range of road safety initiatives include the:

- Road Safety (General) Regulations 2009;
- Road Safety (Vehicles) Regulations 2009;
- Road Safety (Drivers) Regulations 2009; and
- Road Safety Road Rules 2009.

The proposed regulations are intended to replace parts of the existing Road Safety (Road Rules) Regulations 1999 ('the existing regulations'). The existing regulations were made on 9 November 1999 by the Governor in Council under section 95 of the Road Safety Act and will 'sunset' or automatically expire 10 years after the day of making on 9 November 2009.⁴

Existing regulations relating to Road Rules – Victoria ('Road Rules') are proposed to be remade (with modifications) in a separate set of regulations, entitled the Road Safety Road Rules 2009. Existing regulations providing for the installation, operation and maintenance of traffic control devices,⁵ and regulating activities (other than normal road use) on or near roads are proposed to be remade (with modifications) in the proposed regulations. The proposed regulations also introduce new regulations relating to:

- erection of traffic control devices by utilities works managers;
- fees for non-road activity permits; and
- prescribing the requirements for traffic management plans.

Although not part of the cost-benefit assessment, a summary of the differences between the proposed regulations and the existing regulations is given in Part 5.1 and Appendix 5 to this RIS. The modifications to the existing regulations contain additions and improvements to implement changes in legislation, policy and strategy that have occurred in recent years. These additions and improvements also draw on the operational experience of the existing regulations over the decade since 1999, and take into account input from various stakeholders (refer to Part 1.3 of this RIS).

³ Referred to in the regulations as 'non-road activities' e.g. processions, races and other events.

⁴ Refer to section 5 of the *Subordinate Legislation Act 1994*.

⁵ Referred to as 'traffic control items' in the existing regulations.

Under sections 7 and 9(1)(a) of the *Subordinate Legislation Act 1994*, a regulatory impact statement (RIS) is required to be prepared for all proposed regulations (collectively known as ‘statutory rules’) unless, amongst other exceptions, ‘the proposed statutory rule would not impose an appreciable economic or social burden on a sector of the public’.

Section 95B of the Road Safety Act provides that section 7 of the *Subordinate Legislation Act 1994* does not apply to any statutory rule amending, revoking or re-making (with or without modification) the Road Safety (Traffic) Regulations 1988. The Road Safety (Traffic) Regulations 1988 sunsetted and were remade as the current Road Safety (Road Rules) Regulations 1999.

Nevertheless, this RIS has been prepared as if it is required under the Subordinate Legislation Act 1994, in the interests of transparency and to provide an opportunity for consultation with interested stakeholders.

The cost-benefit assessment in Part 4.0 of this RIS identifies the appreciable economic or social burdens to be imposed by the proposed regulations relative to the applicable base case for sunsetting regulations of no regulations.

To set the scene for this RIS, and to assist in identifying and describing the problem to be addressed by the proposed regulations, this Part provides some general background information about relevant legislation and policies regarding road safety in general, and the proposed regulations in particular. This information is provided solely to assist interested parties in better understanding the nature and effects of the proposed regulations within their legislative, economic and social context. It is important to emphasise, however, that the RIS is concerned only with the proposed regulations, and not with the Road Safety Act or with other instruments made under that Act.

1.2 Setting the scene

1.2.1 Government policies and strategies on road safety

Growing Victoria Together, released by the then Premier in 2001 and updated in 2005, is a 10 year vision that articulates what is important to Victorians and the priorities that the State Government has set to build a better society. Important goals of this vision include:

- Improve road and workplace safety; and
- Road accidents and deaths will be reduced by 20 per cent over the next five years.

The *Growing Victoria Together* vision includes the following statement:

‘We will continue to legislate and campaign to reduce unnecessary injury and deaths in our workplaces and on our roads.’⁶

Victoria’s road safety strategy is entitled ‘*arrive alive 2008-2017*’⁷ to be delivered by the Victorian Government and its agencies, including the Transport Accident Commission, Victoria Police, the Department of Justice and VicRoads.

⁶ Premier of Victoria, 2005.

⁷ The strategy can be downloaded from the VicRoads web site at <<http://www.arrivealive.vic.gov.au/node/160>>

The strategy builds on Victoria's strong road safety record and introduces new actions and targets to save lives, reduce road crashes and improve safety on Victoria's roads over the 10 years from 2008 to 2017.

The aim of the strategy is to reduce deaths and serious injuries by 30 per cent, including:

- saving an extra 100 lives a year;
- preventing over 2,000 serious injuries a year; and
- reducing the severity of serious injuries.

While continuing to deliver proven road safety measures, *arrive alive 2008-2017* introduces various major new initiatives with significant potential to reduce road trauma. Amongst other things, measures taken under *arrive alive 2008-2017* to reduce road trauma include:

- designing new roads, roadsides and intersections, monitoring and improving existing roads to the safest levels practicable;
- setting speed limits according to the safety standards of the road and roadsides;
- advising, educating and encouraging road users to comply with road rules, be unimpaired and alert, and drive according to the prevailing conditions; and
- improved signage and road guidance. Improvements that help drivers to become more aware of the road environment will include line marking, 'cats eyes' reflective road markers, and warning and advisory speed signs at locations with high crash risks.

The strategy also formally incorporates the *Safe System* approach to road safety, which aims to create a much safer road environment in which alert and responsible road users should not lose their lives – or be permanently disabled – as a result of a crash on our road system. The *Safe System* values the health and wellbeing of road users and takes human error into account while focusing on:

- improving the safety of Victoria's roads and roadsides;
- increasing the safety of vehicles on Victoria's roads; and
- improving the safe behaviour of Victorian road users.

Keeping Melbourne Moving is a \$112 million Government program intended to deliver some solutions to Melbourne's traffic congestion crisis.

Relevant facts include:

- The cost of congestion in Melbourne was estimated at \$3 billion in 2005. By 2020 these costs could double (COAG 2006).
- 89 per cent of Victorians believe congestion is worse now than it was five years ago and 85 per cent think it will be worse again in five years time (RACV market research 2007).
- More than 80 per cent of public transport services are road based carrying over 250 million passengers every year.
- In the inner city, unnecessary delays can add up to 50 per cent to tram travel times. Red lights, congested roads and lack of enforcement of traffic rules are the main reasons trams are delayed.
- Less congestion for taxis and their passengers will mean shorter journey times and cheaper fares.
- Reducing congestion will generate significant savings (up to \$100 million per year) through improved freight efficiency. These savings can be passed on to traders and consumers.

The key initiatives of relevance to the proposed regulations as a result of Government policies include:

- Standardising clearways on existing arterial roads within 10 kilometres of the Melbourne CBD to keep up with the earlier starting and later finishing of peak hours.
- Minimising the impact of roadworks and events on traffic, public transport, pedestrians and access to private properties adjacent to roads especially during peak times through improved planning, management and communication.
- Educating road users on how they can help reduce congestion.
- Stronger enforcement of road rules for motorists.⁸

1.2.2 Relevant road safety legislation

Relevant primary legislation

The principal road safety legislation in Victoria is the Road Safety Act and regulations made under the Road Safety Act. The purposes of the Road Safety Act are:

- (a) to provide for safe, efficient and equitable road use; and
- (ab) to set out the general obligations of road users in relation to responsible road use; and
- (b) to improve and simplify procedures for the registration of motor vehicles and the licensing of drivers; and
- (c) to prevent the rebirthing of stolen vehicles; and
- (d) to ensure the equitable distribution within the community of the costs of road use.

⁸ <http://www.keepingmelbournemoving.com.au/facts.aspx>

Other Acts relevant to the regulatory proposal are the *Road Management Act 2004* ('the Road Management Act'), the *Transport Act 1983* and the *Local Government Act 1989*, of which more will be said later.

Specific sections of the Road Safety Act relevant to the regulatory proposal are:

Section 95 is the primary authorising power for the proposed regulations. This section authorises the Governor in Council to make regulations for or with respect to any matter or thing required or permitted by this Act to be prescribed or necessary to be prescribed to give effect to this Act including, but not limited to, the matters and things specified in Schedule 2.

Section 99 authorises any person or body corporate having authority under the regulations to install and maintain in or on any highway any standard warning or operative sign or safety device or mark, parking area, traffic island or other device or thing that is prescribed or authorised by the regulations for the regulation and control of vehicular, animal or pedestrian traffic.

Section 99A and items 74 to 77 of *Schedule 2* apply to the conduct of works or non-road activities on a highway, and amongst other things require a traffic management plan to be in operation. A traffic management plan must comply with the requirements prescribed by the regulations.

Section 99B defines a 'non-road activity' as:

'an activity to be conducted on a road which will significantly interfere with the normal use of a road by road users in accordance with this Act and the regulations but does not include any activity to be conducted on a road by a member of the police force or of any emergency services agency arising out of the performance of a function or exercise of a power of that member. For example, a non-road activity would include the use of a road for the shooting of a film, a bicycle event, a street festival or a street market.'

This section of the Road Safety Act authorises a coordinating road authority to issue a permit to a person to conduct a non-road activity on a highway. A permit may be issued subject to—

- (a) any terms, conditions or limitations which the coordinating road authority considers appropriate; and
- (b) the payment of a fee fixed in accordance with this Act.'

In other words, it is the Road Safety Act that requires permits to be obtained for the conduct of non-road activities on highways, rather than the proposed regulations. However, the fees for such permits are prescribed by the regulations.

Section 91 authorises the delegation by VicRoads of any of its powers (other than the power of delegation) under the Road Safety Act or the regulations to a person including a Council. For example, VicRoads has delegated to Councils many of its powers regarding traffic devices management.

Section 77 provides that the Road Safety Act and Regulations may be enforced, amongst others, by any member of the police force, any member of staff of a municipal council who is authorised by that Council, or any member of staff of VicRoads who is authorised by VicRoads.

Significant changes in the legislation specifically relevant to the regulatory proposal within the last 10 years have included the passage of the Road Management Act, which also amended the Road Safety Act by, amongst other things, inserting new sections 99A and 99B.

The Road Management Act deals comprehensively with road management and related issues, and is designed to operate consistently with other statutes such as the Road Safety Act, the *Transport Act 1983* and the *Local Government Act 1989*.

The main purpose of the Road Management Act is to provide a legal framework for the management of the public road network that helps communities, through the democratic process, to determine and implement sound road management policies and practices.⁹ The primary object of this Act is to establish a coordinated management system that will promote safe and efficient road networks at State and local levels and the responsible use of road reserves for other legitimate purposes. This Act contains a range of measures to assist in coordinating the management of roads, including the management of works and infrastructure.¹⁰ Sections 24 to 30 of the Road Safety Act provide for the development of codes of practice, to give practical guidance on the coordination of works and infrastructure on roads in consultation with the Utilities Infrastructure Reference Panel.

The *Transport Act 1983* amongst other things establishes the Roads Corporation (trading as VicRoads) and defines its objects, functions and powers.

The *Local Government Act 1989* is the primary legislation relating to local government in Victoria, and defines the role, functions and power of Councils.

There is no other primary legislation dealing with the specific problems identified in Part 2.1 of this RIS.

In summary, the above road safety legislation sets out a legal framework for the shared responsibilities to maintain Victoria's road network. As a general guide, VicRoads is responsible for:

- Freeways (excluding City Link and EastLink);
- Arterial Roads, in regard to coordination matters including works and infrastructure or development and use of any part of the road reserve¹¹; and
- Non-Arterial State Roads in VicRoads Register.

There is also a shared responsibility between VicRoads and Local Government for operational matters including traffic management, maintenance, hazards and repairs as follows:

⁹ Minister for Transport, 2004, Page 289, Second Reading Speech for the Road Management Bill, 4 March 2004

¹⁰ Refer to Schedule 7 of the Road Management Act.

¹¹ www.vicroads.vic.gov.au/Home/RoadsAndProjects/RoadAndTrafficManagment/RoadManagementActRegulationsAndCodes/RegisterOfPublicRoadsAndOtherInformation.htm

Table 1: Responsibility for Victorian declared arterial roads and roadsides

Part of the road	Urban area	Rural area
Roadway	VicRoads	VicRoads
Local service roads	Council	Council
Roadside	Council	VicRoads
Footpaths and pathways	Council	Council

Relevant subordinate legislation

The Road Rules – Victoria (‘Road Rules’) are based upon model *Australian Road Rules*. The Road Rules are currently published as a Victorian Government Gazette¹² and must be read in conjunction with amendments to the Australian Road Rules listed in Schedule 4 of the Road Safety (Road Rules) Regulations 1999¹³.

The model Australian Road Rules are approved by the Australian Transport Council and form the basis of Road Rules of each Australian state and territory.¹⁴

The Road Management Act includes provision for the making of Codes of Practice to provide practical guidance for road authorities, and works and infrastructure managers in the performance of their functions and duties under the Road Safety Act. Several codes have been developed through a process of public consultation. The code relevant to this RIS is the *Code of Practice for Operational Responsibility for Public Roads*. This Code provides guidance for determining operational responsibility between road authorities for the different parts or elements within the road reserve of public roads, including traffic control devices.

1.3 Consultation to date

In May 2009, a public consultation paper on Victoria’s proposed new road safety regulations was published by VicRoads. The main purpose of this paper was to provide an overview of the proposed Road Safety Regulations and facilitate those interested in contributing to the consultation process, to make a submission¹⁵.

¹² No. P2, Thur 28 October 1999.

¹³ Existing Road Rules are proposed to be remade (with modifications) separately and are proposed to be entitled the ‘Road Safety Road Rules 2009’.

¹⁴ Victoria is committed, through the Australian Transport Council and as a signatory to the inter-governmental agreements, to implement and maintain nationally consistent Australian Road Rules.

¹⁵ VicRoads, 2009.

Preliminary consultation on the proposed regulations has also been conducted by the sending of emails to representatives of the following stakeholder organisations:

- Australian Pipeline Trust;
- Business Victoria;
- Citipower;
- Connex Melbourne;
- Darebin Council;
- Department of Infrastructure (DOI);
- Melbourne City Council;
- Municipal Association of Victoria (MAV);
- PowerCor;
- Royal Automobile Association of Victoria (RACV);
- South East Water;
- Telstra;
- Utilities Infrastructure Reference Panel;
- VicTrack; and
- Yarra Trams.

The MAV was initially concerned that utilities works managers might be given more powers to erect traffic control devices than is proposed (for example, without requiring authorisation for the relevant works) but after a meeting between the MAV and VicRoads these concerns were allayed. The proposed regulations give powers to both utilities works managers and Councils to erect temporary works speed-limit signs (provided the speed limit is no lower than 40 km/h) in association with their works. In the case of utilities, these works must be authorised works; in the case of Councils the works must be works on a road, or part of a road, for which the Council is the responsible road authority.

Supportive written responses were received from RACV, South East Water, CitiPower and Powercor. Other recipients did not provide written responses, despite follow-up emails. The proposals in relation to utility works received full support at a meeting of the Utilities Infrastructure Reference Panel. No other comments have been received to date.

At this stage, there are no known significant objections to the proposed regulations, although there has been no external consultation as yet on the specific levels of the proposed fee structure.

Other stakeholders, such as potential applicants for non-road activity permits, could include a very wide range of businesses and community groups. It is intended that these stakeholders will be consulted via the publication of this RIS.

A further consultation period of 28 days will be held upon the publication of the RIS. During this period stakeholders will be invited to make further submissions on the proposed changes to the regulations. The RIS will be advertised on the VicRoads

website, in daily newspapers, and hard copies will be sent to interested stakeholders. It is also proposed that the availability of the RIS will also be advertised in the Government Gazette.

2.0 The problem and the policy objective

2.1 The nature and extent of the problem

In accordance with Government guidelines¹⁶, a RIS is required to identify and describe the problems to be addressed by the proposed regulations. *In other words, why are the regulations being proposed?*

The provisions of the Road Safety Act indicate an intention by Parliament that certain matters of detail in the overall legislative scheme would be prescribed by regulation rather than by the Road Safety Act, in accordance with the guidelines issued under the *Subordinate Legislation Act 1994*. These guidelines state that—

‘Primary legislation is usually drafted in general rather than specific terms with a view to avoiding the need to make frequent changes. Matters of detail liable to frequent change should, where possible, be dealt with by subordinate legislation rather than primary legislation. However, the rule is that matters of policy, general principle and the like should be reserved to primary legislation.’

The guidelines further state that the following matters are more appropriately dealt with by subordinate legislation than by primary legislation:

- (a) matters relating to detailed implementation of policy, general principles and standards (rather than the policy, principle or standard itself);
- (b) prescribing fees to be paid for various services;
- (c) prescribing forms (if it is necessary that they be prescribed) for use in connection with legislation; and
- (d) times within which certain steps should be taken¹⁷.

The specific problems addressed by this regulatory proposal are part of a set of interrelated regulatory proposals under the Road Safety Act which implement a range of road safety initiatives and include the:

- Road Safety (General) Regulations 2009;
- Road Safety (Vehicles) Regulations 2009;
- Road Safety (Drivers) Regulations 2009; and
- Road Safety Road Rules 2009.

The initiatives are also interrelated with other legislation such as the Road Management Act, the *Transport Act 1983* and the *Local Government Act 1989*¹⁸.

In other words, the problems addressed by this regulatory proposal are road safety, public order and traffic delay.

The proposed regulations aim to implement measures to ensure the safety and the efficient use of roads and to meet a number of essential needs which include:

¹⁶ Government of Victoria, 2007.

¹⁷ Guidelines under Section 26 *Subordinate Legislation Act 1994* (effective 17 January 2005) Guideline 1.09.

¹⁸ Refer to Part 1.2.2 of this RIS.

- Safety and mobility of traffic, public transport, pedestrians and other road users;
- Safety of people undertaking works or participating in events on roads; and
- Safe and orderly access to properties and services adjacent to roads.

The nature and extent of the problems, which may be briefly summarised as being the safe and efficient use of roads, are best identified by considering the likely consequences if there were no relevant regulations or effective alternatives in place by the time the existing regulations expire on 9 November 2009. The problems are discussed in some detail later in this part of the RIS, but generally arise in relation to the following specific sources of risk:

1. The installation, alteration and removal of traffic control devices.
2. Unclear or inconsistent messages conveyed by traffic control devices, including advertising on them.
3. Non-compliance with Victoria's obligation to implement and maintain nationally agreed Australian Road Rules.
4. Possible lack of consultation by VicRoads with Councils before erecting certain traffic control devices on municipal roads.
5. Unsafe works, 'non-road activities' and other activities, together with increased traffic congestion, which adversely affects other road users and the community in general.
6. Lack of specified requirements for the content of traffic management plans.
7. Safety problems arising from dazzling lights and destructive materials on roads.
8. Lack of cost recovery regarding the costs of issuing permits for non-road activities.

The market failure associated with these problems is discussed in Part 2.3 of this RIS.

In the absence of regulation or effective alternatives dealing with these problems, there would be significant gaps and inadequacies in the implementation of the legislation with respect to road safety and traffic management. Specifically, without the proposed regulations, several significant problems would be likely to arise as discussed below.

2.1.1 Installation, alteration and removal of traffic control devices

The unauthorised installation, alteration or removal of traffic control devices on roads could cause road crashes, resulting in deaths, injuries or property damage.

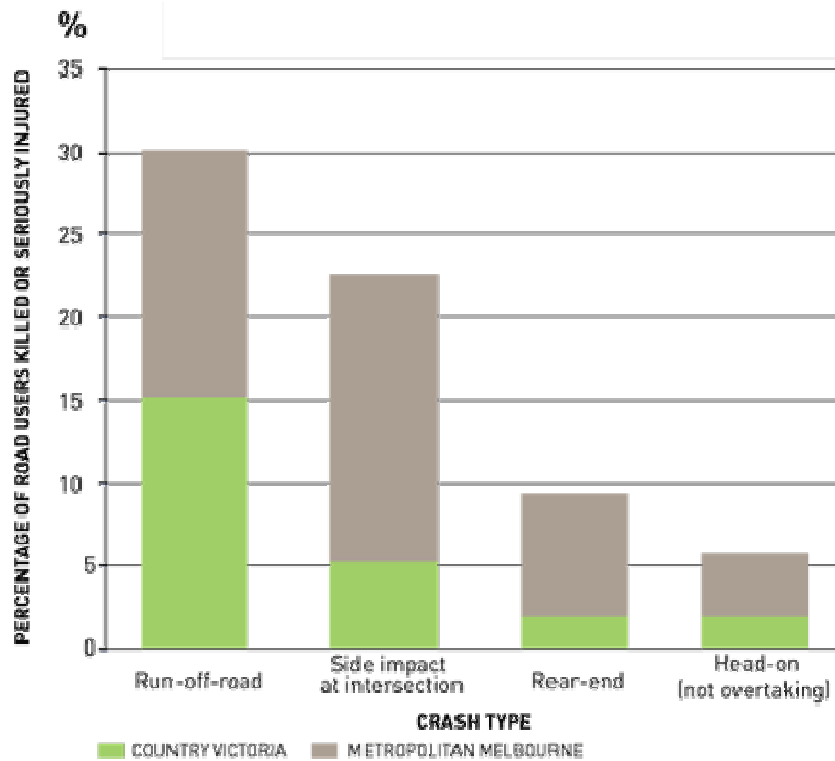
For example, most road intersections in rural areas do not have traffic lights or roundabouts. Some of these intersections are roads of equal status i.e. it is not clear whether one intersecting road is a major road and the other road is a minor road. The only way of avoiding road crashes at these intersections is by the installation of a stop sign or a give way sign on one of the intersecting roads. However, if this stop sign or give way was removed by an unauthorised person,¹⁹ a driver would be entitled to

¹⁹ For example, road signs are sometimes 'souvenired' by individuals or groups.

assume that he had right of way. A driver on the other intersecting road, where there was no stop sign or give way sign, would also assume that he had right of way, and a side impact crash would then become almost inevitable.

The most common crash types – side impact crashes, run-off-road crashes, head-on crashes and rear-end crashes – account for around 72 per cent of all fatal crashes on Victoria’s roads each year. By improving road and roadside infrastructure, *arrive alive 2008-2017* will make a major contribution toward reducing the number and severity of these common types of road crashes²⁰.

Table 2: – Annual road deaths by crash type



A side impact crash is one in which the first point of impact is on the side of a vehicle where there is little vehicle protection for occupants. This type of crash usually occurs at intersections. Side impact crashes account for an average of 45 deaths or 23 per cent of road deaths or serious injuries (see Table 2) on Victoria’s roads each year.

The installation of traffic control devices to establish and enforce reduced speed limits around schools are especially effective in preventing pedestrian deaths and injury amongst children.²¹ Consequently, the management of reduced speed limits around schools, the installation of traffic signals and school crossings, and the closure of roads during street parties assist in minimising this risk.²²

Another example of the problems associated with the unauthorised installation, alteration or removal of traffic control devices relates to the speeds specified on speed limit signs. Without regulation or effective alternatives, drivers wishing to minimise

²⁰ State Government of Victoria, 2008.

²¹ World Health Organisation (2007) World Report on child injury prevention, Geneva. http://www.who.int/violence_injury_prevention/child/en/

²² National SAFE KIDS Campaign. Pedestrian Injury Fact Sheet. Washington 2004

their travel times could change the speed limit sign in a road to say, 140 km/h. On the other hand, residents on that road could change the sign to 20 km/h. A rational speed limit determined by the road authority to achieve an appropriate balance between safety and mobility might be 70 km/h.

A recent study by the OECD Transport Research Centre found that the enforcement of speed limits can provide immediate safety benefits, perhaps more quickly than any other single safety measure. Effective speed management also requires that speed limits are appropriate for the standard of the road, the roadside risks, road design, traffic volumes and mix and presence of vulnerable road users.²³

Further examples of this problem are that business owners would be able to alter signs to promote more traffic along the road where their business is located, or place commercial advertisements on signs obscuring a safety message. Whether to suit their own purposes or out of a misguided sense of 'fun', people would be lawfully able to remove stop signs or signs warning of a sharp curve, or erect 'One Way' signs facing the wrong way or change the colour of red traffic signals to green. Any of these actions, or similar interference with traffic control devices, could result in deaths or serious injuries to road users.

The VicRoads *Safer Road Infrastructure Program* (SRIP) which is also known as the 'Blackspot Program' reduces crash rates by 31 per cent at treated sites across the State, through the implementation of good traffic engineering treatments at high risk locations. Uncontrolled use of traffic control devices could undo these safety benefits. For example, the installation of traffic signals at an intersection reduces casualty crashes by 47 to 50 per cent²⁴. Unauthorised interference with the traffic signal control, such as some action that turned the signals off, is therefore likely to double the crash risk.

In these ways, appropriate installation, alteration and removal of traffic control devices on roads can reduce the risk of road crashes. Various parties could possibly undertake these functions, but not all have the appropriate skills or experience to do this. The following classes of persons or bodies have been assessed by VicRoads as being competent to exercise road management functions in relation to traffic control devices:

- VicRoads;
- Councils and other road authorities e.g. DSE, CityLink, EastLink;
- utilities works managers;
- persons authorised to conduct non-road activities, such as the organisers of a film shoot or street festival, etc;
- school crossing supervisors;
- persons authorised to close roads;
- persons moving livestock by foot on roads; and
- Police e.g. at road crashes, crime scenes, VIP protection, etc.

²³ Transport Research Centre (OECD) 2008.

²⁴ Scully et al, 2006.

This would allow road authorities and other specialist groups (utilities works managers, police, school crossing supervisors, etc) to manage traffic control devices as appropriate to their duties and needs. Otherwise, such bodies or persons would either be in breach of the regulations or would need to seek the appropriate approval each time they erected, installed, displayed, altered or removed these traffic control devices. It is considered that these groups have the appropriate training, responsibility and/or motivation to act accordingly. The above list of authorised bodies and persons would strike a reasonable balance between allowing anybody to erect or remove a traffic control device and allowing authorised bodies or persons to do this.

2.1.2 Clarity and consistency in the messages of traffic control devices

Problems related to clarity and consistency in the messages conveyed by traffic control devices can be divided into three main categories:

1. Safety risks from driver distraction as a result of advertising and visual clutter; and the confusion caused by unclear or ambiguous signs;
2. Potential inequity or injustice from drivers being penalised for misreading unclear or ambiguous signs; and
3. Victoria's obligation to implement and maintain nationally agreed Australian Road Rules.

There is a growing body of evidence that driver distractions, both within vehicles and in the road environment, are becoming an increasingly large cause of road trauma.

A 2009 report from the University of Queensland reported that figures from the USA suggest that one-third of drivers crashed due to being distracted by something outside the vehicle²⁵.

Poorly considered roadside signage and advertising can generate visual clutter, creating a distraction for drivers. The University of Queensland also reported of studies that found driver glances at advertising signs distracted the driver for 0.75 seconds increasing the risk that they would not detect sudden unexpected roadway hazards. This 0.75 second figure is often considered to be the minimum perception response time for a non-alerted driver to react to a braking vehicle, so if drivers take their eyes off the road for longer than 0.75 seconds there is an increased risk they will not detect a pedestrian walking on the road in front of the vehicle or other unexpected hazard.²⁶ Therefore a more strategic approach is required regarding the installation, use and content of scrolling, moving and video style advertising.

²⁵Horberry, T (2009), *Position Paper: Advertising Restrictions and Road Safety*, University of Queensland, Brisbane.

²⁶Horberry, T (2009), *Position Paper: Advertising Restrictions and Road Safety*, University of Queensland, Brisbane.

In 2006, the Victorian Road Safety Committee found that more advertising on signs would cause an increase in road safety hazards due to driver distraction, increased sign size and conspicuity, reliability, road clutter, and so on. In its final report, the Committee noted the following research findings:

- Preliminary figures from the New Zealand Ministry of Transport study on the involvement of various types of external distraction found that in the casualty crashes reported to police for 2002 and 2003, 8 road crashes resulted in injuries; although these constituted only one per cent of the external-distraction related crashes related to advertising/signage.
- A 2004 Canadian study found that 90 per cent of 25 drivers videotaped glanced at one or more signs for at least 0.75 seconds, while 20 per cent glanced for a duration longer than 2 seconds. While two seconds may not seem like high risk duration, it should be noted that even the briefest distractions are enough to cause a fatal crash.²⁷

Unclear signs could create confusion about permitted travel speeds. Travel speed affects both the risk of a crash happening and the severity of injuries sustained when a crash does happen. Even small increases in vehicle speed significantly impact on road safety risks. Speeding and inappropriate travel speeds directly contribute to at least 30 per cent of deaths on Victoria's roads each year. Impact speeds are a crucial determinant of the severity in all crashes, making it vital that speeds are managed to optimise road safety outcomes.

Permitting the use of non-standard or superseded signs could hinder the transition to new standard signs, causing additional driver confusion, potential injustice and road safety hazards. For example, the following 'tram only' sign on the left has been superseded by the sign on the right:



However, the old green circle sign could be confused with the new sign below which will have a different function under the Road Rules after November 2009:



For the avoidance of confusion, the old sign should no longer be used.

²⁷ Road Safety Committee, August 2006.

Although not a safety risk, unclear or ambiguous parking signs, such as confusing text, contrast, colours, font or durability (e.g. faded paint), could create inequity or injustice from drivers being penalised for misreading such signs.

2.1.3 Consultation by VicRoads with Councils

Under the base case, both VicRoads and Councils have the power to erect certain traffic control devices on municipal roads e.g. 50 km/h speed signs.

The problem in this case relates to the clarity and consistency issue discussed above, i.e. given that VicRoads and Councils both have the power to erect devices, there is a risk that, acting independently, they could erect inconsistent devices. To avoid overlap and confusion, consultation by VicRoads with Councils is desirable before erecting such traffic control devices on municipal roads.

Although VicRoads is very likely to consult with a Council in these circumstances, there would be no specified process to ensure that any disagreement about a traffic control device were resolved in a fair manner. Without this specified process, VicRoads could proceed to implement speed control signs without this level of consultation.

2.1.4 Safe and fair conduct of non-road activities

Non-road activities include obstructions, processions, races such as marathons or bicycle races, collections of cash donations.²⁸ Under section 99B of the Road Safety Act, the conduct of a non-road activity requires a permit to be obtained from the coordinating road authority. The coordinating road authority or person to whom the permit has been issued may then close the road, or part of the road, for the period specified in the permit. However, for the purposes of this RIS, it is important to note that the obligation to obtain a non-road activity permit is imposed by the Act rather than the proposed regulations.

In the absence of regulations, competitors, marshals and officials in races and people taking part in highway collections would have no exemptions from the Road Rules.²⁹ This would impose restrictions on what activity organisers could do. In order to comply with the Road Rules, race competitors would be required to stop at every Stop sign on the route, even if the intersecting road was closed to traffic. People engaged in highway collections would not be permitted to stay on the road longer than necessary to cross the road safely.

The closure of roads also causes congestion and congestion creates costs for road users and the general community.

²⁸ For example, the use of a road for the shooting of a film, a bicycle event, a street festival or a street market.

²⁹ Such exemptions can only be prescribed by law.

Efficient use of roads requires that measures must be taken to minimise risks to public safety and order.³⁰ In Victoria, some congestion on the roads is consistent with efficient use of road infrastructure and can be viewed as a sign of a healthy and dynamic economy.³¹ However, non-road activities can:

- seriously impact traffic flow and cause traffic congestion;
- negatively impact pedestrians, businesses and retail activity;
- restrict access to private property and services located adjacent to roads;
- be inconsistent with road rules and cause problems for enforcement;
- create hazards on roads that increase the risk of crashes - especially at night; and
- increase PI insurance for organisations because of the increased safety risk.

Therefore managing the impact on congestion as a result of non-road activities, and the growing demand for travel, is becoming increasingly important.

In 2006, the Victorian Competition and Efficiency Commission ('VCEC') reported that data on the principal causes of congestion and their respective contributions to congestion are limited. However, VCEC also reported that congestion on a Brisbane Freeway network suggested that traffic incidents, road works and special events can account for up to 50 per cent of congestion.³²

VCEC commissioned a report on the principal causes of congestion identified by Federal Highways and Works Administration (2005) in the United States and their respective contributions to congestion are as follows:

- Bottlenecks (40 per cent);
- Traffic incidents (25 per cent);
- Work zones (10 per cent);
- Bad weather (15 per cent);
- Poor signal timing (5 per cent); and
- Special events/other (5 per cent).

The granting of permits, the preparation of traffic management plans and consultation between VicRoads, Councils and Victoria Police are measures to minimise congestion and negative impacts as the result of non-road activities which results in a safer and more equitable use of Victorian roads.

A primary benefit of traffic management plans is to consider and reduce congestion associated with disruptions to the road network (refer to Part 2.1.5 of this RIS).

It is important that applications for permits for races and highway collections and accompanying traffic management plans are considered by the Victoria Police, as they

³⁰For example, different groups wishing to use the same road at the same time.

³¹Victorian Competition and Efficiency Commission (2006), Making the right choices: Options for managing transport congestion, Final Report September 2006.

³²Victorian Competition and Efficiency Commission (2006), Making the right choices: Options for managing transport congestion, Final Report September 2006.

have the knowledge of local traffic conditions and are responsible for any necessary supervision of the activity.

2.1.5 Adequate traffic management plans

Traffic management plans ensure that proper consideration is given to:

- Safety and mobility of traffic, public transport, pedestrians and other road users;
- Safety of people undertaking work or participating in events on roads; and
- Safe and orderly access to properties and services and adjacent to roads.

Section 99A of the Road Safety Act requires that works or non-road activities are conducted in a manner that is safe for road users and persons engaged in carrying out the works or non-road activities. Amongst other things, the person carrying out the works or non-road activities must have in operation a traffic management plan that complies with the prescribed requirements. It is estimated that approximately 3,000 traffic management plans need to be prepared each year (refer to section A2.3 of Appendix 2). These plans would usually be prepared by pre-qualified works contractors or sub-contractors. Where major traffic control devices are used, the plans are usually prepared by traffic management specialists.

The number of traffic management plans currently prepared and the type of works to which they apply is difficult to assess as road authorities do not see all the plans. Many works carried out by utilities are deemed to be minor works and are not subject to consent of the road authority. VicRoads only sees a small proportion of traffic management plans for works on municipal roads. To give an indication of the distribution of Traffic Management Plans, VicRoads has estimated the proportion of plans as follows:

Table 3: Proportion of Traffic Management Plans seen by VicRoads

Type of Activity	Proportion of Traffic Management Plans
VicRoads works	21%
Council works	21%
Utility works	28%
Building construction works	16%
Works by others	2%
Processions	2%
Races	5%
Filmings	2%
Festivals	1%
Other non-road events	2%

The great majority of these plans (around 85 per cent) would involve “major” traffic control devices in the form of temporary works speed-limit signs, and a very small number, perhaps 1 per cent would involve some other type of “major” traffic control device such as traffic signals.

Under the current arrangements, with no regulation, VicRoads has found that less than half of the Traffic Management Plans that are submitted are assessed as being adequate. Many complaints are received from the public about inadequate signing and signing that remains in place when the works are not happening.

For example, VicRoads surveillance and audit reports for June and July 2009 indicate the following deficiencies with traffic management plans at metropolitan worksites:

- In Metropolitan North West region, 26 per cent of audited works had no traffic management plan and 73 per cent had deficiencies with the set-up of traffic control devices or the traffic control devices did not follow the plan; and
- In Metropolitan South East region, 35 per cent of audited works had no traffic management plan, and 58 per cent had deficiencies with the set-up of traffic control devices or the traffic control devices did not follow the plan.

These experiences suggest that there is significant non-compliance with the intention of section 99A of the Road Safety Act and that the force of the non-mandatory Worksite Safety-Traffic Management Code of Practice is not sufficient to achieve safe and effective traffic control at worksites.

In the absence of regulations or effective alternatives, there would be no specified requirements for the content of traffic management plans, as well as no requirements for inspection of those plans. The person conducting the works could simply rely on a generic plan without giving any thought to the safety of the actual location or to the impact on traffic flows where the works are being conducted.

Alternatively, it is possible that, if the required details were not specified, some parties might provide more information than necessary. In other words, specifying the required details could help to reduce the costs of those who, unsure of the requirements, would provide additional, costly, but ultimately unnecessary, information.

If challenged by an authorised officer on site to justify that there was a traffic management plan in operation, the person conducting the works could use the excuse that the plan was back at the office. There would be a lack of incentive for people conducting works to plan the works to minimise safety hazards and to minimise disruption to other road users. Without proper planning, many aspects of the worksite layout could compromise safety. For example, taper lengths could be too short, advance warning distances could be too short or temporary speed-limit signs could conflict with permanent speed-limit signs. The layout of the traffic cones, bollards and signs could mislead drivers so that they inadvertently drive into the worksite.

2.1.6 Dazzling lights and destructive materials on roads

The display of dazzling lights on or near roads that could prevent drivers from clearly seeing the road ahead, could give rise to road safety issues. Examples of dazzling lights could include lights on billboards, lights to draw attention to advertising, architectural lights on buildings and security lights.

As discussed in Part 2.1.2 above, the display of any type of bright lights can distract drivers from concentrating on safe driving.

Another problem is that the dropping or depositing of materials on roads could cause road crashes either from direct impact with the material or from drivers swerving to avoid it.

2.1.7 Inadequate cost recovery

A fee is generally defined as a charge levied in order to recover some or all of the cost of providing a private service, such as the consideration of a permit application. The power to set a fee generally does not authorise the recovery of revenue greater than

the cost of the service provided. A tax, by contrast, is an impost levied on some or all members of the community by the Government in order to raise revenue for general expenditure purposes.

The basic justification for the charging of fees by government agencies such as VicRoads and Councils is to recover the costs of services such as assessing and issuing permits to applicants for non-road activities, either in full or in part. There is a user-pays principle involved whereby those who use the services should be obliged to pay the cost of such services, rather than the funding being provided by taxpayers.

When designed and implemented appropriately, the adoption of cost recovery has the potential to advance efficiency and equity objectives. *Allocative efficiency* is achieved when the value consumers place on a good or service equals the cost of resources used up in production. *Horizontal equity* refers to those who benefit from government activities, or those that contribute to the need for government regulation, having to pay the associated costs.³³

The relevant Department of Treasury and Finance cost recovery guidelines state that user charges should be set on a full cost recovery basis because it ensures that both efficiency and equity objectives are met. There are nevertheless situations where it may be desirable to recover at less than full cost, or not to recover costs at all. Examples of such situations include circumstances where:

- practical implementation issues make cost recovery infeasible;
- there are public goods or benefits to unrelated third parties (sometimes referred to as ‘positive externalities’) or merit goods concerns;
- social policy or vertical equity considerations are considered to outweigh the efficiency objectives associated with full cost recovery;
- the government is providing goods and services on a commercial basis in competition with the private sector³⁴; or
- full cost-recovery might adversely affect the achievement of other government policy objectives.

The cost recovery guidelines also state that best practice cost recovery arrangements need to ensure that fees are based on the minimum cost recovery necessary to deliver the product or activity; and still maintain quality or achieve government objectives over time³⁵.

If no new regulations were made to replace the existing regulations, no fees would be prescribed for services provided by VicRoads and Councils in assessing and issuing permits to applicants for non-road activities.³⁶ This would mean that there would continue to be no cost recovery for these services, resulting in 100 per cent subsidisation of users of these services by non-users. As shown in Appendix 4, this would result in an estimated revenue shortfall of approximately up to **\$1.2 million** over 10 years in present value 2009/10 dollars - to be funded from the public purse or other sources.

³³ Department of Treasury and Finance, 2007.

³⁴ The principles of competitive neutrality may be relevant here – there may be some net cost advantages arising from public ownership that need to be taken into account.

³⁵ Department of Treasury and Finance, 2007 p.32.

³⁶ No fees are prescribed at present.

2.1.8 Risk analysis

When considering the need for government intervention, both the risk of incidence of problems and the likely impacts if such problems do occur, are relevant. For example, as discussed in Part 2.1.1 of this RIS, the unauthorised removal of only one stop sign or give way sign from a country intersection could result in deaths or injuries from side impact road crashes. High public safety impacts generally justify stronger regulatory instruments, even where the incidence of such events may be low. Conversely, where there are low impacts, less interventionist forms of regulation, including self-regulation, may be considered.

Table 4 analyses both the likely incidence and impact of various problems occurring in the absence of regulations or other effective alternatives. Because the absence of road safety regulation is hypothetical, this analysis is necessarily based upon subjective, yet informed predictions by VicRoads on the basis of accumulated road safety knowledge and experience. The purpose is only to give a high-level illustration of the variations in both the incidence and impact of likely problems in the absence of regulations or effective alternatives.

Table 4: Problem risk analysis

Nature of risk	Likely incidence	Likely impact	Further information
Unauthorised installation, alteration or removal of traffic control devices.	Low	Very high – results in non compliance with road rules; –increased risk of deaths or injuries from road crashes; –increased traffic congestion.	Part 2.1.1
Unauthorised alteration of speed limit signs.	Low	Very high – results in non compliance with road rules; –increased risk of deaths or injuries from road crashes.	Part 2.1.1
Lack of clarity and consistency in the messages of traffic control devices.	Low	Very high – results in non compliance with road rules; –increased risk of deaths or injuries from road crashes.	Part 2.1.2
Lack of consultation by VicRoads with Councils before erecting certain traffic control devices on roads.	Low	Low – consultation would in most cases occur voluntarily, but without regulation, the risk of inconsistent devices being erected would be higher.	Part 2.1.3
Unsafe ‘non-road activities’.	Medium	High – results in non compliance with road rules; –increased risk of deaths or injuries from road crashes; –increased traffic congestion.	Part 2.1.4
Inadequate traffic management plans.	Medium	Medium – an estimated 50 per cent of plans would continue to be inadequate, resulting in risks to safety and traffic flows.	Part 2.1.5
Distraction of drivers by obstructions, dazzling lights etc. on or near roads.	Low	Medium – obstructions and distractions are currently prohibited, but the risks would be higher without regulation.	Part 2.1.6
Loss of fee revenue.	Very high	Very low (low revenue involved).	Part 2.1.7

2.2 Policy objectives of regulatory proposal

To address the problems identified in Part 2.1 of this RIS, the policy objectives of the regulatory proposal may be summarised as:

Primary objectives:

- (a) To ensure public safety, order and equity in relation to the installation, maintenance and removal of traffic control devices;
- (b) To ensure that works, non-road activities and other activities on or near roads are conducted safely and that delays and other adverse effects on other road users are minimised;

Secondary objectives:

- (c) To recover reasonable costs of considering applications for non-road activity permits; and
- (d) To ensure that traffic management plans are adequate and available on site.

The main test for assessing the proposed regulations against the practicable alternatives is their relative net benefit in achieving these policy objectives. While necessarily narrower in scope, this policy objective is consistent with the objects of the Road Safety Act.

2.3 Need for intervention

Having identified the nature and extent of the problem and the suggested policy objectives, the ‘threshold’ or preliminary question to be addressed in an RIS is: *Is there a sufficient case for further government intervention to assist in solving the problem?*

Economic grounds for such intervention in this case relate to the existence of **market failure**. That is to say, there would be no need for such intervention if markets were capable of solving the identified problems. Government can justify this because such intervention is in the public interest.

Market failure occurs when markets fail to deliver an efficient allocation of resources (economic efficiency). The result is a loss of economic and social welfare (see glossary). The relevant sources of market failure addressed by the regulatory proposal are associated with those of **public goods**, and **externalities** (see glossary). In other words, market forces alone would not be expected to solve the problems identified in Part 2.1 of this RIS and some form of government intervention is necessary. For the purposes of discussion in this section, the discussion of minimising risks to public safety and order is restricted to the use (clarity and consistency of message), installation, maintenance and removal of traffic control devices.

2.3.1 Public goods

A public good is a good or service that is non-excludable and non-rival.³⁷ The availability of a public good is not diminished by other users. It fails to be produced in private markets because there is no way for the producer to keep those who do not pay for the good or service from using it.

With regard to public goods, it is argued that markets of their own accord fail to supply an appropriate level of risk mitigation to public safety and order in relation to:

- the installation, maintenance and removal of traffic control devices; and
- promoting clarity, and consistency to reduce ambiguity in the use of traffic management control devices.

Public safety and order would be provided by markets ‘to some extent’ because it is in the interests of individuals to protect the economic value of their property or activities. However, these interests are unlikely to be adequate to ensure public safety and order. This is because the risk to the public (in terms of a major road accident) or

³⁷ That is, the use of the good or service does not diminish the availability of the good service to others.

the risk of traffic disorder (in terms of economic activity foregone) can often far outweigh the risks to property or activity itself.

If markets provided such public goods adequately, individuals in society would take comfort in knowing that such benefits would be maximised. However, public safety and order are both non-excludable and non-rival. Non-excludability means that it would be impossible to exclude individuals from the benefits of public safety and order. No-one would be willing to pay for such benefits because they can 'free ride' on others (i.e. waiting for others in society to pay). Non-rivalry means that the enjoyment of such benefits by one individual would not diminish the capacity of enjoyment by others in any way.

The lack of willingness to pay and the absence of 'effective market demand' would result in a lack of public safety and order if left to market forces alone. Consequently, financially sustainable markets for public safety and order in relation to the installation, maintenance, removal and use³⁸ of traffic management control devices, would fail to emerge. Without government intervention, resources would fail to be put to their best uses resulting in allocative inefficiency and the aforementioned benefits to society would fail to materialise.

2.3.2 Externalities

Externalities occur when a cost (negative externality) or benefit (positive externality) arising from an activity does not accrue to the firm or person carrying on the activity. With regard to those conducting works, non-road activities and other activities on or near roads, the relevant negative consumption externalities include risks to public safety and order on other road users. However, individuals who undertake non-road activities on or near roads, only consider their own private costs and benefits and have no incentives to fully account for these externalities in making their consumption decisions.

In the absence of regulations, and as a result of such externalities, market forces would lead to a supply and consumption of works, non-road activities and other activities on or near roads which is allocatively inefficient, (i.e. where the additional benefits of such activities are outweighed by the additional costs, from society's perspective). The absence of regulations or other effective alternatives for regulating the behaviour of road users would therefore fail to minimise risks to public safety and traffic order. Therefore, an unregulated market would result in too great a level of works, non-road activities and other activities on or near roads and too many negative third party effects or negative externalities for other road users.

2.4 Feasibility of intervention

The next preliminary question to be addressed is whether Government intervention is feasible, that is, *are regulations likely to be effective?*

³⁸ Including the need to ensure clarity and consistency

According to Victoria's *arrive alive* strategy 2008-2017:

*'Research shows that the most effective way to improve road user behaviour is through a combination of education and enforcement of the road rules. Enforcement seeks to ensure that the majority of road users who behave responsibly are protected from a minority who put the safety of others in jeopardy through anti-social behaviour such as drink driving and speeding. Enforcement of the road rules has been a key factor in reducing Victoria's road toll to date, and will continue to be a focus under arrive alive 2008-2017.'*³⁹

Where offences against the Road Safety Act, Regulations or Road Rules are detected, members of the police force and specifically authorised officers are empowered to issue warnings or infringement notices, or to issue proceedings by summons, depending upon the circumstances and evidence in each case.

Under section 77 of the Road Safety Act, specifically authorised officers can include:

- protective services officers⁴⁰;
- members of staff of a municipal council;
- employees in the Department of Infrastructure; and
- officers of a public authority if the offence occurs on land or premises which are vested in, or under the control of that public authority.

Each year, large numbers of offences are detected against the Road Safety Act, Regulations and Road Rules and are dealt with as appropriate by police or authorised officers. A summary of compliance and enforcement of the road safety legislation is reported in the Public Consultation Paper accompanying this RIS and the Victoria Police Annual Report 2007-08. As the meaningful interpretation of statistics regarding enforcement of the proposed regulations is problematic, they are not included here.

Permit fees are self-enforcing, that is, unless fees are paid, permits for non-road activities are not issued.

³⁹ <<http://www.arrivealive.vic.gov.au/node/160>>

⁴⁰ Appointed under Part VIA of the **Police Regulation Act 1958**.

3.0 Identification of viable options

The purpose of this part of the RIS is to identify practicable or feasible alternatives to the proposed regulations for comparative cost benefit assessment in Part 4.0 of the RIS. If alternatives are not practicable or feasible, then there is no point in considering them further in terms of costs and benefits.

The RIS is required to identify practicable alternatives to the proposed regulations and their relative costs and benefits compared to the proposed regulations (as quantitatively as possible, otherwise qualitatively). Conversely, the RIS is not required to identify alternatives which are not practicable, or which are beyond the scope of the existing Act. No alternatives are required to be identified, nor are costs and benefits required to be assessed where there is no appreciable cost burden imposed on any sector of the public.

Remaking the existing regulations in full is not possible in this case, because the existing regulations are being split into two separate sets of regulations i.e. the proposed Traffic Management regulations and the Road Safety Road Rules 2009. Remaking all the Traffic Management-related aspects of the Regulations as they currently stand also is not examined as one separate option. However, most aspects of the existing regulations are captured in the proposed regulations, and the three changes being proposed have all effectively been compared with the current Regulations - the current Regulations form the base case in relation to the fees options and traffic management plans, and option C (requiring utilities works managers to obtain written authorisation from VicRoads to erect certain traffic control devices) is also the situation under the current Regulations.

Possible alternatives to the proposed regulations may be divided into two groups: the first group relating to matters other than fees, namely road safety (regulatory options); and the second group relating to fees (fees options).

3.1 Possible regulatory options

There are several possible alternatives to the proposed regulations regarding road safety that can be considered in terms of practicability. However, these options are limited because of Victoria's obligation to install traffic control devices in accordance with the Australian Road Rules.

Approaches used by other Australian states and territories have been considered (refer to Part 5.4 and Appendix 6 to this RIS). However, there are no significant differences that would constitute viable or realistic options under Victorian legislation and cost recovery guidelines.

Self-regulation by private organisations via voluntary codes of practice is often mentioned as an alternative to regulation by government and statutory codes of practice. However, self-regulation can only be effective if—

- a high proportion of persons whose behaviour needs to be modified are members of the relevant private organisations; and
- there are sufficient sanctions available to private organisations to ensure compliance by their members.

Thus voluntary codes of practice may receive a high level of compliance in self-regulated professions such as the legal profession or certain industries. However, there are no such professions or industries relevant to the proposed regulations. For

these reasons, self-regulation and voluntary codes of practice are not considered to be practicable alternatives to the proposed Regulations.

On the other hand, the development, publication and promotion by VicRoads of guidelines under the Road Management Act or the Road Safety Act could be a viable option. Such guidelines would relate to the installation, maintenance and removal of traffic control devices, non-road activities and traffic management plans.

Public education campaigns using television, radio and newspapers are sometimes a feasible alternative to regulations or codes of practice where the behaviour of a wide section of the community can be influenced by simple clear messages such as '*Don't drink and drive*'. However, such public education campaigns are not a sufficient alternative where there is a requirement to implement nationally consistent traffic control devices and messages are more complex and/or the target audience is more specific, as in the case of traffic management. Also, radio, television and newspaper advertisements may not reach short-staying interstate or international visitors.

Some of the proposed regulations are more prescriptive than performance-based. Performance-based regulations specify the required outcome rather than the means by which that outcome is to be achieved. They are not suitable in all circumstances and are most suitable where flexibility and choice in solutions is desirable, to encourage innovation and efficiency. However, performance-based regulations can sometimes be more difficult to comprehend and can also be more difficult to enforce for evidentiary reasons. By their nature, performance-based regulations tend to focus on the resulting outcome of the activity in question, rather than taking action necessary to avoid or prevent such outcomes. As discussed in Part 2.1 of this RIS, the failure to take preventative action could have very serious and irreversible consequences, such as the loss of life, injury to people or animals or major property damage; or could render speed limit signs unenforceable. An appropriate balance therefore needs to be struck between preferences for performance-based regulations, ease of comprehension and ease of enforcement.

As discussed in Part 2.1 of this RIS, there is no other legislation dealing with the identified problems. Thus there are no alternatives available involving the use of other legislation, except for the development and publication of codes of practice under the Road Management Act or the Road Safety Act for the installation, maintenance and removal of nationally consistent traffic control devices; non-road activities and traffic management plans.

A possible variation of the proposed non-fee regulations that emerged during the consultation would be to omit the power of utilities works managers to erect and remove traffic control devices without the written authorisation of VicRoads. The regulations would then revert to the situation that occurs under the existing regulations, where there is no such power and the written authorisation of VicRoads would need to be obtained on each occasion. The relative costs and benefits of this alternative are worthy of further consideration.

The exemption of other classes of bodies or persons from the requirement to obtain authorisation for the erection and removal of traffic control devices has been considered, but found to be inappropriate and infeasible because in the opinion of VicRoads, other bodies or persons do not have sufficient skills, experience or accountability for this purpose.

Another possible variation is to require traffic modelling as a prescribed requirement for traffic management plans. Traffic modelling is an assessment of the traffic performance of the road or network of roads around the area in which the works or activity is to be conducted. It can vary from a very detailed analysis to a simple assessment. This may include localised effects, access to affected properties, impact on the overall traffic network, differential impact based on the timing of the activities and stakeholder concerns. Under this variation, the person proposing to carry out works or an event would be required to assess the traffic impacts of their activity.

3.2 Possible fee options

Because section 99B of the Act provides that a permit may be issued subject to the payment of a fee fixed in accordance with the Act, the setting of fees must be achieved by an amendment to the Act or by setting fees by regulation.

Fees are not currently being charged in Victoria simply because the necessary regulations have not been made since the Act was amended by the insertion of section 99B.

Practical implementation issues include (a) whether the data on costs is sufficiently robust to justify imposing new fees now, and (b) whether the services provided by road authorities in considering applications are efficient⁴¹. As set out in Appendix 3 to this RIS, the answer to these questions is ‘yes’ on both counts.

However, the completion of the review of the Road Safety Act and the implementation of new systems is anticipated to be within three to five years and will result in a further review of regulations and fee regulations. However, the completion and extent of these projects will depend on Government’s resources and priorities.

Another practical implementation issue considered, which would make cost recovery infeasible, is if the cost of fee collection were to exceed revenue collected. This would provide a justification for setting the fees at zero. However, the total cost of fee collection is only a minor proportion of the total cost of processing permit applications. The cost of fee collection is therefore not a ground for setting the fees at zero.

A feasible alternative could possibly be to prescribe such fees based upon partial cost recovery, that is, at a level less than full cost recovery, if there are exceptional circumstances, in accordance with the relevant Treasury guidelines⁴² (refer to Part 2.1.7 of this RIS).

Full cost recovery is defined in the relevant Treasury guidelines as including the cost of law enforcement, notwithstanding that law enforcement has public good characteristics (refer to Part 2.4 of this RIS). The recovery of law enforcement costs from permit application fees requires consideration of its appropriateness and equity as an alternative to the proposed fees. However, in this case the recovery of law enforcement costs would be infeasible because given that there are 79 road authorities including VicRoads, the level of law enforcement cost remains indeterminable and therefore unquantifiable. Each road authority has its own autonomy under the

⁴¹ The Cost Recovery Guidelines state that best practice cost recovery arrangements need to ensure that fees are based on the minimum cost recovery necessary to deliver the product/activity and still maintain quality or achieve government objectives over time.

⁴² Department of Treasury and Finance, 2007.

relevant legislation and is not required to report law enforcement statistics to VicRoads.

Whilst some non-road activities such 'fun runs' and street parties may promote health benefits, social capital or opportunities for community development⁴³, the level of permit fees in relation to the cost of activities to permit applicants is very minor and unlikely to deter participation. VicRoads believes that as discussed in Part 4.1 of this RIS, consumers of permit application services would therefore be highly price insensitive (price inelastic); and a change in fees would not influence the behaviour of consumers of permits nor the level of activities themselves.

In any case, proposed Regulation 30(3) enables co-ordinating road authorities to waive the whole or any part of the fee provided that satisfactory preparatory arrangements have been made for the non-road activity. A compulsory statewide fee exemption for certain categories of non-road activities would be likely to be impractical. For example, applicants for non-road activities could add the term 'street party' to almost any event, and this would exempt them from a fee under such an option. Many such street parties or public gatherings would also be for commercial purposes. For all these reasons, the option of a compulsory statewide fee exemption is neither necessary nor appropriate.

Apart from the question of law enforcement and some non-road activities, the beneficiary of application services provided by VicRoads and Councils is, in every case, the applicant themselves. As there is no other 'public policy reason', or 'exceptional circumstance' for setting application fees at less than full cost recovery, there are no other practical alternatives to the proposed regulations on these grounds.

However, it would be useful to consider as two separate options the proposed fees (including the waiver provision), and an option excluding the waiver provision. This could help draw out the rationale for having the waiver provision (i.e. whether it is based on social or efficiency objectives), and has been included as Fees Option 3 below.

There are also alternative methods available under the Road Safety Act for setting fees based on full cost recovery. An alternative fee structure based on stratified fees rather than a flat fee is one of the options listed below (refer to Fees Option1).

3.3 Viable options

As a result of the above discussion, the viable options selected for cost benefit assessment are as follows:

Regulatory options

- **Regulatory Option A:** The development and publication of guidelines under the Road Management Act or the Road Safety Act for the installation, maintenance and removal of traffic control devices; non-road activities and traffic management plans (non-regulatory option);
- **Regulatory Option B:** The proposed non-fee regulations;
- **Regulatory Option C:** A variation of the proposed non-fee regulations omitting the power of utilities works managers to erect certain⁴⁴ traffic control

⁴³ See DHS web site < http://www.health.vic.gov.au/healthpromotion/what_is/social_cap.htm>

⁴⁴ A works advisory sign; or a hand-held stop sign; or a works zone sign; or a temporary works speed-limit sign.

devices without the written authorisation of VicRoads (as under the existing regulations); and

- **Regulatory Option D:** A variation of the proposed non-fee regulations prescribing traffic modelling as a requirement for traffic management plans.

Options for fees

- **Fees Option 1:** Stratified fees based on full cost recovery *excluding* the costs of law enforcement;
- **Fees Option 2:** The proposed fees regulations including the power to waive fees. Fees based on full cost recovery *excluding* the costs of law enforcement and a flat rate across all classes of permits;
- **Fees Option 3:** A variation of the proposed fees regulations with no provision for fee waivers. Fees based on full cost recovery *excluding* the costs of law enforcement and a flat rate across all classes of permits.

4.0 Assessment of Costs and Benefits

4.1 Introduction

This section identifies the relative costs and benefits for the proposed regulations and each of the other options, as identified in Part 3.0 of this RIS, in comparison with the 'base case'. The 'base case' is used as a reference point for measuring the incremental costs and benefits of each of the options, including the proposed regulations. Each of the options is assessed in relation to how well the underlying policy objectives identified in Part 2.2 of this RIS are likely to be achieved.

Where data exists, discounted⁴⁵ quantitative estimates of costs and benefits are provided over the 10-year life of the proposed regulations. However, where cost and benefit data is not available, the assessment is made using qualitative criteria about the achievement of the policy objectives.

Apart from Table 3 in this RIS, data on how specific groups involved in various activities (e.g. not-for-profit organisations or community groups) are likely to be affected, and how many of these are likely to be affected by the regulatory options is not available. In relation to the proposed fees options, data on the distribution of permit applications across different specific groups (e.g. not-for-profit organisations or community groups) and data on the proportion of applications that are successful is not available.

All fee options are based on the recovery of efficient costs. Furthermore all fees are based on robust cost estimates for application services to be provided by the relevant road authority (refer to Appendix 3 of this RIS).

The costs and benefits of the various non-fee options (A, B, C and D) are assessed using the following criteria (**I + II + III**)⁴⁶ to compare the effectiveness of each non-fee option in achieving the relevant part of the policy objective:

- I** **minimising risks to public safety and order;**
- II** **non-fee compliance costs** for permit holders and road authorities; and
- III** **horizontal equity** for road users: justice and equity for road users in similar situations by reducing ambiguity of road signs and parking signs⁴⁷. Discrepancies in the clarity and consistency of signs would lead to an unfair and unjust treatment of some road users who could be unfairly penalised for misreading ambiguous signs.

The costs and benefits of the various fee options (1, 2 and 3) will be assessed by using the following criteria (**IV + V + VI**)⁴⁸ to compare the effectiveness of each fee option in achieving the policy objective:

- IV** **horizontal equity** in relation to cost recovery: individuals who benefit or whose actions give rise to the need for government services should pay for such services⁴⁹. Providing for a 'fair' user pays system for

⁴⁵ A nominal discount rate of 6.5% is used for present value calculations in this RIS which assumes an average annual inflation rate of 3%.

⁴⁶ These Roman numerals will be used to link the criteria to Table 5 of this RIS.

⁴⁷ Department of Treasury and Finance (September 2007), *Cost Recovery Guidelines*.

⁴⁸ These Roman numerals will be used to link the criteria to Table 10 of this RIS

⁴⁹ Department of Treasury and Finance (September 2007), *Cost Recovery Guidelines*.

permit applications implies setting fees that represent the actual level of work required⁵⁰ to assess applications;

V fee costs: this criterion involves minimising fee costs in general; and

VI administrative simplicity: the extent to which the system is simple to understand and administer.

Department of Treasury cost recovery guidelines state:

*'When structuring charges (and, indeed, when designing cost recovery arrangements in general), it is important to ensure that they are simple to understand (and to implement). Complex arrangements, while theoretically pure, may result in unjustified costs, unnecessary confusion, and high levels of evasion.'*⁵¹

Allocative efficiency is not used as a criterion in the analysis of the fees options. This is because the level of fees in relation to the cost of activities to permit applicants is very minor and there are no alternative substitutes to permit applications provided by the relevant road authorities. It follows, therefore, that consumers of permit application services are considered to be highly price insensitive (price inelastic) and a change in fees would not influence the behaviour of consumers of permits nor the level of activities themselves. Instead, externalities of activities (public safety and order issues) are dealt with under non-market based regulations (non-fee regulations)..

Certainty is also not used as a criterion for the analysis of the fees options. Again this is due to the fact that the level of fees is extremely minor as compared to the cost of activities which permit applicants wish to undertake. Therefore, the level of the fee is not relevant to permit applicants in their decision to apply for a permit.

A detailed discussion and estimation of costs is provided in Appendix 1 of the RIS.

4.2 The base case

4.2.1 Defining the base case

The term 'base case' means the situation that would continue to exist in the absence of the proposed regulations. For sun-setting regulations the 'base case' is defined as having no relevant regulations or effective alternatives, and no prescribed fees. Relevant existing legislation and codes of practice are also part of the base case. For the purpose of this RIS the 'base case' relates to the existing legislation as already identified in Part 1.2.2.

4.2.2 Likely consequences of the base case

The likely consequences of the 'base case' are that the nature and extent of the problems identified in Part 2.1 of the RIS would not be addressed.

That is, under the 'base case' there would be no way to ensure public safety⁵² and order⁵³ in relation to the installation, alteration and removal of traffic control devices.

⁵⁰ Work required will depend on the potential level of vehicle displacement resulting from the proposed activity (see Appendix 3.1 for a more detailed discussion)

⁵¹ Department of Treasury and Finance (September 2007), *Cost Recovery Guidelines*, p.31.

⁵² For example, the effectiveness of speed signs in reducing the risk of road crashes (refer to *arrive alive* strategy and the accompanying Public Consultation Paper).

⁵³ In other words, balancing access to road space between user classes such as drivers, cyclists, pedestrians and public transport and minimising use conflicts e.g. conflict between retailers and road users re: clearways.

A person would be able to erect, remove, alter, or interfere with traffic control devices without sanction. Similarly, a person would be able to obscure or distract drivers' attention from traffic control devices without sanction. In addition, there would be inadequate definition of the power of road authorities and other persons exercising road management functions in relation to traffic control devices.

Part 2.1.1 of this RIS provides a more detailed discussion of the dangers of not regulating the installation, alteration and removal of traffic control devices in terms of public safety and order. There are many incentives for residents and businesses to gain some advantage by interfering with traffic control devices and the prevalence of that would increase if there were no regulations.

There would be no requirement for consultation between VicRoads with Councils with respect to the erection of certain traffic control devices on roads e.g. 50 km/h speed signs, resulting in less coordination between these bodies. Although VicRoads is very likely to consult with a Council in these circumstances, there would be no prescribed process to ensure that any disagreement about a traffic control device were resolved in a fair manner. See Part 2.1.3 for a more detailed discussion of the implications of reduced consultation between the road authorities.

Victoria would also be in breach of its obligation to install nationally consistent traffic control devices as set out in the Australian Road Rules. There would be no mechanism to ensure clarity and consistency in the messages of parking signs and traffic control devices including contrast, colours, font and durability – thereby mitigating risks of ambiguity, and encouraging equity for road users. There would be no way to prohibit commercial advertising on traffic control devices. There would be no prohibition on erecting superseded signs. Increased driver distraction, sign size (including advertising on signs) and road clutter would lead to additional road safety hazards. There would be a reduction in horizontal equity to road users as different users would have to abide by any variations in the quality of signs (see Part 2.1.2 for a more detailed discussion of the implications of reduced clarity and consistency).

Under the Road Safety Act it would be an offence to conduct 'non-road activities' (e.g. parades, processions, sporting races, highway collections, film-making etc) on a highway without a permit. However, there would be no legislative mechanism for issuing such permits and minimising congestion and negative impacts on roads users and the community in general.

Traffic management plans ensure that proper consideration is given to:

- Safety and mobility of traffic, public transport, pedestrians and other road users;
- Safety of people undertaking work or participating in events on roads; and
- Safe and orderly access to properties and services and adjacent to roads.

In the absence of regulations or effective alternatives, there would be no specified requirements for the content of traffic management plans, as well as no requirements for those plans to be available for inspection (see Part 2.1.5 of this RIS). More than half of the Traffic Management Plans that are submitted would be assessed as being inadequate in terms of content. Many complaints would be received from the public about inadequate signing and signing that would remain in place when works had ceased or been suspended. Simple generic plans would be used without giving any thought to the safety of the actual location or to the impact on traffic flows where the

works are being conducted. By the same token it is possible that, if required details were not specified, some parties might provide more information than necessary leading to costly and unnecessary detail.

There would be no automatic exemption to Road Rules for participants in highway collections and races and no police involvement in approving highway collections and races. This would impose restrictions on what activity organisers could do. In order to comply with the Road Rules, race competitors would be required to stop at every Stop sign on the route, even if the intersecting road was closed to traffic. People engaged in highway collections would not be permitted to stay on the road longer than necessary to cross the road safely. The outcome of this is that road races and highway collections may continue to occur however illegally. There would be a reduction in economic value to the state of Victoria in relation to tourism dollars due to restrictions on road races (as per Road Rules) and in relation to charitable activity due to loss of highway collections. However, the extent of such economic value remains unknown due to the unavailability of data. In general terms, there would be no way to ensure that works, 'non-road activities' and other activities on or near roads were conducted safely and that adverse effects on other road users were minimised (see Part 2.1.4 for a discussion on the consequences).

Under the 'base case' no fees would be prescribed for services provided by VicRoads and Councils in assessing and issuing permits to applicants for non-road activities as required by the Road Safety Act. This would mean 100 per cent subsidisation of users of these services by non-users and zero cost recovery. As shown in Appendix 3, this would result in an estimated revenue shortfall (excluding law enforcement costs) of approximately **\$1.2 million** over 10 years in present value 2009/10 dollars⁵⁴. Permit services required for the achievement of private gains would be totally and ultimately funded from the public purse or other sources.

4.3 Assessment of options

4.3.1 Option A: (non-regulatory option)

Option A would entail the development and publication of guidelines by VicRoads under the Road Management Act or the Road Safety Act for the installation, maintenance and removal of traffic control devices; non-road activities and traffic management plans in order to achieve the policy objectives as discussed in Part 2.2 of this RIS.

The possibility of developing and publishing guidelines as an alternative to specific parts of the proposed regulations has also been considered. However, for reasons given below, guidelines would be inferior to regulations in each case.

Quantifiable incremental net cost of Option A (Criterion II)

Option A would simply involve a one-off additional cost to VicRoads in developing and publishing guidelines which would be funded from consolidated revenue (i.e. the taxpaying community). It is assumed that there would be a need to re-develop and re-publish the guidelines once every five years. This would bring the 10-year incremental cost of Option A to approximately **\$0.44 million**⁵⁵ in 2009/10 present

⁵⁴ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

⁵⁵ See Part A2.1 of Appendix 2 in this RIS for source of estimate

value dollars⁵⁶. Therefore, in relation to Criteria II, Option A would result in an increase in non-fee cost of compliance on taxpayers as compared to the ‘base case’.

Unquantifiable incremental net benefits of Option A (Criterion I)

The primary objective of the Road Management Act is to establish a coordinated management system that will promote safe and efficient road networks at State and local levels and the responsible use of road reserves for other legitimate purposes. Sections 24 to 30 of the Road Management Act provide for the development of codes of practice, to give practical guidance on the coordination of works and infrastructure on roads in consultation with the Utilities Infrastructure Reference Panel.

However, Option A would fall short of effectively addressing public safety and traffic order with respect to those participating in ‘non-road activities’ or on road / near road activities. That is to say, VicRoads guidelines based on the Road Management Act would be focused more so on mitigating risks to public safety and order resulting from works and infrastructure on roads.

Guidelines are much more flexible documents than regulations as they do not require legal compliance and could be adjusted more easily and frequently (i.e. without a RIS) given changing conditions in the environments affected. However, government guidelines would be ‘voluntary’ in nature and ‘ownership’ of such guidelines by some works managers and non-road activity organisers would be strictly through consultation and not through the development of their own codes. For example, the Western Australian *Code of Practice Traffic Management for Events* has been considered as a possible model, but is not a practical or necessary alternative to the proposed regulations because (a) the proposed regulations do not prescribe detailed requirements for the conduct of events; and (b) the Western Australian legislation requires Government and/or Police approval to be obtained for such events, as in the case of Victorian legislation.

Option A would fall short of effectively addressing public safety and public order with respect to the use of nationally consistent traffic control devices as set out in the Australian Road Rules. As discussed in Part 2.1.1 in this RIS, there are many circumstances where individuals would achieve personal benefit by being able to erect, remove or alter traffic control devices if there were no regulatory sanctions. Although guidelines may go some way to ensuring that road authorities exercise their responsibilities for good use of traffic control devices, they would have little effect in preventing members of the public or businesses from interfering with traffic control devices.

The proposed regulations enable road authorities to erect and remove the traffic control devices for which they are responsible. The only restriction is that those devices classed as “major traffic control devices” require authorisation from VicRoads. Omitting this component of the regulations and relying on state government guidelines is unlikely to achieve the level of consistency that is necessary for the safe and equitable application of these devices across the State. It is VicRoads intention that the power to authorise some devices will be delegated to Councils, as is currently the case, and the delegation can be rescinded if compliance is not good.

⁵⁶ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

However, guidelines would be insufficient to ensure that the use of speed-limit signs and traffic signals, for example, were deployed across 79 Councils and other road authorities in a manner that led to the safe and efficient operation of the road network. With the influence of local interest groups, traffic signals could be adjusted to favour local access at the expense of through traffic; speed-limits on important traffic routes could be reduced; or trucks could be banned from certain streets without consultation with industry.

Option A would also fail to adequately address the hazards associated with advertising on signs, or displays of dazzling or distracting lights. Such mechanisms are aimed at achieving private gains and where there is a conflict between private gains and the cost of meeting voluntary guidelines it is likely that the former will be pursued at the expense of the latter. In addition, government guidelines would not be as effective on members of the public who are likely to be unaware of the existence of the guidelines. Ignorance of the law is no excuse for non-compliance with the law; however no such imperative exists with respect to guidelines. As a consequence it is likely that the lack of adherence to voluntary guidelines is likely to be more widespread.

Therefore, it is expected that there would be less effective additional promotion of the policy objectives as discussed in Part 2.2 of this RIS – as compared to Option B (the proposed regulatory option).

Consequently, it is expected that there would be some mitigation of risks to public safety and order as compared to the ‘base case’ (Criteria I) – however, the incremental benefits according to Criteria I would be lower than those under Option B, assuming compliance is higher under this regulated option.

Horizontal equity considerations of Option A (Criterion III)

With respect to the quality of parking signs and signs mentioned in the Road Rules – the ability to reduce ambiguity would be constrained by the voluntary nature of guidelines under Option A. There would be some improved, more equitable, treatment of road users as greater consistency and clarity would be introduced under Option A as compared to the ‘base case’. However, any improvement to equity would be less than under Option B where requirements regarding the quality of signs are compulsory.

4.3.2 Option B (regulatory option): The proposed non-fee regulations

Option B consists of the proposed regulations as set out in Appendix 7 to this RIS. Under this option current compliance levels are assumed.

Quantifiable incremental net cost of Option B (Criterion II)

Under Option B, the 10-year⁵⁷ estimated incremental net quantifiable cost of non-fee regulations would be approximately **\$9.49 million** in 2009/10⁵⁸ present value dollars, as shown in Table 5.

⁵⁷ It should be noted that the life of regulations under Option B is limited to 10 years, by operation of section 5(1) of the **Subordinate Legislation Act 1994**.

⁵⁸ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

Table 5: Estimated incremental 10 year (non-fee) costs of the proposed regulations (other than for fees) in present value 2009/10 dollars – Option B⁵⁹

Proposed regulation	Description of cost	Cost imposed on	10 year incremental cost 2009/10 dollars
Reg.9	Cost of consulting councils for erection of certain traffic control devices on roads by VicRoads.	VicRoads	\$6,524.
Reg.10	Cost of obtaining authorisations for erection of traffic control devices by responsible road authorities ⁶⁰ and cost of providing such authorisations by VicRoads.	Road authorities (councils)	\$121,845
		VicRoads	\$1,747,877
Reg.11	Cost of obtaining authorisations for erection of traffic control devices ⁶¹ by utilities works managers and cost of providing authorisations by VicRoads.	Utilities works managers	\$21,747
		VicRoads	\$350,036
Reg.12	Cost of obtaining authorisations for erection of traffic control devices ⁶² by persons authorised to conduct a non road activity and cost of providing authorisations by VicRoads.	Persons authorised to conduct a non-road activity	\$33,049
		VicRoads	\$531,962
Reg.16	Cost of obtaining authorisations for erection of traffic control devices by other persons and cost of providing authorisations by 16(a) VicRoads and 16(b) other road authorities (councils).	Other persons	\$241,220
		VicRoads	\$1,941,318
		Road authorities (councils)	\$1,623,961
Reg.17	Cost of obtaining authorisations for erection of traffic control devices at stock crossings by persons and cost of providing authorisations by VicRoads.	Persons involved with stock crossings	\$286
		VicRoads	\$1,535
Reg.25	Cost of obtaining authorisations for processions ⁶³ by persons and cost of providing authorisations by coordinating road authority.	Persons involved in processions	\$28,617
		Road authorities (including VicRoads)	\$254,917
Reg.26	Cost of obtaining permission for races by persons and cost of providing permission by Victoria Police.	Persons involved in races	\$79,412
		Victoria Police	\$503,122
Reg.28(1), (3), (4) and (5)	Cost of obtaining permission for highway collections by persons and cost of providing permission by Victoria Police	Persons involved in highway collections	\$78,553
		Victoria Police	\$497,683
Reg.32	Cost of including specified content in traffic management plans	Persons wishing to conduct road or road related area activity	\$1,429,833
<i>Present value of 10 year total cost</i>			<i>\$9,493,500</i>

Therefore, in relation to Criteria II, Option B would result in an increase in non-fee cost of compliance to taxpayers as compared to the ‘base case’ which is much larger than under Option A.

⁵⁹ See Part A1.1 of Appendix 1 of this RIS for source of estimates.

⁶⁰ Apart from those associated with Part 12 of the Road Rules or a children's crossing

⁶¹ Apart from a works advisory sign; or a hand-held stop sign; or a works zone sign; or a temporary works speed-limit sign.

⁶² Apart from a works advisory sign; or a hand-held stop sign; or a works zone sign; or a temporary works speed-limit sign.

⁶³ Other than a funeral procession.

Unquantifiable incremental net cost of Option B (Criterion II)

Incremental costs of Option B under the proposed regulations would be mitigated by certain exemptions of persons or organisations from such proposed regulations. That is to say the net incremental cost of proposed regulations (α) would equal the cost of the proposed regulation (β) less the impact of the proposed exemptions (θ):

$$\alpha = \beta - \theta$$

Under Option B, a range of incremental net unquantifiable costs would be incurred in relation to the 'base case', as shown in Table 6. The reasons as to why the costs remain unquantifiable and a more detailed discussion of costs are given in Part A1.2 of Appendix 1 of this RIS.

Table 6: Summary of 10 year unquantifiable incremental net costs of Option B (proposed regulations)

Proposed regulation	Proposed regulation description	Nature of unquantifiable incremental cost
Reg.6	Erection, installation of and interference with traffic control devices.	Cost to unauthorised persons in not being able to erect, display, place, interfere with, alter, deface or remove a traffic control device or erect, display or place any device which would emulate or interfere with existing traffic control devices, their effectiveness, or drivers' ability to distinguish or pay attention to traffic control devices.
Reg.9	Requirement of a 21-day public consultation period if the Councils reject a VicRoads proposal.	A minimal time cost would be incurred for those involved in discussions in the event of a conflict of desires arising from the introduction of the default speed limit of 50km/h in urban areas, in order to find a mutually agreed solution regarding speed limits. Where mutual agreement is reached there would be no further cost. However where there is disagreement, additional resources would be incurred involving publishing a notice seeking public submissions, considering all submissions and then publishing a final notice of the decision in a newspaper. This cost would rarely occur as very few such disagreements have occurred since the introduction of the 50 km/h default speed limit in urban areas.
Reg.18	Parking signs must conform with Australian Standard – AS 1742.11 (1999).	Minimal cost to road authorities (councils) in not being able to use non-standard signs for traffic control. However, given that there is no stock of non-standard signs held by road authorities, proposed <i>regulation 18</i> would not result in the loss of existing resources in the first instance. As such the potential for any cost is minimal at most and represents a potential inconvenience to road authorities who would like to use non-standard signs over the next 10 years. Furthermore, this cost would be offset with cost savings with the future production of standard signs due to scale economies and, therefore, proposed <i>regulation 18</i> has the potential to in fact provide cost savings to road authorities.
Reg.23	Commercial advertising prohibited on traffic control devices.	Potentially major cost in terms of foregone advertising revenue to road authorities and marketing opportunities foregone to advertisers (i.e. loss of: branding through the use of specific logos; reinforcement of other advertising messages; generating exact impulse stops; and helping to change customers' buying habits once they have stopped).
Reg.26 in conjunction with exemptions under Reg.27	Notice to be given and police permission obtained for races.	Successful applicants granted permission to conduct a race or other event on a road, would do so only under the conditions of such permission as required (i.e. thought to be appropriate) by the Victoria Police. However, by adhering to the conditions of permission, the person/s would be exempt from Rules 151, 234, 238 and 256 of the Road Rules, and exempt from all the Road Rules if within a police-controlled rolling road closure under proposed <i>regulation 27</i> . Therefore, the incremental cost of proposed <i>regulation 26</i> in conjunction with the exemptions under proposed <i>regulation 27</i> – would constitute the difference between the cost of adhering to the conditions of the permission on one hand, and the cost of adhering to the relevant rules of the Road Rules (the base case), on the other.
Reg.28(5) in conjunction with exemptions under Reg.29	Notice to be given and police permission obtained for highway collections.	All successful applicants granted permission to conduct a highway collection, would do so only under the conditions of such permission as required (i.e. thought to be appropriate) by Victoria Police. However, by adhering to the conditions of permission, the person/s would be exempt from Rules 230(1) and 234 of the Road Rules under proposed <i>regulation 29</i> . Therefore, the incremental cost of proposed <i>regulation 28(5)(b)</i> in conjunction with the exemptions under proposed <i>regulation 29</i> would constitute the difference between the cost of adhering to the conditions of the permission on one hand, and the cost of adhering to the relevant rules of the Road Rules (the base case), on the other.
Reg.28(2)	A person must not conduct, or cause or permit to be conducted, or take part in, a highway collection between sunset and sunrise.	Minimal incremental costs to persons involved in highway collections in terms of foregone revenue, assuming that very few collections would otherwise be held at night.
Reg.34	A person must not erect, display or place a light that may prevent a driver from clearly	Minor cost in terms of foregone marketing opportunities to advertisers (very small percentage) who might otherwise, irresponsibly, wish to use dazzling lights to attract the attention of passing motorists. Furthermore

	<p>distinguishing the road ahead; or erect, display or place a light, or a light of a class, which VicRoads has declared to be a danger or distraction to drivers or other road users.</p>	<p>proposed <i>regulation 34</i> would create a minor cost by way of inconveniencing those premises owners who might otherwise wish to use dazzling security lights where they could distract drivers or road users as opposed to other forms of security. However, such activities would not normally be undertaken in a widespread fashion commercially or otherwise. In relation to advertising there would be a variety of substitutes available including lit up billboards, inflatable figures, and even people dressed up as mascots and could still use dazzling lights where they would not distract drivers or road users (for example to the side or rear of buildings). In relation to security, property owners would be able to substitute to burglar alarms, alarm lights, and could still use dazzling lights at the rear or side of buildings. Where dazzling lights are used in the front of properties there would be a marginal cost to businesses or advertisers in fitting visors or shields to lights that would otherwise be dazzling to drivers or could simply involve redirecting the lights away from the drivers or other road users' eyes.</p>
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Unquantifiable incremental net benefits of Option B (Criteria I and II)

The proposed regulations under Option B would directly address the minimisation of risks to public safety and traffic order (**Criterion I**). Issues addressed would relate to traffic control devices, non-road activities, road races, highway collections, dazzling or distracting lights and destructive materials on roads – specifically:

- *Regulations 6 and 7* which prohibits the erection, installation and interference with traffic control devices in general; and prohibits the erection of superseded traffic control devices;
- *Regulations 9, 10, 11, 12, 16(a) to (b) and 17* which prescribe consultation and authorisation requirements prior to the erection of traffic control devices by: VicRoads; other responsible road authorities; utilities' works managers; authorised persons; other persons; and persons involved in stock crossings, respectively. The 21 day consultation requirement of proposed *regulation 9*, is a result of the introduction of the default speed limit in urban areas of 50 km/h and is designed to encourage the cooperation of councils with VicRoads when determining if a local road will be signed at 60 km/h and to explicitly state who has the final say and arrive at a mutually agreeable solution. For information on the need for the 21 day consultation requirement see Part 2.1.3 in this RIS;
- *Regulations 23, 25, 26 and 28(1),(3)to(5) and 30* which: prohibits commercial advertising on traffic control devices; requires authorisations for processions (other than funerals); requires permission for conducting road races; requires permission for highway collections⁶⁴; (here there would be protection of economic value of charitable activities); and prescribes fees for permits for non-road activities; and
- *Regulations 31, 32, 33, 34 and 35* which: state when a traffic management plan must be made, what such a plan should contain; and when it should be available for inspection (for information on the need for such requirements see Part 2.1.5 in this RIS); prohibit the display of dazzling or distracting lights; and prohibit putting destructive material etc on roads. The proposed regulation to prohibit dazzling lights would have a direct

⁶⁴ Not specifically related to Criterion I, there would be some protection of the economic value of charitable activity in Victoria.

effect in improving road safety. As this prohibition has been in place for many years, it is difficult to predict how many dazzling lights would be installed if there were no regulation. Nevertheless, it is evident that people installing lighting (such as architectural lighting to illuminate the front of a building, or security lights, or lights for a tennis court, or lights for a billboard) would often not give due consideration to the road safety impacts of their actions.

These individual regulations would substantially contribute to minimising risks to public safety and order; and help to address the problems discussed under Part 2.1 of this RIS. As indicated in Part 2.1.5 of this RIS, a significant number of recently audited works did not have a traffic management plan. The proposed regulations requiring the plans to be available for inspection should have a significant impact in improving compliance.

However, such benefits remain unquantifiable for two reasons:

- Firstly, the benefits of the proposed regulations ultimately relate to minimising the risks to public safety and order; and to minimising the impact of such risks on road deaths and injuries. Whilst the incidence of such risks may be low in some instances (see Table 4 of this RIS), the impact of failing to minimise these risks could be very high. Given that the ultimate impact of the proposed regulations is unpredictable and variable (yet substantial), the economic value of benefits of risk minimisation remains unquantifiable.
- Secondly, even if the ultimate impact of minimising risks to public safety and order in terms of death and injury was known, any attempt to value human life, including a lifetime earnings approach, is problematic particularly given that the value of a person's life to friends and family is not captured.

Option B would result in reduced uncertainty and therefore transaction costs (**Criterion II**) by providing guidance as to what is required in traffic management plans under proposed regulation 32. Without proposed regulation 32, persons wishing to conduct a relevant activity on a road would still be required to have a traffic management plan as required by section 99A(4)(a). However, it would remain unclear as to what would be required in such a plan. This would create significant hidden costs for such persons in trying to coordinate information in the traffic management plan with requirements by VicRoads. Moreover, regulation 32(2) allows for details of matters required for inclusion under proposed regulation 32(1)(b) to be presented in a manner 'in so far as reasonably possible', thereby minimising 'unnecessary' detail.

Illustration of potential crash cost reductions under Option B

The purpose of this section is to illustrate the potential quantitative benefits of the proposed regulations in terms of reducing crash rates. Importantly, the following discussion does not claim robust data and should not be considered as part of the cost benefit analysis but, instead, serves as an illustration only.

The proposed regulations seek to minimise the potential for the misuse of traffic control devices which could undo the benefits of the Blackspot Program. This program is responsible for reducing crash rates at treated sites in Victoria by up to 31 per cent (see detailed discussion in Part 2.1.1 in this RIS). Compared to the base case of no regulations, it is assumed that the proposed regulations will reduce casualty

crashes. Three scenarios are considered for both urban and non-urban areas in Victoria where one, two or three casualty crashes are avoided per year. The 10-year crash cost savings range from **\$11.77 million** in 2009/10 dollars for one casualty crash avoided to **\$35.32 million** for three casualty crashes avoided (see Table A2.5 of Appendix 2 in this RIS for more detail). These estimates are based on average values for fatalities and serious injuries and include human costs (using a human capital approach), vehicle costs, travel delays, insurance administration, police, property and fire but do not include the value of human life or injury to friends or family⁶⁵. Such values are used by VicRoads and the Traffic Accident Commission to evaluate Road Safety programs.

Horizontal equity considerations of Option B (Criterion III)

Option B would create more equity for road users as clarity and consistency of traffic control devices and parking signs are improved due to:

- the prohibition of unauthorised persons erecting, removing or interfering with traffic control devices under proposed regulation 6;
- the prohibition on erection of superseded traffic control devices under proposed regulation 7; and
- the requirement that parking signs conform with Australian Standard AS 1742.11(1999) under proposed regulation 18.

4.3.3 Option C: Variation of proposed non-fee regulations omitting exemptions to utilities works managers from the need to obtain authorisations

Option C would involve a variation of the proposed non-fee regulations (Regulation 11) omitting the power of utilities works managers to erect certain traffic control devices without the written authorisation of VicRoads. The specific traffic control devices no longer exempt under Option C would include: a works advisory sign; or a hand-held stop sign; or a works zone sign; or a temporary works speed-limit sign.

Consideration of whether to allow or omit such a power is not undertaken with other groups that are able to exercise road management functions because they would lack the experience and awareness of the impact of the aforementioned traffic control devices on traffic and safety.

Quantifiable incremental net cost of Option C (Criterion II)

Under Option C, the 10-year incremental net quantifiable cost would be approximately \$11.57 million⁶⁶ in 2009/10 present value dollars⁶⁷. This would include those incremental quantifiable costs as Option B (\$9.49 million see Table 5) plus an additional cost of approximately \$2.08 million⁶⁸ for obtaining and providing authorisations for erection of traffic control devices by utilities works managers. Therefore, as with Option B, Option C would result in an increase in non-fee cost of compliance to taxpayers as compared to the 'base case' which is larger than under Option A or B.

⁶⁵ AustRoads, (2008), *Guide to Project Evaluation Part 4: Project Evaluation Data*

⁶⁶ See Part A2.2 of Appendix 2 of this RIS for source of estimate.

⁶⁷ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

⁶⁸ See Table A2.1 of Appendix 2 in this RIS for source of estimate.

Unquantifiable incremental net cost of Option C (Criterion II)

Option C would result in the same level of unquantifiable costs as with Option B (see Table 6) plus an additional cost in terms of delays to utility works. Each time a works advisory sign, a hand-held stop sign, a works zone sign, or a temporary works speed-limit sign were to be erected, removed or altered, consent from a road authority would have to be obtained. Having to get this additional consent could cause unnecessary delays and costs to the utilities in addition to the administrative costs quantified above. Utilities works managers are responsible individuals and requiring them to obtain consent for such instances would fail to provide accreditation in the form of recognising their experience and awareness of the impact of 'particular' traffic control devices.

Notwithstanding the cost of seeking consent, there would also be additional time delay costs. Given that such traffic control devices are temporary and only on the road for a limited time, Option C would create unnecessary time delay costs to utilities works managers. This cost is unquantifiable because the extent of delays for the water, power, telecommunications and public transport companies and agencies across the State is not available. In some cases, the time to obtain consent is within the normal planning time for the works, but in other cases, the requirement to obtain consent would cause some delay to the start of the works or the works would proceed without the required consent or without the appropriate traffic control devices.

Unquantifiable incremental net benefit of Option C (Criteria I and II)

Option C would provide the same unquantifiable incremental benefits as discussed under Option B. There would be no further minimisation of risks to public safety and order to other road users in relation to traffic control devices erected by utilities works managers (**Criterion I**). Requiring written authorisations for a works advisory sign; or a hand-held stop sign; or a works zone sign; or a temporary works speed-limit sign by works managers would have no additional impact on minimising road safety hazards and traffic and would entail redundancy. The reason for this redundancy is both the temporary nature of the traffic control devices themselves and the experience and awareness of the impact of such traffic control devices by utilities works managers. Whilst even small risks of harm are important, due to the potential magnitude of the harms that would result, the level of additional risk in this case is deemed to be non-existent.

As with Option B, there would also be a reduction in uncertainty and transaction costs by providing guidance to what is required in traffic management plans (**Criterion II**).

Horizontal equity considerations of Option C (Criterion III)

Horizontal equity for Option C would be the same as for Option B – see part 4.3.2 above.

4.3.4 Option D: Variation of proposed non-fee regulations prescribing traffic modelling as part of the requirements for traffic management plans

Option D would involve a variation of the proposed non-fee regulations (Regulation 32) requiring persons conducting, or proposing to conduct, a relevant activity on a road to undertake traffic modelling as part of the requirement for traffic management plans.

Quantifiable incremental net cost of Option D (Criterion II)

Under Option D, the 10-year incremental net quantifiable cost of requiring traffic modelling⁶⁹ for all activities needing traffic management plans would be approximately **\$466.10 million**⁷⁰ in 2009/10 present value dollars⁷¹. This would include those incremental quantifiable costs as Option B (\$9.49 million see Table 5) plus an additional cost of approximately \$456.6 million⁷² for traffic modelling services for persons wishing to undertake works or activities on a road.

Alternatively, if traffic modelling was required for only ‘high’ impact activities (i.e. 10 per cent of traffic management plans), the 10-year cost⁷³ under Option D would be approximately **\$249.82 million**⁷⁴ in 2009/10 present value dollars⁷⁵. This would include those incremental quantifiable costs as Option B (\$9.49 million see Table 5) plus an additional cost of approximately \$240.3 million.⁷⁶

As with Option B, Option D would result in an increase in non-fee cost of compliance to taxpayers as compared to the ‘base case’ which is significantly larger than under Option A or B.

Unquantifiable incremental net cost of Option D (Criterion II)

Option D would result in the same level of unquantifiable costs as with Option B (see Table 6 plus additional costs in terms of delays in the planning of a non-road activity). This is because of Option D’s additional traffic modelling requirements for traffic management plans. As the extent and frequency of delays is unknown, this cost remains unquantifiable. However, it is likely that the reduction in benefits relative to the benefits of requiring traffic modelling in all traffic management plans will not be significant because this option focuses on the plans for which the impact is likely to be greatest.

Unquantifiable incremental net benefit of Option D (Criteria I and II)

Option D would provide the same unquantifiable incremental benefits as discussed under Option B plus a ‘minor’ additional minimisation of risks to public safety to other road users and a significant (but unquantifiable) benefit in reduced traffic delays in relation to activities by persons on roads (**Criterion I**). Traffic modelling would provide a larger reduction in road safety hazards and traffic delays than under Option B with regard to about 10 per cent of 2,829⁷⁷ activities only. Over 90 per cent of traffic management plans would involve only minor traffic modelling and provide little additional risk mitigation to public safety and order. The alternative of no traffic modelling for ‘low’ impact activities would of course eliminate what little additional benefit there would be.

⁶⁹ Minor traffic modelling assumed to cost around \$10k and major traffic modelling assumed to cost around \$100k.

⁷⁰ See Part A2.2 of Appendix 2 of this RIS for source of estimate.

⁷¹ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

⁷² See Table A2.2(a) of Appendix 2 in this RIS for source of estimate.

⁷³ Estimates based on 10% of traffic management plans requiring major traffic modelling at a cost of \$100k each.

⁷⁴ See Part A2.2 of Appendix 2 of this RIS for source of estimate.

⁷⁵ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

⁷⁶ See Table A2.2(b) of Appendix 2 in this RIS for source of estimate.

⁷⁷ This represents all activities falling under proposed *regulations 8, 9, 10, 13 and 14*.

Hence, the additional benefit (over Option B) would be dependent largely on the degree to which traffic modelling for about 283 activities per annum has the potential to reduce risks to public safety and order. As this remains unknown, this incremental benefit remains unquantifiable.

As with Options B and C, there would also be a reduction in uncertainty and transaction costs by providing guidance to what is required in traffic management plans (**Criterion II**).

Horizontal equity considerations of Option D (Criterion III)

Horizontal equity for Option D would be the same as for Option B – see part 4.3.2 above.

4.3.5 Summary of costs, benefits and equity considerations under Options A, B, C and D

Table 7 summarises and compares the incremental costs and benefits and equity considerations as discussed under each of the options, as compared to the 'base case'.

Table 7: Summary of 10-year incremental quantifiable/unquantifiable net costs and benefits and equity considerations of Options A, B, C and D, in 2009/10 present value dollars

Option	Criteria I (minimising risks to public safety and order)		Criteria II (non-fee compliance costs for permit holders and road authorities)		Criteria III (horizontal equity for road users)	
	Cost (-)	Benefit (+)	Cost (-)	Benefit (+)	(-)	(+)
Option A (Voluntary guidelines)	N/A	Some <i>additional</i> reduction of risks to public safety and order but < Option B	\$0.44m	N/A	N/A	Some additional equity for road users in terms of greater clarity and consistency of signs and traffic control devices but < Option B
Option B (Proposed regulations)	N/A	Additional reduction of risks to public safety and order > Option A	\$9.49m Unquantifiable costs (see Table 6)	Reduction in uncertainty and transaction costs by providing guidance to what is required in traffic management plans	N/A	Additional equity for road users due to improvement in clarity and consistency of signs and traffic control devices > Option A
Option C (A variation of the proposed non-fee regulations omitting the power of utilities works managers to erect certain traffic control devices ⁷⁸ without the written authorisation of VicRoads - as under the existing regulations)	N/A	Additional reduction of risks to public safety and order = B	\$11.57m Unquantifiable costs (see Table 6) plus delay costs for utility works events involving additional traffic control devices > Option B	Reduction in uncertainty and transaction costs by providing guidance to what is required in traffic management plans = Option B	N/A	Additional equity for road users due to improvement in clarity and consistency of signs and traffic control devices = Option B and > Option A
Option D (A variation of the proposed regulations prescribing traffic modelling as a requirement for traffic management plans)	N/A	Additional reduction of risks to public safety and order > Option B but only 10 per cent of non-road activities where traffic management plans are required would be affected significantly	\$466.10m or, alternatively where traffic modelling is only required for 'high' impact activities \$249.82m Unquantifiable costs (see Table 6) plus delay costs > Option B and as the costs are only significant for 10 per cent of those planning non-road activities where traffic management plans are required therefore < Option C	Reduction in uncertainty and transaction costs by providing guidance to what is required in traffic management plans = Options B and C	N/A	Additional equity for road users due to improvement in clarity and consistency of signs and traffic control devices = Options B and C and > Option A

⁷⁸ A works advisory sign; or a hand-held stop sign; or a works zone sign; or a temporary works speed-limit sign.

4.3.6 Option 1: Full cost recovery (stratified) fees excluding law enforcement costs and ability to waive fees

Under Option 1 the following stratified fee schedule would apply (as shown in Table 8), based on full cost recovery not including costs of law enforcement.

Table 8: Non-road activity permit application fees under Option 1 (full cost recovery fees excluding law enforcement costs but including permit level negotiation and determination costs) – 2009/10⁷⁹

Year	Fee Category		
	Level 1 <500 displaced vehicles	Level 2 500 to 10,000 displaced vehicles	Level 3 >10,000 displaced vehicles
2008/09	Min \$45.95 to Max \$50.12	Min \$101.08 to Max \$110.27	Min \$496.23 to Max \$541.34

Three fee categories are considered by VicRoads to be the optimum number for this stratified option. The three categories represent simple, standard and complex applications for non-road activities. By comparison, NSW has a two tier structure and WA has a three tier structure for road closure permits, and the Victorian *Road Management (Works and Infrastructure) Regulations 2005* has a four tier structure for permits to conduct works on a road. The volume of displaced traffic is considered to be the best indicator of the complexity as it is influenced by the amount of traffic that the road generally carries and the duration of the works⁸⁰.

Costs of providing permit application services include processing costs (including fee collection, follow-ups, printing and mailing of permits). There would also be some consideration of traffic management plans for level two and three fee categories, as part of a desktop review. This would include considering the roads impacted, confirming traffic volumes, checking to see if there are any other events scheduled for that area and time such as road works, over-dimensional escorts and other events. For level three fee categories there is an added cost of surveillance to monitor and audit observations of conditions of the permit.

It is expected that the number of applications for non-road permits may decrease marginally in the inner suburbs of Melbourne and may increase marginally in outer urban and rural areas. Overall, the number of applications is expected to remain reasonably steady.

Horizontal equity under Option 1 (Criterion IV)

Option 1 would provide horizontal equity⁸¹ as compared to the ‘base case’ by requiring applicants to pay different fees depending on the level of service provided by the relevant road authority which in turn is dependent on the:

- a) potential displacement of vehicles (the fee category); and
- b) permit level determination and disputation costs (minimum vs maximum fees within each category).

⁷⁹ For source of fees see Part 3.1 of Appendix 3 in this RIS.

⁸⁰ Other criteria for stratification, such as a subjective assessment of the complexity of the traffic arrangements were considered too imprecise for a regulation.

⁸¹ See glossary for definition of ‘vertical equity’

That is to say, those who benefit from permit application services or whose actions give rise to the cost of permit applications services would be required to pay for such services.

Quantifiable incremental cost of fees under Option 1 (Criterion V)

The cost of Option 1 in terms of fees would be equal to approximately up to between **\$1.32 million** and **\$1.44 million**⁸² over 10 years in 2009/10 present value dollars – as shown in Table 9. This would include additional determination and disputation costs (i.e. transaction costs) which are estimated to be between **\$13,913** and **\$27,826** in 2009/10⁸³. Over 10 years and in 2009/10 present value dollars, such costs would equal approximately between **\$0.1 million** and **\$0.2 million**.

Costs are designated as being ‘up to’ because a ‘road authority may waive the whole or any part of the fee for a permit application under proposed regulation 30(3) where it considers the application for the permit provides sufficient confirmation that satisfactory preparatory arrangements have been made for the non-road activity. Fees would effectively only be waived in the event that a road authority was confident that there would be a reduction in the costs to be recovered. An example of this would be a regular event where that traffic impact has previously been managed well or an event that has obviously minimal impact. However, this would not mean that all regular events would have part of their fees waived. The lack of explicit criteria for waiving fees could generate some uncertainty for permit applicants. However, an accurate anticipation of the fee for permit applicants would not be relevant to their decision to apply for a permit given the relative value of the fees in relation to the cost of activities in question.

Table 9: – Estimation of incremental fee cost of permit applications (2009/10 to 2018/19) in present value 2009/10 dollars – Option 1⁸⁴

Activity category	10 year cost⁸⁵	10-year discounted⁸⁶ fee cost 2009/10 dollars
Processing level 1 permit applications	Up to between \$1,079,798 and \$1,177,962	Up to between \$814,149 and \$888,162
Processing level 2 permit applications	Up to between \$373,136 and \$407,058	Up to between \$281,338 and \$306,914
Processing level 3 permit applications	Up to between \$301,501 and \$328,910	Up to between \$227,326 and \$247,992
Total fee cost	Up to between \$1,754,435 and \$1,913,929	Up to between \$1,322,813 and \$1,443,069

⁸² See Part A4.1 for source of estimates. The total fee cost remains unknown with certainty because under proposed *regulation 30(3)* a ‘road authority may waive the whole or any part of the fee for a permit application. However the extent of the waiver, and therefore cost savings in terms of fees over the next 10 years, would remain unknown.

⁸³ See Table A3.7 for source of estimates

⁸⁴ See Table A4.1 of Appendix 4 of this RIS for source of estimates.

⁸⁵ The figures in this column are obtained by taking the product of the 2009/10 fees from Table A3.6 and the respective estimate for the number of permit applications in Table A3.1 and then incrementing the product over 10 years by 3% per annum for each category of permit application.

⁸⁶ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

Reduction in administrative simplicity under Option 1 (Criterion VI)

Option 1 would be administratively difficult and impose additional resource requirements on the relevant road authority. In most cases, the road authority traffic officer assessing an application would categorise the application into one of the three categories on the basis of a quick assessment and without dispute. However, if the officer is unsure of the traffic volumes on a road, particularly if the displaced traffic were estimated to be close to the borderline (i.e. around 500 or around 10,000 displaced vehicles) or if the categorisation were challenged by the applicant, then there would be considerable additional work to obtain traffic volumes so that the choice of category could be resolved fairly and in accordance with the regulations. Measured traffic volumes would have to be typical for the time-of-day, day-of-week and season relating to the proposed non-road activity. Such traffic volumes would be available from a database for some parts of the road network involving only a few minutes to assess, but traffic counts may need to be commissioned for other cases. This is estimated to incur an extra 10 to 20 per cent of resources across all applications, including a traffic engineer's resources, over and above that already allocated in processing permit applications. Additional resources would not be based on the number of permit applications but rather the type. The amount of potential disputation and determination costs would rise with level of vehicle displacement as there would be more to gain or lose for the applicant where disagreements occurred.

4.3.7 Option 2: Full cost recovery (flat rate) fees excluding the costs of law enforcement – the proposed fee regulations with ability to waive fees

Under proposed fee regulation 30(2) (i.e. Option 2), a single flat fee schedule of 5 fee units or \$58.45 would apply

The cost of non-road activity permits has been estimated at **\$57.37** in dollar terms per permit in 2009/10 (no fees are currently charged, due to the lack of the necessary regulations). This proposed new fee slightly exceeds the estimated cost of processing permits. However, the cost figure is an *estimate* based on assumptions about the expected volume and cost of processing applications. In the interests of simplicity, and because the fees are stipulated in the Regulations in terms of the number of fee units, it has been decided to round the fee to the nearest full fee unit.

The level of fee of 5 fee units has also been chosen for consistency with the lowest fee unit level for similar applications made under the Road Management (Works and Infrastructure) Regulations 2005 which will be simple to administer and reduce disputes. The application fees prescribed by the Road Management (Works and Infrastructure) Regulations 2005 for written consent to the conduct of proposed works on a road, range from 5 fee units representing minor works not conducted on any part of the roadway, shoulder or pathway to up to 45 fee units for other than minor works⁸⁷.

Again under Option 2, a fee or parts of a fee may be waived by the relevant road authority under proposed fee regulation 30(3).

⁸⁷ For applications under Schedule 7 of the **Road Management Act 2004**.

Horizontal equity under Option 2 (Criterion IV)

Unlike Option 1, Option 2 would result in less horizontal equity⁸⁸ as compared to the ‘base case’ by charging the same flat fee regardless of the level of permit application service provided. This would result in a less ‘fair’ user pays system where the amount paid does not reflect the ‘actual’ level of service provided. Applicants of permits for non-road activities involving a low displacement of vehicles would end up cross-subsidising the additional tasks required by the road authority to assess applicants involving a higher displacement of vehicles. This would be mitigated by the ability to waive fees or part of fees under Option 2, allowing for some degree of horizontal equity (flexibility) in the event that a road authority was confident that there would be a reduction in the costs to be recovered. Moreover, Option 2 would recover costs from the permit applicants as opposed to taxpayers and ratepayers under the ‘base case’ and therefore, Option 2 would provide for a degree of relative horizontal equity although not as much as (i.e. less finetuned) than Option 1.

Quantifiable incremental cost of fees under Option 2 (Criterion V)

The cost of Option 2 in terms of fees would be equal to approximately up to **\$1.2 million**⁸⁹ over 10 years in 2009/10 present value dollars (as shown in Table 10). As with Option 1, the lack of explicit criteria for waiving fees could generate some uncertainty for permit applicants. However, certainty for permit applicants would not be significant in their decision to apply for a permit given the relative value of the fees in relation to the cost of activities in question.

Table 10: - Estimation of incremental fee cost of permit applications (2009/10 to 2018/19) in 2009/10 dollars – Option 2 (single flat fee, excluding costs of law enforcement with permit level determination and disputation costs avoided)⁹⁰

Activity	10 year cost	10-year discounted⁹¹ fee cost in 2009/10 present value dollars
Processing level 1 permit applications	Up to \$1,348,301	Up to \$1,016,595
Processing level 2 permit applications	Up to \$211,782	Up to \$159,680
Processing level 3 permit applications	Up to \$34,859	Up to \$26,283
Total fee cost	Up to \$1,594,941	Up to \$1,202,557

Administrative simplicity under Option 2 (Criterion VI)

Option 2 would be administratively simple as it would involve charging the same flat fee regardless of the level of permit application service provided.

Option 2 is also consistent the lowest level of fees for applications under the Road Management (Works and Infrastructure) Regulations 2005. Application fees

⁸⁸ See glossary for definition of ‘horizontal equity’

⁸⁹ See Part A4.2 for source of estimates. The total fee cost remains unknown with certainty because under proposed *regulation 30(3)* a ‘road authority may waive the whole or any part of the fee for a permit application. However the extent of the waiver, and therefore cost savings in terms of fees over the next 10 years, would remain unknown.

⁹⁰ See Table A4.2 of Appendix 4 of this RIS for source of estimates.

⁹¹ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

prescribed by regulation 18 of the Road Management (Works and Infrastructure) Regulations 2005 for written consent to the conduct of proposed works on a road range from 5 fee units representing minor works not conducted on any part of the roadway, shoulder or pathway and up to 45 fee units for other than minor works⁹².

The level of simplicity would be greater than under Option 1.

4.3.8 Option 3: Full cost recovery (flat rate) fees excluding the costs of law enforcement – the proposed fee regulations with ability to waive fees removed

Under proposed fee regulation 30(2) (i.e. Option 3), the same single flat fee schedule as under Option 2 would apply. Again, the fee of **\$58.45** would be based on full cost recovery not including the costs of law enforcement and with permit level determination and disputation costs avoided. However under Option 3, a fee or parts of a fee may not be waived by the relevant road authority.

Horizontal equity under Option 3 (Criterion IV)

As with Option 2, Option 3 would result in less horizontal equity⁹³ as compared to the 'base case' by charging the same flat fee regardless of the level of permit application service provided. Applicants for permits for non-road activities involving a low displacement of vehicles would end up cross-subsidising the additional tasks required by the road authority to assess applicants involving a higher displacement of vehicles. However because there would be no ability to waive fees or part of fees under Option 3, the degree of horizontal equity generated would be less than under Option 2 where there would be flexibility in this matter. That is to say regardless of whether a road authority was confident that there would be a reduction in the costs to be recovered, no waiver would be possible. There would also be no ability to waive fees for annual events that have been previously assessed, or for community development reasons.

As with Option 2, Option 3 would recover costs from the permit applicants as opposed to taxpayers and ratepayers under the 'base case' and therefore, Option 3 would provide for a degree of relative horizontal equity although not as much as (i.e. less finetuned) than Option 1 and less than Option 2.

Quantifiable incremental cost of fees under Option 3 (Criterion V)

The cost of Option 3 in terms of fees would be equal to **\$1.2 million** over 10 years in 2009/10 present value dollars (refer to Table 10), i.e. higher than for Options 1 and 2.

Unlike Options 1 and 2, the lack of explicit criteria for waiving fees would no longer be a concern. However, certainty for permit applicants would not be significant in their decision to apply for a permit as discussed under Option 2.

Administrative simplicity under Option 2 (Criterion VI)

As with Option 2, Option 3 would be administratively simple as it would involve charging the same flat fee regardless of the level of permit application service provided. The level of simplicity would be greater than under Option 1.

⁹² For applications under Schedule 7 of the **Road Management Act 2004**.

⁹³ See glossary for definition of 'horizontal equity'

4.3.9 Summary of horizontal equity, fee cost and administrative simplicity considerations under fee Options 1, 2 and 3

Table 11 summarises and compares the level of horizontal equity plus incremental fee cost, including administrative simplicity, as discussed under each of the fee options – as compared to the ‘base case’.

Table 11 – Summary of horizontal equity considerations plus 10-year incremental fee costs in 2009/10 present value dollars of fee Options 1, 2 and 3

Fee Option	Criterion IV (Horizontal equity)	Criterion V (fee costs for non-road activity permits) Cost (-)	Criterion VI (administrative simplicity)
Fee option 1 (stratified fees based on full cost recovery <i>excluding</i> law enforcement costs and <i>including</i> permit level determination and disputation costs)	Horizontal equity provided by stratified fees	Up to between \$1.32m and \$1.44m including permit level determination and disputation costs incurred	Much less administrative simplicity than Option 2
Fee option 2 (Proposed fee regulations <u>with fee waiver</u>) (Single flat fees based on full cost recovery <i>excluding</i> law enforcement costs and <i>avoiding</i> permit level determination and disputation costs)	Horizontal equity provided by flat fee (in terms of requiring payment by permit applicants as opposed to 100% subsidisation by taxpayers). Horizontal equity is less than and less refined than under Option 1	Up to \$1.20m (i.e. lower than for Option 3)	Consistent with the lowest fee for similar applications under Road Management (Works and Infrastructure) Regulations 2005. Permit level determination and disputation activities avoided (i.e. greater administrative simplicity than Option 1)
Fee option 3 (Proposed fee regulations <u>with no fee waiver</u>) (Single flat fees based on full cost recovery <i>excluding</i> law enforcement costs and <i>avoiding</i> permit level determination and disputation costs)	Horizontal equity provided by flat fee (in terms of requiring payment by permit applicants as opposed to 100% subsidisation by taxpayers). Horizontal equity is less than and less refined than under Option 1 and less than Option 2	\$1.20m (i.e higher than for Option 2).	Permit level determination and disputation activities avoided (i.e. greater administrative simplicity than Option 1 and the same as Option 2)

4.4 Identification of preferred options

The purpose of this part of the RIS is to select preferred options, on the basis of the preceding assessment of the various options in Part 4.3, by ranking the costs and benefits of the options, so as to identify the optimum combination of costs and benefits.

Tables 7 and 11 in Part 4.3 of this RIS summarise the costs and benefits of all of the regulatory and fee options, respectively, as discussed in detail in that part. While the significant costs of the options can largely be quantified, the benefits cannot. However, both the costs and the benefits of the various options can be ranked against each other. Table 12 below ranks the various options in terms of both costs and

benefits using a weighted decision criteria analysis. This is an accepted technique for ranking options and selecting a preferred option in a RIS.

The evaluation criteria used in this analysis to compare the effectiveness of each non-fee option in achieving the relevant part of the policy objective are the following criteria (**I + II + III**)⁹⁴ as defined in Part 4.1 of this RIS:

- I** **minimising risks to public safety and order;**
- II** **non-fee compliance costs; and**
- III** **horizontal equity.**

The relative weightings of these criteria are **60 per cent, 30 per cent and 10 per cent** respectively, reflecting their relative importance in the decision-making process. Public safety and order is given a highest weighting given the probability that the community and government would place a high priority on these objectives. This weighting for minimising the risks to public safety and order is intentionally conservative because it is subjective. While the weighting of the criteria is subjective, community consultation on the proposed regulations and the Road Safety (Drivers) Regulations 2009 and Road Safety (Vehicles) Regulations 2009 has demonstrated that the community places a high value of public safety and order and that the relative weighting for public safety and order could be much higher. The Victorian Government's road safety strategy '*arrive alive 2008-2017*' also places a high value on public safety for all road users. Therefore the **60 per cent** weighting is the minimum weighting in a subjective range that could be placed on public safety and order in evaluating the proposed regulations. For further information on community consultation and relevant Victorian Government policies, please see the accompanying Public Consultation Paper.

The costs and benefits of the various fee options (1, 2 and 3) are assessed by using the following criteria (**IV + V + VI**)⁹⁵ to compare the effectiveness of each fee option in achieving the policy objective:

- IV** **horizontal equity;**
- V** **fee costs;**
- VI** **administrative simplicity.**

The relative weightings of these criteria are **50 per cent, 30 per cent and 20 per cent** respectively, reflecting their relative importance in the decision-making process.

The rationale for the different scores in Table 12 may be summarised as follows. For each of the criteria above, scores are assigned to each option on a scale of -5 to +5, based on the assessment of costs, benefits and equity given in the preceding Part 4.3 of this RIS, relative to the 'base case'. The 'base case' is assigned a score of zero for each of the criteria. If the option has been assessed as superior to the 'base case' for a particular criterion, it is assigned a positive score, and if it has been assessed as inferior to the base case, it is assigned a negative score.

For example, as shown in Table 7, the options that would be likely to provide the greatest minimisation of risks to public safety and order (Criterion I) relative to the 'base case' (Options B and C) are assigned a score of +2. Option D is assigned a

⁹⁴ These Roman numerals will be used to link the criteria to Table 12 of this RIS.

⁹⁵ These Roman numerals will be used to link the criteria to Table 13 of this RIS

score of +3 as the additional benefit above Options B and C only applies significantly to 10 per cent of non-road activities involving traffic management plans. Option A (the non-regulatory option) would be likely to provide the lowest minimisation of risks and is assigned a lower score accordingly of +1.

Option A receives a higher score under Criterion II (-1) because it results in lower net costs. Option B receives a score of -2, followed by Option C which gets a score of -3 due to the potential for additional utility works delays and slightly larger quantifiable costs (see Table 7). Option D gets a score of -5 due to both the larger quantifiable cost and the potential for additional delays in planning non-road activities which require traffic modelling under traffic management plans.

In terms of Criterion III (equity), Option A provides the lowest additional equity for road users due to greater clarity and consistency of signs and traffic control devices (see Table 7) and is assigned a score of +1. All other options – Options B, C and D, provide an equal amount of regulatory equity for road users and the community and are assigned an equivalent score of +2.

The assigned scores are then multiplied by the relevant weightings for each criterion, as discussed above, to calculate the weighted score for each option.

Table 12: Weighted criteria decision analysis – regulatory options

Criteria	Type of score	Minimised risks to public safety and order Criterion I	Costs of compliance for permit holders and road authorities Criterion II ⁹⁶	Regulatory equity for road users Criterion III	Total score
Weighting	%	60	30	10	100
Base case	Score	0	0	0	0
Options relating to public safety, and order					
Option A	Assigned score ⁹⁷	+1	-1	+1	+1
(guidelines)	Weighted score	+0.6	-0.3	+0.1	+0.4
Option B	Assigned score	+2	-2	+2	+2
(proposed regulations)	Weighted score	+1.2	-0.6	+0.2	+0.8
Option C	Assigned score	+2	-3	+2	+1
(no exemption for utilities works managers)	Weighted score	+1.2	-0.9	+0.2	+0.5
Option D	Assigned score	+3	-5	+2	+0
(traffic modelling-targeted)	Weighted score	+1.8	-1.5	+0.2	+0.5

Based on Table 12 (the regulatory options relating to public safety and order), Options A, B, C and D provide weighted scores of **+0.4**, **+0.8**, **+0.5** and **+0.5**, respectively. The results of this analysis indicate that little separates Options A, C and D, but

⁹⁶ (-) cost / (+) cost savings.

⁹⁷ (-5 to +5)

Option B is clearly preferred. **The proposed regulations have the greatest net benefits (+0.8) and therefore Option B is the preferred option.**

With respect to the fee options, Option 1 would provide greater horizontal equity in relation to the base case as compared to a flat fee option (i.e. Option 2). Option 2 is a less ‘fair’ user pays system (more internal cross subsidisation) than the stratified fees option but still provides for greater horizontal equity than the ‘base case’ (less external cross subsidisation). Option 3 also provides for more horizontal equity than the ‘base case’ but the lack of flexibility with waivers entails a lower degree of equity than Option 2. Therefore, scores for Option 1, 2, and 3 (Criterion IV) are assigned as +3, +2 and +1, respectively.

Amongst the fees options in Table 13, Option 2 would result in a higher level of fee costs as compared to the ‘base case’ over 10 years for permit applicants (Criterion V) and is assigned a score of -1 (see Table 13). Option 3 would result in a slightly higher level of fee costs and is assigned a score of -2. Option 1 would result in even a higher level of fee costs over 10 years than either of the other 2 options and therefore Option 1 is assigned a score of -3.

Option 1 is much more administratively complex than Options 2 and 3 and is assigned a score of only -2 (Criterion VI). That is to say Option 1 (a stratified fee option) represents a complex structure, resulting in unnecessary confusion. On the other hand, Options 2 and 3 are administratively simple and given scores of -1.

Table 13 - Weighted criteria decision analysis – fees options

Criteria	Type of score	Horizontal equity Criterion IV	Fee costs Criterion V ⁹⁸	Administrative simplicity Criterion VI	Total score
Weighting	%	50	30	20	100
Base case	<i>Score</i>	0	0	0	0
Options relating to fees					
Option 1	Assigned score ⁹⁹	+3	-3	-2	+1
(stratified fees with waiver)	<i>Weighted score</i>	+1.5	-0.9	-0.4	+0.2
Options relating to fees					
Option 2	Assigned score	+2	-1	-1	+3
(flat fees with waiver)	<i>Weighted score</i>	+1	-0.3	-0.2	+0.5
Options relating to fees					
Option 3	Assigned score	+1	-2	-1	+1
(flat fees no waiver)	<i>Weighted score</i>	+0.5	-0.6	-0.2	-0.3

The results of the analysis indicate that little separates Options 1 and 2, and that this suggests that slight changes in scoring or in assumptions could change outcomes.

Based on Table 13, Option 1 (stratified fees with full cost recovery excluding law enforcement costs), Option 2 (the proposed fees regulations with waivers) and Option 3 (the proposed fees regulations without waivers) provide weighted scores of **+0.2**,

⁹⁸ (-) cost / (+) cost savings.

⁹⁹ (-3 to +3)

+0.5 and -0.3, respectively. The proposed fee regulations with waivers have the highest weighted score (+0.5), and therefore Option 2 is the preferred option.

It is also important to note that the Victorian Government has announced a review of the Road Safety Act and is implementing a new registration and licensing system. This will result in a further review of regulations made under the Road Safety Act, including fee regulations under the proposed regulations, which is anticipated to be completed within three to five years.

5.0 Nature and effects of preferred option

5.1. Explanation of proposed regulations

This Part of the RIS describes the nature and likely effects of the proposed regulations.

Although the base case for the evaluation of regulations that are proposed to replace regulations due to sunset is to have no regulations, the following comparisons with the existing regulations may be of assistance to interested stakeholders.

Existing regulations relating to Road Rules are proposed to be remade (with modifications) in a separate set of regulations, entitled the *Road Safety Road Rules 2009*. Existing regulations providing for the installation, operation and maintenance of traffic control devices;¹⁰⁰ and regulating activities (other than normal road use) on or near roads, are proposed to be remade (with modifications) in the proposed regulations. The proposed regulations also introduce new regulations relating to:

- erection of traffic control devices by utilities works managers;
- fees for non-road activity permits; and
- prescribing the requirements for a traffic management plans.

A summary comparison of the substantive differences (other than wording and changes of penalty)¹⁰¹ between the existing regulations and the proposed new regulations is given in Appendix 5 to this RIS. The more significant changes and their reasons (apart from changes to fees), are listed in Table 14 below.

Table 14 – List of proposed significant changes from existing regulations

Proposed Reg No.	Subject matter	Existing Reg No.	Reason for change
11	Erection of traffic control devices by utilities works managers	N/A	See Part 4.3.3 of this RIS
30	Permits for non-road activities	N/A	New section 99B of the Road Safety Act
31	When must a traffic management plan be made?	N/A	New section 99A of the Road Safety Act
32	Traffic management plan	N/A	New section 99A of the Road Safety Act
33	Traffic management plan to be available for inspection	N/A	New section 99A of the Road Safety Act

¹⁰⁰ Referred to as ‘traffic control items’ in the existing regulations.

¹⁰¹ Penalties are discussed in Part 5.1.4.

Part 1 of the proposed regulations specifies preliminary matters, including the objectives, authorising provisions and definitions of terms used in the regulations. The objectives of the regulations are:

- (a) to provide for the installation, operation and maintenance of traffic control devices;
- (b) to regulate the carrying out of activities on roads;
- (c) to set out administrative responsibilities of road authorities and other persons and bodies exercising road management functions in relation to traffic control devices;
- (d) to specify who may and under what conditions erect, display, place, remove, alter or maintain traffic control devices; and
- (e) to prescribe the requirements for traffic management plan.

Part 2, Division 1 regulates the installation of traffic control devices, by creating a general prohibition of installation, interference with or removal of traffic control devices. The installation of superseded traffic control devices (as specified in Schedule 2) is also prohibited.

The proposed regulations facilitate the installation of nationally consistent traffic control devices. They are essential for the operation and enforcement of the Act and nationally agreed Australian Road Rules implemented by the Road Safety Road Rules 2009. Importantly, the proposed *Road Safety Road Rules 2009*¹⁰² explain:

- that traffic signs, traffic signals, road markings and other traffic control devices on roads must comply with the Australian Road Rules to be legally effective; and
- the way traffic control devices apply to lengths of road and road related areas, drivers and other road users.

Therefore the proposed regulations promote compliance with the Act and the Road Safety Road Rules 2009 by all Victorians and interstate visitors.

Divisions 2 and 3 specify who may and under what conditions erect, display, place, remove or alter traffic control devices, including:

- VicRoads;
- Councils and other road authorities e.g. DSE, City Link, East Link, etc;
- utilities works managers;
- persons authorised to conduct non-road activities, such as organisers of a film shoot or street festival;
- school crossing supervisors;
- persons authorised to close roads;
- persons moving livestock by foot on roads; and
- police e.g. road crashes, crime scenes, VIP protection, etc.

¹⁰² The current Road Safety (Road Rules) Regulations 1999 will be replaced by the proposed Road Safety (Traffic Management) Regulations 2009 and Road Safety Road Rules 2009.

Regulation 9 requires VicRoads to consult the relevant Council before erecting certain traffic control devices on municipal roads. It ensures that VicRoads would implement a speed control sign on a municipal road that the Council disagrees with, only after publishing a notice seeking public submissions, considering all submissions and then publishing a final notice of the decision in a newspaper.

Part 3 regulates activities on roads other than the normal driving of motor vehicles, such as processions, races, collections of cash donations and non-road activities.

Section 99B of the Road Safety Act defines a non-road activity as:

‘an activity to be conducted on a road which will significantly interfere with the normal use of a road by road users in accordance with this Act and the regulations but does not include any activity to be conducted on a road by a member of the police force or of any emergency services agency arising out of the performance of a function or exercise of a power of that member’.

Example: A non-road activity would include the use of a road for the shooting of a film, a bicycle event, a street festival or a street market.

Proposed regulation 30 specifies the procedure for applications for permits to conduct non-road activities, which must be accompanied by the prescribed fee.¹⁰³ This fee may be waived if satisfactory preparatory arrangements have been made for the non-road activity. For example, the arrangements for an annual street festival or parade may be the same every year and the road authority would therefore be satisfied that the arrangements are satisfactory. For another example, a local Council road authority might introduce a policy of encouraging resident ‘street parties’ by, amongst other measures, waiving the fee, provided that satisfactory preparatory arrangements have been made and traffic volumes in nearby streets will not be adversely affected.

The types of considerations that might be made in respect of satisfactory preparatory arrangements will depend on the type of activity, but are likely to include:

- whether the activity has been held successfully before;
- whether adequate diversion or detour routes have been identified;
- whether adequate warning signs have been proposed;
- whether adequate measures have been proposed to reduce the risk to participants in the activity;
- whether traffic control devices have been proposed in accordance with the Worksite Safety Traffic Management Code of Practice and the Australian Standard AS 1742.3; and
- whether adequate arrangements have been made for pedestrians, cyclists, people with disabilities, public transport vehicles, heavy vehicles and access to properties.

The proposed fee of 5 fee units or \$58.45 is very small in comparison with the costs of the traffic management arrangements for any activity involving closing a road or a traffic lane. The simplest event might involve closing a local street for a party or festival or film shooting for instance. The cost of hiring the traffic control devices for such an event would amount to around \$1000. This is based on quoted rates for 1 electronic sign (for 7 days), 6 barrier boards, 6 water-filled barriers, 8 detour signs

¹⁰³ These fees are new, so there is no fee comparison with the existing regulations.

and 20 traffic cones. On top of that would be the costs of preparing the traffic management plan and engaging staff to transport and deploy these devices.

This proposed new fee of 5 fee units (\$58.45 in dollar terms) for non-road activity permits slightly exceeds the estimated cost of processing permits. However, the cost figure is an estimate based on assumptions about the expected volume and cost of processing applications. In the interests of simplicity, it has been decided to round the fee to the nearest full fee unit. This fee level is also consistent with the lowest fee charged for similar applications under the Road Management (Works and Infrastructure) Regulations 2005, so this approach will have benefits in terms of administrative simplicity.

The application fees prescribed by the Road Management (Works and Infrastructure) Regulations 2005 for written consent to the conduct of proposed works on a road, range from 5 fee units representing minor works not conducted on any part of the roadway, shoulder or pathway to up to 45 fee units for other than minor works¹⁰⁴.

The proposed regulations also enable the road authority to waive the whole or any part of the fee for a permit application where it considers the application for the permit provides sufficient confirmation that satisfactory preparatory arrangements have been made for the non-road activity and there would be a reduction in the costs to be recovered.

Part 4 specifies the requirements for the content of traffic management plans, and that such plans must be available for inspection for the duration of the works or event. It should be noted that the obligation to prepare traffic management plans is imposed by section 99A of the Road Safety Act¹⁰⁵, rather than by the proposed regulations. Plans are not required to be submitted to road authorities for approval. There is no specific requirement of the Act or the regulations that requires plans to be kept after the works or event has finished. However, plans may need to be kept under the Public Records Act 1973. It is also recommended that plans be kept in case of any litigation. The administrative cost of storing traffic management plans has not been costed in this RIS as the proposed regulations do not impose any greater requirement for the storage of plans than if there were no regulations.

Although the obligation to prepare traffic management plans is imposed by the Act, proposed regulation 32 would impose costs to persons wishing to conduct a road or road related area activity.

It is estimated that approximately 3,000 traffic management plans need to be prepared each year (refer to section A2.3 of Appendix 2). When the plan is for VicRoads works, they are prepared by pre-qualified works contractors or sub-contractors. Where major traffic control devices are used, the plans are usually prepared by traffic management specialists. The proposed regulations require that traffic management plans include details of:

- (i) the nature and expected duration of the relevant activity;
- (ii) the worksite or location of the relevant activity;
- (iii) the risk assessment undertaken of the relevant activity;

¹⁰⁴ For applications under Schedule 7 of the **Road Management Act 2004**.

¹⁰⁵ Section 99A of the Act requires any person conducting works or a non-road activity on a highway, amongst other things, to have in operation a traffic management plan (TMP) that complies with the prescribed requirements.

- (iv) the arrangement of traffic control devices for the duration of the activity, including for each stage of the activity and during both daytime and night-time, where relevant;
- (v) any proposed reduction in speed-limit;
- (vi) any provision for public transport, other vehicular traffic, pedestrians, cyclists, or persons with disabilities; and
- (vii) any other measures to control identified risks to ensure the safety of all road users and persons engaged in conducting the relevant activity.

The requirements for traffic management plans proposed in the regulations are compatible with the guidance given in the Victorian *Worksite Safety-Traffic Management Code of Practice*, which has been made under the Road Management Act 2004, and with the Australian Standard AS1742.3. The intention of the proposed regulations is to specify the minimum requirements for a traffic management plan and to require them to be available for inspection. Without this, section 99A of the Road Safety Act is virtually unenforceable. It is expected that this regulatory measure will encourage a greater level of adequate traffic management plans and, consequently, a greater level of safety and reduced traffic impact of works and activities on roads. VicRoads has already taken other steps to support this approach: VicRoads has employed more surveillance officers under the *Keeping Melbourne Moving* initiative to inspect worksites; the *Worksite Safety-Traffic Management Code of Practice* is being revised; and a pre-qualification system has been implemented for traffic management companies doing work for VicRoads. This last initiative means that the company undertaking worksite traffic management at works commissioned by VicRoads must be pre-qualified. This is standards practice for VicRoads contractors of all types, but is not a requirement of the proposed regulations.

The proposed regulations relating to traffic management plans will affect:

- All works managers who are currently submitting inadequate plans;
- All organisers of non-road activities who are currently submitting inadequate plans;
- Road users, because plans and the implementation of those plans should lead to safer worksites and a reduction in unnecessary traffic delays;
- Residents and businesses with access to roads where work is planned to take place, because their access needs should be considered more carefully; and
- Road authority surveillance officers, because their job of surveillance and enforcement should be made easier.

Part 5 prohibits the display of dazzling or distracting lights on or near roads, or the putting of destructive or injurious materials on roads.

The proposed regulations are expected to impose costs on road authorities, works managers and organisers of non-road activities, as discussed in Parts 4.3.2 and 4.3.7 of this RIS.

5.2. Impact on small business

Where the costs of compliance with regulations comprise a significant proportion of business costs, small businesses¹⁰⁶ may be affected disproportionately by such costs compared to large businesses. However, in this case, the costs of the proposed regulations are unlikely to comprise a significant proportion of business costs. Please refer to costs of individual proposed regulations under the dot points under Part 6.2 of this RIS and in relation to traffic management plans in the same part.

Businesses affected would be those undertaking non-road activities or needing to develop traffic management plans. In any case, as almost any business or organisation could potentially apply for a non-road activity permit over the next ten years, data for the number, type or percentage of small businesses affected are not available and this estimate is not predictable.

5.3. Impact on administrative burden

The proposed changes in the regulations would result in a net reduction in administrative burden on business and not for profit organisations¹⁰⁷.

It has been identified that there would be reductions to administrative burden as a result of going from the state of existing regulations (legislative requirements under memorandums of consent) to the proposed regulations (authorisations under proposed *regulation 24*). The following reductions in administrative burden have been identified in comparing the proposed regulations with the existing regulations.

Under the existing regulations¹⁰⁸ (namely regulations 305 and 306) there is no provision for allowing the erection and removal of major traffic control devices including speed limit signs by traffic management companies, utility companies and construction companies. However, in an operational sense, an approval was still required by way of a 'memorandum of consent' by these businesses each time a major traffic control device was erected or removed (even if it was the same device). However under proposed regulations 11 and 16, such businesses are (a) given a regulatory avenue to erect and remove traffic control devices and speed limit signs and (b) would no longer be required to obtain 'authorisation' for the 'repeat' erection and removal of the same major traffic control device or speed limit sign.

The data points required to calculate the reductions in administrative burden include:

- the type of business affected¹⁰⁹;
- the number of businesses for each type affected;¹¹⁰
- the estimated average number of times per annum that the business would have normally been required to obtain a 'repeat' memorandum of consent for erecting or removing the same traffic control device or a speed limit sign (no longer required under proposed regulation 24)¹¹¹;
- the estimated average time that it would have taken to comply with such a

¹⁰⁶ The Australian Bureau of Statistics (ABS) definition of a small business is one that has less than 20 full-time employees.

¹⁰⁷ State Government of Victoria, 2007

¹⁰⁸ Road Safety (Road Rules) Regulations 1999.

¹⁰⁹ Based on VicRoads data.

¹¹⁰ Based on VicRoads data.

¹¹¹ Based on VicRoads data.

requirement of 1.5 hours. This is based on a conservative estimate of the time to fill out the application forms for consent for the relevant traffic control devices for each stage in the traffic arrangements at a worksite, as estimated by VicRoads from discussions with applicants. Each stage may involve several devices. It also includes the time to post, fax or email the application and discuss the application with the road authority, where necessary; and

- the hourly tariff of \$62.29 for 2009/10 (See Table A1.3 of Appendix 1 in this RIS for source of estimate).

In Table 15 below it can be seen that the total estimated reduction in administrative burden is given as **\$672,680** in 2009/10¹¹². This reduction is due to the ability for utility companies to use traffic control devices at authorised works without the need for consent and the ability to issue authorities for traffic control devices for repeated use of the same device or set of devices.

Table 15– Estimated reduction in administrative burden 2008-09 dollars

Type of Business affected	Information obligation required under the existing framework and no longer required under proposed regulation 24	Number of businesses affected	Average number of times per annum that the business would have normally been required to obtain a 'repeat' memorandum of consent	Estimated average time taken (hours) to comply with the information obligation	Hourly clerical tariff	Total estimated administrative cost
Traffic management company	Repeat memoranda of consent to erect or remove the same traffic control item	40	120	1.5	\$63.74	-\$448,453.02
Utility company	Repeat memoranda of consent to erect or remove the same traffic control item	20	60	1.5	\$63.74	-\$112,113.25
Construction company	Repeat memoranda of consent to erect or remove the same traffic control item	200	6	1.5	\$63.74	-\$112,113.25
Total estimated reduction in administrative burden						-\$672,679.53

5.4. Comparison with other jurisdictions

All states and territories in Australia are signatories to three intergovernmental agreements relating to the uniform road transport legislative scheme: the 1991 Heavy Vehicles Agreement, the 1992 Light Vehicles Agreement and the 2003 Inter-Governmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport. Under those agreements, each state and territory is committed through the Australian Transport Council and as a signatory to the inter-governmental agreements to implement, support and maintain the national road transport regulatory and operational scheme.

¹¹² This estimate has not been calculated using the full SCM methodology as described in appendix F of the *Victorian Guide to Regulation*.

The 2003 Agreement only allows jurisdictions to make changes when adopting model law “in exceptional circumstances”¹¹³. National uniformity is the number one objective of the national legislation and intergovernmental agreements. National uniformity of traffic control devices which result in improved public safety and order provides significant benefits to all sectors of the community including overseas and interstate residents, visitors and workers.

A comparison with equivalent regulations in other Australian states and territories is given in Appendix 6.

All states and territories regulate the installation, alteration or removal of traffic control devices. All jurisdictions require permits or approvals for events and non-road activities.

The deposit of material on roads without permission is an offence in other major states such as New South Wales, South Australia and Queensland.

All the major states charge a fee for the assessment of an application for an activity on a road. The authority that charges this fee varies from state to state. In NSW, Queensland and WA, the fees are greater than what is proposed under the Victorian regulations.

All jurisdictions (although ACT is unknown) require a plan equivalent to the Victorian traffic management plan to be prepared for works and events on roads. All jurisdictions have a mechanism to control the quality of those plans. NSW require the plans to be prepared by a certified designer; SA requires the plan for events to be prepared by the police or a designer approved by the police; and WA requires the plan to comply with the state’s Code of Practice.

In summary, the obligations imposed by the proposed regulations are similar to those in other Australian jurisdictions.

5.5 Compliance and enforcement issues

The feasibility of implementation and enforcement of the proposed regulations is discussed in Part 2.4 of this RIS. In general terms, the proposed regulations will be enforced by members of the police force and specifically authorised officers, including officers of Councils and relevant public authorities.

Compliance with the requirements of Part 2 of the proposed regulations, relating to traffic control devices, will be enforced by the police and authorised officers. As many of the regulations in Part 2 are enabling, enforcement is irrelevant. The most difficult area to enforce is the illegal interference with, or removal of, traffic control devices under proposed regulation 6, particularly if the offender is not observed. Nevertheless, compliance will continue to be encouraged through the replacement of defaced signs and the removal of illegal signs, as part of normal road authority maintenance activities. VicRoads has recently announced a program to remove illegal and obsolete tourist signs. Road authorities regularly inspect their roads as part of their responsibilities under the Road Management Act and any illegal traffic control devices should be observed through this process.

In many cases, compliance with the requirements of Part 3 of the proposed regulations, relating to activities on roads, is self-enforcing because the organisers of

¹¹³ Department of Infrastructure, Transport, Regional Development and Local Government, A National Framework for Regulation, Registration and Licensing of Heavy Vehicles – Consultation Regulatory Impact Statement, December 2008. page 20

the activity require cooperation from VicRoads or the Council or the Police to run the activity. Organisers of bicycle races are generally aware of the need to obtain exemptions to the Road Rules for the event and this is achieved by being granted a permit. Permit fees are self-enforcing, that is, unless fees are paid, permits for non-road activities are not issued.

As non-road activities almost always have an adverse effect on some members of the community – residents, business owners or road users, for example – they are likely to be reported to the local Council or other authority. Enforcement can then be effected by authorised officers or the police. If traffic congestion in Melbourne continues to worsen, there may need to be policy changes, after appropriate consultation, to initiate other measures to discourage unnecessary closures of traffic lanes or to arrange closures at times that will result in minimum traffic disruption.

Enforcement of the requirement to have traffic management plans available for inspection at the site of the works or event will be continued with existing resources. If, however, the level of compliance does not improve, there may need to be a policy decision to allocate further resources to this surveillance and enforcement activity.

6.0 National Competition Policy tests

6.1 Competition principles and guidelines

At the Council of Australian Governments (COAG) meeting in April 1995 (reaffirmed in April 2007), all Australian governments agreed to implement the National Competition Policy (NCP). As part of the *Competition Principles Agreement*, all governments, including Victoria, agreed to review all legislation containing restrictions on competition under the following principle:

The guiding principle is that legislation (including Acts, enactments, Ordinances or regulations) should not restrict competition unless it can be demonstrated that:

- (a) the benefits of the restriction to the community as a whole outweigh the costs; and
- (b) the objectives of the legislation can only be achieved by restricting competition.¹¹⁴

To successfully pass the competition and cost-benefit tests, for each proposed regulation it is necessary to:

- Step 1: Identify the restriction on competition, if any;
- Step 2: Show that the restriction, if any exists, is necessary to achieve the objective;
- Step 3: Assess the costs to the community caused by the restriction;
- Step 4: Assess the community benefits; and
- Step 5: Assess whether benefits outweigh the costs.

If no restriction on competition is found in the course of Step 1, it is not necessary to complete the remaining steps (that is, Steps 2 to 5). Issues to be discussed in the NCP assessment relate to whether or not the proposed regulations restrict competition in the relevant market by one or more various means such as:

- allowing only one company or person to supply a good or service (monopoly);
- requiring producers to sell to a single company or person (monopsony);
- limiting the number of producers of goods and services to less than four (duopoly or oligopoly);
- limiting the output of an industry or individual producers; or
- limiting the number of persons engaged in an occupation¹¹⁵.

6.2 NCP assessment

The markets affected by the proposed regulations are the markets for utilities (gas, electricity, water and telecommunications), film production, stock droving/grazing, professional racing, markets where businesses could benefit from advertising on traffic control devices, and markets for advertising and security services.

¹¹⁴ COAG, 2007.

¹¹⁵ State Government of Victoria, 2007.

To the extent that they impact on businesses, each would be equally affected by the same regulatory environment. The proposed regulations would impose the following quantitative costs on businesses:

- Fee costs for permit applications under proposed regulation 30(2)) for non-road activities. The fee cost is 5 fee units or **\$58.45**¹¹⁶ for all levels of potential vehicle displacement. The fees are not set so high as to constitute a barrier to entry for such businesses.
- Non-fee cost to utilities works managers under proposed regulation 11 would be around \$15.57 per authorisation (i.e. total cost of \$2,366.84¹¹⁷ in 2009/10 for around 152 authorisations per year). These non-fee costs would not constitute a barrier to entry for utility businesses because they are immaterial relative to the significant infrastructure costs that characterise the utility industry.
- Non-fee cost for all authorisations sought by other persons under proposed regulation 16 would be around \$26,253.19¹¹⁸ in 2009/10. Given that there are around 1,686 of these authorisations per year, this would entail a cost of \$15.57 per authorisation (involving 15 minutes of clerical time). Even if each authorisation was sought after by persons representing businesses, these non-fee costs would not constitute a barrier to entry for businesses.
- Non-fee cost for all authorisations sought by persons involved with stock crossings under proposed regulation 17 would be around \$31.14¹¹⁹ in 2009/10. Given that there are around 2 of these authorisations per year, this would entail a cost of \$15.57 per authorisation (involving 15 minutes of clerical time). These non-fee costs would not constitute a barrier to entry for stock droving/grazing businesses.
- Non-fee cost for all authorisation sought by persons wishing to conduct processions under proposed regulation 25 would be around \$2,958.54¹²⁰ in 2009/10. Given that there around 190 of these authorisations per year, this would result in a cost of \$15.57 per authorisation.
- Non-fee cost to professional racing businesses of proposed regulation 26 would be \$15.57 per permission to conduct races and other road events. Total cost of 527 permissions sought in 2009/10 is estimated to be \$8,206.07¹²¹.

These quantifiable costs arising from the aforementioned proposed regulations would constitute only a very small fraction of the annual turnover of each representative business. The non-fee cost of content requirements in traffic management plans under proposed regulation 32(1) and (2) for businesses undertaking works or non-road activities on roads or road related areas – would equate to anywhere between \$165 and \$1,100¹²². Again, this would not constitute a sufficiently high cost to prevent market entry by businesses. Consequently, it can be said that the aforementioned proposed

¹¹⁶ See Table 8 of Part 4.3 of this RIS for source of fee.

¹¹⁷ See Table A1.5(b) of Appendix 1 for source of estimate.

¹¹⁸ See Table A1.5(d) of Appendix 1 for source of estimate.

¹¹⁹ See Table A1.5(e) of Appendix 1 for source of estimate.

¹²⁰ See Table A1.6 of Appendix 1 for source of estimate.

¹²¹ See Table A1.8(a) of Appendix 1 for source of estimate.

¹²² See Part A1.1.6 of Appendix 1 in this RIS for source of estimates.

regulations would not constitute a barrier to entry in any markets relating to the aforementioned businesses.

However with respect to the markets for advertising and security services, proposed regulation 34 provides a limit on the range of options provided in the respective markets¹²³. That is to say, dazzling lights are prohibited for use in terms of advertising or security where they would distract drivers or other road users. This does not apply to dazzling lights which are used on the premises away from road users and drivers (e.g. on the side or rear of buildings). This particular prohibition of dazzling lights would limit (but not eliminate) the output of producers in this industry and therefore constitutes a restriction of competition by such producers in the advertising and security markets.

Moreover, the degree of restriction would depend on the extent of use of dazzling lights that would otherwise occur without the prohibition under proposed regulation 34. As this prohibition exists under current regulations there is no way of knowing what the extent of restriction would be. Furthermore, the restriction on competition would also depend on the degree of substitutability (i.e. performance characteristics and occasion of use) between dazzling lights and other forms of advertising and security products.

Whilst the extent of restriction is unknown and dependent on a variety of factors as discussed above, the costs and benefits of proposed regulation 34 are discussed as follows.

One of the primary objectives of the proposed regulations is to ensure public safety and order. Public safety and order would be provided by markets 'to some extent' because it is in the interests of individuals to protect the economic value of their property or activities. However, the risk to the public (in terms of a major road accident) or the risk of traffic disorder (in terms of economic activity foregone) can often far outweigh the risks to property or activity itself. Businesses, installing lighting, such as security lights or lights for a billboard, would often not give due consideration to the road safety impacts of their actions. That is, they would fail to take into account the negative externalities of these actions on drivers and other road users. Hence regulation is needed to control this use of dazzling lights.

Benefits of proposed regulation 34

The display of dazzling lights on or near roads has the potential to distract drivers or other road users from clearly seeing the road ahead, could give rise to road safety issues. There is a growing body of evidence that driver distractions, both within vehicles and in the road environment, are becoming an increasingly large cause of road trauma. In the USA, it is estimated that approximately one-third of vehicle crashes result from the driver being inattentive or distracted. Proposed regulation 34 would help to minimise the risks of distraction and therefore, help to promote the primary objectives of safety and order.

Costs of proposed regulation 34

Proposed regulation 34 would involve a minor cost in terms of foregone marketing opportunities to advertisers (very small percentage) who might otherwise, irresponsibly, wish to use dazzling lights to attract the attention of passing motorists. Furthermore, proposed regulation 34 would create a minor cost by way of

¹²³ Victorian Guide to Regulation

inconveniencing those premises owners who might otherwise wish to use dazzling security lights as opposed to other forms of security. However, such activities would not normally be undertaken in a widespread fashion commercially or otherwise. Marginal cost to businesses or advertisers to redirect or fit visors or shields to lights that would otherwise be dazzling to drivers.

Consequently, it can be said that whilst proposed *regulation 34* may constitute a limit to competition in advertising and security markets, the costs are justified by the benefits to safety (in terms of minimising incidence of road crashes) and order (in terms of minimising risks to traffic disorder).

Finally, given that VicRoads and the relevant coordinating road authorities are the only organisations which can provide permits in Victoria for non-road activities on roads, the competitive neutrality principle, that is the need for fair competition with other private sector businesses in the same market, does not apply.

7.0 Evaluation strategy

The inclusion of a specific evaluation strategy for the proposed regulations has been considered, but rejected as infeasible in this case, because the proposed regulations are but one of a wide range of road safety measures and it would be impossible to attribute any road safety statistics solely to this measure alone. Also, because the proposed regulations, apart from those relating to traffic management plans, are largely a continuation of existing regulations, there is no effective 'before and after' situation from which to compare the effectiveness of the regulations.

The effectiveness of the new regulations relating to traffic management plans will be determined on a continuous basis through the activities of surveillance and audit of worksites and non-road activities by Council and VicRoads surveillance officers. In particular, VicRoads officers are keeping a monthly record of the number of audited worksites where there is no traffic management plan available for inspection on site.

The proposed regulations will be included in a number of processes of ongoing evaluation of Victorian road safety initiatives. These processes include: Victoria's Road Safety Strategy: *arrive alive 2008-2017*, the *National Road Safety Strategy 2001-2010* and Victoria's obligation to implement and maintain agreed Australian Road Rules.

Under Victoria's Road Safety Strategy: *arrive alive 2008-2017*, Government set the direction for road safety initiatives for the ten years 2008 to 2017 including monitoring and evaluating the performance of the strategies. To meet these objectives, three shorter term action plans will be developed across eight areas of action including: public education, enforcement, infrastructure, technology, legislation, licensing, occupational health and safety, and research and data.

The *arrive alive 2008-2017 strategy* also made a commitment to continue consulting with Victorian road users about the most effective ways to improve road safety in developing the action plans. Consultation will involve Department of Justice, Victoria Police, Local Government, the Commonwealth Government, RoadSafe Community, Road Safety Councils and other key road safety organisations and the general public in developing the action plans.

Victoria's Road Safety Strategy: *arrive alive 2008-2017* therefore sets out a comprehensive evaluation strategy to monitor the outcomes of the measures in the proposed regulations together with other road safety initiatives.

Victoria's Road Safety Strategy: *arrive alive 2008-2017* has also announced a review of the Road Safety Act and is implementing a new registration and licensing system. This will result in a further review of regulations made under the Road Safety Act, including fee regulations under the proposed regulations, which is anticipated to be completed within three to five years.

Victoria is committed, through the Australian Transport Council and as a signatory to the inter-governmental agreements, to implement and maintain nationally consistent Australian Road Rules. There is ongoing review and evaluation of the ARR and related road safety regulations supporting the Australian Road Rules such as the proposed regulations. For further information please refer to VicRoads Consultation Paper which accompanies this RIS.

8.0 Conclusions

A summary of the main findings and conclusions of this RIS is as follows:

1. The problems addressed by the regulatory proposal generally arise in relation to the following specific sources of risk:
 - The installation, alteration and removal of traffic control devices.
 - Unclear or inconsistent messages conveyed by traffic control devices, including advertising on them.
 - Non compliance with a requirement to implement nationally consistent road rules.
 - Possible lack of consultation by VicRoads with Councils before erecting certain traffic control devices on municipal roads.
 - Unsafe works, ‘non-road activities’ and other activities, together with adverse effects including traffic congestion on other road users and the Victorian community.
 - Lack of specified requirements for the content of traffic management plans.
 - Unsafe other activities on or near roads i.e. obstructions, dazzling lights etc.
 - Lack of cost recovery regarding the costs of issuing permits for non-road activities.
2. To address the problems identified above, the policy objectives of the regulatory proposal may be summarised as:

Primary objectives

- (a) To ensure public safety, order and equity in relation to the installation, maintenance and removal of traffic control devices;
- (b) To ensure that works, non-road activities and other activities on or near roads are conducted safely and that delays and other adverse effects on other road users are minimised;

Secondary objectives

- (c) To recover reasonable costs of considering applications for non-road activity permits; and
 - (d) To ensure that traffic management plans are adequate and available on site.
3. Based on Table 12 (the regulatory options relating to public safety and order), Options A, B (the proposed regulations), C and D provide weighted scores of **+0.4**, **+0.8**, **+0.5** and **+0.5**, respectively. While little separates Options A, C and D, **the proposed regulations have the greatest net benefits (+0.8) and therefore Option B is the preferred option.**
 4. Based on Table 13, Option 1 (stratified fees with full cost recovery excluding law enforcement costs), Option 2 (*the proposed fees regulations with waivers*) and Option 3 (*the proposed fees regulations without waivers*) provide

weighted scores of **+0.2**, **+0.5** and **-0.3**, respectively. While little separates Options 1 and 2, **the proposed fee regulations with waivers have the highest weighted score (+0.5), and therefore Option 2 is the preferred option.**

5. A summary comparison of the substantive differences between the existing regulations and the proposed new regulations is given in Appendix 5 to this RIS. The more significant changes are in three main areas:
 - erection of traffic control devices by utilities works managers;
 - fees for non-road activity permits; and
 - prescribing the requirements for traffic management plans.
6. The 10-year estimated incremental net quantifiable cost of the proposed regulations (other than fees) would be approximately **\$9.49 million** in 2009/10 present value dollars. There are also some unquantifiable costs as set out in Part 4.3.2 of this RIS. Costs would be imposed on road authorities, works managers and organisers of non-road activities.
7. The proposed regulations would minimise risks to road safety and traffic order. These risks relate to the unauthorised installation, alteration or removal of traffic control devices; non-road activities, road races, highway collections, dazzling or distracting lights and destructive materials on roads.
8. The proposed fees are prescribed in terms of fee units in the proposed regulations. The proposed new fee for non-road activity permits has been set at 5 fee units or calculated at \$58.45 in dollar terms per permit in 2009/10. This proposed new fee slightly exceeds the estimated cost of processing permits. However, the cost figure is an *estimate* based on assumptions about the expected volume and cost of processing applications. In the interests of simplicity, it has been decided to round the fee to the nearest full fee unit. This fee level is also consistent with the lowest fee charged for similar applications under the Road Management (Works and Infrastructure) Regulations 2005, so this approach will have benefits in terms of administrative simplicity.
9. Going from the state of existing regulations (legislative requirements under memorandums of consent) to the proposed regulations would provide a reduction in the administrative burden on traffic management companies, utility companies, and construction companies – equivalent to **\$672,680** in 2009/10¹²⁴.
10. VicRoads believes that the overall burden of the proposed regulations is likely to be no higher than that imposed by regulations in other jurisdictions, and that it is likely to be less onerous in most respects (including in relation to approvals for traffic control devices and requiring devices to comply with Standards.
11. The costs imposed by the proposed regulations would constitute only a very small fraction of the annual turnover of each business. Therefore, they would not restrict competition by creating a barrier to the entry of new businesses and are unlikely to restrict competition. Given that VicRoads or the relevant

¹²⁴ This estimate has not been calculated using the full SCM methodology as described in appendix F of the *Victorian Guide to Regulation*.

coordinating road authorities are the only organisations which can provide permits in Victoria for non-road activities on roads, the competitive neutrality principle, that is the need for fair competition with other private sector businesses in the same market, does not apply.

12. Key stakeholders have been consulted on the proposed regulations, as listed in Part 1.3 of this RIS. At this stage, there are no known significant objections to the proposed regulations, although there has been no external consultation as yet on the specific levels of the proposed fee structure.

13. In summary, the RIS concludes that that the proposed regulations:

- **are expected to impose costs on road authorities, works managers and organisers of non-road activities;**
- **are expected to confer benefits in terms of minimising risks to public safety and order;**
- **enable Victoria to implement and maintain nationally consistent Australian Road Rules;**
- **are essential to implement the Victorian Government's initiatives set out in *arrive alive 2008-2017*;**
- **are expected to confer net benefits compared to the base case;**
- **are not inequitable in terms of the distribution of costs and benefits;**
and
- **do not restrict competition.**

Glossary of terms and acronyms

Act, the:	The Road Safety Act 1986 .
competition:	the process of rivalry between independent firms or individuals in business. Competition occurs within a market.
common good:	a good that is non-excludable but rival. In other words, everybody has a right of access to common goods, but there is some competition for their use.
cost recovery:	the recuperation of the costs of government-provided or funded products or services that, at least in part, provide private benefits to individuals, entities or groups, or reflect the costs their actions impose.
economic efficiency:	when an output of goods and services is produced making the most efficient use of scarce resources and when that output best meets the needs and wants of consumers and is priced at a price that fairly reflects the value of resources used up in production.
equity:	in general, the term 'equity' reflects concepts of fairness or justice. In a public finance context, 'horizontal equity' refers to treating people in similar situations in similar ways. 'Vertical equity' refers to those with greater means contributing proportionately more than those with lesser means.
existing regulations, the:	the <i>Road Safety (Road Rules) Regulations 1999</i> .
externality:	the cost or benefit related to a good or service that accrues to persons other than the buyer or the seller of that good or service.
fee:	a charge levied in order to recover some or all of the cost of providing a specific service.
fixed costs:	costs that do not vary with the volume of business.
market:	an area of close competition between firms, or the field of rivalry in which firms operate.
market failure:	the situation which occurs when freely functioning markets, operating without government intervention, fail to deliver an efficient or optimal allocation of resources.
monopoly:	a market structure such that only one firm supplies the entire market.
NCP:	National Competition Policy.
negative externality:	the situation that occurs when production and/or consumption impose external costs on third parties outside of the market for which no appropriate compensation is paid.
non-road activity:	an activity to be conducted on a road which will significantly interfere with the normal use of a road by road users in accordance with the Road Safety Act and the regulations but does not include any activity to be conducted on a road by a member of the police force or of any emergency services agency arising out of the performance of a function or exercise of a power of that member.

positive externality:	benefits relating to a good or service that fall on others besides buyers and sellers of that particular good or service. Also known as positive spill-overs and neighbourhood effects.
prescribed:	prescribed by an Act or subordinate legislation.
public good:	a good or service that is non-excludable and non-rival. Although a public good is not diminished by other users, it will not be produced in private markets because there is no way for the producer to keep those who do not pay for the good or service from using it.
restriction of competition:	something that prevents firms in a market or potential entrants to a market from undertaking the process of economic rivalry.
rival goods:	goods whose consumption by one consumer prevents simultaneous consumption by other consumers.
RIS:	Regulatory Impact Statement.
Road Rules	The Road Safety (Road Rules) Regulations 1999 or proposed Road Safety Road Rules 2009 implementing nationally agreed Australian Road Rules
stakeholder:	an individual or group that has a vested interest in, or may be affected by, a project or process.
statutory rules:	regulations made by the Governor in Council and other instruments of a legislative character deemed by an Act or prescribed to be statutory rules.
tax:	an impost to raise government revenue.
variable costs:	costs that vary with the volume of business.

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Appendices

1. Analysis of non-fee cost impacts of the proposed non-fee regulations (Option A) (quantifiable and unquantifiable)
2. Cost impact of other non-fee options B, C, and D (quantifiable and unquantifiable costs)
3. Fee calculations options 1, 2 and 3
4. Cost impact of fees options 1 and 2
5. Summary of changes from existing regulations
6. Comparison with other jurisdictions
7. Draft regulations

Appendix 1 – Estimation of non-fee cost impacts (quantifiable and unquantifiable) of the proposed non-fee regulations (Option B)

The purpose of Appendix 1 is to estimate the costs of the proposed regulations, other than in relation to fees. All incremental costs are compared to the 'base case' and only quantifiable components are discussed in detail. The latter part of Appendix 1 summarises the non-fee unquantifiable costs of Option B.

A1.1 Quantifiable incremental costs of the proposed regulations (including basis of cost estimates)

The calculation of quantifiable costs is undertaken using certain assumptions where necessary. Costings are based on the expected level of compliance assumed by VicRoads. Other assumptions are based on discussions with VicRoads staff, based on the most likely circumstances behind each of the affected regulations.

A1.1.1 Cost to VicRoads of consulting Councils, advertising intents and considering comments before erecting certain traffic control devices on roads – proposed regulation 9

Proposed *regulation 9* applies specifically to the case where VicRoads would wish to place certain signs (speed limit and associated signs) on roads that are not freeways or arterial roads. In general, councils install speed signs on their own local roads. However, over the last three years, with the introduction of the 50 km/h limit for local roads, VicRoads Metropolitan North West Region (Metro NW) has managed the installation of some electronic strip shopping centre speed zones and electronic school speed zones across the state, as well as, static school speed signs within Metro NW. Where installations have been proposed on local roads, agreement has been sought from the relevant council. The consultation of Metro NW councils by VicRoads generally involves a formal written correspondence, typically a covering letter or email attaching relevant documentation (such as a map and/or a drawing) that would have already been prepared. This would amount to an incremental time cost imposed by proposed *regulation 9* estimated to be an average of 15 minutes per Council per initiative. The following initiatives were undertaken by VicRoads in the Metro North West Region over the last three years:

- strip shopping centre zones, (x 6 councils);
- static school speed signing, initial program (x 15 councils);
- electronic school speed signing in 70 km/h or higher zones (x 15 councils); and
- electronic speed signing in 60 km/h, additional program (x 15 councils).

These initiatives have involved $(15/60 \text{ hours} \times 6) + (15/60 \text{ hours} \times 15 \times 3) = 12.75$ hours or an average of 4.25 hours or 17 (i.e. 4.25 hours/(15/60) hours) consultations per annum for Metro NW. Assuming similar activities for the South Eastern region, the total annual hours estimated for consultation of councils is given as 4.25 hours x 2 regions = 8.5 hours per annum. The cost to VicRoads in consulting a council assumes a salary of \$64,000¹²⁷ for 2008/09. The annual salary in 2008/09 is incremented by

¹²⁷ Annual salary for VicRoads employee in 2008/09, and is based on the spread of employees in the teams that would do this work.

4.48 per cent¹²⁸ per annum reflecting the average annual increase in nominal weekly earnings between 1998/99 to 2008/09 of 4.48 per cent¹²⁹ (see Table A1.1). This salary, plus a mark-up factor of 108.9 per cent (which considers both on-costs and overhead costs) and 1,672 working hours per annum are used to determine the hourly charge out rate for this activity.

The mark-up factor of 108.9 per cent (as shown below) is derived as *total non-salary costs* expressed as a percentage of *total salary costs*:

$$\text{Mark up factor} = \frac{\text{total non - salary costs}}{\text{total salary costs}} \times 100$$

where *total non-salary costs* includes:

- *Labour related*: including annual leave, long service leave, sitting fees and travel, performance review provision, payroll tax, superannuation, workcover, fringe benefit tax of \$199,000;
- *Management and operations (external)*: including office accommodation, motor vehicle expenditure (external), training external (including seminars and conferences), office related expenses, minor capital (general), services general (external) of \$14,000;
- *Management and operations (internal)*: occupancy/accommodation, IT&T services, executive and business services including overheads of \$300,000.

Year	Total salary cost (a*)	Salary related cost (b*)	Management and operations (external) (c*)	Management and operations (internal) (d*)	Mark-up factor (e*) = [(b*)+(c*)+(d*)]/(a*) x 100
2009/10	471,000	199,000	\$14,000	\$300,000	108.9%

The hourly charge out rate for 2009/10 is calculated as:

$$\frac{\$66,867.20 \times (1 + 108.9\% / 100)}{1,672\text{hrs}} = \$83.54$$

Table A1.1 shows the relevant annual salary and associated hourly cost for the next 10 years.

¹²⁸ Whilst an increase of this magnitude is highly unlikely over the coming year in the face of current economic conditions, it is nonetheless taken as the average increase over the next decade.

¹²⁹ ABS, May 2009, *Average Weekly Earnings, Australia, (Table 1. Average Weekly Earnings, Australia (Dollars) – Trend)*, Cat. No. 6302.0

Table A1.1: Estimated hourly charge out rate for VicRoads – 2009/10 to 2018/19

Year	VicRoads annual salary (a)	Hourly charge out rate (b) = ((a) x 2.089)/1,672hrs
2008/09	\$64,000.00	\$79.96
2009/10	\$66,867.20	\$83.54
2010/11	\$69,862.85	\$87.29
2011/12	\$72,992.71	\$91.20
2012/13	\$76,262.78	\$95.28
2013/14	\$79,679.35	\$99.55
2014/15	\$83,248.99	\$104.01
2015/16	\$86,978.54	\$108.67
2016/17	\$90,875.18	\$113.54
2017/18	\$94,946.39	\$118.63
2018/19	\$99,199.99	\$123.94

The estimated time taken by VicRoads to consult councils about initiatives is taken as that which reflects the minimum time (i.e. 15 minutes).

The cost to VicRoads of consulting councils under proposed *regulation 9* over the next 10 years would equal **\$6,524** in 2009/10 present value dollars¹³⁰ (see Table A1.2).

Table A1.2: Incremental 10 year cost of council consultation – 2009/10 to 2018/19 (2009/10 present value dollars) – proposed *regulation 9*

Year	Incremental cost of council consultation (c) = (b)*8.5hrs/annum
2009/10	\$710.12
2010/11	\$741.94
2011/12	\$775.18
2012/13	\$809.90
2013/14	\$846.19
2014/15	\$884.10
2015/16	\$923.70
2016/17	\$965.09
2017/18	\$1,008.32
2018/19	\$1,053.50
Total 10 year cost	\$8,718.04
<i>Present value of 10 year total cost</i>	<i>\$6,524.80</i>

¹³⁰ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

A1.1.2 Incremental cost to: road authorities (councils); utilities works managers; authorised persons; persons; and persons wishing to erect traffic control devices at stock crossings in having to obtain authorisation from VicRoads, and to VicRoads in having to consider applications in relation to erecting traffic control devices on roads – proposed regulations 10, 11, 12, 16(a) to (b), and 17, respectively

The administrative cost of proposed *regulations 10, 11, 12, 16(a) to (b) and 17* includes both the time cost of the relevant party in having to obtain authorisation to erect traffic control devices on roads and the time cost to VicRoads or the relevant road authority in considering applications for the erection of such devices. The average number of authorisations sought under proposed *regulations 10, 11, 12*, (major traffic control devices to be approved by VicRoads under proposed *regulation 16(a)*, (minor control devices to be approved by relevant road authority under proposed *regulation 16(b)*) and *17* to erect traffic control devices on roads is projected to be 799, 160, 243, 887, 887 and 2, respectively per annum, on the basis of current trends, but taking into account the reduced number of authorisations that will be necessary for utilities under the proposed regulations. However, proposed *regulation 24* will also provide for more generic authorisations allowing some further reduction in numbers. Taking this into account, based on VicRoads estimates, it is predicted that the numbers for administrative costing purposes would be 759, 152, 231, 843, 843 and 2, respectively. The estimated time taken by a clerical worker seeking authorisation to erect a traffic control device in the form of either a hardcopy letter with submission through the mail/in person or a softcopy letter to be submitted on line, is taken as that which reflects a minimum of 15 minutes¹³¹ at a (non-road authority) clerical charge out rate of \$62.29 per hour (2009/10) (see Table A1.3).

The clerical charge out rate is estimated in the following way. Firstly, it is noted that the typical annual clerical salary (average weekly cash earnings and hours paid for, full-time non-managerial adult clerical and administrative workers) – for 2008/09 is given as \$57,039¹³². Other assumptions made include: the number of weeks worked per annum (i.e. 44¹³³); the number of hours worked on average per week (i.e. 38¹³⁴); the on-cost multiplier (i.e. 1.165¹³⁵) covering salary related cost such as superannuation, payroll tax and leave entitlements; and the overhead cost multiplier (i.e. 1.5¹³⁶) covering indirect costs such as IT, accommodation, computers and vehicle expenses. The formula given to calculate the hourly cost of consultation in 2008/09 is:

$$\text{Hourly cost} = [\$57,039 / (44 \times 38)] \times 1.165 \times 1.5 = \mathbf{\$59.61}$$

¹³¹ For the purpose of estimation it is assumed that documentation (e.g. maps and/or a drawing) would already be available and that documenting sufficient information regarding the proposed traffic control device in order to allow VicRoads to make an assessment, would not constitute an additional cost of the proposed regulations. Rather seeking authorisation would involve simple involve clerical correspondence (i.e. letter seeking authorisation for the erection of a traffic control device) between the relevant party and VicRoads.

¹³² ABS, August 2008, *Employee Earnings and Hours, Australia*, Cat. No. 6306.0

¹³³ This is an average allowing for recreation leave, Long Service Leave, sick leave, public holidays etc

¹³⁴ Victorian Competition and Efficiency Commission 2006, (Draft) Guidance Note: Suggested default methodology and values for staff time in BIA/RIS analysis, October.

¹³⁵ Ibid, 2006.

¹³⁶ Ibid, 2006.

The annual salary in 2008/09 is then incremented by 4.48 per cent¹³⁷ per annum reflecting the average annual increase in weekly earnings between 1998/99 to 2008/09 of 4.48 per cent.¹³⁸

Table A1.3 shows the relevant annual salary and associated hourly clerical cost (*non-road authority*) for the next 10 years. The cost for a ‘road authority’ in notifying VicRoads is determined using the charge out rate as shown in Table A1.4.

Table A1.3: Estimated hourly clerical cost (non-road authority) – 2009/10 to 2018/19

Year	Annual salary (clerical) (d)	Hourly clerical cost (e) = [(d)/(44 x 38)] x 1.165 x 1.5
2009/10	\$59,594.14	\$62.29
2010/11	\$62,263.96	\$65.08
2011/12	\$65,053.38	\$67.99
2012/13	\$67,967.77	\$71.04
2013/14	\$71,012.73	\$74.22
2014/15	\$74,194.10	\$77.54
2015/16	\$77,517.99	\$81.02
2016/17	\$80,990.80	\$84.65
2017/18	\$84,619.19	\$88.44
2018/19	\$88,410.13	\$92.40

The estimated time taken by the relevant road authority to consider an application under proposed *regulations 10, 11, 12, 16(a)*, reflects a minimum estimated time of 3 hours, per application and proposed *regulation 17*, reflects a minimum estimated time of 1 hour – each at a VicRoads hourly charge out rate of \$83.54¹³⁹ (in 2009/10) (see Table A1.1). The estimated time taken by the relevant ‘road authority’ (apart from VicRoads) to consider an application under proposed *regulation 16(b)*, reflects a minimum estimated time of 3 hours per application and an hourly charge out rate of \$69.89¹⁴⁰ in 2009/10 (see Table A1.4). An on-cost and overhead cost multiplier chosen is that which represents the average in the economy (similar to the clerical multiplier). The hourly charge out rate for the relevant ‘road authority’ is increased by 4.48 per cent per annum reflecting the average annual increase in nominal weekly earnings between 1998/99 to 2008/09 of 4.48 per cent.¹⁴¹

Table A1.4 shows the relevant annual salary and associated hourly cost for the next 10 years.

¹³⁷ Whilst an increase of this magnitude is highly unlikely over the coming year in the face of the current economic conditions, it is nonetheless taken as the average increase over the next decade.

¹³⁸ ABS, May 2006, *Average Weekly Earnings, Australia, (Table 1. Average Weekly Earnings, Australia (Dollars) – Trend)*, Cat. No. 6302.0

¹³⁹ Based on annual salary for VicRoads employee at the level that would handle this is approximately: \$64,000 per year in 2008/09, and is based on the spread of employees in the teams that would do this work.

¹⁴⁰ Based on annual salary for employee at the level that would handle this is approximately: \$64,000 per year in 2008/09.

¹⁴¹ ABS, May 2009, *Average Weekly Earnings, Australia, (Table 1. Average Weekly Earnings, Australia (Dollars) – Trend)*, Cat. No. 6302.0

Table A1.4: Estimated hourly charge out rate for the relevant Road Authority in authorising the erection of traffic control devices – 2009/10 to 2018/19 – proposed regulation 16(b)

Year	Annual salary (Road Authority) (f)	Road Authority hourly charge out rate (g) = [(f)/(44 x 38)] x 1.165 x 1.5
2008/09	\$64,000.00	\$66.89
2009/10	\$66,867.20	\$69.89
2010/11	\$69,762.55	\$72.91
2011/12	\$72,783.27	\$76.07
2012/13	\$75,934.78	\$79.36
2013/14	\$79,222.76	\$82.80
2014/15	\$82,653.11	\$86.39
2015/16	\$86,231.98	\$90.13
2016/17	\$89,965.83	\$94.03
2017/18	\$93,861.35	\$98.10
2018/19	\$97,925.55	\$102.35

Finally, Table A1.5 shows the total cost of proposed *regulations 10, 11, 12, 16(a) to (b) and 17* in terms of the combined time cost of seeking authorisations by affected parties and the time cost of providing such authorisations by VicRoads and relevant Road Authorities over the next 10 years (i.e. **\$1,869,723; \$371,783; \$565,012; \$3,806,500 and \$1,821**, respectively, in present value 2009/10 dollars¹⁴²). This would bring the total additional cost of these regulations (as compared to the ‘base case’ of no regulations) to **\$6,614,841** over 10 years in present value 2009/10 dollars.

¹⁴² A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

Table A1.5: Incremental 10 year cost of authorisation for the erection of traffic control devices – 2009/10 to 2018/19 (2009/10 present value dollars) – proposed regulations 10, 11, 12, 16(a) to (b) and 17

Year	Total administrative cost of proposed regulations and affected parties				
	<i>Reg.10</i> Cost to road authorities (erecting a major traffic control device) in obtaining written authorisation & VicRoads in providing authorisation (h) = [(b)*3hrs*759]+ [(g)*(15/60)*759]	<i>Reg.11</i> Cost to utilities works managers in obtaining written authorisation & cost to VicRoads in providing authorisation (i) = [(b)*3hrs*152]+ [(e)*(15/60)*152]	<i>Reg.12</i> Cost to authorised persons in obtaining written authorisation ¹⁴³ & VicRoads in providing authorisation (j) = [(b)*3hrs*231]+ [(e)*(15/60)*231]	<i>Reg.16(a) to (b)</i> Cost to persons in obtaining written authorisation & VicRoads in providing authorisation for major traffic control devices 16(a) or the Road authority for providing authorisation for minor traffic control devices 16(b) (k) = [(b)*3hrs*843]+ [2*(e)*(15/60)*843]+ [(g)*3hrs*843]	<i>Reg.17</i> Cost to persons in obtaining written authorisation (erecting traffic control devices at stock crossings) ¹⁴⁴ & VicRoads in providing authorisation (l) = [(b)*1hr*2]+ [(e)*(15/60)*2]
2009/10	\$203,490.69	\$40,462.90	\$61,492.96	\$414,279.25	\$198.23
2010/11	\$212,607.07	\$42,275.64	\$64,247.85	\$432,838.96	\$207.11
2011/12	\$222,131.87	\$44,169.59	\$67,126.15	\$452,230.15	\$216.39
2012/13	\$232,083.38	\$46,148.39	\$70,133.40	\$472,490.06	\$226.08
2013/14	\$242,480.72	\$48,215.83	\$73,275.38	\$493,657.61	\$236.21
2014/15	\$253,343.85	\$50,375.90	\$76,558.12	\$515,773.47	\$246.80
2015/16	\$264,693.66	\$52,632.74	\$79,987.92	\$538,880.12	\$257.85
2016/17	\$276,551.93	\$54,990.69	\$83,571.38	\$563,021.95	\$269.40
2017/18	\$288,941.46	\$57,454.27	\$87,315.38	\$588,245.34	\$281.47
2018/19	\$301,886.04	\$60,028.23	\$91,227.11	\$614,598.73	\$294.08
Total 10 year cost	\$2,498,210	\$496,754	\$754,935	\$5,086,015	\$2,433
<i>Present value of 10 year total cost</i>	<i>\$1,869,723</i>	<i>\$371,783</i>	<i>\$565,012</i>	<i>\$3,806,500</i>	<i>\$1,821</i>

¹⁴³ This would be necessary for 'other' traffic control devices not including: a works advisory sign; or a hand-held stop sign; or a speed-limit sign fixing a speed-limit which is lower than, or the same as, the speed-limit which would otherwise apply to the relevant length of road but no lower than 40 km/h for which a permit has already been given under section 99B of the Act.

¹⁴⁴ Apart from those illustrated in Diagrams 1, 2, 3 and 4 in the proposed Road Safety (Traffic Management) Regulations.

Sensitivity analysis:

Assuming:

- no real growth in wages (i.e. ‘0’ real growth rate in wages) and holding 2009/10 wages (charge out rates) constant over 10 years*; and
 - a real discount rate of 3.5%.
- a present value figure of **\$6,504,591** is obtained for the cost of authorisation for the erection of traffic control devices over 10 years (2009/10 to 2018/19) in 2009/10 dollars.

This figure is only -1.67% less than that of **\$6,614,841** (see Table A1.5 for breakup and source of this cost estimate), which is obtained using a nominal growth rate and nominal discount rate of 6.5%.

A break up of each of the administrative costs for all of these proposed regulations on each of the affected parties is summarised in Tables A1.5(a) to A1.5(e).

Table A1.5(a): Break up of incremental 10 year cost (i.e. \$1,869,723.01) of authorisations for the erection of traffic control devices – proposed regulation 10

Year	Cost to Road authorities (g)*(15/60)*759	Cost to VicRoads (b)*3hrs*759
2009/10	\$13,260.99	\$190,229.71
2010/11	\$13,855.08	\$198,752.00
2011/12	\$14,475.79	\$207,656.09
2012/13	\$15,124.30	\$216,959.08
2013/14	\$15,801.87	\$226,678.85
2014/15	\$16,509.79	\$236,834.06
2015/16	\$17,249.43	\$247,444.22
2016/17	\$18,022.21	\$258,529.72
2017/18	\$18,829.60	\$270,111.86
2018/19	\$19,673.17	\$282,212.87
Total 10 year cost	\$162,802.23	\$2,335,408.44
Present value of 10 year total cost	\$121,845.24	\$1,747,877.77

Table A1.5(b): Break up of incremental 10 year cost (i.e. \$371,783.20) of authorisations for the erection of traffic control devices by utilities works managers – proposed regulation 11

Year	Cost to utilities works managers (e)*(15/60)*152	Cost to VicRoads (b)*3hrs*152
2009/10	\$2,366.84	\$38,096.07
2010/11	\$2,472.87	\$39,802.77
2011/12	\$2,583.65	\$41,585.94
2012/13	\$2,699.40	\$43,448.99
2013/14	\$2,820.34	\$45,395.50
2014/15	\$2,946.69	\$47,429.22
2015/16	\$3,078.70	\$49,554.05
2016/17	\$3,216.62	\$51,774.07
2017/18	\$3,360.73	\$54,093.55
2018/19	\$3,511.29	\$56,516.94
Total 10 year cost	\$29,057.12	\$467,697.08
<i>Present value of 10 year total cost</i>	<i>\$21,747.07</i>	<i>\$350,036.13</i>

Table A1.5(c): Break up of incremental 10 year cost (i.e. \$565,012.63) of authorisations for the erection of traffic control devices by authorised persons – proposed regulation 12

Year	Cost to authorised persons (e)*(15/60)*231	Cost to VicRoads (b)*3hrs*231
2009/10	\$3,596.97	\$57,896.00
2010/11	\$3,758.11	\$60,489.74
2011/12	\$3,926.47	\$63,199.68
2012/13	\$4,102.38	\$66,031.02
2013/14	\$4,286.17	\$68,989.21
2014/15	\$4,478.19	\$72,079.93
2015/16	\$4,678.81	\$75,309.11
2016/17	\$4,888.42	\$78,682.96
2017/18	\$5,107.42	\$82,207.96
2018/19	\$5,336.23	\$85,890.87
Total 10 year cost	\$44,159.18	\$710,776.48
<i>Present value of 10 year total cost</i>	<i>\$33,049.83</i>	<i>\$531,962.80</i>

Table A1.5(d): Break up of incremental 10 year cost (i.e. \$3,806,500.62) of authorisations for the erection of traffic control devices by other persons – proposed regulation 16(a) to (b)

Year	Cost to authorised persons under proposed reg. 16(a)to(b) (e)*(15/60)*1,686	Cost to VicRoads under proposed reg. 16(a) (b)*3hrs*843	Cost to other Road Authorities under proposed reg. 16(b) (g)*3hrs*843
2009/10	\$26,253.19	\$211,282.80	\$176,743.27
2010/11	\$27,429.33	\$220,748.26	\$184,661.37
2011/12	\$28,658.16	\$230,637.79	\$192,934.19
2012/13	\$29,942.05	\$240,970.36	\$201,577.65
2013/14	\$31,283.45	\$251,765.83	\$210,608.33
2014/15	\$32,684.95	\$263,044.94	\$220,043.58
2015/16	\$34,149.24	\$274,829.35	\$229,901.53
2016/17	\$35,679.12	\$287,141.71	\$240,201.12
2017/18	\$37,277.55	\$300,005.66	\$250,962.13
2018/19	\$38,947.58	\$313,445.91	\$262,205.23
Total 10 year cost	\$322,304.63	\$2,593,872.61	\$2,169,838.39
<i>Present value of 10 year total cost</i>	<i>\$241,220.80</i>	<i>\$1,941,318.79</i>	<i>\$1,623,961.03</i>

Table A1.5(e): Break up of incremental 10 year cost (i.e. \$1,821.39) of authorisations for the erection of traffic control devices by persons for stock crossings – proposed regulation 17

Year	Cost to persons for stock crossings (e)*(15/60)*2	Cost to VicRoads (b)*1hr*2
2009/10	\$31.14	\$167.09
2010/11	\$32.54	\$174.57
2011/12	\$34.00	\$182.39
2012/13	\$35.52	\$190.57
2013/14	\$37.11	\$199.10
2014/15	\$38.77	\$208.02
2015/16	\$40.51	\$217.34
2016/17	\$42.32	\$227.08
2017/18	\$44.22	\$237.25
2018/19	\$46.20	\$247.88
Total 10 year cost	\$382.33	\$2,051.30
<i>Present value of 10 year total cost</i>	<i>\$286.15</i>	<i>\$1,535.25</i>

A1.1.3 The administrative cost to some¹⁴⁵ persons¹⁴⁶ in having to obtain a written authorisation to conduct road processions and cost to the coordinating road authority in providing written authorisation – proposed Regulation 25

Proposed *regulation 25* would create an administrative cost to those persons (including businesses and non-profit organisations such as clubs and societies) needing to obtain authorisation to conduct road processions and to the relevant coordinating road authority in providing such authorisation. The opportunity cost of time in applying to conduct a procession in the form of either a hardcopy letter with submission through the mail/in person or a softcopy letter to be submitted on line, is taken as that which reflects a minimum of 15 minutes¹⁴⁷ at a clerical charge out rate of \$62.29 per hour (2009/10) (see Table A1.3). The average number of applications sought by businesses and non-profit organisations for processions under proposed *regulation 25* is projected to be 200¹⁴⁸ per annum. It is expected that the same level of compliance will continue under the proposed regulations.

The estimated time taken by the relevant coordinating road authority to consider an application reflects a minimum estimated 2 hours of work at a charge out rate of \$69.89 per hour (2009/10) (see Table A1.4). Finally, Table A1.6 shows the total cost of proposed *regulation 25* in terms of the combined time cost of seeking authorisations by persons for road processions and the time cost of granting of such authorisations by coordinating road authorities over the next 10 years, equalling **\$283,534** in present value 2009/10 dollars¹⁴⁹.

¹⁴⁵ Does not include a funeral procession

¹⁴⁶ Includes businesses and non-profit organisations

¹⁴⁷ For the purpose of estimation it is assumed that information held by a person wishing to conduct a road procession (route and schedule of the procession, number of people involved etc) would already be available. Hence, documenting sufficient information regarding a procession in order to allow the coordinating road authority to make an assessment would not constitute an additional cost of the proposed regulations. Instead, seeking permission would involve simple clerical correspondence (i.e. letter seeking permission for the procession) between the person/s and the coordinating road authority.

¹⁴⁸ On advice from VicRoads

¹⁴⁹ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

Table A1.6: Incremental 10 year time cost of authorisations to conduct processions – proposed regulation 25

Year	Cost to persons wishing to conduct processions	Cost to road authority	Total administrative cost (m) = [(g)*2*200]+ [(e)*(15/60)*200
2009/10	\$3,115	\$27,919	\$31,033
2010/11	\$3,254	\$29,132	\$32,386
2011/12	\$3,400	\$30,397	\$33,797
2012/13	\$3,552	\$31,718	\$35,270
2013/14	\$3,711	\$33,096	\$36,808
2014/15	\$3,878	\$34,534	\$38,412
2015/16	\$4,051	\$36,035	\$40,086
2016/17	\$4,233	\$37,601	\$41,833
2017/18	\$4,422	\$39,234	\$43,657
2018/19	\$4,620	\$40,939	\$45,559
Total 10 year cost	\$38,236	\$340,605	\$378,841
<i>Present value of 10 year total cost</i>	<i>\$28,617</i>	<i>\$254,917</i>	<i>\$283,534</i>

A1.1.4 Incremental cost to: to persons¹⁵⁰ of giving notice for races and other road events,¹⁵¹ to persons having to make a written application for permission for highway collections¹⁵² - proposed regulation 26, and regulation 28(1),(3),(4) and (5), respectively - and to Victoria Police in having to grant permission for such activities

The administrative cost of proposed regulations 26 and 28(1),(3),(4) and (5) includes both the time cost of the persons in having to obtain permission to conduct races and other road events (including road races and events at night) and highway collections, respectively and the time cost to the Chief Commissioner of Police, or delegate ('Victoria Police') in considering applications for such activities. The requirement for the Victoria Police to provide permission is imposed by the current and proposed regulations. The average number of permits sought under proposed regulations 26 (races and other road events), and 28(1),(3),(4) and (5) (highway collections) is projected to be 555¹⁵³ and 549¹⁵⁴, respectively per annum. It is expected that the same level of compliance will continue under the proposed regulations. The opportunity cost of time in providing notice to conduct a race, event or highway collection in the form of either a hardcopy letter with submission through the mail/in person or a softcopy letter to be submitted online – is taken as that which reflects a minimum of 15 minutes at a clerical charge out rate of \$62.29 per hour (2009/10) (see Table A1.3). For the purpose of estimation it is assumed that information held by a person wishing to conduct an activity would already be available as follows:

- A race or event including: the route; schedule (i.e. starting/finishing time + number of day/s of the event); and the number of competitors/people involved.

¹⁵⁰ Includes businesses and non-profit organisations

¹⁵¹ This estimation does not include the 'incremental' cost of adhering to the conditions of the permission for races and other road events (day/night), as discussed under Part A1.2.4 of this RIS.

¹⁵² This estimation does not include the 'incremental' cost of adhering to the conditions of the permission for highway collections, which is discussed under Part A1.2.5 of this RIS.

¹⁵³ Average representing 527, 557 and 580 permits for races and other road events for 2006, 2007, and 2008, respectively.

¹⁵⁴ Average representing 500, 580 and 567 permits for highway collections for 2006, 2007, and 2008, respectively.

- A highway collection: the organisation or purpose that is intended to be benefited by contributions collected by the highway collection; date and time; location; and the number of people involved.

Therefore, documenting sufficient information regarding a race or event or highway collection in order to allow Victoria Police to make an assessment would not constitute an additional cost of the proposed regulations. Instead, giving notice would involve simple clerical correspondence (i.e. letter seeking permission for the race or event or highway collection) between the person/s and Victoria Police. The estimated time taken by Victoria Police to provide permission under proposed *regulations 26, and 28(1),(3),(4) and (5)* reflects a minimum of 1.1 hours per application at an hourly charge out rate of \$90.32 per hour (2009/10) (see Table A1.7). The hourly charge out rate of Victoria Police is increased by 4.48 per cent per annum reflecting the average annual increase in weekly earnings between 1998/99 to 2008/09 of 4.48 per cent.¹⁵⁵ Table A1.7 shows the relevant annual salary and associated hourly cost for the next 10 years.

Table A1.7: Estimated hourly charge out rate by Victoria Police in relation to permission for races and events on roads and highway collections – 2009/10 to 2018/19

Year	Annual salary (Victoria Police) (n)	Hourly charge out rate by Victoria Police (o) = [(n)/(44 x 38)] x 1.165 x 1.5
2009/10	\$86,419.59 ¹⁵⁶	\$90.32
2010/11	\$90,161.56	\$94.23
2011/12	\$94,065.55	\$98.31
2012/13	\$98,138.59	\$102.57
2013/14	\$102,387.99	\$107.01
2014/15	\$106,821.39	\$111.64
2015/16	\$111,446.76	\$116.48
2016/17	\$116,272.40	\$121.52
2017/18	\$121,307.00	\$126.78
2018/19	\$126,559.59	\$132.27

Finally, Table A1.8 shows the total cost of proposed *regulations 26 and 28(1),(3),(4) and (5)* in terms of the combined time cost of giving notice by persons and the time cost of granting of permission by Victoria Police over the next 10 years, equalling **\$582,534** and **\$576,236** respectively, in present value 2009/10 dollars¹⁵⁷.

¹⁵⁵ ABS, May 2009, *Average Weekly Earnings, Australia, (Table 1 Average Weekly Earnings, Australia (Dollars) – Trend)*, Cat. No. 6302.0

¹⁵⁶ Based on a Senior Sergeant increment 4 salary of \$82,714 for 2008/09 incremented by 4.48% per annum (see <http://www.policepay.com.au/policepay/vicpol.html>) on advice from Victoria Police.

¹⁵⁷ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

Table A1.8: Incremental 10 year cost of permission for conducting races and other road events (including night) and highway collections – proposed *regulations 26 and 28 (1) and (3)to(5)*

Year	Total administrative cost of proposed regulations and affected parties	
	Reg.26 Cost to persons in obtaining permission (to conduct races or other road events) & cost to Victoria Police in providing permission $(p) = [(o)*1.1*555] + [(e)*(15/60)*555]$	Reg.28(1) and,(3) to (5) Cost to persons in obtaining permission (to conduct highway collections) & cost to Victoria Police in providing permission $(r) = [(o)*1.1*549] + [(e)*(15/60)*549]$
2009/10	\$63,783	\$63,094
2010/11	\$66,558	\$65,838
2011/12	\$69,453	\$68,703
2012/13	\$72,475	\$71,691
2013/14	\$75,628	\$74,810
2014/15	\$78,918	\$78,065
2015/16	\$82,351	\$81,461
2016/17	\$85,934	\$85,005
2017/18	\$89,672	\$88,703
2018/19	\$93,574	\$92,562
Total 10 year cost	\$778,346	\$769,932
<i>Present value of 10 year total cost</i>	<i>\$582,534</i>	<i>\$576,236</i>

A break up of each of the administrative costs for all of the aforementioned proposed regulations on each of the affected parties is summarised in Tables A1.8(a) to A1.8(b).

Table A1.8(a): Break up of incremental 10 year cost (i.e. \$582,534) of permission to conduct races and other road events – proposed *regulation 26*

Year	Cost to persons seeking to conduct races and other road events $(e)*(15/60)*555$	Cost to Chief Commissioner of Police $(o)*1.1hrs*555$
2009/10	\$8643	\$55,140
Total 10 year cost	\$106,105	\$672,241
<i>Present value of 10 year total cost</i>	<i>\$79,412</i>	<i>\$503,122</i>

Table A1.8(b): Break up of incremental 10 year cost (i.e. \$576,236) of permission to conduct highway collections – proposed *regulation 28 (1) and (3) to (5)*

Year	Cost to persons seeking to conduct highway collections $(e)*(15/60)*522$	Cost to Victoria Police $(b)*1.1hrs*522$
2009/10	\$8,549	\$54,544
Total 10 year cost	\$104,958	\$664,974
<i>Present value of 10 year total cost</i>	<i>\$78,553</i>	<i>\$497,683</i>

A1.1.5 Consideration of the administrative cost (non-fee cost component) for persons applying to conduct non-road activities

There is an administrative cost to those persons (including businesses and non-profit organisations such as clubs and societies) applying to a co-ordinating road authority for a permit to conduct non-road activities.

However, it is section 99B of the Road Safety Act (i.e. 'the base case') which imposes the obligation to apply for these permits rather than the proposed regulations. Proposed *regulation 30* does not prescribe any requirements for information that must be included in applications¹⁵⁸. Sub-regulation (1) in effect repeats the requirement in section 99B(1) of the Act to obtain permits; and sub-regulations (2) and (3) deal with fees for permits.

Therefore, for the purpose of analysis the incremental non-fee component of cost of proposed *regulation 30* is taken to be zero.

A1.1.6 Incremental cost of information requirements of traffic management plans for persons conducting, or proposing to conduct, a relevant activity on a road or road related area - proposed regulation 32(1) and (2)

Section 99A of the Act requires any person conducting works or a non-road activity on a highway, amongst other things, to have in operation a traffic management plan (TMP) that complies with the prescribed requirements. It is important to highlight, however, that TMPs are retained by the proponent of the activity for the purposes of inspections by the relevant road authority only. They are not required to be submitted to road authorities for approval.

Although the obligation to prepare TMPs is imposed by the Act, proposed *regulation 32*, would impose costs to persons wishing to conduct a road or road related area activity. This is because the regulations specify the content of TMPs, which depending on the prescribed requirements, could range from being very simple (at a low cost) to very complex (at a high cost). Details to be included in the TMP comprise one of the following 3 possibilities:

1. A diagram or dimensioned drawing of the specific place where the relevant activity is, or is to be, conducted (minimal incremental cost¹⁵⁹);

or

2. A generic diagram or dimensioned drawing of a place that is similar to the place where the relevant activity is, or is to be, conducted (minimal incremental cost);

or

3. Sets out the standard operating procedures relating to the relevant activity (minimal incremental cost);

plus for each of the above three possibilities, details of:

- the nature and expected duration of the relevant activity (negligible incremental cost¹⁶⁰);

¹⁵⁸ Section 99B of the Act provides no head of power for the regulations to prescribe such requirements.

¹⁵⁹ In many cases, especially for works, such diagrams or drawings would have already been prepared for other purposes such as planning for the activity, letting contracts etc.

- the worksite or location of the relevant activity (including type of road or road related area and speed limit associated with road or road related area¹⁶¹) (negligible incremental cost¹⁶²);
- the risk assessment undertaken of the relevant activity (including identified delays to traffic on the road or road related area¹⁶³; any proposed reduction in speed-limit; any provision for public transport, other vehicular traffic, pedestrians, cyclists, or persons with disabilities; and any other measures to control identified risks to ensure the safety of all road users and persons engaged in conducting the relevant activity (minimal incremental cost¹⁶⁴);
- the arrangement of traffic control devices for the duration of the activity, including for each stage of the activity and during both daytime and night-time, where relevant (including clearance between traffic on the road or road area where the activity is to take place and persons conducting the activity or other users¹⁶⁵) (minimal incremental cost¹⁶⁶);

The cost of providing specific types of information in Traffic Management Plans is not determinable as various data remain unavailable. Specifically, the information content will depend on the number of sites affected and type of road/road area for which the activity is proposed. Therefore, in order to cost the information details as specified by proposed *regulation 32*, a commercial market rate is applied. This is designed to capture the possible ‘range’ of work required to provide the necessary content. Traffic management specialists offer Traffic Management Plans (TMPs) ranging from \$165 for a simple plan involving one site to \$1,100¹⁶⁷ involving multiple or complex sites and using RAPIDPLAN software.

For the purposes of costing, it is projected that 2,978¹⁶⁸ activities on roads per annum would require traffic management plans under section 99A of the Act if current trends continue. It is assumed that this number will reduce by about 5 per cent as a result of proposed *regulation 24* allowing for more generic authorisations – see part A1.1.2. According to VicRoads, approximately 30 per cent of audited activities have no traffic management plans and these are generally the smaller construction and utility works for which a plan would be relatively straightforward. It is estimated that the requirement to have TMPs available for inspection and the requirement for a TMP to comply with minimum content requirements would increase the number of TMPs being prepared from 70 per cent up to 95 per cent - ie the number of plans would increase from 2,830 to 3,840 plans, an increase of 1,010 plans. Under current arrangements, it would be very rare for there to be no TMP for works or events which have a substantial traffic impact. It is therefore reasonable to assume that all of these additional plans would be simple. Thus, the cost of the additional compliance with TMP requirements in 2009/10 is calculated as being:

¹⁶⁰ Should already be known from planning for the activity

¹⁶¹ Proposed *regulation 32(2)(b) and (c)*

¹⁶² Should already be known from planning for the activity

¹⁶³ Proposed *regulation 32(2)(d)*

¹⁶⁴ In many cases, especially for works, such risk assessment would have already been prepared for other purposes such as planning for the activity

¹⁶⁵ Proposed *regulation 32(2)(e)*

¹⁶⁶ This would not entail a significant amount of resources.

¹⁶⁷ Prices including GST

¹⁶⁸ This represents all activities falling under proposed *regulations 10, 11, 12, 16 and 17*.

$$\$165 \times 1,010 \text{ activities} = \$166,650$$

Table A1.9 illustrates the estimated costs over 10 years and increments the market rate for TMPs by the anticipated average annual rate of inflation of 3 per cent. The cost of TMP content requirements under proposed *regulation 32* would be equal to approximately **\$1,429,833** over 10 years in 2009/10 present value dollars¹⁶⁹. This estimate would be offset to some extent by a reduction in the time required for the road authority to check the plans.

Table A1.9: Incremental 10 year (non-fee) costs of (information content for Traffic Management Plans) in present value 2009/10 dollars – proposed *regulation 32*

Year	Market rate for simple TMPs	Additional 10 year cost of content requirements for TMPs ¹⁷⁰
2009/10	\$165	\$166,650
2010/11	\$169.95	\$171,650
2011/12	\$175.05	\$176,799
2012/13	\$180.30	\$182,103
2013/14	\$185.71	\$187,566
2014/15	\$191.28	\$193,193
2015/16	\$197.02	\$198,989
2016/17	\$202.93	\$204,958
2017/18	\$209.02	\$211,107
2018/19	\$215.29	\$217,440
Total 10 year cost		\$1,910,455
Present value of 10 year total cost		\$1,429,833

Finally Table A1.10 summarises all the quantifiable incremental non-fee costs of the proposed regulations under Option B giving a total of approximately **\$9,493,500** in present value 2009/10 dollars.

Table A1.10: Incremental 10 year (non-fee) costs of the proposed non-fee regulations in present value 2009/10 dollars – Option B

Proposed regulation	10 year cost of regulations
<i>Reg.9</i>	\$6,524
<i>Reg.10</i>	\$1,869,723
<i>Reg.11</i>	\$371,783
<i>Reg.12</i>	\$565,012
<i>Reg.16 (a) to (b)</i>	\$3,806,500
<i>Reg.17</i>	\$1,821
<i>Reg.25</i>	\$283,534
<i>Reg.26</i>	\$582,534
<i>Reg.28(1) and (3) to (5)</i>	\$576,236
<i>Reg.32</i>	\$1,429,833
Present value of 10 year total cost	\$9,493,500

A1.2 Unquantifiable incremental costs of the proposed regulations

¹⁶⁹ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

¹⁷⁰ Market rate for simple TMPs x 1,010 activities

A1.2.1 Unquantifiable cost to unauthorised persons of being unable to engage in certain activities – proposed regulation 6 in conjunction with exemptions under proposed regulations 8, 14, and 15

Proposed *regulation 6* requires that unauthorised persons must not erect, display, place, interfere with, alter, deface or remove a traffic control device or erect, display or place any device which will emulate or interfere with existing traffic control devices, their effectiveness, or drivers' ability to distinguish or pay attention to traffic control devices. This would prevent unauthorised persons from engaging in activities (e.g. commercial activities) which require either an impact on existing traffic control devices or the use of 'unauthorised' traffic control devices. This would entail an incremental cost in terms of both inconvenience and potential commercial revenues foregone. Given that the extent and frequency of such inconvenience and revenue foregone is unknown, the cost of proposed *regulation 6* remains unquantifiable. The incremental cost will be mitigated by exemptions from proposed *regulation 6* provided under proposed *regulations 8, 14, and 15* – which include: VicRoads; complying¹⁷¹ persons; and the police¹⁷² – respectively.

A1.2.2 Unquantifiable minimal cost/cost savings to road authorities in not being able to use non-standard signs – proposed regulation 18

Proposed *regulation 18* would result in road authorities (councils) not being able to use non-standard signs for traffic control. However, VicRoads has noted that there is, in fact, no stock of non-standard signs held by road authorities. Therefore, proposed *regulation 18* would not result in the loss of existing resources in the first instance. As such the potential for any cost is minimal at most and represents a potential inconvenience to road authorities who would like to use non-standard signs over the next 10 years. Given that the extent and frequency of such an inconvenience remains unknown, this cost remains unquantifiable. Furthermore, the future production of standard signs would be more cost effective than non-standard signs – given the advantage of scale economies and, therefore, proposed *regulation 18* has the potential to in fact provide cost savings to road authorities. Consequently, this net incremental cost/cost savings remains unquantifiable.

A1.2.3 Unquantifiable, potentially major cost in terms of foregone advertising revenue to road authorities and foregone benefits to advertisers due to prohibition of commercial advertising on traffic control devices – proposed regulation 23

Proposed *regulation 23* would result in foregone advertising revenue to road authorities and marketing opportunities foregone to advertisers (i.e. loss of: branding through the use of specific logos; reinforcement of other advertising messages; generating exact impulse stops; and helping to change customers' buying habits once they have stopped¹⁷³). Given that both the extent of benefits foregone to advertisers and the volume of such advertising on traffic control devices that would otherwise occur is unknown, this cost remains unquantifiable yet potentially very substantial.

¹⁷¹ Complying with the "Guidelines for the Selection of Stock Crossing Sites, and the Placement of Signs when Stock are on Roads" as published by VicRoads in September 1998 or as amended or republished from time to time.

¹⁷² Not more than 7 days and the traffic control device must be a sign of the kind referred to in the Road Rules.

¹⁷³ <http://www.sba.gov/smallbusinessplanner/start/pickalocation/signage/emcfaq.html>

A1.2.4 Unquantifiable cost of persons¹⁷⁴ adhering to the conditions of permission for races – proposed regulation 26 (less exemptions under proposed regulation 27)

Proposed *regulation 26* implies that all successful applicants granted permission to conduct a race on a road, do so only under the conditions of such permission as required (i.e. thought to be appropriate) by Victoria Police. However, by adhering to the conditions of permission, the person/s would be exempt from Rules 151, 234, 238 and 256 of the Road Rules and exempt from all Road Rules if within a police-controlled rolling road closure under proposed *regulation 27*. Therefore, the incremental cost of proposed *regulation 26* in conjunction with the exemptions under proposed *regulation 27* – would constitute the difference between the cost of adhering with the conditions of the permission on one hand, and the cost of adhering to the relevant rules of the Road Rules (the base case), on the other. Furthermore, given that the conditions of permission may vary and are unknown, the incremental cost remains unquantifiable.

A1.2.5 Unquantifiable incremental cost of persons¹⁷⁵ adhering to the conditions of permission for highway collections – proposed regulation 28(5)(b) (less exemptions under proposed regulation 29)

Proposed *regulation 28(5)(b)* implies that all successful applicants granted permission to conduct a highway collection, do so only under the conditions of such permission as required (i.e. thought to be appropriate) by Victoria Police. However, by adhering to the conditions of permission, the person/s would be exempt from Rules 230(1) and 234 of the Road Rules under proposed *regulation 29*. Therefore, the incremental cost of proposed *regulation 28(5)(b)* in conjunction with the exemptions under proposed *regulation 29* – would constitute the difference between the cost of adhering with the conditions of the permission on one hand, and the cost of adhering to the relevant rules of the Road Rules (the base case), on the other. Furthermore, given that the conditions of permission may vary and are unknown, the incremental cost remains unquantifiable.

¹⁷⁴ Includes businesses and non-profit organisations

¹⁷⁵ Includes businesses and non-profit organisations

A1.2.6 Unquantifiable minimal cost of foregone revenue to persons from collections held at night – proposed regulation 28(2)

Proposed *regulation 28(2)*, which prohibits collections at night, would be expected to impose minimal incremental costs to persons in terms of foregone revenue, assuming that very few collections would otherwise be held at night. Furthermore, given that the extent and frequency of when such collections would otherwise occur and the extent of revenue foregone is unknown, this cost remains unquantifiable.

A1.2.7 Unquantifiable minor cost to owners of premises with security lights or advertising lights in ensuring that lights do not dazzle or distract drivers or other road users – proposed regulation 34

Proposed *regulation 34* could result in foregone marketing opportunities to advertisers (albeit a very small percentage) who might otherwise, irresponsibly, wish to use dazzling lights to attract the attention of passing motorists. Furthermore, proposed *regulation 34* would create a minor cost by way of inconveniencing those premises owners who might otherwise wish to use dazzling security lights as opposed to other forms of security. Given that the extent of foregone benefits to advertisers and inconvenience to premises owners is not measurable this cost remains unquantifiable yet minor, given that such activities would not normally be undertaken in a widespread fashion commercially or otherwise. Note that the banning of dazzling lights is not new (is a current requirement under the existing regulations). Moreover, whilst the incidence of use of dazzling lights that otherwise would occur may not be widespread, risk is a function of not just the likelihood (incidence) of consequences but magnitude or impact of consequences.

Appendix 2 – Estimation of quantifiable cost impacts of other non-fee options A, C, and D and incremental benefits of crash reductions under the proposed regulations

The purpose of Appendix 2 is to estimate *non-fee* costs of the other non-fee Options to the proposed regulations, that is, Options A, C and D. All incremental costs are compared to the 'base case' and only quantifiable components are discussed. The calculation of quantifiable costs is undertaken with the acknowledgment of certain assumptions where necessary. Such assumptions are based on discussions with VicRoads based on the most likely circumstances behind each of the affected Options. Finally, the purpose of Part A2.5 of Appendix 2 is to illustrate the potential quantifiable benefits in relation to crash reductions under the proposed regulations.

A2.1 Quantifiable incremental costs of Option A (non-regulatory option)

A2.1.1 Cost to road authorities in developing and publishing guidelines

Option A entails the development and publication of guidelines under the Road Management Act for the installation, maintenance and removal of traffic control devices; non-road activities; and traffic management plans (non-regulatory option). It is recognised that in the absence of regulations that VicRoads would most likely develop and publish such guidelines once every five years. As guidelines are much more flexible documents than regulations, they do not require legal compliance and could be adjusted more easily and frequently (i.e. without a RIS) given changing conditions in the environments affected.

Assuming that the opportunity cost (i.e. time cost) of developing guidelines including consultation is 2,508 hours¹⁷⁶ and that the charge out rate is \$83.54¹⁷⁷ in 2009/10 (see Table A1.1 for source of charge out rate) – the estimated development cost for 2009/10 is given as \$209,528.37. The printing and publishing costs are estimated at \$80 x 500 documents, equalling a further \$40,000 in 2009/10. The estimated development cost for 2013/14 would be 2,508 hours at a charge out rate of \$99.55¹⁷⁸, giving \$249,675.25. The printing and publishing costs in 2013/14 are estimated at \$45,020.35 (\$80 x 500 incremented by 3 per cent per annum). Therefore, the cost to VicRoads in developing guidelines would be approximately **\$443,606** over 10 years in present value (2009/10) dollars.

¹⁷⁶ Based on 1.5 VicRoads employees = 1.5 x 1,672hrs = 2,508hrs

¹⁷⁷ See Table A1.4 of Appendix 1 of this RIS for estimate of charge out rate in 2009/10

¹⁷⁸ See Table A1.4 of Appendix 1 of this RIS for estimate of charge out rate in 2013/14.

A2.2 Quantifiable incremental costs of Option C (omitting the power of utilities works managers to erect traffic control devices without the written authorisation of VicRoads for traffic control devices for works

The quantifiable cost of Option C would include all the quantifiable costs under Option B with an additional cost whereby utilities works managers wishing to use traffic control devices would have to obtain the written authorisation of VicRoads for these traffic control devices, including:

- A works advisory device;
- A hand-held stop sign;
- A works zone sign; and
- A temporary works speed limit sign that is lower than, or the same as, the speed-limit which would otherwise apply to the relevant length of road but no lower than 40 km/h.

The administrative cost of Option C includes both the time cost to utilities works managers in having to obtain authorisation to erect the aforementioned traffic control devices on roads and the time cost to VicRoads in considering applications for the erection of such devices. The average number of additional authorisations required under Option C to erect the aforementioned traffic control devices on roads is estimated to be 3,193 per annum. Assuming only 95 per cent compliance according to VicRoads, this would result in an adjusted projection to 3,033 per annum. The estimated time taken by clerical workers seeking authorisation to erect a traffic control device in the form of either a hardcopy letter with submission through the mail / in person or a softcopy letter to be submitted online, is taken as that which reflects a minimum of 15 minutes¹⁷⁹ at a (non-road authority) clerical charge out rate of \$62.29 per hour (2009/10) (see Table A1.3).

The estimated time taken by the relevant VicRoads officer to consider additional applications for authorisations by utilities works managers under Option C reflects a minimum of 20 minutes per application, at an hourly charge out rate of \$83.54 (in 2009/10) (see Table A1.1). Finally, Table A2.1 shows the total additional cost of Option C in terms of the combined time cost of seeking authorisations by utilities works managers and the time cost of granting such authorisations by VicRoads over the next 10 years, equalling **\$2,077,886** in present value 2009/10 dollars¹⁸⁰.

¹⁷⁹ For the purpose of estimation it is assumed that documentation (e.g. maps and/or a drawing) would already be available and that documenting sufficient information regarding the proposed traffic control device in order to allow VicRoads to make an assessment, would not constitute an additional cost of the proposed regulations. Instead, seeking authorisation would involve simple clerical correspondence (i.e. letter seeking authorisation for the erection of a traffic control device) between the relevant party and VicRoads.

¹⁸⁰ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

Table A2.1: Incremental 10 year time cost of seeking additional authorisations by utilities works managers to erect traffic control devices under Option C – in 2009/10 present value dollars

Year	Total administrative cost (t) = [(b)*3,033*(20/60)]+[(e)*(15/60)*3,033]
2009/10	\$226,146.12
2010/11	\$236,277.46
2011/12	\$246,862.69
2012/13	\$257,922.14
2013/14	\$269,477.05
2014/15	\$281,549.63
2015/16	\$294,163.05
2016/17	\$307,341.55
2017/18	\$321,110.46
2018/19	\$335,496.20
Total 10 year cost	\$2,776,346.36
<i>Present value of 10 year total cost</i>	<i>\$2,077,886.68</i>

The total quantifiable incremental cost of Option C over 10 years in 2008/09 present value dollars, as compared to the base case, would therefore be estimated to be equal to the cost under Option B (i.e. **\$9,493,500**) plus the additional cost of **\$2,077,886** – giving a total of **\$11,571,386** as compared to the base case.

A2.3 Quantifiable incremental costs of Option D (variation of the proposed non-fee regulations prescribing the additional requirement of traffic modelling as part of traffic management plans)

The total cost of Option D would be identical to Option B with the added cost of persons having to undertake traffic modelling and provide results to VicRoads prior to conducting, or proposing to conduct, a relevant activity on a road. Traffic modelling can vary from a very detailed analysis to a broad approach; it usually involves the measurement of current traffic activity and assessment of the impact of proposed activities. This may include localised effects, access to affected properties, impact on the overall traffic network, differential impact based on the timing of the activities and stakeholder concerns.

It is assumed that this would involve 2,978¹⁸¹ activities on roads per annum requiring additional traffic modelling as part of traffic management plans. According to VicRoads the breakup of activities and the proportion of traffic management plans are given as follows:

¹⁸¹ This represents all activities falling under proposed *regulations 10, 11, 12, 16 and 17*.

Type of Activity	Proportion of Traffic Management Plans
VicRoads works	21%
Council works	21%
Utility works	28%
Building construction works	16%
Works by others	2%
Processions	2%
Races	5%
Filming	2%
Festivals	1%
Other non-road events	2%

Of these, the road authority would require the proponent to undertake traffic modelling as a condition of the consent for works or permission to hold the event in a very small number of cases, estimated to be 1 per cent of current applications. Because it is anticipated that there would only be 95 per cent compliance with the proposed traffic modelling requirement, the projection for activities is adjusted to 2,801. Furthermore, 90 per cent of such activities would involve a minor amount of traffic modelling work, whereas, 10 per cent would involve major traffic modelling. The cost of minor and major traffic modelling efforts imposed on persons wishing to conduct activities on roads would be \$10,000 and \$100,000 dollars, respectively¹⁸². Such costs are increased by 3 per cent per annum, reflecting the anticipated level of average inflation over the next 10 years.

Finally, Table A2.2(a) shows the total additional cost of Option D in terms of the cost of undertaking traffic modelling by persons wishing to conduct activities on a road over the next 10 years, equalling **\$456,611,307.** in present value 2009/10 dollars¹⁸³.

¹⁸² Confirmed on advice from VicRoads

¹⁸³ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

Table A2.2(a): Incremental 10 year time cost of undertaking minor and major traffic modelling under Option D – in 2009/10 dollars

Year	Traffic modelling cost (u) = [(\$10K)*90%*2,801]+[(100K)*10%*2,801]
2009/10	\$53,219,000
2010/11	\$54,815,570
2011/12	\$56,460,037
2012/13	\$58,153,838
2013/14	\$59,898,453
2014/15	\$61,695,407
2015/16	\$63,546,269
2016/17	\$65,452,657
2017/18	\$67,416,237
2018/19	\$69,438,724
Total 10 year cost	\$610,096,193
<i>Present value of 10 year total cost</i>	<i>\$456,611,307</i>

The total quantifiable incremental cost of Option D over 10 years in 2009/10 present value dollars, as compared to the base case, would therefore be estimated to be equal to the cost under Option B (i.e. **\$9,493,500**) plus the additional cost of **\$456,611,307** – giving a total of **\$466,104,807**.

Alternatively, if only 10 per cent of traffic management plans (those involving ‘high impact’ in terms of public safety and order) required traffic modelling (costing \$100k) then the cost of modelling over 10-years in 2009/10 dollars would be given as **\$240,321,741** as shown in Table A2.2(b).

Table A2.2(b): Incremental 10 year time cost of undertaking major traffic modelling under Option D for ‘high impact’ activities only – in 2009/10 dollars

Year	Traffic modelling cost (v) = [(100K)*10%*2,801]
2009/10	\$28,010,000
2010/11	\$28,850,300
2011/12	\$29,715,809
2012/13	\$30,607,283
2013/14	\$31,525,502
2014/15	\$32,471,267
2015/16	\$33,445,405
2016/17	\$34,448,767
2017/18	\$35,482,230
2018/19	\$36,546,697
Total 10 year cost	\$321,103,260
<i>Present value of 10 year total cost</i>	<i>\$240,321,741</i>

The total quantifiable incremental cost of Option D over 10 years in 2009/10 present value dollars, as compared to the base case, would therefore be estimated to be equal to the cost under Option B (i.e. **\$9,493,500**) plus the additional cost of **\$240,321,741** – giving a total of **\$249,815,241**.

A2.4 Summary of quantifiable incremental non-fee costs of Options A, B, C and D

Table A2.3 summarises the quantifiable 10 year non-fee component of costs for the proposed regulations Option B and other alternatives, A, C and D. All fee costs are not included and, instead, discussed in Appendix 4 of this RIS under Options 1, and 2.

Table A2.3: Summary of incremental 10 year non-fee cost of Options, A, B, C and D – in 2009/10 dollars

Option	10 year cost of non-fee component of regulations
Option A	\$443,606.71
Option B (proposed regulations)	\$9,493,500
Option C	\$11,647,832
Option D (traffic modelling for <u>all</u> activities requiring TMPs)	\$466,104,807
Option D (traffic modelling <u>only</u> for <u>high impact</u> activities requiring TMPs)	\$249,815,241

A2.5 Illustration of potential quantifiable benefits of the proposed regulations

The purpose of this section is to illustrate the potential quantitative benefits of the proposed regulations in terms of reducing crash rates. Importantly, the following discussion does claim robust data but, instead, serves as an illustration only.

An analysis is made regarding the potential impact of the uncontrolled use of traffic control devices in undoing the effects of the Blackspot Program (see more detailed discussion in Part 2.1.1 in this RIS). The Blackspot Program is responsible for reducing crash rates by up to 31 per cent at treated sites throughout Victoria¹⁸⁴. The following analysis considers the benefit of helping to reduce any negative effects on the Blackspot Program by controlling the use of traffic control devices. Average values for fatalities and serious injuries for both urban and non-urban areas are used as proxy estimates to quantify the benefits of casualty crashes avoided per year. These values are used by VicRoads and the Traffic Accident Commission (TAC) in the evaluation of all Road Safety programs. The average values used are shown in Table A2.4 below.

¹⁸⁴Scully et al, 2006

Table A2.4: Estimated weighted average crash costs for Victoria in resource price value dollars¹⁸⁵

	Fatality Urban (w)	Serious Injury Urban (x)	Weighted average crash cost (y) = $[1^{186}/22^{187}*(w)] + [21^{188}/22*(x)]$	Fatality Non-Urban (z)	Serious Injury Non-urban (a1)	Weighted average crash cost (b1) = $[1^{189}/6.17^{190}*(z)] + [5.17^{191}/6.17*(a1)]$
June 2007	\$1,929,000	\$467,000	\$533,455	\$2,129,000	\$490,000	\$755,640
June 2009	\$2,038,095 ¹⁹²	\$493,411	\$563,624	\$2,249,406	\$517,712	\$798,376

Source: AustRoads, (2008), Guide to Project Evaluation Part 4: Project Evaluation Data, p.21

As shown in Table A2.5, crash cost savings for scenarios 1, 2 and 3 are determined to be **\$11,772,533**, **\$23,545,066**, and **\$35,317,598**, respectively over 10 years in 2009/10 present value dollars.

¹⁸⁵ 'Price value' dollars includes human costs, vehicle costs and general costs (includes: travel delays, insurance administration, police, property and fire). Importantly, this does not include the value of human life or injury to friends and family.

¹⁸⁶ Number of fatalities (urban)

¹⁸⁷ Number of fatalities and serious injuries (urban)

¹⁸⁸ Number of serious injuries (urban). Based on average ratio of Urban Fatalities to Serious injuries of 0.04759346 taken from TAC data on fatalities and serious injuries between 2003/04 to 2007/08 (see On-line Crash Database at www.tacsafety.com.au/jsp/statistics). This formula produces a weighted average cost per casualty crash (urban)

¹⁸⁹ Number of fatalities (non-urban)

¹⁹⁰ Number of fatalities and serious injuries (non-urban)

¹⁹¹ Number of serious injuries (non-urban). Based on average ratio of Non-Urban Fatalities to Non-urban serious injuries of 0.19354839 taken from TAC data on fatalities and serious injuries between 2003/04 to 2007/08 (see On-line Crash Database at www.tacsafety.com.au/jsp/statistics). This formula produces a weighted average cost per casualty crash (non-urban)

¹⁹² Estimates for June 2009 based on CPI index adjustment (Index of 164.4 for June 2009 and 155.6 for June 2007 see ABS, (Jun 2009), - *Consumer Price Index, Australia*, Cat. No. 6401.0)

Table A2.5: Illustration of crash costs savings for Victoria in resource price value dollars

	Weighted average crash cost (y) for urban and (b1) for non-urban	Casualty crashes avoided per year (c1)	Annual crash cost savings (d1) = (y)*(c1) for urban (e1) = (b1)*(c1) for non-urban	10-year cost savings in 2009/10 dollars ¹⁹³
Scenario 1				
Urban	\$563,624	1	\$563,624	
Non-urban	\$798,376	1	\$798,376	
TOTAL			\$1,362,000	\$11,772,533
Scenario 2				
Urban	\$563,624	2	\$1,127,248	
Non-urban	\$798,376	2	\$1,596,752	
TOTAL			\$2,724,000	\$23,545,066
Scenario 3				
Urban	\$563,624	3	\$1,690,872	
Non-urban	\$798,376	3	\$2,395,128	
TOTAL			\$4,086,000	\$35,317,598

¹⁹³ Total crash cost savings for each scenario increased by 3% each year. A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years. Sensitivity test holding crash cost constant and discounting with a real discount rate of 3.5% for Scenario 1 revealed only a 0.42% reduction in 10-year present value.

Appendix 3 – Fee calculations, Options 1 and 2

The purpose of Appendix 3 is to establish the fees under each of the fee Options 1 and 2. Fees are related to the costs of providing permit application processing activities by the road authority under each of the fees options in 2009/10. One of the most important data points for valuing the time cost of relevant permit application activities by the road authority would be the hourly charge out rate. The hourly charge out rate, applying for relevant road authority staff is taken to be \$83.54 in 2009/10 as calculated in section A1.1.1. The charge out rate is a real and '*not estimated*' rate for the VicRoads officers who provide services for the approval of non-road activities. This charge out rate includes all relevant on-costs and overhead-costs.

For the purposes of costing and setting fees under each of the two Options, the assumption is made that the level of work and resources dedicated by VicRoads in assessing permits is that which represents the minimum amount required. For example, a traffic engineer would be required to make an assessment for each type of permit application (see Table A3.1) and could not be conducted solely by a clerk regardless of level of vehicle displacement arising from the activity. Therefore, for each category of permit application the level of service is assumed to be provided as efficiently as possible, notwithstanding administrative inefficiencies arising from the structure of fee options themselves (see discussion immediately after Table A3.1).

A3.1 Calculation of costs and fees under Option 1 (setting of stratified permit application fees for non-road activities based on full cost recovery not including the costs of law enforcement)

Option 1 involves setting stratified permit application fees based on full estimated costs including the cost of fee collection and excluding the costs of law enforcement. Given that there are 79 road authorities including VicRoads, the level of law enforcement cost remains unquantifiable due to the unavailability of data. It is acknowledged that each road authority has its own autonomy and does not report law enforcement matters to VicRoads.

Stratified permit application fees would apply to the following categories of non-road activities based on the level of potential vehicle displacement:

- **Level 1** non-road activities where there are <500 displaced vehicles;
- **Level 2** non-road activities where there are 500 to 10,000 displaced vehicles;
- **Level 3** non-road activity permits where there are >10,000 displaced vehicles.

The number of expected permit applications to be processed per year is provided by VicRoads and assumed to have the same compliance level as under the current arrangements, as shown in Table A3.1.

Table A3.1: Estimated number of permit applications for non-road activities to be processed per annum by category

Activity category	Number of permit applications ¹⁹⁴
Processing level 1 applications	2050
Processing level 2 applications	322
Processing level 3 applications	53
Total applications to be processed per annum	2,425

Due to the stratification of fees, Option 1 would impose an additional application processing cost and desktop review (i.e. transaction cost) on the relevant road authorities with regard to determining and disputing the potential traffic displacement of non-road activities with applicants. That is to say, if the officer is unsure of the traffic volumes on a road, particularly if the displaced traffic were estimated to be close to the borderline (i.e. around 500 or around 10,000 displaced vehicles) or if the categorisation were challenged by the applicant, then there would be considerable additional work to obtain traffic volumes so that the choice of category could be resolved fairly and in accordance with the regulations. It is unknown by road authorities what the extent of additional cost would be, and under which category, and therefore this RIS assumes a 'range' of additional costs from 10 to 20 per cent, as discussed above which is considered to be likely by VicRoads.

Tables A3.2 to A3.4 outline the extent of work required to process permit applications under each of the aforementioned categories.

Table A3.2: Calculation of 2009/10 cost per permit application for level 1 non-road activity – stratified fees Option 1¹⁹⁵

Related Activity (For level 1 applications)	Hourly charge-out rate (v)	Total time (hours)/ Annum (w)	Cost of activity (x) = (v)*(w)
Processing cost (including fee collection, follow-ups, printing & mailing of permits)	\$83.54	0.4hrs	\$33.42
Some consideration of traffic management plans generally done in a desktop review ¹⁹⁶ (i.e. looking at roads impacted, confirming traffic volumes, checking to see if there are any other events scheduled for that area at the time (road works, over dimensional escorts and other events)).	\$83.54	0.1hrs	\$8.35
Additional disputation and determination costs with respect to the level of potential vehicle displacement for stratified fees option (10 to 20 per cent of cost)	\$83.54	0.04hrs to 0.08hrs	\$3.34 to \$6.68
Total cost processing application including fee collection not including the costs of law enforcement			\$45.95 to \$50.12

¹⁹⁴ Numbers rounded to whole figures

¹⁹⁵ All figures have been calculated using a spreadsheet but have been rounded for simplicity of presentation.

¹⁹⁶ In the 'unlikely' event that no one in the road authority's office was familiar with the area, a site inspection may need to be undertaken but this would not be the norm.

Table A3.3: Calculation of 2009/10 cost per permit application for level 2 non-road activity – stratified fees Option 1¹⁹⁷

Related Activity (For level 2 applications)	Hourly charge-out rate (v)	Total time (hours)/ Annum (y)	Cost of activity (z) = (v)*(y)
Processing cost (including fee collection, follow-ups, printing & mailing of permits)	\$83.54	0.4hrs	\$33.42
Some consideration of traffic management plans generally done in a desktop review ¹⁹⁸ (i.e. looking at roads impacted, confirming traffic volumes, checking to see if there are any other events scheduled for that area at the time (road works, over dimensional escorts and other events)).	\$83.54	0.7hrs	\$58.48
Additional disputation and determination costs with respect to the level of potential vehicle displacement for stratified fees option (10 to 20 per cent of cost)	\$83.54	0.11hrs to 0.22hrs	\$9.19 to \$18.38
Total cost processing application including fee collection not including the costs of law enforcement			\$101.08 to \$110.27

Table A3.4: Calculation of 2009/10 cost per permit application for level 3 non-road activity – stratified fees Option 1¹⁹⁹

Related Activity (For level 3 applications)	Hourly charge-out rate (v)	Total time (hours)/ Annum (a1)	Cost of activity (b1) = (v)*(a1)
Processing cost (including fee collection, follow-ups, printing & mailing of permits)	\$83.54	0.4hrs	\$33.42
Consideration of traffic management plans undertaken as both part of a desktop review and site inspection as required (i.e. looking at roads impacted, confirming traffic volumes, checking to see if there are any other events scheduled for that area at the time (road works, over dimensional escorts and other events)).	\$83.54	1hr	\$83.54
Surveillance to monitor and audit observations of conditions of the permit	\$83.54	4hrs	\$334.16
Additional disputation and determination costs with respect to the level of potential vehicle displacement for stratified fees option (10 to 20 per cent of cost)	\$83.54	0.54hrs to 1.08hrs	\$45.11 to \$90.22
Total cost processing application including fee collection not including the costs of law enforcement			\$496.23 to \$541.34

In summary, the estimated total cost of activities for road authorities involving processing permits for non-road activities for 2009/10 equals a minimum of **\$153,040** to a maximum of **\$166,953**, including the cost of fee collection and excluding the cost of law enforcement – (see Table A3.5).

¹⁹⁷ All figures have been calculated using a spreadsheet but have been rounded for simplicity of presentation.

¹⁹⁸ In the ‘unlikely’ event that no one in the road authority’s office was familiar with the area, a site inspection may need to be undertaken but this would not be the norm.

¹⁹⁹ All figures have been calculated using a spreadsheet but have been rounded for simplicity of presentation.

Table A3.5: Estimated total cost of processing permit applications for road authorities for all categories of non-road activities – 2009/10

Activity	Number of permits ²⁰⁰	Per permit cost	Total cost
Processing level 1 applications non-road activities where there are <500 displaced vehicles	2050	Min \$45.95 to Max \$50.12	Min \$94,191 to Max \$102,754
Processing level 2 applications for non-road activities where there are 500 to 10,000 displaced vehicles	322	Min \$101.08 to Max \$110.27	Min \$32,549 to Max \$35,508
Processing level 3 applications for non-road activity permits where there are >10,000 displaced vehicles	53	Min \$496.23 to Max \$541.34	Min \$26,300 to Max \$28,691
Total	2,425		Min \$153,040 to Max \$166,953

The 2009/10 costs in Table A3.2 to A3.4 are used as the basis for setting fees under Option 1. A summary table of fees for 2009/10 under Option 1 (stratified fees) is illustrated in Table A3.6.

Table A3.6: Non-road activity permit application fees under Option 1 - 2009-10

Year	Fee Category		
	Level 1 <500 displaced vehicles	Level 2 500 to 10,000 displaced vehicles	Level 3 >10,000 displaced vehicles
2008/09	Min \$45.95 to Max \$50.12	Min \$101.08 to Max \$110.27	Min \$496.23 to Max \$541.34

A3.2 Calculation of proposed fees under Options 2 and 3 (setting of single flat permit application fee across all categories of non-road activities based on full cost recovery less enforcement costs)

Options 2 and 3 would involve recovering full costs not including the costs of law enforcement by utilising a single fee across all permit categories. This would remove unnecessary disputation and determination (transaction) costs under each category of potential vehicle displacement (level 1 to 3) for the road authority estimated to be between a minimum of **\$13,913** and a maximum of **\$27,826** in 2009/10, as shown in Table A3.7.

²⁰⁰ Figures rounded for illustration

Table A3.7: Disputation and determination costs 2009/10 to be removed under Option 2 (proposed single permit application fee across all categories of non-road activities)²⁰¹

Category of non-road activity	Permit level disputation and determination cost per permit application ²⁰²	Number of permit applications	Total cost to be removed under Option 2
Level 1	Min \$4.18 to Max \$8.35	2050	Min \$8,563 to Max \$17,126
Level 2	Min \$9.19 to Max \$18.38	322	Min \$2,959 to Max \$5,918
Level 3	Min \$45.11 to Max \$90.22	53	Min \$2,391 to Max \$4,782
Total cost		2,425	Min \$13,913 to Max \$27,826

Setting of a proposed single flat fee based on full cost recovery not including the costs of law enforcement and the removal of permit level disputation and determination costs from total costs in Table A3.7 – would result in **\$139,128** worth of costs being recovered in 2009/10, as shown in Table A3.8.

Table A3.8: Total cost of processing permit applications (not including the costs of law enforcement and permit level disputation and determination costs) for road authorities for all categories of non-road activities – 2009/10

Activity	Number of permits	Total cost under Option 2 to be recovered
Total	2,425	<i>Min \$153,040 minus Min \$13,913²⁰³ = \$139,128</i> <i>to</i> <i>Max \$166,953 minus Max \$27,826 = \$139,128</i>

The 2009/10 cost in Table A3.8 is used as the basis for setting fees under Options 2 and 3. The single flat fee of **\$57.37 per permit** under Option 2 is therefore, calculated as:

$$\text{\$139,128} / 2425 \text{ permit applications} = \text{\$57.37}$$

A summary table of the single flat fee for 2009/10 under Options 2 and 3 (proposed single flat fee) is illustrated in Table A3.9.

Table A3.9: Proposed single flat non-road permit application fees under Options 2 and 3 (full cost recovery not including the costs of law enforcement) – 2009/10

Year	Fee Category		
	Level 1 <500 displaced vehicles	Level 2 500 to 10,000 displaced vehicles	Level 3 >10,000 displaced vehicles
2009/10	\$57.37	\$57.37	\$57.37

Note: While presented here in dollar terms for ease of comprehension and comparison, the proposed fees are prescribed in terms of fee units in the proposed regulations.

²⁰¹ All calculations have been done using a spreadsheet but have been rounded for simplicity of presentation.

²⁰² See Tables A3.2 to A3.4 to see source of estimated costs per permit application.

²⁰³ Taken from Table A3.7

A3.3 Comparison of estimated total 2009/10 costs to be recovered under each of the fee Options 1, 2 and 3 for non-road activities in 2009/10

Finally, a comparison of 2009/10 costs to be recovered under each of the fee Options 1, 2 and 3 is summarised in Table A3.10.

Table A3.10: Summary of estimated total costs in 2009/10 to be recovered under Options 1, 2 and 3

Number of permits	Option 1 (<i>excluding law enforcement costs + including permit level disputation and determination costs</i>) Stratified fees	Option 2 (<i>excluding both law enforcement costs and permit level disputation and determination costs</i>) – Flat fee with waivers	Option 3 (<i>excluding both law enforcement costs and permit level disputation and determination costs</i>) Flat fee with no waivers
2,425	<i>Min \$153,040 to Max \$166,953</i>	\$137,128	\$139,128

Appendix 4 – Estimation of quantifiable cost impact of Option 1, Option 2 (the proposed fees regulations), and Option 3

The purpose of Appendix 4 is to estimate the cost of fee options (Options 1, 2 and 3) for permit applicants for non-road activities over 10 years (2009/10 to 2018/19).

A4.1 10-year fee cost of Option 1 (setting of stratified permit application fees for non-road activities based on full cost recovery not including the costs of law enforcement)

Option 1 involves setting stratified permit application fees based on full estimated costs not including the costs of law enforcement. The fees presented in Table A3.5 in Appendix 3 of this RIS, (reflecting estimated total annual costs for each of the categories of permits for 2009/10) are used to determine the 10-year cost of fees under Option 1. Furthermore, fees are incremented by 3 per cent per annum reflecting the anticipated average rate of inflation over the next 10 years.

As shown in Table A4.1, the total fee cost of Option 1 in 2009/10 present value dollars over 10 years is estimated to be up to between **\$1,322,813** and **\$1,443,069**. The total fee cost remains unknown with certainty because under proposed *regulation 30(3)* a ‘road authority may waive the whole or any part of the fee for a permit application if it considers that the application for the permit provides sufficient confirmation that satisfactory preparatory arrangements have been made for the non-road activity’. However the extent of the waiver, and therefore cost savings in terms of fees over the next 10 years, is unknown as road authorities have not had experience with these types of fees before.

Table A4.1: Estimation of incremental total fee cost of permit applications (2009/10 to 2018/19) in 2009/10 dollars – Option 1 (full cost recovery not including the costs of law enforcement)

Activity category	10 year cost²⁰⁴	10-year discounted²⁰⁵ fee cost 2009/10 dollars
Processing level 1 permit applications	Up to between \$1,079,798 and \$1,177,962	Up to between \$814,149 and \$888,162
Processing level 2 permit applications	Up to between \$373,136 and \$407,058	Up to between \$281,338 and \$306,914
Processing level 3 permit applications	Up to between \$301,501 and \$328,910	Up to between \$227,326 and \$247,992
Total fee cost	Up to between \$1,754,435 and \$1,913,929	Up to between \$1,322,813 and \$1,443,069

A4.2 10-year fee cost of Option 2 (setting a single flat permit application fee for all categories of non-road activities) – the proposed fee option

Setting the proposed *single* flat application fee for all categories of non-road activity permits entails recovering all costs not including law enforcement and permit level

²⁰⁴ The figures in this column are obtained by taking the product of the 2009/10 fees from Table A3.6 and the respective estimate for the number of permit applications in Table A3.1 and then incrementing the product over 10 years by 3% per annum for each category of permit application.

²⁰⁵ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

disputation and determination costs as established in Table A3.8 of Appendix 3 of this RIS (i.e. recovering only **\$139,128** in 2009/10). Given that the total number of applications is estimated to be 2,425²⁰⁶ per annum, the single fee is established as **\$57.37** per permit application in 2009/10.

Furthermore, the single flat fee is incremented by 3 per cent per annum reflecting the anticipated average rate of inflation over the next 10 years. As shown in Table A4.2, the total fee cost of Option 2 in 2009/10 present value dollars over 10 years is estimated to be up to **\$1,202,557**. Again the total fee cost remains unknown with certainty as proposed *regulation 30(3)* allows a road authority to waive the whole or any part of the fee for a permit application. However the extent of waivers is unknown, and therefore cost savings in terms of fees over the next 10 years, would remain unknown.

Table A4.2: Estimation of incremental fee cost of permit applications (2009/10 to 2018/19) in 2009/10 dollars – Option 2 (single flat fee, excluding costs of law enforcement and with permit level disputation and determination costs avoided)

Activity	10 year cost	10-year discounted ²⁰⁷ fee cost in 2009/10 present value dollars
Processing level 1 permit applications	Up to \$1,348,301	Up to \$1,016,595
Processing level 2 permit applications	Up to \$211,782	Up to \$159,680
Processing level 3 permit applications	Up to \$34,859	Up to \$26,283
Total fee cost	Up to \$1,594,941	Up to \$1,202,557

Sensitivity analysis:

Assuming:

- constant fees/costs over 10 years*; and
 - a real discount rate of 3.5%.
- a present value figure of **\$1,197,527** is obtained for the fee cost of permit applications over 10 years (2009/10 to 2018/19) in 2009/10 dollars.

This figure is only 0.42% less than that of **\$1,202,557** in this RIS (see Table A4.2) which is estimated using an inflation rate of 3% and a nominal discount rate of 6.5%.

*This implies no consideration of inflation over 10 years

A4.3 10-year fee cost of Option 3 (setting a single flat permit application fee for all categories of non-road activities with no waivers)

The total fee cost under Option 3 is based on a single flat fee of \$57.37 per application as established in Part A3.2 in this RIS. However, the total fee cost is known with certainty as under this option the ability of a road authority to waive the whole or any part of the fee for a permit application is removed. As shown in Table A4.3, the total

²⁰⁶ See Table A3.1 of Appendix 3 of this RIS for the number of applications

²⁰⁷ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

fee cost of Option 3 in 2009/10 present value dollars over 10 years is estimated to be **\$1,202,557**.

Table A4.3: Estimation of incremental fee cost of permit applications (2009/10 to 2018/19) in 2009/10 dollars – Option 3 (single flat fee, excluding costs of law enforcement and with permit level disputation and determination costs avoided and no waiver of fees)

Activity	10 year cost	10-year discounted ²⁰⁸ fee cost in 2009/10 present value dollars
Processing level 1 permit applications	\$1,348,301	\$1,016,595
Processing level 2 permit applications	\$211,782	\$159,680
Processing level 3 permit applications	\$34,859	\$26,283
Total fee cost	\$1,594,941	\$1,202,557

As the fee is proposed to be 5 fee units, the actual charge in 2009/10 would be \$58.45. At this charge rate, adjusted yearly, the present value dollars over 10 years is estimated to be up to \$1,228,840. Allowing for some lost revenue due to the fee being waived, this is estimated to be \$1.2 million.

²⁰⁸ A nominal discount rate of 6.5% is used for present value calculations and assumes an average 3% rate of inflation over 10 years.

Appendix 5 – summary of substantive changes²⁰⁹ from existing regulations

Proposed Reg No.	Subject	Existing Reg No.	Reason for change
PART 1	PRELIMINARY		
1	Objectives	101	Changes in objectives reflect changes in regulations
2	Authorising provision	102	N/A
3	Commencement	103	N/A
4	Definitions	105	Changes in definitions reflect changes in regulations
5	Meaning of <i>works advisory device</i>	N/A	Definition needed for purpose of regulations 11.12 and 14; and to clarify relationship to the Road Rules.
PART 2	INSTALLATION OF TRAFFIC CONTROL DEVICES		
Division 1	General prohibition		
6	Erection, installation of and interference with traffic control devices	301	N/A
7	Prohibition on erection of superseded traffic control devices	302	N/A
Division 2	Road Authority power to erect traffic control devices		
8	Power of VicRoads to erect traffic control devices on roads	303	No change except the names of some signs.
9	VicRoads to consult before erecting certain traffic control devices on roads	303A	N/A
10	Power of responsible road authorities to erect traffic control devices on roads	304, 305	Power extended to ‘responsible road authorities’ rather than Councils, consistent with the Road Management Act.
Division 3	Powers of others to erect traffic control devices		
11	Erection of traffic control devices by utilities works managers	N/A	See Part 4.3.3 of this RIS
12	Erection of traffic control devices by persons authorised to conduct non-road activities	N/A	New regulation as a consequence of new section 99B of the Act.
13	Traffic signs at children's crossings	N/A	To cover a deficiency in the existing regulations, and authorise school crossing supervisors to perform their current duties at school crossings.
14	Erection of road closure signs	305	Power of non-road activity permit holders is a consequence of new section 99B of the Act.
15	Police may erect traffic control devices	308	N/A

²⁰⁹ Changes in meaning or effect, rather than merely changes in drafting.

16	Erection of traffic control devices by other persons	306	Consent of co-ordinating road authority required for minor traffic control devices, consistent with the Road Management Act.
17	Erection of traffic signs at stock crossings	505	N/A
Division 4	Other matters		
18	Parking signs must conform with Australian Standard	307	N/A
19	Information on traffic signs	309	N/A
20	Maintenance of traffic control devices	310	N/A
21	Manual operation of traffic signals by police officers	311	N/A
22(1)(a)	Exercise of traffic management powers and functions	N/A	To avoid conflict with other legislation.
22(1)(b), (2)	Must exercise powers in a manner consistent with relevant policy decisions	311A	N/A
23	Commercial advertising prohibited on traffic control devices	312	N/A
24	Authorities under this Part	N/A	To clarify that authority must be given in writing.
PART 3	ACTIVITIES ON ROADS		
25	Processions	402	N/A
26	Notice to be given and permission obtained for races	403	N/A
27	Exemptions for races	405	N/A
28(1), (3),(4), (5)	Notice to be given and permission obtained for highway collections	406	N/A
28(2)	No highway collections at night	407	N/A
29	Exemptions for highway collections	408	N/A
30	Application for permit to conduct non-road activity		New regulation as a consequence of new section 99B of the Act.
PART 4	TRAFFIC MANAGEMENT PLANS		
31	When must a traffic management plan be made?	N/A	New regulation as a consequence of new section 99A of the Act. The Act requires a person undertaking works or a non-road activity to have a traffic management plan.
32	Traffic management plan	N/A	New regulation as a consequence of new section 99A of the Act.
33	Traffic management plan to be available for inspection	N/A	New regulation as a consequence of new section 99A of the Act.
PART 5	MISCELLANEOUS		
34	Display of dazzling or distracting lights	602	N/A
35	Putting destructive material etc. on roads	603	N/A
	SCHEDULES		
SCHEDULE 1	Major traffic control devices	Schedule 2	Some minor changes.
SCHEDULE 2	Superseded traffic control devices	Schedule 3	No additions. Items 51 and 52 in sunseting regulations have been omitted. These relate to Stop or Give Way signs without lines.

Appendix 6 – Comparison of proposed regulations with other jurisdictions

	VIC ²¹⁰	NSW	QLD ²¹¹	SA	WA ²¹²	TAS	ACT	NT ²¹³
Legislation /regulation	Road Safety Act 1986 Road Management Act 2004 Road Safety (Traffic Management) Regulations 2009 Road Safety Road Rules 2009	Road Transport (Safety & Traffic Management) Act 1999 Road Transport (Safety & Traffic Management) Regulations Road Act 1993 Roads Regulation 2008 Guidelines for Traffic Facilities <i>Local Government Act 1993,</i> Local Government Regulations	Traffic Operations (Road Use Management) Act 1995 Traffic Operations (Road Use Management Road Rules) Regulations 1999 Traffic Operations (Road Use Management- Accreditation & other Provisions) Regulations 2005 Road Safety Act	Road Traffic Act 1961 Highways Act 1926 Local Government Act 1999 Road Traffic (Road Rules-Ancillary and Miscellaneous Provisions) Regulations 1999 Code of Technical Requirements for the Legal Use of Traffic Control Devices	Road Traffic Act 1974 Road Traffic (Events on Roads) Regulations 1991 Road Traffic Code 2000	Vehicle and Traffic Act 1999 Traffic Act 1925 Local Government (Highways) Act 192	Road Transport (Safety & Traffic Management) Act 1999 Road Transport (Safety & Traffic Management) Regulations 2000	Traffic Act Traffic Regulations Alice Springs (Control of Public Places) By-laws – 24 Local Government (Road Opening & Closing) Regulation 22(1,2)

²¹⁰ <http://www.melbourne.vic.gov.au/rsrc/PDFs/EventsPrograms/EventsGuide181207.pdf>

²¹¹ Information obtain from www.brisbane.qld.gov.au/bccwr/forms/documents/cc10235_temporary_lane_road_closure_assessment_application.pdf

²¹² www.cityofperth.wa.gov.au/documentdb/845

²¹³ www.alicesprings.nt.gov.au/astc_site/your_council/forms/roads

	VIC ²¹⁰	NSW	QLD ²¹¹	SA	WA ²¹²	TAS	ACT	NT ²¹³
Restrictions on the installation of traffic control devices	Yes. Proposed Road Safety (Traffic Management) Regulations and Part 2 of the Road Safety Road Rules 2009	Yes S 52 Road Transport (Safety & Traffic Management) Act	Yes. Part 2 of the Transport Operations (Road Use Management) Act 1995 and Part 20 of the Traffic Operations (Road Use Management-Road Rules) Regulations 1999	Yes s17 and s21 Road Traffic Act 1961 s39K Highways Act 1926	Yes clause 297 of the Road Traffic Code 2000	Yes. Div 2 of the Traffic (Road Rules) Regulations 1999 enables traffic control devices to roads Traffic control devices S59 of the Traffic Act 1925 restricts the use of traffic signs S79 Traffic Act requires approvals for electronic billboards for legitimate traffic management or road safety purposes	Yes s18 of Road Transport (Safety & Traffic Management) Act 1999. A person has appropriate authority to install, change or remove a prescribed traffic control device if the person is authorised in writing by the Road Transport Authority to do so.	Yes s16 Traffic Act

	VIC ²¹⁰	NSW	QLD ²¹¹	SA	WA ²¹²	TAS	ACT	NT ²¹³
Permit required for temporary road/lane closure for event	Yes. Road Safety Act 1986	Yes. <i>S68 Local Government Act 1993 And reg 50 Local Government Regulations 2005</i>	Yes. s103 of the Traffic Operations (Road Use Management- Accreditation & other Provisions) Regulations 2005 which requires details arrangements that have been put in place that a similar to a traffic management plan	Yes. S33 and s174C of the Road Traffic Act 1961	Yes	Yes S56A of the Vehicle and Traffic Act 1999 enables the Commissioner of Police to authorise the temporary closure of a public street to traffic S19 of the Local Government (Highways) Act 1982 enables Councils to temporary permit the closure of a local highway	Yes s18 of Road Transport (Safety & Traffic Management) Act 1999 enables a police officer to close a road temporarily for traffic Section 5A of the Road Transport (Safety & Traffic Management) Act 1999 requires a person to obtain the approval of the Road Transport Authority (RTA) before taking part in vehicle races, speed attempts or competitive trials on a road or road related area.	Yes Local Council and Roads Division

	VIC ²¹⁰	NSW	QLD ²¹¹	SA	WA ²¹²	TAS	ACT	NT ²¹³
Fee	Proposed fee is \$58.45. Road Safety Act 1986 Road Management Act 2004 Road Safety (Traffic Management) Regulations 2009 Local Government may also impose a fee.	Yes. Major road closure \$1400 per lane per day Minor road closure \$705 per lane per day	Yes. \$119 ²¹⁴	Yes.* s174C of the Road Traffic Act 1961 <i>Local Government Act 1999.</i> Fee may be charged by Councils.	Yes. ** Road Traffic (Events on Roads) Regulations \$60 for a standard permit, \$110 for permits that require road closure and \$250 for major filming that requires significant obstruction of roads and footpaths ²¹⁵	Unknown***	Unknown***	Unknown***
A traffic management plan required for works and events	Yes. Road Safety Act 1986 and Road Management Act 2004	Yes. Traffic Management Plan must be prepared by a RTA certified designer	Yes	Yes. Requirement of Minister's Notice to SA Police that all events on road must have a traffic management plan	Yes. Must be accompanied by a Traffic Management Plan that complies with Main Roads Code of Practice and AS 1742.3	Yes. Road traffic management standards and plans are prescribed by Local Government (Highways) Regulations 2003	Unknown***	Sketch plan in accordance with Local Government (Road Opening & Closing) Regulation 22(1,2)

²¹⁴ Information obtain from www.brisbane.qld.gov.au/bccwr/forms/documents/cc10235_temporary_lane_road_closure_assessment_application.pdf

²¹⁵ www.cityofperth.wa.gov.au/documentdb/845

	VIC ²¹⁰	NSW	QLD ²¹¹	SA	WA ²¹²	TAS	ACT	NT ²¹³
Conditions for assessment of traffic impact/road occupancy	As set out in the Road Safety (Traffic Management) Regulations 2009. Road closures must be in accordance with Australian Standards AS 1742.3 as well as impacts on public transport	Yes. PI Insurance, Consultation with Police, Traffic management Plan	Yes. As set out in Queensland Transport' Manual of Uniform Traffic Control Devices and AS1742.3	S226 & 228 of the Local Government Act 1999 enables Council to authorise the placement of moveable signs and do works on roads	Must have Traffic Management Plan, consult with Transport and Emergency authorities	Unknown	Unknown***	Erection of necessary barricades and warnings signs in accordance with Australian Standard "Manual of Uniform Traffic Control Devices AS 1742.3

Notes:

*In the case of South Australia, the Minister's Notice which delegates the power to municipal Councils to use traffic control devices also requires compliance with the Code of Technical Requirements for the Legal Use of Traffic Control Devices. This calls up compliance with Australian Standards, including the whole series of AS 1742. By comparison, the Victorian existing and proposed regulations only require compliance with AS 1742.11 with respect to parking signs, while for other types of devices, compliance with guidelines is not mandatory.

**In Western Australia, all traffic control devices in the metropolitan area and all regulatory devices (i.e. those mentioned in the Road Rules) apart from parking signs in the rural area require approval of the state road authority, Main Roads Western Australia. The power to approve these is delegated to an Executive Director within the authority. This means that Councils are required to seek approval for every stop sign, speed-limit sign, no right turn sign, double white line, etc, before a device is erected or modified. By comparison, the Victorian proposed regulations only require the approval of the state road authority for a small number of devices that have been classified as "major", and the most common of these (such as Stop and Give Way signs) will be delegated to Councils with conditions. The arrangements in Western Australia are much more onerous on Councils than the proposed Victorian regulations.

***Unknown indicates that no specific regulations have been found but road authority contacts have not confirmed that such requirements do not exist.

Appendix 7 – Proposed regulations