

# Speech

**2014 NSW Regional Trucking Forum, Dubbo, NSW**

**Saturday, 15 February 2014**

**10:00am (30 minutes presentation time, including Q&A)**

***\*Check against delivery\****

## **Introduction**

Good morning.

Thank you for the opportunity to come and participate in the forum.

I have been at the NTC for just over 6 months and I find these forums a great opportunity to listen to the issues and views of operators.

I want to talk to you today about some of the important – and sometimes difficult – reforms that the NTC has on its agenda.

I also want to talk to you about how you can be involved in the reform process to help us better understand how these reforms may affect operators and their employees on the ground.

When we seek stakeholder comments we do so for two reasons: first, to make sure industry and government agencies fully understand the policy, legal and financial ramifications of the reform, and second, to help us understand how these reforms can best improve our nation's economy and liveability.

The Australian trucking industry has some of the most innovative heavy vehicles in the world. The Australian developed Performance Based Standards, or PBS, scheme has operated successfully for over five years and more than 1,300 vehicle combinations have been approved during this time.

The scheme is attracting world-wide attention from countries such as South Africa, New Zealand, Netherlands, Denmark and South America. Some of these countries are implementing their own schemes based on the Australian PBS scheme, such as South Africa's 'Smart Truck' pilot project.

Accreditation schemes such as PBS are an important part of the overall vehicle and operator systems that help ensure Australia's road freight transport system is both safe and efficient.

Recent events have highlighted the need to ensure any accreditation schemes are robust.

Beyond these 'accreditation schemes', there are other significant areas needing improvement to ensure our freight and logistics supply chains are optimised.

This includes work to ensure that our road network planning, investment and charging system support safe and efficient supply chains in order to boost transport productivity and operator profits.

Regulations need to be reviewed regularly to ensure they are necessary, are being applied consistently and do not impose disproportionate or unnecessary costs on operators.

These judgements are ultimately matters for Governments/Ministers to make, but you can play a key role in shaping views.

Today I'd like to:

- Provide a quick overview of NTC, who we are and what we do
- Look at current projects the NTC is working on that relate to higher productivity vehicles
- Explore issues relating to heavy vehicle charges and how this relates to improving the network access for heavy vehicles
- Give you an update on other current NTC projects

## Overview of the NTC

First of all, what is the NTC and what exactly do we do?

As an independent statutory body, the NTC develops and submits reform recommendations for approval to the Council on Transport and Infrastructure which comprises federal, state and territory transport, infrastructure and planning ministers.

Our reforms are focused on road, rail and intermodal transport systems and the delivery of improved safety, sustainability and productivity, as well as regulatory efficiency.

The NTC also plays an important role in implementation planning to ensure reform outcomes are realised on the ground, as well as coordinating, monitoring, evaluating and maintaining the implementation of approved reforms.

Of all the projects on the NTC's current work program for the 2013/2014 financial year:

- 21 are road projects, 1 is a rail project and 6 relate to both road and rail
- 16 are related to the National Heavy Vehicle Law
- 9 are primarily productivity related, 12 are primarily safety related and 7 are related primarily to achieving regulatory efficiency.

### **Current NTC projects related to higher productivity vehicles**

NTC has several projects currently on the work program which are aiming to improve access for higher productivity vehicles.

In this context, the NTC defines higher productivity vehicles as heavy vehicles capable of doing an existing freight task more efficiently – or ‘doing more with less’.

Higher productivity vehicles include heavy vehicles approved under the PBS scheme, BAB quads, modular AB triples and modular B-triples.

### **Extension to modular A/B triple network**

The first of these projects is the work focused on opening up further road access for modular A/B triples.

A modular A/B-triple combination consists of a prime mover towing a prescriptive semi-trailer, followed by a converter dolly towing a prescriptive B-double. These vehicles can be up to 42.5 metres in length.

As you are probably aware, the Australian road network is split into four categories: general access, the B-double network, and the road train network type 1 and type 2 – which allow for longer vehicles.

Due to the length of modular A/B triple vehicles, access is currently limited to the type 2 road network. However, a case has been put forward by industry that these vehicles would also meet the requirements of the type 1 road train network and should have access to sections of this network as well.

The NTC has engaged the engineering consultancy Australian Road Research Board (ARRB Group), in consultation with the Australian Trucking Association, to assess and develop a modular A/B triple specification that is believed to meet the requirements of the type 1 road train network.

Performance Based Standards will be used as a tool to compare the safety performance and infrastructure impact of the modular A/B

triple specification developed by ARRB against the double road trains that currently use the type 1 road train network.

The assessment is expected to demonstrate that the modular A/B triple combination meets the requirements of access to the type 1 network.

Once finalised, the specification will be supplied to the National Heavy Vehicle Regulator so that a notice or permit could be issued to allow industry access to selected routes on the type 1 road train network, without the need to apply to the PBS scheme – as long as the road managers provide consent.

If the A/B triple combination meets the requirements of access for the type 1 road train network, this would provide a significant productivity boost for industry without comprising safety or causing extra road wear.

## **Allowing 6 and 7 axle truck and dog trailer combinations at PBS mass limits without PBS assessment**

Another project set to support the wider use of safer and more productive vehicles is NTC's work to determine if it is feasible to streamline the process for 6 and 7 axle truck and dog trailer combinations to operate at PBS mass limits.

6 and 7 axle truck and dog trailers are a PBS scheme success story. These combinations have formed nearly 63 percent of the 400 design applications submitted through the scheme so far.

Over the last 18 months, PBS applications and vehicle approval numbers for this combination have doubled, and PBS approved vehicles now account for approximately 3.5 percent of all 6 and 7 axle truck and trailer combinations on our roads.

It is evident that this heavy vehicle combination has outgrown the PBS scheme. Road agencies have approved hundreds of designs for these heavy vehicle combinations over the years via the PBS scheme, giving them extensive knowledge about the performance of these vehicles at higher mass limits.

Given this, the NTC is investigating the feasibility of streamlining the process of allowing these combinations to use the increased mass

limits offered under the PBS scheme without having to go through the PBS application process.

As you are aware, PBS-compliant truck-trailer combinations can operate with up to 20 percent higher payloads than their non-PBS equivalents. Making these higher productivity vehicles more accessible would allow a greater number of operators to take advantage of these benefits, if it proves feasible.

The NTC will prepare a discussion paper on this issue for public comment by mid-2014, and it is planned that we will submit the final proposal to ministers for approval in November this year.

## **Proposed national accreditation scheme for pilot and escort drivers**

As you would be aware, pilot and escort vehicle drivers are an essential part of getting your oversize load safely through traffic.

You may also know that different states and territories currently have different training and accreditation requirements for pilot and escort vehicle drivers. There are currently no formal arrangements for mutual recognition of driver accreditation when loads are moved

across state and territory borders.

These differing requirements create inefficiencies for transport operators moving oversize loads over borders and for pilot and escort drivers wishing to work in different areas of the country.

In 2012, state and territory governments agreed on the development of a national accreditation scheme to harmonise the roles and qualifications of pilot and escort drivers across Australia. This would aim to improve efficiency to meet the growing demand for the movements of oversize loads.

The first phase of this project was managed by Austroads. This involved state and territory governments working together to agree on a broad vision for the national accreditation scheme.

The NTC's discussion paper, released late last month, continues the work of the first phase to identify and discuss a proposed national accreditation scheme for pilot and escort vehicle drivers in more detail, in order to generate feedback from industry and other stakeholders on the proposed scheme and how it should be structured.

Public submissions are open until 21 February and I encourage those interested to have their say. The type of feedback the NTC is seeking includes:

- current problems that pilot and escort vehicle drivers face with getting accredited to transport oversize loads across borders
- views on the kind of experience and qualifications drivers should have
- how the current arrangements impact the pilot and escort driver industry, and in turn the transportation of oversize loads.

In a related project, the NTC has also begun working closely with the National Heavy Vehicle Regulator and Austroads to find ways to streamline the regulation of over dimensional and over mass vehicles across the country.

This would include aspects such as the number of pilot and escort vehicles required, signage requirements, warning lights and flags, as well as the notice and permit-making system.

### **Charging reform for improved access**

I am sure that you would agree that one of the biggest issues higher productivity vehicles face is getting adequate access to the road network.

While there a number of existing regimes in place designed to provide greater access to the road network such as PBS and the National Heavy Vehicle Accreditation Scheme, some road owners remain reluctant to allow high productivity vehicles to access their road networks due to concerns about road maintenance costs.

When you think about it, this is quite reasonable – Australia is a continent close to the size of Europe, with the population of Tokyo. We rely on charges and taxes from the general population as well as road users to cover maintenance of an extensive network of roads in Australia.

Faced with limited budgets, road managers therefore tend to seek to protect their road networks by denying access to larger and heavier vehicles that may further damage road networks including vulnerable infrastructure.

This is where the issues of planning, investment, heavy vehicle charging and access are interlinked.

Our current heavy vehicle charging system has served us reasonably well in the past, however it incorporates a number of

inherent limitations. These limitations limit our ability to maintain and improve the capacity and condition of our key road networks.

Some of the shortfalls of the current system include:

- No direct link between the charges collected from heavy vehicles and investment in the road network.
- Investment in new roads and maintenance of existing ones is driven by budget restrictions rather than market demand or willingness to pay for upgrade to a particular route. This is like a car manufacturer making a decision about what models to build based on how much money is in the bank instead of response to popular demand.
- The current charges regime uses a backward looking system of recovering historic expenditure which doesn't allow us to look forward and plan how we are going to source funds for future infrastructure needs.
- Local governments not being directly reimbursed through charges for the money they spend on roads infrastructure, but through indirect grant arrangements. There are currently no incentives for local governments to proactively plan and invest in roads infrastructure.

- A fuel-based Road-User-Charge which must be applied equally to all heavy vehicle types, limiting its flexibility as a pricing tool.

The work undertaken by the Productivity Commission, the COAG Road Reform Project and Heavy Vehicle Charging and Investment, or HVCI, project team have identified that wide ranging investment and charging reform could deliver up to a \$22 billion benefit to the Australian economy.

The HVCI team have developed a long term reform proposal for full heavy vehicle charging based on the mass of the vehicle, distance travelled, and type of road travelled upon - mass-distance-location charging.

This type of system would be fully transparent, based on using in-vehicle telematics such as GPS monitoring and on-board mass-monitoring to pinpoint the location and mass of the heavy vehicle in real time to determine charges.

Money from charges would then be directly invested in maintenance of the road network, based on data collected which reveals exactly where the demand for road access lies.

However, work undertaken on the benefits and costs of such a reform, as well as industry feedback, has identified the need for significant 'supply side' reform as well.

This means that it isn't just the way we stimulate demand for infrastructure, but the process for deciding where to spend money raised through charges –such as infrastructure planning, prioritisation and investment – that is important.

Unlike mass-distance-location based charging, analysis has revealed that many of these types of reforms can be actioned in the short term, without any significant changes to policy settings or administrative arrangements.

In other words, there is work we can do now to start getting 'runs on the board' for heavy vehicle charging reform and therefore boost the efficiency of freight transport.

A good way to start, in my view, is to strengthen industry engagement in infrastructure planning, prioritisation and investment processes, while also getting 'buy in' from all stakeholders to the principles of the longer term charging reform.

## **Heavy Vehicle Charges Determination**

In the lead up to these wider reforms, ministers have directed the NTC to investigate what improvements could be made to the current heavy vehicle charges system, as part of a new heavy vehicle charges determination - the process through which we set the registration and fuel (road user) charge for heavy vehicles .

The current system directs the NTC to calculate charges under the Fuel Tax Act 2006 and the principles set by both the Standing Council on Transport and Infrastructure and the Council of Australian Governments.

Over the last two years, the NTC - in close partnership with industry and governments - has reviewed the current heavy vehicle charging system to ensure it is practical and fair. The recommendations of this review, endorsed by ministers, informed the new proposed charges determination options which was released for public comment in November 2013.

As part of this project, we held two rounds of public forums across regional and urban Australia last year. The first round discussed a

range of recommendations that NTC was proposing to the current charging system.

The second round of forums was to generate feedback on the proposed new set of heavy vehicle charges to apply from 1 July 2014, which were based on the agreed recommendations from the review.

The NTC found these forums incredibly valuable to get a 'reality check' on the proposed charges, and how it would impact different sectors of the industry – such as rural, urban, short-haul and long-haul. In fact, with industry's assistance, we also developed a series of case-studies to analyse exactly that.

One of the options we are exploring within this determination is whether it is fairer to increase the fuel-based road user charge and reduce the registration charge so that low-mileage operators are charged more in accordance with their impact on roads.

Based on the feedback we received during the forums and through public submissions, the NTC has submitted final recommendations for 2014 charges to the Council on Transport and Infrastructure for approval in late February.

Following the Council meeting, there will be a public announcement of the heavy vehicle charges to apply from 1 July 2014.

## **Other NTC projects**

There are also other NTC projects that I have not mentioned, which are also important to the heavy vehicle industry. I'll give you a quick overview of these now.

## **Compliance and Technology**

The focus of this program area is to work with the National Heavy Vehicle Regulator to resolve remaining issues relating to implementation of the national law and regulations.

This area covers aspects of upcoming vehicle technologies and compliance recording requirements.

### **Projects include:**

- Examining how to utilise in-vehicle telematics to achieve improvements in safety and efficiency for both regulators and industry.

- A review to find ways to promote better compliance within the heavy vehicle industry.
- Examining the regulatory changes required to prepare Australia for the introduction of Electronic Work Diaries as an alternative to a paper-based work diary and support the voluntary take up of this technology.
- A review of the national penalties framework within the Heavy Vehicle National Law to make targeted, incremental improvements to the framework.
- A review of the Chain of Responsibility to ensure that these laws remain fair, effective and appropriately targeted. This project is being led by a taskforce of industry and government representatives - appointed by COTI ministers.

## **Environment, Safety and Productivity**

This area primarily focuses on work to improve heavy vehicle access to road networks to deal with the increasing freight task.

This program area includes the projects related to higher productivity vehicles I mentioned earlier, as well as:

- Supporting the National Ports Strategy by developing a draft report on opportunities for information technology systems to improve port-related supply chain performance, to be released shortly.

- The NTC is exploring how the regulations within the National Heavy Vehicle Law can best address bus mass limits to accommodate additional vehicle design requirements and increasing passenger demand.
- Drafting regulations to support the allowance of up to one tonne of mass to be transferred between tri-groups or from tandem to tri-groups in a heavy vehicle combination, so long as the gross mass of the combination is within its legal limit.
- Following the serious crash in Mona Vale last October, the NTC have been asked by Minister Gay to bring forward work which is currently scheduled for commencement in 2014-15. This work will assess linkages between heavy vehicle inspection regimes and safety outcomes.
- The NTC has developed a program to create a collaborative network for businesses, governments and researchers to share information and good practice regarding road safety. The NTC will hand this project over for implementation to ARRB Group in March/April this year.

## **Reform Maintenance**

The also NTC has an important role in monitoring and maintaining national laws to ensure they remain contemporary and produce their intended safety, productivity and environmental outcomes. Currently, this includes maintenance support work towards:

- National Heavy Vehicle Law and National Rail Safety Law
- Australian Dangerous Goods Code – for transport by road and rail
- Australian Vehicle Standards Rules, which ensure the Australian Design Rules governing the design and construction of new vehicles continue to be applied “in service” and also cover combinations, modifications and wear and tear/maintenance.
- Australian Road Rules
- Medical standards for commercial and private vehicle drivers
- Medical standards for rail safety workers

## **Reform monitoring, evaluations and strategy**

This program area is accountable for:

- undertaking the development of the NTC strategic planning process in collaboration with industry and government stakeholders
- undertaking performance reporting of reform implementation, monitoring and evaluation reported to ministers annually
- the development of business cases for TISOC and COTI on future reform work.

At the moment, the NTC is focusing on a review of the Intelligent Access Program, known as IAP. This will evaluate whether implementation of the IAP has achieved the intended outcomes, and examine application of the IAP as a condition for road access by states and territory road agencies, in relation to the original proposal.

## **Conclusion**

Today I have outlined some future reform directions, as well as current work the NTC is doing to making it easier for you to do your important job of keeping our economy and society moving.

If there is one message I'd like you to take away from my presentation this morning, it is that your input to the NTC's work and other reforms such as the Heavy Vehicle Charging and Investment reform is crucial.

The NTC aims to involve stakeholders at every step of these projects – from design and development, to implementation, evaluation and monitoring.

I would encourage you to get involved where ever you can – as these reforms will only be as good as the knowledge, experience and expertise we can put into them – and that requires more than just work by the NTC, but a collective effort from governments, operators, and the wider transport industry.

Thank you for your time this morning.

**ends**