



Australian Government
Productivity Commission

PRODUCTIVITY COMMISSION

PUBLIC HEARING INTO NATIONAL TRANSPORT REGULATORY REFORM

**MR P LINDWALL Presiding Commissioner
MR M ROBERTS, Commissioner**

TRANSCRIPT OF PROCEEDINGS

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5 **MR LINDWALL:** Good morning. Welcome to the public hearing for the Productivity Commission Inquiry into the National Transport Regulation Reform Inquiry. My name is Paul Lindwall, as the presiding Commissioner here. I'm joined here by Malcolm Roberts and one other Commissioner, Ken Baxter, is an apology today. I mention and acknowledge any Yuggera people from Brisbane here today.

10 The inquiry started with reference from the Australian Government in April 2019. The purpose of the inquiry is to investigate the economic impacts of the 2008-09 COAG Transport Reforms; examine the implementation of the National Transport Regulation Reforms, including the development of the national regulators and the capacity of local governments in supporting the implementation; the delivery
15 against agreed COAG and intergovernmental agreement objectives; and finally, to assess the scope of future reforms to National Transport Regulation, including areas for further harmonisation and integration of the transport sector and a remit to the regulators.

20 We have talked to representatives of the Australian, State and Territory Government service providers and their peak bodies, unions, academics, researchers and individuals with an interest in the issues. We have received 44 submissions prior to the release of the draft report and a further 34 so far since the draft report, which was released on 12 November. We are grateful to all
25 organisations and individuals who have taken the time to prepare submissions to talk with us and to appear at these hearings.

30 The purpose of the hearings is to provide an opportunity for interested parties to provide comments and feedback on the draft report. This is the second public hearing for the inquiry. Following the hearings, we will also hold hearings in Canberra and Melbourne, and then we are working towards completing a final report, having considered all of the evidence presented to the hearing at the hearings and submissions and elsewhere.

35 The final report will be submitted to the Australian Government in April. Participants and those who have registered their interest in the inquiry will be notified of the report's release by Government, which it might be up to 25 parliamentary sitting days after the completion. As an aside, the airports inquiry was released right up to the limit there. Three months or so it can be, though I
40 don't expect it to be the same this time.

We like to conduct all hearings in a reasonably informal manner, but I remind participants that a full transcript is being taken. For this reason, comments from the floor cannot be taken, but at the end of the day's proceedings you will be

provided an opportunity to make a brief presentation or react to previous comments by other participants.

5 You are not required to take an oath, but are required under the Productivity Commission Act to be truthful in your remarks. Participants are welcome to comment on issues raised in other submissions, of course. The transcript will be made available on our website within about a week of the hearings.

10 Any media representatives attending today have some general rules applying. Please see Tim at the back up there if you are a media representative, although I don't think there are any at this stage but who knows. Maybe one of you is incognito. Participants should be also aware that media representatives, if they were here, may be using Twitter or other internet mechanisms to convey information online in real time, as one might expect in today's society, hopefully
15 reporting participants' remarks accurately but one cannot guarantee this in today's society.

To comply with the requirements of the Commonwealth Occupational Health and Safety legislation, you are advised that in the unlikely event of an emergency
20 requiring the evacuation of the building, we will evacuate through the back here and down the stairs to between the Post Office Square on Queen Street. Please use the stairwell and, if you are unable to, please see one of the staff to help with the evacuation.

25 Participants are invited to make opening remarks of 10 minutes or so, keeping them fairly brief to allow an opportunity for interactive discussion.

Now I would like to welcome Sal to talk from the National Heavy Vehicle Regulator. Welcome, Sal, if you could just give your name and title and
30 introductory remarks at your leisure.

MR PETROCCHITTO: Done. Sal Petrocchitto, Chief Executive Officer of the National Heavy Vehicle Regulator. Thank you for the opportunity for us to be with you. I, and my organisation, has enjoyed the relationship that we've probably
35 built with the PC on what is a complex piece of work that is being undertaken. In that regard, we do want to thank you for I think taking the time to comprehend the complexity of what is before us and call on your opening comments. Eleven years since the legislation in effect was considered, six years as a regulatory entity, the timing of this review linked to the work being undertaken by the entity is probably
40 an opportunity that I don't think I'll see in my lifetime again.

On that note, I think something that we should not undervalue in terms of the logic and steps that need to be taken to end up with a sensible piece of regulatory reform. Fundamentally for us, the concept is right. The development of national entities to
45 regulate the complexity that sits within State jurisdictions, from our view, is the

right thing to do. It is probably one of the largest change programs that will ever exist in this country and it won't happen overnight.

5 To some degree, some of the challenges and, I suppose, obligations that were placed not only on our organisation but on the other two regulators at the initial start, might have been a little bit ambitious. In saying that, and with now five years under our belt, I think we have achieved a hell of a lot more than anyone would have probably envisaged.

10 With the Victorian State Government transitioning their functions to the regulator in December, we as an organisation now represent the larger proportion of regulatory functions being undertaken in the country, with a very strong commitment from the two remaining jurisdictions to continue that agenda. From our view, the journey towards at least a national regulator in the eastern seaboard is
15 definitely there.

I still believe as a country you can't not achieve the outcomes and requirements until the two remaining jurisdictions in some way, shape or form are part of that process. You have rightly identified that in your recommendations which we
20 support. In doing that, I think we need to take a pragmatic approach as to what that adoption may look like.

I don't believe the industry can sustain having to deal with three pieces of legislation and three different interpretations of that legislation. The benefits that
25 come from a single entity being able to administer and implement through a common approach has huge benefits not only to safety, but in our mind, productivity as well.

We are moving towards the concept of a modern regulator, a regulator which really
30 starts to embrace and understand how this industry does work and it is a diverse and complex industry. There are players in this industry that generally want to do the right thing, be it from a safety aspect or in terms of both the productivity benefits that come from their operations and, unfortunately, I think we have a
35 legislative framework that restricts that.

If we can through this process start to address some of those issues in a way that considers but doesn't undermine the important role that we play around public
40 safety, then I think we're definitely on the right track. The five years of experience that we've had as a regulator have started to demonstrate to us where there are benefits and where there are challenges and your report had identified some of those.

Derogations can't continue. Individual views in what is the modern-day age and the activities that have occurred really need to be put by the wayside and a
45 common approach which embraces industry as a partner, as opposed to the

recalcitrant undermining devilish individual that everyone believes wants to do the wrong thing has to go. We fundamentally believe that they have probably approached change and embraced some of the benefits that come from technology innovation better than regulatory entities and government agencies, and for us
5 that's probably one of the challenges.

The underlying remit of the review and the law itself and the original intent we still think is sound. It just needs some appropriate tweaking to ensure that we deliver on those outcomes. As an agency now that has four jurisdictions, we are moving
10 to a concept of borderless enforcement. Borderless enforcement would definitely start to provide benefits to the industry from the point of view of efficiency and consistency. That, in itself, will have to contribute to better productivity and efficiencies in the way they operate as entities and agencies.

The complexity of the role that I play, the complexity of the legislation that we deal with, with the multitude of players, regulatory agencies, including police, is very complex. I think you've started to identify that in your findings as well. For us, there are probably two key areas where we see that real positive change. We
15 fundamentally believe that it is a collective responsibility on all of us in the regulatory sense to recognise that safety and productivity go hand in hand and you really can't dispel one from another.
20

As an agency, our fundamental first will always be the safety of the broader Australian community, but if we don't have a productive industry, we don't have a
25 broader Australian community. Probably the recent natural disasters have demonstrated the value of the transport industry in the movements of goods and services in that regard, which is very critical.

We also believe that the adoption and uptake of innovation in both vehicles, processes system can also help the broader Australian community and it's
30 something that we need to embrace. While it may not be one size fits all, we need to do it within a framework that is considerate of those points.

Improving safety outcomes from us is also another key area. We need to move away from the complexities that sit within the current restriction of the laws. It is a
35 facet of federation and we accept that, but we have an opportunity to get that right. We fundamentally believe that the law and the reviews should still have elements of prescription but also the flexibility to provide those that can actually demonstrate through appropriate safety measures, systems or procedure and
40 practices that they can be a trusted entity.

The balance or the trick will be getting that right, which is why we fundamentally believe that the work being undertaken by the NTC, which we fully support, needs to be informed by the work that you are doing and ultimately the recommendations
45 that come from your report. In that regard, we would seek to encourage that some

appropriate timeframes are put into that fundamental review to consider your final report.

5 We believe that the sharing of information and data is also critical but that has to be a mutual sharing of information and data from my organisation, from industry and from government. It's pointless us holding a whole lot of information and not sharing that and allow an industry to be proactive in the way it undertakes it. We also fundamentally believe that that would be beneficial to the productivity outcomes that we see.

10 We will continue on our agenda. We believe that the recommendations that you have tabled largely align to our strategic direction and in our discussions that we have had with you and in the individual discussions we have had with you, I think you can start to understand and comprehend some of the focus that we are taking in that space. It's not going to be simple. The remaining jurisdictions that we need to transition are complex and bring some level of sophistication that needs to be considered in that, but we have to keep going. Industry will demand that we take a sensible, proactive approach in the way we do that.

20 In summing up, I would just like to thank the Commissioners. I'd like to thank your team for the level of interaction and engagement that has occurred between yourselves and your team with my staff. I think it has been valuable to both of us and we look forward to the final report.

25 **MR LINDWALL:** Thank you, Sal. Could I also acknowledge that your team has worked very closely with ours and we've been very pleased with that interaction too. Now, end of this mutual admiration society, but if we get down to the thing about mutual recognition, you have a Western Australian system and it has an accreditation regime itself. Let's leave aside Northern Territory for the moment.

30 Do you think there is some scope, at least in the short term, to have a level of mutual recognition of the two accreditation schemes, your one plus the one in Western Australia, leave aside the TruckSafe one, that where governments might be able to reach some level of concordance on that as a first step to getting across the border?

35 **MR PETROCCITTO:** I do, Commissioners, to the point that we've actually already written to the Western Australian Government and we are in discussions now around what that might look like.

40 **MR LINDWALL:** Yes.

MR PETROCCITTO: If you look at the two schemes, there's not a lot of differences. The Western Australian accreditation framework, and to some degree our AFM, advance fatigue management principles around fatigue, there's not that much separation in that space. We actively are engaging now with Western

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Australia in joint operations around enforcement and compliance. We're already doing a significant amount of data sharing and information gathering. I believe that some form of recognition this year will occur between the two regulatory agencies.

5

Can I stress that there are two regulatory agencies that administer a regulatory scheme. I think in that sense there's still a lot of confidence that needs to be demonstrated to jurisdictions and other policing agencies that that can be done appropriately by a regulatory agency before you potentially consider it to be broader and open up to third parties.

10

MR LINDWALL: I think that's a good point. I mean if I recall from yesterday's conversation with ONRSR, they made a very good point I thought, which was that you can have one set of regulation with multiple regulators that lead to inconsistencies because of the way they're interpreted.

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MR PETROCCITTO: Yes.

MR LINDWALL: This mutual recognition, I see it as a short-term step forward but, ultimately, I would have thought it better to have a single regulator.

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MR PETROCCITTO: Yes. We share a similar view. Our concern is if you potentially go too hard, too quickly on a multitude of individual players, you may end up with a more complex environment that may put an extra burden on the industry that it doesn't realize that it's actually coming down the pipeline.

25

MR LINDWALL: In terms of your own accreditation scheme, how do you monitor the safety impacts of it as an accreditation scheme? If you divide it at the moment between very prescriptive legislation for the majority of smaller operators, versus ones that go to the accreditation scheme and get some level of derogation – not derogation, that's the wrong word – some level of change from the prescriptive legislation, how do you monitor the safety impacts of that?

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MR PETROCCITTO: It's a good question. The Commission will be aware that we inherited the NHVS. It was one of the first services that actually came to the regulator in 2013 and it had largely been administered by the jurisdictions in multiple forms.

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MR LINDWALL: Yes.

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MR PETROCCITTO: The unfortunate events that happened in Mona Vale had required that both the regulator and the NTC look at provisions in that space. Our submission to the Ministerial Council late last year looked at fundamentally changing elements of the business rules. It has asked to put more focus and onus on how industry actually reports to us on matters and situations within the

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organisation ourselves, as we start to consider moving towards safety management systems and moving it from let's say an accreditation system to a safety management system, but looking at an overarching framework.

5 That work is still in play because we fundamentally believe that it needs to be aligned to the regulatory policy framework which the NTC is developing. If we don't have that right policy framework, whatever supplementary system we may develop may not have the appropriate provisions or powers.

10 **MR LINDWALL:** Yes.

MR PETROCCITTO: We're evolving that. That discussion is occurring with industry. I believe we probably need more powers around some type of mandatory reporting back to the regulator. At the moment, that doesn't occur. We need to be
15 cautious as to the way that's done and that will need discussion. I think it has to be a mutually developed program, but it really needs to be a single national program.

MR LINDWALL: Yes.

20 **MR PETROCCITTO:** In that regard, the sharing of information that may then go to police agencies or other regulatory bodies as well, and depending on where the Commission does land in its final report with what the role of the ATSB will be in that as well, that delivers another level of complexity as well. My view around the provisions, we've asked probably for some "no blame" powers to be given to the
25 regulator which allows us to then go in and check.

MR LINDWALL: Yes.

MR PETROCCITTO: It's a little bit different to probably what the ATSB does.

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MR LINDWALL: Yes.

MR PETROCCITTO: The ability to go in and see but the ability to have systems that capture, operators to report, to self-manage, and to some degree provide
35 solutions that may resolve the problem which we then can go through and audit. That's probably where some of our thinking is currently sitting.

MR LINDWALL: It's basically about trying to collect the type of evidence that shows that this behaviour or this activity is likely to lead to good or bad safety
40 outcomes?

MR PETROCCITTO: Correct. We don't have that prior data. Once the trucks hit something or there has been an incident, well that's in effect too late.

45 **MR LINDWALL:** Yes.

5 **MR PETROCCITTO:** Yes, you can learn from that but we're really keen to start to capture some of that early reporting and industry starts to do that now. It does have "near miss" reporting. It has it within its own entities with its own structures. But how do we bring that to another level that maybe shares that with the regulatory body.

MR LINDWALL: I've got plenty more questions.

10 **MR ROBERTS:** Well continue. Just leave me some time.

15 **MR LINDWALL:** Definitely. Telematics obviously are something that can greatly improve the collection of information and help to change behaviour. We had testimony yesterday from a person who testified about insurance and how our regulated insurance market is such that let's say compulsory third party. It is a highly regulated system compared to say the UK where it's more flexible. I mean it's still mandatory but it's one insurance product if you like and they can then price discriminate against people, and if they have telematics, they get a much lower premium if they have good behaviour, if you like.

20 **MR PETROCCITTO:** Yes.

MR LINDWALL: Is that something that could be usefully thought of in Australia?

25 **MR PETROCCITTO:** I think the adoption of technologies because it may not necessarily need to be telematics.

30 **MR LINDWALL:** Yes.

35 **MR PETROCCITTO:** Because you can still have a very robust safe operator that is old school and we shouldn't penalise that safe operator because he's got the appropriate culture processes and principles or procedures. The use of technology we think is definitely beneficial. I am cautious to look at something that mandates a particular type of technology because if you look at the current framework of where the law may land and by the time it gets finalised, debated and developed into the house, it could be three or four years.

40 **MR LINDWALL:** Yes.

45 **MR PETROCCITTO:** Technology at this rate is moving probably every six months. We could get caught. So, if we look at it as a generic utilisation of how technology delivers on an outcome to either achieve a safety or a productivity benefit but doesn't specify a particular type of technology, if we can agree on the data framework, the data capturing aspects and why we will use the data, then yes,

I think there was a lot of benefits. But if you go down a particular “you will have that type of thing and you’re going to use it this way”, nine times out of 10 it will be overridden by an operator that can actually look at doing things in a different way because it doesn’t suit their commercial benefit by having mandated reporting.

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MR LINDWALL: Yes, sure. Now, in a previous report of the Commission on financial services, we made comment about there’s a tension between regulators. In this case we were talking about the Australian Prudential Regulation Authority which had a tension between two objectives, one of which was financial stability, the other was improving competition in the markets. In the case of APRA, in that report we basically said they focused entirely on financial stability and forgot about the rest of it.

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MR PETROCCITTO: Yes.

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MR LINDWALL: Now, you have two objectives too, safety plus productivity. How do you balance those two? I’d assume, of course, you’d say, as you should rightly say, that you would not sacrifice some level of safety for buyer productivity. How do you balance those two?

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MR PETROCCITTO: That’s an interesting question and one that the jurisdictions are currently sort of pondering whether our remit is correct. Our fundamental view is that the operators that do invest in safety and safe systems are actually a productive operator. We now have evidence that we can start to demonstrate that through what we’re seeing. For us or Commissioners it’s really no different to what’s probably already been happening over the last 100 years when State agencies had the both functions.

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MR LINDWALL: Yes.

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MR PETROCCITTO: But it’s now been brought forward to one single entity that actually can look holistically across the country. So, everything we do that looks at productivity is always done with a safety lens. At the end of the day, safety will always be paramount, but what we are trying to do is develop a framework which considers safety in the context of the risk or the productivity outcome that needs to be determined.

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So, we don’t have a problem with dealing with it. We think we’ve been able to manage appropriately within the organisation through the appropriate development of systems, structure and approach, that the two go hand in hand.

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MR LINDWALL: Yes.

MR PETROCCITTO: Separating the two, I think one will suffer and potentially the one that may suffer could be the safety remit that we really want to deliver on

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because if we're driving just for a productivity outcome without a framework which considers what needs to be put into that productivity framework, safety measures, systems, processes, the ramifications could be worse. So, I think that's the one bit that COAG did get right where they did give us the productivity remit.

5

MR LINDWALL: Yes. What's the role of driver education and proficiency and how can that be improved in terms of safety outcomes?

10 **MR PETROCCHITTO:** Another good question. Licencing is probably currently a discussion that's really been doing the rounds over the last 12 months. We probably want to move it from a word of licencing probably to more a word around competence and capability. Once again, we think that that should be based on the risk of the task that's being undertaken and the complexity of that task. We fundamentally believe that more should be done.

15

We're still working through with the State agencies the role that we play, but we also believe that that I suppose education and competency building should not just be in the heavy vehicle industry, it should be in the light. Your data would have identified that the majority of incidents that occur in our sector are actually as a result of the light vehicle driver, as opposed to the heavy vehicle driver.

20

This industry has in good operators invested a lot of time and energy in making sure it does what it does well. But I think we've dropped the ball in the broader general community around education, training and understanding as to how you manoeuvre or operate around a heavy vehicle. So, that's probably an area that I think government should consider. It's something that we're looking through within our own programs around how we increase awareness to the general community, around how you manoeuvre and operate around light vehicles.

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30 This is where you potentially come back to the concept of what a national framework of accreditation may lead to with competencies and risk, and maybe there are requirements that says everyone should have at least a minimum standard. I'm not aware of any State agency at the moment that actually requires a truck driver to go back and refresh their driver's licence. I don't have to do it on my car.

35

MR LINDWALL: No, but you do if you're a pilot.

MR PETROCCHITTO: Correct. So, I think there are some learnings potentially from some of the other sectors that would not necessarily create a burden on the industry if it's done properly, and that's probably the challenge.

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MR LINDWALL: I should let you have a few questions.

MR ROBERTS: No, you've covered a few points that I was going to raise with Sal. Sal, it's interesting your comments around marrying productivity and safety

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and productive operators also being safe operators and vice versa. Certainly, in consultations with people there has been some wistful thinking - that's wistful, not wishful - from some sectors that feel that they would like to see their safety regulator have a productivity mandate and they can see synergies between the two.

5

MR PETROCCITTO: Yes.

MR ROBERTS: When we look at your accreditation scheme, are you monitoring the safety outcomes being achieved by these businesses? We're very clear around the productivity benefits that are being delivered.

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MR PETROCCITTO: Yes.

MR ROBERTS: Is there good data available to you at the moment to also have a good sense of what the safety outcomes are?

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MR PETROCCITTO: I wouldn't say it is exceptional data. I would say we are building the data.

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MR ROBERTS: Yes.

MR PETROCCITTO: The recent changes to the business rules will allow us to do that. We copped some criticism from industry that we were putting an unnecessary burden on them. We don't think that was the case. We think that that capturing of that baseline data and the Commissioners have now seen the sophistication in our data systems.

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MR ROBERTS: Yes.

MR PETROCCITTO: Building that case history and being able to provide that back to the operator, we've also been able to utilise that. Then whether it's the next audit or it's the next assessment that's to be done, I think we are on the right track. I think that we probably need some extra provisions around the type of information that should be provided, as opposed to "I might provide it". I think that's the challenge.

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MR ROBERTS: Yes.

MR PETROCCITTO: So, in that space we probably do think that some more forceful provisions around reporting would be beneficial, but we think it would be beneficial because it actually adds value back to the operator as well.

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MR ROBERTS: That's right, yes.

5 **MR PETROCCITTO:** Our approach has been to date that whatever we capture in the system, where it's not of a regulatory compliance type nature that we need for our operations as a regulator, our view is that this should be publicly available back to the operator, so he or she can see their previous performance or their previous order, or their previous incidents. Well, we think that's got a lot of benefit.

10 Where that then may take us is then the ability then to produce a report that then in effect determines the state and health of the industry from a safety perspective. Now, our on-road compliance activities are identifying that operators that invest in well maintained and roadworthy vehicles are being held around 13 minutes in an intercept. Those that aren't, anywhere from 35 or 40 minutes. If you've got a fleet of 100 trucks, seven days a week, 365 days a year, well you can start to correlate where investment in safety has a significant beneficial benefit in productivity and efficiency of their operations.

MR ROBERTS: Yes. You mentioned in the post-draft submission, and thanks very much for that, that a real development power would be helpful.

20 **MR PETROCCITTO:** Yes.

MR ROBERTS: Possibly on working hours or record keeping.

25 **MR PETROCCITTO:** Yes.

MR ROBERTS: I presume that would help you perhaps in your discussions with the WA regulator and the Northern Territory Government as well.

30 **MR PETROCCITTO:** Very much.

MR ROBERTS: Is there genuine interest in using that as a way to try and close the gap, if you like, between what is a prescriptive HVNL that you're obliged to enforce and the difference between State and Territory arrangements?

35 **MR PETROCCITTO:** It is but it also, from our perspective, allows us to address the diversity and complexity of this country. So, operations in Brisbane, Sydney, Melbourne and completely different to operations in Darwin and Adelaide, or Adelaide and Perth and everything else.

40 **MR ROBERTS:** Yes.

MR PETROCCITTO: Having the ability to make rules which then in effect can address the particular type of risk associated with the task in a geographic location, allows us to be a more responsive regulator but not necessarily compromised on

the safety outcomes. But also consider, as you've mentioned, with what WA does or ultimately what the Northern Territory may do.

5 Our fundamental view however is that the safety of the driver and the safety of the general community should not be put above anything else, and however we might determine what those rules may be, they need to be done in a way that considers the right outcome.

10 **MR ROBERTS:** Sure.

MR PETROCCITTO: But being an operator that's driving through the Nullarbor and you hit your hours and you're supposed to stop in 45-degree heat doesn't make sense to us.

15 **MR ROBERTS:** No.

MR PETROCCITTO: Having a rule that says "to the next safest location for both the driver health and safety and broader safety" is beneficial. We don't have that flexibility at the moment.

20 **MR ROBERTS:** Animal welfare might be a factor in many cases as well.

MR PETROCCITTO: Exactly right, exactly right.

25 **MR ROBERTS:** Another point that came through in your submission is NHVR's interest in a proactive and cooperative working arrangement with local government for road access.

MR PETROCCITTO: Yes.

30 **MR ROBERTS:** I think the submission was quite positive. It might even be described as optimistic about what might be achieved.

MR PETROCCITTO: Yes.

35 **MR ROBERTS:** One of the interesting aspects there was the sense that you might be able to move towards more "as a right" access through notices in areas where there's history of industry use, if you like, and maybe piecemeal approvals from local government.

40 **MR PETROCCITTO:** Yes.

MR ROBERTS: Can you tell me a little bit more about how you might be progressing with that?

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MR PETROCCITTO: We've probably done a fair bit of work with my local government colleagues here from Queensland. Queensland has probably led the way from an LGA perspective in that regard. The portal itself is now starting to develop a level of data sophistication on routes that require commissioning. What we're starting to see is that in a lot of cases that the process does not add any additional complexity or conditioning.

Now, if it's the same task on the same truck on the same route and there's no change in condition, be it infrastructure, safety or anything else, our view to the local government agency has been can we move to a pre-approval process or could we move to a decision-making authority that you delegate back to the regulator or move to notices.

It's been met with mixed responses across the country. Of the 400-odd councils that we deal with, there are many that are more progressive. There are many that are generally concerned about the condition of their infrastructure and their asset, and that is a complex one because we aren't an infrastructure body.

MR ROBERTS: Yes.

MR PETROCCITTO: We do believe that there is probably education, capability, investment that probably needs to be put into local governments. Engineers, and I apologise for any in the room, they're normally the most risk-averse, and normally in local government probably the most risk-averse, so they're concerned about that. The way we probably mitigate and give them some protection that the decision that they may take will not compromise the safety outcome, excepting that the regulator does have a chief engineer, has probably one of the best PBS engineers in the world and in that regard, the way they utilise that. We think more work definitely in that space.

What I would like to say is that I think over the last five years in certain parts of local government, I think they have embraced the provisions and their responsibility far greater than some State agencies have. Over the last 12 months, what we're starting to see in at least the majority of State agencies is they're now starting to comprehend what the concept of productivity networks may look like, the way you do commissioning or conditioning. Bringing them into the regulator and having that data definitely assists them because they now have a repository that they can go back and get history and data on. A lot of that didn't exist. But there is still an infrastructure problem in this country with condition of asset.

MR ROBERTS: That's probably a good segue into a general question around the national freight hub. Clearly, you've got a lot to contribute to the development of that model. Any thoughts you'd like to share on how that could be integrated into helping local government decision making and industry decision making?

5 **MR PETROCCITTO:** It's a really good question. I am supportive of the freight data. I think what I am keen to probably see is what's the problem we're striving to solve and what is the data going to be used and how will it be used. I think that definition needs a little bit more work. Once we've probably then defined that and, again, coming back to then what type of data. Now, if it's identified freight movement data on a particular route, fantastic. At the moment, as you would know, a permanent vehicle doesn't have to tell me how many times it moves on the road.

10 **MR ROBERTS:** Yes.

15 **MR PETROCCITTO:** It's got a permit. If it has a three-year permit, it could move three times, it could move 3000 times. We capture some basic movement data and commodity-type data. But again, unless you link that data capture to land use planning provisions and outcomes and their utilisation in broader strategic land use planning as to where DCs, residential precincts, types of networks that you might want to establish based on a particular commodity, forward planning and information that may come from agricultural agencies that says we're in for a bumper crop of X, that will mean X type of truck movers that need to do. We're going to need this type of gazettal notice in play. I think that's where the benefit of it comes from. If it just becomes somewhere to dump stuff in I'm not sure it's going to be beneficial.

25 **MR ROBERTS:** Yes. Well clearly it needs to link back then to the policy planning, a host of government functions, so you get the full integrated value of the information.

MR PETROCCITTO: Correct.

30 **MR ROBERTS:** One of the difficulties I think everyone is probably wrestling with - certainly we are - is it might be easier to find the capabilities that will be required for the owner or the operator of the hub - harder to find who the ideal party might be to look after that responsibility.

35 **MR PETROCCITTO:** Yes, and it is a discussion that we have started with the Commonwealth. We believe that we could assist them, definitely with the level of data that we are capturing. That's a discussion the Commonwealth is progressing at the moment, which we've continued to offer our support and advice if they wish to capture it.

40 **MR LINDWALL:** Could I say - I'll talk a bit about some of the enforcement; I mean some of the concerns that have been raised with us is that, you know, the NHVR might permit some - well for example, you've seen electronic diaries, logbooks, and then a policeman comes along and enforces something that's unrelated and then punishes a driver for that, and now theoretically that could be

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taken to court and the breach could be thrown out because of other evidence, but there's a reluctance by truck operators to do that because it's expensive to go to court and that. I mean, is there something that the NHVR could assist operators in that respect?

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MR PETROCCITTO: Yes. My personal view, I think this whole issue has been totally blown out of perspective. That's my personal view. Yes, we know that officers, and there's X number of them across the country, have delegated authority to do whatever he or she wishes to do as a policeman, but I'd be very surprised whether we would see a raft of one minute breaches being issues to drivers by policemen, because I'm pretty sure that there'll be a chain of command or a discussion come around that says 'Well hang on, let's have a look at what's really practical and appropriate here'. In saying that, however, we think, and what we are hearing, is that a large number of the very big corporates will adopt an electronic record as soon as one is approved, and the magnitude of that could be into the thousands.

Now, we expressed some concerns when the original provisions were developed by the NTC around the misalignment between the electronic record time constraints to the written diary time constraints. Our view at that stage was that they should have been aligned, so if there was a 15 minute increment in the written book potentially in the electronic there should have been a 15 minute increment. To some degree my view was, well, actually if they're an electronic record they're probably more committed to actually being an honest operator, and I'll use that cautiously, because the time is already being recorded, so if I'm seeing, be it the enforcement officer or the operator's seeing the record it's a more accurate record. Does it matter if they've gone over 30 minutes? Because the - it might have required them to actually take that extra time to get to a safe location.

The last seven day period has said they've met all of their obligations under time recording. What's the problem? So again I think it comes back to building confidence in our policing agencies that moving to an electronic record does not compromise safety; it's robust, it's auditable, and being electronic it is - actually should be more accurate than potentially the implications that come from using the written book. We should avoid drivers being penalised for spelling mistakes and putting the black line in the wrong line.

MR LINDWALL: Yes.

MR PETROCCITTO: But it then comes back to the fundamental discussion around what is the right fatigue approach moving forward. Now, my view has been if you're actually starting to use some of the fatigue monitoring technologies and devices the book's useless. Capturing fatigue there of the driver and being monitored in either two minutes or whatever increments is a probably more accurate measure of fatigue. Recording how someone works and how long they

work again probably needs a discussion, because the approaches that we're now starting to consider is more about how much sleep have I had, and how much sleep has that driver had before they get behind the wheel?

5 So that's the discussion that we have definitely put forward as part of our submissions to the NTC around what does a contemporary fatigue management framework look like. In saying that, we are also of the view that you will still need some basic prescriptive provisions, but they can't be the 85 or whatever pages that currently sit within the law that no one can comprehend.

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MR LINDWALL: And in terms of chain of responsibility, of course, which is something that has a lot of merit in trying to - that it's not always an operator; it can be under a lot of pressure from the employer or the contracted party.

15 **MR PETROCCITTO:** Yes.

MR LINDWALL: How is that progressing and what do you see are blockages to that, or what type of things could be done to improve the effect of that, or efficacy of it?

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MR PETROCCITTO: I don't personally see blockages. I think what I see is the law is still only some 12, 15 months new. It came into effect in October 2018. We are - as an organisation we are still working through what will probably be some of the first prosecutions under a primary duty arrangement, and can I say no state agency has prosecuted under the primary duties? So we will be the first in that regards. Like everything, I think some of it's going to need to be tested in a court of law to determine its appropriateness. I'm concerned a little bit that there might be some complacency being introduced into industry because they're not seeing prosecutions, but as a regulatory agency we want to make sure that these first prosecutions are evidence based and appropriately done, because the consequences of that could be more detrimental.

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But our view is, at the moment we think that the provisions around the primary duties and chain of responsibility are largely right and probably don't need too much tweaking. We think that we probably could expand it to include vehicle manufacturers and repairers; that probably adds that other chain.

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MR LINDWALL: Yes.

40 **MR PETROCCITTO:** But again, and probably witnessed by the introduction of some of the ride share companies that came in that caught government off guard with inappropriate frameworks in legislation, don't restrict the legislative framework that then inhibits us to then develop provisions or rules or guidelines to then address some of those concerns. More education needs to be done in the chain of responsibility space for sure. We are seeing that the good companies are

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definitely putting provisions in play, but I'm concerned that some of them are probably taking it too far, which means that they're putting additional burdens on operators by wanting to do their own independent auditing, and that's, I think, adding a layer of complexity that was never intended in the law, which again comes back to my earlier comment around if there is a single regulatory agency that's administering a national accreditation framework or an auditing regime, and if that meets the obligations of the law that should be accepted by the upstream customer, supplier.

10 **MR LINDWALL:** Yes.

MR PETROCCITTO: They are always going to want to do their own checks and balances, but we have to stop what I'm hearing are complex audits that can be in the vicinity of 10 to \$15,000, and you might have to do three or four of those because shopper A, shopper B, and shopper D wants to do their own. That's not efficient.

MR LINDWALL: No, no, it isn't. Yes. On the - going back to permits, you've got an online route planning tool. What do you feel about having the public availability of information about permit approvals?

MR PETROCCITTO: My view, and I think you guys might have picked this up in our discussions, I have a view that we should be outward facing as much as we can, to everyone, as quickly as we can.

25 **MR LINDWALL:** Yes, I thought that. I just wanted to get that on the record.

MR PETROCCITTO: Yes, and I personally believe I don't think we use geospatial mapping adequately. I think we could do a lot more in geospatial mapping. I also think we could be doing a lot more in pushing data back out to whether it's telematic systems, Navman devices, whatever it may be. There is a wealth of information there. What is probably improving is the quality of the data. A lot of effort has gone into that, and it's probably come evident through the recent bushfire disasters that probably more work could be done around route identification or blockages in real time. So it's probably something that we may need to consider moving forward in that space as well.

MR LINDWALL: I've got a few other questions but I don't - - -

40 **MR ROBERTS:** In terms of time you should shoot through yours.

MR LINDWALL: Also because the team had wanted to ask questions about does the NHVR support the recommendations of the Medlock Review?

MR PETROCCITTO: The Medlock Review was an independent review. It was an independent review that was undertaken to gauge the three different regimes that exist in accreditation.

5 **MR LINDWALL:** Yes.

MR PETROCCITTO: The steps that we have now taken through the endorsement of TISOC is that we will now work with state agencies and industry to look at developing what a national accreditation framework will be. That has
10 now been linked to the work being undertaken by the NTC, because if we don't have a policy framework which in effect gives a head of power to actually say that we're going to move to a national framework Medlock Review - well, his work - Peter's work will be considered in that determination, but the discussions are still out with the jurisdictions as to what the framework looks like.

15 **MR LINDWALL:** A slightly different topic. In our report we said that effectively (indistinct) prescriptive law is good for a lot of smaller operators who want the clarity of it, but that doesn't mean they want it to be so prescriptive or so excessively burdensome, and so the review of the law itself is - to simplify it is
20 valid, but on the other hand, having a system where more sophisticated operators can improve their innovation by having safety management systems, that characterisation you would generally agree with, I guess?

MR PETROCCITTO: Fully support. My background is land use planning, and
25 land use planning has already gone through this debate around the basic prescription around what the intent or outcome is needed, and you follow the rules, to an outcome solution that can be demonstrated by a very innovative landscape - an architect or a planner to achieve the outcome. We fully support those provisions. The reason we think you still need some basic prescriptions is there are
30 still a very large proportion of the industry that is above four and a half ton that is not (indistinct) itself to be a heavy vehicle driver, and that's a plumber or that's a bricklayer, or that's wherever, and there's a large number of those registered vehicles.

35 They still need some basic law in terms of how they manage and operate a vehicle safely, to the other end of town, which might be your Tolls, your Linfoxes, or even a very smart, small operator who's invested in technology that can demonstrate to us, through systems, processes, and capability, that he or she can do exactly the same thing. The law has to have that flexibility. The law has to have the
40 flexibility not in the law. The law should provide the lead of power, but it should be either in the regs or guidelines, which allows us to be responsive and agile in then amending where we can.

MR LINDWALL: Now, we went out and participated in a number of your outreach activities, which were very positive, and we - in quite a number of locations in Australia, and I understand they're a regular feature.

5 **MR PETROCCITTO:** Yes.

MR LINDWALL: That's part of your educational role of course, or outreach, and are you able to gather from that a sense, maybe through surveys, about how the regulatory burden is changing over time and the perception of the operators to that burden?
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MR PETROCCITTO: This industry is never backwards in telling what they think. Just hop onto Twitter. But we are. We do - we're using multiple channels at the moment. It's direct feedback from the officers. We do use social media a fair bit. The feeling that we are getting at the moment is that the change of approach that the regulator is starting to adopt in terms of its enforcement approach, which is inform, educate, and the hard heavy hand, seems to be resonating with the industry, and they are appreciating the more customer friendly approach that our office are trying to bring to that discussion. So, it's early days but the information that we're starting to see is that it's going in the right direction.
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That discussion is continuing with state police agencies. I meet with the assisting commissioners of police now every six months, and that discussion is occurring around how we then instil, I suppose, our philosophy around enforcement and compliance with some of the activities that they do. More work needs to be done in that space; we acknowledge that. The assistant commissioner has acknowledged that, but I think there's a desire there to probably relook at the whole enforcement and compliance approach. What we're not going to move away from, however, is if someone is doing something wrong we're still a regulator.
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MR LINDWALL: Of course.

MR PETROCCITTO: And we will use the powers, and to some degree the powers are pretty strong at the moment, and we'll use them.
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MR LINDWALL: Is there any scope for bringing the road managers together in, say, an annual conference or something like that, to share the learnings, or how do - since councils vary and the road managers vary in their aptitude and how frequent the movements of their permit applications and so on, to actually help them understand some of the better practices from other councils?
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MR PETROCCITTO: Yes. We've done a number of those. We've had a couple of engineering sessions where we brought local government engineers. We're now - excuse me - I believe we have in program for this financial year two additional programs. We've got one currently being planned by Mackay City Council
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actually, so we're going there. We work closely with the local government associations. Yes, we think more can be done in that space. What we're also seeing is that more of those probably need to be taken to the regions.

5 **MR LINDWALL:** Yes.

MR PETROCCITTO: Which we're considering as well. Now, there are cost and resource implications to that, but we - we're starting to see that the uptake of those engagement sessions has been beneficial. We're also starting to see that the
10 utilisation of the portal in some cases is starting to add value to the road managers. Bringing the state agencies together is not complex. They're a smaller number. There are a number of forums that we do in that space, but we are definitely going to do a lot more. We're working with South Australia at the moment. I believe the South Australian government will appoint a local government liaison person
15 shortly, similar to what Queensland had done, and we understand that the Victorian Local Government Association is still considering a similar type approach. So yes, a lot happens in that space.

MR LINDWALL: And in terms of the Australian design rules, is that an issue,
20 because a few people have told us that acts to prohibit or discourage safety that might be able through (indistinct) cameras and so on?

MR PETROCCITTO: Yes. It's definitely a discussion that we are having with the Commonwealth in terms of the vehicle standards and the Australian Design
25 Rules. There are some complexities in terms of Australia's commitment to UN standards and stuff, but I personally believe that a more pragmatic approach on some of this stuff does need to be adopted. We are losing out on significant safety benefits in innovation in technology in vehicles because of some of these provisions, but it's something that we have to work with the Commonwealth on.

30 **MR ROBERTS:** That would be mainly about the width standards and - - -

MR PETROCCITTO: Well widths, lights, length. There's a few there, Commissioners, that we think don't inhibit or impact on the network. Like, you
35 know, and Garry may have mentioned it in his comments, but moving to a 20 metre length vehicle adds a whole lot of safety benefits. Having a 19 metre combination that can't have a bull bar that runs on the Nullarbor is stupid because he's going to be 100 mil over. That's some of the crazy restrictions that we currently have, so that's where I think more flexibility for the regulator to assess
40 the impact of what's being asked for on the conditional network. Now, having that on West Pennant Hills Road in Sydney is probably ludicrous, but in the outback of Australia you probably wouldn't want to drive a truck without some of those safety features.

I think width is definitely something. I also - and I acknowledge, and I'll put it on public record, that local manufacturing in this country is important, but it can't come at a cost of impacting on what safety benefits may be able to introduced by operators to improve their safety performance.

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MR ROBERTS: sure.

MR PETROCCITTO: It's a fine line that we have to work through, but it's something that will probably be a Commonwealth decision, not mine.

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MR LINDWALL: Yes. Did you have any questions (indistinct)?

MR ROBERTS: No, conscious of time.

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MR LINDWALL: I think that's - Sal, thank you very much for your time today, and much appreciated.

MR PETROCCITTO: Thank you, Commissioners.

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MR LINDWALL: We look forward to continuing (indistinct).

MR PETROCCITTO: Thank you, sir.

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ADJOURNED

[10.28 am]

RESUMED

[10.37 am]

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MR LINDWALL: Thank you. If you could introduce yourselves and give a statement that'd be perfect.

MR CHOW: My name is Robert Chow. I'm the transport logistics lead at LGAQ.

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MR BRITTON: Scott Britton. I am the acting team leader infrastructure, economics and regional development at the LGAQ.

MR LINDWALL: Thank you.

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MR BRITTON: Commissioners, thank you for your time. It's great to see you once again, and as we have done previously throughout the course of this inquiry, happy to continue our discussions. I'll just start off by saying that, you know, obviously the Local Government Association of Queensland is the peak body for local government in Queensland. We represent the interests of Queensland's 77

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councils. It's those 77 councils that are they key provider and manager of infrastructure, including community facilities, roads, bridges, storm water management, waste water, and water supply, you know, and this infrastructure really supports the operation of regional economies and the communities that they sustain.

Councils are under constant pressure to increase the number of and expand the range of services, including as a result of rising community expectations, increasing demand from other levels of government, some pressures from above, and obviously changes in standards and legislation. You know, obviously the - I guess the creation of the regulators and transport reform has added to that burden in this regard. Local governments obviously recognise their critical role in responding to the growing freight task, but however councils face a delicate balancing act when it comes to the need to improve productivity of road network versus the responsibility to preserve their infrastructure for the use of their community.

As Sal highlighted a fair bit throughout his testimony, the Local Government Association of Queensland has taken a bit of a proactive approach in this regard. We've worked with the regulator through the establishment of a memorandum of agreement back in May 2016 which led to the creation of what was known as the Heavy Vehicle Access Liaison position at the Association, which was put in place to work with councils to really work around capability and capacity support, education, and development with those councils in order to progress down that pathway from permit to preapproval, and in many cases now in Queensland, as of right networks.

You know, the freight task typically starts and ends on a local government controlled road, so there is obviously a need to respond to those increasing demands, given the growth in the overall freight task, but this also poses a number of challenges for councils in the sense of community expectations, road standards, and ultimately funding. So I might leave that as just the opening statement. We've been through quite a lot of this before and in our submissions in greater detail, and we're happy to take questions and have a dialogue today.

MR LINDWALL: Thanks for that. I think - thanks very much for the cooperation that we've received in this inquiry. Could I ask, I mean, I think it's fair to say that Queensland has the most diverse range of councils in the whole of the country, because you have the single largest one, Brisbane.

MR BRITTON: Yes.

MR LINDWALL: Down to probably the smallest one perhaps; I don't know, but pretty much, anyway, and it's obviously for - very well resourced and councils having the capacity to understand the type of task and their assets is much easier

than for some of the smaller ones, and your liaison position is helping there too, but what other ways in which, say, the state government or the federal government could assist in the smaller councils in that task, where they may only have one or two applications for permits a year even?

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MR BRITTON: Okay. Look, it is an interesting point, in that we do have, you know, Brisbane City Council, you know, the size of that organisation. Yes, often there's parallels drawn between its budget and that of other state governments in the south, but you can draw similar parallels the other way in terms of - let's use
10 Tasmania as an example - the geographic area of Tasmania is equivalent to that of the Diamantina Shire, but yet Diamantina Shire itself is not dealing with a budget that's - of the magnitude of Brisbane, so there are those differences. I guess the primary avenue with which we've sought to undertake our proactive role has been through the regulator. However, that hasn't excluded us working with other
15 industry associations or even TMR itself.

We've worked quite proactively with the Queensland Trucking Association, we've worked with the Crane Industry Council of Australia, and we've worked, you know, with TMR as well, and we've brought all of those people together to
20 provide, you know, the necessary support to councils to aid their decision making and really assist them in understanding what it is that's before them. You know, an engineer in the council is responsible for bridges, roads, you know, the water - waste water treatment plant, a range of things. It's a challenging role whereby they've got a number of competing demands and they've got a range of things to
25 deliver on a day to day basis, and then bits of pieces come along over the top in those instances where you have a - like, a government area where the number of applications they receive in a year may be small. It's almost like an 'Oh quick, I've got to get the handbook out again to understand, or find my password so I can log into the portal' - some of those simple things.

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MR LINDWALL: Yes.

MR BRITTON: You know, we've had instances where Robby has taken phone calls from councils because they've sought to come to us because they didn't want
35 to make the other call for the, you know, I guess the sake of being embarrassed, just some of those simple things. So, I think the ultimate answer to your question though is that ongoing education and support. That support can be in many regards. It can be that, you know, just the extra training, but in many instances that also needs to move into support in - around engineering assessments and
40 understanding infrastructure, and more like - - -

MR LINDWALL: What their assets that the council has - - -

MR BRITTON: What the assets - what are they actually dealing with. You
45 know, in the federal budget last year there was some money set aside to go through

to the (indistinct) to do some work in and around bridges. Those sorts of programs whereby some scale can be achieved to deliver a (indistinct words) of the network would be extremely beneficial.

5 **MR LINDWALL:** So have you seen what happens in Tasmania, and you mentioned Tasmania as a small jurisdiction in terms of understanding its own networks?

10 **MR CHOW:** Yes. I think the leadership that they've shown is a good example. So, as a starting point what this role has provided is it gives a lay of the land in terms of the risks. We collaborate with industry, like AgForce, whether it was with the Ag notice or the Crane Industry Council of Australia, to provide their perspective. I give them a general overview of basically 'This is the risk profile of the vehicle. This is what you have to consider, and this is the task that it's
15 undertaking', and so what we've been able to manage in three and a half years is to get a lot of preapprovals and notices signed up, and what I would call the low hanging fruit, where it's kind of no-brainer. Like, a crane weighs what it weighs. We know what the issues are. Bridges are the main issue, so what councils have done is they've responded and they've said 'Here's the bridges we don't want you to
20 cross'.

So, to sort of go one step further, what the Tasmanians have done is obviously they've provided a system that can help inform decisions for local government, but the - probably the biggest thing they've done is they've collaborated with councils
25 and come in almost and shared the risk responsibility, and I think that's the key part. Also, some councils are tentative to make - you know, to jump from a permit to a full blown gazettal because of that perceived risk, but where a state jurisdiction has come along and actually said 'Well this is what we do. This is the methodical approach that we take to manage the risk', what you've seen is obviously, you
30 know, a remarkable response to industry down there.

MR BRITTON: I think what I want to just add to that is that we obviously work with our interstate local government associations quite a lot, and you know, just through that dialogue we became more aware of what was happening in Tasmania.
35 We actually led a delegation of councils down there to spend a couple of days with the Department of State Growth, to get a greater understanding as to what's happening there, and we're currently in the process of rolling out, I guess you could call it, a pilot project to look at the feasibility of actually adopting some of that here in Queensland.

40 **MR LINDWALL:** Could you tell me a bit about your reflections on how the road network in Queensland has evolved for heavy vehicles over - since - particularly since the NHVR has been created, and what councils have found have been the good parts of their interaction with the NHVR and where it could be improved
45 further, I guess?

MR CHOW: Councils that receive the highest volumes early on have naturally responded and improved just through, you know, I guess - - -

5 **MR BRITTON:** Necessity.

MR CHOW: Visibility of what's happening. Councils that don't receive many, as Scott said before, a lot of them are sharing with, you know, one - you know, one civil engineer between four or five councils, but they're not getting that volume.
10 So I think what you'll find in Australia is where you're getting the higher volumes councils will generally respond, but there's - obviously the big gap really is understanding the - their assets and what they can take. Some councils have spent quite a lot of money on bridge and culvert inspections. Mackay Regional Council, I think they had spent, as of last year, \$450,000 on culvert inspections since the
15 inception of the law, but they're one of our higher volume councils.

So there's - I guess the key part is where there's a high number of permits councils have responded and adequately resourced but, you know, across the whole state of Queensland I think we've only got one or two councils that have a full-time
20 resource dedicated to heavy vehicle permits, and unlike a state jurisdiction, which has got a pavements unit, a bridges unit, and they know their bridges probably too well, yes, that's not the case in Queensland councils at least.

MR LINDWALL: Do you think that there's - the number of classifications of heavy vehicles is excessive for the purposes of local governments? Could there be a simplification in terms of the range that - - -
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MR CHOW: Yes. So, I mean, the heavy vehicle classification frameworks, or however you want to coin it, has been around for a long time. I think from a local government perspective we would certainly like to see something where you could
30 compare risk profiles. I think - I know of some state jurisdictions that have developed, for example, there's a whole heap of different type of bridges and culverts around the land, and they basically classify vehicles. So, you know, you could say that vehicle and these suite of vehicles are actually okay over that bridge, versus not okay over that bridge. So yes, definitely, if you're thinking around
35 Queensland local government, the majority of the people that are responding to the permit application requests and the gazettal notice requests are generally civil engineers. You might get the odd bridge engineer, you might get a few RPQs here and there, but their bread and butter is not heavy vehicles, so guidance from, you
40 know, chief engineers from the NHVR or some sort of enveloping or risk-based framework would certainly assist.

MR LINDWALL: The approved guidelines for granting access, which I think were updated last year, how well adhered to do you think they are, the guidelines for local councils?
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5 **MR CHOW:** I know early on in my role I was - as part of our workshops that we were rolling out we were letting councils know that they were there. I was definitely using it as a reference tool. It is a very good document. I'm not sure if it's online at this stage, but I think they're close.

MR LINDWALL: Is that (indistinct)?

10 **MR PETROCCITTO:** In parts closed, Commissioner. I believe that the jurisdictions are just doing a final review to then allow us to publish it.

MR CHOW: But there is good value in that document because it does make you think about the whole great task and the whole picture when making a decision.

15 **MR LINDWALL:** Do you think your road managers would like the public availability of permit applications and their approvals?

20 **MR BRITTON:** It's a very good question. Again it comes back - I think the first point to my answer was ultimately it depends on the community expectations. You may have a community where a truck is seen as being big and bad. So the expectation upon that council would be obviously in line with the community's expectation. Yet on the flipside you have a community that actively embraces the core sense supports industry, you might have as Sal was talking about before, you know, associated land use with distribution centres and the like and major
25 employment generations. They go hand in hand. It really does come to I guess the community expectation at the end of the day.

MR CHOW: I can say one thing from a geospatial thinking point. Restrictions on structures is one big thing that we worked quite heavily with the Crane Industry
30 Council of Australia, as well as the NHVR through the Return of Delegations project, and what we were able to achieve is a mapped network for cranes for access by exclusion where you have got red dots on a map that basically represent where you can't go. The next level to that would be with certain cases, and obviously you can't speak on behalf of all 77 councils as Scott alluded to, but
35 preferred routes certainly would be something that I would imagine that the majority of councils would be very supportive of. So, yes, red dots on a map where you've got critical structures, and it might be green lines on a map which is this is our preferred freight routes through town and that sort of thing.

40 **MR LINDWALL:** Could I reflect on something that we recommended in a previous inquiry at the PC, in two inquiries. The first one was in public infrastructure which I was involved in and it was about a road funding, (a) there should be a road price, and (b) that there should be road funds where the funds are allocated to regions if you like for the infrastructure there, and obviously we did
45 reflect in that inquiry, John was on that too, that obviously some of the more

remote regions would need to cross subsidies to it because they don't have a volume for that. Is there a view the council have got of LGAQ about whether that's a good thing or not, or do you actively support it?

5 **MR BRITTON:** The funding for road, like a road network is typically comprised of council's own sourced revenue. You know, they identified road component of the financial assistance grants, another example, and then a lot of other grants and subsidy programs. So there can be a lump in nature to the funds the councils do receive. Whether or not a new system would deliver a smooth flow of funding is probably one thing, but, yes, there does need to be some examination of how we adequately fund a road network moving forward.

15 **MR LINDWALL:** What about permit applications and the revenue that's sourced from that which goes to the regulator of course. Is there any comment or reflection on how that should be allocated or received?

20 **MR BRITTON:** Well, I guess the answer to that is, yes, as you've highlighted we don't receive as a sector any revenue for that, so it is a cost imposed on local government to respond to a permit application. We did work with the association's legal advisers at the commencement, a law to shore up a position around that and provide advice to councils, because councils are able to set a fees and charges schedule, but unless there's an actual service that council is providing to support a movement there is no other fee chargeable. So if a council is required to come out and undertake a specific activity on a roadway that allows a vehicle to move through they can charge for that, but other than that there's no recovery for I guess the office type roles that they would provide.

MR LINDWALL: Of course road (indistinct) would sort that out.

30 **MR ROBERTS:** Okay. Thanks, Paul, Scott, Rob, thanks for your evidence and for the submission. It's always appreciated, and it's good to see Queensland doing a very good job and tackling an issue that's bedevilling lots of jurisdictions. That's my parochial comment. We heard from your colleagues in New South Wales yesterday. They quoted data from a recent NTC issues paper that effectively said that the overwhelming majority of permit applications were approved and they were approved within a seven day period. So that seemed very positive. On the other hand it also suggested that there's a lot of applications that are essentially non-controversial and end up being approved reasonably quickly. So that suggests there's a lot of paperwork involved for everybody, but not necessarily a lot at stake or a lot at issue.

45 So can we look at the process the local government goes through for approvals. We have had comments from industry that industry at times feels that process lacks transparency, that they're not all together sure in those instances where approval is not given, they're not necessarily sure what the reasons for that might be, and it's

also a tendency natural enough to wonder whether they should be in a position to have that decision reviewed by an external party. So transparency and accountability are sometimes raised with us by industry. Do you have any thoughts around how councils in Queensland are managing those expectations and is there a best practice model that doesn't necessarily have to be underpinned by regulation or by the requirements of NHVR, but could be something that councils should be doing?

MR BRITTON: I think a lot of the work that the regulator has delivered through the portal in particular provides, or it certainly increased levels of openness and transparency. You know, for a multi road manager journey you will be able to see where things are at for each individual road manager. I think again it comes down to, and to sort of pick up on the seven days being the sort of that rough over edge versus some of those ones that lag out, it probably comes back again to the volume of permits that are received versus I guess the size and the capability of the council to deliver that. So there would still be quite a few permits I would imagine going to Brisbane City Council as an example and their capacity to actually process those within that reasonable timeframe versus one of those western shires as Paul was alluding to before. They might get the one or two applications a year and you've got to scratch the head to think about the password and those other things first before you get on to the task, or that's just another thing that goes on to the pile of all the things you've got to do within your available resources.

MR CHOW: Yes, out of the 77 councils obviously the process across the 77 councils varies greatly. Obviously based on your - Brisbane has got a bridge team so they would probably send their applications off to the bridge unit. You know, you will get different teams having a look at it. The comment on the high volume permits too, obviously with higher volume of permits you've got a greater access network, and so councils that have got - like Mackay for example they've assessed their entire Paget Industrial Estate, because that's where all the mining vehicles might sit and then they go out. So their process would be a lot quicker than a council that doesn't receive permits very regularly, because they've obviously assessed the network. So, yes, the point in terms of the volume and the process.

MR BRITTON: There's an inverse proportion between the volume and timing it sometimes, because naturally enough you haven't had the opportunity or the need to develop a capability to assess those applications in some cases.

MR CHOW: In terms of the external review point though, and I think that came up during the national - the NTC heavy vehicle law review, what I will say is a lot of councils take on quite a bit of risk when they're applying - when they're responding to permit requests. Toowoomba Regional Council and Western Downs Regional Council for example, it's in the farming growing region, if you were to do a PBS (indistinct) assessment on half of the B-double and road train routes in

Toowoomba and Western Downs you'd find that it would fall short of the standards.

5 So in terms of councils as a road manager they will generally take a view, you know, community sentiment pending, that we support industry because this is good for our economy. So they will certainly take a risk when it comes to taking permit applications. So I think industry calling for external reviews is a bit of a risky one, because if you were to pay a consultant - if you were to pay a consultant to do a network wide assessment what you would find is consultants are held to
10 engineering standards, and I think Sal mentioned how risk averse engineers are. The AS5100 - - -

MR PETROCCHITTO: It's one of their many adorable features. They're great people, I work with many - - -
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MR CHOW: Yes, the AS1500 code basically says that you have to assume that two heavy vehicles are at the maximum loading on that bridge, and in the case of, you know, mining vehicles a lot of those bridges you're not going to get two mining vehicles on it because you can't physically get two mining vehicles on it.
20 So I'm just saying there's a bit of a double edge sword with the external review.

MR ROBERTS: That's a point well made actually, Rob. In your comments around Tasmania you pointed out how the State Government had helped essentially by - the words you used were essentially sharing some of the risk, or at least allowing councils to have some insight into risk. I am sure this is a bit of a moving feast because as you encounter more and more requests and the risks change, council have an appetite for that help from state governments. Is that something that you have given further thought to about what state governments might be able to at least here in Queensland, or more generally, to build in
25 confidence that if there is risk to road infrastructure, because some things obviously like safety and community amenity that will probably be local decisions, other issues around quality of the asset, the maintenance of the asset, et cetera. Is there any arrangements there you think might help councils?
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MR BRITTON: I think the - and your draft report touches on it very well about the sharing of expertise to the local government sector, so state jurisdictions who have large bridge teams, who have teams who look at specific parts of infrastructure as their broad role can provide support to local governments in that regard. The area of bridge assessment is a great example. The ability for councils to bring in those sorts of, you know, specialist services can be challenging, but to have that available whereby a broader network planning context is taken to assess a series of bridges that are vital to a network that would be of great use.
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MR ROBERTS: Good. So the local bridge and infrastructure program that Sal mentioned earlier is something you think they've had wider application, possibly more appetite for that sort of assistance?

5 **MR BRITTON:** Definitely. Yes, definitely.

MR ROBERTS: The other thing, we've been very - we have had a lot of evidence around the portal, the NHVR office, and how that provides a level of transparency and assists with route planning. Do you see councils using that more for their own
10 planning purposes; is that a tool that you get a sense that councils can see considerable value in?

MR CHOW: I know the national data freight company that you're talking about, and obviously the portal has been one piece of that puzzle in understanding, you
15 know, what have I approved, what have I refused, rather than it potentially being housed in an Excel spreadsheet or worse case scenario in somebody's brain. I think the next piece of the puzzle is around transport technology, and what we have obviously done we've picked up the low hanging fruit, you know, you approved that on that road before so that's good for any of those vehicles and that's an easy
20 quick win. I think the big - the next step that local government want to see, and we have yet to see it, at least in my time, is access to movement data. Even if it's anonymised just keep that - that informs maintenance decision making.

We spoke before about funding allocations and a lot of councils are very reliant on
25 funding. I think well and truly more than half of Queensland councils are very reliant on funding. If you can say that this road gets used a hundred times a week, you know, that's something that builds a funding case, and we can then deliver the infrastructure required to support industry in what they're trying to do. I think I mentioned in submission to your draft report that we strongly support the national
30 data freight hub, but from a local government perspective we would like to see a bit more of that technology, and from conversations that I've had with industry a lot of industry are actually saying, well if you open up our access we will happily give you - and so you will actually start to build the confidence - like you will get road managers building confidence because industry are sharing that data, and then
35 obviously the next step up there from there is if industry aren't doing the right thing, which I assume that most do the right thing, you know, Sal and the NHVR can do some compliance and education.

MR BRITTON: I think the other aspect too is that the portal offers an opportunity
40 for councils to send a signal to industry in the sense of here's our road network, here are our limitations. So the example I use is the local transport operator will be aware of the sign that says 10 ton maximum load on that bridge, because they happen to drive around that community all the time, whereas if you take an actual operator who may be headquartered in say Melbourne they may not even know
45 where the town is, let alone know that there is effectively a piece of public

information on the side of that road. It's just not available in a form that can be consumed by that particular person.

5 So if we can get some of that information available through a portal we start sending signals as to where preferred networks would be. It would increase, you know, the likelihood of a positive response to a permit application, rather than say for example at the outer limits we're waiting 28 days to receive a response saying, no, we have got a dodgy bridge. You can see that straight away by saying, okay, well that bridge has got a 10 ton limit, we'll look for another route to go around
10 that. If that happens to be the only route it doesn't preclude industry making that application, it just sends a signal then that there's going to need to be a further dialogue about how that movement can be facilitated.

MR LINDWALL: I think the final question from me is related to in an ideal
15 world where everything was well catalogued and we knew the limitations permits were applied for and appropriately responded to, et cetera, et cetera, because it's not always the case. Now, Brisbane you walk around you can see plenty of cameras, so I'm pretty sure that they can find out bad operators who ignore the rules and drive anyway, but there's a lot of councils out there who wouldn't be in
20 that circumstance, and I wouldn't be surprised there are the odd operator who would not - won't apply for the permit and will drive anyway and over the 10 ton bridge, or maybe 20 tons and not still do it. What more should be done for that, or is there anything - what are the councils view on that side of it, the dodgy operators if you like?

25 **MR BRITTON:** Well, I think this sort of refers to our position in and around telematics - you know, local government doesn't want to be big brother. Obviously a role of a regulator is to regulate industry and part of Sal's job is to ensure that there is a level of compliance with those sorts of matters. Obviously where
30 councils can provide Sal with appropriate evidence that certain wayward behaviour is happening Sal would undertake the appropriate steps to ensure the appropriate enforcement was in place.

The flipside to that however is probably to marry access to confidence, that
35 infrastructure is being used appropriately, an example being, you know, the SPB1, class 1 notice for small cranes and the like. Every council in Queensland has signed up to that notice. There are a couple of councils who have signed up to that notice with some restrictions. Brisbane City Council for example had some restrictions around eleven bridges within that notice. So those sorts of vehicles
40 utilise the IAP system, so there's a reporting that goes with that. You know, that's sort of the old style, but if we can move through to that sort of de-identified style whereby we're using technologies whether they be telematics or other to get an understanding of how the network is being utilised, that one that creates that confidence, but then also allows for the appropriate investment planning.

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- Then furthermore I guess the maintenance planning that needs to go with these things, and (indistinct) Road might have a thousand vehicle movements a day, five of those might be heavy vehicles, the asset management planning for that network would be very different to a similar road of a thousand vehicles a day, but 20 per cent of those will be vehicles. It's that information whereby councils can then make investments decisions around renewal cycles, capital upgrades and those sorts of things, again all within the constraints of available funding whereby they can do their part to appropriately support the freight task.
- 10 **MR LINDWALL:** Did you have any final comments before we finish up that's been sort of - - -
- MR BRITTON:** I guess the - - -
- 15 **MR LINDWALL:** - - - that we have missed out on or something?
- MR BRITTON:** No. Look, I think the only other comment I would offer is that obviously the work that LGAQ has done in its productive approach in partnership with the regulator obviously that's been recognised and been recommended for adoption elsewhere. Sal touched on how that's progressing in South Australia and Victoria in particular. I think across the board it might be worthwhile the Commissioners giving some consideration to how similar programs could be established through particularly the office of the national rail safety regulator.
- 25 We are pretty well advanced here in terms of the interface agreements in Queensland. However again it's just one of those additional things that comes along that takes attention away from those day to day things like engineers are required to do. So really about ensuring that we have that continuous program of capability and capacity development support. A lot of that comes in and around understanding the requirements of those IAs and what needs to be achieved. As I said by and large we have done here in Queensland. It's probably the flipside, you know - the western areas are pretty simple because we're talking about simple upgrade crossings on a country road, whereas you come to the urban environments, you have got councils where there are a lot of interfaces and a lot of them are extremely complex. So there's a flip there in the sense of the organisations negotiating those IAs need that support to ensure that they're getting the appropriate outcome.
- 35
- 40 We have found in a couple of instances where the officers are negotiating on both sides of the coin, probably a bit too junior in the organisation whereby then they have got to go back and seek I guess reassurance or approval for what they've negotiated. So there needs to be some support there to get that particular piece of work completed, because there's definitely some benefit ensuring that we have that safe interaction between vehicle and train. In a similar fashion we need that

support from that regulator to ensure that all parties clearly understand the roles and responsibilities and what the task is in front of them.

5 **MR ROBERTS:** It's good you raised that, Scott, because one is represented here this morning.

10 **MR LINDWALL:** And they can say something if they wish to. Scott and Robert, thank you very much for appearing today. I think that we have got some goodies to eat, so we might have another ten minute break, or actually we're scheduled for a break until 11.30 actually, and then the Queensland Trucking Association. So please take the opportunity of refreshing yourself. The toilets are this way if anyone wishes to go.

15 **ADJOURNED** [11.12 am]

RESUMED [11.33 am]

20 **MR MAHON:** Thank you for the invitation today, Commissioners. And I certainly was very keen and willing to take up the opportunity to have a few words to say here today. My name is Gary Mahon, I'm the CEO of Queensland Trucking Association. I should also mention that just for any perceived conflicts that some people might perceive I'm also a member of the sixth member expert panel and its oversighting for HVNL, so I have contributed significantly in that space with both
25 written and other participation, so I have not proposed to submit anything in writing for today. It was taking the opportunity for oral testimony.

30 And by way of background I have spent 40-odd years on the other side of the fence in the regulatory space, and - - -

MR LINDWALL: You're forgiven.

35 **MR MAHON:** - - -I'm now on the enlightened side and therefore my comments today are somewhat from the perspective of what I would call objective analysis of where we're at and where we think we're going, and I would like to reiterate that in that analysis it might be seen as somewhat un-emotive and cold and hard-nosed and it's meant to be an analysis that goes hard on the issues and not in any respect pointed at anyone or any organisation. It's simply a cause for reflection and I'd like
40 to take the opportunity somewhat to pose some questions to the Productivity Commission and its analysis.

MR LINDWALL: Okay. Good.

MR MAHON: I should also say that I certainly do hold the PC in high regard and I am quite well known for quoting from many of your reports, so I do like to utilise the data and the perspectives that you generate, particularly as I appreciate the objective analysis that you bring to many issues across the board.

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MR LINDWALL: Thanks Gary.

MR MAHON: My first observation is what are the fundamentals? We've got to be very careful I think not to enter into self-acclamation about how well we're going at implementing a system we invented and properly examine exactly what we're setting out to do and the efficacy of what that construct actually is. And in summary I'll point to five elements of the HVNL where I would pose some questions that I think warrant reflection particularly on behalf of PC.

15 In the drive towards harmonisation I think it must be remembered that the pursuit of harmonisation means the pursuit of lowest common denominator. When you put together the views of eight jurisdictions across the country with political relevance being applied that in effect is what you're setting out to do. You are going to reach a lowest common denominator to reach an agreement to implement a system wherever it might be. It doesn't matter if it's to do with cigarette smoking or heavy vehicle law or anything else that's where you're going to arrive. So here we have a country that's highly decentralised, a very large geography with a relatively low population, and our pursuit is to reach high standardisation which equals low discretion, so where you have a high standardisation environment you have low discretion being applied in every diverse element of this country.

20 In terms of what we're setting out to do here I think we need to reflect on the net effects of what in fact has been occurring. We have yet again another example of additive regulation, so I can't see too much evidence of anything being repealed when the Heavy Vehicle National Law was introduced. So we have 150 to \$200,000,000 cost, we've added another 750 pages to the statutes, what is the efficacy of what we're setting out to do in terms of regulating an industry that is a key economic service agent for the country.

35 When a driver gets into a truck in this country they need to understand, and can be breached for, in excess of 2200 pages of legislation. That's not counting codes and a whole raft of other elements that are utilised to instruct them as to what they need to do. So one of my questions is what is the regulatory cost to move a tonne of freight? So when we go down the road with 32 pallets on board, are two, four or six of those pallets paying for the regulations and the rest contributing to commerce? We'd like to know what the answer to that question is. So we're certainly interested from a perspective of the industry to understand what regulations are being applied for what purpose and the efficacy of that purpose.

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I should have added that I do pay due regard to the submission by the ATA, the associations around the states are in fact independent entities, but we are members of the ATA federation so to speak, and they have certainly put in a submission which I have read and contributed to in terms of the detail. I'm taking a more
5 macro view and posing - - -

MR LINDWALL: Yes. Yes.

MR MAHON: - - -some different questions. I sometimes want to use a football metaphor in that there's a lot of excitement about the game of football, whether it's
10 soccer, AFL, rugby league, it doesn't really matter. When you really get down to the rudimentary elements the game of football is about taking a bag full of air and getting it over a line. That's it. That's the net effect of the whole game. Now, we create this enormous industry around regulation, crowd participation, stadiums
15 being built - - -

MR LINDWALL: Yes.

MR MAHON: - - -but the whole shebang that goes with simple game of getting a bag full of air across a line, well, in the road freight business our business is to
20 move a tonne of freight from A to B. We want to do it safely and we want to do it efficiently. We want to do it in such a way as it makes this country competitive on the international stage for a variety of economic perspectives.

So we have a circumstance where, if you want to move a tonne of freight from an advanced manufacturing facility in Ipswich to the Port of Brisbane, it will cost you substantially more than it will cost you to travel it by ship to London or by ship to Shanghai. If you want to move a tonne of grain from Millmerran to the Port of
25 Brisbane that will cost you substantially more than it will cost you to put it on a ship and send it to London or Shanghai. Now, I'm not suggesting we're going to be able to meet shipping costs, but we need to be striving to get as close as we can. If you look at the latest report from AgFutures about the cost of the gross value of production for agriculture, whether it be cattle, vegies, grain, whatever the case may be. I'll pick one out, and that is - let's just pick grain and vegies for example.
30 Now, that assessment, which has only just recently been produced, is that 26 per cent of the gross value of production for grain and vegies is transport costs. Now, that cost is going up not down, and I'll pay some attention to the reasons for that. I'm selecting it out as an example because we like to deal with facts rather than emotion or supposition.
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40 So I've made the point about additive regulation. I would also make the point about general access productivity. General access productivity, the last intervention ceased in 1996. There was a change in 2004 which took us from 25 metre to 26 metre B-doubles, but that was only for a couple of manufacturers to be
45 able to fit their prime movers into that combination. It had nothing to do with

productivity. So the last general access change to productivity occurred in this country in 1996. By any assessment since 2000 the freight task has grown about five per cent year on year. Lots of people quote, you know, 26 per cent in the next six years or whatever the case may be. If you cut it down to, you know, relatively rudimentary averages you're in the vicinity of about five per cent year on year.

MR LINDWALL: Okay.

MR MAHON: So we've had a hell of a growth in the freight task with not much change to genuine productivity across the system. I'm talking about systematic change, not some elements of.

MR LINDWALL: Yes.

MR MAHON: So I would argue our biggest risk is group think and orthodoxy and I'll give a couple of key examples as to why that's the case with a couple of observations. So I've talked about gross value of production in the grain and veggie sector. You could pick out, you know, fruit, cattle, whatever the case, it's a relatively consistent sort of numbers. So let's look at a couple of examples of where we're at and examples of orthodoxy and group think. We have 750-odd pages in the HVNL, we have about 150-odd reasons why you need to be authorised, approved, sanctioned, et cetera for something that you need to be allowed to do. Not one of them can be authorised, approved, sanctioned or issued unless it's on a piece of paper. So here we are in 2020 where technology is seen as the nirvana of our future, and we apply it in all sorts of ways, but we anchor our systems in paper. So there's no issue of digital technology in any efficient mechanism for approvals, authorities, sanctions, whatever the case may be. And my lovely stand out example is in recent times one of the states has now moved to being able to carry a driver's licence in a packet in your mobile device. But we would still require every truck driver to carry their physical driver licence on them, and in fact that's being reinforced as recently in the last few days with one of the new changes where enforcement authorities insist that that law continue. Truck drivers are the only people in the country that have to carry their licence physically on them and/or are subjected to a \$650 fine if they do not. They don't even get 48 hours to produce it.

So that's that contrast or the sort of observations I would make about the brutal analysis of where we're at and what we are in fact doing, and again I just want to reiterate this is not directed at anyone in particular or any organisation, it's just simply a cold hearted analysis of the structure within which we work.

MR LINDWALL: Yes.

MR MAHON: So that's about the lack of - where the permit system - and I would make this observation, the permit system was introduced in 1962. I wasn't in this

business in 1962, but some people think I am. So it was introduced in 1962 because moving things outside the general network of arrangements was unusual whereas these days it's almost part of normal business because people deliver things to us from all around the world and they don't fabricate them to agree with Australian, you know, infrastructure standards, so we've got to move things that are a little over-wide or a little bit this or a little bit that all of the time.

So a little over 60,000 permits are issued in this country per annum, and as an industry we wait about four-and-a-half million days for those permits to be issued, so there's an interesting metric in of itself. More than 90 per cent of those permits are inspected by nobody other than us, so it's entirely an honour system that we ask, that we wait, and we make sure it complies before it moves so it seriously begs the question why are we subjected to that process when there are a variety of other alternatives that could be applied. The use of telematics is the obvious one. Why couldn't you simply log into or log us on to a system so that you can track where we're going and what we're doing, because the relative risks are quite low. Those permits that impact structures are less than 10 per cent. And we accept the process of assessment for those permit requirements. What we don't accept is the lack of consistency. What we're after is consistent decision making. We understand we need to be subjected to a process. We understand asset protection. We understand the assessment of structures for risk and so forth. What we ask of the system is for consistent decision making.

So then we move to PBS. Performance based standards have been around since about 1996 so it's not that new. The first B-triple was brought down the Toowoomba range in '96. The biggest combination that's ever been put on the road was put on the road here in Queensland, the Cannington Icon vehicle in 1998. To the best of my knowledge no combination or application has been introduced into this country that exceeds what the Cannington Icon vehicle did in 1998, which was within 53-and-a-half metres which is your standard road train type 2 configuration and it was running at a 166-and-a-half tonnes on 200 kilometres of public road. So it was a significant gain. So we had PBS vehicles that can achieve productivity gains of anywhere between 10 and 100 per cent. In many cases they don't do anything more than be perhaps a little bit longer than standard configurations. It's been established by objective measures by Austroads, which is the regulatory body, not something from the industry side, but from their own cadre of regulatory authorities to be a superior safety performer and yet we have a system where the hardest vehicle to get registered and the hardest vehicle to get access to the network is a PBS vehicle.

So if I draw a comparison to motor cars one of the things we introduced back in the 90s was the ANCAP program, which is a very, very interesting exercise in of itself and a lot of people don't understand the construct of it. I can just very quickly explain the ANCAP program has no legislative authority whatsoever. What we did was, there was an undue reliance on the ADR system, which I would argue suffers

a fair bit from group think and orthodoxy as well, and vehicles manufacturers saw that they had to do nothing more than aspire to meet the ADRs. What the ANCAP program did was say, okay, well, that's all very interesting, let's just go and take your car and crash it, see how it goes. And there were some pretty stunning results, and I could sort of wax lyrical at some other point about some of the earlier experiences with some of those manufacturers back in the early 90s. All of the gains that are being made in the ANCAP program by far and above substantially exceed where the ADRs ever went - - -

10 **MR LINDWALL:** Absolutely.

MR MAHON: - - -on the basis that the manufacturer simply doesn't want to see those test results against their vehicle being any worse than anyone else's. So the introduction of air bags and a whole lot of other characteristics to do with vehicle design were in fact influenced mostly and almost exclusively by the ANCAP program, not by the regulatory construct.

So in a PBS context here we have a vehicle combination that's considerably more productive, in many cases could reduce the number of truck trips for a given freight task by 30 per cent, so when you look at exposure, fuel burn, tyre wear, safety outcomes generally in the network and so forth it is a worthy aspiration to achieve and yet the hardest vehicle to get registered in our system and the hardest vehicles to get access for that system is a PBS vehicle. So when you look at the regulatory construct why isn't the aspirational goal to change the composition of the fleet to vehicles that are superior performers rather than put a construct of bureaucracy for you to need to churn through to try and find your way out the other side of which is quite intimidating from any operators. They lose confidence and I know the Productivity Commission in particular are considerably more understanding than in this space than I might be but there's that nexus between confidence to invest - - -

MR LINDWALL: Yes.

MR MAHON: - - -as against the outcome that you're looking to achieve. So if you can inject consistency and reliability into decision making and an understanding around the aspiration you're setting out to achieve you build confidence and that confidence will result in investment. Our people when they make an investment decision when they put a B-double on the road they're investing about \$1,000,000 a combination, and the working capital 650 - 700, by the time you put a driver in, you got a depot and a few other overheads that go with it, you're in the vicinity of about \$1,000,000 per combination. Most people if they saw a fleet getting around and 10 B-doubles they'd say, "Oh, he's on the smaller side". Well, he's got about \$10,000,000 in play.

45 **MR LINDWALL:** Yes.

MR MAHON: That's a fair bit bigger than the average small business. The return on investment they'd be looking for at least eight years out of those combinations before they write them down, amortise them and so forth and move them on into other spaces. So you need to catch people at critical times about when they're making investment decisions or otherwise you're going to put a sort of decade lag into fleet investment. So the more you can build confidence and predictability and consistency into the system you'll get people making the decisions you want them to make from a systemic perspective at the right times. That's my point is the lower the level of confidence and the lower the level of sort of acceptance of consistency and reliability of decision making and so forth the longer you will wait to see a change in the composition of the fleet because they just simply don't have the confidence to make that decision which is a big decision for any fleet at any given time.

Fatigue, I've pointed out this many times over but I cannot resist making the point again. Log books and fatigue and hours were introduced in this country in 1938. That's about seven years before we mass-produced ball point pens. It's conceivable that log books were filled out in this country with quill pens and here we are in 2020 and we still have this unerring faith in this log book system where people are looking for all sorts of evidence as to why they should move from it. We have contemporary technology that delivers extraordinary results in real time of the actual state of the driver behind the wheel and we need to embrace that technology.

MR LINDWALL: Of course.

MR MAHON: We need a paradigm shift around what we're trying to do. We need the flexibility for regulators and others to be able to trial, test, give sanction to, authorise, whatever term you might want to use to embrace the new world and the contemporary world rather than being anchored on very, very strong orthodoxy. Permits, fatigue, vehicle design are all fairly strongly anchored in an orthodoxy that was established back in the 1920s. I can even produce to you Hansard extracts of when log books were introduced where in one case in one state it was the Premier himself at the time who introduced it, and one of the reasons in the rationale was to slow down competition so rail could keep up.

So that's the sort of history we have to genuinely examine and move to a different model. So we've got to be very careful again to not be into self-acclamation about how efficiently we've introduced the system we invented and we have to really make sure we're asking fundamental and difficult questions about the efficacy of what we're setting out to do.

So we are looking for a system that's got a balance of diversity and standardisation. Authorities need discretion to be able to make decisions to apply where that diversification is warranted. We need to have a genuine process of repeal along

with addition, so when we actually add something we need to be looking carefully at where we're taking something away rather than continuing to add. And we need to think very seriously about the outcomes that we're looking to achieve. Are we setting out to shape opinion or are we setting out to simply reinforce a construct around the cow trails that have already been blazed. And that's the sort of the more serious and significant question around what I'm trying to espouse.

Last, but not least, is chain of responsibility. Chain of responsibility is not new. Certainly in terms of the transport statutes it was introduced in Queensland in '99. It has been in the Criminal Code or the Common Law parties to offences since - pardon my primitive metaphor but since Adam played full back for the Arabs. It has been on our statutes forever. What it's about is giving the right tools to our authorities to be able to properly pursue so that all ends of the chain are properly explored because we, whether it's perception, reality, although perception is often reality in many people's minds, but it still seems to be fairly focused on the driver end of the chain. The standout example to us is the extraordinarily effective work that AUSTRAC did in the banking sector by looking at things quite differently and we think our authorities need to be given the appropriate tools and legislative authority to be able to pursue similar sort of thought patterns and/or exploring different data sets to be able to come to conclusions where the appropriate people are dealt with in the chain.

So in conclusion - I think I've probably had enough to say. I should also add in the agricultural sector that equates to about 3.3 million truck movements and about 400,000 rail wagons. We are very comfortable with intermodalism. I think some people sometimes point to the trucking industry, you know, as being anti-rail which it is not. The greater majority of our larger organisations all have rail contracts. They look to the best and most efficient way to actually deliver a supply chain and that inter-relationship, you know, works generally fairly well, but it's a horses for courses thing. The efficiency and utility of trucking is not going to be trumped by rail but there are elements of the supply chain that rail delivers extremely well and our people utilise that I think reasonably effectively.

When you look at it from the perspective of 3.3 million truck movements and you apply a PBS methodology, you know, with a growing freight task it's conceivable that you could reduce those truck movements by 25 per cent. So they're the sort of aspirational goals we'd like to see given to our authorities. With (a) a tool kit of legislation that allows them to be able to intervene appropriately and well to be able to influence those changes, and we need to think more broadly about the construct and its net effects from the points that I've just made.

So I hope that doesn't come across as too ruthless an analysis because it's not meant to be. It's just simply an observer's perspective from the industry side of the fence about cause and effect. We are particularly tuned into causal factors versus correlation and we are very prepared to examine the difference, and we want to

make sure at the end that our governments don't mistake activity for progress. We want to actually see progress, we don't want to just see activity.

5 **MR LINDWALL:** Thank you, Gary. Let's just be clear about the PC as for many years in many of our reports, and I've been involved in a number of them, advocated for: (a) regulation being less. In fact we've done lots of regulatory burden ones. So we think - we've said - I can't - the words vary, but basically that the regulation should be the minimum to achieve an objective that's valid and it should be consistent; that it should be regularly reviewed that it's achieving the objective that is stated; there'd be a valid purpose for that objective. We've also
10 said on - even most recently in a zone tax - remote area tax concession study that we shouldn't harmonise or produce a national standard for everything. In that report we said that the state governments are better to do regional support than - regional development rather than the Federal government, so we've certainly never
15 been pushing for the centralisation of everything, and there are valid reasons for a federation, of course with competitiveness.

We said in our draft report here that we favour a simplification of the HVNL. We're very strongly supportive of that, so I don't think we have any difference
20 there. I'm curious about why - I always think why do things exist and usually as a motivation or there's some interested party that encourages or discourages change, why is it that PBS vehicles, which are objectively safer and probably have - likely have less impact on bridges and roads are more difficult to register and all the rest of the things that you've said. Can you reflect on why that might be the case and
25 what could be done to promote their use to a greater degree?

MR MAHON: I'm not sure really. It's a multiplicity of reasons I think. Partly the bureaucratic construct that goes with it which is probably partly brought about by political perspective, perhaps a belief by some in the system that they bring greater
30 risk to the network. I know we've had to do a lot of work with civil engineers in the road construction system for them to believe what their mechanical engineering colleagues are attributing to PBS. So we have sort of one cadre of engineers who are all about asset protection, not necessarily believing the - and, you know, that's possibly being a bit harsh, but I don't think it's far from the truth, is that there's had
35 to be a fair bit of work done on the mechanical engineering side to persuade their civil engineering colleagues that the objective analysis that's been occurring does in fact hold true, so - - -

MR LINDWALL: So there's still more work to be done in that area I guess.
40

MR MAHON: Yes, there's been periods where - I mean, part of the problem for example in most states you do have a distribution of decision making, so you've got a line up, you know, sort of 20 ducks to get a decision to approve a particular combination as against a decision being able to be made in the state interest or in
45 the national interest. I mean, I gave those examples about Millmerran and Ipswich

and so forth, that comes about - one of the big impacts is putting what we call seams in the system, so every time you've got to make a combination up or break it down to move somewhere you're putting a seam in the system. So if you've got three seams between Ipswich and the Port of Brisbane you're adding a fair bit of cost and/or, you know, from Millmerran or the Coast maybe. You've now got an international shipping standard of 40 foot boxes, so the transition of 40 footers onto road transport is, you know, appropriate and predictable and yet in terms of general access vehicles and/or the use of PBS vehicles it is still extremely difficult to get solutions on access for PBS vehicles. PBS decisions, like, to get the vehicle approved is one element, to get access to the road network is another and the two are not inter-related.

So the approval of the vehicle is in a different cone of silence to the actual approval of the access. So you can still have a vehicle approved and be begging for implementation because it's such a good solution and you might wait another two years for a decision about where you're allowed to use it. So that's another reason why confidence wanes so readily because on the one hand you can move - you know, in marketing, you know, there's a sort of expression about concept of cash. You know, so you can have a conceptual idea today, get the design approval perhaps in six months, which is, you know, you might argue is relatively quick, and then you might have two to three years before you get a decision about access. So the whole thing could be in the vicinity of three years and, you know, I can hear the authorities running the examples out now there where they did one out of 1000, you know, in six months, but the greater majority run between two to three years from when you develop the concept, actually driving it down a road, utilising it for commerce. That's generally the sort of lags that you're looking at. I can give you an example of one that we've been working on up at Gladstone now for - it's had its three year anniversary and we are still probably 12 months away from conclusion.

In that particular case that will reduce truck movements out of Gladstone for the cartage of two particular commodities by in excess of 30 per cent. And you're talking about an increase in length of just three-and-a-half metres. Fundamentally the same ESAs, bridge structure issue we've never really had revealed to us, but, you know, what is of interest to us is only one bridge in that whole network has actually had remedial action undertaken.

So that the other concern we have is that, you know, from an investment perspective there are fundamentally I would argue two elements to the decision about bridges: one is about the structure, will it fall down, crack or otherwise fail; the other is about age life. Now, I would argue one is an investment decision and one is a structural decision, and we get the two confused, because if the bridge is not on the forward replacement program and the use by those vehicles is going to bring it down from 100 years to 80 years the answer we're given is no. And we would argue that's an investment decision that ought be made by government and has an economic effect that should be considered in that context and is not within

the purview of the bridge engineer to say that's the case. Now, I'm not saying that disrespectfully, I'm just simply saying one cohort gives you a view about whether you're actually going to imperil that structure, the other is about the age life that that structure has attributed to it within the infrastructure system. So bridges are
5 the fuses in the system going around the country. In many respects I can give you four or five bridges on main freight lanes in this country that are holding the economic development of productivity in this country to ransom, simply because a decision has not been made to put them on the forward program.

10 So in that case it's not even that they need to replace the bridge this year or next year, it's just simply that it might need to be on the forward program in the next 15 years because you're going to bring its age life down from 100 maybe to 60, or 100 to 80 or whatever the case may be. So that's where we're looking for more transparency in the decision making, because orthodox in this country dictates that
15 bridges don't get replaced until realignments are done, and we're saying the investment program could be changed or varied to replace some bridges, because in a lot of cases the road and/or the alignment is actually quite okay and will be for some time. So what happens is the economic sort of effectiveness of that freight lane or that trade route or that freight corridor, whatever term you want to use, is
20 held to ransom for 25 years because that's how you fit in an investment program for a realignment.

They are the sort of fundamental questions we're asking about, okay, let's have a look at the way we do these things, because we could open up a lot of country with
25 perhaps two or three strategic bridge replacements, and it doesn't mean they have to be replaced tomorrow, it might just mean they've got to be replaced in ten years or 15 years or whatever the case may be. So we could look at investment program just a little bit differently. You know, in our case in Queensland the standout example is Bremer River. The Bremer River bridge is holding up quite a bit of
30 economic opportunity for freight efficiency for the sake of a bridge. As I say we're trying to be very constructive in our observations, but a part of it is also challenging the orthodoxy in the way we approach these things.

MR LINDWALL: It sounds like you need some Roman engineers similar to the
35 ones that built Pont du Gard in the south of France which has been there for 2,000 years and is still fine. I understand that the Queensland Trucking Association worked with NHVR and the Queensland Government about gazetting a route from Toowoomba to the Port of Brisbane for PDS A-doubles. How did that process go and what was your involvement in that?

40
MR MAHON: Well, I'd be extraordinarily remiss if I didn't mention that that took six years. Secondly, it begs a variety of questions. The greater majority of those permits have now been issued, are running at CML weights. A few of them are running at HML weights. We can't get a general notice on that corridor until the
45 Bremer River bridge problem is resolved. When you look at - you know, when

- you look at the challenge that Sal has you could take that as an example. Like when we got to about 20 or 30 permits you could probably say, gee, this is an established combination and perhaps we could issue a notice and open up this channel for greater efficiency gains and boost the confidence of transport operators to invest, and as a by the way more than 60 per cent of heavy vehicle manufacturing occurs here in Queensland; trailers, prime mover suppliers and so forth, but that's not the case. We didn't get the notice until we got to about 160 permits.
- 10 So when you look at the efficiency measure where does the prerogative lay and where can a decision occur in the national/state interest by a regulator such as Sal's outfit, when it's fairly clear that this is an established corridor and an established combination. Now, the A-doubles in particular are 30 metres, so they're only 3 and a half metres roughly longer than - or 4 metres to be absolute in most combinations.
- 15 I would defy anybody that's not pretty closely related to the road transport industry that if a B-double shot past at 26 or an A-double shot past at 30 to pick the difference, let alone pick the difference between what an A-coupling is and a B-coupling.
- 20 So there are geometric considerations, structural considerations. Once those elements are established what we are looking for is to open up that freight lane and Sal can do that through a notice, but that's now how the system works.
- 25 **MR LINDWALL:** So this particular gazettal what type of impact has that had on the industry do you think?
- MR MAHON:** Well, at this stage growth is still relatively minimal, because we're not sure that they won't take it away, and therein lies the problem.
- 30 **MR LINDWALL:** Because you say about consistency and - - -
- MR MAHON:** If you look at the Port of Brisbane data, deliveries by A-double have gone through the roof, because as I need to point out A-doubles are particularly good at carrying 240 foot boxes. They have very good application for throwing 240 foot boxes. The greater majority of those combinations are Skels so they're built for container carriage, and almost all the prime movers are day cabins. So they're very much centred around the south-west and/or Toowoomba for delivery straight to the port.
- 40 Now that Toowoomba Second Range Crossing is complete when you come on to that network on the western side of Toowoomba it's a 140k run to the port without a traffic light, dual lane carriageway. So that's a pretty decent freight line, except you can't run at HML weights. Other than a couple of applications you can only run at CML, and the reason for that is apparently the Bremer River bridge which is
- 45 a single spanning construct.

5 So we have a circumstance where we've got inland rail turning up at Toowoomba, you know, in the relatively near future. We've got the Wellcamp Airport, we've got the Second Range Crossing. You've now got a significant transition of grain products in particular being loaded by container rather than bulk. So they can load them at Toowoomba to within a grain of their tonnages. They are very precise, because our growers are a bit funny about giving you more than you paid for. So they make very sure that those loads are loaded within a grain of their weights. You've got quarantine certifications that they're sealed up, straight on a Skel, straight to the port. You could almost have real time delivery to the port where it's picked up and put straight on the ship as it arrives. The only hold up to genuine sort of optimum efficiency is HML weights, we're having to run them at CML.

15 So when you look at the sort of number of rotations that those combinations do being able to carry another 2 and a half ton per trip multiplies out to a fair bit over a year, and again lowers that cost for the gross value of production. And then you throw in for good measure exposure, number of truck trips, you know, for a given freight task, fuel burn, tyre wear, the list goes on. So there's a lot of benefit generally for the community in a whole lot of respects.

20 **MR LINDWALL:** I will let Malcolm ask some questions now.

MR ROBERTS: Gary, thanks very much. No, that's truly - it's always good to have some broad questions brought back when you've been - (indistinct) into detail. I would sort of be interested in seeing some of the data that you've quoted, the evidence for that.

MR MAHON: I should mention there is one of your quotes in one - not necessarily in particularly, but the PC that I do like to reference which is inexorable decline of productivity to zero in 2007. That's straight out of one of your reports.

MR LINDWALL: So far it hasn't got a negative.

35 **MR ROBERTS:** So that would be interesting, and from what you're outlining with the Bremer Bridge, and it seems to me that we're talking about some frustrations shared by probably quite a few parties around the lack of coordination or integration between infrastructure investment and the opportunity to improve the freight task. So I would be interested in that as a case study to see what that might show to us. Your opening comments, I suspect a lot of people would feel that the NTC review in a modest way our work is trying to point out that a heavily prescriptive HVNL is not supported by many people at all. So we've got to work out how we can improve it, and so we're very open to suggestions from industry, and with certainly also conversations with Sal and the other regulators around better public reporting and quantification of compliance costs. So these are some

of the things I think that your association and members might like to think if there's something further you would like to share with us so we can beef up those parts.

5 **MR MAHON:** Sure. And as I said at the outset I'm quite heavily involved in the review because I'm on the panel. So I'm aware of - - -

10 **MR ROBERTS:** In some ways, you know, we're very encouraged by the fact there seems to be a broad consensus that having gone through a negotiation, Commonwealth/State/Territory negotiation, ended up with a national law, the next
15 step is to probably begin to reassess it in light of experience with it, and how hopefully we can create what we have described as a two-tiered system. So there is systems, and this is where PBS becomes interesting, where you have got the option for the more capable operators who have a clear commercial incentive to take up safer and more productive arrangements. Interested about why the PBS vehicle is
20 a problem. Paul has already asked that question. Is there a take up issue of industry as well, because we were looking at it and it's a chicken and egg argument here perhaps.

25 The data seems to show that the vehicle - that we have a relatively old vehicle fleet compared to many other countries, and the most recent data seems to suggest that fleet is not turning over as quickly as it once was. Do you think that's a reflection of anything in particular that regulators or governments can tackle, or is that a reflection of general economic times, tight margins in the industry, or is it a cycle where we're just getting to that point before there's a significant reinvestment?

30 **MR MAHON:** In all my time dealing with the industry I can say I've not dealt with an industry that's more prepared to take up productivity opportunities, and they do that extremely quickly. Road freight is generally - I mean it's a tight business, you know. These days five cents on the dollar return net is pretty
35 common, and that's come down from probably 12 cents in the last 12 to 15 years, and that's because rates are relatively similar and costs just continue to climb, particularly compliance costs. So to move them to invest in a different vehicle, and I've done a short summary, and there might not be that many people been around long that have a memory like I do for these things, but I have done a two page
40 summary of the progress of productivity reforms and the reports that was based on them, whatever, which I'm happy to submit, which dates back to around 87 when it started with 17 and a half metre semi-trailers at 38 ton.

45 So there was a lot of progress, and I was fairly heavily involved in the national reform agenda during that time, the microeconomic agenda that Paul Keating started and John Howard finished, or continued until it was complete, and that's where the big reforms came through during that time, and as I say pretty much ended in 96.

So to encourage people to invest - so you've got a circumstance now since 96 where legacy vehicles as I would call them, so that's your general access vehicle in the network, has been given no real incentive to change. So if you can't look across and see, gee, if I invest in a new vehicle I can get an extra four pallets per trip, or two or whatever, or I can run some different tonnages at mass, you know, so you're incentivising the system to encourage people to have the confidence to invest in something different. They continue to work old Bessie until they ring the last - the last sort of razoo out of her as the saying goes. So if you put incentives in the system, and that's why I'm talking about PBS, why wouldn't regulatory authorities be given an aspiration to change the composition of the fleet.

So you need to have a process that encourages people that there is opportunity there. There is consistent decision making occurring, and in a timely way. So if you put those elements together people will start to think differently about investing in different combinations. And what a lot of people don't sort of sit and reflect enough about is all the action for road freight is in trailers. When all is said and done commerce relies on what they can carry per trip and how many trips that might entail. So all the action really is in the trailers. So if you've got an opportunity to put a different trailer set on the road it almost goes hand in hand and you think, well it's probably time to upgrade prime movers too because I need to do this, that and the other. So trailers generally remain in fleets for a good 20 years and they will go through a couple of refurbishments during that time. Prime movers, line haul, you know, five or six years. They then sort of come back into urban environments typically. If you're running urban fleets they're looking for somewhere between five and eight years depending on what sort of an outfit they're running, and then the more aged fleet you will generally find in the urban considerations like tippers and a variety of other sorts of elements of the freight task.

So what I am suggesting is you need to put some signals into the system so to speak that the opportunity is there to invest. There's an opportunity to be different, consistent timely decision making is occurring and people will start to think differently about what they're doing, whereas at the moment it's quite confronting. There's no exaggeration on my part. You know, I like to stick to those things that are supportable and that we can provide the evidence for. But it is typically a three year journey from concept to actually driving on the road with your new outfit. If you're going to put a 20 metre dog and tipper combination on the road that would be a bit quicker because 80 per cent of PBS approvals are truck and dogs, you know, in the vicinity of 20 metres. But if you want to put - I could pick one out now - we're looking at a 27 and a half metre B-double combination with a quad axle under the rear trailer, it's not really a gain in terms of weight, but it's a substantial gain in the protection of the fruit that it carries, because of the nature of the ride.

5 So we're not really asking for weights, so it's not really a structural issue, but we're
having all sorts of concerns because again there's a perception about where does it
all end. You know, you're asking for a metre here and 2 metres there and there's
the sort of cultural outlook, that's an element of the problem as well. Generally
10 within the industry, you know, first mover status you'll only keep for about six
months. So you will get those who are prepared to invest and spend the money
upfront to put a new combination or a new configuration on the road and then
others will follow fairly quickly. The real key driver in PBS is to encourage people
to think differently about more productive trailer sets, and then what typically
15 follows from that is they buy new prime movers to go with it, and generally
speaking if there's not a productivity gain to benefit from they will hold off that bit
longer on replacing their prime mover. So it's that balance that you're looking for
systemically to be able to introduce some different levels of confidence in the
system and then let commerce take its course. They will soon start to make those
investments because they will see the benefits.

MR ROBERTS: Thanks, Gary.

20 **MR LINDWALL:** We have probably run out of time, thank you, Gary. I think I
got the point that a lot of this comes down to the fact that if you get multiples of
containers as in two you get the productivity gain. So it's not like if somebody
want to go three trailers - containers or something.

25 **MR MAHON:** Generally speaking beyond two trailers is sort of west of the
divide.

MR LINDWALL: Exactly, yes.

30 **MR MAHON:** And east of the divide two trailers, particularly two 40 footers is
very much seen as the optimum. The added extraordinary advantage is that it's
also consistent with the international shipping standards, and a lot more product
these days is moving to containers. So you take a B-double, just very quickly, a B-
double is one and a half containers. So you've got secondary handling the load,
secondary handling the one load, further handling to reload into two containers. So
35 you need to bring two B-doubles in with about six sets of rehandling to turn that
into three containers, versus bringing one pack down two at a time, two at a time.

MR LINDWALL: That's straight logic. Yes. Thanks very much.

40 **MR MAHON:** And I describe those as seams. The more seams you put in the
more you add the cost.

MR LINDWALL: Thanks very much, Gary. It's much appreciated.

45 **MR ROBERTS:** Thank you, Gary.

MR LINDWALL: We have a chance if anyone wants to say anything more and you have announced - a chance to either support or rebut or whatever else.

5 **MR PETROCCITTO:** Can I make an observation?

MR LINDWALL: Please. Just come up here so it's on - you have got to introduce yourself again.

10 **MR PETROCCITTO:** Sal Petroccitto, National Heavy Vehicle Regulator. Just reflecting on a couple of the comments Gary made. This review is about the effectiveness of in effect the three regulators and the reform. As a regulator I'm only as effective as the policy framework that I am given, and I am hoping that through the work that the PC does in its final report it gives serious consideration to what that policy framework development is and how it has developed, because
15 the challenges that I face here and I will face into the future will continue if the same change program is not implemented by the agency who unfortunately give me the things I have to deal with. And what Gary has mentioned in terms of some of the challenges we fully support, and the mindsets and the criteria as to what is assessed against. The reference vehicle is way out of date. A reference vehicle probably should be something more attuned to a PBS vehicle, but we're not. Capability and understanding of our technical capabilities in engineering standards in state agencies, let alone local government, does not exist, and unless you can address that the challenges that we face will continue, but we've got the policy
20 framework right which is why we have been so adamant in making the comment that the reviewable law has to take into consideration wherever this piece of work goes, otherwise we're going to just be back where we were before.

MR LINDWALL: Thanks, Sal. Anyone else want to say anything? Yes, please.
30 Again just introduction.

MR HACKING: So, Commissioner, Todd Hacking, the CEO of Heavy Vehicle Industry Australia. I wasn't going to present today because I am in agreeance with many of what has been said. I guess I just wanted to make mention two issues that
35 I found of interest in the draft report. The first being about that compliance cost monitoring and the summary around that, and I found that real interesting. I guess - and probably Sal just in his comments, I want to support those, in essence that a lot of the report and a lot of the focus of those costs focus on the heavy vehicle national law, and of course we have that other Act which is probably more where
40 my industry focuses, which is the MVSA or RVSA now as it's going to be known, and that sets out the Australian design rules framework, and of course you can't run a truck on a road unless you can build it. I think, and we will submit back to the draft report that we would like to see the compliance costs captured from start to finish, and I'm not sure, I might have missed it in the draft report, I'm not sure
45 whether that's been emphasised enough, because it's very much sort of focused on

in-service compliance costs rather than upfront. So I just wanted to make that observation.

5 The other one was that there was a lot of commentary in relation to the Australian design rules, and we fully support that. So just to give you an example to change an ADR in our experience it's roughly eight years.

MR LINDWALL: Did you say 80 years?

10 **MR HACKING:** No eight, eight years. And we're at a stage now where most of the truck manufacturers are global brands, and it's no surprise that we're a technology taker in relation to those trucks, but the framework of which we're operating is glacial compared to the change that they would like to move forward on in terms of technology and research and development and those productivity gains which comes from newer vehicles. We would support the premise that
15 newer vehicles are safer, more productive, and so - and we do know through facts that we have one of the oldest fleets in the western world, and there's various reasons for that and my colleague Gary Mahon just mentioned some of those, and the PBS is certainly one of them.

20 I personally and my organisation has always been a supporter of linking in some policy construct a PBS approval to automatic access, because it doesn't seem right to our way of thinking that you would go and spend a whole lot of money going to the trouble of engineering a special vehicle to try and increase your productivity and invest that capital, \$600,000, \$700,000 in some cases to get a safer, more
25 productive vehicle on the road. Get that approval and then have to go through a completely other process with no assurance that you're able to run what you want where you want. It doesn't make sense, it's counterintuitive. It's like it's not rewarding that operator and that manufacturer of going through the business of spending that time in design and engineering in order to get that productivity and
30 safety going. So that's one thing that we are hopeful that the review of the Act might look at. In respect to PBS we would also suggest that some of those vehicles are no longer performance-based or requiring that performance-base moniker. The truck and dog situation, it's a standard vehicle now, everyone's producing them, they're rolling off the assembly line. That can just be, in our opinion, moved out of
35 the PBS system, and there is a PBS 2.0 project. I think Sal might have mentioned it in his initial comments, and we are hopeful that there might be some movement in relation to that. Aside from those few comments highly supportive of your draft report and we will support in any way we can, and if we can help further then are
40 happy to.

MR LINDWALL: Thank you very much, Todd.

45 **MR ROBERTS:** Thank you very much, Todd.

MR LINDWALL: Anyone else? Welcome, Julie.

MS BULLAS: Julie Bullas from the Office of the National Rail Safety Regulator. I just wanted to agree and make a comment in relation to what Sal was saying
5 about safety and productivity as it's been quite a major focus on a number of the submissions made in relation to the rail safety regulator and during this process, and I suppose what I'm asking the Commission to do in their report is to actually put that statement in the framework of the industry in which we're regulating. I don't want to go through that discussion now obviously, but I think we need to
10 understand better the two different frameworks in which the heavy vehicle regulator operates in and the owning of the assets and the work they're doing and that of the rail safety regulator. So that would be really beneficial in the report to actually see those two frameworks come out.

15 The other statement, I thank the local government authority in relation to working with ONRSR, the rail regulator. I will say we have in both New South Wales and Victoria held workshops with the local government authority in relation to interface agreements. Probably a bit slow getting around the country, but I appreciate that feedback and the offer is there for us to work with them.

20 **MR LINDWALL:** Thanks, Julie.

MR ROBERTS: Thank you.

25 **MR LINDWALL:** I assume that's it now. LGAQ doesn't - all right. In which case - and we won't get our own PC people talking too. So thank you very much everyone for today. I will now adjourn the proceedings and we resume on 4 February in Canberra. So thanks everyone for coming.

30 **MR ROBERTS:** Thank you everyone, that's great.

MATTER ADJOURNED AT 12.39 pm
UNTIL TUESDAY 4 FEBRUARY 2020