Creating a more dynamic and resilient economy inquiry
Questionnaire response 68

Name: Heavy Vehicle Industry Australia (HVIA)

Submission date: 6/06/2025

1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

The accelerated depreciation allowance provided by Government during the covid period was effective in boosting the investment in the heavy vehicle fleet.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

HVIA is a membership organisation, and individual HVIA members have different tax and corporate structures. HVIA is not able to answer this question on behalf of its members.

HVIA supports the objective of building a more effective corporate tax regime to encourage more investment. Newer heavy vehicles are safer, more efficient and have lower emission that the vast majority of the existing fleet and using the tax system to encourage updating of the fleet will result in a wide range of benefits to society.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

See response to question 2.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

The Performance Based Standards (PBS) scheme under the Heavy Vehicle National Law (HVNL) has been the most effective element of the regulatory environment for fostering business dynamism and resilience because it provides opportunities for innovative vehicle designs that meet a range of performance based standards relating to safety, vehicle performance and infrastructure protection to receive exemptions from some prescriptive standards which govern most vehicle designs.
This scheme has enabled a large amount of innovation in the heavy vehicle industry and resulted in substantial productivity, safety and emissions reductions benefit. Further enhancement of this scheme has the potential to provide further benefits to the community.

2. How has your regulatory burden changed over time?

Most of the changes to prescriptive regulations and regulatory processes impacting on the heavy vehicle industry have resulted in initiatives to tighten control by Government, increased requirements for information, reduce flexibility and increase compliance costs. The increases to compliance costs are generally underestimated in Regulatory Impact Statements produced by the regulating entities.

The change from the Motor Vehicle Standards Act (MVSA) to the Road Vehicle Standards Act (RVSA) has been accompanied by a tendency for greater rigidly to bureaucratic rules and has resulted in less flexibility to consider innovative technical solutions, such as in relation to heavy vehicle braking technologies. While many innovative designs have been progressed through the new legislation the delays, the amount of effort required and costs incurred has been substantial.

In particular, due to the high capital cost of many heavy vehicles, delays in gaining approvals are a significant cause of high regulatory costs.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

Issue 1 Delays in VTA (vehicle type approvals)
Light vehicles have very little variation between vehicles within the same model. However, many heavy vehicles are customised to suit the particular tasks that they are required to undertake and therefore have much greater variability. In addition, there are many specialist vehicle types which are unique or very low volume. Because these vehicles are customised, the applications for a vehicle type approval for these vehicles are sometimes more complex and may be more difficult for departmental staff without sufficient technical skills or knowledge to understand. Feedback from our members suggest that sometimes this is the cause of delays in processing applications. Unfortunately, some of the escalation mechanisms for these types of applications do not work as well as they might and HVIA is asked to engage with the department on behalf of members to get the issues resolved.

Issue 2 PBS (Performance Based Standards) scheme issues
The PBS scheme has been effective because it has allowed innovative vehicle and combinations to be used resulting in increased safety and productivity along with reduced environmental impact. However, the scheme needs to be revitalised so that it can foster further innovation and improvements in safety productivity and emissions. Rather than undertake a one-off review of the PBS Scheme, HVIA is in favour of the NHVR (National Heavy Vehicle Regulator) adopting a continuous improvement basis with dedicated funding for:

• further development of PBS standards and assessment rules to encompass emerging technologies and efficiency improvements.
• introduce incremental improvements to permits and notice schemes to continuously improve access by PBS vehicles to the road network
• simplification and automation of PBS approval processes to reduce compliance costs
• updates to prescriptive rules to allow for proven PBS designs to be covered by the prescriptive rules

PBS vehicles also frequently need to obtain exemptions to Australian Design Rules (ADRs) under the Road Vehicle Standards Act (RVSA) which can also be a significant bottleneck. The PBS scheme has in place mechanisms to ensure that not only do the vehicle designs meet the Standards but also that the State and Territory Road managers are willing to allow the vehicles access to the road system through permits or notices. Unfortunately, when a business applies under the RVSA for a Vehicle type approval for a PBS design already approved under the Heavy Vehicle National Law applicants are often asked to provide evidence that:

the vehicle is suitable for use on a public road in Australia and that it:
(a) would not pose an unacceptable risk to public safety; and
(b) would be appropriate for such use.

These requirements are redundant because the approval under PBS scheme has already established that the combination meets these requirements.

Issue 3 Vehicle Examination Schemes
Under regulatory arrangements there are several schemes for outsourcing vehicle examinations. These include a scheme for Authorised Vehicle Verifiers (AVVs) under the RVSA and Approved Vehicle Examiner (AVE) schemes under the HVNL as well as various state-based schemes for light vehicle inspections under state legislation (and heavy vehicles in WA and NT). This situation is complicated by the NHVR outsourcing the management of f heavy vehicle inspections to the state based light vehicle examination scheme managers (the road authorities).
The eligibility criteria for these schemes are not uniform which creates problems for examiners who wish to operate across schemes and/or across state borders. The NHVR recognised this was an issue back in 2016 and gave a commitment to developing a National scheme however there has been little progress.
HVIA supports the development of a national framework based on the structure originally proposed by the NHVR. This framework would simplify the process for suitably qualified examiners to work across state/territory borders and would involve consistent entry requirements such as: fit and proper person tests, insurance requirements, business rules and data recording. It would also provide consistent approaches to monitoring and audit as well as administrative arrangements. The scheme would also provide a framework for skills, competence and equipment which would vary based on the particular types of inspections being undertaken.

Issue 4 Access Policy
All states regulate the access of vehicles which exceed the base level of mass and dimension limits. These vehicles are referred to as restricted access vehicles. This is primarily done due to the difficulty for some of these vehicles to negotiate existing intersection geometry or to protect road or bridge assets from excessive wear and tear. However, the level of access granted is up to the road manager for the particular road which may be a state or local government authority. The capacity of different sections of the road system varies and the willingness of road managers to “sweat the asset” also varies. This results in disjointed access arrangement which may require the configuration of the vehicle combination to be changed on long journeys (e.g. adding or removing trailers from a road train combination).
The process of obtaining access approvals may also be slow resulting in higher costs. To operate at maximum efficiency, operators need to have consistent end to end access conditions from origin to destination. Solving this problem will require long term commitments and expenditure including:
• a commitment by all levels of government to include national harmonisation as a priority in the development of end-to-end networks.
• adopting a more risk-based approach to route and network rating.
• include short- and long-term aspirational standards for infrastructure and access, eventually aligning with overseas jurisdictions.
• Increase the use of simple notional notices and schemes to govern access

• Where possible automate the process of issuing permits and ensure that access decisions from automated systems are accepted without derogation.
• Match telematics requirements with infrastructure management objectives, such that industry costs are minimised.

Issue 5 Inflexibility in the Definitions of Vehicle Types in the RVSA and HVNL
• HVIA has become aware of situations where innovative vehicle types do not match existing definitions under either the RVSA or the HVNL. We have been advised that this creates legal problems under these pieces of legislation. The most obvious example of this is the example of a powered trailer where an electric motor provides supplementary motive power to a trailer which is attached to a motor vehicle. This vehicle does not fit nicely into either the definition of a motor vehicle or the definition of a trailer. This vehicle is also likely to need different ADR's applied to it than either a motor vehicle or a conventional trailer.
• HVIA suggests that both pieces of legislation need to be modified to allow Ministers to add additional definitions, specify ADR applicability for these additional definitions and apply exemptions as required to these vehicles

Issue 6 - ADR related reforms
The Australian Design Rules (ADRs) created under the RVSA are the primary mechanism used to control vehicle standards in Australia. Much of the focus of the Department of Infrastructure (which manages the ADRs) is on harmonisation with United Nations Economic Commission for Europe (UN ECE) rules. This is useful for rigid vehicles and single semi-trailer vehicles which can be imported from elsewhere and can operate in urban environments effectively. However, unlike Europe, Australia has a much larger focus on long hall road transport and operates a large range of vehicle combinations such as road trains that do not exist in Europe. Australia leads the world in innovations for these types of vehicles.
To support this innovation these vehicle combinations need special consideration within the ADR's because they have different requirements. While there are some adjustments to accommodate road trains there are a range of issues such as electrical couplings on road trains where the ADRs are too restrictive.
In addition, the process for changing ADRs is too cumbersome and too slow, which has led to a 'reactive' regulatory system that lags technology development, hinders innovation, reduces choice, and increases cost. In addition, there are many examples of outdated or unnecessary rules, as well as contrasting instances where harmonisation is needed, and others where it hasn't worked.
HVIA proposes the following changes:
• Review the ADR revision/approval process to streamline it and reduce its resource intensiveness.
• Redevelop the current Vehicle Standards Consultative Forum (VSCF) to meet quarterly, prioritise issues for the industry, and commit to defined targets and actions.
• Publicise key information related to ADR review and harmonisation activities and provide a mechanism for industry members to publicly record issues with ADRs or specific clauses.
• Recognise the inherent drawbacks in the ADR system and minimise those by avoiding the regulation of items that do not need to be regulated.
• Consider further ways in which the ADR system can be improved or revised to allow the introduction of innovative vehicles and combinations.
• Explore options to exempt complying imported vehicles from elements of the type

approval process, introduce manufacturer self-certification, and better implement the 'worst casing' provisions from the UN ECE 1958 Agreement.

• Consider opportunities to outsource aspects of the type approval system to industry to minimise the Department's workload.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

As outlined earlier, the change from the Motor Vehicle Standards Act (MVSA) to the Road Vehicle Standards Act (RVSA) has been accompanied by a tendency for greater rigidly to bureaucratic rules and has resulted in less flexibility to consider innovative technical solutions, such as in relation to heavy vehicle braking technologies. While many innovative designs have been progressed through the new legislation the delays, the amount of effort required, and costs incurred has been substantial.

In particular, due to the high capital cost of many heavy vehicles, delays in gaining approvals are a significant cause of high regulatory costs.