

SUBMISSION TO SENATE INQUIRY

Importance of a viable, safe, sustainable and efficient road transport industry



Transport and Logistics Centre Limited

27 November 2019

Introduction

The Transport and Logistics Centre (TALC) Limited was established in 2000. It acts as a "think tank" for new ideas in capability building in transport and logistics. As a not-for-profit company TALC provides its services on a cost recovery basis. It is here to serve the industry. Our work is independent and driven by our values - collaboration, empowerment and innovation in all things.

We advise, assist and facilitate projects, programmes and ideas. The primary focus of our work is capability building in transport and logistics. TALC was initially established in 2000 in NSW, and then funded in part by the NSW and Commonwealth Governments from 2004 to 2013. We have enjoyed bipartisan support since 2003. We have also worked closely with private companies, industry associations and trade unions on industry related projects within our mandate. In 2007 TALC became an independent not-for-profit research and consulting group. Since 2013 TALC has been active in all sectors of the supply chain in Australia – especially road freight, rail, maritime and aviation.

The Senate Inquiry 2019

Terms of Reference

The importance of a viable, safe, sustainable and efficient road transport industry, with particular reference to:

- a. the importance of an enforceable minimum award rate and sustainable standards and conditions for all stakeholders in the road transport industry;*
- b. the development and maintenance of road transport infrastructure to ensure a safe and efficient road transport industry;*
- c. the regulatory impact, including the appropriateness, relevance and adequacy of the legislative framework, on all stakeholders in the road transport industry;*
- d. the training and career pathways to support, develop and sustain the road transport industry;*
- e. the social and economic impact of road-related injury, trauma and death;*
- f. efficient cost-recovery measures for industry stakeholders, including subcontractors;*
- g. the impact of new technologies and advancements in freight distribution, vehicle design, road safety and alternative fuels;*
- h. the importance of establishing a formal consultative relationship between the road transport industry and all levels of government in Australia; and*
- i. other related matters.*

TALC believes it is important for the Inquiry to have in front of it available evidence and research on these important questions.

There are a range of leading academic reports and industry programs in this space.

TALC wishes to offer three (3) such reports for consideration by the Inquiry (all are in the public domain):

1. *Evaluating the Regulation of WHS through Supply Chain Codes of Conduct in the Retail Transport and Logistics Industry*, Associate Professor Louise Thornthwaite, Macquarie University, 2019¹
2. *Regulating the Work Health and Safety of Australian Road Freight Transport Drivers - Research Project 2016*, Associate Professor Louise Thornthwaite, Macquarie University and Dr Sharron O'Neill, University of NSW, 2016²
3. *Five Star Trucking Safety Concept: Development of Model Options*, TALC Limited and Transport Ideas, 2012³

1. *Evaluating the Regulation of WHS through Supply Chain Codes of Conduct in the Retail Transport and Logistics Industry*, Associate Professor Louise Thornthwaite, Macquarie University, 2019

This report raises several recommendations for policy consideration.

- Improve knowledge of Work Health and Safety (WHS) risk and injury causation through the Chain of Responsibility (CoR).

Immature perceptions concerning the reasons injuries occur are undermining attempts to make workplaces safer. Despite all the evidence on fatal and disabling injuries and illnesses in this industry, a sizeable portion of industry participants lack an adequate understanding of WHS risk identification and mitigation. Many also fail to appreciate the multi-factoral dynamics of causation both within organisations and across the supply chain. Moreover, some employers/employees and policymakers continue to reject available evidence and cling to voluntary regulation and administrative controls and simplistic views that essentially 'blame the victims'.

- Improve data collection to inform evidence-based policy.

To facilitate evidence-based policymaking on WHS in this industry, there is an urgent need for the longitudinal collection of comprehensive, consistent and more nuanced data on the WHS experiences of both employee and owner/contractor drivers, the incidence of injury and illness in the sector and the causative factors. Three elements that have traditionally been neglected are particularly important here.

First, data is needed to address the existing lack of information about the injury experience of owner drivers and sub-contractors, two groups generally excluded from workers' compensation datasets.

Second, a more thorough and consistent/comparable collection of data across jurisdictions is urgently required.

¹ https://www.teacho.com.au/images/Regulation_of_WHS_throught_Supply_Chain_Codes_of_Conduct.pdf

² https://www.teacho.com.au/images/TEACHO_Final_Report.pdf

³ Unpublished report, TALC Limited 2012

Third, comprehensive longitudinal data on prosecutions and other enforcement, including administrative arrangements and orders, is needed. Further, this data needs to be accessible to researchers and key data must be publicly available.

- Address the complexity of WHS regulation in this industry.

The complexity of WHS regulation in this industry impedes understanding of rights and obligations and potentially muddies the waters in relation to compliance and enforcement. While well-resourced organisations can afford legal and administrative expertise, for smaller participants in the supply chain it can be difficult to stay well informed.

For wilfully noncompliant and/or recalcitrant operators, the complexity is also used to excuse the neglect of WHS. A clearer picture of the demarcations between different mechanisms would facilitate comprehension and compliance, and the identification and monitoring of non-compliance.

- Improve enforcement and accountability.

Regulation is only as valuable as its enforcement and the accountability of parties. Improving the willingness of CoR participants to comply with the regulations must be a policy priority. This Report addresses four areas for further policy development to improve enforcement and accountability.

First, more consistent and regular enforcement of regulations on parties at all levels of the CoR is required. This also requires a review of resources currently available to enforcement agencies.

Second, whistle-blower and industrial protections must be made available to truck drivers to facilitate the reporting of regulatory breaches.

Third, retention of a range of regulatory mechanisms and sanctions remains critical, including those schemes designed to change attitudes and behaviour through strategies other than legislation. Examples include structural regulation such as 'point to point' cameras, appropriately assured certification and accreditation systems, and informational mechanisms which provide adverse publicity to recalcitrant parties. Here, further consideration of regulatory schemes operating in other western countries, such as safe driver licensing systems and market-oriented star rating systems, is recommended.

Fourth, policymakers need to continue to build the focus on regulatory mechanisms that reach most effectively into the top layers of the CoR to influence the design of safe, healthy and productive work and thus provide the most just solutions.

- Ensure drivers have appropriate levels of WHS and Driving skills.

Both formal driver training and formal WHS training of drivers are essential to improving driving skills, risk perception and hazard prevention. While informal forms of WHS training within organisations, including regular toolbox talks raise awareness, it is formal, external training in WHS and driving skills by competent providers that reduces hazardous incidents in this sector.

We recommend that a review of the training and licencing of drivers be conducted, with consideration given to the implementation of compulsory training prior to occupational entry. The aging demographic profile of truck drivers makes this even more pressing, as the research data suggests inexperienced drivers often lack the essential level of training and skills needed to ensure their own safety and the safety of others with whom they interact.

- Close the significant gaps in regulation.

The competitive nature and cost structures of this industry are such that, in the absence of regulation, positive safety outcomes for drivers are extremely unlikely even with the most enlightened employers. This means that gaps in regulation almost inevitably will lead to accidents, injuries and disease. The critical present gap requiring policy development is the lack of regulation which places responsibility on those higher in the CoR to ensure safe remuneration of truck drivers. With the Road Safety Remuneration Tribunal (RSRT's) abolition, the first attempt to address this issue systematically ended. Nonetheless alternative mechanisms have also demonstrated substantial success in addressing certain types of dangerous driving.

The NSW Roads and Maritime Services has pursued an integrated strategy in administering the Heavy Vehicle National Law (HVNL) which has included adoption of a Joint Taskforce approach to speed enforcement, Zero Tolerance on truck modifications, and installation of weighbridges to enforce mass limits on repeat offenders and point-to-point cameras and other screening mechanisms on the roads. Further, while currently, there are no WHS mechanisms in Australia's heavy vehicle road transport sector which advance or limit market opportunities to CoR participants based on their compliance histories, this strategy has been pursued elsewhere. The strategy has been highly successful in the United States, albeit that it concentrates only on restricting access to government contracts.

- Address the segmentation in the safety experience of drivers.

Reaching the long tail of 'neglected drivers' identified in this Report must become an urgent policy focus. It is not sufficient for employers, contractors and client organisations to display WHS accreditation under law and codes of practices if, simultaneously, a substantial minority of their drivers are excluded from safe work systems and practices.

For some truck drivers, particularly those for whom a clear WHS duty of care is immediately obvious and indisputable, such as full-time employees, safety has improved considerably in recent years as legislation and other regulatory mechanisms have commenced operation. For others, in particular owner-drivers casual/contractor drivers and a small but significant portion of employee drivers, have profited far less from WHS regulatory initiatives. Less attention is paid to their safety by participants across the CoR, and accordingly they encounter significantly more risk at work. Policymakers must continue to build the focus on regulatory mechanisms that reach most effectively across the CoR to influence the design and delivery of safe, healthy and productive work for all drivers and thus provide the most just solutions.

- Currently, in the Australian heavy vehicle road transport road transport industry, the sanctions are very substantial for those at the bottom of the chain, but as the survey findings confirm, the level of dependence of these drivers on those higher in the chain significantly limits the deterrence effect. Policymakers need to continue to build the focus on regulatory mechanisms that reach most effectively into the top layers of the CoR to influence the design of safe, healthy and productive work and thus provide the most just solutions.

2. *Regulating the Work Health and Safety of Australian Road Freight Transport Drivers - Research Project 2016, Associate Professor Louise Thornthwaite, Macquarie University and Dr Sharron O'Neill, University of NSW, 2016*

This Report makes the following key policy recommendations to improve WHS regulation in the heavy vehicle truck driving sector.

- Improve knowledge of WHS risk and injury causation through the CoR Immature perceptions concerning the reasons injuries occur are undermining attempts to make workplaces safer.

Despite all the evidence on fatal and disabling injuries and illnesses in this industry, a sizeable portion of industry participants lack an adequate understanding of WHS risk identification and mitigation. Many also fail to appreciate the multi-factoral dynamics of causation both within organisations and across the supply chain. Moreover, some employers/employees and policymakers continue to reject available evidence, favouring voluntary regulation and clinging to administrative controls and simplistic views that essentially 'blame the victims'. Efforts to better educate drivers and employers is critical.

- Improve data collection to inform evidence-based policy

To facilitate both education initiatives and evidence-based policymaking on WHS in this industry, there is an urgent need for the longitudinal collection of comprehensive, consistent and more nuanced data on the WHS experiences of both employee and owner/contractor drivers, the incidence of injury and illness in the sector and the causative factors involved. Three elements that have traditionally been neglected are particularly important here.

First, data needs to address the existing lack of information about the injury experience of owner drivers and sub-contractors, two groups generally excluded from workers' compensation datasets.

Second, a more thorough and consistent/comparable collection of data across jurisdictions is urgently required.

Third, comprehensive longitudinal data on prosecutions and other enforcement, including administrative arrangements and orders, is needed. Further, this data needs to be accessible to researchers and key data and analysis must be publicly available.

- Address the complexity of WHS regulation in this industry.

The complexity of WHS regulation in this industry impedes understanding of rights and obligations and potentially muddies the waters in relation to compliance and enforcement. While well-resourced organisations can afford legal and administrative expertise, for smaller participants in the supply chain it can be difficult to stay well informed.

For wilfully noncompliant and/or recalcitrant operators, the complexity is also used to excuse the neglect of WHS. A clearer picture of the demarcations between different mechanisms would facilitate comprehension and compliance, and the identification and monitoring of non-compliance.

- Improve enforcement and accountability.

Regulation is only as valuable as its enforcement and the accountability of parties. Improving the willingness of CoR participants to comply with the regulations must be a policy priority. This Report addresses three areas for further policy development to improve enforcement and accountability.

First, more consistent and regular enforcement of regulations on parties at all levels of the CoR is required. This also requires a review of resources currently available to enforcement agencies.

Second, whistle-blower and industrial protections must be made available to truck drivers to facilitate the reporting of regulatory breaches.

Third, retention of a range of regulatory mechanisms and sanctions remains critical, including those schemes designed to change attitudes and behaviour through strategies other than legislation. Examples include structural regulation such as 'point to point' cameras, appropriately assured certification and accreditation systems, and informational mechanisms which provide adverse publicity to recalcitrant parties. Here, further consideration of regulatory schemes operating in other western countries, such as safe driver licensing systems and market-oriented star rating systems, is recommended.

- Close the significant gaps in regulation.

The competitive nature and cost structures of this industry are such that, in the absence of regulation, positive safety outcomes for drivers are extremely unlikely even with the most enlightened employers. This means that gaps in regulation almost inevitably will lead to accidents, injuries and disease.

The critical present gap requiring policy development is the lack of regulation which places responsibility on those higher in the CoR to ensure safe structures of remuneration of truck drivers. With the RSRT's abolition, the first attempt to address this issue systematically ended. Nonetheless alternative mechanisms have also demonstrated substantial success in addressing certain types of dangerous driving.

The NSW Roads and Maritime Services has pursued an integrated strategy in administering the HVNL which has included adoption of a Joint Taskforce approach to speed enforcement, Zero Tolerance on truck modifications, and installation of weighbridges to enforce mass limits on repeat offenders and point-to-point cameras and other screening mechanisms on the roads.

Further, while currently there are no WHS mechanisms in Australia's heavy vehicle road transport sector which advance or limit market opportunities to CoR participants based on their compliance histories, this strategy has been pursued elsewhere. For example, the strategy has been highly successful in the United States, albeit that it concentrates only on restricting access to government contracts.

- Ensure drivers have appropriate WHS and Driving skills.

Both formal driver training and formal WHS training of drivers is essential to improving driving skills, risk perception and hazard prevention. While informal forms of WHS training within organisations, including regular toolbox talks, raise awareness of WHS risk, evidence suggests formal training courses in WHS and driving skills by competent, independent providers is more likely to reduce WHS damage to workers in this sector. We recommend that a review of the training and licencing of drivers be conducted, with consideration given to the implementation of compulsory training prior to occupational entry.

- Address the segmentation in the safety experience of driver.

Reaching the long tail of 'neglected drivers' identified in this Report must become an urgent policy focus. It is not sufficient for employers, contractors and client organisations to hold WHS accreditation under law and codes of practices if, simultaneously, a substantial minority of their drivers are excluded from safe work systems and practices.

For some truck drivers, particularly those for whom a clear WHS duty of care is immediately obvious and indisputable, such as full-time employees, conditions have improved considerably in recent years as WHS legislation and other regulatory mechanisms commenced operation. Management provisions for their safety have become more comprehensive, pervasive and entrenched.

Other groups, however, in particular, owner drivers, casual/contractor drivers and a small but significant portion of employee drivers, have profited far less from WHS regulatory initiatives. Rather than benefiting from overlapping WHS responsibilities of organisations along the supply chain, these workers are falling through the gaps. Less attention is paid to their safety by participants across the CoR, and accordingly they encounter significantly more risk at work. Policymakers must continue to build the focus on regulatory mechanisms that reach most effectively across the CoR to influence the design and delivery of safe, healthy and productive work for all drivers and thus provide the most just solutions.

- Despite significant advances in WHS in this industry in recent decades, substantial segments of its workforce remain at considerable risk of serious injury and illness.

This risk is linked to a range of features of the work and the labour market – including employment arrangements, remuneration systems, working hours, task variability, control and autonomy, access to training, and management policies, practices and resources. This is a complex phenomenon. So too, existing models of regulation and enforcement are complex and overlapping.

While the regulatory mix presents a heavy regulatory burden for truck drivers, the accountability and enforcement of compliance across the supply chain, particularly for those at higher levels of the CoR, remains inadequate.

Moreover, even as some companies are actively working to ensure WHS, a substantial underclass of employee, owner and contracted drivers continue to experience unsafe working conditions. These include unsafe loading sites, schedules and loads, and risk factors such as long working hours and lack of payment for work activities other than driving. There are strong arguments that specific experience of regulatory enforcement, whether through fines, adverse publicity, revocation of accreditation or other methods, has a strong impact on those in the supply chain who are responsible for ensuring safe and healthy work.

Enforcement, accountability and the careful but strategic use of sanctions within enforcement pyramids are crucial, particularly in the heavy vehicle road transport industry, due to its hazardous and extremely competitive nature. Ayres and Braithwaite claimed that 'for the responsive regulator, there are no optimal or best regulatory solutions, just solutions that respond better than others to the plural configurations of support and opposition that exist at a particular moment in history'.

Currently, in the Australian heavy vehicle road transport industry, for those at the bottom of the chain, the sanctions are very substantial, but their level of dependence on those higher in the chain limits the deterrence effect. The conclusion of this report is that, it is those regulatory solutions that reach most deeply across the layers of the CoR that will provide the most just solutions.

3. *Five Star Trucking Safety Concept: Development of Model Options, TALC Limited and Transport Ideas, 2012*

This report addresses key design features of a *5 Star Trucking Safety Rating System* (5 Star system) and develops specific models for delivery of such a system.

The report builds upon the results of two consultancy reports previously commissioned by the then Roads and Traffic Authority (RTA), the report by Adeptus Consulting "Review of Safety Accreditation Schemes for Five Star Trucking Safety", and the preceding report by the Transport and Logistics Centre (TALC) and Transport Ideas (TI) "Five Star Trucking Concept: Review of Rating Systems and Identification of the Benefits".

The purpose of the report is to elaborate further the concept of a 5 Star system, to inform the next stage of development. This stage will provide for a better assessment of the potential of, and support for, a road freight transport initiative based on rating safety performance.

Key Design Features

The previous TALC/TI report found that "A 5 Star Trucking Safety Rating System can harness the power of the market to improve safety outcomes and embed existing improvements into the industry. But all players in that market, especially customers and clients (whether government or private sector) need to be closely engaged to drive industry-wide outcomes. A system that fuses together industry and regulator information to provide a powerful tool to measure safety performance, and then uses that tool to give companies access to significant benefits, could achieve that engagement."

This has led to a set of objectives for a 5 Star system being proposed in this report:

- To support the National Road Safety Strategy 2011-2020 through contributing to reduction in the number of crashes involving freight transport vehicles in Australia, with subsidiary objectives of:
 - Addressing information failure in relation to the safety performance of individual road freight transport operators
 - Enhancing the priority given to safety by road freight transport operators, their customers, regulators and the community
 - Rewarding road freight transport operators that achieve high safety ratings through a range of regulatory concessions and operational benefits

Following on from this, the structure chosen for the 5 Star system will be important to achieve viability, and to build and maintain stakeholder confidence in its operation. As stated above, the starting point is that the system be based on a 'fusion' of industry and regulatory elements, bringing together information from regulators, existing industry schemes/ codes of practice, and stakeholders. Nine design features build on this foundation, encompassing:

1. *A 5 Star Standards Ratings Framework for Road Freight Transport Safety that applies nationally*
2. *A tripartite commitment shared across industry, government and unions*
3. *Participation open to all road freight transport operators*
4. *Provision of benefits and concessions relative to the rating achieved*
5. *Strong governance arrangements through clarity of roles and responsibilities*
6. *Advances in information available on safety performance*
7. *Integrity of audit assessment*
8. *Transparency through public availability of results*
9. *Capacity to evolve with experience and changing circumstances*

A strong commitment from all parties and implementation of a robust system will underpin market and regulator recognition, and add to the advantages of participation.

Many trucking operators are not convinced that the efforts they make now to improve safety performance through participation in existing industry schemes are well recognised – as evidenced by the following stakeholder comment in consultations:

"Many operators are pressured to spend \$ to gain accreditation or make compliance requirements, but there is little recognition from Insurance Companies, RTA or Police that an operator has jumped all the hurdles to provide a safer, better level of service to the industry and community."

This report has highlighted three of the design features as central to the next stage of project development – the benefits available to operators, advances in information on safety performance (particularly from regulators), and specification of the 5 Star Standards Rating Framework (5 Star Framework).

Incentives to Participation through Attractive Benefits

A threshold issue in further development of a 5 Star system is consideration of the benefits that will accrue to participating trucking operators. Discussions with stakeholders and the previous reports indicate that benefits will be a key driver in achieving substantial take-up rates and in changing behaviour. This is particularly important given that the design brief is predicated on voluntary participation.

It is difficult at this early stage to estimate the level of benefits required to achieve a substantial take-up rate in a voluntary scheme. However the judgment is that both small and large fleet owners would want to see prospect of a net reduction in running costs in the order of 5 to 10 per cent per vehicle to motivate their participation. Further benefits would relate to achievement of 'preferred tenderer' status to assist in gaining freight business.

The report explores at a high level a possible benefits package, to apply across all road transport sectors and sizes of operator (from owner-drivers to large nationally operating companies), which is summarised below:

Benefit Area	Benefits
Road transport law	<p>The incidence, location and/or extent of heavy vehicle inspections</p> <p>Participation as a defence under chain of responsibility laws</p> <p>Inclusion as a pre-condition for:</p> <ul style="list-style-type: none"> – accessing a <u>new</u> accelerated heavy vehicle licensing regime – accessing the extended working time hours regimes in fatigue management – lifting of infrastructure access restrictions for highly rated companies <p>Revenue neutral charging concessions on licensing, registration and permits</p>
Drivers	<p>Training subsidies and rebates for training in:</p> <ul style="list-style-type: none"> - Fatigue - Defensive driving - Other professional driver skill sets - OHS - Fuel efficient driving
Clients	<p>Preferred tenderer status in supply chain procurement (private and public)</p>

Benefits in a 5 Star system

The report recommends that a reduction in the incidence, location and/or extent of heavy vehicle inspections be explored as a key benefit in further development of the 5 Star system. For example, the network of road side inspection stations could reduce the frequency of inspections for heavy vehicles operated by highly rated companies on the basis that they pose a reduced safety risk. In addition, the use of in-vehicle telematics by these companies could see a reduction in the time spent when being inspected, allowing the disruption to the delivery of the freight task to be minimised. This type of benefit is provided in the Partners in Compliance (PIC) program in Alberta, Canada for highly rated carriers.

The Ratings Framework

The development of a national 5 Star Standard Ratings Framework will underpin an indicative ratings scoreboard (summarised below) with initial coverage of speed, fatigue management, driver health and vehicle and equipment conditions. The first iteration of the Ratings Framework based on these four areas reflects analysis which has identified them as the main 'on-road' risk factors to safe operation. Further applying this analysis, the scoreboard also weights the risk factors according to their relative contribution to safety incidents.

SAFETY SPECIFIC FACTORS	Initiatives	Sub Scores	Weighting	Score Weighted
SPEED <i>Speed Management Initiatives</i>	<ul style="list-style-type: none"> – People – Tools – Management – Safety Specific Indicators 	<i>Out of 100</i>	35	3500
FATIGUE <i>Fatigue Management initiatives</i>	<ul style="list-style-type: none"> – People – Tools – Management – Safety Specific Indicators 	<i>Out of 100</i>	30	3000
DRIVER HEALTH <i>Especially Alcohol and Drug management</i>	<ul style="list-style-type: none"> – People – Tools – Management – Safety Specific Indicators 	<i>Out of 100</i>	20	2000
VEHICLE & EQUIPMENT CONDITIONS <i>Vehicle & Equipment Conditions management</i>	<ul style="list-style-type: none"> – People – Tools – Management – Safety Specific Indicators 	<i>Out of 100</i>	15	1500
Total			100	10000

Indicative Scoreboard with Weightings for Safety Specific Factors

A weighted scoring system will keep operators focused on the risk factors that most impact safety performance. The risk factors and their weightings can be adjusted over time, and like all the Scoring Rules should be regarded as indicative only at this stage.

The Scoring Rules provide for recognition of the status achieved by an operator under OHS standards, and of participation in existing industry accreditation schemes and codes of practice. However achieving a 5 Star rating will require further steps. The scoring structure also allows for an operator that is not an existing participant in an accreditation scheme to be able to achieve a 5 Star rating.

The risk factor of Speed provides the basis for a case study to further outline the safety measures being audited, and the development of an Audit Tool. The indicative Audit Tool for Speed includes different approaches in assessing owner-drivers and larger operators, and provides for the inclusion of best practice.

The scoreboard is presented in generic format at this stage of the 5 Star process. Further articulation of the scoreboard, and consideration of related audit issues, will be important next steps. The key building block for the scoreboard, and indeed the whole 5 Star system, will be the 5 Star Standard Ratings Framework. It is proposed that the Framework be developed with oversight by an expert Reference Group.

Delivery of a 5 Star system

With the prospect of a future Regulation Impact Statement process, and to assist consideration and consultation more generally, the Report considers suitable models to deliver the 5 Star system. Three models have been identified as providing a means for implementation

- A **Standard-based Model**, under which auditors would purchase licenses to apply the 5 Star Framework, and operators would choose an auditor from those so licensed. There would be no central oversight, save for the Reference Group being reconvened at intervals (say 3 years) to review and update the Ratings Framework.
- A **Joint Industry-Regulator Model**, where a not-for-profit company with a Board comprising industry, union and regulator/government representatives would hold an exclusive right to manage the application and review of the 5 Star Framework. The Company would accredit auditors to undertake assessments of participating companies, and assign an auditor to an operator seeking assessment.
- A **Regulator-managed Model**, where regulators would operate the system through a national structure, with exclusive right to the 5 Star Framework. Individual jurisdictions would manage assessments in their areas and assign accredited auditors to undertake assessments of participating operators.

Given their embryonic nature, it is difficult to detail the respective costs for these models. However the initial assessment is that costs would be modest and potentially well outweighed by the benefits of safer on-road operations. Costs would also be contained through offsetting reductions in charges for operators with high safety ratings by increases in charges to other operators, and through re-allocation of funds within training budgets. The cooperation of regulators and governments more generally would be important to keeping costs down for the Standard-based and Joint Industry-Regulator Models – such as in provision of regulator-sourced safety performance data.

The report develops an indicative example of the minimum resourcing requirements based on the Joint Industry-Regulator model (based on 2012). With 35,000 vehicles participating and 10,000 drivers trained each year (provided by new funding), expected costs could fall between \$6.7 – \$7.2 million per annum. No net costs are assumed for the audit process itself, as it is proposed that audit fees be set on a cost-recovery basis.

Costs should be assessed against the potential for savings through reduction in crashes, and related fatalities, injuries and disruptions. For example, a 10 per cent reduction nationally in fatalities related to heavy vehicle crashes would lead to a \$128 million saving in costs to the community, while a 20 per cent reduction would lead to a \$256 million saving.



TRANSPORT AND LOGISTICS CENTRE

While the Joint Industry-Regulator Model appears to provide the best overall mix of attributes, it is suggested that all three models be retained as possible delivery options. Further specification of delivery requirements will anyway be influenced by the results of the next stage of development, and how that stage is undertaken.

Conclusion of the Submission

The reports summarized here are part of (and build on) a growing body of evidence in the public domain concerning the wider context of safe work matters on the road. For example:

- Claire Mayhew and Michael Quinlan, 'Economic Pressure, Multi-Tiered Subcontracting and Occupational Health and Safety in Australian Long-Haul Trucking', *Employee Relations* 28, no. 3 (2006);
- Stephen M. Swartz and Matthew A. Douglas, 'The Independence of Independents: Influences on Commercial Driver Intentions to Commit Unsafe Acts', *Transportation Journal* 48, no. 1 (2009);
- Elyria Kemp, Steven W. Kopp and Erasmus Kemp, 'Six Days on The Road', *The International Journal of Logistics Management* 24, no. 2 (2013);
- Michael R. Crum and Paula C. Morrow, 'The Influence of Carrier Scheduling Practices On Truck Driver Fatigue', *Transportation Journal* 42, no. 1 (2002);
- Richard J. Hanowski et al., 'Safety Issues in Local/Short Haul Trucking: The Drivers' Perspective', *Proceedings of the Human Factors and Ergonomics Society Annual Meeting* 42, no. 17 (1998);
- Andrew Hopkins, 'Truck Deaths: A Suggestion', *Journal of Occupational Health and Safety - Australia and New Zealand* 8, no. 3 (1992);
- Paula C. Morrow and Michael R. Crum, 'Antecedents of Fatigue, Close Calls, and Crashes Among Commercial Motor-Vehicle Drivers', *Journal of Safety Research* 35, no. 1 (2004);
- Michael H. Belzer, 'The Economics of Safety: How Compensation Affects Commercial Motor Vehicle Driver Safety', *presented to United States House of Representatives Committee on Small Business* (2012);
- Simon J. Raftery, Jennifer A. L. Grigo and Jeremy E. Woolley, 'Heavy Vehicle Road Safety: Research Scan', *Journal of the Australasian College of Road Safety* 22, no. 3 (2011);
- Michael Rawling and Sarah Kaine, 'Regulating Supply Chains to Provide a Safe Rate for Road Transport Workers', *Australian Journal of Labour Law* 25 (2012).
- Suliman A. Gargoum et al., 'Towards Establishing Effective Commercial Driver Training Standards: Analysis of Industry Opinions from Alberta', *Canadian Journal of Civil Engineering* 44, no. 11 (2017);
- Stephen M. Swartz and Matthew A. Douglas, 'The Independence of Independents: Influences on Commercial Driver Intentions to Commit Unsafe Acts' (2009);
- Elyria Kemp, Steven W. Kopp and Erasmus Kemp, 'Six Days on The Road' (2013);
- Simon J. Raftery, Jennifer A. L. Grigo and Jeremy E. Woolley 'Heavy Vehicle Road Safety: Research Scan', *Journal of the Australasian College of Road Safety* 22, no. 3 (2011)

TALC Limited joins a growing list of agencies, academics, individuals and associations who have been studying, advocating and arguing in favour of major changes to the way we do business on the roads in Australia for over 40 years. We commend these reports to the Inquiry.

**THANKS
FOR
LISTENING**