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1. Australian Trucking Association

The ATA is the peak body that represents the trucking industry. Its members include state and sector-based trucking associations, some of the nation's largest transport companies, and businesses with leading expertise in truck technology.

2. Summary of recommendations

Recommendation 1

The Government should implement the following Productivity Commission Public Infrastructure inquiry recommendations, in order to increase productivity in supply side provision and consequently road users:

- conditional funding for states
- improved governance arrangements
- project benchmarking
- better project selection
- improved cost benefit analysis.

Recommendation 2

The Government should not implement direct road user charges, as proposed in competition policy review recommendation 3, until it can be proven that the exercise will be revenue neutral, will improve road investment decision-making and the warranted complexity does not burden the heavy vehicle industry.

Recommendation 3

The Government should implement the short term recommendations developed by PricewaterhouseCoopers to improve the performance of road agencies and subsequently road users.

Recommendation 4

The Government should not penalise the trucking industry through initiating charges to make rail freight more attractive, as this will ultimately increase costs for consumers and unfairly tax the industry further.

Recommendation 5

The Government should support heavy vehicle charging option A, as set out in the NTC 2014 Heavy Vehicle Charges Determination RIS. The option should be implemented from 1 July 2016. The Government should then consider implementing Option B once state and Commonwealth revenue redistribution is agreed by ministers.

Recommendation 6

The Government should work with the state participants in the Heavy Vehicle National Law to extend the regulatory benefits afforded the Government National Heavy Vehicle Accreditation Scheme to industry accreditation schemes to address competitive neutrality.

3. Introduction

Australia has experienced a sustained period of competitive output with a strong supply of favourably priced commodities buoying the economy for recent decades. However, while focus has been on commodity markets other sectors of Australian business have been constrained by over-regulation and poor decision making by policy makers. The competition paper states that multifactor productivity growth deteriorated markedly during this time and noted that much of this deterioration coincided with a stalling in Australia's microeconomic reform effort.¹

It is important that Australia has competitive markets, providing the most efficient allocation of resources, low prices for consumers, higher incomes and jobs growth.²

Between 1971 and 2007 trucking industry productivity increased six-fold. This large increase occurred because of the uptake of high productivity vehicles like B-doubles. In this time period the average distance travelled by articulated trucks increased by almost 90 per cent and the average load they carried doubled.³

However, the industry's productivity and competitiveness has plateaued due to government policy decisions and slow response to the industry's desire to use safer, longer, higher productivity heavy vehicles.

Having an efficient infrastructure network for freight is also essential for competitive exports. There is much that can be done to improve the productivity of the road network in Australia and ultimately, any uncompetitive pricing or unnecessary increased cost will be passed on to consumers.

4. Optimising the competitiveness of the industry

4.1 Implement the supply side reforms recommended by the Productivity Commission

The panel identifies that the heavy vehicle industry is under intense regulatory oversight and conservative policies⁴. If the industry is to become more productive and competitive there are a range of policies that can be implemented.

In the area of infrastructure, the Panel recommends reforming road transport by introducing cost-reflective road pricing in a revenue-neutral way and linked to road construction, maintenance and safety so that road investment decisions are more responsive to the needs and preferences of road users.⁵

The Productivity Commission also recommends reforms to supply side and road provision that are likely to bring greater benefits than road pricing reform alone. The trucking industry can only be as competitive as roads and road owners allow it to be. In order for the industry to be as competitive as possible the following Productivity Commission recommendations must be adopted:

¹Competition Policy review, *Competition Policy Review Final Report*, March 2015, accessible at: http://competitionpolicyreview.gov.au/files/2015/03/Competition-policy-review-report_online.pdf , Page 19

² Competition Policy review, *Competition Policy Review Final Report*, March 2015, accessible at: http://competitionpolicyreview.gov.au/files/2015/03/Competition-policy-review-report_online.pdf , Page 20

³ Bureau of Infrastructure, Transport and Regional Economics, *Truck productivity: sources, trends and future prospects*. Report 123. BITRE, Canberra, 2011., accessible at: www.bitre.gov.au/publications/2011/files/report_123.pdf page xv.

⁴ Competition Policy review, *Competition Policy Review Final Report*, March 2015, accessible at: http://competitionpolicyreview.gov.au/files/2015/03/Competition-policy-review-report_online.pdf , Page 212

⁵ Competition Policy review, *Competition Policy Review Final Report*, March 2015, accessible at: http://competitionpolicyreview.gov.au/files/2015/03/Competition-policy-review-report_online.pdf , Page 8

Conditional funding for states

Australian Government funding or other forms of assistance (such as loans and government guarantees) for public infrastructure that is provided to local, state and territory governments should be conditional. Grants currently given by the Commonwealth to states and local governments are not made on a conditional basis. This means that there are loose guidelines governing where monies originally earmarked for roads are spent.

The ATA supports Productivity Commission recommendation 7.3, which recommended:

- Australian Government funding or other forms of financial assistance (including incentive payments under Commonwealth–State agreements) for public infrastructure that is provided to State and Territory and Local Governments should be conditional on the adoption of the governance arrangements outlined in recommendation 7.1.
- This assistance should only be provided where there is evidence of a demonstrable net public benefit from the project that would otherwise not be obtainable without Australian Government support.⁶

Improved governance arrangements

The ATA supports improved governance arrangements suggested by the Productivity Commission (recommendation 7.1) for road agencies such as:

- clearly defining the principal objective of ensuring that decisions are undertaken in the public interest, taken to be the wellbeing of the community as a whole
- setting clear and transparent public infrastructure service standards
- instituting effective processes, procedures and policy guidelines for planning and selecting public infrastructure projects, including rigorous and transparent use of cost–benefit analysis and evaluations, public consultation, and public reporting of the decision
- use of transparent, innovative, and competitive processes for the selection of private sector partners for the design, financing, construction, maintenance and/or operation of public infrastructure
- ensuring efficient allocation and subsequent monitoring of project risks between government and the private sector
- monitoring of project performance and ex-post independent evaluation and publication of project outcomes (including periodic reporting of benchmark costs by Infrastructure Australia)
- retaining sufficiently skilled public sector employees to be responsible and accountable for performing these functions
- establishing mechanisms for transparent review or audit of the decision-making process by an independent body, for example, an Auditor-General or Infrastructure Australia.⁷

Project benchmarking

The provision of data to support a benchmarking framework should be a requirement attached to all Australian Government funding for major infrastructure projects. Ongoing benchmarking must be seen to be independent of both government and industry influence and also be seen as technically robust and credible. However, the ATA understands that because of Australia's differing soil and weather conditions the cost of road build will vary across the continent.

⁶ The Productivity Commission *Public Infrastructure*, 2014, accessible at: <http://www.pc.gov.au/inquiries/completed/infrastructure> Page 297

⁷ The Productivity Commission *Public Infrastructure*, 2014, accessible at: <http://www.pc.gov.au/inquiries/completed/infrastructure> Page 281

In recommendation 14.1, the Productivity Commission supported the Department of Industry making and publishing regular projections of labour demand from public infrastructure construction and information collected and produced as part of the proposed benchmarking activities.⁸

In response to this, the Government has agreed to the systematic collection of project information for land transport infrastructure, led by BITRE.

Additionally, the Government wants to implement post build evaluations for Commonwealth funded land transport projects to ensure projects that are delivered with Australian government funds are completed to a satisfactory level. This includes, testing variations from the original scope and timelines, comparison of cost estimates with final costs, and effectiveness and efficiency of particular delivery mechanisms such as PPP or Project Alliances. Evaluations will improve future delivery of projects can be made with more awareness of potential risks⁹.

Improved project selection

Project selection is crucial to the overall efficiency of public infrastructure. If the wrong projects are selected the outcome for the community will be poor, even if these projects are efficiently funded and financed, and their costs well controlled¹⁰.

Many major projects and ribbon cutting exercises come at the expense of periodic maintenance (to extend and exploit the asset lifecycle) and of small scale de-bottlenecking options that could postpone or even avoid the need for costly asset expansions.

The issue of periodic maintenance cannot be ignored if the road quality and stock of Australia is to improve. Budgets for maintenance are reducing over time and there is a need to address the issue of poor maintenance programs.

Having a consistent and accurate maintenance program is crucial to providing roads that do not cause industry undue cost. While it is not feasible to upgrade every road in Australia to bitumen quality, poorly maintained roads cost users higher than necessary vehicle operating costs.

We share the Productivity Commission's view that correct project selection or provision is the most important aspect of achieving good outcomes for the community from public infrastructure irrespective of the financing approach ultimately chosen.

Along with good governance arrangements, there should be a set of maintenance strategies, developed by engineers, to give road agencies a clear set of directives for maintenance of road infrastructure. While there is considerable discussion about road user charges to indicate usage figures for roads, a telematic device cannot tell a road agency where a pothole exists or where the road layer has subsided over time. Telematics will not solve the maintenance problems that persist.

Cost benefit analysis

The ATA supports the extension of appropriate cost benefit analyses (CBA) to ensure that benefits and costs are accurately assessed for significant projects. The Productivity Commission identified that a properly conducted CBA is an important starting point for guiding project selection and improving the transparency of decision making. This should be augmented with real options analysis where appropriate.

⁸ The Productivity Commission *Public Infrastructure*, 2014, accessible at: <http://www.pc.gov.au/inquiries/completed/infrastructure> Page 579

⁹ Australian Government, *Australian Government Response: Productivity Commission Inquiry Report into Public Infrastructure*, 2014, accessible at: http://www.infrastructure.gov.au/infrastructure/publications/files/Productivity_Commission_Inquiry_Report_into_Public_Infrastructure.pdf, Page 8

¹⁰ The Productivity Commission *Public Infrastructure*, 2014, accessible at: <http://www.pc.gov.au/inquiries/completed/infrastructure> Page 76

We support the Productivity Commission recommendation of making CBAs public (with clearly documented assumptions) for both projects that have been selected, and those that have been rejected, as this greatly improves the transparency of decision making. It also allows particular estimates to be debated and the consequences of different estimates of the projects net benefits to be calculated.¹¹

The Government also concurs that improvements in the conduct of CBAs are necessary, recommending a best practice framework for evaluating project and a nationally consistent approach to CBAs.¹²

Recommendation 1

The Government should implement the following Productivity Commission Public Infrastructure inquiry recommendations, in order to increase productivity in supply side provision and consequently road users:

- conditional funding for states
- improved governance arrangements
- project benchmarking
- better project selection
- improved cost benefit analysis.

4.2 Do not implement direct road user charges until it can be proven that the system is revenue neutral, will improve road investment decision-making and does not burden the heavy vehicle industry

The panel's recommendation 3 addresses the issue of user charges:

Recommendation 3

Governments should introduce cost-reflective road pricing with the aid of new technologies, with pricing subject to independent oversight and revenues used for road construction, maintenance and safety.

To avoid imposing higher overall charges on road users, governments should take a Cross-jurisdictional approach to road pricing. Indirect charges and taxes on road users should be reduced as direct pricing is introduced. Revenue implications for different levels of government should be managed by adjusting Australian Government grants to the States and Territories.¹³

The heavy vehicle industry has long been involved with the discussion around user charges and was on the Board for the Heavy vehicle Charging and Investment reform (HVCI). HVCI supported a direct user charge via mass distance location charge (MDL). While the competition paper recognises the advancing technology in this space the parameters that would be necessary to measure mass, distance or location presented particular problems that resulted in the HVCI recommendation of multiple charging systems across the vehicle fleet.

¹¹ The Productivity Commission *Public Infrastructure*, 2014, accessible at: <http://www.pc.gov.au/inquiries/completed/infrastructure> Page 92

¹² Australian Government, *Australian Government Response: Productivity Commission Inquiry Report into Public Infrastructure*, 2014, accessible at: http://www.infrastructure.gov.au/infrastructure/publications/files/Productivity_Commission_Inquiry_Report_into_Public_Infrastructure.pdf, Page 4

¹³ Competition Policy review, *Competition Policy Review Final Report*, March 2015, accessible at: http://competitionpolicyreview.gov.au/files/2015/03/Competition-policy-review-report_online.pdf, Page 217

Under HVCI, it was highlighted that it is not cost effective for all trucks in Australia to have telematic devices in their vehicles. HVCI also recommended that specific sections of the industry and different sized operators be under alternative charging systems. This would result in varied compliance and enforcement burdens. Large operators with telematic capabilities could use a fully automated systems, however, an operator with a few trucks (which makes up 89% of the industry¹⁴) would be expected to complete extra self-declaration through additional paperwork and would undergo further compliance and enforcement burdens.

HVCI MDL favoured large operators and would overburden smaller operators and small business. This can be compared to the current system where the Australian Tax Office (ATO) affords small businesses additional assistance. Moving to a fee for service as HVCI intended with MDL charges risks leaving small business exposed to a greater extent financially.

It must also be remembered that if MDL pricing is implemented, operators will still have to purchase fuel and claim a full fuel tax credits. This would have a significant effect on cash flows for operators. Operators would have two charges systems, two sets of administrative burdens and two sets of compliance processes.

HVCI was shut down in 2014 following industry concern about the administrative costs and the supporting justification for the HVCI conclusions.

The PwC work: *A Future Strategy for Road Supply and Charging in Australia*, was commissioned by the ATA in response to HVCI and it sets out clear priorities for reforming road supply and charging. Implementing these recommendations would increase productivity of road agencies and would rationalise the connection between road users and road managers leading to a more competitive industry.

PwC provided a transition pathway to improve supply side provision.

The short-term recommendations included:

- defining a three-tier road freight network, which would target investment, reporting and funding on the basis of the level of service provided.
- reporting, benchmarking and reviewing road costs reported by states, territories and local government road owners on each tier of the network. Comparing these costs to established benchmarks and the associated level of access with the investment would improve the accountability of road agency spending.
- a transparent formula for allocating funding to infrastructure suppliers. Allocating recovered funds should reflect the heavy vehicle share of road costs, heavy vehicle use and access upgrades required for the three tiers. Existing and emerging data can support this allocation. The formula would also include a mechanism to fund low-volume roads through community service obligations.

PwC also provided medium and long-term recommendations that should only be implemented, if and when, the short-term recommendations are delivered and operating:

- reporting, benchmarking and review of efficient costs. Independent benchmarking of efficient road investment and maintenance costs should be tied to funding allocations for road agencies.
- potentially establishing a national road fund. This would assess available freight demand data and submissions from government and the freight industry to develop forward looking investment and maintenance plans for each tier of the network.
- further improving the cost reflectivity of road charges in the medium term, a majority fuel based charge should be adopted, reducing the role of registration charges.

¹⁴ PricewaterhouseCoopers, *A future strategy for road supply and charging in Australia*, 2013, accessible at: www.truck.net.au/industry-resources/future-strategy-road-supply-and-charging-australia ,Page 18

- continuing with a fuel and registration-based charge until a strong business case for variable charging emerges. A move to variable charging will be costly and carries high risks of inefficiency in revenue collection.

PwC recommended variable charging be implemented only if governments can demonstrate the detailed data collected through variable charging can, and will, be used to improve road investment decision-making, in such a way that the added cost, time and complexity of the new process is warranted

The ATA supports the short-term PwC recommendations and once the short-term recommendations are established it will consider the medium to long-term recommendations.

Recommendation 2

The Government should not implement direct road user charges, as proposed in competition policy review recommendation 3, until it can be proven that the exercise will be revenue neutral, will improve road investment decision-making and the warranted complexity does not burden the heavy vehicle industry.

Recommendation 3

The Government should implement the short term recommendations developed by PricewaterhouseCoopers to improve the performance of road agencies and subsequently road users.

4.3 Support rail and road freight transport as complementary freight modes not competitors.

The panel states that heavy vehicle pricing and rail pricing is not neutral and indicates that heavy vehicles get more access benefits compared to rail networks.

Rail and road are complementary modes for transporting freight. Rail excels at transporting bulk goods long distances, however, time sensitive goods are better transported by the trucking industry.

The trucking industry provides an efficient service for the delivery of time sensitive, non-bulk goods and the Panels suggestion that the industry is getting greater benefits than the rail industry is uninformed. While industry's full attributable road expenditure cost is recovered via a seven year averaging model, the recovery the government and tax payers can expect from rail line investment is nowhere near as accountable. In previous Grain Infrastructure Advisory Committee studies, the cost recovery from government subsidies on the rail lines were miniscule. Ranging from 0.8-6.3%, with a 3% average based on the net present value of a one-off capital upgrade of tracks, bridges and maintenance¹⁵.

Empirical evidence found that there was 'low substitutability (little competition) between road and rail in aggregate but significant modal competition for intercapital non-bulk freight. Aggregate freight elasticities, encompassing both bulk and non-bulk freight, imply that road freight demand is relatively unresponsive to variations in road freight rates, in the short run, and independent of changes in rail freight rates'.¹⁶

Additionally, 'rail freight's response to road freight rate changes was statistically not significant—in other words, aggregate rail freight demand is independent of changes in road freight rates'.¹⁷

¹⁵ Independent Pricing and regulatory Tribunal, *Review of access pricing on the NSW grain line network*, accessible at: <http://www.ipart.nsw.gov.au/Home/Industries/Other/Reviews/Grain> April 2012, page 20

¹⁶ Bureau of Infrastructure, Transport and Regional Economics, *Road and rail freight: competitors or complements?* accessible at https://www.bitre.gov.au/publications/2009/files/is_034.pdf, April 2009, Page 9

¹⁷ Bureau of Infrastructure, Transport and Regional Economics, *Road and rail freight: competitors or complements?* accessible at https://www.bitre.gov.au/publications/2009/files/is_034.pdf, April 2009 Page 10

Therefore, putting a tariff or incremental charge on the industry in order to increase the competitive nature of rail will not result in the intended outcome and road freight customers will pay more money for no greater service. The empirical evidence shows there is little reason to believe that a making 'a level playing field' for price will make any difference, as ultimately supermarkets and time sensitive customers need freight delivered to their door. Rail simply cannot do that.

Recommendation 4

The Government should not penalise the trucking industry through initiating charges to make rail freight more attractive, as this will ultimately increase costs for consumers and unfairly tax the industry further.

4.4 Support the implementation of the NTC 2014 heavy vehicle charging determination recommendation

The heavy vehicle industry pays heavy vehicle registration and a road user charge calculated via a seven year averaging charging model (PayGo). Attributable heavy vehicle road expenditure and heavy vehicle population figures are used to allocate costs over the heavy vehicle fleet. However, the heavy vehicle industry has been significantly overpaying since 2007 as the model uses the most up to date road expenditure data but a lagged heavy vehicle population figure. As a result, the model considerably underestimates the heavy vehicle fleet and produces heavy vehicle charges that are excessively high.

In 2014, transport ministers were asked to consider a National Transport Commission Regulatory Impact statement (RIS) *Heavy Vehicle Charges Determination RIS February 2014*. The RIS contained three options: A,B and C:

	Status Quo	Option A	Option B	Option C
Calculation of Cost base	7 year average, indexed using the road construction maintenance price index (RCMPI).	Exponential Moving Average (EMA) of the latest 7 years of expenditure data - where more recent year's expenditure data are given greater weightings in the PayGo model.		
RUC / Registration Balance	Approximately current split (64% RUC (27.4 cpl), 36% registration)	Approx 70% RUC (28.8 cpl), 30% registration	Approx 77% RUC (32 cpl), 23% registration	
Treatment of A-trailers	Current	Standard axle grouping charge		
Usage data, vehicle numbers, etc.	Latest ABS survey of motor vehicle usage (SMVU), mid-point of 7-year trend	Latest SMVU stats, 3 years EMA inflated by latest jurisdictional registration data.		
Relativity of registration charges btw vehicle classes	Current	Revised		
Redistribution of funds	No	Yes		
NHVR Funding	No	Mandated by NHVR Intergovernmental Agreement (IGA)		

The RIS recommended the removal of over-recovery from the heavy vehicle charges model that meant the industry had been over-taxed since 2007. This was called option A. Option A would update the heavy vehicle population figures and heavy vehicle infrastructure impact figures in the seven year PayGo charges model.

The ATA supported option A being implemented by 1 July 2014, moving to Option B on 1 July 2015 given government timeframes for implementing the road user charge revenue redistribution necessary with option B.

However, transport ministers did not agree to the NTC recommendation being implemented in 2014 and delayed the implementation of Option A until 1 July 2016.

Because of the decision to delay implementation, in 2014-2015 the heavy vehicle industry was overcharged by over \$200 million according to National Transport Commission figures in registration charges and fuel excise.¹⁸ The Australian Government acknowledged the over-recovery and decided to not raise the road user charge in 2014-15.

This year the NTC has recommended a 0.6 per cent increase in heavy vehicle charges, using the discredited and outdated model. This increase will result in a \$117 million over-recovery from the heavy vehicle industry in 2015-16, as calculated by the ATA.

This over-charging will continue until transport ministers do the right thing and implement the NTC recommended changes. The burden of unfair increased taxes affects the competitiveness of the freight industry and Australia as a whole. The charges the heavy vehicle industry pays should be calculated and charged correctly.

Recommendation 5

The Government should support heavy vehicle charging option A, as set out in the NTC 2014 Heavy Vehicle Charges Determination RIS. The option should be implemented from 1 July 2016. The Government should then consider implementing Option B once state and Commonwealth revenue redistribution is agreed by ministers.

5. Ensuring competitive neutrality between the government and the industry

The competition paper makes a strong argument that competitive neutrality between government run businesses and private enterprise should be adhered to:

Governments compete with the private sector in a variety of markets. If governments enjoy undue advantage relative to other players, this can result in them having lower costs than private sector competitors. Government ownership can result in undue advantage if one or more of the following apply to their business activities:

- tax exemptions or concessions (for example, relating to income tax, payroll tax, land tax or stamp duty)
- cheaper debt financing reflecting the lower credit risk of governments
- the absence of a requirement to earn a commercial return on assets
- exemptions from regulatory constraints or costs.¹⁹

Currently, heavy vehicle businesses can become members of accreditation schemes for business management and access regulatory benefits. They have a range of choices to which accreditation system they want to implement:

¹⁸ National Transport Commission, *2014 Heavy Vehicle Charges Determination RIS February 2014*, Accessible at [http://www.ntc.gov.au/Media/Reports/\(D72A1250-2EA5-5377-2008-17FE01D3DC72\).pdf](http://www.ntc.gov.au/Media/Reports/(D72A1250-2EA5-5377-2008-17FE01D3DC72).pdf), Page 59

¹⁹ Competition Policy review, *Competition Policy Review Final Report*, March 2015, accessible at: http://competitionpolicyreview.gov.au/files/2015/03/Competition-policy-review-report_online.pdf , Page 255

There are two industry accreditation systems:

TruckSafe

- A business and risk management system that is aimed at improving the safety and professionalism of trucking operators nationwide.
- Operators are audited through a third party auditor.
- Members are bound by the TruckSafe Code of Conduct.

ALC National logistics safety code (NLSC)

- An industry based code setting out clearly all participant's responsibilities when they control or influence the movement of freight in the supply chain, particularly road transport laws and OH&S legislation.
- Operators are audited through a third party auditor.

And two Government accreditation systems:

National Heavy Vehicle Accreditation Scheme (NHVAS)

- A Management system for Mass Management, Maintenance Management, Fatigue Management: Basic Fatigue Management (BFM) and Advanced Fatigue Management (AFM)
- Operators can select auditors.
- Rewards operators with regulatory benefits (increased mass limits, in some states an exemption from periodic roadworthiness inspections and longer work hours) that operators in TruckSafe and the NLSC cannot access.

Western Australian Heavy Vehicle Accreditation Scheme (WAHVAS)

- A fatigue and vehicle maintenance accreditation system relevant to WA operators.
- Mandatory for certain classes of operators who:
 - operate a vehicle or combination with a gross vehicle mass (GVM) exceeding 8 tonnes or,
 - operate B-Double or Road Train Configurations or,
 - operate Truck & Trailer combinations over 42.5 tonnes gross mass or,
 - require more than four single trips (oversize or overmass) per calendar year or;
 - operate under concessional loading scheme or;
 - require an annual Main Roads Permit or Notice or,
 - perform, transport tasks for hire or reward (If over 8 tonne).
- Operators can generally select auditors.

The competition paper clearly notes:

As part of the Competition Principles Agreement (CPA), all Australian governments undertook to apply competition principles to government business activities. The objective of competitive neutrality, as expressed in the CPA is: ... the elimination of resource allocation distortions arising out of the public ownership of entities engaged in significant business activities: Government businesses should not enjoy any net competitive advantage simply as a result of their public sector ownership.²⁰

²⁰ Competition Policy review, *Competition Policy Review Final Report*, March 2015, accessible at: http://competitionpolicyreview.gov.au/files/2015/03/Competition-policy-review-report_online.pdf , Page 255

The NHVAS does not meet the objectives of competitive neutrality as it directly competes with private enterprise and also rewards itself regulatory benefits through virtue of being able to set the rules as the regulator. TruckSafe used to be able to provide its accredited operators with the same regulatory benefits but the government stripped this power from TruckSafe to favour NHVAS. The impact of this means that operators may have to join multiple accreditation systems to access the mass regulatory benefits offered by NHVAS, leading to additional costs and time spent by operators having multiple audits.

TruckSafe accredited vehicles have half the crash rate of non-accredited vehicles, independent research shows.

The research, carried out by Austroads in 2008, examined heavy vehicle crash rates for the three year period from 1 January 2003 to 31 December 2005.²¹

Table 1 summarises the outcomes of the research.

Table 1: Crash rates of TruckSafe and non-NHVAS accredited vehicles, 2003-2005

	Crashes	Vehicle years ¹	Crash rate (crashes/ vehicle-year)
Non-NHVAS accredited	6,278	94,753	0.066
TruckSafe accredited	408	12,249	0.033

¹Vehicle years are a measure of accident exposure. A vehicle accredited for the whole three years was assigned a vehicle year value of 3.

If the NHVAS was not a government scheme, it would not meet the standards necessary for the NHVR to register it as an industry code of practice under s706 of the Heavy Vehicle National Law.

It is a matter of concern that the regulator is running the scheme and is also regulating it. The example of the former Civil Aviation Authority provides a case in point. After it was split into two organisations – CASA (the regulator) and Airservices Australia (the air traffic control provider) – CASA was able to identify and action issues with the air traffic control system.

NHVAS has also become synonymous with the lowest common denominator in industry, with operators having much less oversight than in TruckSafe and doing the bare minimum to access the regulatory benefits. Under TruckSafe, operators do not choose their auditors ensuring real oversight of the business. Under NHVAS, there has been a perception of ‘selection bias’ and/or the development of a working relationship between auditor and auditee engaged by the company and returning year on year has the potential to compromise the impartiality of the heavy vehicle auditor process. Some of these concerns have been addressed by recent reforms to the NHVAS auditor selection process.

The Government should conclude that that TruckSafe and other industry accreditation systems should be afforded the same regulatory benefits available under NHVAS.

Recommendation 6

The Government should work with the state participants in the Heavy Vehicle National Law to extend the regulatory benefits afforded the Government National Heavy Vehicle Accreditation Scheme to industry accreditation schemes to address competitive neutrality.

²¹ Austroads (2008). *Analysis of the Safety Benefits of Heavy Vehicle Accreditation Schemes*. Research report AP-R319/08. Austroads is a strategic research body funded by the Australian, New Zealand, and state and territory road transport agencies.