HEAVY VEHICLE INDUSTRY AUSTRALIA

Productivity Commission Study:

Impacts of Heavy Vehicle Reform

Heavy Vehicle Industry Australia
Represents and advances the interests of manufacturers and suppliers of heavy vehicles and their components, equipment and technology.

December 2025

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1) Background

As the peak national body representing entire industry involved in the design, manufacture, importation, distribution, modification, sale, service and repair of on-road heavy vehicles, Heavy Vehicle Industry Australia (HVIA) welcomes the opportunity to make a submission to the Production Commission's Study on the Impacts of Heavy Vehicle Reform.

The Study presents a tremendous opportunity to identify and advance productivity improvements on one of the most important arteries of the national economy – our national road freight system.

The heavy vehicle freight system is growing, though is under strain. Whilst specific, discrete improvements can be made, a step-change is needed by government, regulators and industry leaders to not only make real differences on productivity, but also to address the real business pressures and strained currently be faced by many operators in the heavy vehicle sector and HVIA members (including many small and family businesses).

As such, our submission both directly addresses the five specific proposal areas outlined in the *Call for Submissions* discussion paper, as well as providing high level feedback about the frustrations and need for a step change in policy and decision-making by governments and regulators across Australia - to boost productivity and ensure the industry's best chance to thrive.

About the industry

As at the 1 January 2024, the heavy vehicle fleet comprised over 750,000 trucks and 488,000 trailers registered on Australian roads to complete the road freight task[1].

These vehicles vary in their size, weight and market segment and can be further broken down to 630,000 rigid trucks and 124,000 articulated prime movers. Heavy duty trailers can also be broken down to 280,000 semi-trailers, 120,000 truck trailers and nearly 90,000 trailed machinery trailers[2].

Each of these vehicles are specifically designed to solve a unique freight task. For example, a light duty rigid truck that might deliver groceries in urban areas, a rigid truck that has had a body added to complete a waste/recycling task or concrete delivery, to a heavy-duty prime mover and multi combination set of trailers employed in a mining, construction or agricultural task.

These vehicles are also regulated differently throughout Australia, depending on their size, task and location.

Australia's domestic freight task is growing. Between 2020 and 2050, the National Freight Data Hub predicts a 26% increase in total freight. At the same time, Australia's road freight task is set to increase 77% - going from approximately 250BTKM to 400BTM[3]. By 2050, it is likely that road and rail freight will be somewhat equal as the most common modes of freight transport, well ahead of the air freight and coastal shipping freight modes.

Transport is unique due to its connectivity with every major industry in Australia. It is imperative for our imports and exports, it is vital for our mining, agricultural, construction, hospitality and retail sectors but whilst important, is also an input cost for these industries.

That is why an efficient, interconnected and well-regulated transport sector, can improve the cost of goods, better road safety outcomes, lessen greenhouse gas emissions, improve productivity, and sure

[1] Bureau Of Infrastructure And Transport Research Economics Statistical Report (pages 21,23,27) cited at: https://www.bitre.gov.au/sites/default/files/documents/bitre-road-vehicles-australia--january2024.pdf

[2] Ibid

[3] National Freight Data Hub; Navigation Australia's Freight Future cited at: https://datahub.freightaustralia.gov.au/updates-insights/insights/navigating-australias-freight-future

up the viability of one of the most crucial industries in the Australian economy. Conversely, the opposite is true if the regulatory framework is sub-standard.

The presents both a unique challenge and potentially a massive opportunity for the industry, regulatory stakeholders and the community and which is why HVIA is so passionate about this Productivity Commission study into the impacts of heavy vehicle reform.

2) Introduction

According to the ABS (and reinforced by the Productivity Commission) both the Linear Trend for Labour Productivity and Multifactor Productivity has been declining steadily since 1995[4]. This is despite the rise in industrial automation, the speed of communication and the access to information that has been enhanced by the gig economy.

The transport industry is currently feeling this, more so, then ever before. Rising input costs, increased competition in a low barrier to entry industry, increased compliance and labour costs are straining viability.

Recent industry commentary shines a light on these burgeoning insolvencies within the transport, postal and warehousing category with ASIC data highlighting an increase from 196 instances in 2021/22 to 535 in the first 4 months of 2025[5].

HVIA's 320 corporate members make up the heavy vehicle supply chain. Without a strong, resilient, profitable transport sector, HVIA's members will suffer. Truck and Trailer deliveries to date in 2025 are circa 20% lower across the total supply chain then last year. Combined, this creates uncertainty and anxiety as orders are cancelled, completed builds sit idle and businesses are tasked to find cost savings.

HVIA will directly address specific areas or concern and provide some examples whereby the industry's interaction with government could be improved to boost productivity and ensure the industry's best chance to thrive. There are "good people trying to good things" in policy and regulation, but there is systematic inertia mitigates against the real change that is needed.

In terms of general commentary, HVIA wishes to make the following high-level remarks:

(a) **The Operation of the HVNL** - It must be said that the way the current structure of the HVNL is impeding productivity and progress. Even the most trivial of operational improvements requires the approval of the Infrastructure and Transport Ministers Meeting (ITMM). As this meeting only meets biannually, it is difficult for meaningful progress to be made to improve operations. Even more concerning, is that even when this group approves and communicates a decision, the implementation process is proving difficult due to the residual powers resting with officers within the State jurisdictions. HVIA can cite numerous examples where implementation has been frustrated or delayed, for example recently where the ITMM decision to provide additional mass concessions ended up in a technical standoff at the officer level, inconsistent with the ITMM decision. This occurs seemingly without recourse and is impacting productivity.

(b) **This culture permeates at differing levels**, such as at multi-jurisdictional meetings such as the Vehicle Standards Consultative Forum (VSCF), the Infrastructure and Transport Senior Officials Committee (ITSOC) and the Strategic Vehicle Safety and Environment Group

[4] ABS, Estimates of Industry Multifactor Productivity, 2023–24, released 22 January 2025 cited in Parliamentary Library Economics and Public Finance brief; *Australia's flagging productivity growth* accessed at: https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Research/Policy_Briefs/2025-26/Australiasflaggingproductivitygrowth

[5] Jimmy Trpcevski of WA Insolvency Solutions in *Breaking Point: The bumpy road to insolvency for Australia's transport sector* cited at: https://www.wais.com.au/latest-news/breaking-point-the-bumpy-road-to-insolvency-for-australias-transport-sector/

(SVSEG). HVIA either sits on or has direct experience with these different government committees and forums, which too often impede progress or delay it without valid foundation. For example, recently HVIA presented a proposal at the VSCF meeting. It received broad support and a project of work had commenced to find a solution – which would have required an amendment to the ADRs – but then the project was cancelled without valid reason or justification. There seems to be little governance or structure to question or indeed challenge a unilateral decision of the departmental committee secretariat.

(c) The **Australian Design Rules (ADRs)** are not keeping pace with industry and is therefore stifling productivity. The Department of Infrastructure, Transport, Regional Development, Communication and the Arts (DITRDCA) announced a review by Dr Warren Mundy in November 2024, a review which completed in January 2025 and still eleven months later not even a summary of Dr Mundy's advice has been released publicly, not to mention zero government response to Dr Mundy nor any meaningful action. This is extremely disappointing.

(d) **Data clarity** – The Government agencies hold a wealth of data pertaining to heavy vehicles, whether it is ROVER or the Register of Approved Vehicles (RAV), registration data through the National Exchange of Vehicle and Driver Information System (NEVDIS), the NHVR portal, Transport Certification Australia (TCA) telemetry data and other data points, but all of these systems and data points appear to be operating in silos, disconnected from each other. Data is powerful, it enables information and a body of evidence to be utilised in decision making. HVIA acknowledges the National Freight Data Hub (NFDA) and believes this organisation holds the key to unlocking reform which could improve safety, infrastructure planning and productivity. HVIA is keen to ensure industry and the NFDH can work with greater alignment to ensure data is interpreted and used to progress the road freight sector.

3) Increasing heavy vehicle road access to reduce emissions and increase productivity.

The heavy vehicle access regime is one of the most important areas for both transport operators and heavy vehicle suppliers alike.

The Australian regulatory framework is complex, and it is important to note that the Heavy Vehicle National Law (HVNL) does not apply nationally. During its inception in 2014; WA and the NT, believed that their local jurisdictional framework was better than the proposed national law and joining it would be a backwards step for industry. A decade later they remain separate from the national framework.

HVIA will confine its comments to the HVNL participating jurisdictions for ease and clarity.

This regulatory framework distinguishes between two categories, a **General Access Vehicle (GAV)**, which is a vehicle which meets the predetermined mass and dimension criteria and has as-of-right-access to the network but for signposted limits imposed by a road or asset manager. In lay terms, they can go anywhere without approval, notice or permit unless specifically told not to. The National Heavy Vehicle Regulator (NHVR) has a helpful guide to what would meet the GAV criteria: https://www.nhvr.gov.au/road-access/mass-and-dimension/general-access-vehicle

The second category is a **Restricted Access Vehicle (RAV)**, which unlike the first category requires an approval instrument to gain access to the road network. This approval might be a Notice, which is published in the Government Gazette and applies to a whole class of vehicles, or it might be a specific permit, which attaches itself to the vehicle itself. The NHVR lists the different classes of vehicles here: https://www.nhvr.gov.au/files/201708-0672-classes-of-heavy-vehicles-in-hvnl.pdf

In a bid to improve vehicle performance and road safety, the National Transport Committee (NTC) set about devising a scheme to give **greater** road access to leading vehicle designs that fostered engineering ingenuity. This scheme, the Performance Based Standards (PBS) scheme was then

adopted within the HVNL framework in 2014 (Part 1.4 of the Act) and is now managed by the NHVR. HVIA does not believe there is a comparable system elsewhere in the world.

This scheme sets minimum standards but then individually assess vehicles, issuing a Design Approval (DA) to the designer and then a Vehicle Approval (VA) to the asset owner through the NHVR PBS portal.

Once a VA is issued, the relevant road manager is contacted to approve access. The HVNL (clauses 155- 172) largely sets out the parameters of this relationship. Simply speaking though, access is provided by the local road asset owner, which for local roads is delegated to an officer employed by the relevant Local Government Area (LGA).

Even the most cursory of perusals of the aforementioned legislative clauses highlight the deficiencies of the system, where the persons affected the most (the transport operator) are but a mere afterthought. The system is therefore plagued with delays, devoid of precedent, open to influence of local politics, and lacking transparency.

HVIA will have more to say on streamlining the system as per section 4 below, but ideas to improve the current system, include:

a) Linking access to the DA / VA approval – Having a separate access regime post DA / VA approval is nonsensical, places too much risk on the end of the operator and the delay is extremely costly. By enabling the access approval system to occur concurrently will save time and money and boost productivity.
b) Having a National Register – Having a national transparent register of access decisions listed with details such as date, configuration, GVM approved, LGA approver – will enable industry to look at previous decisions and seek out precedents. This will then encourage them to participate in the PBS scheme, which is well known to improve safety and boost productivity.
c) Having Reasons for decisions published in the cases whereby access is refused is an important step for accountability.
d) Having an appeal mechanism where access is refused is also an important accountability measure.
e) Requiring Road Managers to undertake mandatory Professional Development delivered by the NHVR and or assisted by industry, where new innovations and combinations can be explained and road-tested with these road managers.
f) Having an automated approval, where the Road manager exceeds the legislated timeframe of 28 days.
g) Commencing the access decision prior to the DA being issued, which ensures the access decision is not made post vehicle build – as the operator loses money whilst the vehicle is idle.
h) Ensuring a national bridge asset register and the inputs being used by officials to calculate access is an important transparency mechanism. Without this, industry cannot scrutinise decision making and there is a lack of transparency.

Any of all of these ideas is outlined in the hope of improving the PBS framework but ultimately it is about improving the vehicle access, which improves productivity.

HVIA has a number of examples where two identical combinations get differing decisions. Moreover, we can understand the frustration of an operator who has taken delivery of a brand-new vehicle or combination, with improved safety performance and the highest levels of innovation, that has an approved a DA and VA, but then has access denied or a delayed decision, exacerbating the cost of an idle asset. As it currently works, it disincentivises using the PBS framework.

HVIA is also aware that a national freight task could be approved for 95% of the journey but then not approved for the “last mile” due to a local road manager decision. The time, money, logistics and safety implications of having to uncouple a combination for the shortage part of an interstate delivery is severely impeding national productivity.

HVIA applauds the NHVR in trying to advocate for better outcomes and seeking uniformity and increased awareness with road managers and we are aware of some LGAs who have been extremely proactive with industry, but without a mandatory competency scheme that ensures road managers

understand the vehicle combination they are assessing and the likely national importance of the decision they are making, too often the default decision is influenced by local factors. Without the checks and balances, this will lead to perverse outcomes which is contrary to improving safety and productivity.

4) Accelerating the establishment of a National Automated Access System to streamline road access decision making for all heavy vehicles.

Linked to the aforementioned section, the higher up the framework you can make the access decision, the better it is for productivity. So, where a decision requiring a permit, can be made by utilising the Notice provisions (for example) or where a vehicle covered by the Restricted Access Vehicle class can be moved into the General Access Vehicle class, again, it is likely that the better access will follow. Better access equals increased productivity.

As such, HVIA strongly advocates for a regular review period or a systemic mechanism where periodic reviews can be completed.

The instances where this principle has been attempted has all been at the instigation of industry and completed ad hoc.

The reality is with time, innovation and technology improves heavy vehicle performance and this should be reflected in the level of as-of-right access the industry is provided.

Moreover, it would be an interesting exercise to ask a portion of relevant road authorities when the last time signposted restrictions on local roads were reviewed. HVIAs firm belief is “probably never” and the same principle applies – a sign-posted limit should not exist forever without review.

Additionally, as part of the recent HVNL review, government stakeholders committed to reducing permits by 90% through an automated access system. If achieved this will be one of the biggest productivity boosting reforms in the modern era.

HVIA is aware that there has been debate about the best system and a myriad of technologies have been spruiked by different jurisdictions. This includes the Tasmanian HVAMs portal and the National Automated Access System (NAAS) and even more recently a Victorian portal to be launched shortly.

HVIA hopes these multiple systems and diverse views can be narrowed down so that automated access can be expedited in the best interests of industry. Until such time, HVIA is unable to provide specific commentary other than to say we support automated access and reducing permits as a general principle.

What we will say, is that in developing the technology it is vital that existing access is maintained, and it is crucial that the new system is able to transfer existing access, so that operators are not forced to re-apply. This has been the case with the changeover to Euro VI vehicles and HVIA has written to the NHVR on behalf of industry to ensure pointless and productivity-sapping reapplication fees and processes are not required.

5) Accelerating implementation of the National Heavy Vehicle Driver Competency Framework.

There is no doubt that both the supply and operational sides of the industry are struggling from systemic skills shortages, and an an ageing workforce exacerbates the urgency to deal with this issue. HVIA members routinely worry about the lack of Registered Training Organisations (RTOs) offering automotive and manufacturing training packages. When they do, HVIA members worry about whether

the trainer and content of the courses remain suitable and relevant to the modern workplace, evidenced by high non-completion rates across the sector.

Without reliable, talented, capable workforce productivity will decrease and there are potential safety ramifications.

The operators face similar challenges not only attracting talent but then retaining this talent. Long has industry sought a more flexible, competency-based approach to licensing which rewards an operator's skill over longevity.

As a general principle HVIA supports a Driver Competency Framework and believes it is important that operators are sufficiently competent, licensed and fit for duty but as HVIAs members are a step removed from the driver competency framework, HVIA will leave it to the operators and operator advocates to provide specific commentary on this section.

6) Removing administrative and regulatory barriers to improve the availability of heavy zero emissions vehicles (such as trucks and buses) charging infrastructure.

There are several specific improvements that can be considered in policy, regulation and administration to significantly improve availability of heavy zero emissions vehicles charging infrastructure.

Broader context for EV Trucks

It is important to remember our industry requires a viable business case to support the transition, suitable infrastructure and a consistent policy and regulatory environment to allow us to make the required investments in terms of the business case barriers facing truck operators in switching to low and zero emission heavy vehicles (LZEHVs), they are:

- Low margin businesses
- LZE vehicles having a higher Total Cost of Ownership (TCO) than Internal Combustion Engine (ICE) vehicles
- The need for a network of charging/refuelling infrastructure
- LZEHVs have less guaranteed access (weight limits differ across states, territories, and local roads)
- LZEHVs have a technical pay-load penalty due to the weight of batteries or fuel cells
- Range anxiety
- Electric vehicle charging stations/hydrogen refuelling stations often only cater to passenger vehicles, or are not optimally located to support existing high-volume freight routes
- Aligning charging with statutory driving hours – drivers must manage fatigue, safety, and logbook requirements
- Stability of the grid or supply of electrons in the system

As such, assistance from Government to address the business case barriers, address the infrastructure issues in a cohesive and consistent fashion. It is also vital that local government be included in the decision-making process as they too have responsibility for roads and bridges. Consistent policy will also demonstrate to the international community (including OEMs and investors) that Australia is a market open to LZEHVs, thereby increasing options for trucking operators, and potentially bringing the cost of LZEHVs down.

EV Charging Infrastructure

A staged roll-out of electric heavy vehicles relies on the progressive development of the required charging infrastructure, and HVIA is very supportive of a PC specific focus in this area. A particular bug-bear for the developing heavy EV sector is that the *Minimum Operating Standards for EV Charging*

Infrastructure has still not been updated to include heavy vehicles on freight routes (and caters only for light vehicles).

HVIA believes the issues that should be considered in developing a plan for Electric Vehicle Charging Stations:

- Minimum numbers of charging points based on the likely volume of usage (road capacity multiplied by the projected initial percentage of uptake of electric vehicle)
- The charging stations need to have sufficient space to meet projected growth in the number and types (rigid and articulated) of vehicles accessing the site
- Where space is limited, identify alternative sites to meet the projected growth
- Facility design needs to allow for bays large enough to accommodate heavy vehicles and trailers and include consideration of turning circles, queueing issues (both inside the charging station and in the surrounding roads), and pavements need to accommodate the required axle loads and sheer forces when manoeuvring these vehicles at low speeds
- Capacity of the electricity grid and on-site energy generating and storage capacity to reliably provide the required energy. We have heard anecdotal reports of overseas EV owners being asked to not charge their cars at night due to capacity concerns.
- Consideration of a nationally consistent "as-of-right" use class for heavy-vehicle charging in industrial/commercial zones, with codified design and traffic standards.
- Good booking systems of reservation APIs, idle fees, dynamic load allocation, and minimum charger count per site (for example, 6-12 dispensers at freight nodes).
- Amenities and safety - ensure access to driver facilities, good lighting, and security (especially for nighttime use).
- Ensure there is good Interoperability and payment systems. We understand there often connectors will be proprietary with closed networks, and fleet cards will not be accepted.
- Throughput management: Heavy vehicles are likely to need predictable 20-60 minute sessions but queueing degrades productivity.
- Road access and curb side rules: Heavy vehicle movement and parking restrictions (curfews, loading zone rules, oversize access) can block the practical operation of truck chargers.
- Consider developing charger/adjacent access maps and exemptions (for example, speed/time of day conditions) aligned with HVNL/NHVR maps.
- Ensure there is consolidated guidance specific to heavy-vehicle depots and public truck hubs, including standardised signage, bay layout, emergency shutoff procedures and fire brigade interfaces

Related issues impacting on take-up of EV Trucks

- *Mass and access changes* Payload and productivity of LZEHVs is often a barrier to overcome when operators are considering a transition away from fossil fuels. This is particularly critical for urban delivery vehicles operating close to the 4.5t gross vehicle mass (GVM) class of truck which can be driven on a car license and are critical for home and local delivery activity across Australia. This cohort is also the most likely to transition quickly and addressing mass concessions for these vehicles will be critical for enhancing uptake. Also, a consistency in approach and in weight allowances is needed to encourage operators to transition to LZEHVs. HVIA acknowledges the work of the NTC in seeking to validate increases to the steer axle mass to 7 tonnes, but government will need to look toward aligning mass limits for vehicle to align them with European or global standards as part of the transition plan. (Australia imports a significant portion of its heavy vehicle fleet, and those vehicles are continuing to increase in weight with the adoption of new technologies). HVIA acknowledges that this may require investment in road infrastructure but argues that this need to be considered in the transition plan. Local governments also play a key role in managing heavy vehicle permits related to higher mass for roads and bridges under their jurisdictional control.

- *Performance Based Standards and High Productivity Combinations* Performance-Based Standards (PBS) vehicles have been at the forefront of innovation, providing incentives for operators to adopt higher productivity combinations that move more with less. PBS vehicles

typically have a greater ratio of payload to total vehicle mass which improves safety, increased freight productivity, fewer impacts on road infrastructure, and reduce emissions. Using electric powered axles and batteries in PBS combinations has the potential to assist in the decarbonisation of freight transport sectors that cannot make best use of current low and zero emission technologies. They may also offer an easier pathway to decarbonisation, as their capital and operating costs may be lower than others. By harnessing locally produced electric trailers and hybrid diesel-electric powertrains, PBS vehicles can potentially de-risk and speed up the introduction of low-emission high-productivity vehicles.

- *Incentives* Trucks generally have long life cycles and Australia's ageing fleet is one of the oldest in the developed world. Because of their typically low margins (average profit margin is 2%)[6], truck operators need a compelling business case to justify investment in new vehicles, particularly as next-gen vehicles are significantly more expensive and may require additional units given the technical pay-load penalty. Further compounding the difficulties for investment in LZEHVs are depreciation concerns, which provide yet another barrier to operators making the switch. As such, consideration needs to be given to improved incentives pool being made available for heavy vehicles. Most other OECD nations that have shifted the dial in low- and zero-emission heavy vehicle sales have had some kind of tax rebate, or point of sale voucher, to encourage uptake. The heavy vehicle industry would benefit from an incentive pool so that new vehicles, technologies and infrastructure can be utilised immediately by more operators. Potential strategies for heavy vehicles include:

    - Instant asset write-off for LZA heavy vehicles
    - Discount debt facility (e.g. through a bank) or aggregated facility/co-financing options through the Clean Energy Finance Corporation (CEFC)
    - Rebate / Cash-back at point-of-sale on purchase of LZEHVs o Government to cover gap between ICE and LZEHVs
    - Waive Fringe Benefits Tax for LZEHVs
    - Waive curfew for LZEHVs
    - Reduce toll / port access fees for LZEHVs
    - Reduce registration costs
    - Stamp duty changes at state government level

7) Reducing or removing curfews for heavy zero emission vehicles.

HVIA strongly supports a focus on reducing or removing curfews to allow EV trucks to travel at less congested times. It achieves this by spreading the traffic congestion load more effectively across day and night hours.

Presently, many urban areas enforce nighttime truck curfews for key freight routes, due to noise concerns. Those curfews could be readily lifted for vehicles that emit less noise, such as current low- and zero emission battery electric, and fuel cell vehicles.

HVIA recommends waiving curfews for noise reduced vehicles (e.g. low and net zero emission vehicles) in urban areas. This provides the option for operators to improve flexibility within their fleet and reduces congestion and is likely to improve safety outcomes as a result.

HVIA believes the main barrier to this decision is noise concerns, however, in low-speed operations (e.g. 0-30 km/h) conventional/ICE trucks generate more engine and exhaust noise under acceleration and during low gear operations then electric vehicles. This is a low-cost policy improvement that could be the tipping point for an operator to incentivise transition.

[6] AECOM, *Electrifying Road Transport: Pathway to Transition*, pg 9.

8) Conclusion

In conclusion, HVIA welcomes the opportunity to make a submission of the Productivity Commission Study on the Impacts of Heavy Vehicle Reform.

The Study presents a great opportunity to identify and advance productivity improvements on one of the most important arteries of the national economy – our national road freight system.

As outlined in this submission, HVIA believes that whilst specific, discrete improvements can be made, a step-change is needed by government, regulators and industry leaders to not only make real differences on productivity, but also to address the real business pressures and strained currently be faced by many operators in the heavy vehicle sector and HVIA members (including many small and family businesses).

As such, our submission both directly addresses the five specific proposal areas outlined in the *Call for Submissions* discussion paper, but also details some higher level feedback about the frustrations and need for a step change in policy and decision-making by governments and regulators across Australia - to boost heavy vehicle productivity and ensure the industry is best placed to thrive and support Australia's economy and society.

We would greatly appreciate the opportunity to discuss our submission further.