

Report of Heavy Vehicle Accreditation Working Group

FINAL

Fellows Medlock and Associates - June 2020
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EXECUTIVE SUMMARY

In late 2017, Transport Ministers commissioned the NHVR to undertake a review 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 review concluded that, overall, the weight of evidence pointed to improvements in operator safety and performance from membership of accreditation schemes. The review noted, however, that improved industry safety, efficiency and productivity outcomes could 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

The outcomes of the review were considered by the Transport and Infrastructure Senior Officials Committee (TISOC) in September 2018. TISOC noted the report and agreed that a strong partnership and collaborative approach was needed to develop a new heavy vehicle safety accreditation framework, based on the outcomes of the review.

As a result, TISOC agreed that the NHVR should convene a joint working group with industry and jurisdiction representatives to consider the outcomes of the review.

The working group comprised representatives of industry, jurisdictions, the NHVR and the NTC. The Working Group first met on 27 February 2019 with a further four subsequent meetings.

It should be noted that the participation of jurisdictions in the working group does not constitute government policy, endorsement of the outcomes of the working group or endorsement of this report. The working group developed an accreditation model which is one of a number being considered in the HVNL Review Consultation Regulatory Impact Statement (RIS). Jurisdictions will indicate their preferences for an accreditation model through participation in the HVNL Review process, rather than through this working group in line with the approach agreed by TISOC at their meeting of 18 October 2019.

The working group considered each of the recommendations of the review and developed an approach to guide the development of a future heavy vehicle accreditation framework to encourage improved industry safety, efficiency and productivity outcomes.

This approach is based on:

i) A National Accreditation Standard (Draft)

The purpose of this Standard is to establish a set of requirements which accreditation schemes must meet in offering accreditation services to the heavy vehicle industry.

The requirements of the Standard establish a framework through which accreditation schemes can assist their members to address their Primary Duty responsibilities and to demonstrate their compliance with the Law.

The Standard also provides:

- a basis for consistency and recognition between accreditation schemes
- scope for accreditation schemes to offer innovative services for their members and to establish specific requirements to meet their particular circumstances, within a defined set of requirements
- a strong assurance framework which promotes confidence in the competence and capacity of accredited operators to meet their safety duties
- a risk-based framework for accreditation schemes based on a Safety Management System (SMS) approach, providing a systematic approach to the identification and management of risk

Importantly, the approach set out in the Standard is scalable to suit the size and complexity of any organisation based on the nature of the operations and the risks it faces.

ii) A National Audit Standard

The purpose of the draft National Audit Standard is to establish the requirements for the development of an auditing regime to support heavy vehicle accreditation based on the National Accreditation Standard.

The draft Standard assumes that a statutory overseeing body (most likely the NHVR) will oversee the administration of the audit standard and that future accreditation schemes will involve the auditing of accredited operators by third parties and regulatory agencies as a key assurance mechanism.

In particular, the draft Standard notes that in future an audit should include measures to assess the effectiveness of the operator's system in achieving the outcomes desired by the accreditation scheme.

The draft Standard establishes requirements which will provide a more rigorous audit regime providing confidence in the capacity of heavy vehicle operators to meet their legal and safety obligations.

iii) A revised Regulatory Model

At present, the NHVAS and WAHVA cannot formally recognise third party assurance schemes, such as TruckSafe, in making decisions to accredit heavy vehicle operators. Options to reform existing assurance mechanisms are currently being developed by the NTC as part of the National Heavy Vehicle Law (HVNL) Review.

Irrespective of which model is adopted by Governments under the HVNL Review, any assurance framework will need to be underpinned by a robust safety management system standard and auditing regime. The Working group considers that the NHVR should continue to work with stakeholders to develop the National Accreditation Standard and National Audit Standard in tandem with the NTC's review of the HVNL.

These and other issues considered by the Working group are addressed further in this report.

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1. Background

1.1 Review of Heavy Vehicle Accreditation Schemes

Chapter 8 of the Heavy Vehicle National Law ("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."

The NHVAS is now managed on a national basis by the National Heavy Vehicle Regulator ("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

In late 2017, Transport Ministers commissioned the NHVR to undertake a review 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 review involved extensive consultation with industry, jurisdictions and a range of other interested parties. A wide range of previous reports and analysis was considered as well as information on accreditation or similar schemes in the USA, UK, Canada and New Zealand.

1.2 Effectiveness of Heavy Vehicle Accreditation Schemes

The review noted that available evidence pointed to improvements in operator safety performance through membership of an accreditation scheme (or multiple schemes). This was evident in terms of lower crash rates, insurance claim rates, incidence of non-conformities and major defect rates.

Operators who were accredited believed that the benefits of accreditation outweigh the costs, in terms of:

- greater focus on safety culture and compliance
- improvement in management systems
- differentiation in the marketplace
- capacity to meet client requirements
- commercial advantages

Many 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.

The review concluded that, overall, the weight of evidence pointed to improvements in operator safety and performance from membership of accreditation schemes.

Membership data showed, however, that only a relatively small proportion of operators in the industry were covered by accreditation schemes. Whilst precise data was not available, only around 20% of heavy vehicle operators belonged to an accreditation scheme.

1.3 Improvements to Heavy Vehicle Accreditation Schemes

Accepting the role of accreditation as part of an overall and comprehensive industry safety strategy, the review concluded that improved industry safety, efficiency and productivity outcomes could 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

The review provided a series of recommendations to address each of these issues.

1.4 Industry Consultation

The Final Report of the review 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 review, prior to recommendations being developed for consideration by Transport Ministers.

Consultations were conducted from May to July 2018. State and Territory Governments were asked to provide feedback on the review report, along with industry associations, a small number of trucking operators and other interested parties.

Among other things, the consultations indicated:

- i) strong support for proposed improvements to existing accreditation schemes, in particular: more robust audits, a greater emphasis on the competence of auditors, regular assessment of vehicle roadworthiness and driver competence/fitness for duty and incident reporting and investigation as an important process in identifying potential weaknesses in safety systems and performance.
- ii) strong support for greater consistency between existing accreditation schemes and mutual recognition between schemes to reduce compliance costs for operators and assist in encouraging more operators to become members of accreditation schemes.

There was also strong support for the development of a single national accreditation framework based on a broader safety management systems (SMS) approach as an effective way of ensuring that safety was built into all management and operating processes for individual operators.

iii) whilst there was strong support for enhancing the coverage of accreditation schemes, there were differing views on the concept of mandatory accreditation as a requirement for entry into the heavy vehicle industry.

iv) 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.

A 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.

Following the consultation process, an amended review report and recommendations was provided to the NHVR. A copy of the final recommendations is at **Attachment 1**.

2. National Heavy Vehicle Accreditation Working Group

The report from the Review of Heavy Vehicle Accreditation Schemes was considered by the Transport and Infrastructure Senior Officials Committee (TISOC) in September 2018. TISOC noted the report and agreed that a strong partnership and collaborative approach was needed to develop a new heavy vehicle safety accreditation framework, based on the outcomes of the review.

As a result, TISOC agreed that the NHVR should convene a joint working group with industry and jurisdiction representatives to consider the outcomes of the review. The Terms of Reference for the Working Group are at **Attachment 2**.

TISOC agreed that the NHVR would continue to lead the development of a new heavy vehicle safety accreditation framework and coordinate the proposed working group.

It was proposed that the working group would be formed in early 2019. An initial report on approach and progress should be provided to TISOC in April 2019, with a final report and proposals to be considered by TISOC in October 2019.

The working group comprised representatives of industry, jurisdictions, the NHVR and the NTC. Membership of the working group is at **Attachment 3**.

The first meeting of the working group was held at the offices of the NHVR on 27 February 2019. A further four subsequent meetings were held.

The working group was chaired by Carolyn Walsh (consultant and chair of the NTC) and assisted by Peter Medlock, consultant and author of the report of the Review of Heavy Vehicle Accreditation Schemes.

Various members of the working group participated in out-of-session development of materials to be considered by the group. In addition, two meetings of representatives of the three accreditation schemes (NHVAS, WAHVA and TruckSafe) were held to consider regulatory issues arising from the consideration of the working group.

This report sets out the principal outcomes from the working group which support the recommendations of the Review of Heavy Vehicle Accreditation Schemes. These include:

- Draft National Accreditation Standard
- Draft National Audit Standard
- Regulatory Approach

These are explained further below.

3. National Accreditation Standard (Draft)

The purpose of this Standard is to establish a set of clear requirements which accreditation schemes must meet in offering accreditation services to the heavy vehicle industry.

By establishing these requirements, the Standard will ensure that heavy vehicle accreditation underpins sustainable improvements in industry and operator safety, efficiency and productivity.

Under the Primary Duty requirements of the HVNL, heavy vehicle operators, and other participants in the industry, must have processes and systems in place to identify their risks, ensure that they are able to manage these risks and to monitor the effectiveness of how they manage risks.

The requirements of the Standard establish a clear framework through which accreditation schemes can assist their members to address their Primary Duty responsibilities and to demonstrate their compliance with the Law.

Objectives

The objectives of the Standard are to provide:

- i) a broadly based and robust framework for accreditation which establishes clear requirements and outcomes.
- ii) a basis for consistency and recognition between accreditation schemes.
- iii) scope for accreditation schemes to offer innovative services for their members and to establish specific requirements to meet their particular circumstances, within a defined set of requirements.
- iv) a strong assurance framework which promotes confidence in the competence and capacity of accredited operators to meet their safety duties.
- v) the basis for improvements to industry coverage of accreditation based on scalable requirements reflecting the operational needs and risks of different classes of operators.

The Standard provides a risk-based framework for accreditation schemes based on a Safety Management System (SMS) approach, providing a systematic approach to the identification and management of risk and to establishing the necessary structures, accountabilities, policies and procedures to demonstrate the safe, efficient and productive management of each organisation's activities.

Importantly, the approach set out in the Standard is scalable to suit the size and complexity of any organisation based on the nature of the operations and the risks it faces.

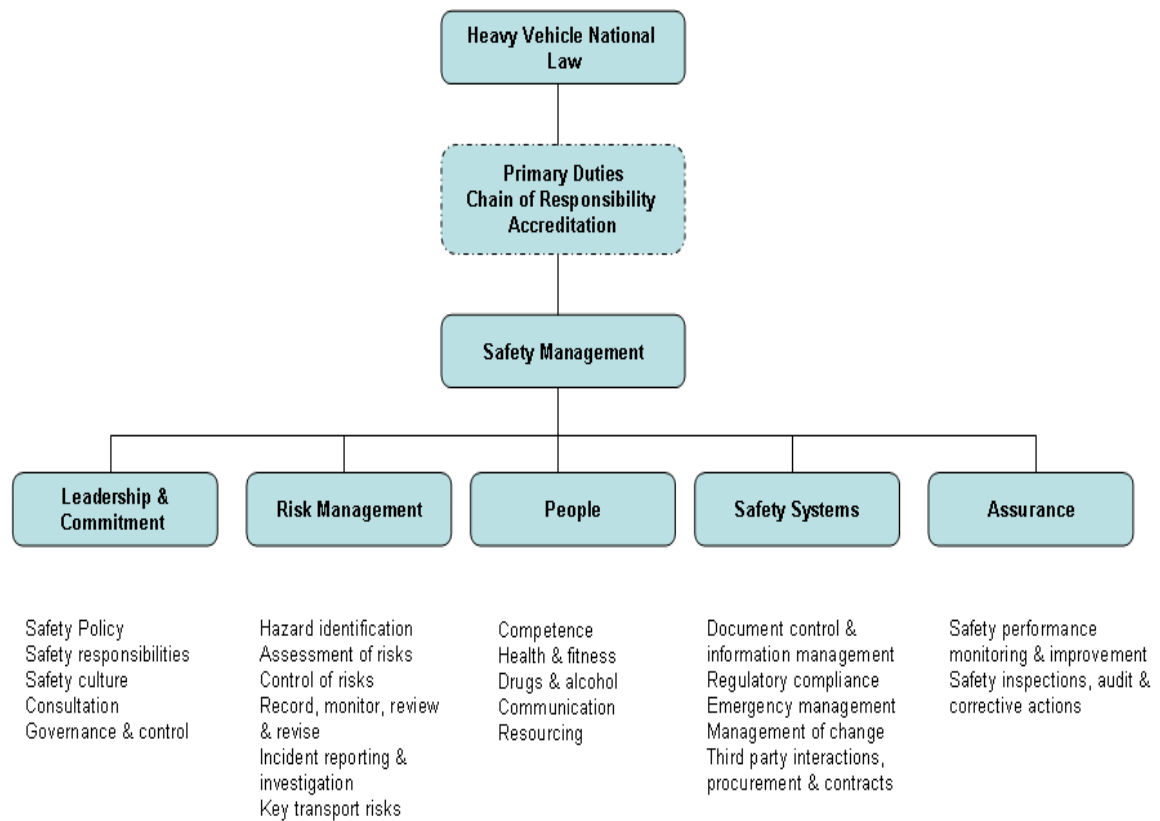
Implementation of these systems, appropriate to the operations and risks of each operator, will assist operators to demonstrate compliance with the provisions of both the HVNL and the relevant Work Health and Safety Law(s) under which they operate.

Each accreditation scheme should ensure that the requirements of the Standard are reflected in their Business Rules. Schemes will address the requirements of the Standard in different ways depending on the nature and scope of the services they offer and the industry sectors they service.

Each scheme will be required to establish robust assurance processes to provide confidence that their accredited members meet the requirements of the scheme.

The Standard is based on an SMS with five key elements, as reflected in the following model:

Figure 1 – SMS Model



Element 1 - Leadership and Commitment

Demonstrated commitment to the highest level of safety outcomes based on strong leadership and clear safety responsibilities.

Element 2 - Risk Management

A proactive, outcomes-focused approach to managing the risks associated with transport activities. The adequacy of risk management should be continuously reviewed and revised to ensure that the risks of transport activities are effectively identified and controlled.

Element 3 - People

Appropriate resourcing is available and people at all levels of the organisation are fit for duty and have the knowledge, competence and attitude to operate safely and efficiently.

Element 4 - Safety Systems

Appropriate systems are in place and implemented effectively to ensure safe and efficient operations.

Element 5 - Assurance

Membership of an Accreditation Scheme provides confidence about the competency and capacity of accredited parties to meet their safety duties.

To ensure confidence in scheme outcomes accreditation schemes will be subject to strict assurance processes established and administered by the NHVR. The role of the NHVR is further considered in **Section 5**.

A copy of the draft National Accreditation Standard is at **Attachment 4**.

4. National Audit Standard (Draft)

The purpose of the National Audit Standard is to establish the requirements for the development of an auditing regime to support heavy vehicle accreditation based on the National Accreditation Standard.

The Standard assumes that a statutory oversighting body (most likely the NHVR – see **Section 5**) will oversee the administration of the audit standard and that future accreditation schemes will involve the auditing of accredited operators by third parties and regulatory agencies as a key assurance mechanism.

The Standard notes the difference between outcome and compliance auditing, in particular, that in future an audit should include measures to assess the effectiveness of the operator's system in achieving the outcomes desired by the accreditation scheme and these could be specific to each module within the scheme. This could include activities such as:

- examining the mechanical state of heavy vehicles
- surveying and interviewing drivers to identify fitness for duty
- examining risk registers and verifying that controls are implemented and reviewed effectively
- reviewing relevant compliance data, with the knowledge that operators have access to their own compliance data

The Standard establishes a series of requirements relating to audits, the oversighting body, the auditor and the operator.

Requirements relating to audits

i) Audits will be undertaken to confirm that accredited operators, or operators applying for accreditation:

- have an appropriate SMS in place that meets the requirements of the National Accreditation Standard and relevant business rules
- comply with the requirements of their SMS

ii) Audits of accredited operators will be undertaken to determine the effectiveness of their SMS in achieving the outcomes sought by the accreditation scheme.

iii) Audits will be undertaken:

- prior to an operator being granted accreditation (as part of an application process)
- prior to an operator extending or maintaining accreditation
- on a random basis as part of the oversighting body's assurance program
- on a triggered basis as part of the oversighting body's assurance program

iv) Audits will be performed in alignment with the relevant principles and processes established in ISO19011 – *Guidelines for Auditing Management Systems*.

v) Audits will be undertaken at the accredited operator's place of business, or across a sample of locations, where operational activities can be observed and the records relating to the accreditation are available.

Requirements relating to the overseeing body

i) Processes for addressing non-conforming audit outcomes will be established and applied in a consistent and transparent manner.

ii) Thresholds for the initiation of a triggered audit will be developed and applied in a consistent and transparent manner.

iii) Requirements relating to the competencies and qualifications of third party auditors will be developed and maintained.

iv) A process to formally assess and approve auditors who can undertake audits for the purpose of heavy vehicle accreditation will be developed, implemented and maintained.

v) A register of auditors who are approved to undertake audits for the purpose of heavy vehicle accreditation will be kept, maintained and made publically available.

vi) Auditors who are identified as not meeting the auditor requirements established by the overseeing body may have their approval to undertake audits removed by the overseeing body.

vii) Assurance mechanisms will be developed and implemented to ensure that third party audits are achieving the outcomes intended by the Audit Standard.

viii) Limits for the number of consecutive audits that an approved third party auditor can conduct on a heavy vehicle operator for the purpose of accreditation will be established.

Requirements relating to the auditor

For the purpose of heavy vehicle accreditation, audits will be undertaken by an approved third part auditor, appointed by the overseeing body.

An approved third party auditor is a person who:

- holds a qualification or certification in management systems auditing that is considered appropriate by the overseeing body
- has demonstrated knowledge of heavy vehicle accreditation schemes
- has demonstrated knowledge of safety management systems
- is approved by the overseeing body to undertake audits for the purpose of heavy vehicle accreditation.

An approved auditor will not undertake audits of a heavy vehicle operator for the purpose of accreditation if that auditor has provided services to the operator in establishing or implementing their safety management systems.

Requirements relating to the accredited operator

The accredited operator will arrange for an audit of their management systems in accordance with the audit timeframes required by their accreditation.

A Diploma of Quality Auditing should be required of auditors in a future system. This is a higher qualification than that which is currently required of heavy vehicle accreditation scheme auditors.

The draft Standard also notes unresolved issues in relation to how audit fees should be structured and charged, and how auditors should be nominated in a future accreditation framework, including who should:

- cover the cost of audits
- determine the cost of audits
- determine which auditor/s will undertake an audit?

A copy of the draft National Audit Standard is at **Attachment 5**.

5. Regulatory Model

The Review of Heavy Vehicle Accreditation Schemes recommended that consideration should be given to an approach where the NHVR supervised alternative providers of industry accreditation through:

- establishing comprehensive standards 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

These proposals were considered by the working group and during the separate scheme meetings which were held.

Each of the accreditation schemes currently operating (NHVAS, WAHVA, TruckSafe) schemes was developed for different purposes and each has different standards which operators need to meet to gain accreditation.

The NHVAS and WAHVA are regulatory schemes administered by a government regulator. TruckSafe is an industry-based scheme and, at present, is not “recognised” as part of the regulatory arrangements.

Schemes do not, at present, mutually recognise audit outcomes from the other schemes. Operators participating in multiple schemes are therefore subject to multiple audits of their management systems.

In addition, there are a growing number of parties in the supply chain who are also requiring heavy vehicle operators to be audited against their own standards and those that are perceived to be required under the new Primary and Safety Duties.

The proliferation of audit requirements of operators, all to differing standards, is impacting productivity by placing cumbersome compliance obligations on operators.

The working group supported in principle:

- better aligning the current scheme requirements and working toward mutual recognition of scheme audits
- encouraging existing schemes and operators to adopt an SMS approach to manage their safety risks and as a potential standard for a future national framework
- developing an assurance framework where operator accreditation can provide an alternative pathway for compliance with specific elements of the HVNL’s prescriptive requirements

Under the existing law, the regulatory schemes (NHVAS and WAHVA) cannot recognise an industry- based third party certification, such as TruckSafe, against their regulatory requirements.

The working group noted that any change in the Law should be considered as part of the policy options being developed by the NTC in its review of the HVNL. The NTC has identified four broad “assurance models” under which any future accreditation scheme may operate (see NTC Issues Paper: *Assurance Models*, August 2019).

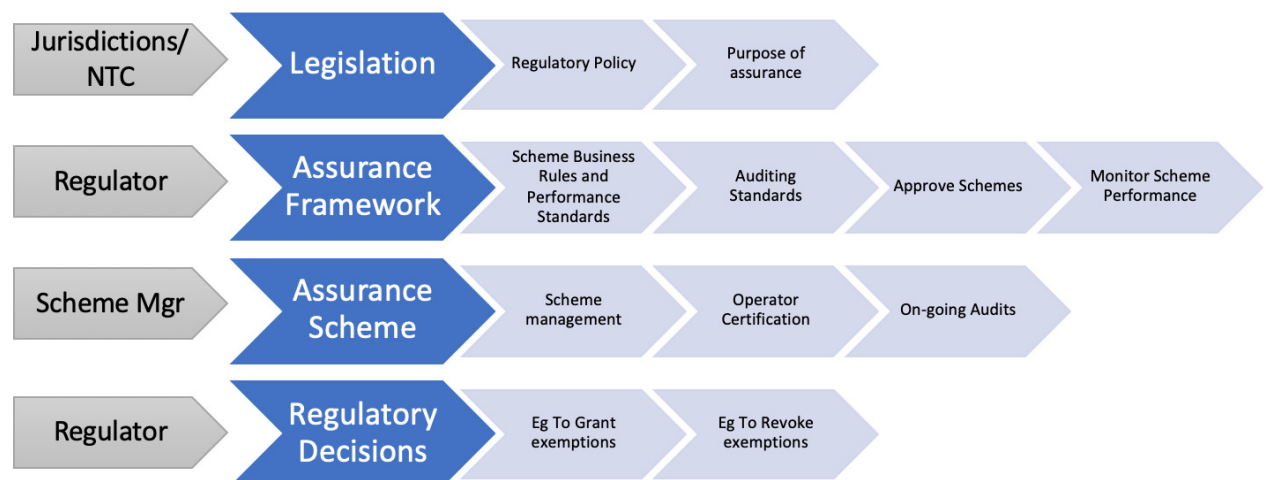
For the purpose of the discussion below, we use the term “assurance” rather than “accreditation” to be consistent with the terms adopted in the NTC Issues Paper.

To assist as input into the NTC’s policy development process, the working group explored the potential option of allowing multiple schemes to operate under an accreditation framework prescribed by the Regulator (NTC’s Model 2: A market for regulatory certification). The working group described this as a “distributed” model.

The working group considered that under a distributed model:

- the legislation would set out the purpose of assurance (accreditation), eg to improve safety and productivity by providing operators with alternative means to comply with the requirements of the Law
- the Regulator would develop and implement the Assurance Framework by setting standards for schemes to apply with respect to both the elements of a SMS and the auditing requirements against those standards. The regulator would approve schemes to offer certification services to industry and monitor their performance through the Assurance Framework
- The Regulator would not manage a scheme itself, except as a certifier of last resort (eg to ensure operators’ accreditations stay current if an existing Certifier scheme winds up)
- The Scheme Manager (Certifier) would develop specific business rules for the scheme and certify operators against the Regulator’s SMS requirements
- The Regulator would consider the operator’s certification, along with other regulatory criteria/intelligence in making regulatory decisions, eg to grant an exemption from prescriptive elements of the Law

The framework is set out in the diagram below.



Effectively, the current NHVAS legislative provisions would be repealed and replaced with a new scheme.

The working group developed this model based on the following principles:

- assurance should form part of a legislated scheme
- Government, through the Regulator, should retain control of regulatory decisions, ie decisions about granting the right to an alternative means of compliance should be made by the Regulator. It cannot be “outsourced” to third parties.
- the Regulator’s compliance and enforcement data cannot be shared in detail with the scheme operators
- the regulator should monitor the Scheme’s performance as well as operator performance. The Regulator retains the right to audit both schemes and operators for that purpose.
- the regulatory regime should aim to minimise unnecessary compliance burdens on industry / operators by recognising, where possible, the outcomes of audits undertaken by Schemes.

The relationship between certification and assurance for the purpose of regulatory decision-making is set out in the following high level process.



Under this model, a Regulator may reject an application by an operator to use alternative means to comply with the Law even though the operator has been certified

as compliant to the SMS standard by the Scheme. This is because the certification of an SMS by a Scheme is only one source of information available to the regulator to inform its regulatory decisions. Other forms of information include:

- on-road enforcement activities
- Regulator audits
- Regulator inspections
- Regulator and third-party investigations into incidents
- other data and intelligence, including community complaints.

Similarly, a Scheme may continue to certify an operator as compliant with the SMS standard even where the regulator has rejected or revoked the operator's accreditation.

However, the Scheme would take into account the Regulator's decision. Even though there may be limitations on the extent of compliance information that the regulator can share with a third party certifier (such as TruckSafe), the working group agreed that a protocol could be developed to set out what information could be shared.

The Scheme could then use this information to target and scope further audits of the operator which may result in their certification being removed under the Scheme.

Irrespective of which model is adopted by Governments under the HVNL Review, any assurance framework will need to be underpinned by a robust SMS standard and auditing regime. The working group considered that the NHVR should continue to work with stakeholders to develop the standard in tandem with the NTC's review of the HVNL.

As part of this process, the NHVR and WA Main Roads are working to align their schemes so that they may recognise each other's membership (reducing duplication of membership) and the outcomes of their audits. This entails the further development of the National Accreditation Standard (described in Section 3) and the National Audit Standard (described in Section 4).

These standards have been developed under the auspices of the working group. TruckSafe and Australian Trucking Association (ATA) support the development of the standard and have indicated their willingness to consider adopting the standard as part of the implementation of any distributed schemes model.

6. Other Issues

A range of other issues were raised for consideration during the five meetings of the working group and the meetings of schemes. These are summarised below.

6.1 Principles and Objectives

The working group identified principles and objective which should govern the development of a future accreditation framework.

Principles

Heavy vehicle accreditation should underpin sustainable improvements in industry and operator safety, efficiency and productivity through:

- i) a broadly based and robust accreditation framework which establishes clear requirements and outcomes*
- ii) consistency and recognition between schemes*
- iii) scope for innovation and to meet specific requirements*
- iv) regulatory incentives which offer sustainable improvements in productivity to operators who meet defined standards and outcome*
- v) improvements to industry coverage of accreditation based on scalable requirements reflecting the operations and risks of different classes of operators*
- vii) a regulatory framework which supports a broadly based and robust accreditation framework*

Objectives

Accreditation should consider

- how to best address the burden on smaller operators from having to comply with the provisions of numerous separate requirements from accreditation schemes, head contractors, customers and others. Accreditation should not impose additional burdens on operators.
- accreditation must be value-adding by providing a high level of confidence in the system and removing multiple competing requirements, including audits
- accreditation should provide a mechanism by which companies can demonstrate that they have the systems and processes in place to meet the requirements of the HVNL
- accreditation should be properly recognised in the HVNL

These principles and objectives have largely been incorporated into the National Accreditation Standard.

6.2 Regulatory Benefits

There was significant discussion on the role of current and possible future regulatory benefits. It was considered that there is a need for some form of incentive or commercial benefit to encourage operators to join accreditation schemes.

It was considered that accreditation could operate on two levels:

- basic accreditation to demonstrate systems and processes to comply with the Law
- accreditation to a higher standard to provide “pre-credentialing” to achieve benefits by providing confidence in a higher level of operator performance. This should be more than a basic SMS and may involve specific requirements to achieve specific benefits.

Pre-credentialed operators could be treated differently by the Regulator than those that follow a prescriptive approach.

It was recognised that the greatest benefits to operators are likely to arise from an effective accreditation framework which:

- standardises scheme requirements and audit regimes, ensuring mutual recognition of audits
- allows operators to use their accreditation to demonstrate meeting obligations under the Law and Chain of Responsibility requirements
- provides flexibility for accredited operators in meeting their compliance obligations by demonstrating safety by alternative means

Other potential benefits to accredited entities could include:

- consideration by the Regulator in targeting enforcement and compliance activities
- access, for example, to higher mass/load limits
- more flexible driving hours
- exemption from routine vehicle inspections

The current focus should be on achieving the most effective accreditation framework to deliver these benefits. Specific regulatory benefits or concessions are better considered in the HVNL review.

6.3 Compliance Data

Data is critical to monitoring performance. A continuous flow of real time performance data to schemes and the Regulator will require an investment in data collection and analysis capability.

However, it was recognised that significant legal difficulties, particularly in relation to privacy, would limit the capacity of the NHVR to share compliance information.

Further consideration is required as to how compliance information can be used to enhance the effectiveness of accreditation.

Issues include:

- effective oversight of accredited operators - by schemes and the Regulator
- how to take effective compliance action against non-compliant operators
- how schemes can be informed if the Regulator takes compliance action against one of their members
- what capacity should the Regulator have to intervene with schemes regarding non-compliant members

These issues are likely to be addressed in further development of the proposed regulatory model.

6.4 Enhanced Industry Coverage of Accreditation

The benefits of a broader coverage of accreditation were acknowledged. However, given the nature of the industry, there are many operators who would not wish to develop their own safety management systems to demonstrate compliance, but rather simply comply with prescriptive requirements set by the Regulator.

It is likely that an improved accreditation framework will increase the attractiveness of accreditation for individual operators. The initial focus should be to develop and implement a new accreditation framework, with appropriate legislative recognition, so that operators can see clear benefits to encourage membership.

Issues relating to mandatory accreditation or some form of industry licensing requirements are likely to be further considered by the review of the HVNL.

6.5 Legal Recognition

It would be desirable to recognise accreditation in the new Law to, among other things:

- enable the Regulator to “authorise” schemes to offer accreditation services to industry
- provide the Regulator with the decision making powers to endorse/remove accreditation status as required
- allow access to regulatory benefits for operators which meet specific requirements
- provide prima facie evidence that an accredited operator is meeting its obligations under the Law
- provide a platform for operators to belong to a single scheme that is acceptable to all relevant bodies
- enable customers and other third parties to rely on accreditation as evidence that an accredited operator is, prima facie, meeting its obligations under the Law, providing a degree of assurance under CoR requirements
- provide confidence for customers and other third parties in the nature of an operator’s safety systems and audits

6.6 The Bus Industry

A number of states require accreditation of bus operators who provide public passenger transport services. Requirements are generally established in passenger transport legislation and regulations. Whilst requirements vary, these usually include some form of SMS.

A national accreditation system based on an agreed standard and mutual recognition could address the multiple and varying requirements on bus operators. Additional requirements may be necessary to address specific risks related to public passenger transport.

**Fellows Medlock and Associates Pty Ltd
June 2020**

Attachments

Attachment 1

Comparative Analysis of Heavy Vehicle Accreditation Schemes – Final Report 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 through current discussions on the National Compliance Information System, 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 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

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

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

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*

Attachment 2

National Heavy Vehicle Accreditation Working Group - Terms of Reference

The Working Group shall progress development of a National Heavy Vehicle Safety Accreditation Framework through consideration of the outcomes of the review and consultation undertaken by *Fellows Medlock and Associates* and further analysis and input, as required, from industry, jurisdictions and other parties.

The Working Group will address the recommendations from the review and will:

- a. engage broadly across stakeholders to gain a better understanding of underlying issues and opportunities
- b. provide an analysis of how improved safety and productivity can be derived from an enhanced safety accreditation approach
- c. consider tangible improvements to the current safety accreditation framework in line with the recommendations of the review (encompassing each existing accreditation scheme)
- d. work towards the delivery a national heavy vehicle safety accreditation framework, encompassing, among other things, regulatory incentives and more effective targeting and sanctioning of persistent offenders
- e. ensure that development of a national heavy vehicle safety accreditation framework, and any required changes to the HVNL, are aligned with the current review of the Law

Attachment 3

National Heavy Vehicle Accreditation Working Group - Membership

Representative	Organisation
Geoff Casey	NHVR
Amanda Capper	NHVR
Kerry Corke	Australian Logistics Council
Gary Mahon	Queensland Truck Association ▪ representing the HVNL review
Bill McKinley	Australian Trucking Association
Cam Dumesny	Western Roads Federation
Richard Calver	National Road Transport Association
Michael Apps	Bus Industry Confederation
David Smith	Livestock and Rural Transporters Association SA
Nathan Cecil	TruckSafe
Phoebe Flinn Mike Buba	MainRoads WA
	Transport for NSW
	Department of Transport Victoria
	Department of Transport and Main Roads Qld.
Paul Davies	National Transport Commission

Attachment 4 – National Accreditation Standard (Draft)

**National Accreditation Standard
DRAFT v2**

CONTENTS

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- 2. Background – Safety Duties**
- 3. Objectives**
- 4. Approach**
- 5. Accreditation Schemes**
- 6. Accreditation Standards - Overview**
- 7. Accreditation Standard 1 – Leadership and Commitment**
- 8. Accreditation Standard 2 – Risk Management**
- 9. Accreditation Standard 3 – People**
- 10. Accreditation Standard 4 – Safety Systems**
- 11. Accreditation Standard 5 – Assurance**
- 12. Scheme Assurance**
- 13. Regulatory Benefits**

1. Purpose

The purpose of this Standard is to establish a set of clear requirements which Accreditation Schemes must meet in offering accreditation services to the heavy vehicle industry.

This Standard supports the object of the Heavy Vehicle National Law (“the Law”). Section 3 sets out the object the Law “... *to establish a national scheme for facilitating and regulating the use of heavy vehicles on roads 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.”*

By establishing these requirements for Accreditation Schemes, this Standard will ensure that heavy vehicle Accreditation underpins sustainable improvements in industry and operator safety, efficiency and productivity.

2. Background – Safety Duties

The Heavy Vehicle National Law (“the Law”) provides the regulatory environment for the heavy vehicle industry.

The Law creates Safety Duties based on the principle of shared responsibility. Section 26A sets out that:

“(1) The safety of transport activities relating to a heavy vehicle is the shared responsibility of each party in the chain of responsibility for the vehicle.”

Section 26C sets out the Primary Duty of each party in the chain of responsibility (CoR) for a heavy vehicle to “... *ensure, so far as is reasonably practicable, the safety of the party’s transport activities relating to the vehicle.*”

Section 26C (2) requires that “... *without limiting subsection (1), each party must, so far as is reasonably practicable—*

- (a) eliminate public risks and, to the extent it is not reasonably practicable to eliminate public risks, minimise the public risks...”*

Under the Primary Duty requirement, compliance with prescriptive elements of the HVNL will not necessarily ensure an individual or entity has met their responsibilities in regard to safety duties. Heavy vehicle operators, and all other participants in the industry, must have processes and systems in place to identify their risks, ensure that they are able to manage these risks and to monitor the effectiveness of how they manage risks.

The requirements of this Standard establish a clear framework through which Accreditation Schemes can assist their members to address their Primary Duty responsibilities and to demonstrate their compliance with the Law.

3. Objectives

The objectives of this Standard are to provide:

- i) a broadly based and robust framework for Accreditation which establishes clear requirements and outcomes;
- ii) confidence in the competence and capacity of accredited operators to meet their safety duties;
- iii) a basis for consistency and recognition between Accreditation Schemes;
- iv) scope for Accreditation Schemes to offer innovative services for their members and to establish specific requirements to meet their particular circumstances, within a defined set of requirements;
- v) a strong assurance framework;
- vi) access to regulatory benefits which offer sustainable improvements in productivity to accredited operators who meet defined requirements;
- vii) the basis for improvements to industry coverage of Accreditation based on scalable requirements reflecting the operational needs and risks of different classes of operators.

4. Approach

This Standard provides a risk-based framework for Accreditation Schemes based on a Safety Management System (SMS) approach.

An SMS provides a systematic approach to the identification and management of risk and to establishing the necessary structures, accountabilities, policies and procedures to demonstrate the safe, efficient and productive management of each organisation's activities.

This approach underpins effective safety management in many other safety-critical industries and is the basis for the regulation of other transport sectors including the rail, aviation and maritime industries.

Importantly, the approach set out in this Standard is scalable to suit the size and complexity of any organisation based on the nature of the operations and the risks it faces.

Implementation of safety systems, appropriate to the operations and risks of each organisation, will assist those organisations to demonstrate their compliance with the provisions of both the Heavy Vehicle National Law

5. Accreditation Schemes

Each Accreditation Scheme should ensure that the requirements of this Standard are reflected in the Business Rules and Standards which their members must meet in order to achieve and maintain Accreditation.

Accreditation Schemes will address the requirements of this Standard in different ways depending on the nature and scope of the services they offer and the industry sectors they service.

Schemes will have flexibility within the specified requirements to innovate, provide product differentiation and to address specific issues which may require different approaches relating to their operating environment.

Each Accreditation Scheme should establish robust assurance processes to provide confidence that their accredited members meet the requirements of the Scheme – **Section 12.**

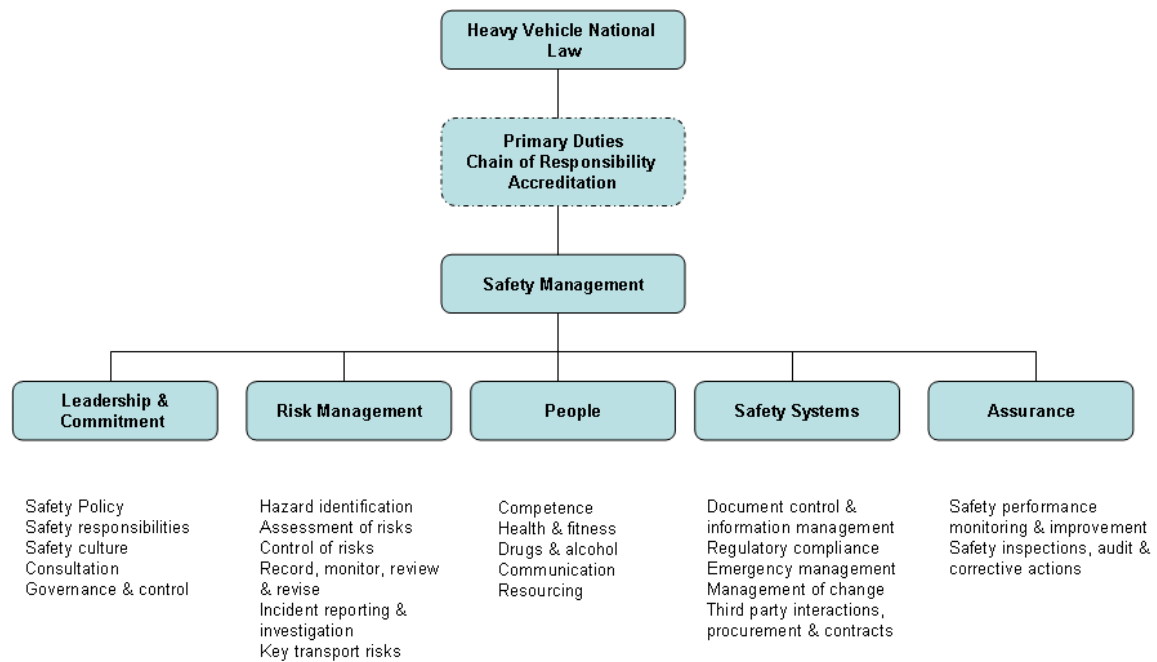
To ensure confidence in Scheme outcomes, Accreditation Schemes will be subject to assurance processes established and administered by the National Heavy Vehicle Regulator (“NHVR”) – **Section 12.**

Participation in an Accreditation Scheme does not exempt operators from the requirements of road transport, workplace health and safety, or any other relevant legislation.

6. Accreditation Standards - Overview

This Standard is based on an SMS with five key Elements. An SMS can take many forms. However, the basic components of an SMS are common and are reflected in the following model.

Figure 1 – SMS Model



Each of the five Elements and their individual components are set out in the following sections.

7. Accreditation Standard 1 – Leadership and Commitment

7.1 Outcome

Demonstrated commitment to the highest level of safety outcomes based on strong leadership and clear safety responsibilities.

7.2 Requirements – Leadership and Commitment

i) Safety Policy – the Safety Policy should be endorsed by the Chief Executive and Board (or other persons controlling the organisation’s operations). The policy should, among other matters, include a commitment to the identification and management of risks, the development and maintenance of a positive safety culture and the continuous improvement of all aspects of safety management.

The Safety Policy and the organisation’s safety objectives should be communicated to all employees and others affected by the organisation’s operations.

ii) Safety responsibilities – safety responsibilities should be documented and clearly communicated. People who hold safety responsibilities should have the required skills and knowledge and have clear accountabilities and authority to take appropriate actions.

iii) Safety culture – a positive safety culture is characterised by awareness, assessment and action on safety matters as a part of everyday business at every level of an organisation.

An organisation with a positive safety culture is characterised by:

- leadership commitment to safety
- line manager accountability
- open communication founded on mutual trust
- shared perceptions of the importance of safety
- demonstration of care and concern for all those affected by the business
- confidence in the effectiveness of preventative measures

Organisations should develop and implement measures to promote and maintain a positive safety culture.

iv) Consultation and communications – engagement of all staff is key to a positive safety culture. People at all levels should be engaged in the development, implementation, monitoring and improvement in safety management.

This will include consultation, internal communications, feedback and reporting processes. Contractors, suppliers, customers and others affected by the organisation's operations should receive safety communications and be consulted as appropriate.

Processes should be in place to ensure staff receive all required safety information in a timely manner. Individual staff should have the capacity to raise safety concerns and issues without fear of adverse consequences.

v) Governance and control – executive officers have a duty to exercise due diligence to ensure that organisations comply with their duties and obligations under the Heavy Vehicle National Law.

Executive officers should ensure that processes are in place to keep them fully informed of the organisation's risks and that appropriate controls are in place and working effectively. Safety performance reporting should keep executive officers informed that safety systems are in place and working effectively to achieve the highest standards of safety outcomes.

vi) Resourcing – appropriate resourcing should be available to ensure that each organisation operates safely and efficiently.

8. Accreditation Standard 2 – Risk Management

8.1 Outcome

A proactive, outcomes-focused approach to managing the risks associated with transport activities. The adequacy of risk management is continuously reviewed and revised to ensure that the risks of transport activities are effectively identified and controlled.

8.2 Requirements – Risk Management

Risk management is a critical activity of any organisation and, as required by the Heavy Vehicle National Law, organisations should have processes in place to support the management of risk, so far as is reasonably practicable, ensuring that risks are identified, assessed and eliminated or controlled. Systems and procedures should address:

i) Hazard identification – to identify hazards which could lead to risk of harm or loss.

ii) Assessment of risks - to understand the harm or loss that could be caused, how serious it could be and how likely it is to occur.

iii) Control of risks - by implementing the most effective control that is reasonably practicable in the circumstances.

iv) Recording, monitoring, reviewing and revising – develop and maintain a Risk Register to ensure that risks are identified and assessed and that controls remain effective over time and work as planned.

Consultation at each step of the process supports effective risk management. Consultation includes employees, contractors and other CoR parties.

The *AS/NZS Standard, ISO 31000:2018 Risk Management – Principles and Guidelines*, provides a comprehensive and practical guide to developing and implementing an effective risk management process.

The extent and complexity of the risk management process will depend on the size and nature of each organisation's transport activities. Larger businesses with a greater exposure to risk are likely to need more complex risk management processes whereas smaller operators are likely to need a simpler approach.

8.3 Requirements – Incident Reporting and Investigation

i) Incident reporting and investigation – incidents and near misses within the organisation should be reported and documented. Investigations should be conducted to understand what went wrong and to identify necessary corrective actions which should be documented, implemented and monitored.

Learnings from incident investigations should be identified and used to improve risk management and overall safety outcomes.

Where required, notifiable occurrences should be reported to relevant safety regulators.

9. Accreditation Standard 3 – People

9.1 Outcome

People at all levels of the organisation should be fit for duty and have the knowledge and competence to operate safely and efficiently.

9.2 Requirements

i) Competence – all staff should be provided with the skills and knowledge to perform their roles safely and efficiently. Training and education needs, including safety, should be identified and inductions and training appropriate to the role delivered and refreshed/updated as required. Appropriate records of training provided and staff competence should be maintained.

ii) Health and fitness – organisations should have appropriate processes in place to ensure staff are fit and healthy to carry out their roles safely and efficiently.

iii) Drugs and alcohol – each organisation should have a process in place to ensure that no staff are impaired by the effects of alcohol or drugs whilst on duty.

10. Accreditation Standard 4 – Safety Systems

10.1 Outcome

Appropriate systems are in place and implemented effectively to ensure safe and efficient operations.

10.2 Requirements

i) Document control and information management – processes should be in place to ensure that safety related documentation and information is managed, made readily available and controlled so that up to date and relevant information is available as needed.

ii) Regulatory compliance – all regulatory requirements should be documented and monitored so that operators can ensure that they comply with relevant requirements.

iii) Emergency management – unforeseen events may pose a risk to life and property or damage to the environment. Emergency management procedures should plan for possible emergency scenarios and provide appropriate responses and resources to minimise loss or damage.

iv) Management of change - changes in operations or systems can create safety risks. The safety impacts of major operational changes or changes to safety systems should be assessed, any risks identified and appropriate controls put in place.

v) Third party interactions, procurement and contract management – the actions of other parties may create or contribute to safety risks. Operators should identify any risks involved in interactions with other transport-related parties and in contracts or

subcontracts to ensure that appropriate actions are taken and controls put in place where required.

11. Accreditation Standard 5 – Assurance

11.1 Outcome

Membership of an Accreditation Scheme provides confidence about the competency and capacity of accredited parties to meet their safety duties.

11.2 Requirements

i) Safety performance monitoring and improvement – safety performance indicators and safety systems should be monitored and reviewed on a regular basis to identify areas for improvement. Staff, customers, contractors and others should be consulted as part of the review to ensure wide feedback on the effectiveness of safety management across the organisation.

ii) Safety audit, inspections and corrective actions – a program should be developed to ensure that inspections, internal audits and independent audits are conducted on a regular basis to assess the implementation of safety programs and procedures and to identify areas for improvement. Audits should include both examination of safety documentation and an inspection of actual work processes to ensure safety processes are applied in practice.

Areas for improvement should be documented and corrective actions monitored and implemented.

Records should be maintained and made available to Scheme auditors as part of Scheme assurance processes.

12. Scheme Assurance

12.1 Assurance of Accredited Members

Each Accreditation Scheme should establish robust assurance requirements to provide confidence that their accredited members meet the requirements of the Scheme.

12.2 Assurance of Accreditation Schemes

To ensure confidence in Scheme outcomes Accreditation Schemes shall be subject to strict assurance processes established and administered by the National Heavy Vehicle Regulator (“NHVR”).

Attachment 5 – National Audit Standard (Draft)

Draft National Audit Standard

Heavy Vehicle Accreditation Working Group

27 August 2019

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Revision history

Rev	Date	Status	Originator	Comments
0.1	15/03/2019	Issued for review	NHVR	Feedback incorporated from: <ul style="list-style-type: none"> External and internal stakeholder comment Peer inspection and walkthrough.
0.2	21/08/2019	Issued for internal review	NHVR	Feedback incorporated from Executive Director, Safety Standards and Assurance.
0.3	27/08/2019	Issued for working group discussion	NHVR	
Last review date		[Select]		
Next review date		[Select]		

Purpose

The draft National Audit Standard sets out the requirements for the development of standards for an auditing regime that will support a future state of heavy vehicle accreditation in Australia based on a National Accreditation Standard. There are substantial elements of the draft National Audit Standard that could be adapted to suit an auditing regime that would support an interim heavy vehicle accreditation arrangement.

Background

The Heavy Vehicle Accreditation Working Group (the Working Group) is responsible for investigating and progressing the outcomes and recommendations of the Analysis of Heavy Vehicle Safety Accreditation Schemes in Australia.

The Working Group has agreed that future heavy vehicle accreditation schemes in Australia should be built around a single, national accreditation standard that aligns with a Safety Management System (SMS) approach. To support a national accreditation standard, it is appropriate that a national audit standard is developed.

The future heavy vehicle accreditation framework in Australia is likely to be informed by the outcomes of the Working Group and in finalising the review of the Heavy Vehicle National Law; however the detailed development and implementation of a future state will require the appropriate regulatory changes to occur. In the meantime there are short term benefits that can be gained through the development of interim accreditation arrangements.

Scope

The Draft National Audit Standard addresses:

- audits that are undertaken for the purposes of accreditation within a regulatory framework
- the purpose of audits
- how audits should be undertaken
- who audits should be undertaken by
- requirements relating to oversight of the audit standard.

The Draft National Audit Standard does not address:

- audits undertaken against other modules within a scheme, which do not attract regulatory benefits
- detailed instructions or workflows regarding:
 - how an auditor should undertake an audit
 - which elements of an accredited operator's system should be audited
 - the sharing of audit information between the auditor, accredited operator and overseeing body.

Assumptions

The following assumptions have been made in developing the draft National Audit Standard.

- There are elements of the draft National Audit Standard that may not be appropriate as part of an interim accreditation arrangement.
- A statutory or government body will oversee the administration of the audit standard in a future state of accreditation (i.e. the **oversighting body**).
- In an interim accreditation arrangement, a body overseeing an audit standard may not be a statutory or government body.
- Future accreditation schemes will involve the auditing of accredited operators by third parties and regulatory agencies as a key assurance mechanism for an overseeing body.

Key issues

In developing the draft National Audit Standard the following key issues were identified as requiring further analysis in order to determine how they should be addressed.

Audit fees and administration

There are some unresolved issues in relation to how audit fees should be structured and charged, and how auditors should be nominated in a future accreditation framework. For example:

- Who should cover the cost of audits?
- Who should determine the cost of audits?
 - Noting that the service delivery model for a scheme manager may impact the cost.
- Who should determine which auditor/s will undertake an audit?

Current heavy vehicle accreditation schemes adopt different approaches to these factors, such as:

- The administration model of NHVAS and WAHVA. In these models, auditors are selected by the operator to provide a service and the fees for the audit service are determined by the auditor and paid for by the operator.
- The administration model of TruckSafe. In this model, the auditor is assigned by TruckSafe to undertake the audit and the fee is included in the costs of accreditation paid for by the operator.

Outcome vs compliance auditing

There are some unresolved issues in relation to the outcome of audits in a future accreditation framework.

In the current state, audits are undertaken by examining documentation and records that makeup, or are kept as part of the requirements of the accreditation scheme. This aims to identify that there is a system in place that meets the requirements of the relevant scheme and that it is being complied with.

In a future state, an audit could include measures to assess the effectiveness of the operator's system in achieving the outcomes desired by the accreditation scheme and these could be specific to each module within the scheme. This could include activities such as:

- examining the mechanical state of heavy vehicles
- surveying and interviewing drivers to identify fitness for duty
- examining risk registers and verifying that controls are implemented and reviewed effectively
- reviewing relevant compliance data, with the knowledge that operators have access to their own compliance data.

An audit that is undertaken to determine the effectiveness of the system in producing the desired outcomes, in addition to verifying compliance with the system, would require activities and expertise beyond what is required in current audit frameworks.

Draft Audit Standards

The proposed standards and requirements relating to core components of a National Audit Standard are outlined below.

1. Requirements relating to audits

Ref#	Standard	Comments/considerations
1.1	<p>Audits will be undertaken to confirm that accredited heavy vehicle operators, or heavy vehicle operators applying for accreditation:</p> <ul style="list-style-type: none"> • have an appropriate Safety Management System (SMS) in place that meets the requirements of the National Accreditation Standard and relevant business rules • comply with the requirements of their SMS. 	<p>Auditing against this requirement must acknowledge the scalability of SMS solutions from the small operator implementation to larger and more complex SMS solutions.</p>
1.2	<p>Audits of accredited heavy vehicle operators will be undertaken to determine the effectiveness of their SMS in achieving the outcomes sought by the accreditation scheme.</p>	<p>The intent of this standard is to require audits to examine the effectiveness of the operator's systems in addition to verifying that the operator is complying with the system. This is discussed in the 'key issues' section.</p>
1.3	<p>Audits will be undertaken:</p> <ul style="list-style-type: none"> • prior to an operator being granted accreditation (as part of an application process) • prior to an operator extending or maintaining accreditation • on a random basis as part of the overseeing body's assurance program • on a triggered basis as part of the overseeing body's assurance program. 	
1.4	<p>Audits will be performed in alignment with the relevant principles and processes established in ISO19011 – <i>Guidelines for Auditing Management Systems</i>.</p>	<p>Auditing in line with this standard is taught as part of many auditing courses, but there is no specific requirement to conduct audits in line with this standard in current accreditation schemes.</p>
1.5	<p>Audits will be undertaken at the accredited operator's place of business, where operational activities can be observed and the records relating to the accreditation are available.</p> <p>Where an accredited operator has multiple places of business and record storage locations, the audit will include examination of relevant practices and records across a sample of these locations.</p>	

2. Requirements relating to the overseeing body

Ref#	Standard	Comments/considerations
2.1	Processes for addressing non-conforming audit outcomes will be established and applied in a consistent and transparent manner.	The intent of this standard is to require the overseeing body to give consideration to the outcomes of audits in evaluating an operator's suitability for accreditation. For example, it may be appropriate to consider non-conformances that represent a considerable safety risk, even if the corrective action has been closed out.
2.2	Thresholds for the initiation of a triggered audit will be developed and applied in a consistent and transparent manner (where transparency is legally appropriate).	
2.3	Requirements relating to the competencies and qualifications of third party auditors will be developed and maintained.	
2.4	A process to formally assess and approve auditors who can undertake audits for the purpose of heavy vehicle accreditation will be developed, implemented and maintained.	
2.5	A register of auditors who are approved to undertake audits for the purpose of heavy vehicle accreditation will be kept, maintained and made publically available.	
2.6	Auditors who are identified as not meeting the auditor requirements established by the overseeing body may have their approval to undertake audits removed by the overseeing body.	Consideration will be given to graduated sanctions, e.g. infringement notices and suspension, prior to cancellation of auditor approval.
2.7	Assurance mechanisms will be developed and implemented to ensure that third party audits are achieving the outcomes intended by the audit standard.	The intent of this standard is to require the overseeing body to examine the performance of auditors to ensure that accredited operators are receiving a quality service, and that the auditing process is achieving the desired outcomes.
2.8	Limits for the number of consecutive audits that an approved third party auditor can conduct on a heavy vehicle operator for the purpose of accreditation will be established.	

3. Requirements relating to the auditor

Ref#	Standard	Comments/considerations
3.1	For the purpose of heavy vehicle accreditation, audits will be undertaken by: <ul style="list-style-type: none">• an approved third part auditor• a person appointed by the overseeing body.	
3.2	An approved third party auditor is a person who: <ul style="list-style-type: none">• holds a qualification or certification in management systems auditing that is considered appropriate by the overseeing body• has demonstrated knowledge of heavy vehicle accreditation schemes• has demonstrated knowledge of Safety Management Systems• Is approved by the overseeing body to undertake audits for the purpose of heavy vehicle accreditation.	It is recommended that a Diploma of Quality Auditing should be required of auditors in a future system. This is a higher qualification than what is currently required of heavy vehicle accreditation scheme auditors.
3.3	An approved auditor will not undertake audits of a heavy vehicle operator for the purpose of accreditation if that auditor has provided services to the operator in establishing or implementing their safety management systems.	

4. Requirements relating to the accredited operator

Ref#	Standard	Comments/considerations
4.1	The accredited operator will arrange for an audit of their management systems in accordance with the audit timeframes required by their accreditation.	

Consultation

The following people provided input and recommendations in developing this draft audit standard.

Name	Representing
Michael Buba	Main Roads Western Australia
Kerry Corke	Australian Logistics Council
Julia Collins	
Richard Calver	NatRoad
Darrin Rasmussen	National Heavy Vehicle Regulator

