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## **BlueScope Steel Submission to the National Transport Commission**

### **HVNL Review: Consultation Regulation Impact Statement: Preliminary Issues**

#### **About BlueScope Steel**

BlueScope is an Australian headquartered steel manufacturer, listed on the Australian Stock Exchange (ASX: BSL). The company has manufacturing operations in 18 countries and employs 14,000 people centred around the Pacific Rim, including South East Asia, China, Australia, New Zealand and North America.

BlueScope is a global leader in premium branded coated and painted steel products, such as COLORBOND® steel, and is the 3<sup>rd</sup> largest manufacturer of these products globally.

In Australia, BlueScope manufactures 3 million tonnes of steel at its Port Kembla Steelworks, the largest manufacturing facility (760 hectares) in Australia. It employs 6,000 people across hundreds of regional manufacturing and distribution facilities.

Around 2.2 million tonnes (~75%) of that annual production is supplied domestically within Australia as flat steel products for use in Defence applications (subs, ships, tanks), Mining, Infrastructure (Road, rail, transport, stadiums, hospitals, schools), renewables (Wind towers, solar farms, electricity transmission, Pumped Hydro), and the important building and construction industry including, residential homes and commercial & industrial buildings.

BlueScope's Building Components business works directly with Rock Logistics to provide integrated logistics services across its national supply chain, each month on average 10-15 trucks are required to apply for over-dimensional load permits as part of the company's transportation and distribution operations.

#### **Introduction**

This submission provides feedback regarding the National Transport Commission's (NTC'S) Consultation Regulation Impact Statement (CRIS) with a focus on Section 9 Access. This submission also puts forward suggested policy refinements to the National Heavy Vehicle Regulator's (NHVR) 28-day statutory decision making time frame for over-dimensional load permit applications.

Under the current Heavy Vehicle National Law, the power to authorise a route for a restricted access vehicle (RAV) (vehicles that operate under a notice or permit), lies with the National Heavy Vehicle Regulator

(NHVR) who must liaise with road managers to obtain consent for each applied route - there is a statutory 28-day decision making framework in place for the access decision to be made.

Of particular concern is the situation with non-gazetted roads, or the first 500 metres and the last 500 metres of the delivery route.

BlueScope Steel and our logistics partner Rock Logistics always comply with the requirement for an over-dimensional load permit for all over-dimensional loads of steel product.

Under the current framework BlueScope Steel and our logistics partner Rock Logistics, we have experienced exponential costs, unacceptable delays, and unnecessary administrative burdens. As such, BlueScope Steel significantly supports the NTC's findings that the current process for obtaining access 'does not provide the best possible balance between costs and delay costs on industry.'<sup>1</sup> In this submission, BlueScope Steel is seeking a more efficient, timely and cost effective decision making framework.

## **Recommendations**

To achieve a more transparent, quick, and simple access system BlueScope Steel recommends the following:

1. Reforming and reducing the statutory decision-making period for over-dimensional load permit applications from 28 days to 72 hours, with a non-response resulting in access being granted.
2. To ensure enforcement of the framework, implementing regulation which would compel a response to an application request if timeframes are not met. This could include a penalty or alternatively a default granting access where a nil response is received.

In addition to this, Blue Scope Steel supports the following National Transport Commission's suggested policy options:

- Option 9.4 Increasing the responsiveness of access decision-making
- Option 9.3A Amendments to permit timeframes and procedures
- Option 9.3B Providing for a review of access decisions by a third party

## **Objectives of the NHVR are not being met**

The NHVR vision is to have: "a safe, efficient and productive heavy vehicle industry serving the needs of Australia."<sup>2</sup>

Despite the fact that the NHVR was established to generate an efficient heavy vehicle industry, the process of applying for, expediting or renewing an over-dimensional permit is arguably not efficient, nor is it in accordance with the objectives of the NVHR. This lack of efficiency is ultimately due to the 28-day statutory decision-making framework for permit applications, which regularly means increased costs, delays, and processes for applicants.

The nature of the construction industry is such that there is insufficient notice for the delivery of steel products, to permit a 28-day decision timeline. As a result, some customers are seeking alternative supply options that may or may not comply with regulatory obligations.

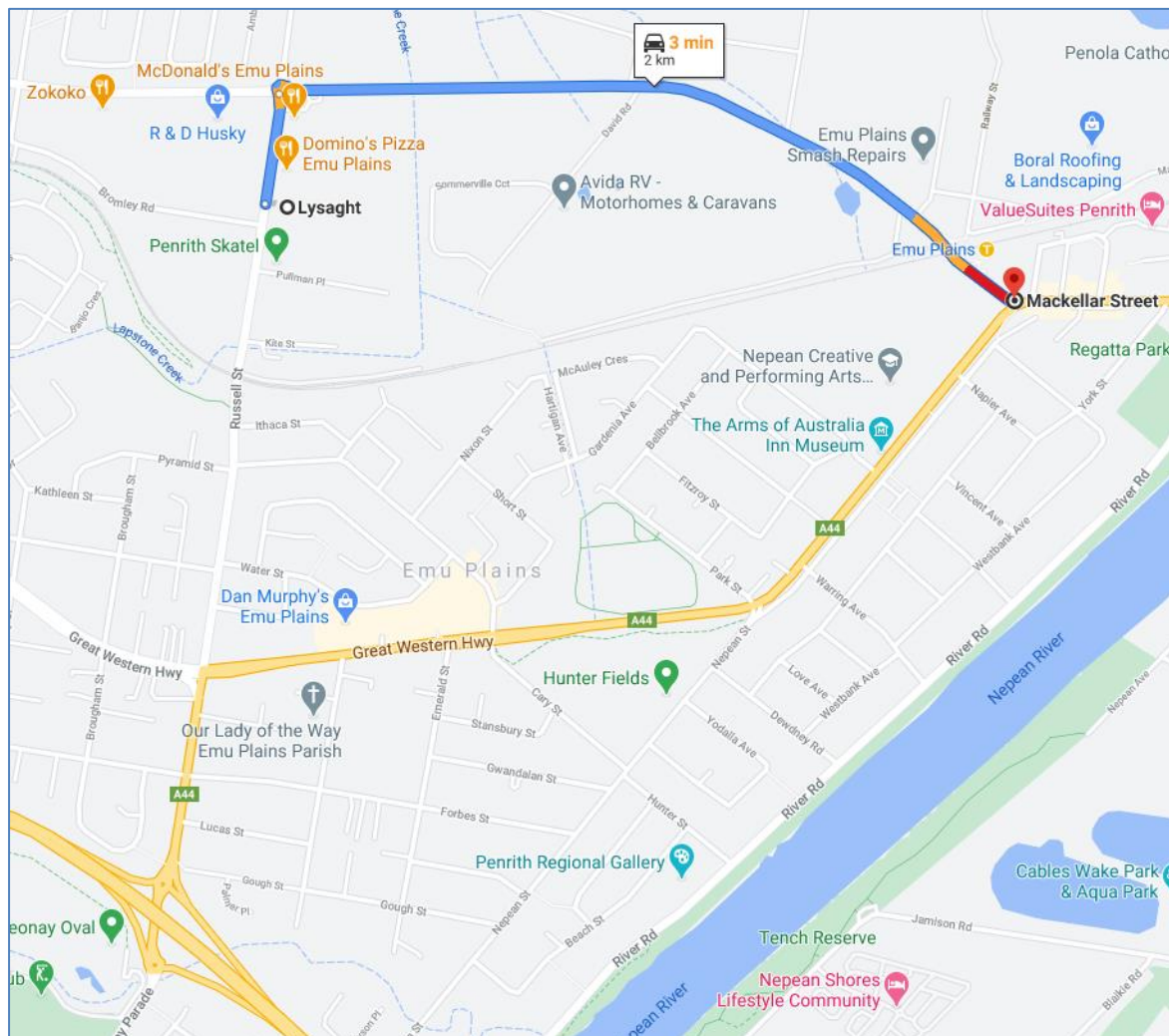
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<sup>1</sup> HVNL Review Consultation Regulation Impact Statement, 25 June 2020 P127

<sup>2</sup> <https://www.nhvr.gov.au/about-us/who-we-are/about-the-nhvr>

A specific example of inefficiency is the fact that BlueScope Steel and Rock Logistics have to apply every three months for the short distance on a non-gazetted road between the BlueScope Steel (Lysaght) Emu Plains facility and access to the M4 motorway (see Map One below). It would be much more efficient for there to be a 12-month permit option available that address this and similar situations. Another acceptable option would be the ability for BlueScope Steel and/or Rock Logistics, and others in similar situations, to have the ability add this section of road in the list of National/State Gazette approved roads.

**Map 1: Access to Western Highway Case**



(Source: BlueScope and Google Maps)

## BlueScope Steel's Experience with the NHVR Permit Access Framework

### 1. 28 Day Time Frame Not Enforced

Currently, there are no consequences arising for road managers from access decisions that exceed statutory timeframes, and decisions by road managers are only open to internal review.

Per month, Rock Logistics on behalf of BlueScope Steel apply for an average of 10-15 over-dimension permits on the NHVR Portal, this costs \$75 per application, (plus the cost for the time for application and administration by Rock Logistics staff). In many cases there is a lack of response and after a lapse of three months a new application must be submitted at significant additional cost. Every time a permit application is

not finalised within the time period, there is significant flow on effects for the rest of BlueScope Steel, as supply orders are delayed and as a result clients often go elsewhere.

For example, from July to September 2020, five permit applications were not approved within the 28-day statutory deadline (see below).

**Diagram One: Outstanding permit applications lodged by Rock Logistics on Behalf of BlueScope Steel, July -Sept. 2020.**

Permit Case No	Application	Application type	Case progress	Case status	Durations	Submitted date
365404r1v1	New Permit	Oversize and/or Ov...	Progress indicator (checkmarks and arrows)	Consent Requested	101d	16-Jul-2020
372908r1v1	New Permit	Oversize and/or Ov...	Progress indicator (checkmarks and arrows)	Consent Requested	79d	06-Aug-2020
379195r1v1	New Permit	Oversize and/or Ov...	Progress indicator (checkmarks and arrows)	Consent Requested	514d 51d	19-Aug-2020
381714r1v1	New Permit	Oversize and/or Ov...	Progress indicator (checkmarks and arrows)	Consent Requested	59d	25-Aug-2020
396431r1v1	New Permit	Oversize and/or Ov...	Progress indicator (checkmarks and arrows)	Consent Requested	59d 29d	24-Sep-2020

(Source: Rock Logistics and NHVR)

With no response received, despite the time frame being exceeded, BlueScope Steel does not believe it should be responsible for paying again, for the same application, given the fact that the decision was not made within the 28-day statutory time period. This process is a costly, administrative heavy and time-consuming burden for any business. It also is a disincentive for customers to source steel building products from BlueScope Steel.

**2. Lack of Streamlined Processes and Clear Communication Channels**

The NHVR Portal, is a national portal so there is not much, if any personal relationships cultivated with the regulator during the permit application process, this makes it very difficult when seeking feedback on refused or nil response applications.

For example, the recent permit application (#387404), which Rock Logistics made on behalf of BlueScope Steel, was refused three times by the road manager, Fairfield City Council.

BlueScope Steel subsequently learnt that the delivery of the product in relation to this application was completed to the customer, through a competitor supplier on the 28<sup>th</sup> of October 2020, meaning an economic loss for BlueScope at an estimated \$3,000.

Our carrier, Rock Logistics liaised closely with Fairfield Council to resolve the issue, with no result. In addition when told the delivery had been made, by another operator, the council representative had responded that no permit applications had been approved for that delivery, to any other operator. The council representative also explained they (council) are not sure of the process regarding Heavy Vehicle Enforcement for their local council roads, and would have to confer with Transport for NSW for guidance.

When seeking details about why this application was refused, it was extremely difficult to gain any information from the regulator – Rock Logistics had to contact Fairfield City Council and Transport for NSW to gain insight, the matter is still not resolved.

BlueScope Steel has phone numbers for local council operators to try and facilitate a speedier resolution, however, given the large amount of councils just within the Sydney area, and the lack of resources available, this usually a time consuming and unsuccessful process.

Moreover, permit applications only progress to the Regulator once processed by the first in chain, meaning nothing works in parallel but rather the process follows the chain and the last in the chain will only start work once all others in the chain have approved the route. With many local councils pressed for resources, Blue Scope Steel believes this lack of a streamlined process contributes to the unnecessary delays.

### **3. An Unnecessarily Costly and Lengthy Experience**

If a permit route or length changes, the road manager requires notice and the permit needs to be lodged again, meaning the whole process reverts to the start and the applicant is billed again.

For example, if a road manager decides the applicant should not travel on a certain road but take another route, there is no amendment process, instead the application is denied and the applicant needs to lodge another application as well as a new application fee. This process is not efficient or productive for either party.

BlueScope Steel has also had feedback that when Rock Logistics are trying to expedite a permit that is a couple of days old, they are told that *“they have 28 days and why are we bothering them as it has only been a week.”*

In addition our carrier, Rock Logistics, has applied for “Clearance Authority” from all NSW/VIC Councils detailing the types of loads and maximum length required to be transported to enable an increase up to 30m in length. The vast majority of councils have declined this application in favour of a “case by case” application through the NHVR Portal.

### **CRIS Questions for Stakeholders**

As indicated in the recommendation of this submission, BlueScope Steel supports the following policy options put forward in the CRIS:

- Option 9.4 Increasing the responsiveness of access decision-making
- Option 9.3A Amendments to permit timeframes and procedures
- Option 9.3B Providing for a review of access decisions by a third party

In answering the NTC’s question for stake holders, *under option 9.3A, which option would provide a more transparent, quick and cost-effective decisions?* BlueScope Steel is of the opinion that option 1 in 9A would result in a more transparent outcome, however there is still likely to be cost and timing issues.

Option 1 in 9.3 stipulates that ‘The road manager would need to indicate to the applicant via the portal whether a route assessment is required within the first 7 days of receiving the application.’ This is necessary, because it ensures that road managers are acting on *part* of applications in an efficient and transparent manner however it is unlikely to fix the time and costing issues as there is no change in timeframe for the decision as a whole. This option further outlines that Road managers would have the remainder of the 28-day statutory period to decide on consent and conditions and advise the NHVR. Given that BlueScope Steel has experienced complacency and delays with the turn around time for the 28 day decision making period, BlueScope Steel believes that while in theory this option will compel road managers to act with efficiency – it is unlikely to be successful unless there is a penalty or a default granting access where no response received.

The above points make apparent the need for an external review system, to ensure permits are delivered within the statutory time frame. As such, Blue Scope Steels significantly supports option 9.3 which would enable an applicant to have their access decision reviewed by a third party. Under the current decisions made by road managers are not subject to an external appeal which means there is no repercussions if applications are not met in time.

*CRIS Question 9.14 Are there any other policy options or refinements to these policy options which you think should be considered?*

As indicated above, BlueScope Steel seeks a reform to the statutory decision-making period for over-dimensional load permit applications from 28 days to 72 hours, with a non-response resulting in access being granted. To ensure enforcement of the framework, BlueScope Steel believes there needs to be an implementation of regulation which would compel a response to an application request if timeframes are not met. As it currently stands, with such a long decision making time period and with no enforcement rules or regulation in place, it is easy for the NHVR and road managers to miss the statutory deadline as there are no repercussions in place if they do. By reducing the time frame and incorporating enforcement regulations there is more chance of a reduction in delays associated with the issuing of permits and subsequently lower costs. For BlueScope Steel specifically, this would notably reduce delays in the organisation supply transport task and improve efficiency of the downstream supply process.

## **Conclusion**

In order to achieve the NHVR vision for an, “efficient and productive heavy vehicle industry serving the needs of Australia,” there needs to be significant reforms put in place. BlueScope Steel believes that by reducing the statutory decision-making period for over-dimensional load permit applications from 28 days to 72 hours, and implementing regulations to ensure the time frame is adhered to, then the vision of the NHVR is much more likely to be achieved and moreover, costly delays and administrative burdens will be minimalised.

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