



## **National Farmers' Federation**

# **Submission to the Productivity Commission Draft Report into National Transport Regulatory Reform**

Prepared by Mr Liam Watson

13 January 2020

## NFF Member Organisations





The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

## **Statistics on Australian Agriculture**

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Australian agriculture makes an important contribution to Australia's social, economic and environmental fabric.

### **Social >**

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There are approximately 88,000 farm businesses in Australia, 99 per cent of which are wholly Australian owned and operated.

### **Economic >**

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In 2017-18, the agricultural sector, at farm-gate, contributed 2.4 per cent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production in 2017-18 is estimated to have reached \$60.1 billion.

### **Workplace >**

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The agriculture, forestry and fishing sector employs approximately 323,000 people, including full time (236,700) and part time employees (84,300).

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 26 per cent of the employed workforce is casual.

### **Environmental >**

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Australian farmers are environmental stewards, owning, managing and caring for 51 per cent of Australia's land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 7.4 million hectares of agricultural land set aside by Australian farmers purely for conservation/protection purposes.

In 1989, the National Farmers' Federation together with the Australian Conservation Foundation was pivotal in ensuring that the emerging Landcare movement became a national programme with bipartisan support.

## Introduction

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The National Farmers' Federation welcomes the opportunity to provide a submission to the Productivity Commission on its draft report into National Transport Regulatory Reform. Agriculture has a significant interest in the regulatory framework governing transport. The cost of transporting food and fibre from farms to consumers, and logistics generally, are the largest single cost items in the production of many agricultural commodities – amounting to as much as 48 per cent of farm-gate costs for some commodities<sup>1</sup>.

Our 2030 Roadmap, which is the strategic vision for the growth of Australian agriculture over the next 10 years, has identified consistent national transport regulation as key to achieving this vision. The metric we have identified to measure progress towards this goal is 'Australia's freight cost per tonne-kilometre is competitive with major agricultural exporting nations.'

Our focus in this review is on road transport (i.e. the Heavy Vehicle National Law and National Heavy Vehicle Regulator), since this is the mode of transport with which we experience the most issues. However, many of the principles for which we advocate as sound foundations for road transport regulation are equally true of rail and maritime regulation.

We support many of the recommendations and findings in the draft report and detail concerns raised by recommendations we do not support. We thank the Productivity Commission for considering the content of our first submission in its draft report.

## Initial Remarks

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We note that the 2011 Intergovernmental Agreements (IGAs) which initiated the process of national harmonisation had as its intended outcome (for heavy vehicles):

1. Enhanced safety, productivity and efficiency;
2. Removal of inefficiencies from inconsistent jurisdictional requirements, and;
3. Reduced regulatory burden and compliance costs<sup>2</sup>.

These are objectives with which we agree. They are aligned with our goal of achieving competitive freight cost per-tonne kilometre.

## Response to Recommendations

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### DRAFT RECOMMENDATION 4.1

**The Transport Infrastructure Council should request that the National Transport Commission undertake a review of significant derogations from the Heavy Vehicle National Law and the Rail Safety National Law, with the aim of reducing regulatory inconsistency.**

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<sup>1</sup> AgriFutures 2019, *The Impact of Australian Freight Costs on Australian Farms*.

<sup>2</sup> Productivity Commission Draft Report, *National Transport Regulatory Reform*

**The Council of Australian Governments should commit to altering or removing derogations, or altering the national laws, to achieve best practice regulation.**

The NFF supports the principle of road transport harmonisation. We note that there are currently over 70 derogations from the HVNL.<sup>3</sup> This means that operators are subject to different regulatory requirements in different jurisdictions. This creates confusion and increases compliance costs. For this reason, we agree that COAG should commit to removing derogations where possible.

We have no view on whether it is necessary for the National Transport Commission to undertake a review of significant derogations from the HVNL in order for these derogations to be removed.

We would, however, repeat a point which we made in our initial submission to the inquiry, which is that harmonising regulations is not the most important factor in achieving the objectives of the 2011 IGA. Rather, it is the substance of the regulations themselves.

**DRAFT RECOMMENDATION 5.1**

**State and Territory governments should seek to improve general road users' understanding of driving safely in the vicinity of heavy vehicles through education and enforcement measures.**

The NFF agrees with this recommendation.

The National Farmers' Federation's 'Common Roads, Common Sense' campaign has been running since 2017. The campaign aims to educate road users on Large Agricultural Vehicles (LAVs) and safe driving practices when encountering a LAV on a road. A 2018 report from James Cook University found that LAV-related incidents accounted for 0.15% of road fatalities<sup>4</sup>.

**DRAFT RECOMMENDATION 5.2**

**The Council of Australian Governments should amend the Heavy Vehicle National Law to give the National Heavy Vehicle Regulator (NHVR) greater scope to provide concessions from prescribed aspects of fatigue management regulation, where the NHVR is satisfied that more effective systems of fatigue management are in place, such as technology enabled management systems, and/or accredited management systems.**

**Driver fatigue laws should continue to set outer limits on driving hours.**

It is our view that the recast HVNL should provide drivers with greater flexibility in choosing how they manage fatigue. The HVNL should set out high-level, risk-based standards and provide operators with the flexibility to meet these standards in a way best suited to their enterprise. Operators who have the capacity to develop fatigue management systems or implement fatigue-monitoring technologies should be recognised under the HVNL as having satisfied their fatigue-related

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<sup>3</sup> Productivity Commission 2019, *Draft Report: National Transport Regulatory Reform*

<sup>4</sup> Franklin C. R. et al 2018, *Large Agricultural vehicles on Roads in Australia*

responsibilities in this way. Operators who do not have this capacity should be able to satisfy their requirements by conforming to standard work and rest hours.

We would stress the point that safety is paramount. Flexibility should only be introduced into regulation where doing so will not reduce safety standards. In the case of fatigue, the new HVNL should identify the standard of safety which the current standard work and rest hours seeks to achieve, and give operators the flexibility to meet this standard in different ways.

#### **DRAFT RECOMMENDATION 6.1**

**Local governments should share engineering expertise and agree to consistent access arrangements for shared roads. The Australian Government should work with States and Territories to encourage this collaboration. States and Territories should report to the Council of Australian Governments in early 2020 on the status of this work.**

We note the Commission's finding that local councils are often required to contract expert advice when making access decisions because they lack the in-house engineering expertise to assess their road infrastructure<sup>5</sup>. This can be slow and increase the cost of decisions. As we discuss below, forcing road managers to use consistent guidelines when making access decisions will go some way to addressing this problem. While we would not give unreserved support for local governments sharing engineering expertise without knowing exactly what these sharing arrangements would be, the general spirit of this recommendation – sharing expertise to improve efficiency – is something we support.

We are supportive of consistent access arrangements for shared roads. We provide a case study which highlights the issues that arise when road management is shared between authorities.

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<sup>5</sup> Productivity Commission 2019, *Draft Report: National Transport Regulatory Reform*

### Case Study 1

A haulage company services 15 feedlots in south-east Queensland on a regular basis – 5 days a week, 52 weeks per year.

The operations of feedlots are unlike those of cattle stations, which may buy or sell cattle only a few times a year. Instead, roughly the same number of cattle enter and exit every day, meaning regular access for vehicles of the same size, number and at roughly the same times each day is required.

Almost every road in the area around the feedlot requires a permit, for every different vehicle operated by the company. The roads are managed by two different authorities – the Toowoomba Regional Council (TRC), and the Queensland Department of Transport and Main Roads (DTMR).

Despite the fact that the freight task is a single task – one company, servicing the same feedlots, with the same vehicles, on the same days each week – many different permits are required from multiple road managers. There is inconsistency between the decisions of the state and local governments, with TRC favouring permits with a length of three years and DTMR favouring permits with a length of one year, meaning permits for one road and its intersection may be differing in their duration.

The majority of roads in this area are not gazetted for B-Doubles, despite the national Notice. TRC states that the roads are not up to the standard that exists in their guideline and therefore cannot be gazetted under the Notice. However:

- a) Other regional councils serviced by the haulage company gazette roads for B-Double access on roads that are in no better condition than those of the Toowoomba region (a statement supported by some within the Local Government Association of Queensland);
- b) No alternative routes have been proposed that could be gazetted;
- c) Permits for B-Double access are always granted by TRC;
- d) It can be argued that the current risk assessment guidelines are too strict. For example, it is unlikely that there will ever be funding to upgrade every regional and local road to two lanes. Yet regional councils do gazette single lane roads under the B-Double Notice if the roads are otherwise sound. The risk appetite for gazetting varies from region to region with little apparent consideration for the freight task.

Shortfalls in the risk assessment approach are not limited to TRC. Permit assessments in this region by DTMR often take the same length of time regardless of the size of the vehicle. For example, the haulage company may apply for a permit for an A-Double and the Type II road train for the same road and same destination. The assessment time is often the same for both vehicles or sometimes even longer for the A-Double, even after the much larger Type II road train has already been approved. Additionally, DTMR do not use pre-approvals in this region, slowing assessments down even further.

Finally, funding for road upgrades are often not negotiated between state and local governments. If a road is partially owned by council and partially owned by the state, or, as is more often the case, a road is owned by council and the intersection is owned by the state, issues often arise when the state government will not fund their portion to fix access to the council road, or vice versa.

Toowoomba council have been holding meetings for three years to attempt to understand the freight task in the area and develop alternative routes or conditions to solve these problems. However, after three years of consultation, nothing has changed – no alternatives have been developed and no funding has been secured to upgrade the roads. There has been no external review in this time because there is no mechanism in the HVNL for external review, despite the clear struggles of TRC, industry and DTMR in this area.



We support the recommendation that consistent access arrangements be applied to shared roads, so that situations like the one outlined in the above case study are avoided.

In addition to this, we would draw attention to the success of the partnership which exists in Queensland between the NHVR and the Local Government Association of Queensland (LGAQ), which involves a dedicated NHVR resource at the LGAQ which provides advice to local councils on access decisions. We would like to see this position replicated in all states and territories. Feedback we have received suggests that road managers find this kind of advice more helpful than guidelines or instructions.

## **DRAFT RECOMMENDATION 6.2**

**The Australian Government should seek simpler heavy vehicle classifications through the National Transport Commission's review of the Heavy Vehicle National Law for the purposes of access decisions. Additionally, the National Heavy Vehicle Regulator should provide more detailed and effective guidelines to road managers.**

As the mass and dimensions of a heavy vehicle determine the risk that vehicle poses to safety and infrastructure, a risk-based HVNL must retain some system of vehicle classification. We have no view whether the current classification system should be simplified. The only point we would make is that the advantages of a less complicated system of vehicle classification (that would enable access decisions to be made more efficiently) must be balanced against the advantages of a more complicated system (where more classes of vehicles allows for more detailed regulations more accurately reflect the commensurate level of risk for each vehicle).

One reform which could be enacted to take greater advantage of the heavy vehicle classification system is the introduction of precedents in access decisions. This reform was recommended by the Department of Infrastructure, Regional Development and Cities in its 2018 *'Review of Oversize Overmass (OSOM) Access Arrangements'*. They recommended an 'envelope system', where vehicles are allowed to operate on routes for which access has previously been granted for vehicles of similar configurations<sup>6</sup>.

The way that road managers use the NHVR's guidelines on granting access is problematic. A key advantage of guidelines is that they assist people to make the correct decision in situations where they might not have the relevant expertise. It has been found that road managers often lack the technical knowledge on Oversize-Overmass Vehicles and road infrastructure required to make an access decision which reflects the risk posed by a particular vehicle<sup>7</sup>. Use of the NHVR's *Registered Access Vehicle Route Assessment Tool* is not mandatory and the NHVR's *Approved Guidelines for Granting Access* are not used consistently<sup>8</sup>. It is our view that

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<sup>6</sup> Department of Infrastructure, Regional Development and Cities 2018, *Review of Oversize Overmass (OSOM) Access Arrangement*

<sup>7</sup> Deloitte 2019, *Economic Benefits of Improved Regulation in the Australian Trucking Industry*

<sup>8</sup> National Transport Commission 2019, *Easy Access to Suitable Routes*

consistency in the criteria used to make access decisions is likely to lead to greater consistency in the decisions.

We would like to see the guidelines used by road managers to make access decisions be made mandatory and enforceable. These guidelines should reflect the realities of operating a heavy vehicle in rural and regional areas.

#### **DRAFT RECOMMENDATION 6.4**

**The Council of Australian Governments should direct road managers (including the state road authorities) to work with the National Heavy Vehicle Regulator to rapidly expand key freight routes covered by notices and allowing as of right access for larger vehicle types. The focus of this work should include:**

- **expanding the networks available for heavy vehicles with performance characteristics equivalent to B doubles (including Performance Based Standards (PBS) level 2A and 2B B doubles) and type 1 and 2 road trains (including PBS equivalents)**
- **where there are classes of vehicles for which permit applications are almost universally approved, developing notices covering these vehicles**
- **meeting infrastructure requirements such as truck stops and logistics centres near major urban centres, allowing larger vehicles to be broken down into smaller units where required by urban road network constraints.**

The NFF endorses this recommendation. Permits, with long processing times and inconsistent outcomes, are an administrative burden for operators. Gazetted roads do away with this burden entirely.

However, there should be a focus on infrastructure requirements in rural and regional areas as well as near major urban centres. Rural operators are often required by road managers to decouple trailers for portions of a journey. Since the constraints on large vehicles are not limited to urban areas, the infrastructure made necessary by these constraints should not be limited to urban areas either.

#### **DRAFT RECOMMENDATION 6.5**

**The National Heavy Vehicle Regulator, the Office of the National Rail Safety Regulator and the Australian Maritime Safety Authority should monitor the compliance and administrative costs created by the national regimes and report on the level and change in these costs in periodic (say 3 yearly) reporting. The first report should be published in 2020 to establish benchmark costs.**

We support the national regulators being required to monitor and report on the compliance and administrative costs created by the national regimes. We note that the objectives of the 2011 IGA from which these regimes arose included a reduction in the regulatory burden and compliance costs. Being able to quantify these reductions is therefore key to assessing whether the reforms have achieved their objectives.

#### **DRAFT RECOMMENDATION 7.1**

**The Australian Government should lead efforts through the Transport and Infrastructure Council to reform the Heavy Vehicle National Law. It should encourage State and Territory governments to remove prescriptive material from the legislation and to include an explicit mandate for the National Heavy Vehicle Regulator to take a risk based approach to its functions.**

The NFF supports a risk-based HVNL and a risk-based approach to regulation from the NHVR.

The current HVNL is predominantly prescriptive, providing limited flexibility in terms of how the rules are applied and implemented. The ability to innovate via new technologies and methods can be restricted when an overly prescriptive approach is taken. This, in turn, can limit the adoption of improvements to safety and productivity. For this reason, we consider the prescriptive approach in the current HVNL to be incompatible with its objectives.

However, previous NFF work on implementation of new rules in the Chain of Responsibility made it clear that prescription is sometimes desirable. Small operators – a category into which the majority of farmers fall – often find it easier and more efficient to be presented with a specific set of requirements with which they must comply. They simply want to know what measures they must put in place to ensure their operations are legal. The alternative – being required to develop their own risk management systems which satisfy HVNL rules and standards – can be complicated and time-consuming for small-scale operators. It also introduces a lack of certainty as to whether their actions are legal. The NFF supports a HVNL which caters to both approaches. This could be done by legislating performance-based standards which operators can meet in ways that best suit their specific circumstances, but also providing generic rules, or guidance documents, that provide clarity on what operators need to do to meet legislated standards.

## **DRAFT RECOMMENDATION 7.2**

**The Transport and Infrastructure Council should agree to have all regulatory functions still held by participating jurisdictions transferred to the National Heavy Vehicle Regulator no later than 1 January 2022.**

It is our experience that the lack of a centralised source of regulatory authority has prevented the benefits of harmonisation being fully realised. The NFF worked with the NHVR for approximately two years to introduce the *National Class 1 Agricultural Vehicle Mass and Dimension Exemption Notice*. During the course of this work it became evident that the sharing of authority between the NHVR and participating jurisdictions prevented a nationally consistent set of rules from being achieved. The final Notice retains state-specific requirements and inconsistent zone alignments across state borders.

Regulatory functions still held by participating jurisdictions should be transferred to the NHVR as quickly as possible without causing significant disruption to the industry and the regulatory processes which govern it.

## **DRAFT RECOMMENDATION 7.3**

**The Transport and Infrastructure Council should direct the National Heavy Vehicle Regulator to undertake the comprehensive collection and reporting of key safety risks and outcomes, similar to the Office of the National Rail Safety Regulator’s annual Rail Safety Report.**

The ability of the regulator to apply risk-based regulation – something which we support – is contingent upon them being able to identify the level of risk associated with different behaviours. To this extent, there is a role for the regulator in assigning levels of risk to different activities.

However, we believe that the party best placed to manage the risk of each firm is the firm itself. The NHVR has the ability to analyse aggregate data and identify risky types of behaviour in the transport industry, but it does not have the ability to implement the most efficacious controls against these risks. This is because the most suitable and effective way to control a risk will vary from business to business. Operators vary in their size, activity, administrative capacity, regulatory expertise and myriad other ways. For any particular operator, no one is better able to identify the best mechanism for mitigating their posed risk than the operator itself. This is why we have argued, here and elsewhere, for high level standards of regulation which specify risks and outcomes, but do not stipulate controls.

#### **DRAFT RECOMMENDATION 8.1**

**The Australian Government should amend the Australian Design Rules and in service vehicle standards to allow for new transport technologies, including automated technologies, with proven productivity or safety benefits. The Australian Government should aim for national and international consistency of laws and standards where practicable, and accept safety devices adopted in other leading economies. The Council of Australian Governments should investigate whether a ‘deemed to comply’ approach would be practical for some technologies.**

Several of the mass and dimension limits in the Australian Design Rules (ADRs) are below international standards. This means that overseas-designed vehicles with higher safety standards must be redesigned before entering the Australian market. This can delay or altogether prevent the entry of these safer vehicles into Australia<sup>9</sup>.

One way to remedy this problem would be to amend the ADRs. Another would be to ensure the HVNL encourages the uptake of Performance-Based Standards (PBS) vehicles as much as possible.

The PBS scheme allows vehicles to ignore the prescriptive ADRs and instead meet one of four specified levels of performance standard. The standards a vehicle meets determines its maximum permissible mass and dimensions, and its road access<sup>10</sup>. The 20 standards in the PBS scheme are standards of safety performance and infrastructure protection – i.e. risk. Therefore, the PBS scheme directly links a vehicle’s level of access and mass/dimension limits to its level of risk. It also delivers better economic efficiency, since it enables more productive vehicles to operate on a more extensive road network. We note the NTC’s findings that PBS

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<sup>9</sup> National Transport Commission 2019, *Vehicles Standards and Safety*

<sup>10</sup> National Transport Commission 2019, *Vehicle Standards and Safety*

vehicles are 24.8 per cent more productive and cause 46 per cent fewer major crashes than their ADS/HV(MDL)NR counterparts<sup>11</sup>.

We have no preference as to whether improving access to the Australian market for new vehicle designs with proven productivity or safety benefits should be achieved by amending the ADRs or ensuring the new HVNL encourages the uptake of PBS vehicles. We do not view the two reforms as being mutually exclusive.

## **INFORMATION REQUEST 9.1**

**The Commission is interested in further information regarding the safety implications of commercial contracts in the industries covered by the Heavy Vehicle National Law (HVNL), Rail Safety National Law (RSNL), and the Marine Safety (Domestic Commercial Vessels) National Law (MSNL). In this regard, the Commission would be interested in understanding the effectiveness of safety duties applying to various businesses through the supply chain (for example, Chain of Responsibility, Workplace Health and Safety).**

Of the safety duties which apply to various businesses in the supply chain, the duty with which we are most familiar is the Primary Duty in the Chain of Responsibility (CoR). The Primary Duty requires that all parties in the CoR must do what is reasonably practical to ensure that all transport activities relating to a heavy vehicle are safe<sup>12</sup>. Feedback we have received on the Primary Duty indicates that the vagueness of the wording – that a party must do what is ‘reasonably practical’ – leaves many in the industry uncertain as to whether their behaviour complies with the law, and creates the fear that they may be liable to prosecution.

As previously mentioned, we are in favour of non-prescriptive legislation but believe it should be accompanied by guidance documents or ‘deemed to comply standards’ so that regulated parties have an option which provides some certainty around compliance.

## **DRAFT RECOMMENDATION 9.1**

**Governments (and their agencies) and industry should consider how best to harness logistics and telematics data to improve incentive based safety regulation, with the aim of influencing behaviours that increase safety and productivity.**

**Governments and regulators should aim to facilitate the adoption of technologies by operators to generate and share data by:**

- **providing legal assurances about the acceptable use of such data**
- **clarifying the value proposition to individual operators of their participation in data sharing regimes.**

We acknowledge the role of technology and the data it generates in increasing safety and productivity. In the case of safety, roadside enforcement is resource intensive and relies on probabilistic detection. The ability to monitor driver

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<sup>11</sup> National Transport Commission 2017, *Assessing the Effectiveness of the PBS Scheme Discussion Paper*

<sup>12</sup> s 26C of the HVNL.

behaviour through, for instance, telematics, may lead to more efficient and well-targeted outcomes.

However, we recommend against the use of technology by heavy vehicle operators being in any way mandated or prescribed, and caution against an over-emphasis on its merits. The regulation of heavy vehicles should, as far as possible, be technology-neutral. For many smaller operators, the use of telematics with its hefty monthly fee (at least \$119 per month for telematics certified under the Intelligence Access Program<sup>13</sup>) is not economically viable.

The legislation and regulation which deals with heavy vehicle technology should be designed so that its benefits can be enjoyed wherever possible, on the condition that this legislation/regulation does not in any way disadvantage operators who cannot afford said technology.

We note that the Commission's suggestion that there may be a role for government to encourage the uptake of regulatory telematics since this uptake likely has public benefits (improved revenue collection and infrastructure planning). It is our view that where benefits are public, the cost of bringing about these benefits should be borne by government.

We draw attention to the numerous mechanisms which can be used to encourage the uptake of regulatory telematics besides making them compulsory. These mechanisms (technology trials, awareness campaigns, adoption of technologies into vehicle and design standards, updating government fleets and providing regulatory, financial and productivity incentives) give us some cause for concern. We would not support adopting new technologies into vehicle or design standards without a detailed analysis of the cost increase from the perspective of all parties – the manufacturer, the operator etc. – and an assurance that older vehicles would not have forced upon them the choice of either:

- a) Retrofitting telematics; or,
- b) Ceasing to operate on Australian roads.

Our over-arching concern with any 'encouragement' of regulatory telematics is that operators of vehicles without these technologies will be in some way disadvantaged. The notion of a 'regulatory incentive' for those who utilise regulatory telematics implies some form of advantage, which in turn implies some form of disadvantage for those who do not use telematics.

We acknowledge that it is a difficult line to walk – encouraging the uptake of new technologies without in any way disadvantaging those who choose not to (or cannot) make the change. Our position on this issues is that any regulatory change to encourage the uptake of technology should not result in any operator being made worse off than they are currently. We consider an operator to be made worse off by regulation if that regulation is detrimental to the operator's economic position.

Many of our concerns regarding telematics would be lessened – though not completely allayed – if the cost of regulatory telematics was substantially lowered.

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<sup>13</sup> National Transport Commission 2018, *Review of Regulatory Telematics*

Many cheaper forms of telematics already exist, but are not recognised in the Intelligent Access Program.

### **INFORMATION REQUEST 9.3**

**To what extent are heavy vehicle drivers receiving adequate on the job training, and informal guidance from more experienced to less experienced drivers?**

**If a more formal training system were to be devised, what would this look like, and should training requirements target the newly licensed or should it also include incumbent, experienced drivers?**

The current system of graduated driver licensing, which operates differently in every state and territory<sup>14</sup>, deters young people from becoming truck drivers. Workforce supply challenges (which are substantial – demand for truck driving jobs rose by

#### Case Study 2

A livestock transporter at Maleny reflects on the over 20 years of experience he has in the rural livestock transport industry, and the issues he has seen hiring new staff:

##### Young people

“It is difficult for transporters to hire young people because of the tier system. If someone wants to begin driving at 17, they will begin on a body truck, then move to a semi-trailer, then a B-Double; by the time they are qualified for a road train they may be 22 years old. Anyone that needs someone with a Multi-Combination license will have to wait 5 years until this person can fill that role. This is a major disincentive to hire young people, especially for an industry that is chronically understaffed – it’s so much easier to hire someone who already has the experience, especially because the insurance costs are lower too. But this isn’t the best thing for the industry. I have employed drivers under 25 that were really switched on, loyal, respectful and competent. I know a lot of transport operators know young people they’d love to hire, but current licensing requirements and the cost of training make this hard.”

#### Case Study 3

A livestock transport operator in Charters Towers reflects on his issues with finding competent drivers and hiring young people:

##### Young people

“Depending on their age, young people need to spend a long time training with older drivers. For us, money is often too tight to pay two people to drive one road train while one of them is training. I would love to see some sort of government assistance to help employ people, similar to an apprenticeship program in other industries.

I would love to take more younger drivers, and spend the time training them properly from the start of their career. But the cost of training someone this way is high, and their insurance costs are much higher than someone over 25.

An apprenticeship program would make it much easier for me to hire and train safe, competent staff, especially younger staff under 25, to replace the older people that are moving out of the industry.”

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<sup>14</sup> National Transport Commission 2019, *Safe people and practices*

60 per cent from 2015 to 2018<sup>15</sup>) cannot be met by training young people after they finish school. Compared to the broader workforce, truck drivers are underrepresented in the 15-35 age group.<sup>16</sup> We provide below two case studies which demonstrate this problem.

Austroroads provides a similar case study:

*‘The industry is losing competent young drivers who have been driving on farms etc for years learning from their parents/friends and could safely operate combination vehicles at 18 years of age because they cannot be employed until they reach an age limit to legally qualify.’<sup>17</sup>*

We note that not all states and territories require drivers to undertake a competency-focussed assessment or have any behind-the-wheel experience before they progress to the next level of their license.<sup>18</sup> A system of driver licensing which shortens the minimum tenure period on each level of license and instead ensures competency through recorded behind-the-wheel training and competency focussed assessment would help address the labour shortage by allowing younger people to progress through their heavy vehicle licenses more quickly.

Austroroads has previously found that ‘current license tenure requirements, while intended to promote progressive skills development, place an arbitrary barrier which does not guarantee skill development or safety outcomes.’<sup>19</sup>

For these reasons, we suggest that heavy vehicle driver licensing move away from minimum tenure periods and towards competency-focussed assessment and behind-the-wheel experience.

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<sup>15</sup> Labourforce 2019, Trucking Report April 2019, p. 1

<sup>16</sup> Austroroads 2018, ‘Review of the National Heavy Vehicle Driver Competency Framework’, p. 5

<sup>17</sup> Austroroads 2018, ‘Review of the National Heavy Vehicle Driver Competency Framework’, p. 4

<sup>18</sup> Austroroads 2018, ‘Review of the National Heavy Vehicle Driver Competency Framework’. P. 6

<sup>19</sup> Austroroads 2018, ‘Review of the National Heavy Vehicle Driver Competency Framework’, p. 9



There is often a significant cost-burden associated with driver training. We provide below two case studies which demonstrate this burden.

Case Study 2 (cont.)

*Training*

“There is a definite variation in the quality of training provided by RTA’s. I once let someone who was enrolled in driver training school practice on some of the trucks in my yard. I asked him to reverse and he told me he didn’t know how – they only taught him to go forwards! I’ve hired drivers from some of these schools with poor turning, poor awareness of their trailers, and poor reversing. It adds to my training costs – that’s longer they need to spend in the truck with an experienced driver, learning things they should already know with a Multi-Combination license.

Training is already longer and more expensive for rural livestock transporters, because they need to learn how to handle the animals. They also need to learn their routes more thoroughly – we really need to get them practicing some of the tight corners and potholes that urban roads don’t have.

Case Study 3 (cont.)

*Training*

You need to spend long hours in a truck to properly train someone to ensure competency. Currently, there are courses on offer for \$50 that will “train” you for a Multi-Combination license and a lot of potential staff have secured their MC license this way. But all this sort of training has done is put more people behind the wheel that can barely change a tire. It’s even harder for a company like us because it’s essential we spend a decent amount of time training new staff to expert level, and that they’re familiar with livestock – when you cart livestock out in the bush, you’re going to be on your own in some really unpredictable conditions with a full trailer load of animals whose welfare is in your hands. You need to know how to handle whatever situation is thrown at you. But the lack of staff mean sometimes you just have to take what you can get.

I’d love it if something could be done about this. Currently the national regulator spends too much energy on penalizing drivers for their logbooks and has nothing for making sure drivers are competent.”

Given the merits of licensing processes focussed on training and competency and the difficulty experienced recruiting drivers, we recommend that – where training courses are provided through registered training organisations and are a compulsory licensing requirement – the government subsidise these courses to a level that is affordable for small operators.

## **DRAFT RECOMMENDATION 10.1**

**The Council of Australian Governments should provide support to ensure local government has the financial and technical capacity to deliver its role as asset manager for local roads. Transparency and accountability of performance should accompany any additional support, particularly with respect to processing times for access permits and the use of notices to gazette heavy vehicle routes.**

**This should be pursued in the context of broader changes under the Heavy Vehicle Road Reform agenda.**

It is our view that there are several improvements to the way local governments fulfil their role as asset managers which do not require the intervention of COAG. They are

1. Reducing the permit response timeframe and making this timeframe enforceable;
2. Making the criteria against which road managers decide access mandatory;
3. Making the access decisions of road managers open to external review;
4. Appointing liaison officers in every state and territory, and;
5. Gazetting roads for as-of-right access wherever possible.

**DRAFT RECOMMENDATION 10.2**

**The national regulators (particularly the National Heavy Vehicle Regulator and the Australian Maritime Safety Authority) should move towards cost recovery arrangements in line with the Australian Government Cost Recovery Guidelines. Consistent arrangements across the three transport regulators will eliminate the risk of distorting intermodal choices.**

We draw attention to the various exceptions to the cost-recovery principles expressed in the Australian Government Cost Recovery Guidelines (CRGs). These guidelines state that cost recovery is not appropriate where: goods are informational with public good characteristics; cost recovery is not cost effective; cost recovery is inconsistent with policy objectives, or; cost recovery would unduly stifle competition<sup>20</sup>.

We believe that where making changes to the NHVR's cost recovery arrangements would increase the fees and charges levied on operators, cost recovery would be inconsistent with policy objectives. The 2011 IGA explicitly identified reduced compliance costs as a policy objective of introducing a national system of transport regulation.

For this reason, we believe no changes should be made to the NHVR's cost recovery arrangement where those changes would increase the fees and charges levied on operators.

Thank you again for the opportunity to provide this submission. Should you have any questions please do not hesitate to contact Mr Liam Watson, Policy Officer, Trade and Economics

Yours sincerely

**PRUDENCE GORDON**  
**Acting CEO**

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<sup>20</sup> Productivity Commission 2019, *Draft Report: National Transport Regulatory Reform*