COMMONWEALTH OF AUSTRALIA

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND THE ARTS

Reference: Managing fatigue in transport

MONDAY, 13 MARCH 2000

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STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND THE ARTS

Monday, 13 March 2000

Members: Mr Neville *(Chair)*, Mr Gibbons, Mr Hardgrave, Mr Hollis, Mr Jull, Mr Lindsay, Mr McArthur, Mr Mossfield, Mr Murphy, and Mr St Clair

Members in attendance: Mr Gibbons, Mr Hollis, Mr Jull, Mr Neville and Mr St Clair

Terms of reference for the inquiry:

- Causes of, and contributing factors to, fatigue.
- Consequences of fatigue in air, sea, road and rail transport.
- Initiatives in transport addressing the causes and effects of fatigue.
- Ways to achieving greater responsibility by individuals, companies, and governments to reduce the problems related to fatigue in transport.

C O N T E N T S

WITNESSES

Committee met at 9.11 a.m.

CROKE, Mr Dean Michael, National Risk Manager, MMI Insurance Group

CHAIR—I declare open this public meeting of the House of Representatives Standing Committee on Communications, Transport and the Arts in its inquiry into the managing of fatigue in transport. I welcome people to today's public hearing. In opening the proceedings, I should emphasise that, in addressing its terms of reference, the committee has not prejudged the issues, nor is there any element of a witch-hunt. Members want to hear a full range of views and consider initiatives which have been, or could be, developed for the better management of fatigue in transport. Managing fatigue is a very important issue in the workplace and has ramifications for all of us. Under the terms of reference, the committee has been asked to inquire into and report to the parliament on managing fatigue in the transport industry by focusing on four areas: the causes of and contributing factors to fatigue; the consequences of fatigue in air, sea, road and rail transport; initiatives in transport addressing the causes and effects; and ways of achieving greater responsibility by individuals, companies and governments to reduce the problems related to fatigue in transport.

The insurance industry has a very important role to play in managing fatigue in transport. MMI is a very large insurer of heavy vehicles and is in a unique position to provide insights into the underlying causes of fatigue and the ways to address the problem. The committee is keen to hear of these insights in its efforts to combat fatigue. I would like to thank all those who have generously given of their time to assist the committee with this inquiry this morning. It promises to be an interesting and informative session.

I welcome to the table, Mr Dean Croke from MMI. MMI, as most members would know, has a history that goes back to the NSW Chamber of Manufactures and although it is now a wholly owned subsidiary of the Allianz group, MMI has 75 years of experience in this field and, as I said, it promises to be an interesting and informative session.

I have to caution you, Mr Croke, as I do all witnesses, that, although the committee does not require you to give evidence under oath, committee hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of any false or misleading evidence is a serious matter and may be regarded as contempt of the parliament. Would you like to give us a small opening statement before we proceed to questions?

Mr Croke—Yes, I think it is appropriate that we do. I have tabled quite a lengthy submission, which I hope you have had a chance to digest. The topic of fatigue is a very serious one and very dear to my heart. I grew up in the industry in a small livestock business in country New South Wales. As a young boy I spent the majority of my time on the road with my father rather than attending school. We moved to Canberra so that we could get an education, and dad promptly sold the trucks. But my love for trucks has never diminished. In my career I have spent just over 1.2 million kilometres on the road as an interstate driver. So I have experience that would give me enough information to make a good conclusion as to what causes fatigue, but not enough to say that I am a professional long-distance truck driver, which was never my

intention when I took out to drive trucks. It was always to get a good handle on what was going on in the industry in all of the jobs that I held.

So my history has been in insurance and road transport management but I have a good blend of on-road experience as well. I talk to you today both as an operations manager of multimillion dollar transport companies—an operations manager who has instructed drivers to do things that are above the law, like a lot of operations managers do today—and as the manager of an insurance portfolio, where we are looking to try to reduce the impact of fatigue and be proactive with truck operators, not reactive, and show some genuine concern for the industry. Our overall view that I have brought to MMI is that fatigue is an output of a number of other business activities, and I have put it to a number of public meetings that, if you focus on trying to fix driver fatigue through fatigue management, you will never seriously address the issue because the viability of the industry is what drives it. It does not matter whether you are talking about driver behaviour, TruckSafe, fatigue management or the uniforms the driver wears; it is all about how the numbers work inside the business that determines the business's on-road performance.

I say that with authority because we have clients that are both good and bad. I guess that is a subjective analysis of our book and time would not permit us to go into that more today. We have clients that do not have accidents, that run very good businesses and that are very financially viable; we have other clients who are unviable, who have high utilisation levels of both people and equipment and have accidents and kill people. We can look at both and draw some conclusions that are very clear, and that is, if you get the numbers right, the rest falls into place. I have personal experience in that by managing the case farm machinery contract for Hunt Specialised Transport, which is the transport of all of the over dimensional case farm machinery around Australia. I managed that business for three years, and that is an extremely viable business. It is a high-risk business because it is all over dimensional high and wide freight. We did not have an accident once in three years, and we moved farm machinery to every part of Australia. The numbers were right, it allowed us to use the right number of drivers, the right number of trucks, the right type of trucks—everything was financially sound. Having said all of that, that is my introduction. I wanted to leave as much time as I could for questions because I think that is probably the more important part of it.

CHAIR—You would probably be aware that the committee has received a lot of evidence about time slotting, hours of duty, commercial pressures, lack of adequate rest facilities and the like that all contribute to fatigue. That is a little bit in variance with what you said; that is, that economics drives the business. If that is not the case, what do you reckon is the fundamental cause of fatigue in the transport industry? Is there just the economic side of it or is there—

Mr Croke—It is a complex issue and there are a lot of factors that go into it. You touched on time slots and extensive hours. The problem with that is that it is inevitable that you will have delays in unloading and loading. If you do not have to go out again that night because of the financial constraints of the business, you can have a good night's sleep. But if the driver has to turn around and be back in Melbourne the next morning, then fatigue becomes an issue.

CHAIR—And he has lost four hours on the road.

Mr Croke—That is exactly right. So it is all about the financial utilisation of the business. If you do not have to do five legs between Sydney and Melbourne a week and you only have to do four, which is two round trips a week, then your business is a lot safer and your drivers have a lot more discretionary sleep. But if you have to go every single night on five nights of a normal business week and unload and load during the day, by the end of the week the drivers have lost potentially two nights sleep. Drew Dawson at the Adelaide Centre for Sleep Research would have told you all about sleep debt.

CHAIR—We did find that some of the evidence given by people, and by companies—I am not saying it was deliberate—did not take this non-driving time into account, that technically their drivers were not exceeding the driving time limits but if they were stuffing around outside a supermarket or a warehouse for three or four hours, the rest of the day is shot. But then there were others, on this matter of managing fatigue, that used the management of fatigue as a plus in their business and were certainly quite open about it—Nolans, Finemores, to name a couple. Their view was that their drivers were schooled on fatigue—and even in Nolans case to the point of involving wives—and rest and diet and all those sort of things. That then became a positive, but it added to the economic bottom line of the company. Is there a role for that sort of thing?

Mr Croke—Most certainly. If you can have strong management and put in a program like that and then sell it to your clients, you have a much better chance of getting the viability right. The problem that Terry Nolan has and will tell you is that when he goes to negotiate with Woolworths, Woolworths look across all of their contractors and, unfortunately, like most people, the bottom line is the key thing.

CHAIR—I have two questions. Firstly, is there a method of streamlining slotting? Secondly, what is your fundamental view of the cause of fatigue?

Mr Croke—In terms of time slotting, that is a difficult one because you are generally dealing with heavily unionised yards when you go to unload and load. I have to say that productivity is not something that is consistent with heavily unionised yards, having had experience where I have attempted to get unloaded and loaded quickly. I will give you a case in point. Turners Transport run a contract out of Newcastle, the Tubemakers contract, which involves ductile pipe and rolled steel. The average loading time there is 5½ hours, but their target was two hours. That is unrealistic.

I did a consulting job for the company at that time and we put a proposal to BHP where we could increase productivity and reduce the number of people from 28 down to 21, but the union did not believe that that would be the answer. Staff numbers went to 38. They increased them by 10 instead of reducing them by the eight that we proposed. Waiting times have not improved and, if anything, they have got worse, and BHP has subsequently sold the business, in despair, to Tyco Industries. Coles did the same thing in Sydney when they moved from Wetherill Park. They now have two RDMs, one at Somersby and one at Goulburn, for that very reason—they could not get the productivity into the shopfront where they needed it.

So the answer to slotting is very difficult. I do think you will get any solution from the transport side of it. The chain of responsibility legislation in the driving hours package is good,

but unless you take on people like the heads of the big retail firms that knowingly allow drivers to queue and put pressure on them, and make the drivers get out of their trucks—because you cannot sleep when you have got overhead cranes working—I do not think you will see a lot of change. The transport industry is oversupplied with vehicle operators and therefore they are a net price taker and at the whim of everyone else that uses trucks. I do not think road transport is going to have a lot of joy fixing the slotting.

It is a symptom of this thing called logistics management. Logistics management is about cutting down the number of steps between the manufacturer and the customer. The more bits you take out of that process, the more it means trucks then become mobile warehouses and go bang, like that. Your problem is that trucks then get messed around because of the waiting times and the bottlenecks that develop because the flow of product is not even, even though the logistics management people say that it should be, and in theory it should be. Unfortunately, the road transport industry is being dictated to and, because they are oversupplied in terms of numbers of operators, they are always willing to take on more work. They say, 'Yes, we will do those deliveries. Yes, we will look after your pallets. We will put them on our account. We will do those few deliveries for nothing for you,' just to keep the business.

Mr HOLLIS—With the competition in the industry, I really do not see how you can bring any legislation in. If it is just left up to the individual, the competition is going to dictate that they are going to do lots of things that, in an ideal world, would be unacceptable.

Mr Croke—That is right. The other problem you have got is drivers being paid on a piece rate, if that is the right word. Having been a driver, I know there is always an incentive to do more trips or more hours and you absorb those few hours in getting unloaded and loaded as being par for the course.

My history in the industry spans back only just over 32 years when I started driving trucks illegally on the road in the bush, so my experience is not that great. But in that time nothing much has changed in that area. Everyone has considered that working in road transport is hard work. There are long hours and lots of delays and that is the way it is. I do not think it is a culture that is really consistent with change.

Mr HOLLIS—If, in a hypothetical ideal world, government came to you and said 'Fix this problem,' how would you go about it—if they just said to you, 'Here it is. You have a clean slate. Make what decisions you have to make. All we want is for you to come up with a solution to this problem of managing fatigue or dealing with fatigue in transport?'

Mr Croke—I would draw on the experience of some of our American colleagues. I have had the opportunity to visit some companies. I will use the case in point of Werner's Trucking for Omaha, Nebraska, that have got 5,300 prime movers. They run the NORCOM global positioning system; you have obviously had some submissions from people about satellite tracking. My answer to you is that I would use technology to slot trucks, to position them, to advise the drivers of their ETA and of any possible delays. Werner's are a great example because they are the first company to get exemption from on-road enforcement with logbooks in America. They took a very brave step with the department of transport to do that. They said, 'You come and audit our computer system any time you like because we know we are 100 per

cent spot on.' They very simply allocate loads to trucks based on available driving hours, so if you have a Chicago-New York run and it needs 12 hours, the computer scans every truck in Chicago that has got 12 hours until it finds a truck that is available. That truck then gets the load and off it goes and they track it every hour. If the truck falls behind schedule, they put it into a drop and swap mode which means that, if you get to Fort Wayne, Indiana, and the truck is 25 minutes behind its proposed ETA, they look at Fort Wayne, Indiana, for an empty husband and wife team in that area. The prime mover automatically gets under the loaded trailer and the trailer then goes straight through to New York on time and the driver is rested.

Technology gives you the ability to manage these issues properly. Unfortunately in Australia we do not have many freight contracts that warrant that investment in technology. I can give you a couple—BHP and Australia Post. There is a couple that have enough freight to warrant that. What we really need is some system where we can put all operators into it so they can be managed effectively. I think we are a long way off from that, but technology is clearly the answer to managing the time slotting issue and communicating with drivers so that they do not unknowingly drive through the bad hours of the night thinking they have got a time slot at 8 o'clock when it has actually been delayed by two hours from the day before and they were not told.

CHAIR—Could you have clusters of companies to create the critical mass?

Mr Croke—Yes, you can.

Mr HOLLIS—That is fine, as you said, if you are BHP or Australia Post. I am an owner-driver and I have got a big mortgage. I have to pay off the bloody truck; therefore, I will work every hour possible. So how do I fit into that system? I cannot.

Mr Croke—You cannot. And in America, there are a lot of owner-drivers who refuse the technology because they know they have to break the law to do what they have got to do. For every truck with a dome on its roof in the States, there is one without. The answer is that you will keep doing what you are doing because the law of averages says it is unlikely that you will get caught and, if you do, the fines are minimal anyway. That is how most owner-drivers think.

Mr GIBBONS—You mentioned that work practices on some of the unloading facilities were a problem. Surely that is not the only problem? I imagine some of the geographical or physical set-ups would be conducive to long waits. Have you found that a problem?

Mr Croke—Yes, that is a big problem. I will give you a case in point. I drove a B-double for Kalari on the Lanes biscuits run—we did Sydney-Melbourne-Brisbane on a weekly basis—and this situation all comes back to the logistics push. You now have 180-cubic metre trailers that carry 84 pallets of biscuits compared with a normal 45-foot trailer that carries 44 pallets. So you have these massive B-doubles pulling all this freight. This is driving down the cents per kilo for the biscuits and so the client looks at it and thinks it is wonderful. Utilisation levels are up around 10,000 kilometres a week, which is very high; there is a good return on assets; drivers change every 12 hours; and there are hotels. The whole thing is just perfect. But the problem when you get to Woolworths at Yennora is that you have two trailers that you have to split up. You cannot get the load into Yennora, so you have all this extra time running around. The

geographic side of it is difficult. The trailers designed to get maximum productivity are not consistent with having to back into finger docks and are extremely difficult to unload and load. So there is the transport industry that is growing—

CHAIR—Is that a point we should be inquiring about?

Mr Croke—I think so, because you have road transport technology moving at such a great pace in Australia compared with the rest of the world but manufacturers who are not looking at those sorts of issues. You have road designers designing roundabouts that you can hardly get a bonneted truck with a 45-foot trailer around. In fact you cannot without mounting the—

Mr HOLLIS—You cannot get a car around them.

Mr Croke—Just go to Yass and have a look at everyone leaving the truck stop out there. The B-doubles have wrecked it, not to mention the tyres that have been wrecked trying to get around the thing. We want people to rest at Yass, but you have got to screw the truck around a roundabout. This issue was discussed probably five years ago. I am not sure how you are going to get the road designers to think about truck operators, but I think you need to table it as a serious issue.

Mr GIBBONS—There is a concept in Bendigo being promoted by a local businessman to build what is called an inland port. Bendigo is 160 kilometres from Melbourne and there is still a dual rail link between Bendigo and Melbourne—in spite of Jeffrey. The actual location site is about 12 kilometres north of Bendigo in a small hamlet called Marong. The idea is that trucks from parts of Victoria, South Australia, and maybe northern New South Wales would come and unload their freight at this port. It would be set up just like a normal port, and the containers would be loaded on rail and freighted either to the market or to the wharves in Melbourne. The promoter estimated, for example, that if a truckload of fruit came down from Mildura, it would normally take a minimum of six hours to get from Mildura to Melbourne and anything from four to six hours be unloaded at the market; whereas, under this new concept, a truck would take just under four hours, about 3½ hours, be immediately unloaded and be back to Mildura in seven hours—that sort of thing. Do you think a concept like that would be a big advantage if, for example, they were sited outside every major port in Australia?

Mr Croke—It certainly would do a couple of things. It would reduce the exposure of drivers to that, but it would also increase urban congestion with older trucks that are belching out the wrong type of emission. We have to remember that, as more freight goes onto rail, it exacerbates the problem we have with the greenhouse issue. The hubbing concept is not a new one. It is a great idea if it can work economically. The problem is that if you have heavily unionised rail yards or ports, your efficiencies will be lost. You have only to look at the fast shipping proposals that have been on the table for a while. If you had a privatised port in Sydney and you could run straight to Geelong, which is a privatised port, or to Portland, you would have shipping taking a lot of freight off road. But you cannot get into Sydney with a fast ship and turn it around quickly to pull out a couple of hundred containers of overnight freight. The issues in that area are very complex. One of the greatest threats to road transport is shipping. If the shipping industry could get turnaround times right, that would be a big advantage. I think hubbing is a great idea, but economically I am not sure that we have the

infrastructure to handle it at the moment. I did not answer your earlier question on the cause of fatigue.

Mr GIBBONS—How effective are programs like TruckSafe in managing fatigue?

Mr Croke—In my introduction I did not tell you that I was the national manager of the TruckSafe program for three years. I have seen just over a thousand applications for TruckSafe and been involved in the audit of the 350 that are currently accredited. From an insurance perspective, we do not view TruckSafe as being a very positive indicator in terms of driver fatigue. It is a good management system and it is a great start and, in the absence of anything else, it is the best thing that has happened to this industry in a long time. The problem is that—

CHAIR—Is it the system itself or its application?

Mr Croke—The application and the management of it is the problem.

CHAIR—Where does it fall down? Can you explain that to us?

Mr Croke—It falls down because it is underfunded, largely. The set-up costs have been very high. The industry is very sceptical. It is sceptical about the people who are running it and their motives, because they believe they do not represent the views of the industry. And they are right, in a lot of ways. The problem is that the bigger companies have supported the programs like TruckSafe because they have a view that it is a good way to change the industry and be seen to be a positive, credible player in the market. Unfortunately, TruckSafe has nothing to do with road transport law, vehicle capability, driving hours, speed—all those issues that cause driver fatigue. So we look at TruckSafe as being a good management tool and a good start but nowhere near the mark in terms of managing driver fatigue. The step that the representative bodies would put to you is that we really need to go from TruckSafe to the Queensland Transport FMP. TruckSafe meets 10 of the 14 standards of FMP. The other four standards that TruckSafe does not meet are the critical ones—rostering, scheduling, definition of time at work and time at home. They are the critical things that it does not address. That is where you really have to get to. That is why my submission said that you really need to combine FMP and TruckSafe and all of those things together and come up with a product that is supported. The problem you have got is that, in these tough economic times, operators cannot afford to pay the money that they should for a program to be self-sufficient. That is why it has had to be funded by the government and have sponsorship so much. It has been underfunded and mismanaged.

CHAIR—I do not want to introduce the party-political thing, but I will just ask this purely as a reality question. When diesel fuel falls 23c or 24c a litre, is there a time when the industry has a bit of a breathing space to look at a few things like that? In other words, they will have to rejig their costs and so on. Is that the time to be doing something about these things?

Mr Croke—Without a doubt. If they do not, I think a lot of the operators will fall by the wayside. There will be a natural attrition from this industry. Right now, a lot of operators are attending the workshops that are being run by the ATA. The co-author of the viability report, the fellow who did the analysis on the database, is running those workshops. He told me that a lot of operators are now, for the first time, actually seriously looking at technology as a way of

working out what their costs really are. We have a catalyst now that is going to change the way this industry is managed financially. So I think, by default, a lot of our problems we are talking about with fatigue will be addressed because operators will be able to work out what it is actually costing them. If they are smart, and we get a good education program in place to help them educate their clients, they will become better marketers of their business. Most of them are like my mum and dad—they are not highly educated people but are technically brilliant drivers, loaders and fixers of trucks.

Mr ST CLAIR—I appreciate the fact that you have practical experience in these sorts of things rather than the theorists who sometimes appear before us. I appreciate the fact that a lot of the questions that have been asked by colleagues are questions that really are vital to what we are doing. I have a couple of questions. One was the fact of concentrating on running the business as a business and obviously a new tax system is doing that when you go to ATO seminars, as you know. What about the changing of the pattern of deliveries in Sydney in particular, where the road networks are not conducive to running semitrailers? I have a constituent who drives into Sydney almost every night with meat. He is now getting booked at 1 o'clock in the morning for jackknifing across Parramatta Road to get into a client. The client will not move and the police are trying to force him into driving a smaller delivery van or whatever.

Mr Croke—It is at Homebush.

Mr ST CLAIR—What do you see as issues? Is there a cooperation between the police and state RTA people and long distance drivers?

Mr Croke—I think that has to be the answer. We touched on it earlier with road design.

Mr ST CLAIR—Yes, you did.

Mr Croke—I think that is a critical part of it. You have some difficult economic considerations there in terms of that particular one, I think. It is at the corner of—

Mr ST CLAIR—It is at Strathfield.

Mr Croke—I know the one. That has been there for 30 years or so. People have had to back trucks across four lanes of Parramatta Road to do that. That is not the only one in Sydney.

Mr ST CLAIR—No.

Mr Croke—The issue is difficult, because you have a congestion issue in Sydney. You have trucks that are becoming bigger and longer, and you have the rest of the community that has not kept pace with the technology and the design of vehicles. I really do not know what the answer to that is in terms of how you get a process to get everyone together to make that happen. But to answer your question, yes, it is a big issue and, yes, you have to address it, because what we are doing is very subtly sending the wrong messages to the trucking industry. What you are saying to me is, 'We're not supporting you.'

It is like the changes in the logbook that have been brought in. We are talking about managing driver fatigue and being supportive of drivers on the road, yet we have got officers out there harassing the daylights out of them—nitpicking; booking them for minor things. If you send the wrong signals to the trucking industry, they become too sceptical. If they think the police are going to book them because they have got to deliver their load of meat, there is this 'them and us' attitude. It does not matter how many reports you put out or what sort of words you put in them, they still think you are against them—'you' being everybody else. So it is a difficult problem.

Mr ST CLAIR—Coming from a country area as a few of us here do, there is another issue of the owner-driver. The owner-driver should not necessarily be penalised by lumping them all into one bucket, by saying that the owner-driver is the person who has got the $400,000 rig that he is trying to pay off. As you know, there are a lot of owner-drivers who do very well, thank you very much. I have got two in particular in my little town. They might have old rigs, but they are always kept in good condition and to them fatigue management is not an issue. They just chug along; they do their thing. They deliver their load of wool and bring back their load of super. What worries me is that I would not like to see an overregulation or more legislation to catch the two per cent and then lump in the other 98 per cent on top of that. How would you manage fatigue? I may have missed your answer to this, if you answered it before. I will check the records to get the answer.

Mr Croke—Firstly, I would talk to my customers about what they want and find out about their utilisation levels, their expectations and what they want to pay to have their product delivered. I would talk to them about their legal responsibility and their duty of care. I would make sure that they are fully aware of the driving hours regulations and the implications there if they knowingly participate in an illegal activity. Those are the first things that I would do. I would market the business first, and I would work back from there. That is how I would manage fatigue. I would never be naive enough to think that, because I was meeting the driving hours regulations, I could manage fatigue by running a driver for 12 hours and then rest him for 12 hours.

We have one of the best clients in Australia you could ever get from Queensland. They have had three fatigue related accidents in the last three months. It is the best business you could ever visit and look at. Yet, because of this logistics push—the need to drive rates down, and with customers trying to get more efficiencies out of their transport business—they run trucks seven days a week, 24 hours a day, with split shifting at midnight every time. What you have got is a driver in a seat between midnight and six with non-time sensitive freight. That is the key; it is non-time sensitive freight. And they are crashing their trucks in the early hours of the morning. So I would not be drawn into this logistics push that is looking for high utilisation levels because what is popping out the other end now is fatigue related crashes. That is what you are seeing. You are seeing the outcome of—

CHAIR—There is plenty of evidence of that between midnight and dawn.

Mr Croke—But what is happening now is that we have a lot of clients that are moving non-time sensitive freight in a time sensitive way to get the utilisation levels up in the week. We have got a client that is running Sydney-Melbourne that is doing 14 round trips a week. Every

24 hours, a truck goes Sydney-Melbourne-Sydney with two drivers. It is warehouse transfer freight. Why is the driver in the seat at 4.00 a.m? They have had six fatigue related crashes. They are now uninsurable. They are locked into a five-year contract and cannot change. It is a complex issue. The trucking industry has almost bent over and said, 'Here we are. We are so efficient; we are so oversupplied; we will do it almost for nothing.' The rates they are doing it for are incredibly low. I think the truck industry has gone too far in creating efficiencies, because they have not put the human factor into the equation. Drew Dawson will talk a lot about the human factor.

Mr ST CLAIR—Do you think there is a role for a machine that tests for fatigue?

Mr Croke—Yes, there is. I think Steve mentioned the AUSPAT system at the NTI hearing. I think he mentioned something about Victoria. You would have seen the AUSPAT system in Adelaide. That is a very good system, but the problem with having it measuring people on the road is that it only measures you against your previous history. So, if it is a one-off test, it is not really going to work for you. What you need to do is have that system before the drivers start work. There are a lot of devices coming out now that passively measure heart rate—pressure sensitive devices that can pick up things on the steering wheel and things such as eyelid movement. Anything like that, that we can bring into this industry to try, I think has to be applauded. But the problem is that, if you are on the road between midnight and six, it does not matter how many eyelid blinking devices you have watching you. When it happens, it happens very quickly. And I speak to you as a driver who has taken drugs to stay awake and who has tried to do it naturally.

Mr ST CLAIR—Is there a place for drugs?

Mr Croke—Definitely. I would have to say that, if I went back on the road and had to drive all night every night for five nights a week, I would not do it without them. I would not be naïve enough to think that I could stay awake five nights a week—I have fallen asleep too much. I have fallen asleep too much at the wheel and endangered my life and other people's lives.

Mr ST CLAIR—Are you talking about Medafinal?

Mr Croke—I am talking about Duramine, ephedrine. It is an appetite suppressant. As you can see, it has been a while!

Mr ST CLAIR—Are there any safe sorts of drugs, like caffeine?

Mr Croke—Caffeine is good for a few hours but it is not good enough for a driving shift. If at four in the morning you need a hit, it is okay for a little while but the effects of fatigue will get you before the sun comes up.

CHAIR—This particular drug I just mentioned has been used in the States, been tested in the States, and so far very few side effects have been recognised.

Mr Croke—I have only heard about it and I think we need to explore it. I know the person speaking at the conference in Perth this coming Sunday is the gentleman that prescribes

performance enhancing drugs to the aviators in America, so I think it needs to be explored. The side effects issue is a big one because there are a lot of people that would say, 'I would rather take the risk of the long-term side effects than fall asleep at the wheel and kill myself.'

Mr JULL—Is there a role for the insurance companies to play in all of this; if so, what is it? Do you have any specific formula within the industry that maybe could lead to some sort of standard control, or is your industry almost as fragmented as the trucking industry inasmuch as you are all after the business at the cheapest possible rate?

Mr Croke—A few years ago the answer to the last part of the question would have been yes. It was very fragmented and, yes, they were chasing GWP, gross weighted premium, without any consideration of the quality of the risk. It was about the premium. But the insurance industry has rationalised to where you have gone down from 14 players to five serious insurance companies in trucking. We have done what the road transport industry needs to do; that is, reduce the number of players in the market. We now have a situation where rates are rising because the oversupply has diminished. But what is also forcing rates up is the fact that driver fatigue is now clearly identifiable as a major factor in our heavy vehicle loss portfolio.

In terms of there being a formula, the formula that is applied is relatively simple. It is based on the claims history of the client, and then there is a factor put in there for their risk profile, which is where I fit in. I ask questions in a 76-question check list that I did not bring with me today, but I will gladly give you. It is a 76-question check list that takes about 10 minutes for a trucking operator to fill in, and it has questions in there that come from the FMP standards. They include, 'What do you do if your driver drives more than two consecutive hours in a week?' 'Do they sleep in ADR approved sleeping berths?' 'Do they sleep in hotels?' 'What percentage of the time do your drivers drive continuously between midnight and six?'

It is nothing to do with the claims history because what I am trying to work out is the probability of a fatigue related accident. What has driven all this is, of course, the fact that trucks that were worth, say, $120,000 maybe 10 years ago are now $300,000 prime movers. So the impact on insurance is dramatic now because these older trucks are now newer trucks that are causing massive claims, and the insurance industry has not kept pace with that. The insurance industry has been run by insurance people; it has not been run by people from the trucking industry, and that has changed. You met John Kelly at the NTI hearing. There are people like John and I that now work in insurance companies to help them understand what really drives risk in a trucking business, not just their claims.

To come up with a formula is very complicated. We are doing some things that are being proactive. We are applying midnight to dawn excesses on truck operators. So if a truck operator knowingly drives his trucks between midnight and dawn every night, he may have a double or triple excess applied to him on that particular policy. There are howls of protest because the trade media is saying there is yet another impost on the trucking industry. But I would put it to them that what they really need to do is try and work out a way so they do not put their drivers on the road and endanger their lives and everyone else's lives, that they are more proactive and sell their business better so they do not have to work for the rates they work at.

We have given industry a prod and said, 'This is your problem, you have to fix this, and we'll support you,' because not every client gets lumped with that excess, only those operators who work in that high risk zone. The reason we have done it is that a high risk operator and a low risk operator are lumped into the same premium pool if they are long haul operators, so if one has a good claims experience and the other has a bad one they both get averaged out. It means that the operator who is knowingly driving his drivers excessively and causing fatigue related accidents is getting away with it and the guy who is managing it right is being penalised. What we are trying to do is come up with a way to say to the high risk operator, 'If you want to drive between midnight and dawn five or six nights a week, it's going to cost you a lot more,' and to the guy that is not we say, 'We're going to work with you and offer you lower premiums.' That is how there is this divide starting.

Mr JULL—Did I get you right before, that if you have got an operator who is a risk it is three or four strikes and they are out? It might be out from your company, but does the word get around?

Mr Croke—Yes. This insurance industry is very small. For the first time in my history in this industry I have seen five companies in the last two months become uninsurable. That means they could not even get a broker to get a price. That has never happened. You have always been able to get a price, no matter what. The number of players that are in the market has diminished because there are the high risk ones that would always take a high risk business chasing the premium— it is called cash-flow underwriting: you have to get the money in to pay the claims out, the two have always got to balance and if the tail end catches you you have to stop writing new business—and they start to factor their claims through finance and then eventually they go out the back door. That is what has happened with two major players in the last while, so a number of high risk insurers have fallen out of the market. They were typically insurers that would insure offshore, through shonky companies in Bermuda and back through London et cetera. They are not part of the Insurance Act in this country. It is a disastrous situation that truck operators have unknowingly put themselves into. Have I answered your question?

Mr JULL—Yes. Am I drawing too long a bow here: at the end of the day, what you are really saying is that the trucking industry will probably develop into a highly professional group of large companies that will buy all this and adapt and that the future of subcontractors and some of the smaller ones is in fact pretty dreadful?

Mr Croke—It is bleak. If you look at the Inspector-General's report into the Bankruptcy Act you will see a dramatic increase in bankruptcies for the small owner driver-owner operator segment. There are substantial increases. I will provide you with a copy of that report when I get it finished. So, yes, I think the future of the smaller operator is under a cloud. I note Stuart's comment about the owner-driver who has been able to keep his clients away from this push for logistics and become influenced by the need to suddenly go from a guy they have dealt with for 20 years to getting quotes from five other operators, three of which are big interstate long hauliers who happen to have trucks empty in their town. That is what is happening. It has happened in the livestock industry. The more often trucks run further afield from their home base, the more they are looking for more freight to come back and they are getting into the domain of the small owner-driver who has always had a good niche, who has always been

profitable, who always works 18 hours a day but is in bed between midnight and six religiously and does not have a problem with fatigue.

Mr ST CLAIR—If I could take up the issue of truck stops and changeover stations and the fact that a lot of interstaters are doing it, do you see a role for the super truck stop type of concept which has been mooted over time? I have certainly had one mooted in my town and we have been looking at it together with the industry. Do you see it as a gain if these are spread right round the whole of the continent or not?

Mr Croke—I think you need to because it does something very subtle: it sends a very positive image to the truckers on the road that they are considered important. Right now, the truck stops that you have to choose from are fairly ordinary. If we run through your constituency up in Far North Queensland, you are lucky to find them open of a night, other than the big ones. With those that are open, if you do not get jumped on by cane toads in the showers and get eaten to death by mosquitoes, you are lucky. Yes, we need to send a message to the industry—

CHAIR—Narowie.

Mr Croke—How did you know? There is actually one on the Sarina straights that is pretty woeful.

CHAIR—I just said to John Anderson, 'This should be a proper truck stop,' as we went through there a few days ago.

Mr Croke—That is exactly right.

Mr ST CLAIR—Who should pay for these things? Is that a role for the transport industry, including insurers and fuel people? Is it a role for government to be involved in? Or is it a role for—

Mr Croke—I do not think it is for government. I think this industry has leant too heavily on government in the past; I do not think it is a government solution. I think the people who are making the big dollars out of this industry are the suppliers. It is for the insurance industry, to a degree, but I think the fuel companies have had a pretty good run out of the trucking industry, and it will continue. What they need to do is to refocus their marketing. It is like the insurance industry. Fuel companies are run by fuel people, not by truck people, and you have people designing truck stops that do not understand what a truck driver needs. That is the problem. If we could work with people like BP and Caltex and educate them in what a truck stop actually needs—and your super truck stop is a great idea because it makes the driver feel welcome. He can actually do things, such as his banking, get his email, have a haircut—live like a normal human being—which he really cannot do as an interstate driver. I did not have time today to bring a video, which I produced on a week on the road before Christmas. It is a 50-minute video, warts and all. I will give it to you.

CHAIR—Just going back to that question of Stuart's, you say that it should be the industries. But is there a role, perhaps for the federal government on the national highways and the state

governments on the other highways, to subsidise the local authorities to provide, say, the primary parking area. I am not talking about all the facilities like the banking and the food—

Mr Croke—The hardstanding. I think that is a good idea. I think there needs to be—

CHAIR—So there is an incentive for people to put these up, knowing that there will be room for 40 or 50 trucks and they will not be putting up $2 million or $3 million just for the car park.

Mr Croke—That is a critical part of it, and I would support that. I think that is a very good idea. The Guyra one is a great idea, and I could see a fuel outlet baulking at the cost of 12-inch concrete over two or three acres.

Mr ST CLAIR—It is also baulking at the fact that there is a disparity in prices between Queensland and New South Wales in diesel, and that appears to be the major issue at the moment. In the case of the Guyra one, where the existing truck stop was owned by the local government authority but run under contract, the local government authority would be quite happy to give it to them in that context, but they would have to develop it. So the question of hardstanding does not become as important. The difficulty that I have with governments providing hardstanding is that you are starting to pick winners and you are starting to say, 'We'll provide the hardstanding there,' which gives an exclusivity to one company or another to actually build something on that spot.

CHAIR—I have another point that Stuart has raised and on which I would like to hear your comment. Is there a role for strategically placed towns between Sydney and Melbourne, Sydney and Brisbane, and so on—

Mr Croke—Adelaide.

CHAIR—Yes, Adelaide—where you can do what Guyra did and encourage trucking families to come and live so that the driver is generally at home at night? I do not know what form of subsidy or assistance might be given to a local authority to advance that, but is there a role for that?

Mr Croke—That is a very good idea. There are some truck operators that we have who have driver changeover points at Glen Innes, for example. They have moved away from the traditional changeover points because of lack of drivers. If you try to do a changeover point with your six and six split, which is, say, Tarcutta—there are not a lot of drivers who live in Tarcutta. But if you did it at Benalla and did a nine and three, you would pick up more drivers the closer you get to your capital cities or your major provincial centres. So there is merit in that. The problem we have now is that the local drivers that live in, say, Narrandera, are largely depleted because a lot of truck companies are now doing changeovers in Narrandera or Hay. So, yes, there needs to be some form of relocation incentive. Wasn't there something that got people to move to Albury when we were looking at developing Albury-Wodonga as a—

CHAIR—Yes, but that was on a much bigger scale.

Mr Croke—Was it? But I think the concept is sound.

Mr ST CLAIR—The town itself can do something by being pro professional drivers, rather than chasing trucks out of the town. So often we have seen people from little towns chase trucks. They put signs up near the truck stops—you will pick the one—that say that no truck drivers can park there. So what do the truckies do? They all go past, and then the townspeople scream that they have no business in the town.

CHAIR—Should there be a thing where local authorities can apply for a grant of $50,000, $100,000 to do a marketing program?

Mr Croke—I think you need to educate the community, because the broader community does not understand the role of trucking in the whole process. They see trucks as an impost; they see them as noisy things that wake them up at night. If you go across the coast to Nambucca Heads, they would like to ban trucks from the Pacific Highway.

Mr ST CLAIR—Or you could come to my town. We love them, and we would like to keep more of them.

Mr Croke—As a risk manager, my main role is to visit transport companies that are having problems. In the year that I have been with MMI I have visited 52 companies around Australia and conducted an on-site survey of their business and written a lengthy report with recommendations about exactly what they should do, including an analysis of their schedules, their levels of fatigue using the interdyne software, TruckSafe, even helping them write the drivers' manual to put into their business.

CHAIR—Do you find that TruckSafe is a meaningful tool?

Mr Croke—Yes, for the majority of the industry. Could I also add that, having done all these wonderful reports for a lot of these operators, a lot of them have done nothing because the financial imperative has meant they could not afford to put risk management in.

CHAIR—Let me put another question to you that we have asked some other witnesses. Some people think you can achieve all this by a penalty regime. New South Wales seems to be going down that road whereas Queensland is trying to do this management fatigue program. Is there a role for some form of auditable quality assurance program that a trucking company must carry? I am not talking about penalties but rather their access to insurance and to government exemptions from logbook inspections and all that hinge around whether there is an auditable quality assurance program that involves a number of these things we have talked about this morning. What is your view on that?

Mr Croke—I think it has merit, and you have got it in the form of TruckSafe, to a degree, but it does not include the critical areas of the Motor Traffic Act that we really need to zoom in on. The problem you have is that, while ever clients will not pay for the cost of safety in the setting of rates, you always see that as being an impost on the trucking industry. They will baulk at it. They will say, 'Here is another example of big brother trying to beat the trucker up,' because the trucking industry has not been smart enough to go to their clients and say, 'Here is all this enforcement technology. Here is the cost. Here are the rates. Let us do some open book accounting. That is the cost.' If the majority of the industry did that, you would not have this

issue. You would not have the problem. Unfortunately, the majority of industry does not do that. That is why my submission pushed for some form of national education program to help them market their business a bit better, to understand what their costs are, what it really costs to run a truck business.

CHAIR—I have just one question we have also asked the others. Do the new heavy vehicle driving hours regulations developed by the NRTC go far enough in managing fatigue?

Mr Croke—No, nowhere near it. They totally ignore time of day, and that is the fundamental problem. While they focus on the numbers and not the time of day you will continue to have fatigue crashes. This ludicrous Transitional Fatigue Management Scheme has allowed truck operators to drive their drivers for 14 hours a day now without regard to time of day.

Mr ST CLAIR—So 14 hours a day would be fine providing you stay basically away from that midnight to six period. Is that your view?

Mr Croke—Yes, there is no problem with that. But it has legitimised what a lot of the industry has been doing for a long time, which was working more than 12 hours anyway. Your owner-driver colleagues and good mates of mine will always work 18 hours a day but be in bed between midnight and six. If they all did that we would all be a lot better off.

CHAIR—On behalf of the committee I would particularly like to thank you for coming here today. It has been very informative. It has given a dimension to our work that we have not had before and we appreciate your contribution immensely. I trust we can come back to you if we require anything further.

Mr Croke—Certainly. Just in closing, I will give to Adam a copy of the video for you to look at and a copy of our risk management check list so you can get a feel for what—

CHAIR—I think we will get that copied and sent out to all members.

Resolved (on motion by **Mr St Clair**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 10.04 a.m.