FINAL REPORT
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Analysis of Heavy Vehicle Safety Accreditation Schemes in Australia

Undertaken for the National Heavy Vehicle Regulator

Fellows Medlock and Associates
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EXECUTIVE SUMMARY

The Heavy Vehicle National Law (HVNL) commenced on 10 February 2014 and applies in the ACT, NSW, Queensland, South Australia, Tasmania and Victoria. The Law provides the framework for the National Heavy Vehicle Accreditation Scheme (NHVAS), administered nationally by the National Heavy Vehicle Regulator (NHVR).

The NHVAS operates alongside other government and industry schemes including:

- TruckSafe – an industry-based scheme, developed and managed by the Australian Trucking Association
- Western Australia Heavy Vehicle Accreditation Scheme (WAHVA) – a state based scheme administered by Main Roads WA

Accreditation schemes were first developed in the mid-1990s as an alternative compliance mechanism to support traditional compliance programs which were based on prescriptive regulation, supported by a deterrence regime of vehicle inspections, on-road enforcement and the imposition of penalties and sanctions.

Participation in the NHVAS and TruckSafe is voluntary, whilst accreditation under the WAHVA is compulsory for operators wishing to use restricted access vehicles in WA. Participation in the NHVAS provides heavy vehicle operators with regulatory concessions designed to boost operator and industry productivity. These concessions are not available to participants in other schemes.

Membership data supplied by the schemes indicates that industry penetration of the schemes is limited, most likely around 20% of heavy vehicle industry participants.

Available evidence from a number of reviews over the past ten years points to improvements in safety, efficiency and productivity outcomes for accredited operators. However, the evidence is not clear-cut and, given major heavy vehicle accidents, concerns have been raised at the robustness of current accreditation schemes.

Heavy vehicle operators consulted as part of this review generally believe that membership of an accreditation scheme is beneficial to their business through regulatory concessions, providing a structured approach for managing their regulatory requirements or to meet client expectations. However, most operators pointed to weaknesses in the current accreditation approach.

Operator accreditation, however, remains an important alternative compliance mechanism to support traditional compliance approaches, as part of an overall industry safety strategy. Effective accreditation will support improvements in industry and operator safety, efficiency and productivity.

The Primary Duty changes to the HVNL, due to come into effect during 2018, will place an onus on every organisation in the industry to ensure that they have effectively identified and managed risks. Accreditation will provide a mechanism to ensure heavy vehicle operators have processes in place to meet these obligations.

The review has considered how better industry outcomes can be achieved by:

i) improvements in the operations of existing accreditation schemes

Recommendations are put forward to improve the operation of existing accreditation schemes through:

- more robust auditing
- requirements for regular verification of vehicle roadworthiness
- regular assessment of driver competence and fitness for duty
- incident reporting and investigation as a key mechanism for identifying and managing risk
- greater consistency across schemes
- collection and analysis of consistent industry and operator performance data

A number of these issues are currently being addressed by the NHVR in proposed changes to the NHVAS which are yet to be put to Ministers for approval.

ii) improving the current accreditation framework

Recommendations are put forward to improve the current accreditation framework through:

- developing a single national accreditation framework, drawing on the strengths of existing schemes, to establish common standards, a single set of business rules and to ensure common and robust compliance processes

- adoption of a safety management system based approach which provides an effective and systematic framework for managing risks

- the provision of regulatory concessions to members of all schemes within the context of a single national accreditation framework with common and robust standards, governance and compliance requirements

iii) improving the coverage of accreditation across the heavy vehicle industry

Improvements in industry outcomes will be possible if a much greater level of coverage of accreditation throughout the industry can be achieved.

Recommendations are put forward to improve the industry coverage of accreditation schemes through:

- consideration of mandatory accreditation requirements as a long term objective to regulate entry into the industry

- research into the costs, benefits and implementation challenges of an approach based on mandatory accreditation

- understanding the wide range of operations to which mandatory accreditation requirements would apply, the likely impact on these operations and

development of an approach which considers the nature, capacity and risk of each industry sector

- comprehensive industry consultation and education

In the medium term it is recommended that consideration is given to establishing mandatory accreditation requirements based on the increased risks involved in transporting dangerous goods or in the operation of particular types of vehicles, for example, long haul vehicles, PBS and restricted access vehicles.

The recommendations of this report are supported by proposed changes in the role of the NHVR. The NHVR already has an extensive compliance responsibility due to the highly prescriptive nature of the HVNL and the diverse nature of the industry. Regulatory responsibilities are likely to increase significantly in ensuring that industry understands and implements Primary Duty and Chain of Responsibility requirements.

Consideration should be given to whether the NHVR's resourcing should best be allocated to administering the requirements of the HVNL and ensuring compliance across industry, rather than to administering an accreditation scheme.

An alternative approach, which better utilises the available regulatory resourcing, would involve the NHVR focussing on its expanded compliance responsibilities and supervising alternative providers of industry accreditation through:

- establishing comprehensive standards, business rules, governance and reporting requirements for alternative accreditation providers
- licensing (for an appropriate fee) industry or other providers who establish accreditation schemes which meet these requirements
- overseeing accreditation providers through robust reporting and assurance

Licensed accreditation providers would be responsible for establishing all administrative arrangements for approving accreditation applications and for monitoring and auditing scheme participants.

Legitimate concerns about the industry being seen to regulate itself, would be addressed through a rigorous assurance process managed by the NHVR.

The recommendations put forward in this report provide an approach to enhancing the impact of accreditation in improving industry safety, efficiency and productivity outcomes. Recommendations can be considered in the short, medium and longer terms, in order to enhance the overall effectiveness of change and provide the opportunity to engage key stakeholders in the change process.

The Transport and Infrastructure Council, established by the COAG, would need to approve any changes to the current regulatory framework. Given the context within which the NHVR is currently operating, there may be a role for the Commonwealth, through the Department of Infrastructure and Regional Development in cooperation with the NHVR, to facilitate consideration of the proposed changes and development of a national consensus for reform through the jurisdictions and the Council.

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1. RECOMMENDATIONS

Recommendation 1

The adequacy of business rules and standards for each scheme should be considered in light of:

- the need to ensure robust audit requirements
- inclusion of requirements for verification of vehicle roadworthiness by a suitably qualified person on a regular basis
- inclusion of requirements for regular assessment of driver competence and fitness for duty
- the inclusion of incident reporting and investigation as an important process for continuous improvement of safety performance

Recommendation 2

The NHVR should consider mandating the NHVAS Maintenance module as a pre-condition for accreditation under the Mass and Fatigue modules.

Recommendation 3

Discussions should occur between accreditation schemes to achieve greater consistency between the schemes through alignment of standards and mutual recognition between the schemes.

Recommendation 4

The NHVR and State agencies should pursue development of a robust, comprehensive and nationally consistent database of heavy vehicle performance and compliance data as an absolute priority.

Recommendation 5

Discussions should be held with each jurisdiction and with industry to achieve support for the development of a single national accreditation framework, drawing on the strengths of existing schemes, with each scheme operating to:
- common standards
- a single set of business rules
- common and robust compliance processes

Recommendation 6

Consideration should be given to how the scope of existing accreditation schemes can be changed to address a broader systems-based approach to accreditation, whilst at the

same time providing flexibility for individual operators to adapt such requirements to the scale and nature of the risks they face in running their operations.

Recommendation 7

Within the context of a single national framework with robust standards, governance and compliance required of all schemes, consideration should be given to extending regulatory concessions to operators who meet the required standards in each scheme.

Recommendation 8

Mandatory accreditation as a requirement for entry into the industry should be a longer term objective. Research should be conducted into:

- costs and benefits across all sectors of the industry
- the safety, efficiency and productivity impact
- the design of such an approach to recognise the wide range of operations to which it would apply

In considering the introduction of mandatory accreditation, widespread industry consultation should occur and consideration given to providing an industry assistance package to assist operators transition to a new framework.

Recommendation 9

Consideration should be given to establishing mandatory accreditation requirements based on the increased risks involved in transporting dangerous goods or in the operation of particular types of vehicles, for example, long haul vehicles and all PBS and restricted access vehicles.

Recommendation 10

Consideration should be given to an approach which better utilises the available regulatory resourcing, with the NHVR focussing on its expanded compliance responsibilities and supervising alternative providers of industry accreditation through:

- establishing comprehensive standards, business rules and governance requirements
- licensing (for an appropriate fee) industry or other providers who establish accreditation schemes which meet these requirements
- ensuring accreditation providers have strong systems in place and demonstrate proven experience, capacity and integrity to conduct an accreditation scheme
- overseeing accreditation providers through robust reporting and assurance processes

2. Introduction

2.1 The Heavy Vehicle Industry

According to the National Transport Commission (*Who Moves What Where – Freight and Passenger Transport in Australia 2016*) road transport accounted for one-third of the national domestic freight task in 2013–14. In the 10 years to 2016, the national domestic freight task increased by 50%.

An estimated 42,000 operators (NTC - 2016) are active in this sector, ranging from single-truck operators to large corporations which, combined, generate about $48.3 billion in revenue.

The industry is very diverse. Approximately 70% of all operators only have one truck in their fleet and approximately 24% have two to four trucks. Less than 0.5% of all operators have fleets with 100+ trucks.

Based on the *Survey of Motor Vehicle Use* by the Australian Bureau of Statistics (ABS - 2014), freight vehicles accounted for 19.1% (3.38 million) of total vehicle registrations. Of the total fleet:

- 83.4 % (2.82 million vehicles) are light commercial vehicles
- 13.8% (466,545 vehicles) are rigid trucks
- 2.8% (96,226 vehicles) are articulated vehicles

Freight vehicles registered in Victoria travelled the most tonne-kilometres (53,667 million), followed by Queensland (47,018 million), NSW (39,797 million) and Western Australia (37,866 million).

There has been an ongoing trend toward larger trucks, reducing the growth of heavy vehicles numbers, with a shift from rigid to articulated trucks which offer higher fuel efficiency, a better safety record and savings in labour.

2.2 Heavy Vehicle National Law

The Heavy Vehicle National Law (HVNL) and Regulations commenced in the ACT (limited adoption), NSW, Queensland, South Australia, Tasmania and Victoria on 10 February 2014.

The object of the Law is to establish a national scheme for facilitating and regulating the use of heavy vehicles in a way that:

"(a) promotes public safety; and
(b) manages the impact of heavy vehicles on the environment, road infrastructure and public amenity; and
(c) promotes industry productivity and efficiency in the road transport of goods and passengers by heavy vehicles; and
(d) encourages and promotes productive, efficient, innovative and safe business practices."

The object of the Law is to be achieved through a regulatory framework which, among other things, establishes the National Heavy Vehicle Regulator (NHVR) as Australia's independent regulator for all vehicles over 4.5 tonnes gross vehicle mass.

2.3 Heavy Vehicle Accreditation

Chapter 8 of the Law provides a regulatory framework for the National Heavy Vehicle Accreditation Scheme (NHVAS). The purpose of accreditation is *"... to allow operators of heavy vehicles who implement management systems that achieve the objectives of particular aspects of this Law to be subject to alternative requirements under this Law, in relation to the aspects that are more suited to the operators' business operations."*

First offered to industry in 1999 as an alternative compliance scheme, the NHVAS was initially administered by State and Territory road transport authorities. The NHVAS is now managed on a national basis by the NHVR and operates alongside other government and industry schemes including:

- TruckSafe – an industry-based scheme, developed and managed by the Australian Trucking Association
- Western Australia Heavy Vehicle Accreditation Scheme (WAHVA) – a state-based scheme administered by Main Roads WA

2.4 Review Scope

This review was established by the NHVR to provide a comparative analysis of heavy vehicle accreditation schemes throughout Australia and the relative road safety benefits of such schemes. The Review was specifically tasked to examine the NHVAS, TruckSafe and the WAHVA. The Terms of Reference for the review are provided at **Attachment One**.

2.5 Review Approach

As part of this review, a wide range of consultations were undertaken, including with:

- NHVR Chief Executive and staff
- Australian Trucking Association and some member associations
- TruckSafe
- National Transport Commission (NTC)
- Western Australia – Main Roads WA
- South Australia – Department of Planning, Transport and Infrastructure
- NSW – Transport for NSW (TfNSW), Roads and Maritime Services (RMS)
- Victoria – VicRoads
- Queensland – Department of Transport and Main Roads
- enforcement authorities (Police)
- National Transport Insurance (NTI)
- Office of the National Rail Safety Regulator (ONRSR)
- Melbourne Metro Rail Project
- Sydney Metro Project (City and South West)

A range of trucking companies, mostly nominated by either the NHVAS or TruckSafe, were interviewed – each of which were members of one or more of the above accreditation schemes.

Documentation from the current schemes was examined including accreditation standards, business rules and guidance material. A wide range of other relevant documentation was considered including:

- National Roadworthiness Baseline Study - 2017
- reports prepared by, or for, the National Road Transport Commission (NRTC), NTC and Austroads
- Intergovernmental Agreement on Competition and Productivity-Enhancing Reforms
- reports and papers from the COAG Transport and Infrastructure Council

Information was sourced from the websites of heavy vehicle regulatory bodies in the USA, UK, Canada and New Zealand.

Following analysis of this information, a draft report was prepared for discussion with the NHVR. After considering feedback received, this Final Report was prepared.

3. Alternative Compliance

3.1 Overview

Traditionally, heavy vehicle regulation has focussed on prescriptive standards, supported by a deterrence regime of vehicle inspections and on-road enforcement backed by the imposition of penalties and sanctions to achieve compliance.

However, significant research has been undertaken into alternative compliance mechanisms, in recognition that traditional approaches have not always proved effective in improving compliance and that penalties and sanctions do not necessarily lead to strong safety cultures or sustained improvements in behaviour.

3.2 NRTC - *Options for the Regulation of the Road Freight Industry (2001)*

This paper acknowledged the ongoing development of innovative regulatory options including:

- accreditation-based compliance developed by the NRTC and road agencies, in conjunction with the road transport industry
- Chain of Responsibility provisions designed to change the behaviours of all participants in the road transport chain
- enhanced conventional compliance, through a broader range of sanctions, enhanced powers of officers and more effective evidentiary provisions
- performance-based standards as an alternative to prescriptive standards

The paper noted that, in Australia, the road freight market has very few regulatory barriers to entry. On the other hand, operator licensing is a common requirement in many countries, often linked to safety performance monitoring and reporting.

In considering accreditation-based schemes, the NRTC noted that all such schemes involve costs, depending on the design of the scheme and the extent of any offsetting productivity benefits. Participation in an accreditation scheme could be costly for small operators, who form the bulk of the industry. A mandatory accreditation system could force some smaller operators to leave the industry, with a possibly deleterious effect on competition.

The NRTC noted that accreditation schemes developed in Australia, were incentive driven with objectives to:

- decrease operators' on-road compliance costs through exemption from annual inspection costs
- increase the potential for greater flexibility and innovation in achieving compliance
- increase participating operators' vehicle productivity

It was expected that, while accredited operators would not be fully exempt from on-road enforcement, the level of on-road enforcement would be reduced.

Given the voluntary nature of accreditation-based arrangements, the NRTC was of the view that businesses would only pursue this alternative if the benefits to their business exceeded accreditation compliance costs. Voluntary schemes were likely to have greater acceptance, resulting in higher levels of compliance.

3.3 Austroads - *"Analysis of the Safety Benefits of Heavy Vehicle Accreditation Schemes" (2008)*

Austroads defined accreditation as:

".... a formal means of recognising operators who have good safety and other (e.g. mass) management systems in place. Those systems need to be properly documented and audited by third parties to verify that the systems have been implemented and are used on a routine basis. Third party auditing provides regulators with the confidence to grant or extend privileges and incentives."

According to Austroads, such an approach could be an effective compliance tool in certain circumstances:

"Persuasive compliance strategies that see the regulator and operators working cooperatively to develop approaches to minimise risk and achieve ongoing compliance are likely to be more effective with regulatees who are well intentioned and well informed. Such operators are more likely to support self-regulation and be able to cope with complex systems of rules, such as voluntary accreditation schemes."

Austroads recognised the benefits of systems-based approaches to improving safety performance and culture through proactive management which integrates compliance into an organisation's internal management systems. Most commonly this is through the application of some form of safety management system (SMS) which provides a *".... systematic, explicit and comprehensive process for managing risks."*

Austroads noted that: *"The application of NHVAS accreditation as a prerequisite to granting regulatory concessions (particularly mass) was an integral part of the scheme when first introduced. .... The trend of using accreditation for this purpose is expected to continue well into the future, making accreditation less than voluntary for those operators wanting to remain competitive."*

4. Heavy Vehicle Accreditation Schemes in Australia - Overview

4.1 Background

TruckSafe was first introduced by the industry in 1996 as a means of raising the profile and safety of the trucking industry.

In 1997, the Australian Transport Council decided to introduce the NHVAS as an alternative means of demonstrating compliance with mass limits and vehicle roadworthiness. State-based legislation was passed and the scheme was offered, in similar terms by each State, to industry in 1999 with modules for both mass and maintenance management. The NHVR took over State-based schemes in 2014 and now administers all aspects of the NHVAS.

NHVAS accreditation as a prerequisite to granting regulatory concessions (particularly mass) was an integral part of the scheme when first introduced.

In 2002, Western Australia introduced its own heavy vehicle accreditation scheme (WAHVA), in response to community concerns about the safety of restricted access vehicles, particularly road trains near metropolitan areas. WAHVA is mandatory for all restricted access vehicles and those operating on permits or concessions.

The following sections provide an overview of the current heavy vehicle accreditation schemes. Further information on each scheme can be found in the comparative analysis at **Attachment Three**.

4.2 National Heavy Vehicle Accreditation Scheme

The NHVAS allows heavy vehicle operators to demonstrate, through audit of their management systems, that the operation of their vehicles and/or drivers comply with NHVAS standards. By doing this, NHVAS participants may have access to flexible conditions under the HVNL.

The objectives of the NHVAS are to:

- improve road safety
- increase the productivity of the transport industry through adoption of good risk management practice by participants
- improve efficiency for participants

The NHVR does not seek to fully recover the costs of the NHVAS in order to encourage uptake of a systematic approach to the management of safety critical matters.

To be eligible for accreditation, operators must:

- agree to abide by the NHVAS standards and business rules
- develop and maintain a compliance management system
- document the procedures which staff must follow

- produce documents and other evidence that prove compliance with the standards and the Law
- undergo independent audit

An applicant must nominate vehicles for accreditation in Maintenance Management and/or Mass Management.

Providing false or misleading information to the NHVR is an offence under the HVNL. Applicants who do so may be subject to a financial penalty. In addition, the NHVR may impose NHVAS sanctions.

Business Rules

The business rules provide a framework for the administration of the NHVAS and set out the current policies and procedures for the conduct of the NHVAS. The business rules are used by the NHVR to offer the NHVAS to operators in participating jurisdictions that have applied the HVNL, and in the Northern Territory and Western Australia.

The business rules are to be read and applied in conjunction with the provisions of the HVNL. It is a condition of accreditation under s.462 (1) of the HVNL that a participant in any accreditation must comply with the NHVAS business rules and standards.

The business rules and standards are approved by relevant Ministers through the Transport and Infrastructure Council.

Standards

Heavy vehicle operators can apply for accreditation under any of the NHVAS modules. According to the NHVAS business rules, the standards *"are deliberately set at a high benchmark so that the safety of heavy vehicles and of the public may be ensured."* The NHVAS modules are:

- Mass Management
- Maintenance Management
- Fatigue Management – two options : Basic Fatigue Management (BFM) and Advanced Fatigue Management (AFM)

Accreditation for AFM is subject to the NHVR Advanced Fatigue Management Business Rules.

Regulatory Concessions

i) Mass Management – operators with Mass Management accreditation can operate at concessional mass limits (CML) above the national general limits.

ii) Maintenance Management – operators based in States with annual vehicle inspection requirements, may not have to undergo such inspections (a State decision).

iii) BFM – operators can operate under more flexible work and rest hours.

iv) AFM – operators may operate with greater flexibility in hours provided they have systems for managing fatigue risks.

Compliance

Accreditation is normally granted for two years but may be increased to three years subject to assessment of a participant's performance. Accreditation may be subject to any conditions considered appropriate by the NHVR.

The maintenance of accreditation is dependent upon a participant's history of compliance not only with the NHVAS and the HVNL, but also the participant's compliance with overriding public safety and road infrastructure objectives.

Performance is monitored through a program of compliance audits, investigation of complaints and compliance checks. As well as an entry audit, audits may include:

- scheduled audits – an initial compliance audit must be undertaken no earlier than six months, and no later than seven months, after the date of accreditation and a second compliance audit within nine months (and no later than one month) prior to the expiry of the accreditation period

- triggered audits – may be initiated by the NHVR where information (such as on-road breaches, a serious crash, intercept report or complaints) suggests an operator may not be in compliance with accreditation conditions

Random audits, compliance inspections and spot checks may be initiated by the NHVR at any time. Another agency or an enforcement officer may request NHVR to initiate a triggered audit of a participant. Operators must complete quarterly compliance statements which must be available for examination at audits.

All audits are conducted by approved independent auditors, registered with the NHVR as an NHVAS auditor. Registered auditors must be recognised as a fit and proper person and hold certification in heavy vehicle auditing with Examplar Global and demonstrate experience in the heavy vehicle industry.

Auditors are nominated by accredited operators and submitted to the NHVR which can accept or reject the nominated auditor.

To be a Maintenance and Mass Management auditor, auditors must also have relevant technical competence, have received training provided or recognised by the NHVR or have arrangements with a suitably qualified person to provide technical input into an audit.

When an auditor has carried out two consecutive audits of a module for an operator, a different auditor must conduct the next audit of that module.

The NHVAS has established an Audit Framework, Code of Conduct and detailed guidance to govern the audit process.

Non-compliance with the HVNL or NHVAS can lead to a range of sanctions including counselling, written warning notices, improvement notices, corrective action notices, increased compliance audits or amendment, suspension or cancellation of accreditation. If accreditation is suspended, the operator is no longer eligible for regulatory concessions.

Governance

The NHVR is responsible for the management and monitoring of all aspects of the NHVAS, including the administration of the business rules and the implementation and management of the NHVAS audit program.

The NHVR Board is established under s.662 of the HVNL and consists of five members appointed by the Queensland Minister on the recommendation of responsible Ministers. The Board's functions include:

- deciding the NHVR's policies (subject to any directions of responsible Ministers)
- ensuring the NHVR exercises its functions in a proper, effective and efficient way

The NHVR must go through an extensive approval process prior to making any changes to the NHVAS business rules and standards. The Board must initially approve changes and then seek approval of Transport Ministers from HVNL participating jurisdictions.

The Executive Director of the Productivity and Safety Unit has oversight of the administration of the scheme. The Accreditation Team is responsible for processing and assessing accreditation applications, reviewing and approving audit reports, assessing and acting on participant compliance, assessing auditor approvals, evaluating auditor performance and reviewing and recommending improvements to standards.

The Team comprises Accreditation Facilitators who undertake initial assessments of applications and, if necessary, escalate the application to an Accreditation Advisor or Specialist (experienced mechanics, auditors or compliance officers) for a decision whether to grant or refuse accreditation or grant accreditation with conditions.

The accreditation application is approved by the Accreditation Manager and signed under delegation by the Executive Director.

4.3 TruckSafe

TruckSafe (a wholly owned subsidiary of the Australian Trucking Association) is a voluntary industry-based scheme. The TruckSafe Board promotes TruckSafe as a value-adding tool which:

- delivers demonstrable benefits to road transport operators, customers, governments and the community

- maintains the integrity of the trucking industry by ensuring operators comply with its standards
- seeks to work with government agencies to improve compliance with applicable standards and the law
- assists customers to meet their duty of care and chain of responsibility obligations
- enables operators to operate safely and with minimum risk to their employees and the community

According to TruckSafe:

- accreditation enables operators to show that they are meeting their due diligence and duty of care responsibilities and provides a reasonable steps defence in relation to possible breaches of relevant sections of the Law

- TruckSafe accreditation provides commercial benefits through more efficient and standardised work practices and reduced maintenance and workers compensation costs. In addition, operators that comply with the TruckSafe maintenance module are eligible to claim Commonwealth fuel tax credits.

- for customers, TruckSafe provides confidence that operators have responsible work practices, well maintained vehicles, healthy and trained drivers and management systems to meet their transport needs

Standards

TruckSafe accreditation is based on a set of minimum standards with five compulsory core modules and one voluntary module.

Table 1 – TruckSafe Modules

Module	Description
Management	Aims to ensure that a trucking operator has a documented business management system which covers each of the standards.
Maintenance	Aims to ensure that vehicles and trailers are kept in a safe and roadworthy condition.
Training	Aims to ensure that critical staff including drivers are licensed, authorised and trained for the tasks they are undertaking.
On-road Compliance	Aims to ensure that trucking operators have a safety management system covering key issues.
Fitness for Duty & Driver Health	Aims to ensure that drivers are fit and healthy and WHS requirements are met.
Animal Welfare (Voluntary)	Provides a quality management system for livestock transport businesses.

Business Rules and Code of Conduct

The TruckSafe business rules set out roles and responsibilities and the requirements for operating under TruckSafe accreditation. Members of the scheme must also agree to be bound by the TruckSafe Code of Conduct which addresses:

- Roadworthiness - all nominated vehicles must be maintained in a safe and roadworthy condition
- Regulations - all vehicles must be maintained in compliance with the appropriate Australian Vehicle Standards and Design Rules. No driver shall be required to drive a mechanically unsafe vehicle at any time.
- Driver Health - all drivers must participate in the health screen program. Drivers identified as 'Not Fit to Drive' must not be allowed to continue driving.
- Training - commitment to ongoing training
- Management – all business must be conducted in a safe, professional and legal manner

Compliance

All powered vehicles and trailing equipment must be included in an accreditation application. Prior to entry to the scheme, an operator must conduct an internal review and have required documents and processes in place. An entry audit will be conducted by an auditor selected by TruckSafe.

Applications are assessed by the TruckSafe Secretariat prior to being considered by the TruckSafe Industry Accreditation Council (TIAC). Additional information may be considered in the approval process, including:

- recent past history of compliance with road laws
- complaints received by TIAC about the operator
- any other relevant information

Ongoing compliance to TruckSafe standards is required to maintain accreditation. Operators must conduct internal reviews and prepare quarterly compliance statements and are monitored through a TruckSafe audit, inspection and monitoring program. Auditors are selected by TruckSafe.

TruckSafe auditors must hold qualifications as a heavy vehicle auditor with Exemplar Global and be registered with the NHVR as an NHVAS auditor.

TruckSafe requires drivers to:

- notify their employer if they are not fit for duty prior to commencing work
- obey road transport laws at all times
- obey the applicable driving hours in accordance with legislation, take all reasonable steps to manage their fatigue and not drive with high levels of drowsiness
- practice and maintain safe load restraint practices

- agree to notify their employer or operator immediately should the status or conditions of their driver's licence change in any way

Governance

The TruckSafe Board is an independent body that meets regularly to approve the development of the TruckSafe modules and to:

- establish audit standards and guidelines
- evaluate auditor performance
- approve sanction models and business rules

The Board oversees the TIAC which has an independent Chair and is made up of representatives from industry, livestock producers and the community. The TIAC meets regularly to review and approve accreditation applications and to:

- review and approve operator audit reports
- assist in the review of TruckSafe policies and principles to maintain and enhance the rigor and credibility of the program

The TruckSafe Secretariat is responsible for the day-to-day administration and management of the Program.

4.4 WAHVA

The Western Australian Heavy Vehicle Accreditation scheme (WAHVA) is established under the Road Traffic (Vehicles) Act 2012 and Regulations.

WAHVA was developed in response to public concern about the safety of heavy vehicles on WA roads. The scheme was initially modelled on the NHVAS and was developed with a strong focus to deliver *"safer drivers in safer trucks".*

The scheme currently covers about 10% of the total fleet of heavy vehicles in WA and provides productivity benefits by opening up more of the road network to restricted access vehicles, in the expectation that those vehicles are operated safely.

WAHVA accreditation is mandatory for individuals and organisations that require a permit or order to perform any transport task as part of a commercial business within Western Australia, including interstate operators.

The objectives of the WAHVA are to:

i) improve road safety
ii) increase industry productivity through adoption of good management by responsible operators
iii) provide management and operating standards for the industry
iv) improve community confidence in the operation of heavy vehicles on State roads
v) satisfy the Commissioner of Main Roads that the operator has required systems in place so an application may be made to operate under modified mass, dimension or access requirements

Standards

WAHVA involves three mandatory modules which operators are required to incorporate into their daily work practices:

- Fatigue (based on WA Occupational Safety and Health Regulations)
- Maintenance
- Dimension and Loading

Mass Management is an optional module which is only required if an operator wishes to operate within the Accredited Mass Management Scheme (AMMS) which provides three concessional mass levels for operators that have proven loading controls.

Under the WHVAS business rules, Main Roads WA may recognise membership of comparable heavy vehicle accreditation schemes (including but not limited to the NHVAS). Main Roads may further accept compliance with some or all comparable standards in such schemes as evidence of compliance with WAHVA. Any recognition does not, however, exempt operators from requirements and conditions established in the WAHVA.

According to Main Roads WA, recognition is generally limited to interstate operators who operate into Western Australia for periods less than seven days.

Compliance

The WAHVA business rules set out roles and responsibilities and the requirements for operating under the WAHVA.

To become a compliant member of WAHVA, an operator must successfully complete a fully compliant entry audit. If an operator does not have sufficient records to complete an entry audit, they may complete a systems audit. A follow up audit must then be completed after three months to demonstrate compliance with management system requirements.

Scheduled compliance audits are to be conducted annually for two years. Audits must be conducted by auditors certified to Exemplar Global Heavy Vehicle Accreditation.

Accreditation is for a three year period, unless a scheduled compliance audit recommends it be terminated sooner. A re-entry audit must be conducted within three months of the expiry date and current roadworthiness certificates provided. Triggered or random audits may be conducted at any time by Main Roads.

Main Roads WA has commenced a review of the WAHVA to ensure it continues to meet its objectives.

4.5 Other Performance Improvement Schemes

In addition to the formal accreditation schemes outlined above, there are also a range of separate schemes which have been introduced by industry or government to improve industry productivity and performance. These schemes may provide mass,

access and other benefits to operators in exchange for meeting nominated safety, design and operating requirements. Examples are outlined below:

i) Performance Based Standards (PBS)

PBS is a national scheme, administered by the NHVR, designed to offer the heavy vehicle industry potential to achieve higher productivity and safety through innovative and optimised vehicle design.

PBS vehicles are designed to perform their tasks as productively, safely and sustainably as possible, and to operate on networks that are appropriate for their level of performance. PBS vehicles are tested and certified against safety and infrastructure standards to ensure they are safe and fit the existing road network.

There are no specific requirements for PBS vehicles to be accredited under the NHVAS, except that:

- the NHVAS Mass module applies to all operators/vehicles wanting to access Concessional Mass Limits
- the NHVAS Maintenance module may apply to vehicles with components that might require specific maintenance to ensure that PBS compliance is maintained, e.g. steerable axles or vehicles with quad axle groups

The NHVR advises that approximately 1,600 operators and 6,000 vehicle combinations participate in the PBS scheme.

ii) NSW Livestock Loading Scheme (NSWLLS)

NSWLLS was implemented by the NSW Government to enhance productivity and protect jobs in the NSW meat and livestock industry. Similar schemes exist in other States.

The scheme was developed in consultation with the meat and livestock industry and local government and provides increased mass limits for livestock loads, aligned with measures to minimise road pavement wear, protect vulnerable bridges and reduce the incidence of livestock vehicle rollovers.

To be eligible, operators must meet stipulated design and safety standards and be certified by a suitably qualified Vehicle Safety Compliance Certification Scheme Licensed Certifier. Operators must also be accredited with the NHVAS Maintenance module.

Vehicles enrolled in the livestock loading scheme in another State or Territory are not required to enrol in the NSW scheme. However, they must comply with NSW vehicle standards, mass limits and operating conditions when operating in NSW.

According to a review of the scheme conducted in 2015, there were 128 operators and 848 vehicles enrolled in the scheme as at May 2014.

iii) NSW Grain Harvest Management Scheme (GHMS)

The GHMS was developed by TfNSW and is administered by RMS to promote the safe and productive movement of grain. It is designed to decrease risk, protect roads and to increase productivity and efficiency. The GHMS also seeks to provide a productivity benefit for growers and a higher degree of visibility to road managers of the use of their road assets.

Under the scheme, eligible heavy vehicles which meet stipulated design and safety standards, may exceed regulated total mass limits by up to 5% when delivering specified grains to participating grain receivers in participating Council areas.

According to the July 2015/June 2016 Harvest Period Report:

- eligible vehicles delivered 96% of the grain delivery task by weight
- 186,906 vehicle trips used the mass concessions available under the scheme

Similar schemes exist in some other States and a similar scheme has been developed for the sugar cane industry.

iv) CraneSafe

CraneSafe is a voluntary crane assessment program developed and initiated by the industry throughout Australia.

The program aims to augment existing safety standards and to provide crane owners, suppliers and users with a common industry-wide system for annual third party assessment of the safety aspects of their cranes.

Assessments are conducted by independent third party assessors against an assessment checklist provided by CraneSafe. Whilst the scheme does not have any regulatory basis, it provides assurance to operators and industry about the safety of participating operators and assists operators in meeting their obligations under WHS laws.

v) Safety, Productivity & Environment Construction Transport Scheme (SPECTS)

SPECTS is a voluntary scheme established by the NSW Government to enable the efficient movement of construction materials across the Newcastle-Sydney-Wollongong area by allowing enrolled trucks, carrying more materials, greater road access in return for meeting higher environmental, safety and compliance standards.

Enrolled vehicles are required to have a PBS vehicle approval, have at least a Euro 5 engine, be fitted with a range of safety features, be enrolled in the Intelligent Access Program (IAP) and equipped with On Board Mass (OBM) monitoring systems linked to the IAP.

Required safety features include:

- electronic stability control (vehicles manufactured on or after 1 January 2017)
- roll-over control system on trailers
- systems to improve visibility and detection of vulnerable road users
- reversing lights on both truck and trailer
- enhanced vehicle visibility markings
- "Smart" reversing alarms, which adjust the noise level for the operating environment the vehicle operates in

SPECTS eligible vehicles may operate up to the maximum approved mass limits on routes shown on the SPECTS Network Map enabling travel on all approved State roads and local Council roads in the NSW Urban Zone, excluding bridges signposted with load limits.

RMS has advised that there has been limited take up of SPECTS due to inability to guarantee access to Council roads in some areas.

A review of SPECTS is proposed, with engagement from Councils, industry and transport companies to investigate ways that the scheme can grow.

5. Membership of Accreditation Schemes

Each scheme was asked to provide information on their levels of membership over recent years. This information is presented below. Given the number of operators who belong to more than one scheme, there is likely to be double counting in these figures.

5.1 TruckSafe

Figure 1: TruckSafe Membership, Number of Operators 2013 – 2017 (Oct.)

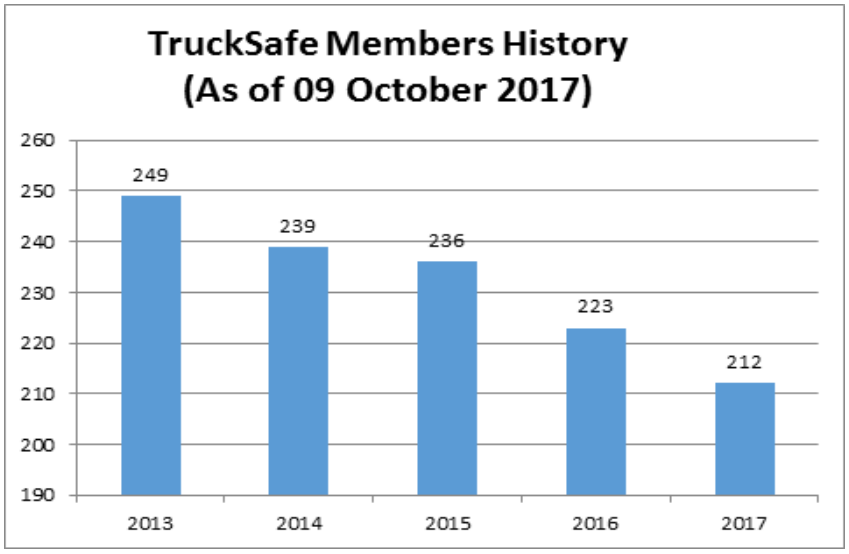


Table 2: TruckSafe Membership, Size of Operators - 2016

TruckSafe Membership Levels			
Level 1	1 Powered Vehicle	14 Accredited Members	6.5%
Level 2	2-4 Powered Vehicles	23 Accredited Members	10.8%
Level 3	5-9 Powered Vehicle	43 Accredited Members	20.1%
Level 4	10-19 Powered Vehicles	39 Accredited Members	18.2%
Level 5	20-39 Powered Vehicles	49 Accredited Members	22.9%
Level 6	40-89 Powered Vehicles	25 Accredited Members	11.7%
Level 7	90-249 Powered Vehicles	19 Accredited Members	8.9%
Level 8	250+ Powered Vehicles	1 Accredited Member	0.5%

TruckSafe has indicated that 82% of members are also accredited to the NHVAS Maintenance module and approximately 50% are Mass accredited.

5.2 NHVAS

Figure 2: NHVAS Membership, Number of Operators

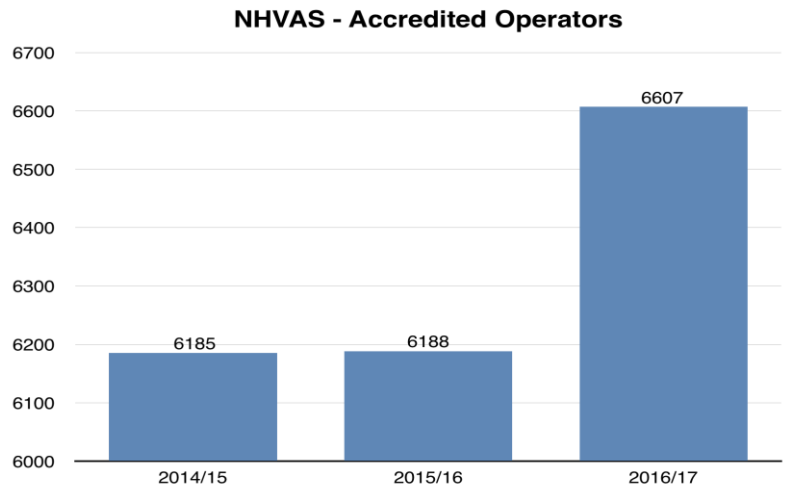


Table 3: NHVAS Membership (Maintenance) by size of operators - 2017

Fleet Size	No. of Operators (Maintenance)	% Participants
0-5	869	31.5%
6-10	509	18.4%
11-25	615	22.3%
26-50	332	12.0%
51-100	232	8.4%
101-250	131	4.8%
251-500	48	1.7%
500+	26	0.9%
Total	2762	

The NHVAS has also broken up its membership by State jurisdiction and by individual accredited modules. This is presented in **Attachment Two.**

5.3 WAHVA

Main Roads WA have advised that there are currently 4,347 accredited operators in WA. As only operators are accredited, there is not an accurate figure for the total number of vehicles involved with the scheme.

6. International Experience – Heavy Vehicle Regulation

6.1 United States of America

Whilst individual States also regulate heavy vehicles, the Federal Motor Carrier Safety Administration (FMCSA) was established in 2000 to *"prevent commercial motor vehicle-related fatalities and injuries*" through, for example, enforcement of safety regulations, targeting high-risk carriers, improving safety information systems and vehicle technologies, strengthening vehicle equipment and operating standards and increasing safety awareness.

The Federal Motor Carrier Safety Regulations provide detailed safety requirements. Every commercial motor vehicle must be operated in accordance with the laws of the jurisdiction in which it is operated. However, where the Regulations impose a higher standard, the Regulations must be complied with.

In general, companies that operate commercial vehicles transporting passengers or hauling cargo in interstate commerce are subject to both safety and commercial regulation with the FMCSA and must apply for:

- operating authority registration (MC number) – multiple authorities may be required to support different types of transport operations

- safety registration (USDOT number) – a unique identifier for collecting and monitoring operator safety information acquired during audits, compliance reviews, crash investigations and inspections. Over 30 States currently require their intrastate commercial motor vehicles to also have a USDOT number.

Registration requires carriers to provide company and operating information and a statement of compliance with the Regulations. Applicants must be capable of complying with all applicable statutory requirements.

Carriers are rated against FMCSA's operational safety fitness policy:

- *"Satisfactory"* - adequate safety management controls are in place, appropriate for the size and type of operation

- *"Conditional"* - the carrier does not have adequate controls in place to ensure compliance with certain of the nominated safety fitness standards

- *"Unsatisfactory"* - the carrier does not have adequate controls in place to ensure compliance

New entrants which satisfy pre-operational requirements are subject to enhanced safety monitoring for 18 months through roadside inspections and safety data held by the FMCSA. An initial audit will be conducted to evaluate the adequacy of its safety management controls.

Compliance

Carriers are monitored on an ongoing basis through a combination of on-site compliance reviews, on-road safety data, investigation results and crash reports.

The Motor Carrier Management Information System (MCMIS) assembles data from Federal and State-based systems and other information sources to provide comprehensive information on the safety performance of approximately 2.5 million registered commercial carriers.

Using data from the MCMIS, the Safety Measurement System identifies carriers with potential safety problems for interventions as part of the Administration's safety compliance and enforcement program. The system assesses compliance and prioritises carriers for interventions based on their on-road performance and investigation results.

Carriers that establish significant patterns of non-compliance and receive an *"Unsatisfactory"* rating are required to take corrective actions to improve their safety rating. If improvements do not occur, the carrier will be prohibited from operating commercial motor vehicles in interstate commerce.

6.2 United Kingdom

Any person operating a heavy goods vehicle, with a gross weight of more than 3.5 tonnes requires an Operator's Licence. Three categories of licence are available:

- restricted - the holder can carry their own goods within the UK and EU
- standard national - the holder can carry both their own goods and goods for others within the UK
- standard international - the holder can carry their own goods and goods for others both in the UK and EU

The operator licensing scheme is administered by the Driver and Vehicle Standards Agency (DVSA) on behalf of the Traffic Commissioners. Licences continue to be valid as long as operators pays a continuation fee every five years and continues to operate within the terms of the licence.

To apply for a licence, operators must satisfy a Traffic Commissioner that they:

- are of good repute and fit to hold a licence
- are of appropriate financial standing
- have appropriate facilities or arrangements for maintaining vehicles
- are capable of ensuring that all rules are obeyed

Operators must satisfy the Traffic Commissioners that they will keep vehicles and trailers in a fit and serviceable condition. This includes ensuring that daily checks, regular safety inspections and necessary maintenance works are carried out.

Inspections and maintenance work may be carried out internally by a person with suitable qualifications, if adequate facilities are available, or may be contracted to a third party, provided a formal contract is in place. The maximum period between safety

inspections should not exceed 13 weeks and operators are required to present their vehicles for annual vehicle testing.

Operators must employ one or more people as Transport Manager responsible for the effective management of the transport operations of the business. The Transport Manager must be professionally competent and hold an appropriate qualification.

Vehicles may be stopped at the roadside by Police or the DVSA for vehicle inspections. DVSA uses the Operator Compliance Risk Score (OCRS) system to decide which vehicles should be inspected. The OCRS is used to calculate operator risks based on data collected over a 3-year rolling period, including annual tests and roadside and depot inspections.

Fleet Operator Recognition Scheme (FORS)

FORS is a voluntary national accreditation scheme designed to help road fleet operators improve, measure and monitor operational performance and safety and demonstrate compliance and best practice.

The scheme is administered by the FORS Community Partnership, comprising AECOM (an international engineering consulting company), the Chartered Institute of Logistics and Transport (industry body) and Fleet Source (industry training body). The scheme currently has over 4,600 members and over 125,000 accredited vehicles.

FORS is based on a broad SMS-type model encompassing requirements for safety, efficiency and environmental protection. Safety requirements address management systems, vehicles, drivers and operations. Accreditation pathways are also provided for operators and organisations that award contracts and specify transport requirements.

FORS cites the benefits of membership as increased recognition from clients, improved road safety and increased business efficiency. The scheme claims that, based on a member survey in 2016, Gold members reduced their slight and serious collisions by 11%.

FORS offers three levels of accreditation:

- Bronze - confirms that the operator employs good practices and complies with all legal conditions of business

- Silver - awarded to high quality operators who are committed to becoming safer and more efficient, while reducing their environmental impact

- Gold - awarded to exceptional operators who have met specific, exacting targets and are continuing to improve their performance

A detailed FORS Standard sets out requirements at each level of accreditation and the process for moving between levels. Members are offered guidance and training to attain each level.

Audits are conducted to ensure that operators demonstrate required standards for each level. On-site re-approval audits are conducted annually for Bronze, every two years for Silver and every three years for Gold.

There are a number of other heavy vehicle safety schemes operating in the UK, for example, CLOCS (see section 14.1) and the Safer Lorry Scheme, both developed by Transport for London (TfL).

The Safer Lorry Scheme was launched by TfL, in collaboration with London Councils and Heathrow Airport, to ensure that only lorries with basic safety equipment fitted are allowed on London's roads. The scheme operates across London and is enforced by the Metropolitan Police, City of London Police and the DVSA.

Any CLOCS compliant operator entering London will be above and beyond the requirements of the Safer Lorry Scheme. Work-related road risk requirements for operators working on contracts for TfL are aligned with both CLOCS and FORS at Silver level.

6.3 Canada

Road safety in Canada is a shared responsibility between the Federal and provincial/territorial governments. The Motor Vehicle Transport Act allows provinces and territories to regulate extra-provincial truck and bus carriers on behalf of the Federal government.

Transport Canada's Motor Carrier Division is primarily responsible for facilitating the reduction of fatalities, injuries and crashes involving large commercial trucks and buses across Canada. The Division works with the provinces, territories and industry on regulations governing the safe operation of commercial vehicles, drivers and operators.

Heavy vehicle oversight occurs through the National Safety Code (NSC), which was developed jointly by governments to improve carrier safety through the consistent implementation of a code of minimum performance standards for the safe operation of commercial vehicles, including trucks, buses, tractors and trailers.

The NSC contains 15 standards covering all aspects of commercial vehicle, driver and carrier safety. The NSC is based on an SMS approach which provides:

"... a proactive approach to safety that prescribes a specific culture within an organization to manage transportation risks. Transport Canada is using this approach to oversee other modes (e.g. air, marine and rail industries) and it has legitimate application in the road sector as well. Through the SMS approach, the motor carrier industry can assume greater accountability for systematically and proactively managing safety risks."

The Code addresses, among other things, driver performance, record keeping, compliance, hours of service, vehicle condition, maintenance, defect reporting, dangerous goods and safe operations.

Federally-regulated bus and truck carriers crossing provincial or international borders must obtain a Safety Fitness Certificate (SFC) before they can operate on Canadian highways. SFCs are issued by provincial authorities to carriers based in their jurisdiction.

In applying for an SFC, a carrier must provide company information and proof of insurance along with a declaration accepting legal responsibilities relating to the operation of commercial vehicles.

Provincial authorities must issue a unique NSC number to each extra-provincial carrier that operates within that province and must develop and maintain a carrier profile that contains the information set out in the standards, including:

- reportable accidents
- the results of facility audits and commercial vehicle inspections
- convictions relating to violations of safety laws and the Criminal Code
- information from another province/territory or from the USA or Mexico

Safety Ratings

The NSC Safety Rating Standard establishes a carrier safety rating framework through which each jurisdiction can assess the safety performance of carriers. Before issuing an SFC, a provincial authority must assign a safety rating to that carrier in accordance with the standard. The system applies equally to all carriers, both extra and intra-provincial.

Safety ratings are based on the information in the carrier's profile for the preceding 24-month period, weighted by severity and potential impact and the carrier's fleet size, to reflect the carrier's exposure to risk.

A provincial authority may not issue an SFC unless the carrier has a *"satisfactory", "satisfactory unaudited"* or *"conditional"* safety rating:

a) Satisfactory - the carrier demonstrates safe operation and compliance with safety laws, regulations and the NSC standards.

b) Satisfactory Unaudited - assigned to a carrier that applies for the first time for a SFC and demonstrates safe operation and compliance with safety laws, regulations and the NSC standards but has not yet been the subject of a facility audit.

c) Conditional - the carrier has a profile that demonstrates deficiencies in safe operation, compliance with safety laws, regulations and the NSC standards or is re-applying for an SFC after its previous certificate had been revoked.

d) Unsatisfactory – assigned to a carrier that demonstrates deficiencies in safe operation, compliance with applicable safety laws, regulations and the NSC standards and the results of a facility audit.

6.4 New Zealand

The New Zealand Transport Agency (NZTA) is responsible for heavy vehicle regulation and safety.

Operators of freight, vehicle recovery and passenger transport services are required to hold a Transport Service Licence (TSL), appropriate to the nature of their operation. Applicants for a TSL need to meet fit and proper person criteria, including consideration of criminal history, transport related offences and any other information deemed by the NZTA to be in the public interest.

The TSL holder, or a person in control of the service, needs to hold a Certificate of Knowledge of Law and Practice which confirms that the holder of the Certificate has the required knowledge of the laws and practices relating to the safe, efficient and proper operation of a transport service.

Award of a Certificate requires successful assessment by an external provider, covering the rules relating to the type of service to be operated and specific knowledge relating to the requirements and responsibilities of a TSL holder.

Operator Rating System

The Operator Rating System (ORS) aims to improve the safety of heavy vehicles on NZ roads and compliance with regulatory obligations.

Ratings are based on compliance with a range of safety-related events, including Certificate of Fitness (CoF) inspections, roadside inspections and relevant traffic offences and infringements. Scores are based on the impact of faults and offences on road safety - more dangerous faults and offences will lead to a lower rating.

Table 4 - ORS Ratings

Rating	Definition
5 star	Very good level of compliance
4 star	Good level of compliance
3 star	Unsatisfactory level of compliance
2 star	Very unsatisfactory level of compliance
1 star	Extremely unsatisfactory level of compliance

The NZTA and New Zealand Police use the ORS to identify potentially high risk operators for further investigation and assistance to improve their safety practices.

Operators with low ORS ratings may be subject to increased scrutiny and restricted access to some services. Operators with higher ratings have less frequent CoF inspections, are less likely to be targeted for roadside stops by Police and will receive fewer audits and less frequent visits from the NZTA.

7. Other Land-Based Transport Accreditation Schemes in Australia

Compulsory licensing, authorisation or accreditation is a key feature of regulation of many high risk industries, including transport, in Australia. The maritime, aviation and rail industries have legislated regulatory regimes requiring operators to have comprehensive safety management systems in place to identify and manage risks. These regimes are closely monitored and enforced by the industry regulators. Requirements across the land transport sector are summarised below.

7.1 Rail Safety National Law

The Rail Safety National Law establishes a single national rail safety regulator, the Office of the National Rail Safety Regulator (ONRSR), responsible for the administration of a nationally consistent regulatory framework for the rail industry.

The objects of the Law include:

"(c) to make provision for a national system of rail safety, including by providing a scheme for national accreditation of rail transport operators in respect of railway operations"

The Law recognises the shared responsibility of all parties in the industry and establishes a general duty *"... to eliminate risks to safety so far as is reasonably practicable".*

Under the Law, a person must not carry out any railway operations unless the person is an accredited rail transport operator (RTO) or undertakes railway operations for or on behalf of an accredited RTO or is specifically excluded or exempt from the Law.

Before operations can commence, an applicant for accreditation must demonstrate that it has a documented SMS appropriate to the nature of its operations and that it has the competence and capacity to implement its SMS, in particular to identify and manage the safety risks associated with the proposed railway operation.

Evidence of an RTO's competence and capacity and of implementation of its SMS is routinely reviewed by the ONRSR through ongoing audits, inspections and compulsory safety performance reporting and incident reporting. Non-compliance with accreditation requirements may lead to the issue of corrective action notices, imposition of accreditation conditions or cancellation of accreditation.

7.2 Bus Operator Accreditation

Accreditation is required to operate a public passenger bus service in NSW, Victoria, Queensland and South Australia. An overview of the NSW and Victorian accreditation requirements is provided below.

NSW - Bus Operators Accreditation Scheme (BOAS)

Under the Passenger Transport Act 1990, public passenger bus services in NSW can only be operated by accredited bus operators, excluding long distance, tourist or charter services. The purpose of accreditation is to:

"…. assess whether a person is of suitable character and fitness and has the competency to operate public passenger transport services in accordance with the standards and conditions prescribed by the Act and Regulation or imposed by Roads and Maritime. These standards and conditions aim to raise the awareness of operators in the areas of safety, service delivery and business acumen, and to ensure operators are held accountable for complying with appropriate standards."

RMS administers the BOAS scheme. To be granted accreditation, an applicant must demonstrate that they are fit and proper, of good repute and have the competence to conduct a bus service, including meeting requirements relating to:

- safety of drivers, passengers and the public
- financial viability
- vehicle safety and maintenance
- record keeping

All accredited operators must implement an SMS to, among other things, assess risks, develop procedures to manage identified risks and ensure that staff are aware of their safety responsibilities in operating the bus service.

Further accreditation conditions are set out in regulations, including requirements for a drug and alcohol program and competency programs for employees undertaking transport safety work.

Applicants must undertake and successfully complete the online Bus Operator Accreditation Training Course currently conducted by the Institute of Transport and Logistics Studies, University of Sydney.

Each operator must complete and submit an Annual Self Assessment Report and undergo an independent audit within the first year of operating and then every three years, or as otherwise determined by RMS. The audit focuses on all aspects of bus operator accreditation including the SMS and its on-going review and evaluation.

Random and targeted audits may be conducted by RMS which has powers under the Act to vary, suspend or cancel accreditation if conditions of accreditation are not satisfied.

Victoria - Bus Accreditation

Under the Bus Safety Act 2009, anyone operating a commercial bus service with seating for 13 or more passengers must be accredited by Transport Safety Victoria (TSV).

Applicants for accreditation must demonstrate that they have the competence and capacity to safely operate a commercial bus service. Applicants have three options to demonstrate competence:

i) successful completion of the Safety Management Course for Bus Operators provided by Monash University.

ii) provision of a statement of competence against the course learning outcomes. An expert panel assesses these statements and evidence and makes a recommendation to the Safety Director.

iii) provision of evidence by other means - normally involving a complete audit of the applicant's bus operation and a detailed assessment of their safety qualifications and experience.

Applicants must provide information, including:

- copies of current roadworthy certificates for each bus to be used
- a National Police Certificate for all individuals involved in the application
- copies of the operator's management information system and maintenance management system

An accredited bus operator must ensure, so far as is reasonably practicable, the safety of the bus service and ensure that, among other things, every bus used complies with and is operated in with the requirements of the Bus Safety Regulations.

Among other things, an accredited bus operator must:

- ensure bus drivers hold appropriate driver accreditations
- maintain a drug and alcohol management policy
- notify TSV as soon as possible after a bus incident has occurred
- undertake investigations into bus incidents if directed by TSV

An accredited bus operator must complete an annual audit of their management systems and must rectify any deficiencies identified. Each bus used to provide the service must undergo a safety inspection by a licensed bus tester annually, or at prescribed intervals.

8. Stakeholder Feedback

8.1 Operator Views

During the course of the review, discussions were held with a range of trucking operators. These operators were variously members of one, two or thee accreditation schemes and ranged in size from major national operators with well recognised brands and large fleets, to family owned businesses with much smaller fleets and operating in distinct markets.

The larger companies were clearly motivated by the available regulatory benefits. This meant that they belonged to the NHVAS because access to higher mass limits, maintenance concessions and longer driving hours provided potentially very significant commercial benefits.

Without regulatory benefits, some of the larger companies may not stay accredited as they already had extensive management systems and maintenance facilities in place and had strong safety cultures. Clients did not necessarily require membership of an accreditation scheme as the larger companies were able to point to comprehensive management systems, often accredited to recognised quality standards.

Some companies, however, recognised accreditation as a useful discipline to ensure that they maintained a strong focus on their systems and on meeting regulatory requirements.

Larger companies that subcontracted out part of their work did not necessarily require their subcontractors to be accredited. They did, however, require management systems appropriate to the nature of the business involved and/or provision of regular compliance statements. Dedicated subcontractors may be included in an operator's NHVAS accreditation to also access regulatory benefits.

The views of smaller companies towards membership of accreditation schemes varied. Unless required by clients, companies which operated within standard mass and hours, and which were not in States where inspections were required, had no commercial reasons to belong to any scheme. Some operators, however, noted that accreditation provided a structure and rigour to their businesses, provided a focus on regulatory compliance as well as a safeguard against becoming complacent in their management practices.

One smaller operator maintained TruckSafe accreditation as TruckSafe gave them a clear management structure for their business and helped create a culture of safety. The company also belonged to the NHVAS in order to achieve mass concessions, to operate road trains south of Port Augusta (a State requirement) and to achieve more flexibility in rostering drivers on long interstate trips. Membership of WAHVA was also necessary to be able to operate into WA.

Due to the differences between schemes, the operator had to ensure its operating systems were developed to reflect the standards and business rules of all three schemes.

Duplication between schemes imposed cost and operating burdens for operators who belonged to more than one scheme. This may mean separate scheme audits and multiple membership fees, imposing a real burden on small operators in a very competitive industry.

One operator with around 70 vehicles estimated that it cost in the order of $3,000 per truck per year in resourcing, membership fees and audit and compliance costs to belong to WAHVA, TruckSafe and the NHVAS.

A smaller operator was concerned that accreditation only encourages some operators to do the minimum required because they have to do it. Audits don't check the safety of trucks or drivers, and focus only on paperwork. In States where no inspections are required, a vehicle may not be inspected for many years.

The operator noted that major heavy vehicle risks involving speeding and driver competence and fitness for duty were only addressed in TruckSafe for operators working to standard hours. For the operator, the greatest impact on safety had come from insurers who conduct strict risk inspections prior to renewing insurance. These inspections are far more rigorous than accreditation audits.

Other concerns with the current accreditation model included:

- lack of mutual recognition between schemes
- audit processes varied between schemes and between NHVAS third party and internal auditors
- the rigour of audits varied depending on the auditors – in some cases, it seemed the auditors were "looking for compliance"
- multiple audits – as well as internal audits and accreditation audits, many companies are also subject to audits from clients and insurance companies
- enforcement authorities (Police) took little or no notice of accreditation standards and had their own requirements

All organisations noted that major clients were increasingly looking for evidence of strong management systems to mitigate their insurance risks and ensure that Chain of Responsibility provisions are met.

Some clients sought evidence of accreditation, whilst others were expecting regular compliance statements, audit reports or other evidence of appropriate management systems.

8.2 State Jurisdictions

Discussions were held with State agencies responsible for heavy vehicle policy, regulation and enforcement in NSW, South Australia, Victoria, Queensland and Western Australia.

All jurisdictions were generally supportive of accreditation as an alternative compliance mechanism. The provision of regulatory concessions to improve industry and operator productivity was also supported.

The jurisdictions expressed a range of views regarding the effectiveness of current schemes. These views are summarised below.

All jurisdictions indicated that accreditation must be supported by strong compliance measures. Most jurisdictions were of the view that this is not always the case. The quality of scheme audits was raised as a particular concern with State-based inspectors identifying issues with accredited operators which should have been picked up in scheme audits.

Concerns were also raised with the independence of third party audits.

Comprehensive data was seen as a critical element of enforcement strategies with good intelligence needed to build a profile of the industry and individual operators and allow better targeting of enforcement activities. Compliance can no longer rely on random on-road intercepts, given resourcing constraints.

Some jurisdictions supported development of a single national accreditation program with all schemes required to adopt common standards and audit requirements with mutual recognition between schemes. Required standards should be adapted to the risk profile of particular industry sectors with a reduced compliance burden for those operators who can evidence that they have systems in place and are performing well.

This approach would result in a reduced compliance burden and enhanced industry productivity. Information sharing between schemes would provide more comprehensive data and an evidence base for assessing operator performance and risk and for targeting future compliance activities.

There was support for a broader approach to accreditation standards using an SMS-based approach as applies in the rail, maritime and aviation industries.

There was also support among some jurisdictions for the extension of industry coverage of accreditation schemes.

It was suggested that greater advantage could be provided to scheme members with higher levels of performance whilst a stronger compliance approach should be taken to non-members. Governments could lead the way by requiring contractors on government projects to be members of an accreditation scheme.

Some jurisdictions supported consideration of accreditation as a condition of entry into the heavy vehicle industry, in the form of an SMS and risk management arrangements, appropriate to the nature of each operation and the risks it faces.

One jurisdiction, however, noted that the scope of current regulation should not be extended as this would impact industry productivity.

8.3 State Enforcement Agency (Police)

The review spoke with a senior State Police officer responsible for traffic and highway patrol. According to this officer, the Police have seen an increasing number of poorly maintained heavy vehicles operated by owners and drivers who are prepared to take risks and shortcuts.

As a result, the Police have run an intensive heavy vehicle enforcement campaign over the last two years following a number of major crashes. This campaign has been effective with many of the poorer operators forced out of the business. This has been particularly important with the huge amount of government infrastructure work currently being undertaken and likely to continue well into the future, particularly in NSW and Victoria.

The officer believed that accreditation schemes are too content to leave enforcement to the Police. It was suggested that both operators and the schemes are becoming complacent and that the schemes need to be more aggressive in ensuring compliance with their requirements.

9. Assessment of Scheme Effectiveness

There have been a number of studies over the last ten years which have considered the effectiveness of accreditation schemes. The outcomes of these studies are summarised below.

9.1 Austroads – *Analysis of the Safety Benefits of Heavy Vehicle Accreditation Schemes (2008)*

To support a package of road safety reforms, Austroads undertook an investigation to determine the safety benefits of heavy vehicle accreditation, using an analysis of crash and other data sourced from State jurisdictions and the ABS.

The review identified that the crash rates for accredited vehicles were considerably lower than for non-accredited vehicles.

Table 5 - Comparative Crash Rates

	Crash Rates (crashes/vehicle-year)	% difference in crash rates of accredited vehicles vs non-accredited vehicles
Non-accredited	0.066	
TruckSafe accredited	0.033	50%
NHVAS accredited	0.019	71%
NHVAS Mass mgmt.	0.034	49%
NHVAS Maintenance mgmt.	0.018	73%

The review identified that non-accredited vehicles insured by NTI were 1.5 times more likely to make a claim than TruckSafe accredited vehicles. For accredited operators insured by NTI, the total cost of claims during the two years after accreditation was 57% lower than during the two years before accreditation, suggesting that operators improve through the process of becoming accredited.

The data was supported by anecdotal evidence from stakeholders indicating that:

- operators were supportive of accreditation but concerned about administrative arrangements
- operators felt that accreditation provides a differentiation in the marketplace
- operators who became accredited noted improvements in culture and management systems
- operators believed scheme benefits outweighed costs
- the primary reason operators became NHVAS accredited, rather than TruckSafe accredited, was to gain regulatory concessions
- purchasers of transport services regarded accreditation as a means of managing risk
- insurers saw accreditation as a means of managing potential losses

The review concluded that:

"From the data available, it would appear that vehicles accredited to TruckSafe or NHVAS are, on average, significantly safer than vehicles that were not accredited… with vehicles accredited to the schemes having between ½ and ¾ fewer crashes on average than non-accredited vehicles….It was not possible to determine if operators accredited to Trucksafe were any safer than those accredited to NHVAS or vice versa because of the number of vehicles accredited to both schemes."

According to Austroads, these conclusions were consistent with international experience of licensing or authorisation-type schemes. The report noted that both mandatory approaches (such as those used in North America) and voluntary schemes produce safety benefits. Austroads recommended that:

"….. greater use be made of heavy vehicle accreditation in Australia and New Zealand as it is arguably the most effective means available to jurisdictions and industry for advancing heavy vehicle safety."

9.2 RTA (NSW) – *Review of Safety Accreditation Schemes (2010)*

Following a number of heavy vehicle-related serious crashes and road deaths, the RTA commissioned a review to consider strategies that could potentially reduce the road toll. The review considered safety accreditation schemes and codes of practice across industries in Australia and overseas and concluded that:

"Existing road schemes for heavy freight were found to be directed towards commonly identified problem areas …. However, only limited evidence could be found that schemes delivered the results that were intended or that these schemes could be demonstrated to improve road safety."

The review also found that:

- safety management systems are applied in many industries and are becoming a key business tool to improve safety and provide commercial advantage
- some aspects of existing schemes seem to promote unsafe companies to join schemes to achieve commercial benefits
- low barriers to entry and price-driven competition can work against safety
- a large part of the industry comprises small businesses that may struggle with the costs, time and resourcing needed for any new freight safety system

9.3 NTC/NHVR – *Integrity Review of the National Heavy Vehicle Roadworthiness System (2014)*

At the request of Australia's transport and infrastructure Ministers, NTC and the NHVR cooperated on a joint program to develop proposals for a national heavy vehicle roadworthiness system.

The program was precipitated by the fatal Mona Vale crash in October 2013. Subsequent inspection of the operator's heavy vehicle fleet in NSW and other States

produced evidence of significant roadworthiness concerns with a high percentage of their fleet. As the operator was accredited under the NHVAS, these findings raised questions as to whether the scheme was meeting its objectives and whether the Maintenance module was effective for assuring roadworthiness.

The report noted the value of an accreditation scheme:

"Some studies show that operators may initially enter accreditation schemes for the regulatory benefits, but then discover the broader benefits of having management systems in place. Over time, the safety performance of these operators may improve as a result…

Most significantly, the enduring effect of a systematic approach to managing vehicle roadworthiness indicates there are important advantages to be gained from including accreditation in the regulatory mix rather than solely relying on an inspection system aimed only at detecting defects."

The report identified improved road safety as a shared objective of current accreditation schemes, but noted specific distinguishing features of each scheme:

i) WAHVA - the only state in which accreditation is a condition of heavy vehicle permitting / licensing.

ii) TruckSafe – the scheme considers its compulsory accreditation modules as the minimum a trucking business should meet for it to be considered a safe, responsible operation.

iii) NHVAS – aims to increase transport efficiency by reducing the costs of compliance and by allowing NHVAS members greater flexibility in managing their transport business.

The report identified opportunities to improve the operational design and governance of the NHVAS to "… *allow the NHVAS to function as an effective, risk-based component of an integrated, national roadworthiness assurance system":*

- updating and improving the scheme's business rules
- updating the Maintenance standard and guidelines to reflect an SMS approach and include risk management and continuous improvement
- requiring operators to verify the roadworthiness of their vehicles
- improving audit processes, governance and auditor training/competencies
- replacing regulatory allowance under the Maintenance module with arrangements for determining the frequency of inspections and selection of vehicles for audit

9.4 TfNSW – *Heavy Vehicle Compliance Survey (2015)*

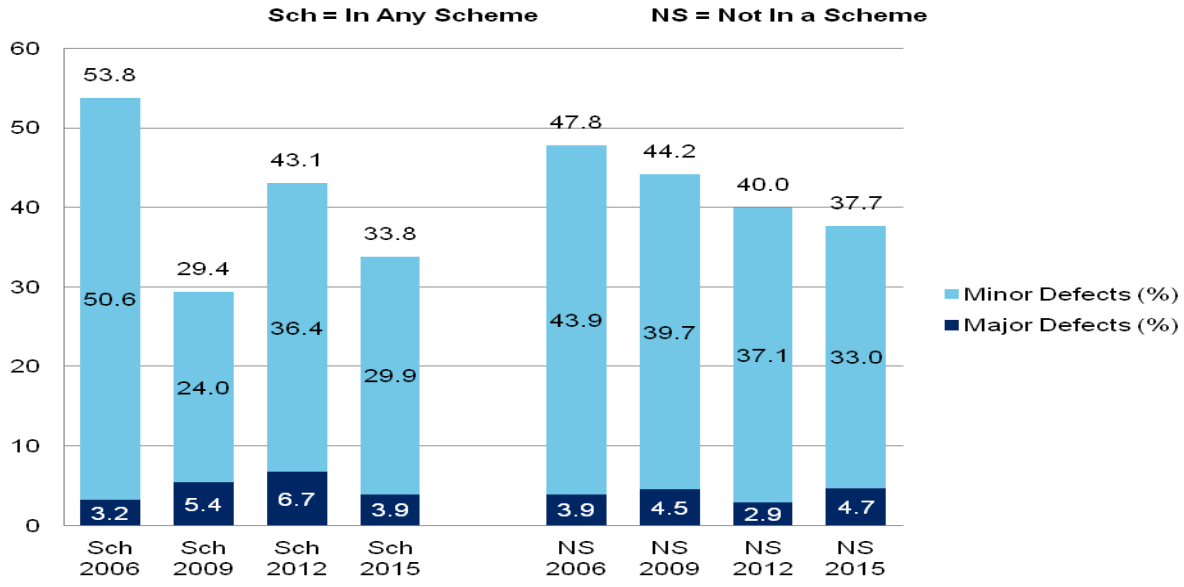
TfNSW conducted a heavy vehicle compliance survey, inspecting 1,715 heavy vehicle hauling units and 1,231 trailer units across 30 sites in NSW from June to August 2015. Key findings from the survey included that:

- the major defect rate for hauling units was similar for surveys conducted in 2009, 2012 and 2015
- the rates of all defects (minor or major) in hauling units had decreased progressively from 48.4% in 2006 to 36.5% in 2015
- the rates of minor and major defects increased predominantly with vehicle age
- the average age for hauling units in 2015 was 8.3 years compared to 7.4 years in 2012

In relation to participation in accreditation schemes, the survey found that:

- in 2015 hauling units participating in any scheme had a lower rate of major defects, compared with 2012 when participation was associated with a higher defect rate
- freight vehicles enrolled in a roadworthiness compliance scheme (Maintenance) had the lowest rate of major defects, compared with those enrolled in fatigue or mass compliance schemes

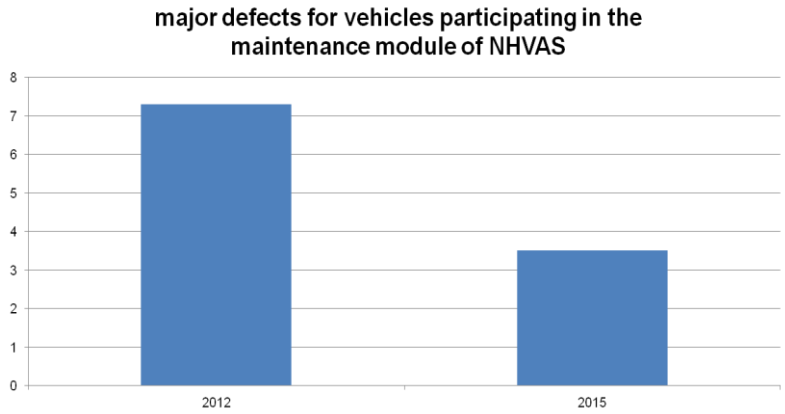
Figure 3 - Defect Rates – Scheme Membership vs No Scheme Membership



Note - scheme membership includes mass, roadworthiness and fatigue management

The review noted that, following the Mona Vale crash, significant enforcement operations were undertaken, particularly for operators in the NHVAS. Improvements in defect rates were the result, particularly in maintenance related defects.

Figure 4 - Major Defect Rates for Participants in the NHVAS Maintenance Module



9.5 NHVR – *National Roadworthiness Baseline Survey (2016)*

As part of the National Heavy Vehicle Roadworthiness Program, the NHVR coordinated a National Roadworthiness Baseline Survey of 7,130 heavy vehicles across Australia (excluding WA) during August to November 2016.

Over this period, 364 inspections of rigid trucks, semi-trailers, B-doubles, road trains, buses and special purpose vehicles (SPVs) were conducted at 168 inspection sites. Findings relevant to this review are summarised below.

Fleet Age

Consistent with previous surveys, vehicle age was seen as the strongest indicator of risk of major non-conformity. Over a quarter (29.2%) of total units were 12 years and older, and close to half (46.0%) were nine years and older.

Vehicle Types

Close to half of hauling units were found to have a non-conformity. The incidence of one or more non-conformities was highest for rigid trucks (51.7%) and prime movers (48.3%) and lower for B-double (41.2%), road train (39.0%) combinations, bus/coach (30.3%) and plant vehicles (29.0%).

A decreasing non-conformity rate with increasing size of vehicle combination was consistent with decreasing average age.

Vehicle Ownership

The incidence of non-conformities tended to be higher for owner/operator hauling units for all vehicle categories other than bus/coach. The trends for higher incidences of non-conformity were consistent with owner/operator units tending to be older than company owned units.

Participation in Compliance Schemes

The survey found that:

- 12.6% of freight hauling units, were participating in NHVAS (12.5%) or TruckSafe (0.3%)

- participation was greatest for road trains (61.2%), decreasing for B-doubles (54.1%), semi-trailers (26.8%) and rigid trucks (5.9%). Over a third (34.4%) of trailers were participating.

- participation in CraneSafe was close to half (46%) of cranes in the survey

The survey found that major non-conformities occurred in 9% of freight hauling vehicles participating in either the NHVAS or TruckSafe, compared to 13% for non-participating vehicles, and that:

- the overall incidence of non-conformity was significantly lower for rigid truck, semi-trailer and B-double hauling units, as well as trailers, participating in either NHVAS or TruckSafe schemes, compared with non-participation

- the units in these schemes, other than road train hauling units, were on average significantly newer, which suggested that the lower non-conformity identified could be associated with age.

In relation to participation in CraneSafe, the incidence of minor or major non-conformities was lower for participation (14.3%) than non-participation (19.9%).

9.6 WA - *Heavy Vehicle Roadworthiness Survey (2017)*

Main Roads WA conducted a survey of the WA heavy vehicle fleet from September 2016 to January 2017, including a range of heavy vehicle types. The survey conducted 1,591 inspections of 3,340 vehicle units.

The survey identified 605 defects, equating to about 13.5% of the WA heavy vehicle fleet, both hauling and towed, having a defect. Of the 605 defects identified:

- 252 were classified as major and 186 as minor
- 13 major defects resulting in grounding of the vehicle

Of all vehicles inspected, 476 (30%) were accredited vehicles. Of the accredited vehicles, 10% had identified defects, compared to 35% of non-accredited vehicles with an identified defect.

9.7 Coronial Reports

There is very limited access to Coronial Reports, due to privacy requirements. Where reports are available there is limited search capacity. However, reports sourced from Queensland (2014 and 2010) into fatalities involving heavy vehicles which were accredited under the NHVAS raised concerns about:

- poor record keeping and auditing inconsistent with scheme requirements
- poorly maintained vehicles and lack of compliance with maintenance systems

These concerns reflect the concerns raised following the investigation of the Mona Vale crash in 2013.

The Coroner's report on an investigation into rail crossing deaths at Kerang in Victoria (cited in NTC 2014) recommended that *"... the NHVR ensure that the NHVAS is expanded to include all Victorian heavy vehicle operators who perform their own maintenance in-house, and that they be required to inspect brakes pads and push rods every week or fortnight."*

Findings of other Coronial inquiries were cited to support this recommendation.

10. Scheme Benefits – Conclusions

10.1 Conclusions

Available evidence from a range of published reports and surveys points to improvements in operator safety performance through membership of an accreditation scheme (or multiple schemes). This is evident in terms of:

- lower crash rates
- lower insurance claim rates
- lower incidence of non-conformities
- lower rates of major defects

Anecdotal evidence quoted in previous reports noted that operators who were accredited believed that the benefits of accreditation outweigh the costs, in terms of:

- greater focus on safety culture
- improvement in management systems
- differentiation in the market place
- capacity to meet client requirements

The views of operators interviewed for this review supported, in some cases, these comments. Some operators indicated that they would have comprehensive programs in place regardless of whether or not they were members of a scheme. However, scheme membership helped them to maintain a stronger focus on safety programs and on their compliance responsibilities.

A number of operators cited the benefits from regulatory concessions as of most importance to them. These factors provided considerable commercial advantage and were, in some cases, the only reason for belonging to an accreditation scheme.

Overall, the weight of evidence points to improvements in operator safety and performance from membership of accreditation schemes, however, the evidence is not clear-cut, particularly in light of:

- evidence that some scheme participants do not meet their accreditation obligations (comments from enforcement agencies, Coroners' reports and the outcomes of the Mona Vale investigation)

- comments that some operators have joined accreditation schemes solely to achieve regulatory concessions

- a strong relationship exists between the age of vehicles and the incidence of non-conformities. Scheme member vehicles may, on average, be newer vehicles.

Whilst the available evidence, on balance, points to the benefits of accreditation schemes, membership data shows that only a relatively small proportion of operators in the industry are covered by accreditation schemes.

Whilst precise data on the total number and type of operators in the industry is not available, and there is likely to be double counting between schemes, from the data available it seems that only around 20% of heavy vehicle operators belong to an accreditation scheme.

As the Austroads report (2008) noted: *"…the corollary of the safety benefits of accreditation is that those not accredited are less safe and should be encouraged to become accredited or targeted through enforcement."*

Previous reports have identified accreditation as an important component of an alternative compliance strategy to bolster traditional enforcement activities. These reports have also referred to the efficiency and productivity benefits of scheme membership.

Accepting the role of accreditation as part of an overall and comprehensive industry safety strategy, consideration needs to be given to how improved industry safety, efficiency and productivity outcomes can be achieved by:

i) improvements in the operation of existing accreditation schemes

ii) improving the current accreditation framework

iii) improving the coverage of accreditation across the heavy vehicle industry

These issues are addressed in the following sections within the context of changes to the HVNL due to come into effect during 2018.

10.2 Changes to the Heavy Vehicle National Law

New Primary Duty provisions will come into effect in mid-2018, providing that every party in the transport supply chain has a duty to ensure the safety of their transport activities.

In practice, these provisions place an onus on each organisation to eliminate or minimise potential risk by doing all that is reasonably practicable to ensure safety. These provisions align the HVNL more closely with WHS laws.

The NHVR's guidance in relation to these changes in the HVNL states that the best way to do this is *"… to have safety management systems and controls in place, such as business practices, training, procedures and review processes that:*

- *identify, assess, evaluate, and control risk*
- *manage compliance, with speed, fatigue, mass, dimension, loading and vehicle standards requirements through identified best practice*
- *involve regular reporting, including to executive officers*
- *document or record actions taken to manage safety*."

The NHVR's guidance reflects good practice across many industries where SMS-type approaches are recognised as an effective means of ensuring a comprehensive

approach to managing risk and improving safety outcomes. This has been acknowledged by regulators in other transport sectors across Australia.

Within this context, an effective system of operator accreditation provides a mechanism to ensure heavy vehicle operators have processes in place to meet their obligations under the Primary Duty provisions and, at the same time, provide assurance to clients and others in the industry.

Provided that the accreditation schemes are aligned with the intended changes to the HVNL and are strengthened, where necessary, to support the changes, an effective operator accreditation process can enhance the impact of Primary Duty and Chain of Responsibility measures in improving overall industry outcomes.

11. Improvements to Existing Accreditation Schemes

11.1 Background – Purpose of Accreditation

In considering changes to improve the operation of existing schemes it is important to consider why the schemes were initially established and whether their initial objectives have changed over time.

The NTC (2001) described voluntary accreditation-based compliance as one of three areas of reform in the development of new compliance and enforcement provisions. These processes which *"…. rely less on detection and more on performance and quality assurance, place the onus on operators to develop management and operating systems. While these approaches can be administratively demanding for operators, the arrangements are incentives driven as they create opportunities for productivity improvements and can reduce on-road compliance costs."*

The NTC noted:

" The arrangements aim to achieve efficiency improvements in road transport by placing the onus on operators to develop management and operating systems, which can be audited to assure authorities of compliance with the relevant aspects of road transport law."

Whilst an initial objective was to reinforce traditional compliance mechanisms in improving compliance and road safety, regulatory benefits have been associated with accreditation schemes since their inception. Austroads (2008) described accreditation as:

"… a formal means of recognising operators who have good safety and other (eg mass) management systems in place. Those systems need to be properly documented and audited by third parties to verify that the systems have been implemented and are used on a routine basis.."

In 2013, NTC commented, in relation to the NHVAS, that:

"Over time, the intent of the scheme evolved 'such that it is now more appropriate to describe the policy as a national permitting policy, or as an audit-based compliance policy, rather than as an alternative compliance policy'.

The report also noted that:

" The NHVAS is perceived by stakeholders from both government and industry as having a less than robust auditing regime. This goes some way to explaining why one of the key policy objectives of the NHVAS has not been delivered: that of reduced on-road enforcement for accredited operators."

Accreditation schemes were initially developed as an important component of an alternative compliance strategy to support traditional enforcement in improving heavy vehicle safety. Regulatory concessions were provided as an incentive for participation

in the schemes, in line with the object of the HVNL to improve industry safety, efficiency and productivity.

The following sections outline possible changes to existing accreditation schemes to better ensure that the intent and objectives of accreditation are met.

11.2 Improving the Operation of Current Schemes

Attachment Three provides a comparison of the three schemes included in this review.
Each scheme has documented comprehensive business rules and standards to provide governance for their administration and operations. The schemes also provide extensive guidance to operators and auditors about how these requirements should be satisfied.

It can be seen from **Attachment Three** that there are areas of broad similarity between the schemes. There are, however, also differences between the schemes, for example:

- only TruckSafe has specific requirements relating to issues such as driver competency assessment, driver medicals (addressed in the Fatigue modules of NHVAS and WAHVA), annual roadworthiness assessment, annual training assessment, fuel quality and speed limiter assessment

- TruckSafe nominates third party auditors to undertake member audits while NHVAS accredited operators may nominate their auditors (who must then be approved by the NHVAS)

Despite the similarities between the schemes, there is in practice little, if any, mutual recognition between the schemes.

A number of changes to the operation of current schemes were identified in the 2014 Integrity Review. Actions have been taken to improve the veracity of the audit process, particularly within the NHVAS. The NHVAS has also developed a range of other improvements which have yet to be approved and implemented.

However, the business rules and standards for each scheme should be reviewed to ensure that the following issues are adequately addressed.

Audits

All State jurisdictions and many operators raised concerns with the veracity of the current audit process. Those operators who were accredited with both schemes found the TruckSafe audits to be, at times, more rigorous.

The third party audit process raised concern due to a perception of lack of independence when auditors, who are in a commercial relationship, are selected and paid for by operators. The ONRSR, for example, does not conduct third party audits due to concern at this perceived lack of integrity.

All schemes have developed detailed documentation to govern audit processes, including qualification and experience of auditors, selection of auditors, conduct of audits, audit frameworks and matrices, audit templates, management of non-conformances and audit reporting.

However, the major area of concern is more related to the rigour with which these provisions are applied to provide assurance that compliance outcomes are being achieved. In this light consideration should be given to:

- improving the perception of independence by ensuring schemes allocate third party auditors, rather than allowing operators to select auditors
- ensuring full audit reports and outcomes are provided to each scheme
- use of data and intelligence to target scheme audits of operators to check the findings of third party audits
- closer cooperation with State jurisdictions to align audit processes and target audits to identified risks
- enhancing the technical competency and industry experience requirements of third party auditors and establishing a requirement to check samples of operator's fleets to verify the implementation of maintenance systems

The schemes should also regularly assess the processes by which Exemplar Global certifies heavy vehicle auditors, to satisfy themselves that certified heavy vehicle auditors have the depth and breadth of knowledge and experience necessary to conduct rigorous audits of the systems and performance of heavy vehicle operators.

Roadworthiness

Vehicle risk levels vary between operators and within operators' fleets. In States without compulsory vehicle inspections, it is possible that vehicle roadworthiness verification may not occur on a regular basis, for both accredited and non-accredited operators. Desktop audits of maintenance systems will not verify vehicle roadworthiness.

All schemes should require that vehicle roadworthiness is verified by a suitably qualified person on at least an annual basis.

In this context, consideration should be given by the NHVAS to mandating the NHVAS Maintenance module as a pre-condition for accreditation under the Mass and Fatigue modules.

Heavy Vehicle Drivers

Whilst the management of mass, maintenance and fatigue provides controls for major heavy vehicle risks, driver competence and fitness for duty are also a major risk area. Currently only TruckSafe requires regular assessment of driver competence and that all drivers undertake periodic medicals to ensure their fitness for duty.

The NHVAS and WAHVA have medical requirements as part of their Fatigue modules.

All schemes should consider establishing requirements for regular assessment of driver competence and regular driver medicals to ensure fitness for duty.

Incident Reporting and Investigation

No scheme has a requirement for incident reporting and investigation which is a fundamental risk management process for identifying weaknesses in safety systems and for continuous improvement of those systems

Incident reporting is a key SMS element in transport and other industries, both internally as part of review and improvement, and to regulatory authorities as a mechanism to identify areas of risk for ongoing compliance activities.

Recommendation 1

The adequacy of business rules and standards for each scheme should be considered in light of:

- the need to ensure robust audit requirements
- inclusion of requirements for verification of vehicle roadworthiness by a suitably qualified person on a regular basis
- inclusion of requirements for regular assessment of driver competence and fitness for duty
- the inclusion of incident reporting and investigation as an important process for continuous improvement of safety performance

It should be noted that a number of the issues encompassed in Recommendations 1 and 2 are considered in proposals put forward by the NHVAS for amended business rules and standards to address audit requirements, roadworthiness, incident reporting and investigation. These changes are still to be approved by the NHVAS Board and/or Ministers.

Recommendation 2

The NHVR should consider mandating the NHVAS Maintenance module as a pre-condition for accreditation under the Mass and Fatigue modules.

11.3 Improving Consistency Between Schemes

Compliance and efficiency will be facilitated if there is greater consistency between the requirements of each scheme. In some cases standards are similar, for example, the WAHVA, TruckSafe and NHVAS Maintenance standards, but there is in practice little mutual recognition between schemes.

Lack of consistency or recognition is a major concern for operators with significant cost and efficiency impacts on their businesses. Individual standards should be aligned between schemes and recognition provided for accreditation modules of other schemes.

Recommendation 3

Discussions should occur between accreditation schemes to achieve greater consistency between the schemes through alignment of standards and mutual recognition between the schemes.

11.4 Data Collection and Sharing

Robust, consistent and comprehensive performance data is critical in identifying risk, designing effective compliance strategies and assessing the impact of those strategies.

Currently there is an inconsistent approach to collecting heavy vehicle compliance and safety data across jurisdictions and the NHVR has varying access to data from each jurisdiction.

The NHVR and individual jurisdictions are discussing the development of a more consistent approach to collection and analysis of data and the NHVR is intending to have a comprehensive industry database in place within the next two years.

Recommendation 4

The NHVR and State agencies should pursue development of a robust, comprehensive and nationally consistent database of heavy vehicle performance and compliance data as an absolute priority.

12. Improving the Accreditation Framework

The 2014 Integrity Review recommended that consideration be given to possible new regulatory frameworks, including *"... progressing towards a single national accreditation system or alternatively, strengthening regulatory provisions to establish NHVR as certification supervisor of multiple, competing accreditation schemes seeking to be registered as a code of practice."*

There was, however, no discussion around these options. There are a number of changes to the current accreditation framework which should be considered to facilitate improvements to heavy vehicle safety, efficiency and productivity.

12.1 A Single National Accreditation Framework

Whilst there may be differences in approach, emphasis and detail in some areas, there are also significant similarities across each of the current schemes.

A single national accreditation framework, governing the operation of existing schemes and drawing on the individual strengths of these schemes, would establish common standards, business rules and robust compliance processes across each of the schemes. This approach would:

- achieve consistency and strengthen overall accreditation outcomes
- make membership and compliance easier for operators
- improve efficiency through reduced operating and administration costs
- encourage more operators to participate in accreditation

Such an approach would also apply to any new accreditation schemes which may be established.

A single national framework would, however, require extensive discussion and negotiation with each jurisdiction and with industry to ensure widespread agreement and support.

How such a framework would be administered is considered further in Section 15.

Recommendation 5

Discussions should be held with each jurisdiction and with industry to achieve support for the development of a single national accreditation framework, drawing on the strengths of existing schemes, with each scheme operating to:
- common standards
- a single set of business rules
- common and robust compliance processes

12.2 Safety Management Systems

In the context of developing a single national accreditation framework, consideration should be given to developing a more comprehensive approach, based on SMS requirements as occurs in other industries and transport sectors.

The 2014 Integrity Review noted that safety management systems are widely recognised as an effective, systematic approach to managing safety risks. According to the review, a similar approach for the NHVAS *"… is likely to strengthen incentives for operators to implement more enduring and proactive systems for maintaining roadworthiness and reducing the likelihood that incidents will occur."*

Whilst the nature of an SMS will vary, depending on the nature of the industry and organisation, there are common elements which underpin any SMS, including:

- management commitment and accountability
- identification, assessment and control of risk
- integration of safety into all management processes
- continuous review to maintain and improve safety performance

Experience and evidence from many industries in Australia and overseas has shown that a comprehensive management systems approach, with a strong focus on risk management, leads to higher levels of safety performance and more robust safety cultures.

Neither the NHVAS or TruckSafe have adopted a full SMS-type approach. The NHVR has, however, undertaken a comprehensive gap analysis of the NHVAS against the requirements for an SMS and has developed proposed changes to standards and business rules for consideration by the Board and Ministers to implement a broader systems-based approach.

TruckSafe highlights its systems-based approach to accreditation and members of the scheme have pointed to the broader benefits to their businesses available from such an approach, in terms of a stronger focus on management systems and developing a sustainable safety culture.

Whilst in larger organisations an SMS may be more expansive, the approach can be adapted to smaller organisations to meet their needs and the scale and risks involved with their particular operations. This can be seen, for example, in the guidance and assistance provided to smaller operators in the bus industry under the NSW and Victorian bus industry accreditation requirements.

Recommendation 6

Consideration should be given to how the scope of existing accreditation schemes can be changed to address a broader systems-based approach to accreditation, whilst at the same time providing flexibility for individual operators to adapt such requirements to the scale and nature of the risks they face in running their operations.

12.3 Regulatory Concessions

The ability to offer regulatory concessions in return for operators meeting certain standards underpins the operation of the NHVAS and the WAHVA. These concessions are not available through TruckSafe, initially out of concern by transport authorities that TruckSafe did not offer the same level of rigour as the NHVAS.

There is an argument that regulatory concessions should not be offered at all, given that accreditation was initially part of an alternative compliance approach to strengthening traditional enforcement outcomes. However, regulatory concessions provide an incentive for operators to become accredited, substantially improving operator and industry productivity at the same time as contributing to overall safety objectives.

Within the context of a single national accreditation framework with robust standards, governance and compliance required of all schemes, there is no reason why regulatory concessions should not be available through membership of all schemes.

Recommendation 7

Within the context of a single national framework with robust standards, governance and compliance required of all schemes, consideration should be given to extending regulatory concessions to operators who meet the required standards in each scheme.

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13. Extending Industry Coverage of Accreditation

Whilst improvements in the operation and effectiveness of current schemes will assist in improving industry safety, efficiency and productivity outcomes, the current relatively low level of industry coverage reduces the overall effectiveness of accreditation in achieving significant improvements across the industry.

Overall, current schemes have little or no impact on around 80% of industry operators. Whilst many of these operators will operate safe and efficient transport businesses, regulatory resources are clearly limited and insufficient to ensure compliance across such a large and diverse range of operators.

Given the broad conclusions that accreditation improves industry outcomes, a higher level of industry coverage, particularly with a broader management systems approach, should lead to further improvements in industry performance.

13.1 Mandatory Requirements

The concept of some form of mandatory accreditation or licensing has been raised in a number of previous reports, including the 2014 Integrity Review.

Mandatory accreditation or licensing is common internationally in the heavy vehicle industry. Mandating accreditation requirements for all heavy vehicle operators would align the regulatory approach in the heavy vehicle industry more closely to the approach taken across the maritime, aviation, rail and bus industries in Australia.

In conjunction with changes to the nature and shape of accreditation as discussed above, mandatory accreditation could have substantial safety, efficiency and productivity benefits for the industry.

Mandating accreditation requirements would establish a barrier for entry into the industry based on all heavy vehicle operators establishing, implementing and maintaining at least a basic management system with a focus on identifying and managing risks.

Mandating accreditation requirements would also, in effect, reinforce Chain of Responsibility and Primary Duty provisions by providing assurance that heavy vehicle operators have a mechanism in place to meet their responsibilities under these provisions.

Given recommendations to improve the current accreditation approach, mandating accreditation requirements should only be considered in the context of an enhanced accreditation framework, delivered by multiple accreditation providers to strict standards set by the NHVR (section 15).

In considering the introduction of mandatory requirements, it should be recognised that the heavy vehicle industry is significantly different in nature to other transport sectors, given the scope, range and differing risks of operators across the industry.

Many operations may only involve one or few heavy vehicles or ancillary operators with irregular operations. There is likely to be a very strong reaction from industry against any additional cost and administrative imposts unless any mandatory requirements are designed and implemented to take into account the operating needs, capacity and risk of the wide range of operators across the industry.

It is recognised that many industry customers impose pressures on operators which can have significant commercial and safety impacts. These issues will need to be addressed by strong enforcement of Chain of Responsibility requirements.

Any mandatory approach will also need to ensure that the small number of unscrupulous operators who will continue to operate without regard to their legal or regulatory responsibilities are effectively dealt with.

There are also likely to be additional regulatory costs which must be considered by clearly demonstrating the industry safety, efficiency and productivity benefits from introducing mandatory requirements.

A number of these issues have been addressed in bus operator schemes in NSW and Victoria where accreditation requirements have been developed in a way that they can be adapted to the varying operating needs, capacity and risk of both large multi-vehicle operators and smaller businesses often operating a single bus on an irregular basis. A similar approach has also been taken by the ONRSR in the regulation of heritage rail operators.

Accreditation in some form as a requirement for entry into the industry should be a longer term objective. To move in this direction, research needs to be conducted into costs, benefits and implementation challenges, across all sectors of the industry.

Careful consideration should be given to the design of mandatory requirements to recognise the wide range of operations to which they would apply. Accreditation requirements would need to be aligned with the needs, capacity and risk of operations across all sectors, without imposing onerous regulatory burdens.

There would also need to be an extensive and prolonged industry consultation and education process leading to the introduction of some form of mandatory requirements.

In developing a package of mandatory requirements, governments could also give consideration to providing an industry assistance package to assist operators transition to the new framework.

Recommendation 8

Mandatory accreditation as a requirement for entry into the industry should be a longer term objective. Research should be conducted into:

- costs and benefits across all sectors of the industry
- the safety, efficiency and productivity impact
- the design of such an approach to recognise the wide range of operations to which it would apply

In considering the introduction of mandatory accreditation, widespread industry consultation should occur and consideration given to providing an industry assistance package to assist operators transition to a new framework.

13.2 Mandating Specific Accreditation Requirements

The 2014 Integrity Review raised the need to consider, in light of the potential for low frequency/high consequence (catastrophic) incidents to occur, whether accreditation should be mandatory in certain circumstances, determined by the nature of the operator (poor compliance history), nature of the load (dangerous goods) and/or nature of the vehicle (such as those specified under the WHAVA).

Of the options put forward by the review, requiring mandatory accreditation for operators with a poor compliance history would be difficult to implement at this stage, given the inherent limitations and resourcing of the current enforcement regime and in the collection, sharing and analysis of operator performance data.

There is, however, a strong argument for mandatory accreditation to apply based on the increased risks involved in transporting dangerous goods or in the operation of particular types of vehicles, for example long haul vehicles, PBS and restricted access vehicles.

The transportation of dangerous goods is currently regulated at State level, but with inconsistencies in approach across jurisdictions. A consistent national approach based on a broadened accreditation framework would provide assurance that key operating risks (vehicles and drivers) are addressed and provide an overlay to more specific State-based regulations, depending on the nature of the goods being transported.

Whilst there may be operator resistance to such a proposal, it is likely that there would be strong support from the public and other road users, given the nature of catastrophic heavy vehicle accidents over recent times.

This option could be considered initially whilst further examination into mandating accreditation requirements for entry into the industry is undertaken.

Recommendation 9

Consideration should be given to establishing mandatory accreditation requirements based on the increased risks involved in transporting dangerous goods or in the operation of particular types of vehicles, for example, long haul vehicles and all PBS and restricted access vehicles.

14. Role of Heavy Vehicle Accreditation on Government Contracts

This review was tasked to examine the safety merits of requiring operators who sub-contract on government infrastructure projects to be members of an accreditation scheme.

As an example of the magnitude of the task involved with the number of major government infrastructure projects underway, or about to get underway, the Melbourne Metro Rail project has estimated that the project will involve one heavy vehicle movement every three minutes for 24 hours a day, seven days a week for the next five years.

This scale is likely to be repeated over numerous projects, particularly in NSW, Victoria and Queensland. Enforcement authorities have expressed concerns about safety around these major infrastructure projects with a high level of non-compliance with safety requirements initially evident.

14.1 Current Approaches to Major Government Infrastructure Projects

Heavy vehicle safety measures have already been put in place across a number of major infrastructure projects, including those summarised below.

NSW

Currently there is no formal government policy requiring accreditation or specific measures as a pre-condition for heavy vehicles operating on government infrastructure projects.

The Safety, Productivity and Environment Construction Transport Scheme (SPECTS) was initially established by the NSW Government as a voluntary scheme to enable the efficient movement of construction materials to support growth of the greater Newcastle-Sydney-Wollongong area (section 4.5). However, as noted above, the scheme has had limited take up.

Individual project teams have been responsible for putting appropriate contractual measures in place on major government projects in NSW. RMS has been working with project teams to ensure a full understanding of Chain of Responsibility requirements and the project's role in addressing heavy vehicle safety.

The Sydney Metro Project (City and South West) has initially estimated that there will be over 580,000 heavy vehicle movements over the course of construction. The project undertook an extensive analysis of construction-related risk and possible controls, including working with the NSW Police and the Centre for Road Safety.

The project has mandated, through contract requirements, that heavy vehicles must install specific additional safety features and must, as a minimum, meet the requirements of the SPECTS scheme. The project also requires that all drivers undertake a day of project-specific training developed as a nationally accredited program through NSW TAFE.

The project recognised that accredited operators generally had a better safety record and initially documented that operators had to be members of an accreditation scheme. However, this option is not being further pursued at this stage in recognition of the low level of membership of accreditation scheme and because accreditation does not address the specific heavy vehicle risks identified for the project.

The project is working with the Melbourne Metro Project to develop a broader approach to heavy vehicle safety and protection of vulnerable road users through the CAPS program – see below.

Other major infrastructure projects are now considering the approach developed through the Sydney Metro Project.

Victoria

Victoria also does not have a formal government policy requiring heavy vehicles operating on State infrastructure projects to be members of an accreditation scheme. Heavy vehicle safety requirements are the responsibility of individual infrastructure projects.

The Melbourne Metro Project commences initial construction activities in early 2018 and has mandated heavy vehicle safety requirements in construction contracts, primarily focussed on the installation of specific safety equipment and driver training. The project is working with contractors to develop a specific driver training program around the protection of vulnerable road users which will apply to all heavy vehicle drivers.

The Melbourne Metropolitan Rail Authority is also working with VicRoads, local authorities, major contractors and other stakeholders to develop a broader approach to heavy vehicle safety through the Construction and Public Safety Scheme (CAPS). CAPS has four streams of activity:

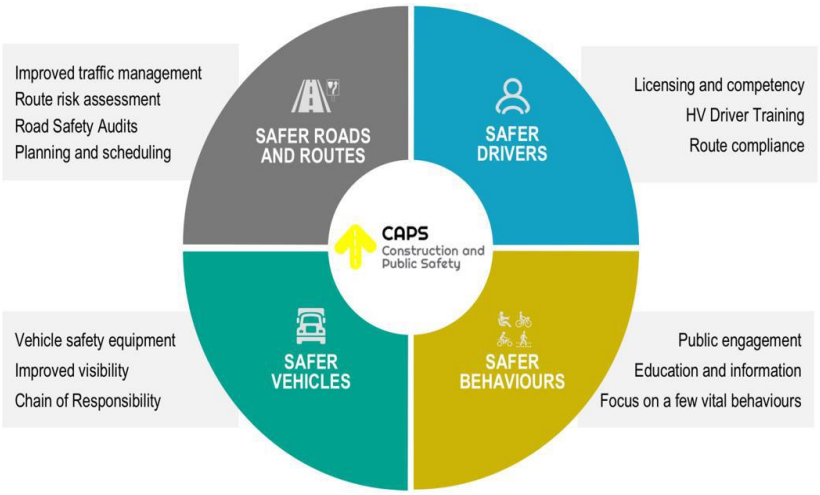
i) truck standards – 31 possible safety standards have been developed for industry consultation to reduce vulnerable road user fatalities and serious injuries. An accreditation scheme is being considered to allocate the standards to gold, silver or standard entry level accreditation.

ii) route selection and management – a route selection tool has been developed for trialling, based on an assessment of the human impact of alternative routes as well as the normal criteria such as directness, flexibility, road types, etc.

iii) public engagement and influence – a survey of road users has been conducted to identify key behaviours in order to develop specific strategies to influence behaviours in a way that can eliminate injuries and fatalities.

iv) traffic management plans and compliance – a guidance document has been prepared to consider the impact of heavy vehicle construction traffic on other users such as cars, cyclists and pedestrians.

Figure 5 – Victoria CAPS Scheme



The project is working with projects and stakeholders in other States to consider the adoption of CAPS as a national standard to qualify for work on major infrastructure projects.

Discussions have also been held with TruckSafe to have a module developed for the protection of vulnerable road users which could become a component of TruckSafe accreditation. In this way, heavy vehicles accredited to TruckSafe, including the additional module, would automatically be eligible for work on major Victorian projects. TruckSafe would be responsible for providing the accreditation and compliance framework.

CAPS is modelled on the Construction Logistics and Cyclist Safety (CLOCS) program developed by Transport for London in conjunction with industry and the community to manage the safety of vulnerable road users around construction projects in London.

CLOCS applies to commercial vehicles over 3.5 tonnes gross vehicle weight delivering to, collecting from or servicing a project, premises or property where the *Standard for Construction Logistics: Managing Work Related Road Risk* is applied by the client.

This Standard outlines a common road safety framework which aims to ensure that the construction and logistics industries follow effective practice in the management of their operations, vehicles, drivers and construction sites. The Standard addresses:

- logistics operation requirements
- vehicle requirements
- driver training and licensing
- construction clients - logistics and site planning, vehicle loading and unloading, traffic control, supply chain compliance

14.2 Code for the Tendering and Performance of Building Work 2016 (Building Industry Code)

The Building Industry Code, which commenced in December 2016, provides a recent example of the use of government purchasing power to achieve particular outcomes.

Under the Building and Construction Industry (Improving Productivity) Act 2016, building contractors and other industry participants are required to comply with the provisions of the Code when submitting an expression of interest or tender for Federal Government funded building work. The Code's requirements address:

- Workplace Relations Management Plan compliance
- compliance with certain laws, including designated building laws, WHS laws, Competition and Consumer Act and Migration Act
- security of payment compliance
- unregistered agreements and prohibited content for enterprise agreements
- prohibitions on sham contracting, collusive tendering, above-entitlement payments
- right of entry and protection of freedom of association
- reporting and notification
- managing drugs and alcohol in the workplace

Code covered entities must also ensure that their subcontractors take remedial action to rectify any non-compliant behaviour.

The Australian Building and Construction Commission (ABCC) has responsibility for monitoring compliance with the Code. The ABCC's monitoring role includes education, advice, site visits, site inspections and compliance audits.

The ABCC may exercise compliance powers under the Act and can refer failure to comply with the Code to the Minister for Employment with a recommendation for sanctions, including restrictions on future government work.

14.3 Requirement for Heavy Vehicle Accreditation on Government Contracts

There is an argument for the Federal Government adopting the approach established by the Building Industry Code in using its purchasing power to require heavy vehicle accreditation as a condition for heavy vehicle operators wishing to work on federally funded projects. This would need to be done in consultation with the State jurisdictions who are responsible for most major infrastructure projects.

However, the current accreditation framework does not necessarily address the major risks which have been identified with heavy vehicle operations on major infrastructure projects, particularly the protection of vulnerable road users. Establishing a requirement for accreditation to a current scheme as a pre-condition for heavy vehicles to operate on federally funded projects would not specifically address these risks.

Such a requirement would also be likely to meet objections from the State jurisdictions due to concerns that project costs could be inflated without specific net benefits to safety on and around the infrastructure projects.

In considering a new framework for accreditation schemes as recommended in this report, consideration should be given to the specific nature of heavy vehicle risks on and around major infrastructure projects and how management of such risks should be addressed.

As discussed in section 13, analysis should then be conducted, in consultation with the State jurisdictions and industry, into the impact, costs and benefits of introducing mandatory accreditation requirements for government infrastructure projects.

15. The Role of the NHVR

Respective industry regulators currently administer accreditation/licensing requirements in the maritime, aviation, rail and bus industries. The role of the regulator in administering each scheme is established in relevant legislation.

With consideration to changes in the nature and scope of heavy vehicle accreditation schemes as recommended above, consideration should also be given to the on-going role of the NHVR in administering the NHVAS.

The heavy vehicle industry is diverse and high risk, with the potential for catastrophic events to occur. Compared to other industries, the provisions of the HVNL are highly prescriptive, requiring extensive resourcing to effectively monitor performance and ensure compliance.

NHVR's compliance task will, most likely, continue to increase once changes to the HVNL come into effect in 2018. Not only will significant resourcing be required to ensure compliance with Primary Duty and Chain of Responsibility provisions, but there will also be a major role for the NHVR in educating an extremely diverse industry about these requirements and their responsibilities under them.

The regulatory role of the NHVR is significantly different to the role of regulators in the maritime, rail and aviation industries which are dealing with a smaller number of operators within a much more risk-focussed and less prescriptive legal framework.

In these circumstances, consideration should be given to whether the NHVR's resourcing should best be allocated to ensuring compliance with the expanded requirements of the Law, rather than to the administration of an accreditation scheme.

An alternative approach, which better utilises the available regulatory resourcing, would involve the NHVR focussing on its expanded compliance and industry education responsibilities and supervising alternative providers of industry accreditation through:

- establishing comprehensive standards, business rules and governance requirements for accreditation schemes
- licensing (for an appropriate fee) industry or other providers who establish accreditation schemes which meet these requirements
- overseeing accreditation providers through robust reporting and assurance processes

Licensed accreditation providers would be responsible for establishing all administrative arrangements, approving accreditation applications and for monitoring and auditing scheme participants.

It would be open to industry and other providers who have the experience, systems and demonstrated integrity to establish and administer accreditation schemes within the framework established by the NHVR.

Whilst there would be legitimate concerns about the industry being seen to regulate itself, the NHVR would oversee the veracity of the accreditation process in delivering improved industry safety and efficiency outcomes through a robust assurance process involving:

- requiring accreditation providers to have strong systems in place and to demonstrate proven experience, capacity and integrity to conduct an accreditation scheme
- building a strong intelligence and evidence base to identify industry and operator risk, enabling better targeting of regulatory actions
- requiring regular reporting from accreditation providers
- a robust intelligence-based audit program of accreditation providers
- maintaining a program of auditing individual operators to ensure the integrity of the accreditation process and of individual providers
- ensuring strong sanctions for accreditation providers who do not meet the required standards

A well run and broadened accreditation model with strong assurance processes would complement and support the NHVR's education and compliance program in delivering better safety, efficiency and productivity outcomes.

Within such a framework, the NHVAS could continue to operate as a government entity but discrete from the NHVR, and regulated by the NHVR, in the same way as other providers. Alternatively, the NHVAS could be offered as a going concern to the market and become a privately owned provider of accreditation services to the industry.

Recommendation 10

Consideration should be given to an approach which better utilises the available regulatory resourcing, with the NHVR focussing on its expanded compliance responsibilities and supervising alternative providers of industry accreditation through:

- establishing comprehensive standards, business rules and governance requirements for competing accreditation schemes
- licensing (for an appropriate fee) industry or other providers who establish accreditation schemes which meet these requirements
- ensuring accreditation providers have strong systems in place and demonstrate proven experience, capacity and integrity to conduct an accreditation scheme
- overseeing accreditation providers through robust reporting and assurance processes

16. Implementation Priorities

The recommendations put forward in this report provide an approach to enhancing the impact of accreditation in improving industry safety, efficiency and productivity outcomes.

Recommendations can be considered in the short, medium and longer terms. Implementation in this way will enhance the overall impact of change and provide the opportunity to engage key stakeholders in the change process.

Whilst implementation of the recommendations of this review will involve consideration of many issues, three areas will be a priority as outlined below.

16.1 State Jurisdictions

Commonwealth, State and Territory Governments have driven the development and implementation of the current regulatory approach and continued agreement and cooperation will be critical in continuing the evolution of that approach.

Most jurisdictions have been consulted in preparation of this report and, while supportive of the concept of operator accreditation, have acknowledged weaknesses in the current approach. There is a broad acceptance on the need for change and some of the issues involved with that change.

Under current arrangements, the Transport and Infrastructure Council (TIC), established by the COAG, would need to approve any changes to the current regulatory framework.

Extensive consultation will be needed among the jurisdictions to consider and agree the scope, nature and timing of change and to develop appropriate change management strategies.

Given the context within which the NHVR is currently operating, including the need for Ministerial approval of changes to the regulatory framework and the process of transitioning regulatory responsibilities from the jurisdictions, there may be a role for the Commonwealth, through the Department of Infrastructure and Regional Development in cooperation with the NHVR, to facilitate consideration of the proposed changes and development of a national consensus for reform.

16.2 Industry

Industry acceptance of change will be critical.

Consultations were held as part of this review with the Australian Trucking Association and with a range of operators which varied in size and nature of operations.

Operators were generally supportive of the benefits of accreditation but pointed to many areas for improvement. Operators were also concerned at the extreme level of competition in the industry, particularly from operators who did not have the same

level of commitment to safety and efficiency and were not members of accreditation schemes. Many clients encouraged this level of competition.

Operators were supportive of measures which improved industry safety, efficiency and productivity, improved current accreditation schemes and provided a level playing field for competition across the industry.

The ATA has a strong interest in the continuing viability of TruckSafe and supports effective accreditation as a means to improve industry safety, efficiency and productivity.

Given the nature of the industry, many operators will be strongly opposed to any changes which impose additional regulatory obligations on their operations. It would be expected that many operators would not have the capacity to implement change and could be forced out of the industry if change is imposed in a way that does not consider their needs.

The support of industry associations and other representative groups will be critical to the change process. As well as the ATA, there are a number of industry representative bodies and each will need to be engaged in the process. Extensive consultation will be required across all sectors of the industry to establish an understanding and acceptance of the need and directions for change.

The impact of change and the needs of each sector should be fully understood and changes designed in a way that minimises the impact but still achieves the objective for improved industry outcomes.

Industry assistance packages may also need to be considered by Government.

16.3 The Heavy Vehicle National Law

Some of the proposals identified in this report will require changes to the current regulatory framework established by the HVNL. Such changes will need to initially be agreed by Ministers through the TIC.

Recommended changes to the operation of existing schemes would require changes to each scheme's business rules, through the processes governing each scheme. For the NHVAS, this would require agreement at the TIC by responsible Ministers.

Development of a single common accreditation framework to establish consistent business rules, standards and compliance, would require agreement between the schemes and then adoption through each scheme's governance structures. However, without amendment of the HVNL there would be no compliance assurance mechanism other than the possible withdrawal of accreditation by the relevant scheme owner.

In the context of a single accreditation framework, it is possible that regulatory concessions could be offered through all schemes which meet specified requirements, through Regulation under the HVNL. Scheme administration accountabilities would also have to be specifically addressed.

Implementation of mandatory accreditation requirements, in whatever form, would most likely require an extensive legislative process, initially involving a Regulatory Impact Statement prior to consideration of required changes to the HVNL.

Changes to the role of the NHVR in administering accreditation would also need to be progressed through changes to the HVNL.

17. Terms of Reference

The Terms of Reference (TOR) noted that the review would inform further structural and operational improvements to the NHVAS and other schemes by addressing three specific issues. The review's recommendations or comments against each of these issues are set out below.

1. Providing a comparative analysis of heavy vehicle safety accreditation schemes/systems throughout Australia and the relative road safety benefits including:

- *the governance and oversight arrangements for safety accreditation schemes and how they compare to relevant international standards;*
- *accreditation scheme rules and standards, including their consistency with best practice international standards; and*
- *the arrangements of accreditation schemes for training, accrediting and engaging auditors, their related activities and oversight including tracking and actioning non-conformances.*

Recommendations: 1-6

2. Identifying what, if any regulatory benefits could be provided for complying with an appropriate safety accreditation scheme including the necessary regulatory oversight.

Recommendation: 7

3. Examining the safety merits of requiring operators who sub-contract on government infrastructure projects to be accredited under an accreditation scheme.

Section: 14

ATTACHMENTS

Attachment One – Review Scope

In November 2014 Transport Ministers approved changes to the NHVAS Business Rules to strengthen the operational design of the National Heavy Vehicle Accreditation Scheme (NHVAS) and audit system governance as part of the NHVAS Review Project deliverables. The aim of this and other work was to increase the accountabilities of key parties and allow the NHVAS to function utilising effective, risk based assurance program.

This Review and its subsequent finding will inform further structural and operational improvements to the NHVAS and other schemes by:

1. *providing a comparative analysis of heavy vehicle safety accreditation schemes/systems throughout Australia and the relative road safety benefits including:*
    a. *the governance and oversight arrangements for safety accreditation schemes and how they compare to relevant international standards;*
    b. *accreditation scheme rules and standards, including their consistency with best practice international standards; and*
    c. *the arrangements of accreditation schemes for training, accrediting and engaging auditors, their related activities and oversight including tracking and actioning non-conformances.*
2. *identifying what, if any regulatory benefits could be provided for complying with an appropriate safety accreditation scheme including the necessary regulatory oversight*
3. *examining the safety merits of requiring operators who sub-contract on government infrastructure projects to be accredited under an accreditation scheme.*

The Review will examine the marketplace to identify the best practice approach for the delivery of heavy vehicle safety accreditation as a service to industry in order to reduce the duplication of processes, and inconsistencies between, schemes. The Review may have regard to:

1. *previous inquiries into NHVAS and/or other schemes under the review;*
2. *the findings of the National Roadworthiness Baseline Survey and other roadworthiness surveys;*
3. *safety research into the effectiveness of accreditation schemes;*
4. *relevant coroners' reports if appropriate;*
5. *relevant international standards for risk management and conformity assessment schemes; and*
6. *the 2006 Intergovernmental Agreement on Competition and Productivity-Enhancing Reforms*

Attachment Two - NHVAS Membership

2016-17	Operators					
State	BFM	AFM	Mass	Maintenance	Modules	Operators
NSW	796	9	1357	798	2960	1740
VIC	493	4	1831	315	2643	1976
QLD	488	28	922	842	2280	1331
SA	242	5	1015	891	2153	1332
NT	12	1	7	41	61	43
TAS	42	0	180	12	234	185
Total	**2073**	**47**	**5312**	**2899**	**10331**	**6607**

	Vehicles	
State	Mass	Maintenance
NSW	10335	28362
VIC	10919	15159
QLD	8791	36952
SA	4567	16671
NT	292	1959
TAS	1404	318
Total	**36308**	**99421**

2015-16	Operators					
State	BFM	AFM	Mass	Maintenance	Modules	Operators
NSW	754	8	1203	749	2714	1592
VIC	473	4	1679	313	2469	1821
QLD	466	27	869	820	2182	1295
SA	232	4	941	840	2017	1263
NT	12	1	6	41	60	41
TAS	38	0	169	11	218	176
Total	**1975**	**44**	**4867**	**2774**	**9660**	**6188**

	Vehicles	
State	Mass	Maintenance
NSW	9183	26575
VIC	10248	14942
QLD	8017	36269
SA	4255	15698
NT	287	1960
TAS	1389	305
Total	**33379**	**95749**

2014-15	Operators					
State	BFM	AFM	Mass	Maintenance	Modules	Operators
NSW	730	8	1143	711	2592	1584
VIC	456	4	1666	318	2444	1861
QLD	470	26	861	825	2182	1311
SA	212	5	866	800	1883	1216
NT	11	1	5	40	57	41
TAS	37	0	163	6	206	172
Total	**1916**	**44**	**4704**	**2700**	**9364**	**6185**

	Vehicles	
State	Mass	Maintenance
NSW	8662	25201
VIC	9817	14910
QLD	7915	36428
SA	3960	15070
NT	274	1948
TAS	1263	248
Total	**31891**	**93805**

Attachment Three – Comparative Analysis

	NHVAS	TruckSafe	WAHVA	Comments
OVERVIEW				
Legislative Basis	HVNL & Regulation	No	Road Traffic (Vehicles) Act 2012 & Regulations	
Application	Offered to all operators in participating jurisdictions that have applied the HVNL and in the NT and WA.	Available to all operators	A requirement for all heavy vehicle operators requiring a permit or order to operate in WA.	
Compulsory?	No – except for operators wanting to achieve regulatory concessions – mass, vehicle inspections, fatigue.	No Operators wanting TruckSafe accreditation are required to be accredited to all modules, except Livestock	Yes – for all operators that require a permit or order to perform commercial transport tasks. Mass Management required if operators want to access mass concessions-AMMS	
Recognition of other schemes	No	Yes – in some situations (see On-road Compliance standard)	Yes. Main Roads WA may recognise membership of comparable accreditation schemes (including but not limited to the NHVAS). MRWA may further accept compliance with some or all comparable standards as evidence of compliance with the WAHVAS. In practice generally only applies for operators in WA for less than 7 days	In practice, little or no recognition of accreditation under other schemes.
Concessions Available	Mass – CML Maintenance – vehicle inspections Fatigue – extended hours, more flexibility	Fuel Tax Credits – TruckSafe accreditation can be used to claim credits	Concessional mass (AMMS)	Concessions provide strong incentives to membership of NHVAS.

BUSINESS RULES				
Entry requirements – general	▪ provide individual and company information	▪ provide individual and company information and agree to be bound by Code of Conduct	▪ provide individual and company information ▪ vehicle register	TruckSafe applicants bound by general commitments to safety and professionalism
Accreditation period	▪ initial period of no more than 2 years	2 years	3 years	

	NHVAS	TruckSafe	WAHVA	Comments
Entry requirements – audit	Entry audit. Applicants to supply statement that relevant management systems for ensuring compliance are in place and a statement from approved auditor that they consider applicant's management systems will ensure compliance	Entry audit plus - self audit - four weeks of TruckSafe records - 50% of driver medicals completed - TruckSafe policy & procedures manual - training for staff in daily vehicle checks, fault recording and reporting	Complete entry audit or a systems audit (provides provisional compliance for 3 months) ▪ fatigue management plan ▪ load management system ▪ mass management system	
Entry requirements – roadworthiness	Evidence that nominated vehicles meet legal requirements for accreditation to Maintenance module. Must have had an inspection done by a road transport agency within the last 12 months	100% of vehicle roadworthy inspections completed within last 12 months	▪ evidence of physical inspection ▪ roadworthiness certificate no older than 6 months	Only TruckSafe requires formal ongoing vehicle roadworthiness checks.
Entry requirements – vehicles	Vehicles must be nominated for participation in Mass or Maintenance modules	Must include all powered vehicles and powered equipment in the fleet.	▪ nominated vehicles	
Entry – assessment criteria	Section 4 of Business Rules requires, among other things: ▪ evidence nominated vehicles meet legal requirements ▪ applicant statement confirming relevant business systems ▪ auditor statement that operator systems will ensure compliance ▪ company information	▪ entry audit report ▪ past history of compliance with road transport laws ▪ information from State transport agencies ▪ complaints received by TIAC ▪ any other relevant information Conditional accreditation may be granted if concern exists about operator's ability to meet requirements – subject to increased surveillance.	▪ assessment criteria not documented in BRs	
Subcontractors	▪ subcontractors may be included in nominated vehicles provided they operate full time for the accredited operator	▪ all vehicles included in application would normally be owned by the operator ▪ vehicles owned by other entities and coupled to accredited vehicles, must be under control of accredited operator	▪ may include subcontractors working exclusively for the operator	

	NHVAS	TruckSafe	WAHVA	Comments
Auditor selection	▪ nominated by operator, approved by NHVR ▪ NHVR may nominate a list of auditors ▪ selected by NHVAS for triggered audits	▪ auditors selected by TruckSafe	▪ not specified in BRs	
Audit requirements	▪ scheduled audits – 6 months after accreditation date, but no more than 7 months, second audit within 9 months of expiry ▪ triggered audits – following receipt of relevant information ▪ audit reports reviewed by NHVR	▪ compliance audits – conducted by an independent auditor no more than six months after first entry into the scheme and then no more than two yearly after ▪ triggered audits – following a complaint or other information received by TIAC ▪ random audits at the request of TIAC	▪ scheduled compliance audits - annually and within 3 months of expiry date. Reports to be submitted to MRWA. ▪ random or triggered audits by MR WA accreditation officers or accredited auditors	NHVAS provides greater information on auditing requirements and process. NHVAS BRs do not have a requirement for audit reports to be provided to the NHVR – must be notified of outcome of audit.
Auditor requirements	▪ auditors must be Exemplar Global certified, registered with NHVR, hold a qualification in heavy vehicle auditing and have transport industry experience and capability ▪ relevant technical competencies to audit Maintenance and Mass modules Audits to be conducted in accordance with published audit framework and matrix. Code of Conduct for auditors.	▪ qualification as a heavy vehicle auditor with Exemplar Global ▪ be registered with the NHVR as an NHVAS auditor	▪ certified as a heavy vehicle auditor by Exemplar Global ▪ auditors may be subject to review and examination by MR WA ▪ MRWA and Exemplar Global developed training modules for WAHVA - standard to be certified to audit operators in the WAHVA ▪ MRWA may review auditor's accreditation and take appropriate actions	Only NHVAS has requirements for auditors to be registered with the scheme and to have relevant technical expertise. Only NHVAS specifies a Code of Conduct for auditors.
Audit Costs	Met by participant, except for triggered audits and spot checks which are generally met by NHVR, except where set as a condition of accreditation.	If an operator is found not to have complied with TruckSafe standards, criteria, BRs or Code of Conduct, cost of audits at operator's expense.	▪ costs of entry, compliance and re-entry audits met by the operator ▪ random or triggered audits - MR WA cost	

	NHVAS	TruckSafe	WAHVA	Comments
Other compliance mechanisms	▪ triggered inspections ▪ complaint investigation ▪ quarterly compliance statements ▪ annual internal report ▪ compliance checks and inspections	▪ internal operator reviews ▪ quarterly compliance statements completed by operator, may be requested by TIAC ▪ complaint investigation ▪ random compliance checks ▪ exchange of information between road authorities and TruckSafe	▪ quarterly compliance statements completed by operator - may be reviewed by MRWA ▪ random compliance checks, spot checks and on-road intercepts – intercept reports to be retained by operators	Each scheme has a broad range of compliance mechanisms available.
Renew or maintain accreditation	▪ new application within 1-6 months of expiry ▪ review of performance by NHVR – may extend accreditation to 3 years ▪ renewal dependent on continual performance assessment, audit results and history of compliance with NHVAS and road transport laws	▪ dependent on operator's compliance history with the program and road traffic laws	▪ no provisions to extend accreditation beyond expiry date ▪ re-entry audit must be conducted within three months of expiry date ▪ subject to ongoing review of operator's compliance history	
Sanctions	▪ counselling, improvement notices, increased compliance monitoring ▪ suspension, variation or termination of accreditation	▪ counselling, improvement notices, variation or conditions on accreditation ▪ suspension, variation or termination of accreditation	▪ cancellation or suspension of accreditation	NHVAS and TruckSafe BRs provide for a broader range of sanctions for non-compliance.
Complaints	▪ NHVAS discretion to act on a complaint	▪ TruckSafe discretion to act on a complaint	MRWA discretion to act on a complaint	
Review of decisions	▪ written request for internal review ▪ external review	▪ appeal to the TruckSafe Board	▪ written request for decision maker to review decisions to refuse, vary, cancel, suspend or impose requirements on accreditation	
Information exchange	▪ NHVAS may transmit a range of information to other agencies	▪ exchange of information between road authorities, TIAC and Secretariat	MR may provide information to another government agency including audit and inspection results, sanctions, complaints	TruckSafe capacity to exchange information with road authorities is limited.

	NHVAS	TruckSafe	WAHVA	Comments
Other		Defines the role of TruckSafe decision making bodies.	Hire companies and hire vehicles	Governance arrangements only set out in TruckSafe BRs
Amendment of BRs	Internal approval and then approval by responsible Ministers	TruckSafe Board	▪ process not specified	

MODULES	STANDARDS			
Management	Not a separate module – elements of management systems set out in individual modules	▪ management policy & procedures ▪ documented responsibilities ▪ organisation structure ▪ internal review & correcting non-conformances ▪ record keeping	Not a separate module	TruckSafe broadly reflect some components of an SMS-type approach. Issues such as responsibilities, internal review and documentation and record keeping are specific requirements of the individual WAHVA and NHVAS modules.
Mass	▪ responsibilities ▪ vehicle control ▪ vehicle use ▪ records and documentation ▪ verification ▪ internal review ▪ training and education ▪ maintenance of suspension	Not a separate module – addressed in On-Road Compliance standard. Note: TruckSafe has no capacity to offer mass concessions.	▪ records and document management ▪ vehicle loading – mass ▪ vehicle loading – load restraint ▪ vehicle controls ▪ training and education ▪ responsibilities and tasks	Only required in WAHVA to access 3 levels of mass concession, CML,HML and additional mass on specific routes
Dimension & Loading Management	Not a separate module	Not offered by TruckSafe	▪ responsibilities ▪ vehicle loading dimension and safety ▪ records and documentation ▪ internal review ▪ training and education	Only specifically addressed in WAHVA
Training	Not a separate module – training included in each module	Separate module: ▪ training policies and procedures ▪ induction training before commencing work ▪ induction refresher every 3 years ▪ ongoing training, annual assessment of training needs ▪ driver licenses and accreditations	Not a separate module – training included in each module	TruckSafe has a separate training standard ▪ practical driver competency assessment with initial and ongoing induction training ▪ annual review of training needs ▪ ensuring drivers hold correct licences and accreditations WAHVA and NHVAS include training in each module.

	NHVAS	TruckSafe	WAHVA	Comments
Maintenance	▪ daily vehicle checks ▪ fault reporting and recording ▪ fault repair ▪ corrective action requests ▪ maintenance schedules and methods ▪ records and documentation ▪ responsibilities ▪ internal review ▪ training and education	▪ daily vehicle checks ▪ fault reporting and recording ▪ fault repair ▪ scheduled maintenance and roadworthiness ▪ records and documentation ▪ responsibilities ▪ internal review and corrective non-conformances ▪ training and education ▪ fuel quality ▪ speed limiter maintenance	▪ daily check ▪ fault recording and reporting ▪ fault repair ▪ maintenance schedule and methods ▪ records and documentation ▪ responsibilities ▪ internal review ▪ training and education	Maintenance standards are similar across schemes. WAHVA has additional requirements : ▪ roadworthiness certificates on entry must not be more than 6 months old (NHVAS – 12 months) ▪ operators should review their systems prior to applying for accreditation ▪ internal review should include a procedure for handling non-compliances ▪ training records should be maintained TruckSafe includes additional requirements to both schemes: ▪ annual roadworthiness assessment ▪ fuel quality ▪ speed limiter maintenance
On-road Compliance	Not a separate module, however agencies undertake on-road enforcement activities	▪ mass, dimension, load restraint ▪ speed management ▪ driving hours and fatigue management ▪ regular reviews of on-road compliance procedures	Not a separate module	TruckSafe module provides a specific focus on on-road compliance, including speeding. If operators are accredited under the NHVAS or WAHVA Mass Management modules, their TruckSafe policy and procedures only need to cover the dimension and load restraint requirements. If operators are accredited under WA Dimension & Loading, their TruckSafe policy and procedures do not need to cover load restraint.
Fitness for Duty & Driver Health	Not a separate module – addressed in Fatigue Management.	▪ driver health screening (regular medical assessments) ▪ fitness for duty – including drug and alcohol policy ▪ return to work	Not a separate module – addressed in Fatigue Management	TruckSafe module provides a specific focus on driver health and fitness for duty. Not addressed on NHVAS or WAHVA if operators work to standard hours.

	NHVAS	TruckSafe	WAHVA	Comments
Fatigue Management (note – AFM provides a risk-based approach which differs from accreditation standards in WAHVA and TruckSafe)	Basic Fatigue Management: ▪ scheduling and rostering ▪ fitness for duty including medical assessment and drug and alcohol program ▪ fatigue knowledge and awareness ▪ responsibilities ▪ internal review ▪ records and documentation	Not a separate module – addressed in On-Road Compliance standard.	▪ scheduling ▪ rostering ▪ fitness for work, including medical assessment and drug and alcohol program ▪ training and education ▪ management of accidents and incidents ▪ workplace conditions ▪ documentation records ▪ responsibilities ▪ internal review	WAHVA references the fatigue management requirements for commercial vehicle drivers in the Western Australian *Occupational Safety and Health Regulations 1996 (WAOSH)*. NHVAS Fatigue modules include medical assessment.
Animal Welfare	Not a separate module	▪ management procedures and responsibilities ▪ customer and subcontractor management ▪ staff competency and training ▪ stock crate maintenance, management of livestock transporting equipment ▪ planning and contingencies ▪ livestock handling and selection ▪ management of weak, ill or injured livestock ▪ handling, loading, transportation and unloading of livestock ▪ food safety and traceability	Not a separate module	Note: The NHVR Livestock Transport Fatigue Management Scheme provides an AFM accreditation system to livestock and rural transporters flexibility related to the specific requirements of the livestock industry.

Analysis of Heavy Vehicle Accreditation Schemes in Australia

ADDENDUM

REPORT ON INDUSTRY CONSULTATION & REVISED RECOMMENDATIONS

1. Background

The Final Report of the *Analysis of Heavy Vehicle Safety Accreditation Schemes in Australia*, was considered by the Board of the NHVR at its meeting in March 2018. The Board determined that further industry consultation should be undertaken on the outcomes of the Report, prior to recommendations being developed for consideration by Transport Ministers.

Consultations were conducted over a period of seven weeks during May to July 2018. State and Territory Governments were asked to provide feedback on the Report, along with industry associations, a small number of trucking operators and other interested parties.

Feedback was provided under four broad discussion topics:

- Improving the Operation of Existing Accreditation Schemes
- Improving the Accreditation Framework
- Expanding Industry Coverage of Accreditation
- The Role of the NHVR in Accreditation

This Addendum summarises the feedback received during the consultation process and sets our suggested changes to the Report's original recommendations, where considered necessary in light of the feedback received.

2. Consultation Outcomes - Improving the Operation of Existing Accreditation Schemes

There was strong support for proposed improvements to existing accreditation schemes (***Recommendation 1***). In particular, more robust audits and a greater emphasis on the competence of auditors would improve confidence in the operation of existing schemes.

It was generally agreed that regular assessment of vehicle roadworthiness and driver competence/fitness for duty should be a requirement of all schemes. It was noted that incident reporting and investigation is an important process in identifying potential weaknesses in safety systems and performance.

There was support for mandating NHVAS Maintenance as a pre-condition for accreditation under the NHVAS Mass and Fatigue modules (***Recommendation 2***). Some concerns were expressed that this would be an additional regulatory requirement for operators who should already have good maintenance processes in place as part of their accreditation to Mass and Fatigue.

Conclusions:

Recommendations 1 *and* ***2*** – no changes proposed.

3. Consultation Outcomes - Improving the Accreditation Framework

There was strong support for greater consistency between existing accreditation schemes and mutual recognition between schemes (***Recommendation 3***). This recommendation would reduce compliance costs for operators and assist in encouraging more operators to become members of accreditation schemes.

There was strong support for development of a more consistent national data base of heavy vehicle performance and compliance (***Recommendation 4***). Better data would drive a more informed and effective compliance and enforcement strategy targeting poorly performing operators and would provide evidence of the effectiveness or otherwise of accreditation schemes.

It was noted that discussions were already underway between the NHVR and jurisdictions on the National Compliance Information System.

There was support for a single national accreditation framework (***Recommendation 5***). It was suggested that the current accreditation framework did not provide the basis on which individual operators could meet their Chain of Responsibility (CoR) obligations.

However, this should not necessarily require common business rules and processes. Common standards could be set for all accreditation schemes to meet. Each accreditation scheme could then decide how best to meet those standards and establish their business rules and processes accordingly.

It would be important to ensure that establishment of common standards did not reduce current standards or discourage competition between schemes. Individual schemes should be able to establish higher standards or offer additional services where there were good reasons to do so. However, this should be done in a way which supports mutual recognition between schemes. (***Recommendation 3***)

It was acknowledged that the common standards should be established by the NHVR which would be responsible for ensuring that all schemes met those standards (subject to consideration of the proposals put forward in ***Recommendation 10***).

There was strong support for robust compliance processes across all schemes.

The proposed changes could potentially result in significant reductions in the compliance requirements for operators, including reducing multiple audits from schemes, customers and others.

There was strong support for establishing a broader systems-based approach to accreditation (***Recommendation 6***). It was generally agreed that a safety management systems (SMS) approach was an effective way of ensuring that safety was built into all management and operating processes for individual operators. Many operators already manage their business in this way. In many cases, this would involve little more than operators documenting what they currently do and identifying any gaps in their current processes.

This approach would also provide operators with a mechanism to demonstrate that they are meeting their CoR and Primary Duty obligations.

However, development of an SMS-type approach should not result in extra compliance costs and red tape for individual operators. The approach should be scalable to reflect the nature of the business operations and risks faced by individual operators. Operators should be given assistance in understanding and implementing such an approach.

It was suggested that the proposed Master Code currently being developed by the ALC and ATA could form the basis for a broader SMS-type approach.

There was strong support from industry for the provision of regulatory concessions to all operators who are members of accreditation schemes (***Recommendation 7***) which meet the common standards and which can demonstrate that they have suitably rigorous and robust assurance processes in place.

Conclusions:

Recommendation 3 – no changes proposed.
Recommendation 4 – should be amended to recognise the current discussions occurring in relation to the National Compliance Information System.
Recommendation 5 – should be amended to remove the requirement for common business rules and to establish an overall objective for a higher accreditation standard.
Recommendation 6 – no changes proposed.
Recommendation 7 – no changes proposed.

4. Consultation Outcomes - Expanding Industry Coverage of Accreditation

There were differing views on the concept of mandatory accreditation as a requirement for entry into the heavy vehicle industry (***Recommendation 8***).

Some jurisdictions, industry groups such as the ALC, BIC, CCF and larger operators supported a requirement for some form accreditation for all heavy vehicle operators. This would enhance overall industry safety standards, productivity and efficiency and create a more even playing field across the industry. Such an approach would also provide a mechanism for meeting CoR obligations and providing assurance that these obligations were being addressed.

It would be necessary to demonstrate clear safety, efficiency and productivity benefits from an approach which should be designed to reflect the operational needs and risks of the range of operators across the industry, without additional regulatory burdens and costs or creating a higher cost differential between the good and bad operators in the industry.

As part of such an approach it was suggested that a wider range of regulatory incentives could also be offered to accredited operators to promote higher levels of productivity including, for example, streamlined access requirements.

Any form of accreditation as a requirement for all heavy vehicle operators should be developed in close consultation with industry to ensure that all possible circumstances were properly considered.

The BIC noted that its members were already required to be accredited to operate public passenger services in some jurisdictions and that members of all sizes operated successfully in such an environment. The CCF also noted that its members operate successfully under pre-qualification schemes for government projects.

The ATA and some operators were opposed to any requirement for accreditation as a condition to operate heavy vehicles on the basis that it would penalise smaller operators through higher regulatory costs, possibly forcing some out of business. It was also noted that such an approach could provide a barrier to new entrants to the industry, would not address unreasonable pressures from customers and may not lift industry standards. It was suggested that such a requirement was not necessary in light of CoR obligations for all operators.

It was suggested that accreditation should remain as a voluntary scheme but that membership could be encouraged through the provision of a wider range of regulatory concessions as an incentive for membership.

Some jurisdictions were of the view that accreditation should remain voluntary, otherwise smaller operators could be forced out of business. It was noted that all operators have a requirement to have risk management systems in place of part of their obligations under CoR and Primary Duties provisions.

A range of options were put forward by industry groups and operators for consideration, including an improved range of incentives for accredited operators and a multi-layered approach to accreditation with a basic level of accreditation suitable for smaller operators or those with lower risk profiles. An SMS could be a basic requirement for entry into the industry, for example, with additional accreditation requirements for operators with higher risks or who wanted to access regulatory concessions.

Effective and targeted compliance and enforcement was seen as a key element for any requirement for all operators to achieve some form of accreditation.

Many parties were of the view that ***Recommendation 9*** was unnecessary. Dangerous goods, restricted access and PBS vehicles are all currently heavily regulated and designed for safety. Dangerous goods vehicles, in particular, are separately regulated in each State and Territory. Many parties noted that a preferred option would be to develop one single regulatory regime for such vehicles.

Conclusions

Recommendation 8 – maintain recommended approach but wording of recommendation amended in light of the views expressed.
Recommendation 9 - in light of the information provided during consultations, this recommendation is unnecessary. Dangerous goods, long haul vehicles, PBS vehicles and restricted access vehicles should be addressed more broadly in the proposed changes to the current approach to accreditation.

Government Infrastructure Projects

Whilst a specific recommendation in relation to the role of heavy vehicle accreditation on government infrastructure projects was not made, a number of jurisdictions and industry parties were of the view that this should happen. The Report expressed the view that the current approach to accreditation did not meet the specific risks associated with major government funded infrastructure projects. However, consideration should again be given to this proposal in the context of a broader, systems-based approach to accreditation if implemented in the future.

5. Consultation Outcomes - The Role of the NHVR in Accreditation

There was broad support among industry and some jurisdictions to changing the role of the NHVR in respect to accreditation. It was recognised that the NHVR had a wide and increasing range of regulatory responsibilities and limited resourcing.

There was some concern expressed that the NHVR had a perceived conflict of interest in accrediting operators who were also subject to compliance and enforcement actions by the Regulator.

The proposal that the NHVR authorise a range of accreditation providers which met common standards was broadly supported, provided that the Regulator was responsible for setting the standards and for establishing a strong assurance regime, involving both reporting by the accreditation providers and strong oversight and auditing by the NHVR.

It was also suggested that the NHVR could engage an experienced authorising authority, such as JAS-ANZ (Joint Accreditation System of Australia and New Zealand), to administer the accreditation regime on its behalf, including authorising individual accreditation providers and overseeing their operations. The authorising authority would be required to report to the NHVR which would still maintain a strong assurance oversight of the authority and individual operators.

A range of options were put forward for the NHVAS in such a regime, including ongoing government ownership (State, Territory and/or Commonwealth) but within a separate organisation or allowing the NHVAS to be taken over by a private entity.

Conclusions:

Recommendation 10 – no change

6. Report Recommendations (as revised)

Recommendation 1 (no change)

The adequacy of business rules and standards for each scheme should be considered in light of:

- the need to ensure robust audit requirements
- inclusion of requirements for verification of vehicle roadworthiness by a suitably qualified person on a regular basis
- inclusion of requirements for regular assessment of driver competence and fitness for duty
- the inclusion of incident reporting and investigation as an important process for continuous improvement of safety performance

Recommendation 2 (no change)

The NHVR should consider mandating the NHVAS Maintenance module as a pre-condition for accreditation under the Mass and Fatigue modules.

Recommendation 3 (no change)

Discussions should occur between accreditation schemes to achieve greater consistency between the schemes through alignment of standards and mutual recognition between the schemes.

Recommendation 4 (amended)

The NHVR and State agencies should pursue development of a robust, comprehensive and nationally consistent database of heavy vehicle performance and compliance data through current discussions on the National Compliance Information System, as an absolute priority.

Recommendation 5 (amended)

Discussions should be held with each jurisdiction and with industry to achieve support for the development of a single national accreditation framework, drawing on the strengths of existing schemes with the overall objective of achieving common standards across schemes, including common and robust compliance processes.

Schemes should decide how best to meet the required standards and establish their business rules and processes accordingly.

Schemes should be able to establish higher standards or offer additional services where there are good reasons to do so, whilst maintaining mutual recognition between schemes.

Recommendation 6 (no change)

Consideration should be given to how the scope of existing accreditation schemes can be changed to address a broader systems-based approach to accreditation, whilst at the same time providing flexibility for individual operators to adapt such requirements to the scale and nature of the risks they face in running their operations.

Recommendation 7 (no change)

Within the context of a single national framework with robust standards, governance and compliance required of all schemes, consideration should be given to extending regulatory concessions to operators who meet the required standards in each scheme.

Recommendation 8 (amended)

Membership of an accreditation scheme as a requirement for all heavy vehicle operators should be considered as a longer term objective.

The level and nature of the accreditation required by individual operators should reflect the nature of the operation and the level of risks involved for each operator or industry segment, without imposing onerous new regulatory requirements or costs.

Industry and jurisdictions should be engaged in developing this proposal, including research into:

- costs and benefits across industry
- the safety, efficiency and productivity impact
- the nature and extent of further regulatory concessions which could be provided
- the design of an approach which recognises the wide range of operations to which it would apply

Widespread industry consultation should occur and consideration be given to providing an industry education and assistance package to assist operators transition to a new framework.

Recommendation 9 – no longer required

Recommendation 10 (no change)

Consideration should be given to an approach which better utilises the available regulatory resourcing, with the NHVR focussing on its expanded compliance responsibilities and supervising alternative providers of industry accreditation through:

- establishing comprehensive standards, business rules and governance requirements
- licensing (for an appropriate fee) industry or other providers who establish accreditation schemes which meet these requirements
- ensuring accreditation providers have strong systems in place and demonstrate proven experience, capacity and integrity to conduct an accreditation scheme
- overseeing accreditation providers through robust reporting and assurance processes