Austroads

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Decision Regulatory Impact Statement – National Heavy Vehicle Driver Competency Framework

Executive Summary | 20 March 2023

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Executive summary

Introduction

The National Heavy Vehicle Driver Competency Framework (NHVDCF) was developed collaboratively by governments to establish minimum competency and assessment standards for heavy vehicle drivers across Australia. Together, the NHVDCF and the existing state and territory heavy vehicle licensing regimes exist to help protect all road users by ensuring heavy vehicle drivers are sufficiently competent to safely drive the vehicle they are seeking to operate.

At the request of transport ministers, Austroads has been undertaking an extensive program of work to review and improve the NHVDCF. In August 2022, Austroads released and consulted on possible reform options to improve Australia's heavy vehicle licensing framework, as part of its draft Regulation Impact Statement for consultation (Consultation RIS).[1]

This final Regulatory Impact Statement (Decision RIS) is the next phase of that review. It takes into account feedback from stakeholders and provides a more definitive assessment of the options being considered, and outlines a preferred set of reforms on the basis of this assessment.

The rationale for, and objectives of, government action

This Decision RIS focuses on whether there are ways to make the NHVDCF better by improving its effectiveness and efficiency; first and foremost, by ensuring that the NHVDCF and associated heavy vehicle driver licensing arrangements are sufficiently focused on key driver-related risks to road safety.

Under the current NHVDCF there is limited consideration of the importance of the following factors that are known to either improve driver competency or affect the risk of a heavy vehicle driver crashing.

- **Experience**: There is strong evidence that the more driving experience a heavy vehicle driver has the less likely they are to crash, all other things being equal. A heavy vehicle licence applicant's past driving experience is not directly considered under the current NHVDCF. The current licence progression system, which enables drivers to progressively obtain licences to drive more complex and potentially more productive heavy vehicles, is based on tenure. However, tenure does not guarantee that a person has had any substantive, behind-the-wheel experience. There is evidence and industry support for increased focus on driving experience and behind-the-wheel training and supervision as part of licensing.

- **Past driving behaviour and offences:** Modelling undertaken in Victoria and Queensland has found that heavy vehicle drivers with a recent history of driving offences have a significantly higher risk of crashing. This risk factor is not considered in the heavy vehicle licensing regime.

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[1]   Frontier Economics, Consultation RIS – National Heavy Vehicle Driver Competency Framework, August 2022

- **Other knowledge, skills and attitude**: Some factors now understood to be important to improving the road safety awareness of heavy vehicle drivers are not currently covered or tested by the NHVDCF. These include hazard awareness, driver attitudes and approaches, and other core knowledge, skills and behaviour necessary to safely drive a heavy vehicle – such as vehicle and load dynamics, rollovers and driving in differing road environments.

The proposed reforms to the NHVDCF considered in this Decision RIS are primarily aimed at delivering improved road safety outcomes by better considering these risk factors in licensing. They also include considerations of reforms to arrangements governing heavy vehicle training and assessment which may help improve the quality of driver training.

While the primary function of driver licensing is safety, the licensing system should not create unnecessary barriers to the efficient and effective operation of the freight and logistic industry, or other sectors that rely on heavy vehicles. Hence the reforms developed also aim to support the use of high productivity vehicles and provide reasonable access to heavy vehicle licences for social and personal benefit, and not compromise the availability of heavy vehicle drivers.

Objectives of the reform

The proposed reforms to the NHVDCF considered in this Consultation RIS are aimed at achieving the following objectives:

- Delivering improved road safety outcomes with respect to driving heavy vehicles.

- Not creating unnecessary barriers that constrain the availability of heavy vehicle drivers and the use of high productivity vehicles.

- Providing reasonable access to heavy vehicle licences for social and personal benefit.

Two overarching reform options have been considered

Option 1 (the 'competency refresh' option) consists of several elements designed to enhance the standard of driver training and assessment by increasing the focus on factors known to improve driver competency.

It includes enhancements to the NHVDCF competencies trained and tested against, and seeks to reduce regulatory burden by moving to online training and assessment of knowledge-based elements.

It also amends the current tenure-based licence progression framework. This places an arbitrary time-based barrier on a driver's ability to drive more complex, productive vehicles, which may exacerbate issues around driver shortages at higher licensing classes without delivering improvements in safety. While the tenure-based pathway will continue, Option 1 enables drivers to progress to driving more productive vehicles more rapidly, where they can show evidence of a *set amount of heavy vehicle driving experience* or where they participate in a *supervision program*.

Essentially Option 1 packages together complementary reform elements that are well supported and that focus on improving driver competency through licensing.

Option 2 (the 'eligibility criteria' option) takes a different approach. It prevents inexperienced drivers and individuals with a recent history of driving offences from obtaining or upgrading a licence through the introduction of two new licence eligibility criteria:

- Requiring an applicant to hold an open licence before gaining an MR or above licence.

- Excluding drivers with a licence suspension or disqualification within the last two years from gaining or upgrading a heavy vehicle licence.

These criteria could be implemented in isolation or in combination.

The key elements of each of these options are summarised in **Table 1**.

The approach to assessing these options is described in **Box 1**.

Table 1: Overview of key elements of reform options

No.	Reform option
Option 1: Competency refresh	
1.1	*Introduction of enhanced and expanded competencies* – which cover a wider set of knowledge and skills and important behaviours, attitudes and approaches necessary to drive a heavy vehicle safely.
1.2	*Online delivery of knowledge-based elements of the assessment* – This is proposed as a cost-effective way of building and testing prospective drivers' foundational knowledge, reserving classroom and practical work (the yard and around-the-vehicle and behind-the-wheel training) for more complex application-focused learning.
1.3	*Supporting mechanisms to improve the quality of training* – Austroads will develop a standard framework for training and assessing applicants against the NHVDCF competencies. This will include minimum periods for training and assessment required to complete the competencies.
1.4	*Amendments to progressive licensing requirements* – Two new pathways (based on experience and participation in a supervision program) will be made available in conjunction with the existing tenure pathway (holding a licence for 12 months). This will enable a driver to progress more rapidly to driving a higher class heavy vehicle.
Option 2: Eligibility criteria	
2	Introduction of eligibility criteria (sub-options below).
2a	Requiring an open licence before a driver is eligible for an MR or above licence.
2b	Excluding drivers with a licence suspension or disqualification within the last two years from gaining or upgrading a heavy vehicle licence.

Source: Austroads

> **Box 1:** Approach to assessing these options
>
> A Decision RIS should assess how policy reform options lead to incremental changes in the benefits and costs for industry, government and the community. For this Decision RIS, a quantitative cost–benefit analysis (CBA) has been prepared to inform the impact assessment.[2] This is also supported by qualitative assessment which identifies impacts that could not be quantified.
>
> A CBA is an assessment tool that compares the costs associated with a potential intervention with the benefits from society's point of view.[3] A CBA is used to identify whether a particular reform option is of net benefit relative to a base case where no reform is undertaken. But also, to compare reform options to each other.
>
> The key cost categories include additional training and assessment costs for prospective drivers, supervised driving costs for industry, and implementation costs for governments. The main quantified benefit category considered in this analysis relates to anticipated reductions in heavy vehicle crashes, while improvements in industry productivity are considered qualitatively.
>
> The two key results of a CBA are the *benefit–cost ratio* (the total present value of benefits divided by the total present value of costs) and the *net present value* (the total present value of benefits minus the total present value of costs). A benefit–cost ratio (BCR) of greater than one and a net present value (NPV) of greater than zero imply the reform option is of net benefit to society.
>
> *Source: Frontier Economics*

Option 1 'the competency refresh' is expected to generate safety and productivity benefits

Table 2 below provides a summary of the costs and benefits associated with Option 1. Based on the quantified road safety benefits alone the option does not appear to be of net benefit. However, we expect productivity benefits to arise from revisions to the progressive licensing requirements, which would enable drivers to operate larger more complex vehicle types more quickly.

> *For example, a driver would be able to move from an MR to an MC licence in as little as 28 weeks under the new supervision pathway compared with 12 months under the existing tenure arrangements.*

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[2] The CBA has been developed to be consistent with the *Australian Government Guide to Regulatory Analysis*, 2020 and the Office of Best Practice Regulation's *Cost-Benefit Analysis: Guidance Note*, 2020.

[3] To enable comparison the impacts that may be incurred over time are converted into a present value. This involves discounting costs and benefits using a common discount rate to present all impacts in 2022 dollars.

This is expected to enable increased utilisation of these more productive vehicles. It is reasonable to expect these additional unquantified productivity benefits would make this reform element particularly valuable and as a result make Option 1 of net benefit overall.

There are equally plausible states of the world where the Option 1 reforms would be of net benefit without the unquantified productivity benefits. Based on the assumed costs the enhancements to the NHVDCF would only need to generate a further 0.5% reduction in the crash risk to be of net benefit.[4]

Table 2: Breakdown of costs and benefits associated with Option 1

Category	Party	Impact
Costs by reform element		
Introduction of enhanced competencies AND online delivery of competencies and assessment	Jurisdictions/Austroads	$30.1m
	Industry and licence applicants	$295m
Supporting mechanisms to improve the quality of training	Jurisdictions/Austroads	$1.9m
Amendments to progressive licensing requirements	Jurisdictions	$9.6m
Total costs		**$336.5m**
Total road safety benefits *(Assumes 1.75% reduction in heavy vehicle crashes)*		**$261m**
Net present value		**–$75m**
Benefit–cost ratio		**0.78**
Expected impact on driver availability and productivity outcomes		**+** **Benefits resulting from drivers being more able to more quickly progress to higher class licences**

Source: Frontier Economics

Option 2b would also deliver substantial net benefits

Table 3 below provides a summary of the costs and benefits associated with Option 2. Based on the benefits that have been quantified both sub-options are of net benefit.

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4   When considered in isolation the benefit–cost ratio of these reform elements is 0.78. However, as shown in the sensitivity analysis (see Section 7.5), there are equally plausible states of the world where these reforms would be of value. Based on the costs assumed, these reform elements would only need to generate a further 0.5% reduction in the crash risk to be of net benefit.

However Option 2b, which prevents drivers with a licence suspension or disqualification within the last two years from gaining (MR and above) or upgrading a heavy vehicle licence, appears to deliver the most substantive road safety benefits. This is because this eligibility criteria is better targeted at the most high-risk drivers. However, while still minor, it may have a relatively bigger impact on driver availability when compared to Option 2a.

It should be noted that jurisdictions expressed concerns about the legal and judicial implications of using an eligibility criterion that prevents individuals from being able to apply to drive a heavy vehicle as a result of past offences, for which they have already been punished. While this concern is noted, there are already existing instances where past history is taken into account in assessing future risk and decision-making around transport-related access.

Table 3: Costs and benefits associated with Option 2

Eligibility criteria	Option 2a – requiring an open licence	Option 2b – excluding drivers with a licence suspension or disqualification within the last 2 years
Total costs (of implementing criteria)	$23.5m	$23.5m
Total benefits (road safety)	$185m *(3.7–4.2% reduction in heavy vehicle crashes)**	$357 *(6.5–8.2% reduction in heavy vehicle crashes)**
Net present value	$161m	$334m
Benefit–cost ratio	7.9	15.2
Expected impact on driver availability	— (small negative impact) *6.4% of applicants may be affected^*	— (small negative impact) *11% of applicants may be affected^*
Expected impact on productivity	**Neutral**	**Neutral**

Source: Frontier Economics

*varies by crash type

^ This should not be read as the impact on the pool of available drivers. Commonly, licence applicants represent around 2% of all licence holders. Also, under the reforms, applicants would only be temporarily prevented from applying for, or upgrading, a heavy vehicle licence and so any impact may be short-lived.

Next steps

Based on the impact assessment described above, and stakeholder feedback received, the preferred option is to proceed with the key reform elements proposed in Option 1 and Option 2b:

- The introduction of enhanced and expanded competencies under the NHVDCF.

- Moving to online delivery of training and assessment for knowledge-based learning elements.

- Introducing supporting mechanisms to improve the quality of training, including the introduction of minimum training times.

- Amending progressive licensing requirements to introduce two new pathways (based on experience and participation in a supervision program) to enable movement to higher tier licences more quickly.

- Introducing eligibility criteria that excludes drivers with a licence suspension or disqualification within the last two years from gaining (MR and above) or upgrading a heavy vehicle licence.

The details of these reform elements will continue to be progressed in order to move to implementation. It is possible that reform elements may be introduced in discrete packages over time.

In addition, further investigations will be undertaken into the best approach to implementing increased training and assessment requirements for more complex and larger MC class heavy vehicles[5] in recognition of the higher crash rate, and vehicle size and complexity. Reasonable concerns were raised in the course of the development of this RIS around the heavy vehicle training industry's ability to comprehensively and cost effectively support delivery of training and assessment programs for the originally proposed split of the existing MC class (into three sub-classes). Further work is required to explore the options to address the increased risk associated with driving these very large combination vehicles. For example, this could be delivered through employer-based training and assessment programs that recognise employees who have the credential to drive these vehicle types rather than through the introduction of a formal new licence class. An employer-based approach may be best delivered through the Heavy Vehicle National Law.

Further investigation will also be undertaken into Option 2a and its impacts – most notably, how the eligibility criteria (which requires applicants to hold an open licence before being eligible for an MR or above licence) impacts on industries. And also, whether this could be implemented in combination with an inexperienced driver's apprenticeship or similar scheme that subjects these drivers to a more substantive training and assessment program. This is likely to start with a pilot trial which will explore the effectiveness of more substantive training and assessment in reducing crash risks among these target, inexperienced drivers.

This Decision RIS was developed for ministerial consideration, which is expected in June 2023. After ministerial sign off, implementation timings and programs will be further developed.

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[5]   This would cover triple road trains and vehicles with four or more trailers.