

# The future of heavy vehicles industry consultation report

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This document provides a summary of key findings from the freight industry consultation undertaken by the Freight Branch from June to August 2022.

## Context

The Policy and Regulatory Reform team within the Freight Branch of Transport for NSW (Transport) conducted stakeholder consultations in 2022 for two key initiatives, the update to the NSW Heavy Vehicle Access Policy Framework and the development of the Towards Net Zero Emissions Freight Policy.

To help inform these policies, a program of industry consultation was undertaken to:

- Better understand the barriers industry is currently experiencing in heavy vehicle network access and transitioning to Low and Zero Emission Vehicles (LZEVs);
- Identify opportunities for policy levers, solutions and improvements
- Understand industry fleet investment directions and decisions.

Freight stakeholders were invited via email to opt-in and participate in the consultation program. Participants that attended the workshops and interviews were highly engaged and provided detailed feedback across the program.

Feedback reflected the challenging business, commercial and operating environment experienced by the freight sector, and highlighted a significant level of interest, as well as uncertainty, in future technology and the transition to a decarbonised freight industry.

## Stakeholders

Consultations for both the Heavy Vehicle Access Policy and the Toward Net Zero Emissions Freight Policy included approximately 50 external stakeholder groups across industry and academia, including government agencies, peak bodies, local councils, freight operators and the Freight Transport Advisory Council.

# Key findings and outcomes

## NSW Heavy Vehicle Access Policy

### **Has the current heavy vehicle policy made it easier for your company to use state and local roads?**

There was broad acknowledgement across most participants that the current NSW Heavy Vehicle Access Policy was 'moving in the right direction', and for some had improved network access. Participants cited examples such as the Newell Highway, better Performance Based Standards (PBS) level 2B access, the Farm Gate Access Program, interactive Transport maps of the network and some access improvements to Sheahan Bridge. However, several operators and peak bodies also noted that while there were some improvements, significant delays and obstacles remain for operators to get heavy vehicles on the roads.

"We have suddenly seen a whole network open up [to] PBS units, which has made a massive productivity difference to our members, and to [help] move our commodities around regional and rural NSW. Before the door was essentially shut, we couldn't get past the Newell Highway with these High Productivity Vehicles, and now we are running right into metro so it has made a big difference on the state network, not so much on the local network unfortunately. That's basically infrastructure restrictions, while we can get the PBS or the High Productivity Vehicles onto the local network in some cases we still don't get maximum payload or maximum gross vehicle mass access"-Peak body workshop participant

"It (the current Heavy Vehicle Access Policy) has been a great success on the Newell Highway, and access on and off the Newell. To be able to run AB Triples from Tocumwal to Goondiwindi was something I didn't think I would see as soon as it has come on the table."-Road freight operator

### **What is currently preventing or limiting access to the NSW road network for Higher Productivity Vehicles (HPVs)?**

One of the most common barriers identified was the permit process and requirements, which was raised explicitly by almost half (about 42 per cent) of participants. The process is considered onerous, complex and lengthy. For councils, it is also resource intensive. Several participants referenced opportunities to streamline this process, including a fully digitised process, gazetting key routes for vehicle types and providing access by notice.

Participants in the interviews and workshops had a high level of interest in the new Heavy Vehicle Access Policy and the opportunity for the revised framework to help provide faster, easier and better network access. The feedback indicated that road freight operators face a number of challenges in accessing the network, and in meeting customer and community demand in a difficult environment and industry that operates on slim profit margins.

Other recurring themes included:

Bureaucracy and council resources	<ul style="list-style-type: none"> <li>• inconsistent access decisions across councils</li> <li>• processing time for permits, complexity of permit process and administrative burden</li> <li>• insufficient resources/expertise for councils to complete approvals</li> <li>• limited first and last mile access</li> <li>• time taken for bridge assessments and rail crossings</li> </ul>
Limitations of infrastructure and road assets, and their ongoing maintenance	<ul style="list-style-type: none"> <li>• inconsistent restrictions on infrastructure</li> <li>• insufficient rest areas</li> <li>• competition with passenger trains for access</li> <li>• improved road rail interface</li> <li>• appropriate funding for infrastructure</li> </ul>
Regulations	<ul style="list-style-type: none"> <li>• vehicle configurations and access decisions creating uncertainty for investment decisions</li> <li>• axle limits and configurations</li> </ul>
Costs and the economic challenges	<ul style="list-style-type: none"> <li>• opportunities to reduce operating costs, increase payloads and demonstrate the broader economic benefits of efficient HPVs;</li> </ul>
Challenges faced when crossing jurisdictions	<ul style="list-style-type: none"> <li>• different requirements across jurisdictions – speed, configurations, permits</li> </ul>
Skills and resources shortages	<ul style="list-style-type: none"> <li>• lack of drivers</li> <li>• lack of skills re newer vehicles</li> <li>• supply chain shortages</li> </ul>
Data and information	<ul style="list-style-type: none"> <li>• lack of data and information</li> <li>• benefits of increased transparency and data sharing;</li> </ul>
Need for education	<ul style="list-style-type: none"> <li>• community perceptions and lack of information about the industry, particularly around intrusiveness of large trucks and safety, which demonstrates the need for education.</li> </ul>

“There have been major improvements in access over recent times. But more needs to be done, especially on integrating permits and other permissions e.g. for crossing rail lines” –Peak body

Feedback from rail representatives indicated they had anticipated that heavy vehicles would complement rail rather than compete with rail.

For example, the first leg of a journey from a port would be by rail to an intermodal terminal such as Western Sydney, before transferring to an HPV. It was suggested the Heavy Vehicle Access Policy has affected rail mode share and brought road freight into direct competition with rail freight.

“It is managing that ongoing conflict between the Heavy Vehicle Access Policy and the rail mode share policy that we see as the greatest challenge that needs to be reformed in this debate... There is room for every mode, but it’s probably not a one-size-fits-all for the regulatory settings as to how to drive the best outcomes... It’s predicated on having rail as a base for how you move it in the first instance, and so how do you make

them coexist and complementary ... that is the challenge.” –Rail operator representative

### **What are your key drivers for fleet investment decisions?**

A significant factor identified was costs, given this is a low profit margin industry. This included the upfront costs, return on investment, vehicle efficiency, maintenance costs and likely resale value.

Stakeholders also identified key drivers of investment included the provision of better safety features, the availability of the vehicle and spare parts; vehicle dimensions, reliability and productivity; likely route access and length of time for permit approvals, customer and government requirements, and availability of skills and resources to operate and maintain the vehicle.

### **What will freight sector look like in 2030?**

There was discussion about the impact of Inland Rail and an increase in the rail mode share, though views on this varied across the stakeholders. Stakeholders were either unsure what changes Inland Rail would bring, expected more freight to travel on rail, or noted that rail cannot cater to just in time freight. With an increasing freight task, the expectation is that trucks will be longer and bigger, with more PBS and HPVs on the road. Participants hoped in 2030 there will be better, more, faster and efficient network access.

The eastern seaboard routes between Melbourne, Sydney and Brisbane will remain important with coastal routes favoured due to the better road infrastructure. Several participants also noted the east west connections within NSW, and onwards to Adelaide and Perth will continue to grow and be important freight routes in 2030. Connections with railheads were also considered important.



## Towards Net Zero Emissions Freight Policy

### What are the barriers to transition to LZEVs?

Participants were asked about the current and short-term barriers to transition to low and zero emissions technologies, as well as how Transport could support operators transition to LZEVs.

Costs to upgrade fleet to low and zero emission technology was one of the most common responses (36 per cent of participating organisations), followed by limited or no supporting infrastructure (33 per cent) and the increased mass and dimensions of LZEVs limiting access options (24 per cent).

“Cost is a barrier [...]. Until you see a second-hand market in [LZEVs], you won’t see the small operators move to those vehicles.” –Port operator

Other recurring themes included:

Supporting infrastructure	<ul style="list-style-type: none"> <li>limited supporting infrastructure such as charging and refuelling stations,</li> <li>road networks capable of carrying LZEVs;</li> </ul>
Cost and incentives	<ul style="list-style-type: none"> <li>high upfront and running costs,</li> <li>the need for incentives, subsidies, rebates and concessions to alleviate these costs;</li> </ul>
Regulations and policies	<ul style="list-style-type: none"> <li>current regulations do not support emissions reductions or actively hinder the uptake of LZEVs, such as existing mass and dimension requirements.</li> <li>need for changes to the road user charge;</li> </ul>
Data and information	<ul style="list-style-type: none"> <li>more data and information about the emerging technology is needed - what is coming, what other companies and Original Equipment Manufacturers (OEMs) are testing and trialing,</li> <li>better data across the supply chain to improve efficiencies;</li> </ul>
Technology	<ul style="list-style-type: none"> <li>knowing which technology to invest in,</li> <li>the gaps between current capabilities and operating requirements,</li> <li>the potential to increase the uptake of bio-diesel;</li> </ul>
Skills and training	<ul style="list-style-type: none"> <li>shortages in drivers and maintenance staff trained to work with LZEVs</li> <li>opportunities for new education programs;</li> </ul>
Operations	<ul style="list-style-type: none"> <li>reducing inefficiencies across the supply chain improving productivity and fuel efficiency.</li> </ul>

### Will the proposed policy opportunities assist you in reducing freight emissions?

Transport provided four potential policy pillars. Overall participants agreed with the four pillars:

For regulatory frameworks participants noted they need to reflect staged, transitional arrangements that should be updated regularly.

Incentives should be kept simple, help reduce some of the highest costs in the early stages of the transition, and should be designed to demonstrate to industry that the purchase of LZEVs makes economic sense.

For research and modelling there was support for government to partner with industry to undertake trials and share the outcomes of pilot programs across the freight sector.

Participants also supported Transport leading by example through procurement levers such as requirements and standards for emissions offsets for government contracts and using electric vehicles for public transport.

Education emerged as an additional fifth policy pillar.

“Emission reduction in the short term comes from productivity and comes from the rest of the fleet industry upgrading their vehicles. –Road freight operator

### **What are your key drivers for fleet investment decisions?**

Some of the key drivers influencing fleet decisions were changes to policy and regulations, community/corporate expectations for reducing emissions in the supply chain, the availability of LZEVs and availability of charging stations, especially in rural areas. Access for vehicles with heavier masses was also a key issue.

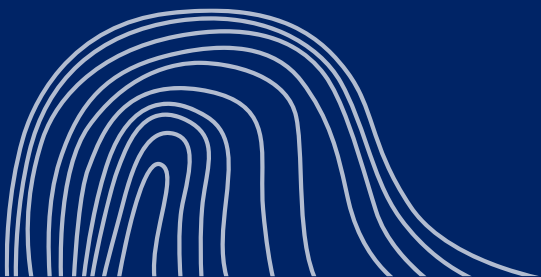
Many stakeholders mentioned that more certainty would help them in making fleet decisions. Participants cited a lack of clear government direction, lack of technology that matches capabilities, running costs and long-term viability.

### **What will freight sector look like in 2030?**

Most participants expected there would be a mix of vehicles on the road in 2030 including diesel, electric and possibly hydrogen. Most expected urban and light freight would be quicker and easier to transition to battery electric, and that longer haul and regional freight would still remain as mainly diesel.

### **Next steps**

The updated NSW Heavy Vehicle Access Policy is currently in development, utilising the feedback from this consultation program. The Towards Net Zero Emissions Freight Policy is now publicly available at [www.transport.nsw.gov.au/tnzefp](http://www.transport.nsw.gov.au/tnzefp).



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