

Response to the National Heavy Vehicle Inspection Scheme's Discussion Paper: Risk Criteria & Standards and Assurance Framework

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**MOTOR TRADES
ASSOCIATION
OF AUSTRALIA**



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About the Motor Trades Association of Australia

The Motor Trades Association of Australia (MTAA) is Australia's peak national automotive association. MTAA's membership includes the Motor Traders' Association of New South Wales, the Victorian and Tasmanian Automotive Chamber of Commerce, the Motor Trade Association of South Australia and Northern Territory, the Motor Trade Association of Western Australia, and the Motor Trades Association of Queensland. The Commercial Vehicle Industry of Australia (CVIAA) is an industry specific, national association within the MTAA.

MTAA represents new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), tyre dealers and automotive dismantlers and recyclers.

The automotive industry is a vital contributor to Australia's economy, employing approximately 385,000 people across 13 sectors and 52 trades, and contributing 2.1 per cent of Australia's Gross Domestic Product (GDP). The automotive industry is also one of the largest employers of apprentices and trainees nationally, and the majority of automotive businesses (96 per cent) are small and family-owned enterprises.

Acknowledgement

The MTAA acknowledges the contribution of MTA SA/NT and the broader CVIAA membership in the preparation of this submission.

1. Introduction

The Motor Trades Association of Australia (MTAA) and the Commercial Vehicle Industry of Australia (CVIAA) thanks the National Heavy Vehicle Regulator (NHVR) for the opportunity to provide comment on the NHVR's Risk-Based Heavy Vehicle Inspection Scheme (RBHVIS) Discussion Paper: *Risk Criteria and Standards and Assurance*. MTAA and CVIAA also thank the NHVR for the opportunity to participate in the RBHVIS's online consultation held on 30 October 2023, whereby key points were raised, which are further elaborated on in this submission.

The following submission was developed in consultation with members of the Commercial Vehicle Industry Association (CVIAA) in each respective State and Territory. The CVIAA is the national body representing the commercial and heavy vehicle industry in Australia and is an industry specific association within the Motor Trades Association of Australia (MTAA).

MTAA supports, in principle, the implementation of a RBHVIS. It is important for heavy vehicle operators to have an inspection scheme that is reflective of their relative risk on the road. MTAA further notes that the *Risk Criteria and Standards and Assurance Framework* discussion paper has gone some way to address the issues raised during the initial RBHVIS discussion paper released in May 2022.

However, while the Standards and Assurance Framework has defined the risk categories, it proposes only maintenance related defects in the risk calculus, and has made allowances for low-risk infrequent operations.

It is the opinion of MTAA that the paper does not go far enough in providing detail regarding the way in which an operator's "risk score" is formulated. Providing transparency with regard to the way in which the risk score is calculated is essential and allow the Scheme to be trusted and broadly supported by industry. It will also ensure industry is able to work towards improving their overall risk rating, reducing road-user hazards and increasing road safety.



2. Submission response

As stated above, the crucial element to the success of the RBHVIS is in the transparency and objectivity of the risk score assessment and calculation. While the Standards and Assurance Framework discussion paper elaborates on the ten risk factors, there is no detail on how the weighting or the associated risk factor category details relate to the overall risk score of an operator.

From discussions with NHVR on 30 October 2023, it was revealed this essential detail is yet to be defined. The MTAA and CVIAA would welcome the opportunity to work with NHVR to determine the best approach to calculating this risk score.

Notwithstanding this important detail of the RBHVIS, the input data used in the final model will be dependent upon consistent application of inspections and assessment criteria to ascertain patterns in operator data. Heavy vehicle operators, who are members of the State and Territory MTAs have mentioned that there is a lack of consistency across the current inspection scheme due to what is viewed as a lack of heavy vehicle mechanical experience or training.

Therefore, it is the view of MTAA that all NVHR inspectors are fully trained and vetted for their skills and expertise prior to being employed in the role. It is recommended that a minimum standard be applied to heavy vehicle mechanical experience and qualifications to avoid the issuing of frivolous or non-existent defects by inspectors. Where there are gaps in these skills, NHVR could accredit and partner with heavy and commercial vehicle service and repair businesses who can undertake inspections on behalf of NHVR (much like the Vehicle Identity Validation inspection scheme in Victoria). This would ensure availability of appropriately qualified inspectors across multiple locations. This would also assist the NHVR to be able to appropriately resource an inspection scheme which is intended to cover the majority of states with periodical inspections.

Finally, there is currently no avenue for industry to appeal a defect notice they believe to be incorrect or unsubstantiated. MTAA recommends that where mistakes do occur, there needs to be an efficient and effective appeals process, whereby an operator can apply for a review of the defect and upload evidence to demonstrate compliance and/or correct the error. This portal needs to be easy to use and appropriately staffed to quickly resolve issues. It could also be used by operators to present evidence should they need to improve their risk score.

Risk criteria

Inspection Frequency

1. ***Are the defined RBHVIS inspection frequencies appropriate, or do you suggest any modifications?***

MTAA supports the defined RBHVIS frequencies stated in the discussion paper. However, with regard to the annual and six-month inspections, industry needs access to appropriately trained and resourced inspectors and facilities. The NHVR should accredit suitable heavy vehicle and commercial vehicle workshops to undertake inspections, in addition to working with State and Territory transport departments.

Outer limit for inspections

2. ***What considerations should be taken into account when establishing the outer limit for period inspections? What is the appropriate outer limit for an inspection under RBHVIS?***

This question is addressed by the “time elapsed since last inspection” and “vehicle age” risk criteria. As the vehicle gets older and the time since last inspection increases, the risk score will change to a higher risk level and therefore a periodic inspection.

Time elapsed since last inspection

- 3. *Considering the potential for undetected non-conformances with vehicle standards to accumulate over time, how should time elapsed since the last inspection be weighted within the risk assessment for heavy vehicles under the RBHVIS?***

It is difficult to determine a weighting factor as there is no detail on how the weightings impact on the overall risk score calculus.

- 4 *Should NHVAS accredited heavy vehicles be subject to any RBHVIS inspections?***

If they are accredited under the NHVAS they should remain accredited and fall under that Scheme. This Scheme recognises the commitment proactive operators have with robust safety management systems for their fleets.

Random sampling

- 5 *How should random sampling be implemented in the RBHVIS to ensure a fair and representative assessment of compliance?***

The discussion paper properly addresses the need to conduct random sampling to an Australian Standard, and MTAA supports this approach.

Maintenance-related defect notices

- 6 *Do you support the NHVR's approach to considering all defect notices related to a maintenance failure as an input into an operator's risk profile under the RBHVIS? What considerations should be made for defects that indicate poor maintenance practices versus unforeseen defects?***

Limiting these defects to only those that pose a serious risk to the operation of the vehicle is appropriate (brakes, tyres, suspension, coupling and steering). However, defect notices are dependent upon the knowledge and skill of the inspector assessing the vehicle.

Heavy vehicle operators and workshops have relayed examples to MTAA where vehicles have been served a defect notice do not have a defect when assessed by a qualified technician. This needs to be addressed to ensure the integrity of this risk criteria is maintained.

Accrediting workshops and heavy vehicle dealerships with the ability to undertake inspections is strongly supported and recommended by MTAA. This will ensure there is access to expertise and provide additional capacity for NHVR.

Detection of defects during scheduled inspections

- 7 *What measures should be taken when a defect is detected during a scheduled inspection?***

This is dependent upon the severity of the defect and where it is detected. With an accredited workshop performing the inspection, there is the ability for the operator to have an immediate remedy as opposed to a roadside testing station. What needs to be taken into account is the severity of the defect, giving the operator a reasonable ability to remedy the defect (e.g. driving to nearest depot or workshop).



Inspection standards

9 *Do you have any suggestions on the inspection standards that should be used under the RBHVIS?*

Inspectors should be qualified with a minimum certificate III in a relevant heavy vehicle or motor mechanic trade standard, and/or defined experience in the heavy vehicle or commercial vehicle operations. Feedback from heavy vehicle operators and technicians note many inspectors lack practical mechanical knowledge. This deficiency is leading to false defects and unreasonable orders made to operators. The consequences of this lead to unrealistic or unnecessary expense to rectify inaccurately claimed defects by unqualified determinations.

Training and qualification

Training and qualification

12 *What training and qualifications should be required for inspectors under the RBHVIS? How can ongoing professional development be supported?*

Minimum Certificate III in a relevant automotive qualification and/or heavy vehicle experience is required. The NHVR can help achieve this though accrediting existing heavy and commercial vehicle workshops with the appropriate equipment to undertake inspections. There are MTAA members who offer upskilling and courses for the automotive industry's professional development needs.

Equipment

Maintenance and upkeep

13 How can the NHVR effectively identify and address issues with inspection equipment?

With the need to have a working portal for appeals and challenges to risk scores and criteria, there should also be the ability for industry to provide feedback on inspections and inspection equipment. An aspect of the accreditation can look at the equipment management processes these businesses implement to ensure their inspection equipment is within specifications.

Evidence

Types of evidence

15 What forms of evidence do you believe could effectively demonstrate an operator's efforts to reduce their level of risk?

Operators can supply the NHVR with evidence such as inspection certificates, contracted OEM maintenance, company risk management and standard operating procedures, heavy vehicle registration details, and NHVAS accreditations. However, there needs to be a clear process from the NHVR as to how these will be received, the timeframes needed to assess and amend risk scores, and ensuring the assessment of this evidence is appropriately staffed to meet industry expectations of a timely resolution.

Evidence submission

16 What type of submission arrangement would most effectively facilitate operators in providing evidence to the NHVR?

There should be an online portal available to operators to appeal, submit evidence, and provide feedback.

Risk criteria (detail)

Risk factor categories

17 Do you have any suggestions to enhance the methodology used for establishing weightings for risk factor categories or risk factor category variables?

Risk factor category and category variable weighting summary

18a Do you have any feedback or suggestions on the risk factor category weights and risk factor category details provided in Table 3?

18b Do you believe any adjustments are necessary to accurately reflect the risk associated with different vehicle attributes, vehicle usage, and operator characteristics?

This table requires there to be a clearly defined methodology to properly understand how these risk categories, weightings and risk factor category detail are combined to arrive at the low, medium one, medium two and high-risk scores. At present there is no clear methodology indicating how an operator is labelled one of the four risk levels.

Taking the examples of Table 3 into account, a low risk is intended to lower the risk score, but the weightings will enhance or diminish the application of this risk to the overall risk score. As published, a significant weight for a low risk will reduce the risk more than a minor weight. However, there is no clear objective methodology to do this.

While these do expand on the list provided in the prior consultation process in 2022, the lack of a model that clearly defines how a risk score is attained is of concern to MTAA. As stated in the introduction, the absence of a clear methodology and subjective nature of the current proposal will lower the trust in the process from heavy vehicle operators.

Additionally, the impact driver behaviour and condition have on the risk profile is a major determining factor, and not wholly captured by the RBHVIS. An operator with a low risk profile can have a driver in a poor condition not captured by any NHVR inspection owing to the low risk profile. Fatigue is a major determining factor in driver condition, and this is only captured in work diary checks and assessed in a pattern of non-compliance.

Age of heavy vehicle or trailer

19a *Given the findings from the National Roadworthiness Surveys that show a direct relationship between the age of a heavy vehicle and the likelihood of safety-related defects, how should the RBHVIS incorporate vehicle age into its risk assessment? What specific measures or thresholds should be considered to accurately reflect the risk associated with older vehicles?*

The evidence presented by the NHVR does show the age of the vehicle will increase the risk of serious issues with the vehicle. Factoring in vehicle servicing arrangements to lower or increase the risk based on manufacturer specifications is sufficient to take into account older vehicles with excellent service histories.

However, it needs to be recognised that even with good service history or vehicle age, the risk of a fatal collision with a heavy vehicle is heavily dependent upon the driver's skill and condition. While the proposed RBHVIS does consider the physical attributes of the vehicle and the operator's procedures, the driver is also a critical factor.

Vehicle type

20a *How should the RBHVIS account for the use of emerging technologies in its risk assessment for vehicles under the RBHVIS?*

This should be a continual watch and brief by the NHVR and incorporate the data from official safety boards and crash institutes on the reduction in risk. There should be a periodical review of the RBHVIS that incorporates this into the review.

20b *Are there any specific classes of vehicles or technologies that should be categorised based upon a uniform risk profile?*

Vehicles equipped with advanced driver assistance systems should have a low-risk profile.

Vehicle servicing arrangements

21a *What types of arrangements or agreements with vehicle manufacturers are currently prevalent in the industry? Can you provide specific examples or documentation that could assist the NHVR in determining which types of arrangements should be recognised under the RBHVIS?*

There presently exists contract maintenance arrangements between operators and OEMs for new heavy vehicles. These are agreements entered into prior to delivery for vehicles.

Documentation can be provided by the operator, however, the NHVR should check that maintenance schedules are being completed beyond the paperwork. Feedback from industry has indicated that the current mass and maintenance accreditation modules appear to audit paperwork more than checking to see if the works were completed satisfactorily. This needs to be addressed.

21b Do you have any recommendations for how details of these vehicle servicing arrangements should be communicated to the NHVR? Are there preferred methods or platforms that could streamline the process and ensure accurate representation of these practices within the RBHVIS framework?

The NHVR should develop an industry portal for this scheme that allows operators to upload evidence of their vehicle servicing arrangements. This would be alongside the previously discussed avenues for operators to appeal or dispute notices in the RBHVIS.

Operating environment

22a Should heavy vehicles operating in regional and rural environments be considered lower risk under the RBHVIS?

22b Are there other specific operating environments which should change a vehicle's RBHVIS risk rating?



This needs to be based on sound evidence as to the hazards and risks of different operating environments. While the NHVR has indicated this is looking at metropolitan, regional and rural environments for the interaction with other road users, consideration needs to be made for harsh operating environments.

There are corrosive and rough environments that will put a higher strain on heavy vehicles that are outside of a metropolitan area. There needs to be more careful consideration of where and how vehicles are operated. A high kilometre highway-driven vehicle will have a different impact to one operated in rural or off-road environments or where the vehicles are used seasonally (such as harvest).

Further consideration should also be given to the difference between kilometres travelled per annum and hours operated per annum and their respective impact on the vehicle. For example, an interstate vehicle can travel up to 500,000kms each year; whereas a crane, garbage compactor or cement mixer may travel very low kilometres each year, but have very high hours of operation.

Industry sector

23 *Should the RBHVIS consider the industry sector of a heavy vehicle's operation beyond passenger transport? Are there specific industry sectors that require particular attention or differentiation?*

The NHVR needs to assess the hazards and associated risk with other classes of transport. There are eight classes of hazardous materials that are transported. These need to be assessed to ascertain what risk they pose in this process.



Operator defect history

24a *Should the RBHVIS differentiate between various vehicle components when assessing an operator's risk score in relation to defect history? Which components should be weighted higher or lower?*

This will be difficult to achieve without significant complexity as within a single component class there are a wide variety of suppliers for that component. It is recommended that the RBHVIS does not go into this granular level of detail. A defect on a specific component will define what the problem is and the subsequent inspection and remedy (if any) undertaken by a qualified heavy vehicle technician will capture this information.

24b *What impact do you believe an operator's defect history has on their overall risk profile? How can an operator's compliance history be effectively used in the RBHVIS risk assessment?*

MTAA argues that this assessment only works when there is a robust process and properly qualified inspectors. The main concern heavy vehicle operators and businesses relay to the MTAA is the limited knowledge base of the inspectors, which results in erroneous defect notices. Further, given the potential for defects being issued by unqualified inspectors, this will likely affect and possibly distort the operators defect history.

Once that process is established, the NHVR can use data analytics processes to look at the type of defect notices given, and what remedy was undertaken by the operator. With a good knowledge base, the NHVR will be able to determine if there is a major problem with a rogue operator.

24c *What mechanisms or strategies could be put in place to ensure fairness and accuracy in the use of defect notice history as a measure of heavy vehicle risk?*

Properly trained and qualified inspectors who understand heavy vehicle mechanics. MTAA strongly recommends the implementation of an efficient and effective dispute resolution process to address inaccuracies or issues related to the defect notice. This would provide an avenue for industry to formally work through an industry supported appeals process, which could be overseen by a Heavy Vehicle Industry Ombudsman.

Operator compliance history

25a *What factors should be considered when evaluating an operator's compliance history as a risk factor for the RBHVIS?*

25b *How should a pattern on non-compliance with the HVNL be defined?*

There needs to be a data collection system established to collect the appropriate information to feed into the risk calculus. Without understanding the method to assess the risk criteria, it is difficult to understand what factors would be appropriate.

Operator accreditation

26 How should participation in safety accreditation schemes impact heavy vehicle inspection requirements?

If the operator is accredited (e.g. NHVAS) under a safety program it should reduce their risk level to low. However, without a methodology to calculate a risk score this is difficult to prescribe a factor weight.

Safety management systems

27a Considering that documentation may not fully reflect an operator's safety practices, what evidence can operators provide to demonstrate the genuine and effective implementation of their SMS?

27b How can the NHVR ensure that the evidence truly represents a culture of safety and proactive risk management?

Any checks will need to go beyond just inspecting paperwork and properly assessing the operator if they have raised concerns with their historical pattern of operations.

Next Steps

The MTAA would welcome the opportunity to discuss this submission with the NHVR in greater detail and make ourselves available to the NHVR as work advances on this Scheme. As previously stated, MTAA support, in-principle, the implementation of a RBHVIS, however, we are seeking greater clarity regarding the determination of a risk rating. MTAA and CVIAA would be glad to work with the NHVR as they undertake its development.

