



Megatrans Speech 10 May 2018

“State of the Industry” – Opportunities, Challenges, Industry Engagement.

Thank you for your introduction

And thank you to the organisers of Megatrans for the invitation to speak here this morning.

In speaking to the state of the industry from the truck perspective, I would like to make three points that encompass the opportunities, challenges and industry engagement currently before our sector.

The first point pertains to the influence of technology.

The truck industry, like all industries today, is facing a new dawn brought about by the rate and scope of technology change occurring with each new model released.

Technology has become all-pervasive throughout the truck enabling the truck to deliver greater solutions for operators and greater benefits for the community in terms of improved safety, environmental and productivity outcomes.

Telematics and vehicle tracking have changed the way in which transport companies schedule and track freight movements.

Connected vehicles have significant safety and productivity benefits.

The current and future generation of trucks not only deliver lower emissions but will deliver other benefits because of the advanced electronic architecture that can be found in these trucks.

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A new era of safety features such as Electronic Stability Control, Autonomous Emergency Braking Systems and Lane Keep Assist Systems will deliver better safety outcomes for all road users.

Better fuel economy will reduce Australia's road transport CO₂ footprint.

We will see in time Level 5 fully autonomous, driverless trucks, as well as platooning, but the timeframe will be longer than that portrayed by the media.

Key infrastructure such as road quality, markings and signs need to be improved and standardised, GPS location accuracy must be enhanced and V to X telecommunications upgraded.

There are also issues surrounding existing road rules, insurance, data security and ownership and technology regulation that must be reviewed and resolved before such trucks can be rolled out in mass across Australia.

The advent of these and future technologies will force truck manufacturers, operators, industry bodies and importantly Government agencies and the political class to re-examine policies to ensure Australia has the most efficient and effective freight transport system possible.

The challenge at the moment is that this new technological era will require a new, innovative public policy framework.

Current practices of developing policies and regulation in a linear, prescriptive model will need to evolve to meet the change occurring within the truck space for the benefit of the operator and the community at large.

A good starting point is for a stronger engagement model between, for example, the truck technical experts and public servants, with

the aim being to create policy options that present Ministers with practical options for the achievement of the Government's own strategic objectives.

In the nineties the term Reinventing Government was coined based upon a model of entrepreneurial Government.

It is perhaps time that Government policy making was reinvented to embrace a model of policy co-creation where because of this technological change a more considered approach is adopted by Government to engage stakeholders in order to maximise the potential of the technological advances we all face in our industries for the benefit of operators, customers and the community at large.

This comment is not so much a critique of government as it is a suggestion for a more constructive Government Business discourse. Governments must look to industry, who are the ones developing these new technologies and it has to be said, new regulatory challenges, for information and assistance.

Industry knows the benefits and the shortfalls, they have the depth of knowledge and resources not found in the public sector and are best placed to work with and advise government.

Policy needs to strike a balance between continual technological innovation i.e. what is possible and safeguards for its use and operation i.e. what is acceptable to the community, operators and customers.

Encouraging the uptake of these advanced trucks is in the national interest and should be of strategic policy consideration by Government.

Accepting the new reality that advanced truck technologies present the industry, the second point I would like to make

pertains to today's truck fleet, that is the current take up of new trucks versus truck fleet age and implications for safety.

Truck sales in Australia hit a peak in 2007 pre GFC when 38,131 new heavy vehicles were delivered.

2017 saw overall truck sales fall short of the 2007 mark by 1,306 vehicles. If the pace of sales over the first quarter of 2018 continues for the remainder of the year the 2007 record will be rewritten this year.

It has in the wake of the GFC been a long road to recovery.

The broader outlook for heavy vehicles in Australia though is not as positive.

An undeniable truth is that Australia has an old truck fleet when compared to those countries that we would typically compare ourselves to.

I am advised that the same issue exists within the rail and aviation fleets.

The average age of trucks today is 14.9 years.

The trend is upward, our truck fleet is getting older.

The truck fleet of today is not as safe as it could be, not as environmental friendly nor as productive.

The age of the truck fleet I would like to think should be of concern to Government.

Equally the age of the locomotive and aviation fleets should be of concern given a Government's collective responsibility to ensuring a strong economy and an efficient and effective freight distribution network.

Slow uptake of new trucks over the past 10 years, coupled with the ever increasing freight task have led to the aging of the Australian truck fleet, from an average of 14.4 years in 2007 to the current 14.9.

While this age increase does not appear that significant at first glance, consider this, it would take a decade of year on year record new truck sales to get back to the average fleet age we saw in 2007. The likelihood of this occurring is unlikely.

This is of concern because:

- A fleet that is so old that some 195,000 trucks, almost forty-two percent, was manufactured before 2003 when little or no exhaust emission standards applied;
- These 42 percent of vehicles don't have any modern truck safety features fitted, such as Front Underrun Protection or Electronic Stability Control. In fact, most of these trucks don't even have an Anti-Lock Braking System (ABS);
- These older trucks are less productive, not fitted with Road Friendly Suspension and not able to partake in higher mass limit schemes, thus reducing the overall productivity of our truck fleet, which in turn increases freight costs for local and export goods;
- Technology introduced into new trucks takes decades to permeate the national fleet.

All these points are quite compelling, the last one particularly so.

By way of an example. ADR84/00, Front Underrun Protection System was introduced by the Australian government, from 1st January 2012.

The Regulation Impact Statement estimated that in 2017, eleven (11) lives per year could be saved with the fitment of FUPS, if the entire truck fleet above 12 tonne GVM were fitted with FUPS.

TIC estimates that due to the current take-up rates and fleet age, just over 20 percent of the Australian truck fleet was fitted with FUPS in 2017, a saving of 2 to 3 lives. In fact, TIC estimates that a 95 percent fitment rate of FUPS will not be achieved before 2039 based on current take-up rates/fleet age.

Applying the same methodology and by way of contrast, Anti-Lock Brake Systems (ABS) was the most recent safety system introduced by government in Australia and effective from 1st November 2016.

The RIS estimated that 57 lives per year could be saved with the fitment of ABS.

ABS was offered by truck manufactures as standard fitment across most models from 2008 onward, some 8 years before it was as mandated requirement.

Due to the early, voluntary, adoption of ABS by TIC members it is estimated that 95 percent of the Australian truck fleet will have ABS fitted before 2035, based on current take-up rates/fleet age.

This is a considerably better outcome than if ABS had only been introduced when mandated by the ADR.

This case demonstrates the importance of early, voluntary, adoption of new safety technologies.

The Monash University Accident Research Centre (MUARC) recently reported into *“Potential Safety Benefits of Emerging Crash Avoidance Technologies in Australasian Heavy Vehicles”*. They estimated that 104 lives could be saved per annum if advanced safety features were implemented across the truck fleet. That is:

- Autonomous Emergency Braking Systems (AEBS):
67 lives saved
- Lane Departure Warning Systems (LDWS): 16
lives saved
- Electronic Stability Control (ESC): 11
lives saved
- Fatigue Warning Systems (FWS): 10
lives saved

These figures are not in dispute.

However while ESC is currently progressing as an ADR draft that should see ESC mandated on Prime Movers by 2021, the other systems have no implementation plan or timing.

Even more sobering is the potential timeline for the take up rate of these technologies within the Australian truck fleet.

Based on current take-up rates and fleet age applied, it would take until 2049 for 95 percent of the fleet to be fitted with ESC and 2052 for 95 percent of the fleet to be fitted with AEBS and LDWS given the best-case scenario for regulation introduction.

In simple terms the 104 lives saved per year would not be realised until sometime beyond 2052, with only incremental benefits being achieved until then.

A conclusion can be easily drawn from these statistics that there is something amiss with how public policy in this space is determined if the full benefit of the policy is not achieved for some thirty-five years.

It has been a long road to recovery for truck sales in Australia, it will be a far longer road before we see a significant reduction in the national truck fleet age and before we see key advanced heavy

vehicle safety, environmental and productivity improvements penetrate throughout the national fleet.

The third point I would like to make talks to the record investment the Australian Government is making in freight infrastructure and the imbalance that exists between this spending, the truck of the future with their advanced technologies, and the consequences that arise from the current age of the Australian truck fleet.

This investment in freight infrastructure continues a trend that goes back to the days of the Federal Government's Auslink policy in the early 2000's with its objective of better planning, developing and managing Australia's national land transport infrastructure.

Australia faces an ever increasing freight task, said to double over the next twenty years, and brought about by the needs and wants of an Australian population projected to be 30 million by 2030.

The message from Auslink all those years ago, that still remains current today, is that going forward there will be enough freight to move for all modes of transport.

Trucks will continue to carry the majority of freight around our nation be it long haul, intercity deliveries or urban distribution.

This increasing freight task is driving the infrastructure spend with its objective of underpinning strong economic growth and making the transportation of freight safer and more efficient.

The Australian Government's mantra in terms of land transport policy is to ensure a strong national economy by getting freight from the farm gate to the export market as efficiently and effectively as possible.

The point to be made here is that while Australian Governments build 21st century road infrastructure to improve freight productivity, the enablers of this infrastructure, the truck, does so not as efficiently or effectively as it could because of its average age and its lack of advanced technologies.

The Truck Industry Council's National Truck Plan aims to modernise the nation's truck fleet and bring about productivity gains for operators thus maximising the Government's infrastructure spend.

The two go hand in hand yet the focus to date has been upon only half the equation.

The Truck Industry Council has long called for the Federal Government to take the necessary steps to encourage operators to modernise their ageing fleets. These steps include for example, financial incentives to purchase a new vehicle and regulatory changes allowing higher axle masses for new ADR 80/03 or later; diesel and alternatively fuelled or powered trucks.

Having the Government support the objective of a more modern truck fleet by means of incentives for operators to upgrade their fleets will speed up the introduction of technologies.

There is a role for all governments, state and federal, in this discussion and I encourage transport ministers to look to the road safety, environmental and productivity benefits that would accrue from a more modern Australian truck fleet.

I pause at this juncture to say that this comment about modernising the truck fleet equally applies to the nation's rail and aviation fleets. The average age of the locomotive and aviation fleet is older than that of the truck.

It is fair enough for Government to say that the modernisation of the nation's truck fleet, while desirable, should be driven by market forces and natural attrition.

The market has spoken, the evidence is in. Australia has one of the oldest truck fleets in the world.

The reality for Government is the failure in policy terms of its own strategic objectives be they for road safety, environmental or economic despite its record investment in freight infrastructure.

The choice is not whether Australia uses trucks, they are essential to our standard of living, the choice for the Australian people is whether we have the most modern fleet possible.

The implications are profound: Australians can have modern trucks on the road or we can continue with an old truck fleet.

An older Australian truck fleet means that technology advances found in today's modern trucks such as safety, environmental and intelligent transport systems are not being introduced into the Australian market in a timely manner.

Australians want to be sure that trucks on the road today comprise a modern truck fleet.

Settling for less would be to agree that it was acceptable to go to a hospital and receive treatment from 15 year and older medical technology.

We wouldn't settle for that and nor should we accept an old Australian truck fleet.

Thank you