

# **Goodyear Dunlop Tyres Australia (GDTA) Response to:**

## ***National Transport Commission (NTC) - Assessing the effectiveness of the PBS Scheme: Discussion paper August 2017***

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### **1. GDTA Response**

This is Goodyear Dunlop Tyres Australia's (GDTA) response to the NTC discussion paper on the PBS schemes effectiveness.

### **2. Background**

#### **a. Goodyear Dunlop Tyres Australia (GDTA)**

Goodyear Dunlop Tyres Australia (GDTA) is a wholly owned subsidiary of the Goodyear Tire and Rubber Company USA. GDTA is one of the largest truck tyre retailers and service providers throughout Australia via its: wholly owned store network Beaurepaires For Tyres, its franchised dealer network Goodyear Autocare, and through its licensed dealer network Dunlop Superdealers.

The company also has a proud history of tyre manufacturing dating back to the start of last century. Unfortunately, all GDTA tyre manufacturing in Australian was discontinued in 2008.

GDTA sells Goodyear, Dunlop, Remington, Steelmark branded tyres, as well as other brands of truck tyres and has been and still is one of the largest tyre importers in Australia with Goodyear and Dunlop brand truck tyres supplied as both original equipment and to the after-market.

Globally, Goodyear is a responsible corporate citizen, believing in fair competition and ethical behaviour. It pursues this agenda through membership of peak industry bodies in North America (US Tire Manufacturers Assn.) and Europe (European Tyre Manufacturers Association).

In Australia GDTA is a member of the Australian Tyre Industry Council (ATIC), and holds a directorship in the Tyre and Rim Association Aust. as well as being a member of the Australian Truck Association Industry Technical Committee (ATA-ITC)

GDTA is a board member of Tyre Stewardship Australia (TSA) and helped start the not for profit company in 2012. TSA introduced and administers the Tyre Stewardship Scheme (TSS) which seeks to address end of life tyre issues and both the company, and the scheme are approved by federal and state governments with the TSA itself having an ACCC approval No. A91336-A91337.

#### **b. GDTAs Historical Support for PBS:**

GDTA made an early commitment to the PBS scheme and the assessors and in 2005, ARRB as a PBS early adopter contacted GDTA and requested "generic" tyre data on different tyre sizes and patterns for PBS assessment work. Six popular tyre size and types were tested and data generated in the Goodyear Innovation Centre in Luxembourg which was then provided to ARRB. Months later ARRB confirmed this generic dataset was working well. A few years later another Assessor aware of the Dataset supplied to ARRB set up their own company and asked GDTA if they could also use this "generic" dataset to

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which GDTA gave their approval. Later, they also confirmed this data was being used successfully.

Around 2012 GDTA was advised that some PBS vehicles which had recently started to be serviced by our stores had specific tyre brands / types named on their PBS approval documents which did not include Goodyear or Dunlop. This effectively disallowed GDTA tyre fitment and therefore the opportunity to supply tyres. The only way GDTA could address this situation was to seek a re-run of the PBS vehicle assessment modelling which we were told would cost ~\$1000/tyre. This raises the questions:

- a. If it involves additional cost who pays?
  - o as the original PBS assessment contract / agreement was between the fleet and the assessor
  - o as GDTA provided the original data FOC (Why should GDTA pay?)
- b. Why aren't all suitable tyres included?

Following this GDTA measured data on over 25 tyres and supplied this data to all PBS assessors. If tyre Data on different tyres is required GDTA will normally supply it on any of its tyres (with an appropriate lead time).

### 3. Feedback on the PBS Scheme

GDTA believes that in general terms the scheme is working well and is delivering innovative vehicles that raise the bar for productivity and safety.

However, for GDTA and other key tyre industry companies the PBS scheme has become a major hindrance to servicing fleet customers. This is as a direct result of the confusion and ambiguity around the nominated tyre fitments on the approval.

This concerns can be broken down as:

- a. The lack of a fair and transparent process in including / excluding tyres on the assessment.
  - can be at the PBS Assessors discretion (providing the tyre meets their criteria)
  - may be at the customer's requests e.g. where a fleet manager says, "I only use ABC brand tyres so just want them on the PBS approval"
  - tyres nominated may soon be, superseded (As tyre suppliers have limited input, there is no process to address model succession).
  - Additional modelling is done when the tyre supplier / fleet is willing to pay for it
- b. An overall lack of awareness of PBS scheme requirements.
  - The onus is on the tyre supplier to find out if a customer's fleet has PBS approved vehicles
    - o A tyre supplier may enter a supply agreement with a fleet customer only to discover that the fleet has PBS vehicles and the approval documents excludes its brands / models.
    - o Some fleet are unaware they have PBS vehicles (change in fleet management, etc.)
  - Some non ATIC members:
    - o Advertise that "all of our tyres are PBS approved" which strongly infers an approval status, separate and independent of the vehicle PBS approval, which is not the case
    - o Pay no attention to the tyre requirements on the PBS approval and fit whatever tyres they choose.
  - There is no public register of PBS approvals and the tyre requirements it specifies

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- NHVR says the PBS contract is between the PBS requester (Fleet) and the PBS Assessor, yet as soon as tyre fitment issues are raised the fleets turn to tyre suppliers and say, “Your tyres are not approved so it is your responsibility to get them approved!” The tyre supplier has no other option but to approach assessors and pay for additional PBS Assessment
- c. Although Retreads were originally excluded from PBS various tyre manufacturers have had to provide a letter to the NHVR stating equivalent performance of retreads compared to new tyres.

In summary, the approach to tyres within the PBS scheme seems ambiguous, confusing and appears to lack transparency and fairness. It can be argued it is distorting the tyre market and increasing tyre supplier costs and ultimately fleet costs.

As an analogy to the PBS process: if Toyota sold cars with a tyre placard (ADR42) which stated: *the approved fitment on this vehicle is 245/45R18 Brand ABC Type 123 ONLY, no other brands or types of tyres are permitted fitments* I suspect other tyre suppliers would deem this to be anti-competitive behaviour.

#### 4. ATIC Work to Address the PBS Tyre Issue

The peak tyre industry body in Australia has been working hard to try and provide a clear uniform process to remedy the concerns in item 3.

ATIC / GDTA has met on several occasions with:

- PBS Assessors
- NHVR: Les Brusza - Chief Engineer / Sal Petrocitto - CEO
- NTC: Sri Kannan

Discussed:

- key tyre performance characteristics to be measured
- Assessors / NHVR concerns at lack of
  - standardised test equipment / conditions in generating tyre data by ATIC members
  - standardised tyre data format
- a process to categorise tyres into A, B, C, D, E, F, G for key performance characteristics

ATIC members have had numerous meetings to address these issues and agreed on:

- a standard test method (with variation due to machine type to be recorded etc.)
- a standard reporting format
- a correlation process:
  - using measured data from a. members own test equipment and b. “Smithers”, a highly respected, US based tyre test organisation
  - Correlation involving:
    - cornering stiffness, force and moment and spring rate
      - a. Each ATIC member testing the same sized tyre on their smooth wheel equipment
      - b. Then freighting the same tyre to US for testing on Smithers Flat Road machine
    - the two datasets collated from each manufacturer’s by ATIC secretary
    - Datasets supplied to NHVR / Assessors

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ATIC members were of the understanding that using the process outlined above and the ATIC proposal (referenced in the ATIC proposal, Appendix K of the NTC Discussion paper) that these would address Assessor / NHVR concerns and would be adopted

From a recent meeting with NHVR there now appears to be some reluctance to adopt this approach.

## **5. GDTA Recommendation \***

Based on the items discussed within this response, GDTA recommends either:

- 1. NHVR / Assessors adopt the ATIC proposal referenced in Appendix K of the NTC discussion paper**

Or

- 2. Individual tyres be removed from the PBS assessment process completely and PBS Assessors adopting one generic tyre dataset**

\* **Note:** GDTAs recommendation is as per ATIC proposal supported by: Bridgestone, Continental, Michelin, Toyo, Yokohama, etc.

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10<sup>th</sup> October 2017

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# PBS marketplace review seeks to build on safety and productivity gains as Australia's freight task grows

15 August 2017

Interested parties are invited to provide feedback on ways to improve the Performance-Based Standards (PBS) scheme for heavy vehicles.

The National Transport Commission (NTC) today [released a discussion paper](#) which presents preliminary findings of an evaluation of the PBS scheme and possible actions for improving the efficiency and effectiveness of the scheme.

Chief Executive of the NTC Paul Retter said the purpose of this evaluation is to look at ways to improve the effectiveness and efficiency of the PBS scheme, and in doing so respond to Australia's growing freight task.

"Road freight is projected to increase by 26 per cent in the next 10 years. PBS vehicles are well placed to assist industry and government in coping with this forecasted growth.

"Since 2007 when the world-first scheme started, PBS vehicles have been involved in fewer crashes, carried more freight with fewer trips, generated lower emissions and reduced road maintenance expenditure. We need to continue improving the scheme to promote greater uptake of these vehicles," Mr Retter said.

Australia remains a world leader as the only country to have a high productivity heavy vehicle scheme incorporated into the Heavy Vehicle National Law and administered by a national regulator.

The scheme was introduced as an alternative performance-based regulatory system that could replace the prescriptive method of using mass and dimension limits. This is the first comprehensive evaluation of the scheme.

Submissions in response to this discussion paper will be accepted until 5pm Monday, 9 October 2017 [via the NTC website](#).

Feedback from this consultation will help inform recommendations to be presented to transport ministers in May 2018.

[More information on the PBS marketplace project is available on the NTC website.](#)

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