HEAVY VEHICLE INDUSTRY AUSTRALIA

HVIA Submission

Freight Policy Reform:
Interim Directions

23 October 2024

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Background

Heavy Vehicle Industry Australia (HVIA) is the peak industry association for Australian manufacturers of trucks and trailers (collectively referred to as heavy vehicles), as well as the dealerships, repairers, suppliers, and service providers that support the entire industry. We represent almost every major truck manufacturer/importer, all of Australia's major trailer manufacturers, and an ever-growing list of their component, equipment and technology providers.

HVIA's 300-plus corporate members collectively employ a local workforce of over 70,000 staff. Our member's interests cover an extensive range of vehicles, starting with 3.5-tonne light commercial trucks, and extending all the way up to Australia's unique 50-metre long, 100-tonne road trains.

The industry provides some of the world's most efficient, safe, innovative, and technologically advanced vehicles. HVIA seeks to work with government and industry stakeholders to promote an innovative and prosperous industry that supports a safe and productive heavy vehicle fleet operating for the benefit of all Australians.

General comments

HVIA is committed to working with the NSW Government to progress freight reform in NSW. We welcomed Transport for New South Wales' (TfNSW) recent reform on heavy vehicle access and productivity. We particularly welcomed the policy paper noting that '*…the basis for access decision-making must move from preserving assets to optimising the use of those assets by safe, productive and sustainable vehicles…'.* We have also been engaged with TfNSW in exploring actions and incentives to encourage the decarbonisation of the transport sector.

Overall, we have some concerns with the Panel's interim views as set out in the paper. Principally, the paper reflects the composition of the Panel in that it focuses heavily on infrastructure, rail, and ports. The Panel's composition ultimately limits the rationality of the paper's views in relation to road freight operations. Specifically, the bulk of the recommendations regarding road freight focus on new taxes and mandates. **This is indicative of a low understanding of the road freight task, access needs, and discussions on optimal pathways to net zero, and is surprising considering HVIA's discussions with TfNSW staff on these topics in recent months.**

Our comments below are on specific positions put forward in the paper. We urge the government to consider expanding the Panel from three to five members and include both an individual with a road transport *operator or manufacturer* perspective, as well as a generalist member to help provide an objective perspective. This will help balance future review recommendations and achieve substantive road freight reform in NSW.

Specific comments on Information and data

HVIA supports the work of the National Transport and Infrastructure Ministers (ITMM) in developing nationally consistent service level standards for all roads through the National Service Level Standards. We agree with the broad concept that greater availability of data is needed in the heavy vehicle sector.

- 2.3.2 Directions, 4 and 5

We note that in 2.3.2 the panel recommends conversations be held with industry to understand their willingness to share telematics data. We urge that this same approach be taken for point 4, as mandating telematics would be a significant undertaking for the road transport industry.

Any consideration of mandating telematics needs to be done in a cautious manner, must include extensive consultation with industry, and incentives would be required to support the shift. It would need to occur over a generous timeline. These same sentiments hold for point 5 on mandating data sharing from road and rail operators and infrastructure managers – there are private businesses in this space and consideration of confidentiality and privacy need to be top of mind.

HVIA recommends:

- Mandating data sharing or telematics only be considered after extensive consultation with industry, and only if incentives can be provided to support the shift.

Specific comments on Strategic planning and industrial land

- 3.8.2 Directions, 5

HVIA agrees that freight should be considered a vital service under urban freight planning principles. During COVID, transport operations were deemed an essential service (including delivery services, removalist services, vehicle repairs, maintenance, and towing).

The domestic road freight task remains an undeniably vital and embedded part of the economy's supply chain. We use trucks to transport almost everything – from construction materials, medical supplies, grocery items and furniture – and to complete essential tasks including picking up waste, transporting fuel, and in our emergency responses.

HVIA recommends:

- Include freight as a vital service under urban freight planning principles.

Specific comments on Skills and workforce

HVIA agrees that there are shortages across the transport sector. We support initiatives to increase the pipeline of future workers, especially including greater diversity in the workforce. HVIA believes there is also a role for government to play in advertising the importance of the transport sector to the net zero transition – i.e. publicise that technicians will be needed to assemble, maintain, and service low and zero emission vehicles (LZEHVs).

HVIA works closely with our members to understand their skills and labour shortages. Our members are pursuing initiatives to increase the diversity of their workforces, but we would welcome funding opportunities, or options to partner with government to better promote our members' programs.

One recommended change from industry regards terminology. HVIA has long been calling for a change in language of "mechanic" to "technician", which also better incorporates the workforce upskilling required for LZEHVs.

HVIA recommends:

- NSW Government play a role in promoting the benefits of working in the transport sector, especially targeting women, and emphasising the future workforce required in the net zero space.
- Ensure "mechanics" are referred to as "technicians" in official NSW Government policy and documents moving forwards to reflect the changing nature of the heavy vehicle workforce.
- Avoid any superfluous barriers (e.g. onerous licensing systems) to encourage more people to pursue a career involving LZEHV assembly, repair, and maintenance.

Specific comments on Decarbonisation

HVIA was pleased to see the panel support optimising freight journeys through prioritising more efficient vehicles such as Performance Based Standards (PBS) vehicles. We were however disappointed to see the leap to a suggested carbon tax on trucks. There has been no incentive package in Australia to encourage the transition to LZEHVs, and this is what should be explored instead of a tax.

- 5.3.1 Immediate actions, 2

We are concerned that the panel is still seeking to identify what actions and incentives are needed to encourage the transition to LZEHVs. This topic has been the subject of numerous consultations at both federal and state level (e.g. the Net Zero Roadmap, Climate Change Authority consultations, NSW Towards Net Zero Emissions Freight Policy, Federal Government parliamentary committee inquiries, Low Carbon Liquid Fuel consultation) where numerous public submissions have outlined what industry needs to transition. HVIA also held a two-day event in May of this year, TruckShowX, dedicated to the steps required to implement the eco-system necessary to support the move to low and zero emissions transport, where TfNSW participated and was a speaker.

Industry has been calling for incentives and actions from both an infrastructure / capital expenditure level and from an operational perspective:

- funding to create heavy vehicle charging and alternative fuelling stations
- funding to help cover the cost gap between an ICE vehicle and an LZEHV
- funding for operators to purchase technology that helps reduce emissions
- changes to curfews
- discounted registration
- discounted tolls
- harmonisation of access policies for heavy vehicles across states/territories
- development of a low carbon liquid fuel standard to encourage local production

We note the panel does point to an existing area which can help reduce emissions, which is the increased use of PBS vehicles. This area could be aided by streamlined permits through the PBS system, as part of a generally faster approval process. Encouraging fleets to upgrade to the latest vehicles under Euro VI would also assist with reducing emissions.

- 5.3.1 Directions, 5 and 5.3.2 Directions, 4

We support incentives being offered for private investment in recharging infrastructure. HVIA members stand ready to continue developing charging infrastructure, and would welcome support at a state government level.

HVIA has also been advocating for the Federal Government's *Minimum Operating Standards for Electric Vehicle Charging Infrastructure* to include better inclusion of heavy vehicles. At present, the document leaves it up to jurisdictions to consider access for 'larger vehicles'. This fails to consider the role of heavy vehicles in reducing emissions, and that it is likely that charging will be required on popular freight routes. The settings should be right from the start, otherwise we risk costly and time-consuming redesigning of charging infrastructure.

- 5.3.2 Directions, 2

We take issue with point 2 in 5.3.2 about imposing charges on vehicles to reflect the impact of carbon emissions. Australia is one of the few OECD countries that has no incentive programs to support the transition of heavy vehicles to net zero. Putting a tax on vehicles without a related incentive program is the wrong way to approach this topic.

HVIA strongly urges the panel to remove this direction and instead focus on actions and incentives (see above in 5.3.1 Immediate actions, 2) to encourage the transition. This is a model that has worked in other countries (e.g. Germany), and in other industries in Australia (e.g. green building ratings under the NABERS program). Further, any action taken in this space would need to be carefully considered for constitutional validity.

- 5.3.2 Directions, 3

HVIA supports consideration for investment in road pavement at a higher standard.

HVIA recommends:

- The panel look at existing materials on the actions and incentives needed to encourage the transition to low and zero emission road vehicles.
- The panel support an incentives package for road transport to decarbonise. This would include CapEx financing for vehicle purchases, technology upgrades, and charging/refuelling infrastructure.
- The panel encourage government to consider OpEx incentives to transition to low and zero emission vehicles including the removal of curfews, reduction in registration fees, and discounts for use of toll roads.
- Remove the direction in 5.3.2 regarding imposing a carbon tax on heavy vehicles.

Specific comments on Resilience

HVIA agrees with the statement that responsibility for maintenance of roads over rail bridges should be brought into the road network agency.

HVIA agrees with the panel and is concerned at the very short-term fuel supply held in Australia. We believe this bolsters the case for Australia to explore developing a low carbon liquid fuel (LCLF) market in Australia.

HVIA recommends:

- The panel consider the role of LCLF in not only decarbonisation of road transport, but also in ensuring greater supply of fuel on Australian shores.

Specific comments on Pricing

HVIA agrees that there could be better utilisation of Australia's motorway networks and the idea of incentivising off-peak freight movements should be further explored.

- 7.7.2 Directions, 2

HVIA supports the NSW Government reviewing local government funding programs to provide a reliable and regular source of funding for local government maintenance of roads and bridges.

Specific comments on Road

HVIA agrees that where safe to do so, access to the network for heavy vehicles needs to be optimised, particularly around higher mass limits. This is all the more pertinent with the development of heavier battery electric and fuel cell hydrogen vehicles. Our submission regarding Heavy Vehicle Access is attached below.

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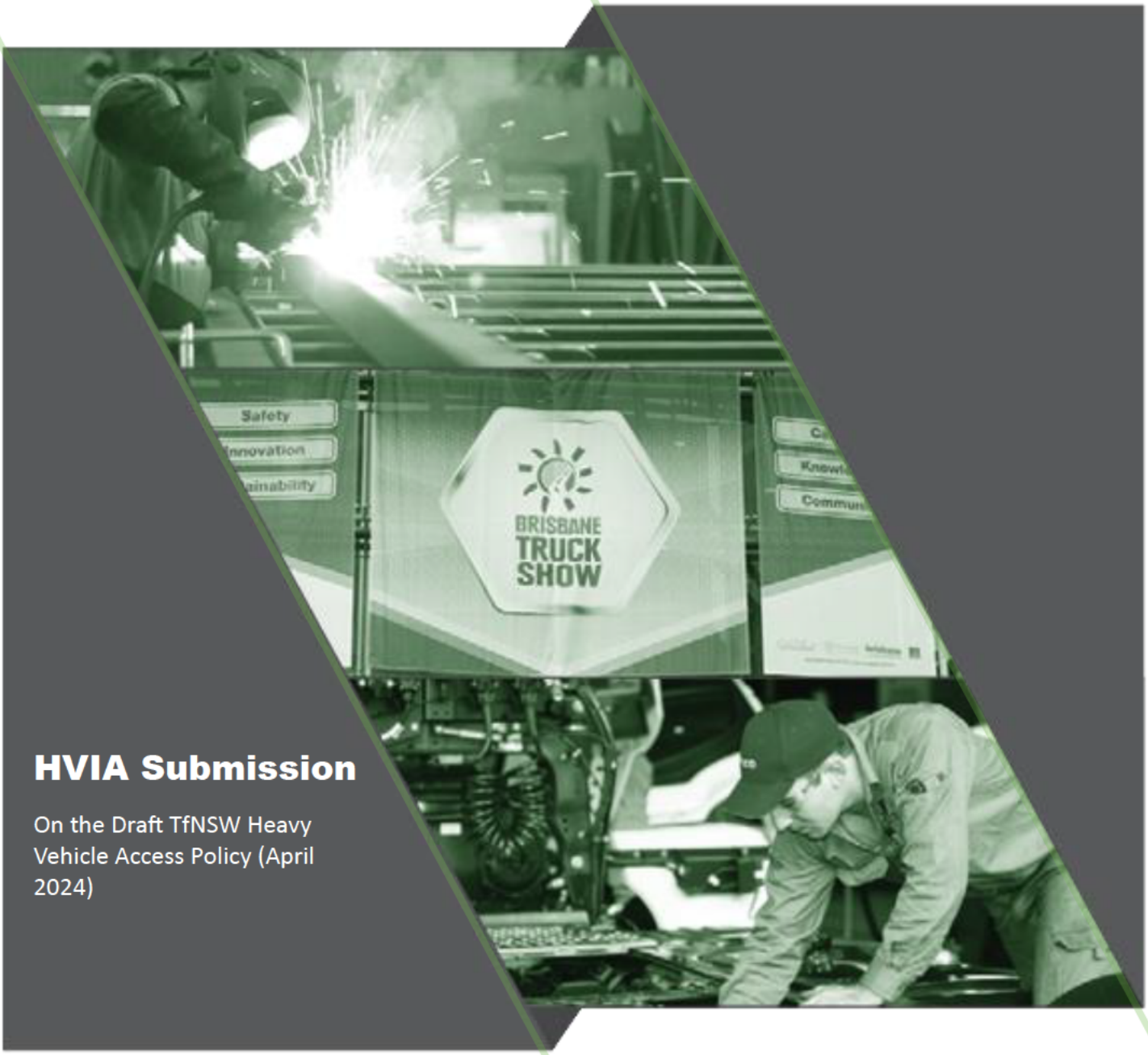

HVIA Submission

On the Draft TfNSW Heavy Vehicle Access Policy (April 2024)

May 2024

Heavy Vehicle Industry Australia
Represents and advances the interests of manufacturers and suppliers of heavy vehicles and their components, equipment and technology.

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General comments on the policy

HVIA is committed to working with all road managers and the national regulator to improve access and productivity outcomes for heavy vehicles. As such, HVIA commends Transport for New South Wales (TfNSW) for its leadership in seeking to reform heavy vehicle access and productivity.

The state of New South Wales has a crucial role in supporting the heavy vehicle industry and wider Australian economy through access decisions, as a significant portion of freight journeys begin in, end in, or pass through the state.

HVIA is broadly supportive of the five pillars outlined in the draft policy. HVIA has previously endorsed the key concepts behind Pillars 1 to 3, as much of HVIA's technical and advocacy work in recent times has focussed on expanding access, encouraging new and innovative vehicles, and streamlining processes.

Underpinning much of that work has been the long-standing call from industry for a shift in the mindset of road infrastructure managers. Encouragingly, it seems that message is being heard, with the policy noting that '*…the basis for access decision-making must move from preserving assets to optimising the use of those assets by safe, productive and sustainable vehicles…'.*

HVIA applauds this inclusion in the TfNSW policy and encourages road managers at all levels to follow suit.

With respect to the remaining pillars, HVIA supports the use of telematics and data to improve network management but cautions against unnecessarily increasing the regulatory burden for the industry. Recent changes in telematics regulations have resulted in a range of telematics options with varying levels of assurance. HVIA encourages TfNSW and road managers to carefully match telematics requirements with infrastructure management objectives, such that costs on industry are minimised.

HVIA notes that in-vehicle telematics are not the only source of data useful for managing the road system. Better investment in the road infrastructure is also important in collecting appropriate data to manage the network.

HVIA is also supportive of the need to build strong partnerships with stakeholders and is particularly interested in working cooperatively with all road managers and regulators to improve messaging on the advantage of high productivity vehicles, specifically to local government.

Further specific comments that address all pillars of the policy are provided below, as well as specific recommendations in breakout boxes.

Specific comments on Pillar 1: Agile and Resilient Networks

HVIA supports identifying end-to-end networks (Action 1.1) for high productivity vehicles connecting key points of freight origin and destination, such as industrial areas, ports, intermodal terminals and roadtrain assembly/breakdown areas. This must include networks that comprise those areas (such as roads within industrial areas), and crucially, must also consider national routes, and seek to harmonise networks with other states. Interstate freight represents more than 50 percent of freight movements in NSW (BITRE, 2022), and as such, the state border cannot be considered the 'end' of a network. HVIA calls on TfNSW to explicitly include actions for furthering national harmonisation in its policy. One of the issues that needs to be considered in the short term is providing adequate roadtrain assembly/breakdown areas at the boundary points of the high productivity networks while the larger end-to-end networks are being established.

As outlined earlier, HVIA welcomes the shift in mindset from network preservation to network optimisation. There are substantial benefits in increasing the use of more productive combinations because they improve the ratio of the total mass of the vehicle to the mass of the cargo. However, the use of those vehicle combinations has historically been constrained by specific infrastructure limits such as intersection geometry, and bridge capacity. Hence, explicit recognition by TfNSW that it needs to optimise high productivity vehicles access on all parts of the network is welcome.

To undertake the analysis outlined in Action 1.4 effectively, HVIA believes that TfNSW must first set aspirational standards for road geometry, bridges and pavements that reflect the PBS standards for the various levels of vehicles. In the short term, those standards should consider the increases in dimensions and mass limits necessary to accommodate Euro VI vehicles, Safer Freight Vehicles (SFVs), and the current generation of battery electric and hydrogen fuel cell vehicles. In the longer term, the aspirational standards should be aligned with the increased mass limits in Europe, which influence the design of European heavy vehicles, and next generation low and zero emissions vehicles (LZEVs). The key segments of the network need to be assessed against those standards to identify weak points and priorities.

HVIA acknowledges that the existing network will not necessarily meet those standards. However, setting aspirations is an important part of the longer-term planning that is necessary for achieving functional end-to-end networks and developing the business cases outlined in Action 1.5.

Wherever network deficiencies are identified, HVIA strongly recommends that road managers take a more risk-based approach to classification. The first task should be aligning the access for PBS vehicles with the corresponding access for prescriptive vehicles at the same level, as current disparities do not support productivity improvements. The next focus should be on improving access by removing restrictions and bottlenecks. For example, consider a situation where a freight route contains a single low-standard bridge that limits mass along the entire route. A risk-based approach would involve implementing management strategies for the bridge such as condition monitoring and increased maintenance, such that an increase in mass for the route could be tolerated in the short-term, until the bridge is eventually upgraded to the correct standard.

It is also important to recognise that upgrading network geometry to accommodate higher productivity vehicles may be more cost effective than upgrading the vehicle fleet to PBS to deal with existing network geometry problems.

HVIA recommends:

- Action 1.1 – include national harmonisation as a priority in the development of end-to-end networks.
- Action 1.4 – include short- and long-term aspirational standards for infrastructure and access, eventually aligning with overseas jurisdictions. Align the access for PBS vehicles with the corresponding access for prescriptive vehicles at the same level. Adopt a more risk-based approach to route and network rating.

Specific comments on Pillar 2: Innovative Vehicles

HVIA commends TfNSW for acknowledging the PBS scheme's role in promoting innovative vehicle designs, and in identifying LZEVs and safety technologies as important elements in further reform.

However, while the use of vehicle templates outlined in Action 2.1 may be a mechanism for increasing the number of some high productivity combinations, it is not a substitute for the PBS scheme and runs the risk of reducing innovation rather than promoting it. HVIA does not oppose template designs but notes that previous attempts in the PBS space have not been widely adopted. One example is the template designs released when PBS was first launched. HVIA encourages TfNSW to consult further with industry before finalising any template vehicles to ensure they reflect best practice. HVIA has not consulted with its members extensively on that point, due to time constraints.

It is also essential that the PBS scheme continue in parallel to initiatives such as template vehicles to provide an opportunity for further innovation. To improve the PBS scheme, HVIA would like to see less focus on the designation of the vehicles within the current naming conventions (e.g. Truck and Dogs, B-doubles, A-doubles, etc.) and more focus on allowing access based on axle groupings and the spacings between axles, as the critical factor in infrastructure considerations.

HVIA also endorses the facilitation of trials and evaluation for innovative non-standard vehicles as outlined (Action 2.2), the uptake of advanced driver-assist and safety technologies (Action 2.3) and facilitation of access for LZEVs (Action 2.4).

HVIA recommends:

- Action 2.1 – consult widely with industry before finalising any template vehicles. More focus on the axle groupings and spacings as the critical factor for infrastructure, rather than the vehicle's name/description.

Specific comments on Pillar 3: Streamlined Access

HVIA supports the streamlining of the administrative processes surrounding access approvals through the Automated Access Assessment Program (AAAP, Action 3.1) and streamlining rail infrastructure approvals (Action 3.2), particularly if able to improve consistency and certainty in access decisions.

One of the on-going problems with PBS and other high productivity vehicle schemes has been the mismatch between the level of access proposed at the design stage, which is then reduced or otherwise limited at the permit stage. To that end, access decisions made using the future AAAP, or any other automated systems, must be accepted by road managers without any derogation or review.

Action 3.3 refers to the extension of notices and schemes to streamline access. Where practicable, HVIA prefers that road managers use notices and schemes rather than permits, but seeks more clarity from TfNSW on the specifics of that action, as it does not appear to be discussed in the paper. Without any detail, it could be interpreted in one of two ways: either that TfNSW seeks to expand its range of regulatory instruments for access, including both notices and permits; or that it is removing the need for permits by transitioning to gazettes and notices.

The difference is particularly important, as additional permits and special access schemes can often add administrative burden and cost to the industry. The transport industry already contends with dozens of gazettes, notices and schemes. The NHVR's webpage lists thirty HVNL notices for NSW alone, most of which provide exemptions to mass, dimension and loading requirements of the Heavy Vehicle National Law (HVNL).

Simplifying and eliminating the need for those documents would be the most effective way of achieving the 'Best First' policy principle of the paper, which is described as 'making it easiest for the safest, most productive and sustainable vehicles to access the network'.

HVIA supports increasing mass limits (Action 3.4), but again calls on TfNSW to clarify the application of the action proposed. HVIA's preference is that general access (i.e. 'as of right') vehicles operating at the HVNL GML axle loads will be allowed the same level of access when operating at the higher CML axle loads (i.e. the current CML limits become the new GML limits, without access reductions).

HVIA also supports facilitating access for OSOM vehicle movements (Action 3.5).

HVIA recommends:

- Action 3.2 – Ensure that access decisions from automated systems are accepted without derogation, nor review.
- Action 3.3 – HVIA prefers road managers use notices and schemes wherever possible rather than permits, but calls on TfNSW to simplify its existing schemes in the first instance, under the 'Best First' policy principle.
- Action 3.4 – clarify the application of the CML / GML proposal.

Specific comments on Pillar 4: Telematics and Data

HVIA is broadly supportive of the concept of better utilisation of telematics, data, and other technology to manage the road network but is concerned that the approach outlined lacks detail and may increase costs for industry.

The growth in the use of telematics systems in Australia has been driven by systems which provide data to operators to allow them to better manage their businesses. In those cases, there are clear benefits to the operators, whom readily adopt the technology.

Previously, the use of telematics for regulatory purposes by government (e.g. through the Intelligent Access Program) has not experienced similar levels of adoption, possibly due to the costs involved. It is important to include industry in the design of such policies to avoid unnecessary costs and to ensure wide uptake. HVIA supports TfNSW's aim to partner with industry in this space. Recent changes in telematics regulations have resulted in a range of telematics options with varying levels of assurance. HVIA encourages TfNSW and road managers to carefully match telematics requirements with infrastructure management objectives, such that costs on industry are minimised.

HVIA also encourages TfNSW to ensure that all possible mechanisms to collect relevant data are considered (e.g. infrastructure-based systems such as strain gauges, cameras, radars, number plate recognition, and mobile phone application data).

HVIA does not support Action 4.2 as currently worded, as it appears to be contrary to the current access conditions for restricted access vehicles. HVIA understands that under current arrangements, those vehicles are only required to have telematics under specific notices for routes containing critical infrastructure. It also conflicts Action 4.1, which HVIA believes would need to be completed before proposing a 'blanket' application of telematics to all restricted access vehicles in NSW.

Any blanket requirement for telematics including mass monitoring must be accompanied by a reduction in the safety margins used in bridge assessments. HVIA understands that those margins have historically been used to mitigate the overloading risk. Greater certainty of mass compliance through telematics naturally reduces that risk. Appropriate increases in load limits for bridges will allow operators to carry more freight, thus offsetting their increased compliance costs.

HVIA recommends:

- Action 4.1 – include consultation with industry, and consideration of other data sources. Match telematics requirements with infrastructure management objectives, such that industry costs are minimised.
- Action 4.2 – reword to '*pending the results of consulting with industry, explore the potential of telematics to be used where necessary for restricted access vehicles under notice and permit in NSW'.* Reduce safety margins in bridge assessments in-line with increases in mass compliance.

Specific comments on Pillar 5: Strong Partnerships

HVIA supports the Actions proposed under Pillar 5. HVIA is committed to working cooperatively with regulators and road managers at all levels and is happy to work with TfNSW on any of the initiatives under Pillar 5 where HVIA's expertise and industry contacts can be of assistance. HVIA has a specific interest in engaging with local government, as proposed under Action 5.1.