



**ROAD TRANSPORT FORUM NEW ZEALAND INC
SUBMISSION**

**IN RESPONSE TO
VEHICLE LICENSING REFORM DISCUSSION
DOCUMENT SEPTEMBER 2012**

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October 2012

Submission of Road Transport Forum New Zealand Response to Vehicle Licensing Reform Discussion Document September 2012

1.0 ROAD TRANSPORT FORUM NEW ZEALAND

Road Transport Forum New Zealand (RTFNZ) is a nationwide organisation of voluntary members drawn from the road transport industry and includes owner-drivers, fleet operators and providers of services to freight transport operators. The Forum provides services and public policy advocacy for its members.

The Forum's Constituent Associations include:

- ▶ *National Road Carriers (Inc)*
- ▶ *Road Transport Association NZ Region 2 (Inc)*
- ▶ *Central Area Road Transport Association (Inc)*
- ▶ *Road Transport Association NZ Region 4 (Inc)*
- ▶ *Combined Owner Drivers Association (S.I.) Inc*
(Trading as NZ Trucking Association)
- ▶ *Road Transport Association NZ Region 5 (Inc)*

The Forum's Associations have approximately 4,000 members and associate members who operate in excess of 17,000 trucks and truck combinations over 3,500 kg GVM/GCM^[1] or 80% of the hire and reward truck fleet in New Zealand. The road transport industry turns over approximately \$6 billion a year transporting more than 80% of New Zealand's land-based freight. Some 23,000 people or about 1.5% of the workforce are directly employed in road freight.

[1] GVM Gross Vehicle Mass
GCM Gross Combination Mass

2.0 REPRESENTATION

In a broad based policy discussion an assertion is likely to be made that the RTFNZ doesn't represent all goods service licence holders, however the Forum would counter that view on the basis of its representation is in fact the hire and reward sector which covers some 4,780 road transport operating entities. The balance of the 22,000 goods service licence holders is spread throughout a range of heavy vehicle users who in many cases operate one vehicle intermittently, such as the farming sector where the vehicle is ancillary to the business. In other cases goods service TSL holders are involved in industry sectors such as civil contracting, utility servicing and maintenance and primary product transport. In other words their primary industrial activity is classified by NZ Standards as other than road freight transport. Most of these vehicle user groups have some association with the Forum or its member Associations.

3.0 INTRODUCTION

Two of the changes proposed in the discussion document, namely the review of CoF Service Delivery and Transport Service Licensing Review, repeat previous policy aspirations. The CoF regime service delivery model has previously been reviewed firstly in 2006 and again more formally following a Transport Engineering Research NZ paper commissioned by NZTA back in 2010. The transport service licence regime has been subject to reviews in 1988/1989 and again in 1999. The latter introduced subtle changes by removing the requirement for universal transport (goods) service licensing for vehicles below 6 tonnes in 2005. While the Forum supported this change at the time a number of operators subsequently felt disenfranchised when they found their historical qualification for operating a transport service had been removed. In response to potential public safety concerns and operator opinion the Forum has (since the 2005 amendments) consistently argued to have the 6 tonne GVM and below goods service licensing requirement reinstated.

The Forum's aspirations for a liberalisation of CoF services have been presented to the relevant authorities before and our views about transport service licensing are well documented. While the two former aspects of the discussion document are very important to the sector, motor vehicle licensing is considered almost benign and somewhat pedestrian within the total scope of vehicle compliance issues. Most fleet operators (we understand) re-licence their vehicles online or through a simplified manual administrative process. The fact that vehicle licensing consists largely of remitting the ACC vehicle related levy to the Crown doesn't seem to produce any objections because the process used in its present form is considered relatively simple.

4. SUBMISSION

We have structured our submission in the following order: Registration and licensing, followed by comments on the CoF scheme with our aspirations for change followed by comments on Transport Service Licensing as it applies to goods service vehicles.

We have endeavoured to provide comment on the questions outlined in the discussion document. Unfortunately we are not convinced the changes proposed offer real benefits or even cost reductions as nearly all the options suggested will generate their own form of compliance costs. We have offered ideas on how some aspects of the three key areas might be enhanced or improved.

4.1 Annual Vehicle Licensing & Registration

The policy objectives for reframing the annual vehicle licensing system seem to be targeted more at private vehicle users than the commercial user. Simple observation suggests that the significant additional costs incurred by the NZ Transport Agency and the New Zealand justice system result from by a reluctance to pay and not by accessibility or convenience factors. To suggest that more convenient portals might overcome the societal response to vehicle licensing is somewhat unrealistic but we do not argue against cost effective alternative vehicle licensing portals being

put in place. We note any new IT based administration process would entail some additional investment costs but inevitably the question arises as to whom would pay for these and what might the effect be on licensing transaction costs.

Imposing penalties for late payment ("late payment" to be defined) needs more thought because it simply moves the enforcement process more directly closer to source i.e. the vehicle owner and away from the present roadside enforcement regime. Either way recidivist non-payers are not going to be any more motivated by the new option of late penalties than they are by the present enforcement regime so the concerns around costs to the justice system possibly won't change greatly. In a worst case scenario assuming no measurable change in payment behaviours the police will continue to be a last resort option for identifying the non-payers and reluctant payers of the vehicle licensing fee.

Our comments are not to discourage further investigation of the late payment penalty option/early payment incentives but we are not convinced that these will deliver a dramatic change in users responses to vehicle re-licensing requirements.

One of the propositions presented in the licensing discussion is to allow payment by direct debit and this option would be supported by the Forum. However at the moment most transport operators already have a variety of payments paid by direct debit through a single account process so this option is not new to the commercial sector.

Interestingly this option could be managed by way of additional services through an operator's electronic RUC service provider or through a dedicated account arrangement such as "My NZTA" which has been promoted as a portal through which transport operators could conduct all their transactions, driver enforcement queries and vehicle and operator status advisories using a single account facility. Whether this approach is viable for the general public and single unit TSL holders is debatable.

We agree the enforcement process should always focus attention on whether the fee has been paid, not whether the label is displayed in the correct manner. We have serious reservations about removing the labels and its bar coded data set from the vehicle. Our reservations arise from some new initiatives we are developing with NZTA e.g. a comprehensive alternative RUC display for operators (on tablets or smartphones) that will require security confirmation with the vehicle identifier imbedded in the licensing label bar code. In other words the RUC licence must match the vehicle. Ty Phillips at NZTA and Lance King at CVIU with agreement of Celia Patrick, Manager of Access & Use have developed a simplified smart device option for temporary RUC licences but a future opportunity lies with developing a more sophisticated approach to RUC/vehicle compliance using smart device technology.

In response to two of the points raised on page 26 (of the discussion document) we comment accordingly. In terms of vehicles that may not need to be licenced the TA light trailer is potentially one candidate put forward worth considering but on the other hand light trailers are one of the most neglected vehicles maintenance wise and arguably they should be inspected before being licenced. Coupling integrity, spring hanger corrosion as well as chassis corrosion are typical failure areas on these trailers and the necessity of having a WoF inspection before licensing means the safety of the trailer as a whole can be reasonably assessed. Furthermore light trailers are not subject to continuous licensing so they already have different licensing options compared to powered vehicles.

In response to a few of the suggested options on *page 25* e.g. "collecting the licensing fee with petrol or road user charges", the Forum would be opposed to any approach that dilutes the purity of road user charges. We note there seems to be an aspiration that the road user charges system can simply accommodate any charge the Crown sees fit to tack on to it. The road transport sector has already been exposed to ACC seeking to do just that. Collecting the licensing fee with WoF or CoF inspections may have convenience for some but certainly not all. Individual users can currently arrange their WoF/CoF and licensing to be carried out

simultaneously (through TSDA service providers). The missing step is that relicensing cannot be carried out at a privately owned and operated WoF agency. A small change to the Landata access would enable this to be introduced relatively simply.

Collecting the fee through insurance is simply unrealistic when so many cars are not insured. The discussion document does not provide a convincing argument to support many of the options discussed and implies that aside from the current model the alternatives appear to have some fairly obvious disadvantages even when compared to the potential untested benefits alluded to.

Notwithstanding the desire to review the current re-licensing process, the current model in the Forum's view has a number of inherent advantages for commercial operators.

Firstly, the opportunity to purchase vehicle licences in minimums of three months. This allows seasonal fleets to deploy vehicles when demand necessitates and pay the appropriate fee accordingly.

Secondly the aggregation of ACC vehicle levy fees and re-licensing strike a reasonable administrative balance accounting for both vehicle based road use exposure and providing a single payment process somewhat convenient for users. Furthermore the transport licensing fee component aggregated into the total licensing fee transaction also supports a convenience approach.

Thirdly most fleet operators already re-licence on a schedule of vehicles provided by the Agency and where they don't use that option the present online portals are reasonably adequate for individual vehicles. If anything needs to be advanced it is a portal that allows credit card transactions beyond the \$900 limit which would also include an administration option for multiple vehicles on a schedule. If that can't be implemented a direct debit model would suffice.

The Forum would fully support early payment incentives and late payment penalties but reasonable explanations of what constitutes “early” and “late” would need to be determined.

4.2 CoF Service Delivery

In the discussion paper (*pages 16/17*) two CoF options are presented. However even though they are presented as unique options they have significant similarities offering greater flexibility in inspection frequency and choice of how the certification services are to be carried out.

Within each is the potential to reduce the CoF frequency but with older vehicles this might only be justified where the operator is prepared to adopt a comprehensive maintenance regime based on some form of prescriptive standards.

In the current climate commercial trucks and trailers have become significantly more reliable than with past generations of equipment and the potential to increase maintenance intervals has increased likewise. Unfortunately lack of routine maintenance is still a factor that affects the safety performance of vehicles and just because the mechanical power system that is the engine and transmissions have increased in reliability doesn't mean brake system maintenance at regular intervals can be foregone. Brakes in commercial vehicles typically require regular maintenance and not just at the wheel ends. Valves and other pneumatic controls in the heavy duty truck brake system can deteriorate reasonably quickly if periodic maintenance and testing by the vehicle owners is ignored.

When we look at truck component reliability it tends to be based around the manufacturers warranty thresholds but it is also dependant on the application or duty cycle of the vehicle so arguably one size may not fit all. For example a city delivery truck travelling relatively low kilometres would be expected to suffer greater deterioration in brake components and braking performance than a long distance truck that utilises fewer brake applications per kilometre travelled. So periodic routine scheduled

maintenance used by operators is likely to be determined more on the understanding of the demands on their equipment accordingly and the need to avoid unnecessary roadside breakdowns.

This contrasts with the regularity of the current CoF regime at 6-month intervals. There are two ways a move away from the 6-monthly regime could be determined. It could be, for arguments sake, only apply to those operators who have demonstrated a high level of vehicle compliance performance through their ORS, CoF and RID pass rates or alternatively a simple mandatory regime could be adopted where for the first two years a mandatory inspection is required only yearly with a distance cut-off at 250,000km per year; after which regular inspections would be required 6-monthly.

However we are aware that not all transport operators have a rigorous risk based approach to decision making and this would indicate a single mandatory approach to the periodicity of inspection might be counterproductive. The current inspection periods set out in the Certification Rule can be lengthened or shortened when evidence shows vehicles are satisfactorily maintained or inadequately maintained as is the case so this feature of the current inspection system needs to be retained. Unfortunately the regulator, NZTA has shown a reluctance to utilise this provision particularly the reduction in inspection periods (down to 3-months) for poorly maintained fleets so in our view it is an option that needs to be elevated in the policy options, more so, when the Agency is trying to achieve compliance improvement with a particular licensee.

Another important consideration is the interaction of these policy options with other existing public policy frameworks. Of particular significant is the "no fault"/"no blame" ACC system that can appear to mask poor corporate decisions in terms of personal injury losses. The ACC system prohibits limited tort action for damages arising from such court proven outcomes. This approach would seem to conflict with an aspiration of shifting public safety responsibility onto business owners typified by the introduction of a more liberal vehicle inspection or a co-regulatory system.

It equally contrasts with the litigious opportunity that exists in other jurisdictions where more liberal compliance frameworks operate. Holding to the ACC model (for injury compensation) within a liberalised vehicle inspection framework could possibly result in all responsible transport operators bearing an unacceptably high a proportion of the societal costs that should actually be attributed to the entity that acted in such a derelict way as to cause the injury loss or damage. This is part evidenced by ACC continuing to raise levies to meet both current and residual injury costs.

The next two aspects worth discussing are the CoF delivery model and the inspector or certifier criteria.

The Forum does not favour the current bricks and mortar model of the current inspection facilities. A revised model should consist of a simplified set of inspection site prerequisites consisting of a roller brake machine suitably approved by the Agency with a validated calibration certificate, capability for the inspector to carry out an under-chassis inspection while standing up (no underside inspections with creeper trollies) and connectivity for a computer into Landata. Whether the facility is drive through is irrelevant but it should consist of sufficient roof coverage to ensure the inspection can be carried out successfully in the event the weather is inclement. In the Forum's model we support a system where the inspector or certifier comes to the inspection premises to carry out the inspection and this would be routinely on demand at the request of the operator or vehicle owner.

The present model cannot necessarily provide a 24/7 service and employees within the present scheme are reluctant to provide the service industry requires. For example, a vehicle could be subject to a roadside inspection for which it is required to be repaired and then undergo recertification or re-inspection. If this happens late Saturday the present model means the vehicle cannot be put back into service until the inspection service opens on Monday. This is a very costly outcome for the operator and represents a service delivery model that is antiquated and out of step with reality.

If we turn our attention to the inspectors or certifiers themselves the Forum has for some time favoured a system where the individual inspectors were registered under one of IPENZ's Technical Interest Groups as are the engineering certifiers who carry out the engineering assessments for pre and post repairs on trucks and trailers. We also support the currently approved vehicle engineering certifiers being able to carry out vehicle inspections and issue CoFs accordingly. The reason for this is that it increases the pool of inspectors. In many cases the current inspectors refer chassis faults and repaired components to the vehicle engineers for review anyway and/or the issue of an LT400 and related compliance documentation before issuing a CoF which just adds to the total cost of the service delivery process.

We have suggested IPENZ because the vehicle engineers have already established their group management model and funding stream under the auspices of IPENZ. Furthermore the inspectors could be trained and qualified, and independently investigated by using existing IPENZ procedures. A complaints and a decision validation process would also be able to operate independently of the systems now in place. Operators have reported to the Forum they believe their complaints about poor decisions by inspectors employed within the current CoF providers (TSDAs) has resulted in their relationship with their inspecting organisation deteriorating somewhat. It is difficult to get hard evidence of this allegation but for some this perception is their reality.

The changes we are submitting are not necessarily about reducing costs but about improving accessibility. Contrary to the sensitivity of the current inspection agencies to the Forum's proposal for independent inspectors there will always be operators who want to support a centralised inspection facility and potentially facilities will be domiciled where there is the greatest customer base. Unfortunately there is a likelihood inspection costs will rise at these sites if the frequency of customers reduces. We acknowledge our suggested delivery model is not without some drawbacks. Negative impacts through the introduction of the Forum's model may well occur particularly where the present CoF

service sites are bound by contractual obligations through NZTA to provide a service in areas that are not financially viable.

Option 3 the Alternative Accreditation Model has some attraction for a few operators but there is always sensitivity with this model that someone will be getting away with something. This is of course not able to be validated but even without liberalisation of the CoF services this allegation still tends to occur. For this reason even operators capable of working within the scope of a more flexible CoF delivery regime such as an accreditation option tend to prefer the comfort of the present model despite the high external costs and inconvenience that is part and parcel of its design.

Within the range of Option 3 we are not entirely convinced ourselves the independence of a safety inspection should be forfeited to an internalised repairer option. We agree there are many competent and reputable heavy truck and trailer repairers both in the dealer network and within the independent repair network but in our view even in a "bundled option" the inspection process (to the appropriate standards) should be carried out by an inspector specifically designated to ensure decision making is based on independence and procedural fairness. Having pointed out our concerns given the right system based around an aggressively managed audit regime the inspector role could be entrusted to a specific employee such as the service manager. However this model could involve substantial set up costs and additional costs associated with independent audit of the inspection process and pass/fail analysis so it might prove not to be that attractive after all. Such a system would have to also be framed around internationally accepted quality standards.

In addition to the audit costs and set up costs mentioned above is the liability issue. Overall Option 3 may be a step too far at this time and consequently the Forum is of the view the liberalisation of inspection service should start with relaxing the status of the bricks and mortar approach and introduction of the independent inspector system prior to moving to the next level of liberalisation.

4.3 Transport Service Licensing

The Forum's comments on this section of the discussion document are based entirely around the goods service licence and how this applies to the trucking or road transport sector.

The proposed review is not a new phenomena and in reality is simply an update of previous attempts to redefine the Transport Service Licence and its attendant components all in the name of reducing compliance costs.

However virtuous such a proposal might be it simply flies in the face of good management of public safety and regulatory responsibility. The Forum's view is despite its undefined shortcomings transport service licensing has a number of logical benefits although the device is somewhat cumbersome in practice. What is perhaps of more concern is this; if licensing wasn't in place what tools would be used to replace it and what would the costs be and how would the regulatory framework flow from this unidentified alternative, no one has explained the alternative so in the Forum's view it is reckless to embark on something no one knows anything about. Furthermore the two questions on page 33 of the discussion document abbreviate the issues to a very narrow perspective. Consequently they don't do the complexity of transport service licensing justice.

We agree the present system has some inherent difficulties but it is in place to support a public policy perspective that poor performers will be sanctioned and exited from the sector whenever the fit and proper person criteria has failed to be met. The fact that so few operators have had their licences revoked and an equal few have been refused licences should not serve to condemn the whole process but on the contrary the low numbers (particularly those attributed to the former), illustrate the inadequacy of the regulators on two fronts, a reluctance to exit individuals and a lack of competence in not exploring fully the options for ensuring marginally compliant operators improve their performance. Interestingly the operator rating scheme slowly being implemented by NZTA has its fundamental purpose built on the existence of the TSL. Potentially an

operator registration scheme would serve the same purpose but it would still warrant some form of entry and exit criteria to ensure public confidence.

Public confidence is an interesting topic. Historically the change in transport licensing in the 1980s (mirrored on the US model) was to replace economic control functionality with an emphasis on operational safety, typical of the “new focus” within a market driven economy. TSLs are said to have an inherent imputed value that somehow legitimises the holder in their occupation much like practicing certificates exist in most professions. However it has no goodwill value but none the less from past experience the Forum knows operators would be particularly aggrieved if the TSL ceased to exist. The TSL as already alluded to provides a “value aspect” within the scope of a transport business and it is also supposedly an objective lever at which influence by an external regulatory intervention can be applied when operational performance falls below public policy expectations. Risk to the public is a derivative of errant operational and safety performance and the connectivity of these aspects is explained below.

Commercial road transport is quite unique. It is an industry that operates almost totally in the public domain and although it serves a vital function its very operation is dependent upon public trust which allows a highly competitive commercial activity to conduct its business on a publicly owned and maintained infrastructure that is shared with other users. In other words, there is a legitimate expectation from the public that a Regulatory Agency can provide a reasonable assurance that commercial transport operations will be conducted in a safe manner and carried out in accordance with prescribed safety rules.

The commercial road transport industry is highly competitive. Vehicles of any sort not maintained to pre-determined levels, drivers not rested sufficiently and the transport of hazardous and toxic material not managed correctly all represent potential risks to the public.

Regulatory intervention as mentioned above is required because it is well acknowledged by international sources that individual participants in the sector make different ethical judgements to mitigate potential hazards especially in a free market environment. Each person tends to perceive "risk" subjectively, hence the need for external intervention at times despite the majority of trucking companies being committed to safety.

The alternative to intervention is a free for all with full reliance upon on-road enforcement for sanctioning industry participants. In an environment where 100 CVIU officers are trying to deal with some 22,000 licence holders, this is an unreasonable and naïve expectation.

The other negative of an uncontrolled entry system is the potential for criminal and antisocial groups to become involved in road freight as it is alleged to have happened with the under 6 tonne GVM group.

The Forum is aware there is a wealth of complementary schemes that are based on a licenced operator environment. These include of co-regulatory accreditation, various levels of self-regulation as well as privately administered quality schemes. However these alternatives are almost all derived from a basic licensing platform and founded on a benefits based approach where an operating entity has met a predetermined level of excellence in compliance.

The Forum's position on the need to retain the TSL is not to be construed that all is perfect, far from it, so before throwing out the whole licensing regime it's probably better to tackle a few existing problem areas. These relate to the holders of the Certificate of Knowledge Law and Practice (CKLP), dealing with phoenix companies and capturing the freight forwarder entities within the scope of the ORS system.

There is no doubt that the CKLP needs tightening up. There was a view that the holder of the CKLP should be considered separately from the actual licence holders in matters of review of a licence however we are not sure how valid this might be. Where the problem lies with the TSL and sometimes with the CKLP holder is the regulators ability to be confident of

identifying the person in charge of business entity. In other words, the person with authority for the daily management and deployment of the vehicles and drivers. Historically the management of companies that have come to the attention of the regulatory authorities have been able to protect themselves through a veil of individuals (sometimes employees) prepared to take the responsibility for acting unconscionably and failing the fit and proper person test. However the principal behind such businesses has often been able to continue operating under a new TSL with a different guise. This problem in a NZ context has never been able to be managed entirely successfully,^[1] but the Agency has made some progress. However the results have been somewhat mixed.

A broader solution may be to capture the business entity with the TSL entity at the time the licence application is lodged. However this may not have any greater success in keeping out those that have their TSL revoked than is currently the case. The fact that the TSL is tied only to the entity providing the transport service makes solving this issue quite difficult. More so when the current trend is for transport companies to separate the vehicle assets into an ownership entity, the billing company or financial control company into another entity and the TSL operations into a third entity. Trucking companies can be highly innovative and resourceful and the way they structure their businesses often reflects their risk exposure.

The licensing of transport service entities that don't operate goods service vehicles has become more focussed since the advent of the Operator Rating System. These entities are in essence transport service providers but they don't operate trucks. They tend to be freight consolidators or freight forwarders but contract in transport operators to provide the actual transportation services. However to the public they present as a transport operator giving no indication they perhaps don't hold a transport service

^[1] The transport industry has also been subject to an overzealous approach to exiting operators which in our view illustrates that the criteria for TSL review is not particularly well thought through or exercised in some cases. Regional differences in the process in conducting the review of licences result in a lack of confidence in the review and analytical risk capability of the regulatory staff charged with carrying out this role.

licence. Under the ORS framework they could employ transport service licence holders who are variously rated in terms of compliance performance, but the public has no idea what the risk to their freight might be from the TSL holder so engaged by principle freight forwarder or consolidator. Needless to say there is an assumption among operational TSL holders (and the Forum) any entity engaging contractors in this manner should be held to account under ORS and its rating should be based on the average of ratings held by its contractors for any rating period. The premise behind this approach is to provide visibility of the potential compliance risk associated with the services of the principle entity.

If the two options in the discussion document are considered neither seems an alternative. Option 1 the removal of transport service licence altogether would remove entry point costs but we seriously doubt this model would work. As explained previously the transport industry is already the subject of regular criticism from the public and letting wayward individuals operate in the sector would only result in a lowering of standards and public confidence in the service the sector provides. Whether the costs are removed from the system under option 1 is debatable and it's very likely additional costs will be incurred though the necessity of extra policing to manage in-service performance. These costs will have to be picked up by someone so the removal of TSL fee payable with vehicle registration seems very unlikely. The potential risks of there being no form of TSL licensing or user registration system are self-evident from the explanation on page 31 of the discussion document.

Option 2 consisting of a targeted approach again seeks to remove the TSL from the commercial trucking sector but retains some form of control for the vehicle recovery sector. From a road transport point of view the risks with this approach are similar to option 1. Interestingly the argument in favour of either option rests on an expected reduction in "operating costs" and in an aggregation of sector wide total compliance costs the potential reduction looks fairly significant. The impact on individual licensees is relatively small and in reality will have a low impact on an individual

company's operating costs. The entry costs are not high by most occupational entry cost norms. In fact operating any sort of business will involve compliance costs all of which relate to public policy safety issues so the entry costs for a transport service licence holder is not out of order with these.

Currently there is a reasonable framework of exemptions around the TSL requirements that are available by application and these provisions clearly separate personal use of goods service vehicles from those that potentially could be used for hire and reward; so arguably there is no real need to change the present policy around TSLs and their universal application to goods service vehicle users.

What could be looked at is refocusing NZTA services and keeping the vehicle TSL fee relevant to the services provided e.g. CVIU enforcement and maintenance of the TSL register. All other NZTA services such as support for poor performers in terms of compliance should be based on a cost recovery approach. The argument here being the operators who present little or no risk should not be subsidising corrective action and support provided to the high risk operators. This outcome would require NZTA to look seriously at its operator support delivery models. Another issue to be resolved is for the Agency to sort out specific procedures around operator reviews and adopt standardised practices instead of the hit and miss approach that irritates operators.

From the Forum's point of view there is ample scope for adjustments within the TSL regime and in our view it is not appropriate to do away with the concept. Furthermore we doubt any real savings will result and there will simply be a shift in cost attribution because the current services particularly around enforcement and compliance will have been provided for anyway.