Submission to the Senate Standing Committee on Rural and Regional Affairs and Transport

Inquiry into the importance of a viable, safe, sustainable and efficient road transport industry

November 2019

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Summary of Recommendations

Recommendation 1:

The revised Heavy Vehicle National Law should adopt the Western Australian model of managing fatigue.

Recommendation 2:

Australia should establish a National Operating Standard that would require operators of heavy vehicles to:

a) register their details, identifying the entity operating a heavy vehicle(s) and the place(s) heavy vehicles are garaged;
b) maintain an audited safety management system (SMS) meeting specified standards made by either the NHVR, or alternatively a specialist safety body;
c) prove to the satisfaction of the NHVR that a nominated amount of capital is available to the business to maintain vehicles to appropriate standards; and
d) require the mandatory collection of data by heavy vehicles, through the use of equipment that is compatible with standards made under the National Telematics Framework.

Recommendation 3

The HVNL should be amended so that only auditors possessing auditing qualifications determined by the NHVR are able to certify an SMS for HVNL purposes.

Recommendation 4

The NHVR should work in partnership with industry to develop a course falling within the national Transport and Logistics Training Package at Diploma (AQF Certificate V) level.

Recommendation 5

The NHVR and state/territory police forces should enter into a memorandum of understanding (MOU) to establish greater national consistency regarding how and when police officers should exercise the powers vested in them by the HVNL.

Recommendation 6

The HVNL should be amended to mandate the installation and use of telematic equipment in heavy vehicles for the purposes of collecting date pertaining to speed, driver fatigue and vehicle load limits.

Recommendation 7

The Australian Government should encourage the development of a multilateral agreement on the use of a consistent data standard.

Recommendation 8

The Federal Government should provide additional investment in the Road Freight Telematics Data Project, so that decisions around the provision of road infrastructure (including freight vehicle rest stops) can be more evidence-based.

Recommendation 9

The Federal Government should prioritise the provision of additional rest stop infrastructure on key freight routes for the exclusive use of heavy vehicle drivers – and support an education campaign that demonstrates why heavy vehicle drivers must have priority access to such facilities.

Recommendation 10

The Federal Government should establish a High Productivity Vehicle Infrastructure and Education Fund to facilitate the movement of HPVs on key freight routes and enhance community understanding of the safety and productivity benefits of HPVs.

Recommendation 11

The Heavy Vehicle Safety Initiative (HVSI) should continue to be supported as an effective mechanism for funding targeted and practical programs capable of improving road safety outcomes in relation to heavy vehicles.

Recommendation 12

The Transport Sector Skills Strategy being developed by the Commonwealth must prioritise measures to address workforce shortages in the heavy vehicle sector, including the recruitment of workforce participants from diverse backgrounds.

Recommendation 13

The Federal Government should formalise the establishment of a high-level consultative body representing an appropriate cross-section of the heavy vehicle industry. It should meet with ministers at least twice each year, and provide direct advice on matters of long-term interest to the sector.

Introduction

The Australian Logistics Council **(ALC)** welcomes the opportunity to provide a submission to the Senate Standing Committee on Rural and Regional Affairs and Transport inquiry into the importance of a viable, safe, sustainable and efficient road transport industry.

ALC is the peak national body representing major companies participating in the freight logistics industry. ALC's policy focus is on delivering enhanced supply chain efficiency and safety.

According to the recently released *National Freight and Supply Chain Strategy*, Australia's national freight task will increase by 35 per cent by the year 2040[1]. Road transport remains the dominant mode of freight transport for the majority of commodities produced and consumed in Australia.

The road freight task increased by more than 75 per cent between 2000-01 and 2015-16, and total road freight volumes are projected to reach around 400 billion tonne kilometres by 2040.[2]

Given this, it is imperative that government, industry and the community work collaboratively to ensure that Australia's road transport industry is safe, sustainable and equipped with a professional workforce capable of meeting the challenge. This includes planning for new infrastructure, and securing existing and future corridors to separate the freight task from transit where possible.

ALC's members are firmly committed to reducing the number of fatal heavy vehicle crashes and strongly believe that both technology and the development of a positive safety culture within businesses can play a significant role in improving heavy vehicle safety.

Heavy Vehicle Safety in Australia

Between June 2018 and 2019, there were 177 fatal crashes involving heavy vehicles on Australia's roads.

Jaguar Consulting observed in its 2014 review of the former Road Safety Remuneration Tribunal (RSRT) (**the 2014 review)** that human factors were responsible for around 85% of accidents involving heavy vehicles, but the heavy vehicle driver was only at fault in around on quarter of these cases, or 21% of total accidents.[3]

The OECD highlights the range of specific contributors to the 85% of accidents caused by human factors. These are;

- Recognition errors (attention and perception);
- Decision errors (mainly risky and aggressive driving); and

[1] National Freight and Supply Chain Strategy (2019) p. 10
[2] Ibid, Figure 2.2
[3] Jaguar Consulting *Review of the Road Safety Remuneration System* (2014): p 50,

- Performance and non-performance errors.

Figure 1 – Factors responsible for accidents involving heavy vehicles.

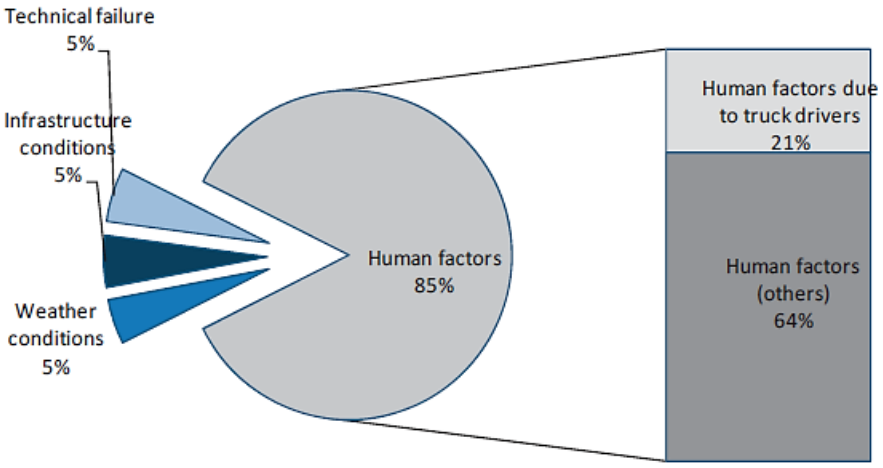
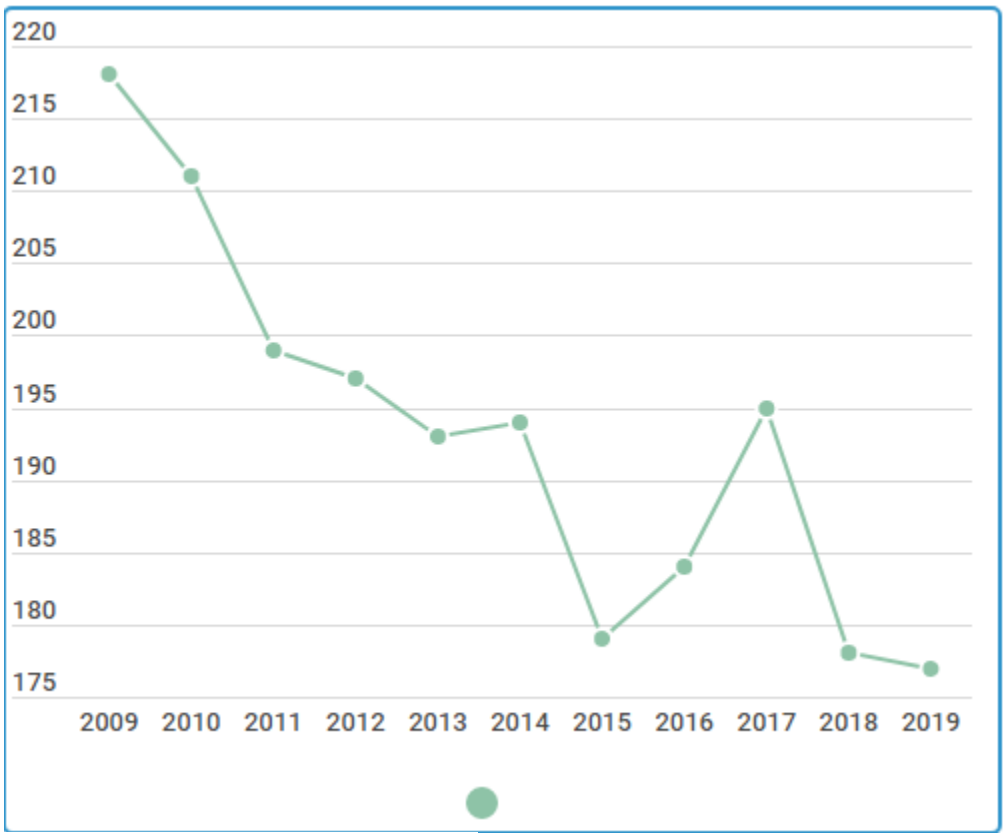


Figure 2 – Annual Fatal Crashes Involving Heavy Vehicles



Source: BITRE

As figure 2 shows, fatal crashes involving heavy vehicles have declined since 2009. However, spikes in fatalities over Christmas periods amongst others show that there is still more to be done to enhance safety around heavy vehicles.

The Heavy Vehicle National Law (HVNL)

Freight does not stop at state borders, and ALC's diverse membership allows it to bring a national perspective to the review and design of legislation and regulation.

In many respects, the current HVNL reflects the compromises that were considered necessary to convince most (but not all) jurisdictions to sign up to the 2011 Intergovernmental Agreement on Heavy Vehicle Regulatory Reform.

However, the law needs reform to be fit for purpose for the 2020's and beyond. This has been recognised by COAG's Transport and Infrastructure Council **(TIC)**, which has requested the National Transport Commission **(NTC)** to undertake a review of the HVNL.

ALC has actively participated in this review process, through a series of written submissions and participation in the NTC's consultative workshops.

In ALC's view, a modern HVNL should:

- Encourage and embrace the use of technology for safety and access purposes;
- Ensure operators have suitable safety management systems in place and have the capital necessary to ensure the safe operation of heavy vehicles; and
- Have the flexibility to recognise the different capacity of larger and smaller operators to comply with complex legislation.

One Country, One Rule Book

ALC's consistent position has been that there should be a single Heavy Vehicle National Law (HVNL) administered by a single national regulator.

There has been significant progress towards this outcome. The National Heavy Vehicle Regulator (NHVR) has generally operated satisfactorily, and there are no calls from participating states for the return of jurisdictionally based regulation or legislation.

However, the continued reluctance of Western Australia and the Northern Territory to agree to the HVNL limits its effectiveness

Further, some of the derogations from the law by participating jurisdictions are creating needless confusion and administrative burdens for logistics operators.

ALC remains of the view that Western Australia and the Northern Territory should join the national scheme, in the interests of enhanced national productivity and reducing administrative complexity for logistics companies that operate in across both participating and non-participating jurisdictions

The current review of the HVNL represents an opportunity to address some of the concerns offered by these two jurisdictions to date as reasons for not agreeing to the law.

The rules for work and rest hours within the current iteration of the HVNL are too prescriptive. They prevent duty holders from adjusting work rest hours to take into account the wide range of fatigue risk factors that will vary depending on the circumstances (fitness for duty, driving at night, driving in hot conditions, on dirt roads, etc.) and the tasks (e.g. livestock transport).

The presence of numerous provisions in the Law and regulations prescribing what needs to recorded - and how it needs to be recorded - creates complexity and unintentional administrative errors.

Too often, enforcement authorities become focussed on punishing these minor administrative errors, which have very little bearing on safety outcomes.

In particular, ALC's submissions to the HVNL review have recommended that Western Australia's approach to the management of driver fatigue (which uses a work health and safety legislative framework) should be adopted within a revised HVNL.

In essence, this would mean that:

1. The general duties contained in the Law to take all reasonably practicable steps to eliminate (fatigue) risk will need to be complied with;

2. A subordinate legislative instrument will merely prescribe a maximum number of hours a person can drive per day and per week; and

3. The Law will require heavy vehicle operators to develop a fatigue management plan that will form part of a mandatory safety management system (SMS), so as to comply with a National Operating Standard (discussed at length elsewhere in this submission).

Recommendation 1:

The revised Heavy Vehicle National Law should adopt the Western Australian model of managing fatigue.

A National Operating Standard

The Analysis of Heavy Vehicle Safety Accreditation Schemes in Australia undertaken for the National Heavy Vehicle Regulator (**NHVR**), commonly known as the **Medlock report**, found that based on the 2014 Survey of Motor Vehicle Use by the Australian Bureau of Statistics, 466,545 vehicles were rigid trucks whilst 96,226 vehicles were articulated vehicles.[4]

At the same time, Medlock also found there is limited take-up of accreditation schemes across the industry. As at October 2017, there were 212 members of TruckSafe and 6607 National Heavy Vehicle Accreditation Scheme (**NHVAS**) accredited operators.

There are a number of concerns that have been expressed about 'accreditation' within the HVNL context, which have been well-aired as part of the current review of the HVNL. They include:

- The cost of accreditation;

[4] Medlock Report - https://www.nhvr.gov.au/files/201812-0966-analysis-of-hv-safety-accreditation-schemes-in-aus.pdf (p. 8)

- The fact that accreditation does not appear to reduce the level of enforcement activity experienced by accredited operators;

- The poor quality of auditors; and

- A multiplicity of audits that must be undertaken, particularly for operators who are members of both the NHVAS, TruckSafe and/or the ALC Master Code Auditing Service (AMCAS) and who also work for prime contractors are having the same management systems audited. There is a wish for 'mutual recognition' of audit systems designed to manage risks to satisfy the HVNL Chain of Responsibility.

Finally, NHVAS was included in the HVNL well before the current Chain of Responsibility provisions came into effect in October 2018.

Accreditation is used for two purposes in the HVNL - to ensure safety outcomes, and to gather information that allows road asset managers to make decisions about permitting access to road networks.

However, the low uptake of the current accreditation schemes suggests the market place has decided the schemes aren't fit for purpose.

Despite this, ALC is firmly of the view that we must ensure the nation's heavy vehicle fleet is being operated by those capable of meeting an agreed set of standards. The general community has a right to expect that those operating heavy vehicles are doing so in a responsible manner, undertake their activities safely and maintain their vehicles to a standard that ensures they do not pose a risk to other road users.

Recent figures reveal that:

- During the 12 months to the end of June 2019, 183 people died from 162 fatal crashes involving heavy trucks. These included 95 deaths from 85 crashes involving articulated trucks, 94 deaths from 82 crashes involving heavy rigid trucks and 6 deaths from 5 crashes involving both a heavy rigid truck and an articulated truck; and

- Those fatal crashes involving heavy trucks increased by 2.5 per cent compared with the corresponding period one year earlier (from 158 to 162 crashes) and decreased by an average of 0.7 per cent per year over the three years to June 2019[5]

ALC believes that a practical solution is the development of a National Operating Standard which all participants in the road transport industry would be required to meet.

This is not a radical suggestion. Many markets comparable to Australia have some form of operator licensing for heavy vehicles that require operators to meet certain conditions, including the United Kingdom, New Zealand, the United States and Canada.

Although the mechanics of the system operated in each of these countries varies, what they have in common is the availability of information on the compliance of operators with maintenance and operating standards. The availability of such information enables regulators and consumers to evaluate the risk associated with operators.

[5] https://www.bitre.gov.au/publications/ongoing/fatal_heavy_vehicle_crashes_quarterly.aspx

In the Australian context, a National Operating Standard would be comprised of the following key elements:

A definitive list of operators

The first requirement would be for operators of heavy vehicles to register their details, identifying the entity operating a heavy vehicle(s) and the place(s) heavy vehicles are garaged. This would provide a definitive list of operators and ensure regulators and governments have a more accurate understanding of the size and nature of the regulated cohort.

Making safety management systems mandatory

The second is to require operators to maintain an audited safety management system (**SMS**) meeting specified standards made by either the NHVR, or alternatively a specialist safety body.

Safety management systems are a well-known tool designed to manage workplace safety. These are used in several industries with significant safety risks, including the aviation, petroleum, chemical, railway and electricity sectors.

Moreover, an abstract from a paper published by Mooren et al in 2017 said that independent research into safety management features that distinguish between lower insurance claimers and higher insurance claimers identified characteristics that show clear evidence of efficacy in safety management in trucking operations.[6]

ALC suggests the desirability of requiring heavy vehicle operators to maintain an SMS should be tested in any consultation regulatory impact statement (RIS) produced as part of the HVNL review.

The SMS would be required to meet specific standards.

The enabling legislation could be modelled on Section 9D of the Passenger Transport Act 1990 (NSW), which establishes a requirement for accredited bus and coach operators to have a safety management system which complies with guidelines made for the purposes of the legislation. These guidelines specially detail what constitutes a compliant SMS.[7]

For the purposes of the HVNL, one of the standards should be a requirement that the SMS must require an operator to maintain a system complying with the registered industry code of practice made under Part 13.2 of the HVNL (commonly known as the Master Code).

This would provide both:

- The greatest source of assurance that an operator has in place systems that should lead to a business that is operating safely; and
- A common basis for the conduct of safety audits.

[6] Mooren et al Comparison of Experience-Based and Evidence-Based Safety Risk Management Features for Heavy Vehicle Transport Operations (2017) p. 1
http://www.tars.unsw.edu.au/news/2017/Mooren_00045_FP.pdf
[7] Found at: https://www.rms.nsw.gov.au/documents/business-industry/buses/boas-safety-management-system-guidelines.pdf

Ensuring an operator has capital to maintain a heavy vehicle to appropriate standards

The third important element is that the operator can prove to the satisfaction of the NHVR that a nominated amount of capital is available to the business.

Any financially troubled or under-capitalised business is tempted to cut corners. In the search for cost reductions, vehicle maintenance may be neglected, which in turn increases the chance of an accident related to mechanical problems.

Maintenance is classically one of the discretionary expenses cut by an operator to make ends meet. This is what motivated the inclusion of Part 11 of the Code of Practice made under the Victorian Owner Driver and Forestry Contractors Act 2005, which suggests hirers ensure an operator has the financial capacity to operate their business.

The community must have confidence that heavy operators have available the funds to undertake regular and appropriate vehicle maintenance.

Establishing a requirement that operators be able to demonstrate to the NHVR that they can access the capital needed to maintain their vehicle(s) to an appropriate standard is a vital accountability measure.

Mandatory collection of data

The fourth important element is to require the mandatory collection of data by heavy vehicles, through the use of equipment that is compatible with standards made under the National Telematics Framework.

The use of data will be outlined in more detail later in this submission.

Recommendation 2:

Australia should establish a National Operating Standard that would require operators of heavy vehicles to:

a) **register their details, identifying the entity operating a heavy vehicle(s) and the place(s) heavy vehicles are garaged;**
b) **maintain an audited safety management system (SMS) meeting specified standards made by either the NHVR, or alternatively a specialist safety body;**
c) **prove to the satisfaction of the NHVR that a nominated amount of capital is available to the business to maintain vehicles to appropriate standards; and**
d) **require the mandatory collection of data by heavy vehicles, through the use of equipment that is compatible with standards made under the National Telematics Framework.**

Improving Safety Audits and Auditor Quality

There have been some criticisms about both the quality of audits and auditors in the heavy vehicle safety context.

ALC submits that the HVNL should be amended so that only auditors possessing auditing qualifications determined by the NHVR are able to certify an SMS for HVNL purposes.

Auditors currently have qualifications that are at the Certificate IV level within the Australian Qualifications Framework.

The experience of many in the industry suggests that this threshold is too low.

To improve auditor quality, the Committee should encourage the NHVR, in partnership with industry, to develop a course falling within the national Transport and Logistics Training Package[8] at Diploma (AQF Certificate V) level.

This course would ensure auditors were capable of auditing the compliance of operators with the HVNL. Ultimately, the qualification should be formally recognised within the HVNL. Finally, it would be appropriate for either the NHVR (or the body discussed below) to register auditors possessing the required qualifications.

Further, if there are reasonable grounds to believe that a registered auditor is guilty of either professional misconduct or professional negligence, they should be required to show cause why they should not be removed from the register.

An auditor who had registration removed would be permitted access to administrative review in the relevant civil and administrative tribunal of the participating jurisdiction in which the person is resident.

Who makes the relevant standards?

The NHVR could make the standards discussed above by way of legislative instrument.

However, it may equally be desirable to establish a specialist body to develop all forms of standards for the heavy vehicle industry, if not all the functions relating to the administration of the National Operating Standard. This would allow the NHVR to focus on access and enforcement decisions.

Similar models include that used by the Rail Industry Safety and Standards Board.

A specialist body, which could notionally be called the Heavy Vehicle Safety Standards Board, could be established for the purposes of:

- Making the standards outlined earlier in this submission;
- Maintaining the list of operators;
- Acting as a registrar of heavy vehicle auditors;
- Making auditing standards; and
- Accrediting relevant Registered Training Organisations (RTOs) (assuming that auditor education will be provided by RTOs)

Finally, as an interim measure, ALC supports the current work of the NHVR in attempting to develop a common auditing standard that can be used universally across the heavy vehicle to assess operator safety systems.

[8] https://training.gov.au/Training/Details/TLI?releaseId=66135e54-22b8-46d8-8799-ac2d9cdf73f3

Recommendation 3

The HVNL should be amended so that only auditors possessing auditing qualifications determined by the NHVR are able to certify an SMS for HVNL purposes.

Recommendation 4

The NHVR should work in partnership with industry to develop a course falling within the national Transport and Logistics Training Package at Diploma (AQF Certificate V) level.

Encouraging a Consistent Approach to Enforcement

At present, are several heavy vehicle enforcement bodies operating nationally, including the NHVR, authorised officers, state and territory road authorities and state and territory police forces.

Each of these bodies has differing enforcement approaches and powers. The NHVR's 'compliance by education' philosophy can often be undermined if police and state and territory road authorities don't share the same viewpoint.

This is particularly the case with police, with many operators citing examples where minor infractions of the law (such as misspelling place names in work diaries) are seized upon by over-zealous enforcement personnel. This is despite the fact that there is plainly no relationship between a minor spelling error and road safety outcomes.

The independence and professionalism of the police must always be respected. However, powers should be only exercised on the basis of knowledge.

ALC believes that state police forces should only be eligible to enforce HVNL provisions if they have undergone suitable training provided by the NHVR.

ALC also believes the NHVR and state police forces should enter into a memorandum of understanding (MOU) to establish greater national consistency regarding how and when police officers should exercise the powers vested in them by the HVNL.

It follows ALC supports the continued transfer of inspectors from jurisdictions to the NHVR, as it is more likely that consistent decision making will occur if inspectors are in an employer-employee relationship with the regulator, working to one set of consistent instructions. The transfer of inspectors should therefore be completed as soon as possible.

Recommendation 5

The NHVR and state/territory police forces should enter into a memorandum of understanding (MOU) to establish greater national consistency regarding how and when police officers should exercise the powers vested in them by the HVNL.

Collection and Use of Data

ALC believes that the collection and use of data is the future of freight transport efficiency and safety.

ALC has supported a mandatory requirement for heavy vehicles (as defined by the HVNL) to be fitted with a telematic device for safety and other purposes since 2010.

A survey conducted by Teletrac Navman also found that companies which have implemented, or are planning to implement, telematics technology saw speed prevention (58%) and monitoring hours to prevent driver fatigue/exhaustion (39%) as the top two safety benefits realised by using telematics.[9]

ALC also notes that a cost-benefit assessment and prioritisation study of 21 vehicle safety technologies conducted for the European Commission in 2005, based on a wide range of Electronic Data Reporting (EDR) field examples and studies, concluded that implementing broad accident data recorder implementation led to:

- an average reduction of collision probability of 10% for fatalities as well as for serious and light injuries;
- benefits estimated to outweigh costs by a factor of 7; and
- behaviour changes minimising the risk and severity of accidents and repair costs by up to 25%[10]

More generally, a recent survey found that 88% of transport businesses are currently using, or a planning to use, telematics.[11]

Historically, one of the perceived barriers to mandatory collection of data has been the cost of the equipment required. However, there is little doubt that it has become eminently more affordable since the introduction of the HVNL.

ALC members advise that for $1900-$2000, a compliant unit can be obtained that provides:

- Chain of Responsibility compliance for mass, maintenance and fatigue modules;
- Integrates with on board weighing systems (GPS IVU), electronic braking systems, transport/freight management systems, distraction monitoring services and cameras, a vehicle's CAN-BUS to access information, and;
- Applications to calculate Fuel Tax credits, location and speed monitoring services, trailer tracking and driver navigation services.

On this basis, it is no longer feasible to argue that compliance costs outweigh the benefits of mandatory recording of data, which include:

- Allowing road owners to fully understand the volumes of heavy vehicle traffic on their network;
- Providing NHVR with information on speed and fatigue, where there is cause to investigate;

[9] Teletrac Navman 2017 Telematics Benchmark Report Australia Transportation Edition (2017) p.14.
[10] European Commission Directorate-General for Energy and Transport Vehicle Event Recording Based on Intelligent Crash Assessment (6 October 2009) p.39.
[11] Teletrac Navman 2017 Telematics Benchmark Report Australia Transportation Edition (2017) p 11.

- Providing operators with data that can help them develop their business;
- Giving road owners the best data to make decisions as to whether a vehicle should access a road; and
- Providing data that can be used in a National Freight Data Hub, improving freight data collection, sharing and analysis practices to enable industry and government freight sector participants make better informed operational, planning and investment decisions.[12]

It must be ensured that any data collection complies with international norms. The NHVR should not be permitted to make bespoke standards, as is the case now.

ALC has recommended that the Australian Government should encourage the development of a multilateral agreement on the use of a consistent data standard in this area, to ensure interoperability and facilitate the smooth exchange of data.

ALC strongly believes that the use of data to enhance heavy vehicle productivity and safety must be supported and encouraged by the Australian Government and its agencies.

Recommendation 6

The HVNL should be amended to mandate the installation and use of telematic equipment in heavy vehicles for the purposes of collecting date pertaining to speed, driver fatigue and vehicle load limits.

Recommendation 7

The Australian Government should encourage the development of a multilateral agreement on the use of a consistent data standard.

An evidence-based approach to road infrastructure investment.

Since 2016, ALC members have been cooperating with the Bureau for Infrastructure, Transport and Regional Economics (**BITRE**) and the Australian Bureau of Statistics (**ABS**) on the Road Freight Telematics Data Project (**the Project**).

The Project is designed to develop experimental indicators for:

- Congested freight-significant network locations;
- Average travel speed of freight vehicles;
- Routes taken by freight vehicles;
- Origin and destination of freight vehicle movements; and

[12] See Transport and Infrastructure Council (2019) *National Freight and Supply Chain Strategy National Action Plan* p. 22 - https://www.freightaustralia.gov.au/sites/default/files/documents/national-action-plan-august-2019.pdf

- Freight vehicle stop locations and durations.

The intention is to identify congested networks, key freight routes and average travel speed and travel times on key freight routes.

Other outputs developed would include where, when and for how long freight vehicles are stopping and the amount of road freight activity

Indications regarding freight vehicle stop locations and durations are particularly relevant in relation to improving safety for drivers, and enhancing the profile of the industry as a career choice.

Industry participants have consistently identified a lack of rest stop infrastructure on key freight routes as a safety risk. Even in cases where such infrastructure exists, it is of substandard quality (e.g. toilets, showers and or lighting are out of order for lengthy periods, or there is a lack of potable water available).

Adding to this challenge, heavy vehicle drivers are increasingly finding themselves competing with recreational caravan and camper van travellers when attempting to access rest stop facilities.

ALC believes that the Federal Government should provide additional investment in the Road Freight Telematics Data Project, so that decisions around the provision of road infrastructure (including freight vehicle rest stops) can be more evidence-based.

Separately, the Federal Government should prioritise the provision of additional rest stop infrastructure on key freight routes for the exclusive use of heavy vehicle drivers.

This includes supporting an education campaign that explains to other road users (including caravan and camper van users) the importance of permitting priority access to rest areas for heavy vehicles.

Recommendation 8

The Federal Government should provide additional investment in the Road Freight Telematics Data Project, so that decisions around the provision of road infrastructure (including freight vehicle rest stops) can be more evidence-based.

Recommendation 9

The Federal Government should prioritise the provision of additional rest stop infrastructure on key freight routes for the exclusive use of heavy vehicle drivers – and support an education campaign that demonstrates why heavy vehicle drivers must have priority access to such facilities.

High Productivity Vehicles (HPVs)

High Productivity Vehicles (HPVs) are truck and trailer combinations which permit a greater payload than traditional freight vehicles, allowing more freight to be transported with fewer vehicle movements. They help improve delivery times and reduce road congestion.

HPVs are also safer and cleaner than older heavy vehicles.

Operating these larger, newer, safer and more efficient vehicles will require infrastructure upgrades to the road network.

Additionally, there is reluctance in some quarters of the community to facilitate their use on Australian roads. The fact that larger vehicles can be among the safest on the road is not well understood by the general public – something that can only be overcome though education.

To address these challenges, ALC believes the Federal Government should establish a High Productivity Vehicle Infrastructure and Education Fund.

This fund would allow local governments/road managers to apply for funding to upgrade infrastructure or commence community education campaigns to facilitate the movement of high productivity vehicles on key freight routes.

However, further investment in HPVs must also be undertaken in a way that does not cut across other initiatives to increase efficiency and enhance the industry's environmental performance (such as achieving modal shift from road to rail).

Recommendation 10

The Federal Government should establish a High Productivity Vehicle Infrastructure and Education Fund to facilitate the movement of HPVs on key freight routes and enhance community understanding of the safety and productivity benefits of HPVs.

Practical Approaches to Road Safety

ALC and its members remain strongly committed to policy that enhances the safety of the heavy vehicle industry. Improved safety relies on strengthening awareness of (and compliance with) the Chain of Responsibly (**CoR)** provisions within the HVNL.

ALC remains of the view that establishing a standard minimum remuneration rate for all participants in the road transport industry would create difficulty and confusion amongst operators in the industry, due to the difficulty in defining a "safe rate".

The idea that there is an arbitrary rate at which drivers will suddenly decide not take safety risks or engage in other irresponsible behaviour is not credible.

Rates in the marketplace vary constantly due to seasonal and demand factors. ALC remains concerned that a scheme with insufficient transparency could have a counter-safety effect which is bad for both industry and the community.

Similarly, there is insufficient evidence that the implementation of a standardised rate will in and of itself improve safety across the industry.

A Regulatory Impact Statement from 2011 commissioned for the establishment of the Road Safety Remuneration Tribunal (**RSRT**), and undertaken by Price Waterhouse Coopers, states:

> *Speed and fatigue are often identified as the primary cause for a crash but it is a much harder task to prove that drivers were speeding because of the manner or quantum of their remuneration. There is some research to suggest that the remuneration for drivers is a factor in safety outcomes, however data at this point in time is limited and being definitive around the causal link between rates and safety is difficult.*[13]

Five years later, PWC examined the matter again and stated they had "not found any additional information to change our original view"[14].

Indeed, a review into the impact of the RSRT's payments order on Australian small businesses found that:

> *Many owner-drivers and small transport operators reported narrow profit margins and financial stress previous to the RSRT and such businesses may have initially welcomed an order that could increase the rates that they received. However, difficulty in securing work before, during and after the Payments Order meant that these* ***operators actually found themselves in a worse financial position than before the Payments Order,*** *with many reportedly continuing to suffer the Payments Order's negative effects on their business and livelihood.*[15] (emphasis added)

The RSRT was abolished by the Australian Government in April 2016, following a protracted public debate and concerns expressed by industry participants that having an industrially-focussed body overriding the NHVR and work health safety laws was a poor way to improve safety.

Money that was saved from the abolition of the RSRT was redeployed into measures designed to directly address heavy vehicle safety.

This includes the Heavy Vehicle Safety Initiative (**HVSI**), administered by the NHVR on behalf of the Commonwealth Government, which has provided financial support that allowed ALC and the Australian Trucking Association (**ATA**) to jointly deliver the Registered Industry Code of Practice (Master Code) that is now being used to help chain of responsibility parties comply with their obligations.

The HVSI has also supported the delivery of other practical measures designed to enhance heavy vehicle safety, including education campaigns about safely sharing the road with heavy vehicles, programs to improve the physical and mental health of drivers, and the development of industry-specific educational resources to improve safety awareness and compliance activities.

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[13] Road Safety Remuneration System, Regulatory Impact Statement, PricewaterhouseCoopers, November 2011 p. 3

[14] Review of the Road Safety Remuneration System, Final Report, PricewaterhouseCoopers, January 2016, p. iii

[15] Inquiry into the effect of the Road Safety Remuneration Tribunal's Payments Order on Australian Small Businesses, Australian Small Business and Family Enterprise Ombudsman, September 2016, p. 27

ALC is of the view that addressing proactively addressing safety challenges through targeted initiatives such as those provided by the HVSI is an effective and appropriate way to improve safety outcomes in the industry.

Recommendation 11

The Heavy Vehicle Safety Initiative (HVSI) should continue to be supported as an effective mechanism for funding targeted and practical programs capable of improving road safety outcomes in relation to heavy vehicles.

Establishing a sustainable workforce

The ageing of Australia's workforce is a whole-of-economy challenge, but it is particularly acute in the road transport sector.

A large scale industry survey conducted in 2016 found the average age of a truck driver in Australia is 47[16], with more recent industry estimates putting that number closer to 50 years of age, with just 15 per cent of drivers estimated to be below the age of 30[17].

If not addressed, looming workforce shortages will lead to higher costs in the freight transport sector – and these will ultimately be reflected in higher prices paid for goods by consumers and businesses.

Some industry participant that a have noted that driving heavy vehicles is not seen as an attractive career choice, particularly for school leavers.

The industry suffers from a continuing perception problem around its ability to welcome female participants to its workforce, as well as those from diverse cultural backgrounds.

As well as dealing with diversity issues, the sector's workforce must address the fact that the increasing influence of technology in the operation of heavy vehicles will demand a broader range of skills than may have previously been applicable in the industry.

Likewise, industry participants feel that the transport sector has not received appropriate levels of attention when it comes to skills and training support, especially in comparison to the hospitality, retail and human services sectors.

As part of the *National Freight and Supply Chain Strategy*, the Commonwealth Government has undertaken to develop a new Transport Sector Skills Strategy, in partnership with industry.

The development of this Strategy must take particular account of workforce shortages being experienced by the heavy vehicle sector and support an increase in training opportunities available to those wishing to enter its workforce.

[16] *Wheels not in motion: Australia running short of truckies*, The Age, 6 May 2016
[17] *Australia Not Alone In Driver Shortage Concerns*, Australian Transport News, 24 September 2018

This includes supporting education and awareness campaigns that combat stereotypes about the nature of the industry, and which prioritise the recruitment of new workforce participants from diverse backgrounds.

Recommendation 12

The Transport Sector Skills Strategy being developed by the Commonwealth must prioritise measures to address workforce shortages in the heavy vehicle sector, including the recruitment of workforce participants from diverse backgrounds.

Effective Dialogue between industry and governments

The importance of the heavy vehicle industry to maintaining Australia's economic strength and the standard of living experienced by local communities cannot be overstated.

For this reason, it is essential that governments (at all levels) and the industry maintain a continuous and honest dialogue regarding the challenges that confront the industry.

There are a number of consultative mechanisms in operation at both the federal and state/territory level in which ALC actively participates.

These include:

- The COAG Transport and Infrastructure Council (TIC);
- The NHVR Industry Reference Group;
- The NTC Industry Advisory Group; and
- Freight industry consultative groups/taskforces established by state and territory governments.

However, many industry participants believe it is necessary to formalise a dedicated national consultative body for the heavy vehicle sector, comprised of industry participants that represent all businesses sizes and an appropriate geographic spread.

The purpose of this body would be to provide direct advice to ministers on matters of long-term interest to the sector, including workforce challenges, infrastructure investment, the application of technology and the impact of government decisions (including taxation, WHS and employment law) on the industry,

Such a body should have the ability to engage with relevant ministers directly at least twice each year.

Recommendation 13

The Federal Government should formalise the establishment of a high-level consultative body representing an appropriate cross-section of the heavy vehicle industry. It should meet with ministers at least twice each year, and provide direct advice on matters of long-term interest to the sector.

Conclusion

The Australian Logistics Council is grateful for this opportunity to provide its recommendations to the Senate Standing Committee on Rural and Regional Affairs and Transport inquiry into the importance of viable, safe, sustainable and efficient road transport industry.

The recommendations and suggestions made in this submission represent practical ways to enhance the safety of the road transport industry in a way that protects its viability and builds the capacity of its workforce to meet growing and changing demand.

If you require any additional information, please feel free to contact me

Yours sincerely

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