

# International policy transfer in the road sector: From Australia to Sweden

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ANZSOG research seminar  
Dr Christopher Walker, UNSW

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# International policy transfer in the road sector: From Australia to Sweden

Chris Walker, UNSW<sup>1</sup>

## Introduction from Gary Banks, ANZSOG Dean and CEO

Here at ANZSOG, we're firstly trying to hone our research priorities, and secondly make more opportunities for dissemination of research findings. In these two ways we're aiming to make our research more relevant and useful for our member governments.

This project is important because it ticks a number of boxes in relation to our priorities. One priority theme is looking at collaborative governance and collaboration generally in policy and service delivery, and another one is focusing on interjurisdictional learning about policy. A point I've often made is that as a federation one of our great advantages is to learn from each other, and we could do better at that.

Here is a project that goes beyond the Australia and New Zealand region, and involves not only a nationally-operating regulatory initiative, but also international interjurisdictional learning. Road freight policy might seem like a rather specific topic, but Dr Walker's work illustrates important broader issues for countries seeking to learn from each other. Let's hear from him now.

## Australia's prime place in heavy vehicle regulation

I'd like to acknowledge ANZSOG as the funder, and I appreciate their contribution.

Although I'm an academic now, my background is historically in the public service. I spent a lot of time working primarily in intergovernmental relations in the areas of health and transport, and at the cabinet office. When I was in transport at what was then the RTA, a lot of my intergovernmental work was around regulatory reform in heavy vehicle regulation. For me, luckily, having the connections with the applied side of the public policy field, and with a lot of public servants around Australia, enabled me to keep one eye on what's happening in practice. I try to make sure my research is focused around what is happening in the field, helping to promote and push some of our significant achievements, particularly in road transport in Australia.

Through my research on heavy vehicle regulation, I've looked at how it's done in Australia and internationally, and I can tell you without a doubt that Australia is the leading country when it comes to heavy vehicle regulation. If you are a regulator, like I was for many years, that can be difficult to believe – it's really hard work. But when you travel around the world and see what's going on elsewhere, other countries simply do not have the level of expertise and interest in innovation that we see here. One thing that has been achieved across Australian jurisdictions is very effective regulatory frameworks for complex combinations that encompass both the urban environment and the rural and regional environment. So we're ahead, but I've found that nobody here really knows or recognises that, or speaks with the level of comfort that we are really a dominant player in this field. This might be partly due to the fact that there is very little research done on heavy vehicle road transport regulation internationally.

This project has given me an opportunity to look at how some of our Australian innovation is exported and considered around the world. I'd already done some previous work with South Africa, who model most of their regulatory framework on what happens here. They have a similar industrial base: very primary production driven, the same sort of terrain, long distances, weak infrastructure in the outback, but big

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<sup>1</sup> This paper is adapted from a research seminar given by Dr Chris Walker in at UNSW CBD campus, 17 June 2016.

heavy industries that require large vehicles. Now my colleague Alex Moulis and I are looking at a three year trial of Australia's Intelligent Access Program in Sweden. I'm interested in the gains both Australia and Sweden might get from being engaged in this collaborative process of regulatory transfer.

### Why study international policy transfer?

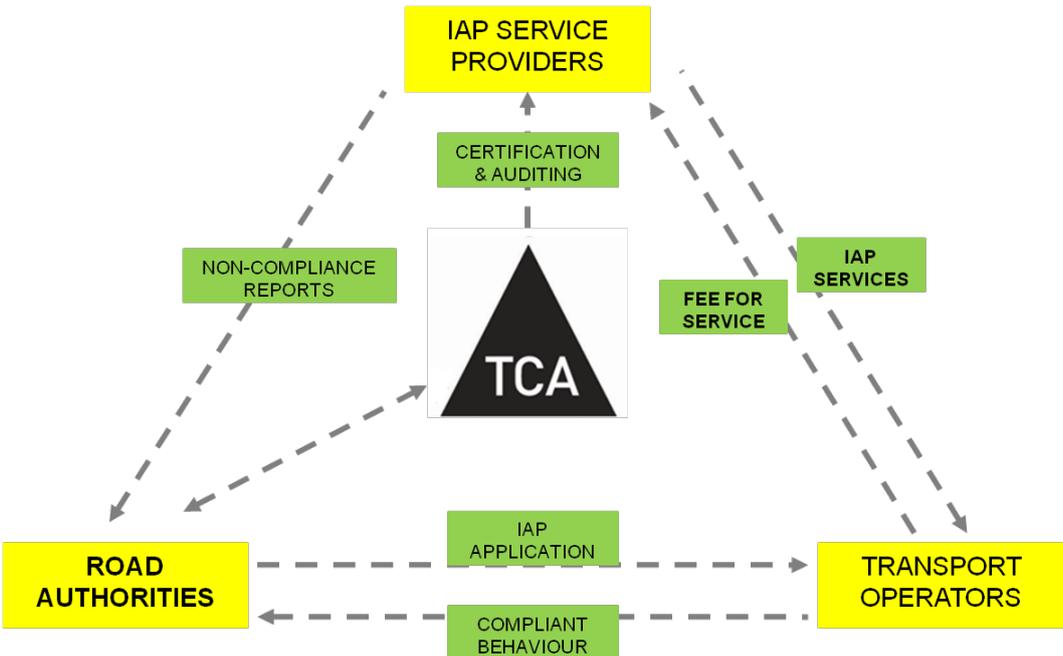
We're looking at international cross-jurisdictional collaboration and what factors influence policy transfer – in an international context it's quite interesting. With transfer between domestic states you've got a bit of politics, differing expectations from states about the extent to which they want to collaborate or communicate. At an international level, however, you've got really different systems of culture, and different robustness of the institutions of government. For example in South Africa, even though they are very interested in the way we regulate our industry, their regulators deal with corruption to the extent that we would never experience in Australia. Their regulatory framework has really different tensions that don't exist here. Sweden presents a lot of similarities in its economic state and the robustness of its public institutions, but we were interested to look at some of the other context issues.

What's particularly important for me is how does this policy transfer trial contribute to improving our practice in the field: what does this deliver for agencies here?

### The Intelligent Access Program

In Australia, significant investment has been made by the private sector in developing commercial telematics services. Governments have realised the potential of extending commercial telematics services into the regulatory context. The Intelligent Access Program (IAP) provided the first national regulatory telematics applications in Australia. Administered by Transport Certification Australia (TCA), it enables the provision of accurate compliance monitoring for heavy vehicles. Heavy vehicles are provided with improved access to the Australian road network – companies are eligible to access those arrangements if they demonstrate that they have an IAP approved provider. In return, heavy vehicles enrolled in the IAP are monitored (using GPS technology) for compliance against a set of conditions including spatial, temporal, speed, vehicle type and mass. Non-compliant activities are reported to the regulator.

Figure 1. The IAP



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The advantage for the state is that government doesn't have to organise, fund or provide these services. This is private sector provision, and the range of services they might provide to the operator are specific to the regulatory requirements about reporting to the road agency on compliance, but also help with logistics, scheduling, routes and so on. There's actually a little bit of competition amongst these private companies to provide services to truck operators.

### **Private providers co-producing regulatory outcomes**

One of the interesting things we found when we spoke to the TCA and some transport operators and private providers was that these providers share some of the regulatory objectives of the road agencies. They have an interest in trying to ensure better safety and better compliance, and they do a lot of translation for operators about how the IAP works, how the regulatory framework functions, how they might be able to get more efficiency within the current regulatory framework. They encourage operators to sign up to the satellite tracking system so that they can operate heavier and longer vehicles, and travel in different routes. Thus, they play a very effective role in promoting the service, but also doing some interpretation that historically the road agencies would have had to do themselves.

Certainly in the Swedish case we've found that as well. One of the operators that is based in Melbourne has been involved with Sweden, and they have been active in supporting the Swedish transport agencies. I find it interesting that this new regulatory concept (IAP) is effective in bringing new players into the regulatory and policy mix and that these new players share an interest in some of the programs public policy goals and objectives (in this case road safety, improved compliance and greater regulatory flexibility).

### **The IAP in Sweden**

Sweden is now running a three year pilot of the IAP. The pilot is part of a memorandum of understanding between the Swedish Transport Administration (Trafikverket) and TCA. In the implementation of the pilot, TCA has worked closely with Trafikverket, and a consortium of stakeholders from Sweden including Transportstyrelsen (Swedish Transport Agency) Lund University, CLOSER, the forest research institute Skogforsk, and heavy vehicle manufacturers Scania and Volvo.

One of the interesting characteristics of this process, which particularly attracted me as a researcher, is that the technology to track the vehicles is in Melbourne. The Swedes decided that rather than duplicate that infrastructure just for a trial, they'd rely on the Australian infrastructure: the vehicles are in Sweden, being tracked electronically by Australian providers, and if there is a breach in compliance to the regulatory conditions (such as traveling off an approved route) the report goes to the TCA in Melbourne, and Melbourne then advises the transport authority in Sweden. This is an unusual arrangement, because you've got this international, interjurisdictional engagement in regulating across boundaries, but this arrangement makes sense for a trial. It gives the Swedish agencies and stakeholders an opportunity to test the concept and how it might work in their jurisdiction before they invest more fully in the compliance policy and the associated technology. The Swedes pay the TCA a fee for vehicle tracking services on a cost recovery basis.

### **Our research on the Swedish IAP trial**

As far as the international policy transfer literature goes, it's mainly dominated by European scholarship about the transfer of ideas across the EU. Another strand is about big international institutions like the World Bank and how they push down their policies to recipient countries. There's not as much work on the kind of inter-continental country to country transfer that's happening in this case.

We are not only interested in how the Swedes modify our policy, but also whether those modifications might be suitable to take back to Australia. For example, in my work in South Africa, I found that they were very resource constrained. Their innovations focused on saving resources are quite useful things that we

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could probably think about for implementation here. So that was one question we were interested in – how does this help us do our work better here in Australia?

In Australia we interviewed people at TCA, the Australian Trucking Association, operators, private telematic providers, and the National Transport Commission. We also intend to talk to the NSW Roads and Maritime Service. In Sweden we visited the road safety research institute that's involved in the trial. Sweden has a national steering committee looking at the long-term national reform of what they call higher capacity transport, which is heavier and longer vehicles. It has a number of work streams, and one of them is about compliance. They look to the IAP as contributing to the compliance framework in their national program of reform for heavy vehicles. We spent four days at the national committee meetings and subcommittee meetings, and they were polite enough to conduct the meetings in English while we visited. We also went on site visits and spoke to some industry people.



*Dr Chris Walker inspects a Volvo crash lab test vehicle*

## **Australia and Sweden compared and contrasted**

### **Cultural differences**

One of the things that we felt brought Australia and Sweden together on this was a shared interest in the objectives of the regulation, which was about protecting infrastructure and improving road safety. The way IAP is structured and operates in Australia is consistent with their needs in Sweden. But Sweden had a stronger interest in the environmental benefits. They see larger, heavier vehicles as making a significant contribution to reductions in environmental pollution. Lund University's page describing the IAP trial lists the benefits as "increased efficiency, reduced demand for investments to increase capacity, lower energy consumption and reduced CO2 emissions". The people we interviewed matter-of-factly contrasted their focus on the environment with our comparative lack of focus on this issue here in Australia.

Turning to institutional capacity, consistent with Australia they have an industry association, public sector agencies, and regulatory agencies – just like here. But they have very low levels of on-road enforcement – close to negligible. They have a very strong focus on driver training and driver understanding. Their approach is that compliance comes through the driver's knowledge of their obligations. When the Swedes

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started to examine the IAP, one of the common themes was “how does it inform the driver?” This again was not a strong selling point with the way we use the IAP in Australia. This was a cultural characteristic that was distinctly different when people talked about regulation in the industry. That might be an example of how, in the medium to long term, we can take insights from Sweden to improve the IAP here in Australia. Here we tend to focus on the operator, and operator penalties and we have less of a focus on how regulatory compliance might be achieved through educative efforts that target the driver.

Part of the equation here might be that heavy vehicle drivers in Sweden have a higher esteem in society; they're respected as professionals. This comes through in the way they are paid and the way they see themselves. The feelings of obligation and accountability increase accordingly – it's a different mindset. Competitive pressures have, until recently, also been more carefully managed. In recent years however, the competitive nature of eastern European truck companies has raised compliance and industry viability concerns.

### **Market pressure**

Another issue in Sweden is that the sector is experiencing a lot of pressure to raise the volume of weight that vehicles are carrying, and introduce longer vehicles, in order to remain competitive within the region. Their neighbouring jurisdictions, Finland in particular, have increased their maximum vehicle weight limits to 76 tons. This is to support the efficiency of the timber industry. Sweden's general heavy vehicle weight limits are still around the 40-50 tonne limit. EU regulations are also a factor: within your own country's boundaries you can operate a B-double (a prime mover hauling two semi-trailers). But it cannot cross a border, because EU restrictions don't permit anything above 20 metres to do that, and a B-double or other combination style vehicle is 25 metres in length.

Crucially, with the EU changes in Eastern Europe, trucking is under an intense amount of pressure. Everywhere we went people talked about it. It was an underlying theme that they felt the industry was being undercut by low-cost operators from Eastern Europe. Cabotage rules state that operators crossing a border and entering into another country are permitted to drop off a load and pick another one up before they leave, however the vehicle operator is subsequently not permitted to continually pick up and deliver more loads. In practice, however, this is proving impossible to monitor and thus there is intense internal domestic competition for freight between local operators and significantly cheaper visiting operators. Reading between the lines, Sweden sees the IAP as a potential way of trying to enforce a higher level of control over the market. Everyone, even the truck manufacturers Volvo and Scania, spoke about their concern for the ongoing viability of local operators.

### **Industry involvement**

One interesting thing about the Swedish trial is that truck manufacturers Volvo and Scania are absolutely embedded into the policy development and analysis process. These firms have funded some of the research and trial projects, they had representatives on the majority of policy development committees associated with policy reform. Everyone seemed comfortable working this way. However, there was evidence that these companies were in some instances a barrier to policy discussion and reform – for example, a technological fix was required in a vehicle, and Volvo kept saying it would take them a year to do it. The Swedish agency went to Volvo in Melbourne, who said they'd already done this fix based on the requirements of Australian operators. Volvo in Melbourne then pressured Volvo in Sweden, who agreed to adjust the in-vehicle monitoring in two months rather than a year as initially estimated. On the other hand, Volvo agreed to finance one project that the government agency wanted to do but had no funding for. Public and private sectors alike, no matter who we asked – whether it was Volvo, Scania, the regulators, the department – all said they saw the policy process as a way of determining what is best for Sweden. They have a very national focus about what's best for their country in terms of public policy development and reform.

From Volvo and Scania's perspective, they're involved in a trial in Sweden, but they look beyond it to Europe. Strategically, they operate on a scale that we don't normally take into consideration when doing

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policy work in Australia. In some ways we're lucky to have an ocean border that means we don't have to take the rest of Asia into account in this particular policy area. The IAP represents a new field, a new regulatory model that these companies see has significant potential. They want to get in on the ground, and be sure they understand how it works. For example, their products have a lot of in-vehicle technology, and one of the questions they were debating is whether to adjust their in-vehicle technology so that it can link to a regulatory framework, or whether to seal off their vehicles, and anything to do with regulation has to be external hardware, managed and organised by transport agencies and other telematics providers. Volvo held a general view that whatever happened in Sweden was likely to eventually be happening across Europe. They needed to be ready for that expansion. While this did slow things down and present a source of frustration for the transport regulators, another cultural tenet was that everyone, including the vehicle companies, had to agree. A number of stakeholders we spoke to referred to this as "the Swedish way": "Once we reach an agreement and we get it signed off, full steam ahead. No going back". However, the policy commitment had to be from all players in government and business. This is one reason the trial is running for three years.

## **What does success look like for the Swedish trial?**

For the Swedes trialling the IAP, what success looks like is the ability to monitor compliance of vehicles to routes, and to have a robust system that detects when vehicles are off-route. But what they saw as a desirable outcome is that when there's a breach, the driver is informed and takes corrective action. In contrast, here in Australia the IAP model is that a breach is detected and the regulator issues a warning to the firm: "please explain why your vehicle has been off-route or you will be handed a penalty". As discussed earlier, this is our cultural approach with the industry – it's still a bit combative when it comes to compliance and enforcement in the Australian context. The Swedes however, wanted to know how they could alter the system so that as well as feedback about breaches going to the agency, information also goes to the driver and gives them an opportunity to take corrective action. This was something different that the Swedish trial wanted to achieve, and this perspective can provide insights and options for Australia to consider as it progresses with the ongoing operation of the IAP.

## **Policy transfer lessons for this case and beyond**

Overall, the literature about policy transfer tends to focus on government agencies working together state to state, but one of our interesting findings is that there can be a central role for corporations (in this case, Volvo and Scania).

One of the things that we think is effective in this trial is the process of collaboration. TCA has a very good relationship with the transport agencies in Sweden. They're working very closely on this, and Sweden appreciates the contribution of TCA, looking to their advice regularly on how the trial is proceeding. But the full process has involved private participants. It isn't just TCA liaising with the Trafikverket. There are also IAP service providers liaising with the Swedish trial, plus Volvo and Scania, and industry is quite engaged, showing an interest in the policy framework and how it might be implemented.

Another good thing about this trial is that it allows a cautious state to experiment without commitment. Because Australia has the infrastructure and Sweden can rely on the support of TCA, they can make a number of moves forward that perhaps without TCA's involvement would not have been possible. This is an important lesson and something that local agencies might consider when looking at policies abroad – how can we experiment or undertake a policy trial in a collaborative way that allows for experimentation without having to give long term commitment to a particular policy?

A significant factor that assists with policy transfer is the existence of a local champion. The Swedish trial certainly has one: Professor Sten Wandel of Lund University has travelled to Australia a number of times, learned about the IAP and is a complete convert to the program. He is now a big advocate for the IAP in

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the Swedish context and has played a critical role in facilitating connections across agencies and between key stakeholders in Sweden and Australia. Having a local champion really makes a big difference and helps sustain the relationship.

In summary, strong influences were:

- Competition: the market pressure of the surrounding states on the industry made the Swedish agencies look out for what might be possible
- Champions of transfer: individual actors can have influential role in mobilising interest across stakeholder groups to consider and support transfer of policy, e.g. Sten Wandel, 'champion' of the IAP
- Common regulatory objectives: protecting infrastructure and road safety were shared objectives that were critical in the initiation of interest in the transfer process, and the implementing of policy
- Technology: this allows for close, collaborative, cross-jurisdictional relationships – it was easy to connect the TCA and Swedish transport authorities.
- Third parties: although only a small part of the process, the private provider of the IAP technology has been effective in explaining some aspects of the program, and in being an advocate for the program.

Having that international cooperation has helped Sweden select their approach to the problem, and in the implementation stage, the partnership has really assisted with getting the project functioning locally.

The main lesson for us has been that understanding what is happening on an international basis gives public sector agencies a much more expanded view about policy and regulatory responses than they might have if they just monitor the activities of their own domestic jurisdictions.