National Farmers Federation

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Program Executive
National Services Transition
National Heavy Vehicle Regulator
Fortitude Valley QLD 4006

RE: Risk-Based Heavy Vehicle Inspection Scheme

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the National Heavy Vehicle Regulator's (NHVR) Discussion Paper on the Risk-Based Heavy Vehicle Inspection Scheme: Framework and Assurance Mechanisms.

The NFF is the national peak body representing Australian farmers and agriculture. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and length of the sector, the value of which reached a record high of $92 billion in 2022-23.

Australian agriculture is heavily dependent on reliable, effective, and efficient freight and logistics. As an industry which exports 70% of production, our international competitiveness is severely diminished by freight and supply chain inefficiencies, with a disproportionate percentage of the final price of commodities going to freight and logistics. For example, GrainGrowers Limited support that currently domestic supply chain costs account for 30-35% of the overall delivered cost of wheat.

Freight productivity broadly has plateaued since the 1990s, despite Australia's freight task continuing to grow (National Freight and Supply Chain Strategy, 2019). Australia requires increasingly efficient and competitive supply chains to overcome domestic infrastructure challenges, increasing supply chain costs, and to maintain our competitiveness against other export-oriented nations.

Heavy vehicle regulation is one of the few supply chain productivity levers that is within the government's direct control and is a strong policy priority for the NFF. The NFF *2030 Roadmap* – the strategic vision for growing Australian agriculture to a $100 billion industry by 2030 – sets the target that by 2030 Australia's freight cost per tonne-kilometre will be competitive with major agricultural exporting

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nations. National heavy vehicle law reform can create incremental increases in supply chain efficiency and global competitiveness, through decreasing the regulatory burden and cost of compliance for heavy vehicle owners and operators.

The NFF supports harmonised transport regulation and arrangements across state and territory borders, where harmonisation will reduce unnecessary regulatory burden, reduce value chain bottlenecks and lower the ever-increasing cost of freight and logistics for the Australian agriculture industry.

The NFF unequivocally supports the importance of ensuring a safe and roadworthy heavy vehicle fleet in Australia. Safety outcomes must be front of mind for heavy vehicle operators. Our sector has long-supported the NVHR's endeavour to drive a nationally consistent approach to heavy vehicle safety, based on data-driven decision-making models. We support that regulatory activities should be targeted towards unsafe and high-risk drivers, operators and Chain of Responsibility parties.

The NFF recognises the objective of the Risk-Based Heavy Vehicle Inspection Scheme (RBHVIS) to harmonise existing state-based inspection regimes and reduce the regulatory burden on industry by ensuring the inspection requirements applied to an operator and heavy vehicle are proportionate to the risk posed by each operator in their operating environment. The scheme has the potential to achieve a more focussed inspection remine, with inspection frequency determined by the specific vehicle or operator's risk profile, rather than at fixed period prescribed by national regulation.

The NFF makes the following recommendations to ensure the scheme effectively achieves its objectives and is appropriately applied to Australia's diverse heavy vehicle fleet.

Recommendations:

Inspection framework

Sector context

New South Wales (NSW) and Queensland require regular heavy vehicle inspections as a component of vehicle registration and renewal of registration requirements. However, for heavy vehicles commonly used in agriculture (excluding the likes of passenger transport vehicles), in Tasmania, South Australia and Victoria, current inspection requirements are minimal, linked only to the initial registration of the vehicle and/or change of ownership. While objectives of RBHVIS are legitimate and important, the scheme has the potential to increase the compliance burden for operators in the latter states significantly.

It is pertinent that the burden imposed by the RBHVIS is proportionate and responsive to the risk posed by Australia's heavy vehicle fleet, as assessed by NHVR data.

The latest National Roadworthiness Survey (2021) ('NRS21') supported the number of units which passed inspection (conformed with Heavy Vehicle Inspection Manual standards) increased by 55% from the baseline study in 2016, to 75% of all vehicles nationally. The non-conformity rate also dropped significantly during this period, from 48% to 31%, including minor, major and grounded defects (NRS2, 2021). In 2016, 11% of hauling units were found to have a major non-conformity (NRS1, 2016). By 2021, this had decreased to only 5% (NRS2, 2021). These trends demonstrate significant and concerted industry improvement over a short period and speaks to a generally improved attitude to compliance and safety objectives. This context of substantial improvement is critical to consider when assessing the compliance burden in proportion to the decreasing number of high-risk vehicles (vehicles with major defects) and high risk operators.

Additionally, the NRS21 does not support a causal link between more rigorous inspection regulation and higher levels of vehicle conformity. In 2021, jurisdictions with the highest levels of conformities were Western Australia (WA), Northern Territory (NT) and South Australia (SA). These jurisdictions certainly do not mandate annual or 'regular' inspections for all heavy vehicles. Yet comparatively, Queensland, who deploys a more rigorous inspection regime, had one of the highest numbers of total incidences of nonconformity.

Increasing the compliance burden on low-risk vehicles and operators must be justified against the likelihood of major incidences and likelihood of improved outcomes under a potentially more rigorous national inspection framework. NHVR data indicates that the likelihood of major incidences has decreased considerably since 2016, and there is no reason to suggest it will not continue to decrease in the future.

At a minimum, this improved context must be considered through risk criteria and weightings accordingly, to ensure that low risk operators are not unnecessarily penalized due to the potential but statistically improving actions of the high risk minority.

Risk assessment methodology

As we understand, the classification of heavy vehicles or operators into risk categories will be determined by a risk assessment process that uses the existence and/or prevalence of risk factors as inputs to generate a risk score for each heavy vehicle or operator. The risk score will determine the risk level and how often the operator is required to have the heavy vehicle inspected.

Risk Level	**Inspection Frequency**
Low	None
Medium - Band 1	Biennial
Medium - Band 2	Annual

High	6-monthly

Vehicle age will form the baseline of the vehicle's risk assessment, with other criteria potentially increasing or decreasing the NHVR assessed risk level.

- High risk: Heavy vehicle and trailer age 12+ years
- Medium risk: Heavy vehicle age 6-11 years (excl. trailers)
- Low risk: Heavy vehicle age <6 years (excl. trailers)

Continuously monitor the heavy vehicle fleet and operators

Continuous monitoring is critical to whether this scheme successfully targets high risk vehicles and high risk operators. It is imperative that operators have the opportunity to improve and lower their risk level over time as they change their practices, evidenced by their defect or compliance history.

The Discussion Paper notes that the RBHVIS will assess and categorise heavy vehicles and operators for inspections on an annual basis. Requiring operators, particularly in non-commercial freight or small businesses, to provide information for every vehicle against each criteria on an annual basis is a significant compliance burden for small businesses or owners/operators of a single vehicle.

The NHVR should contemplate a degree of flexibility and what/when specific information may be relevant over the lifetime of the vehicle. For example, if a primary producer owns a prime mover and semi-trailer, both of which are under 6 years old, the operator will prima facie be classified as low risk. It is not a productive use of resources to require that operator to provide additional information which only re-enforces that 'low risk' rating, for example, by demonstrating the vehicle is serviced by the OEM manufacturer.

It is absolutely critical that the scheme includes a right to review. We must avoid situations where vehicles are incorrectly classified as high risk and, as a result, undergo two unnecessary inspections before being eligible for re-assessment. This undermines the strategic purpose of the scheme, would waste NHVR resources and result in undue time and costs for the operator.

Training and Qualification

Ensuring fair and consistent inspections is essential to the quality and integrity of the scheme. In addition to the Discussion Paper's proposed definition and assurance measures for the training and qualification for NHVR inspectors, the NFF strongly recommends additional and specialised training for NHVR staff operating in regional or rural areas.

Industry experience suggests that moving inspectors, as an example, based in inner Sydney who are most familiar a medium rigid or heavy rigid, comparatively younger

truck fleet to conducting roadside inspections on a road train hauling livestock, can result in unfairness for the operator. Whether perceived or real, this risk must be adequately addressed and appropriate training for inspectors will bolster the industry's confidence in inspection results.

Risk Criteria

Vehicle attributes: Heavy Vehicle Age

The NFF understands the NHVR's basis for relying on heavy vehicle age as a baseline for the risk assessment framework. NHVR data supports a strong correlation between the age of a unit and the incident of non-conformity. NRS21 also discovered a direct relationship between the age of a heavy vehicle and the likelihood of safety-related defects present on the vehicle. Additionally, the age of a vehicle is readily available information to NHVR, as noted on the vehicle's registration.

However, the relative vehicle 'wear and tear' and likelihood of non-compliance is equally impacted by vehicle usage. The correlation between vehicle usage and non-compliance was not assessed by the NHVR's Roadworthiness Surveys, however it is widely acknowledged that the likelihood of vehicle issues increases with the intensity of vehicle use in conjunction with its age (including both total kilometres and time spent running). For example, consider two identical heavy vehicles of the same age, one is used for commercial long-haul freight and runs around the clock, in comparison to a unit used to cart grain no further than 40km from a paddock to the silo and only operates for two months of the year. Invariably, the likelihood of non-conformity will differ significantly and most often be less in the latter scenario.

Relying on heavy vehicle age as the baseline of the framework will likely result in heavy vehicles associated with primary production unnecessarily placed in higher risk categories. While they may fit the age bracket, heavy vehicles associated with primary production are likely to have travelled far few kilometres and spent far less time on the public roads, in 'high-risk' areas than the average heavy vehicle.

The NFF seeks clarification from NHVR as to whether the data of the National Roadworthiness Surveys informs a relationship between primary producer registrations, vehicle age and the likelihood of safety-related defects. This can provide a comparison of age-related risks with other Industry Sectors when determining NHVR assessed risk level.

Vehicle usage: Operating Environment and Industry Sector

The NFF strongly supports the proposition that use of a heavy vehicle in particular industry sectors influences the vehicles risk profile and likelihood of non-conformities.

As outlined above, the likely 'wear and tear' and risk profile for vehicles used in connection with primary production is significantly different from those used in other sectors or for other purposes, such as passenger transport, commercial freight operations, construction or mining.

The NVHR Discussion Paper highlights several reasons which apply uniquely and collectively to heavy vehicles commonly used in connection with primary production:

- Heavy vehicles used in primary production are used far less, and generally travel far fewer kilometres per year, than the average Australian heavy vehicle. This is largely due to the inherent seasonal nature of agricultural commodity freight and use of local supply chains e.g. a grain farmer carting grain from the paddock to the local silo.
- Heavy vehicles used in primary production also operate largely in rural areas. While off-road or poor road infrastructure can be a challenge for operators, primary producers and rural heavy vehicle operators are experienced in managing this risk. As proposed by the NHVR, heavy vehicles pose a lesser risk to human lives in rural areas with low population density or small settlements, compared to metropolitan areas.

The cumulative result of these unique operating and usage factors means heavy vehicles used in connection with primary production pose a lower risk of non-conformity and contributing to negative safety outcomes. While these factors do not dimmish the importance of maintaining high standards of safety and compliance in all heavy vehicle operations, this sufficiently supports a basis for prioritising resources and interventions under the RBHVIS.

Recommendation: The NFF strongly recommends the framework include 'primary production' as an 'Industry Sector' factor which correlates to a direct classification as low risk or, at a minimum, significant weight towards 'low risk' classification. The NFF considers the industry sector of a heavy vehicle's operation necessitates differentiation.

Many state jurisdictions already offer a 'primary producer vehicle registration' or concessions which can be accessed for vehicles connected to the primary producer's business, fire fighting or emergency purposes (including in NSW, Victoria, and South Australia). This is one simple example of evidence that primary producers could easily provide to NHVR as evidence of their lesser risk.

Recommendation: The NFF recommends that the NHVR gathers industry wide information on the potential likelihood and consequence of vehicle non-conformance in regional and rural areas through consultation, and information specifically related to vehicles registered for the purpose of primary production.

Operator accreditation: NHVAS maintenance module

The NFF supports recognising operators who participate in the National Heavy Vehicle Accreditation Scheme (NHVAS) with significant weight towards a lower risk classification.

Participation in the NHVAS demonstrates a heavy vehicle operator's commitment to meeting and maintaining high standards of safety and compliance with HVNL obligations. We note the accreditation process involves a comprehensive assessment of the operator's systems and processes, including safety management, maintenance, and equipment standards, as well as ongoing monitoring to ensure continued compliance with these standards. By participating in these programs, heavy vehicle operators demonstrate their commitment to promoting road safety, reducing the risk of heavy vehicle incidents, and protecting the wider community.

Given the rigorous nature of the NHVAS and the objective of the NHVR to strategically prioritise resources, it seems redundant to require NHVAS participants to provide this information to NHVR twice, once as part of the NHVAS and then again to demonstrate their risk profile under the RBHVIS.

Information between these processes should be streamlined and the NHVR should consider granting NHVAS operators' an exemption or automatic low risk classification under the RBHVIS, given they are already NHVR accredited.

The NFF thanks the NHVR for the opportunity to provide written feedback to the RBHVIS Discussion Paper. The policy contact for this matter is Charlotte Wundersitz, Senior Policy Officer (Trade & Economics), via e-mail cwundersitz@nff.org.au or phone: (02) 6269 5666.

Yours sincerely

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