



Navigating change

Annual Report 2017–2018

Contents

Letter to ministers	2
Report from the Chair	4
Report from the Chief Executive	6
About the NTC	8
The changing face of transport	10
Consultation	12
Annual performance statements	14
Reform agenda 2017–18	17
– Compliance and technology	
– Productivity, safety and environment	
– Improvements to laws	
– Heavy vehicle pricing	
– Strategy, monitoring and review	
Governance	26
Role of the NTC Commission	27
NTC Commissioners	28
Risk and audit committee	30
Our people	32
A culture of performance	33
Work health and safety	34
Learning and development	36
Financial statements	38
Appendices	58
Glossary and acronyms	66
Compliance index	68
Index	69

Letter to ministers

The Hon Michael McCormack MP **The Hon Rita Saffioti MLA**
The Hon Paul Fletcher MP **The Hon Stephan Knoll MP**
The Hon Andrew Constance MP **The Hon Jeremy Rockliff MP**
The Hon Melinda Pavey MP **The Hon Eva Lawler MLA**
The Hon Jacinta Allan MP **Ms Meegan Fitzharris MLA**
The Hon Luke Donnellan MP **Mr Shane Rattenbury MLA**
The Hon Mark Bailey MP **The Hon Phil Twyford MP**
The Hon Cameron Dick MP **Mayor David O'Loughlin**

as at 30 June 2018

Dear ministers

I am pleased to submit the National Transport Commission's (NTC) Annual Report for the year ended 30 June 2018.

This document reports on our activities in the 2017–18 financial year. It has been prepared in accordance with the *National Transport Commission Act 2003* (Cwlth).

Furthermore, in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (Cwlth), I confirm that I hold responsibility for preparing and providing this report to the Hon Michael McCormack MP, who is the minister responsible for the NTC.

I also confirm that I approved this report on 19 September 2018 by authorising it for print.

I would like to thank all members of the Transport and Infrastructure Council for leading national transport reform in Australia. I look forward to continuing to work with you on improving transport outcomes into the future.



Carolyn Walsh
Chair

**The NTC develops
nationally-consistent
reforms to improve
Australia's land transport
laws and regulations**



Report from the Chair



The NTC's work in setting regulation for today and into the future, while managing the needs and expectations of each of the eight state and territory jurisdictions, can be challenging but is at the core of our purpose as a national land transport reform agency.

Over the past year, we have seen the Transport and Infrastructure Council approve a range of proposed reforms that have the potential to enhance both safety and productivity across the land transport sector.

The implementation of agreed reforms often requires that governments adopt model legislation, or that other government agencies take action to ensure operational policy matters are implemented effectively. Successful reform is a team effort, and to be successful we need to ensure that amendments to legislation are implemented as intended in a timely manner.

Amongst the projects on our Work Program in 2017–18 there are two major reforms that have the potential to significantly transform the way in which we regulate Australia's land transport system. In May 2018 ministers agreed that the Heavy Vehicle National Law (HVNL), first enacted in 2012, be reviewed. This work presents a unique opportunity to transform and improve the existing laws and regulations for heavy vehicle use in Australia. NTC has developed terms of reference for this review, and spent several months consulting with industry, governments and the broader community on the key priorities to be addressed.

The HVNL review is an opportunity for Australia to create a flexible, agile and responsive system, more akin to the performance-based regulatory regime we see operating in the rail sector.

Such a system will better cope with and facilitate the technology and data-driven changes we see emerging in the transport and logistics sectors. At the very least, we need new policies designed for the 21st Century, and legislation that is less prescriptive and more outcomes focused.

Another significant body of work being undertaken by the NTC is leading the development of an end-to-end regulatory regime to support the safe commercial deployment of automated vehicles on Australia's roads. This is a complex reform program, and there is no established regulatory blueprint that can be taken off the shelf and easily applied. NTC is working closely with the three levels of government and other national bodies to ensure we develop an appropriate, fit-for-purpose regulatory regime that will meet Australia's future needs. We are also working closely with our overseas government colleagues and car manufacturers.

We are not seeking to regulate too early (ahead of the technology curve), and we are keen to learn from regulatory developments overseas. We are planning to adopt a 'fast follower' approach, where we introduce appropriate legislation as automated vehicles commence commercial deployment in Australia.

Both the automated vehicle program and the HVNL review will result in significant changes to our current approaches to regulating Australian

land transport. The NTC will endeavour to ensure these reforms result in a system that is flexible, agile and responsive, and can better accommodate the safe use of new and emerging technologies.

I would like to thank NTC's previous Chair, David Anderson, for his outstanding leadership, guidance and support during his time at the helm. David resigned in December 2017 after almost four years as Chair. During this time he provided significant input at both the Commission and management levels, and his efforts were appreciated by those of us who worked closely with him.

To our outgoing Chief Executive and Commissioner, Paul Retter, I thank him for leading the NTC for the past five years. As Chief Executive, Paul brought a more structured, transparent and direct approach to engagement between the NTC and stakeholders that built greater confidence and trust in the organisation. This was noted in the 2015 review of the NTC, particularly that there was greater cooperation and consultation with both industry and jurisdictions. Paul has been indefatigable in his support for a national transport policy reform agenda, and we will miss his insightful leadership and passion for the opportunities Australia has in this area. We wish him well in the next phase of his career.

I thank the other Commissioners for their tireless work over the past year guiding the work of the NTC. To the NTC staff, thank you for continuing to deliver on the promise of regulating for the common good of all Australians in the area of land transport.



Carolyn Walsh
Chair

“The NTC will endeavour to ensure these reforms result in a system that is flexible, agile and responsive, and can better accommodate the safe use of new and emerging technologies.”

Report from the Chief Executive



The NTC's mandate is to harmonise and reform land transport laws and regulations across the eight states and territories to improve productivity, safety, environmental outcomes and enhance regulatory efficiency.

National land transport reforms are only progressed after careful analysis and identification of problems, stakeholder consultation, analysis of options and an understanding of the impact any reforms will have.

NTC's work includes recommending changes to current policy settings, amendments to legislation, or updates to various instruments and guidance materials that underpin our national, model and state and territory transport laws.

The past 12 months have seen the NTC develop some significant reform proposals for the Transport and Infrastructure Council to consider. In 2017–18 Council approved 11 major reforms and agreed to 22 recommendations.

These reforms include recommendations that will support the introduction of a new end-to-end regulatory regime for more automated vehicles, improvements in the take-up of high productivity and safer heavy vehicles, changes to the light and heavy vehicle standards, a comparison between a forward looking cost base and the current pay-as-you-go model for setting heavy vehicle charges, and updated load restraint guidance material, to name just a few.

My thanks to the staff of the NTC for their unfailing readiness to take on reforms that many others are reluctant to initiate, to undertake detailed

research and analysis to confirm the nature and magnitude of the reform problem, and for developing practical options designed to address these issues.

The NTC, and its predecessor the NRTC, were established to help drive land transport reform across the nation. Australia's colonial past saw our land transport systems develop as discrete entities in an era where cross-border movement was not a major consideration. As a result, we have seen different transport infrastructure solutions developed in different parts of the country – think rail gauge issues – and different laws, regulations and regulatory approaches used to manage the same mode of transport. In 2003 the NRTC transitioned to the NTC with additional national land transport reform responsibilities relating to rail and intermodal transport systems.

In more recent times our land transport systems have increasingly focused on meeting the needs of our national and international markets. State and territory borders, and the associated differences in regulatory approaches, have been seen as impediments to increased productivity and, in some cases, resulted in excessive red tape and uncertainty in how best to meet compliance obligations. The NTC is working to develop national reforms that will address these concerns.

In 2017–18 we have been examining the impact of new technologies across the transport and logistics sectors and what this might mean for the way governments regulate in the future. In particular, we have been identifying and removing regulatory barriers to technological innovation.

NTC has developed a road map of automated vehicle-related reforms designed to address challenging concepts such as who is legally responsible for automated vehicles, what safety assurance measures should be in place for automated vehicle systems, dealing with data protection and what should happen to insurance laws. This work is complex in both a legal and policy sense. NTC has been leading this work while consulting widely with federal, state, territory and local governments, as well as affected industry sectors and the broader community, on possible policy and legislative solutions.

I would like to thank the NTC Commissioners led by David Anderson until December 2017, and Carolyn Walsh since that time, for their support during the past 12 months. The collective advice and counsel of our Commissioners has provided NTC staff with the confidence and courage to continue to deliver on our purpose.

To the staff of NTC I say thank you for your commitment, patience and fortitude. You are intelligent, hardworking, dedicated and resilient. It has been a pleasure and a privilege to work with you over the past five years.



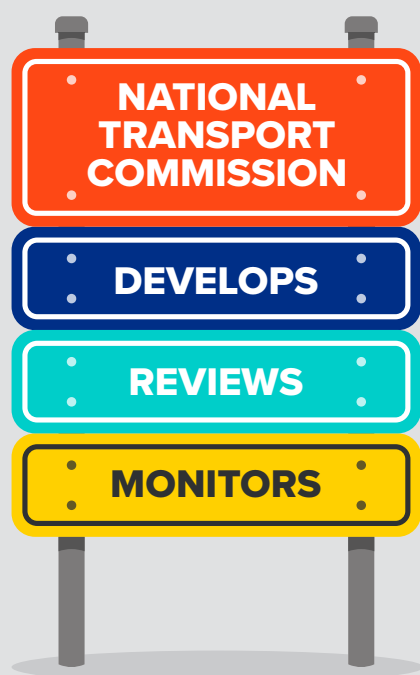
Paul Retter AM

Chief Executive and
Commissioner

“In 2017–18 we have been examining the impact of new technologies across the transport and logistics sectors and what this might mean for the way governments regulate in the future.”

About the NTC

The NTC is a statutory authority established under the National Transport Commission Act 2003 (Cwlth). We are funded by the Commonwealth, state and territory governments, and we have about 40 staff in our Melbourne office.



The NTC is an independent advisory body. We provide advice and national land transport reform proposals to government through the Transport and Infrastructure Council (the Council). The Council consists of Commonwealth, state and territory ministers responsible for transport and infrastructure related issues, and is a Council of Australian Governments (COAG) committee. Its strategic reform priorities are:

- ▶ sustainable funding for transport and infrastructure
- ▶ embracing innovation and technology in transport and infrastructure
- ▶ productive and liveable cities and regions
- ▶ maximising freight productivity.

Our vision

Australia's prosperity and community liveability is enhanced by the efficient and safe movement of people and goods.

Our mission

To champion and facilitate change that improves productivity, safety and environmental outcomes, and prepares us for the future.

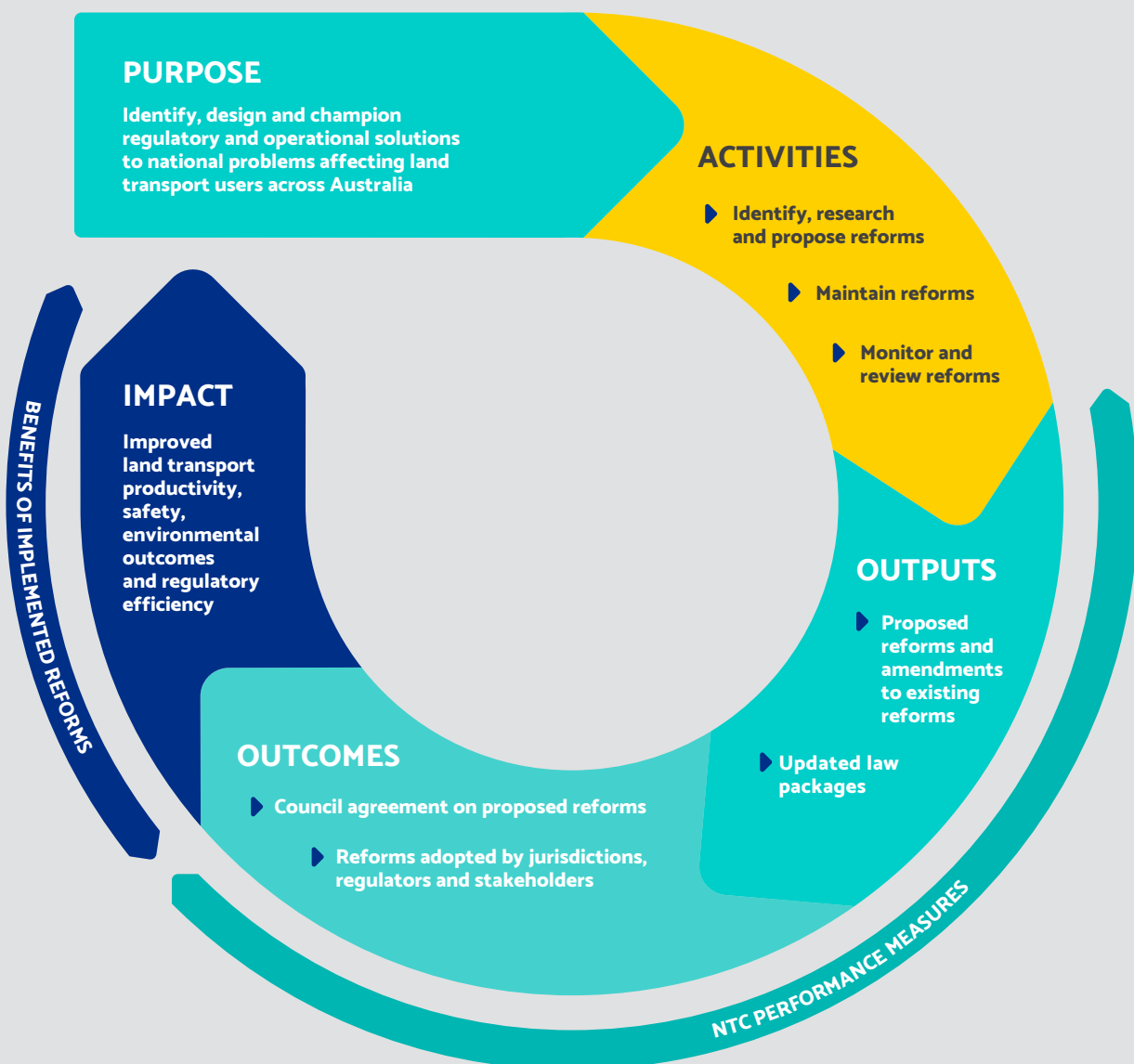
Our purpose

The National Transport Commission Act and the Inter-Governmental Agreement for Regulatory and Operation Reform in Road, Rail and Intermodal Transport (IGA) provide that our purposes are to:

- ▶ develop, monitor and maintain uniform or nationally consistent regulatory and operational arrangements for road, rail and intermodal transport, including recommending to the Council proposed reforms and amendments to agreed reforms
- ▶ develop proposed reforms in relation to heavy vehicle road use charges based on charging principles agreed by the Council
- ▶ recommend other matters to the Council that will promote the objectives of the IGA – that is, reforms to improve land transport productivity, safety, environmental performance and regulatory efficiency
- ▶ undertake any other responsibilities and functions determined by the Council.

How we work

The NTC's work program contains proposals for new reforms, approved reform projects, improvements to land transport laws, activities to monitor, review and evaluate the implementation of previously-approved reforms, and highly analytical work on heavy vehicle road user charges. We achieve our purpose through the successful delivery of our four-year work program, which is approved annually by the Council.



The changing face of transport

25

rail
operators

travelled

80 million
km p.a.



42,500

heavy vehicle
operators

travelled

16.674 billion
km p.a.



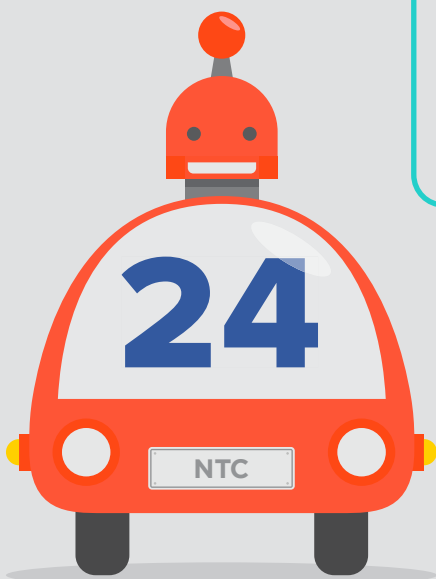
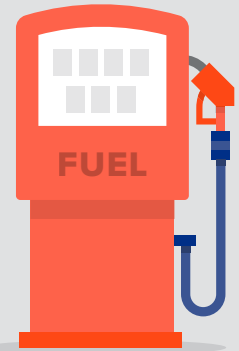
Carbon intensity

of new cars
g CO₂/km

2007
226.4

2017
181.7

Fuel type	New car sales by year	
	2007	2017
Petrol	753,147	773,677
Diesel	74,203	375,587
LPG	7,845	34
Electric	0	1,076
Total	835,195	1,150,374



automated vehicle trials

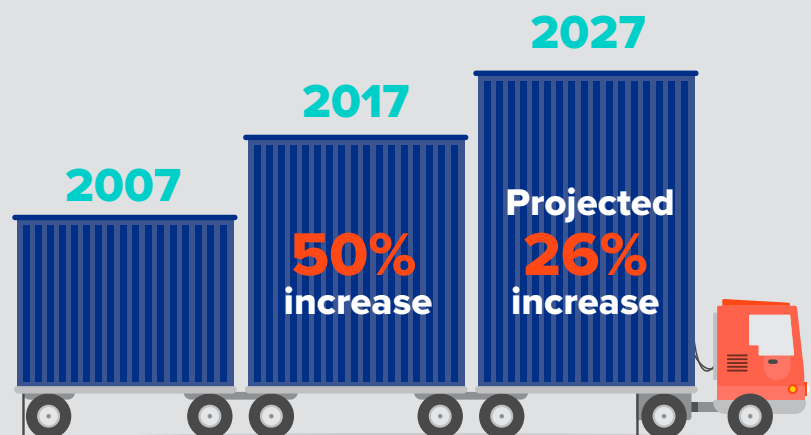
planned, underway or completed in Australia



Road deaths

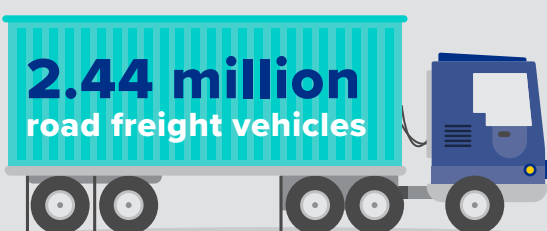
2007 1,616
2017 1,226

Domestic freight



2007:

11.46 million vehicles registered in Australia



2017:

18.4 million vehicles registered in Australia



Consultation

The National Transport Commission provides evidence-based advice to all road, transport and infrastructure ministers in Australia. Informed by global best practice and collaboration, we work with industry, the community and governments to design and implement reforms to Australia's land transport systems.

By building mutual trust and consulting widely with stakeholders, the NTC is able to effectively identify, plan and co-design reforms.

In 2017–18 we hosted 17 formal stakeholder workshops across Australia on various transport issues. The overall approval rating from these workshops was 8.8 out of 10, which was the same as the previous year.

We received 79 submissions to proposed reforms and issues papers during the reporting period.

Our annual stakeholder survey shows an overall approval rating of 7.8 out of 10 from the stakeholders we work most closely with. This is an improvement on the result from 2016–17, which was 7.4.

Representatives from the NTC presented at and participated in industry and government events, conferences and workshops.

The NTC regularly consults and collaborates with international counterparts to ensure the development of best practice and consistent policy.

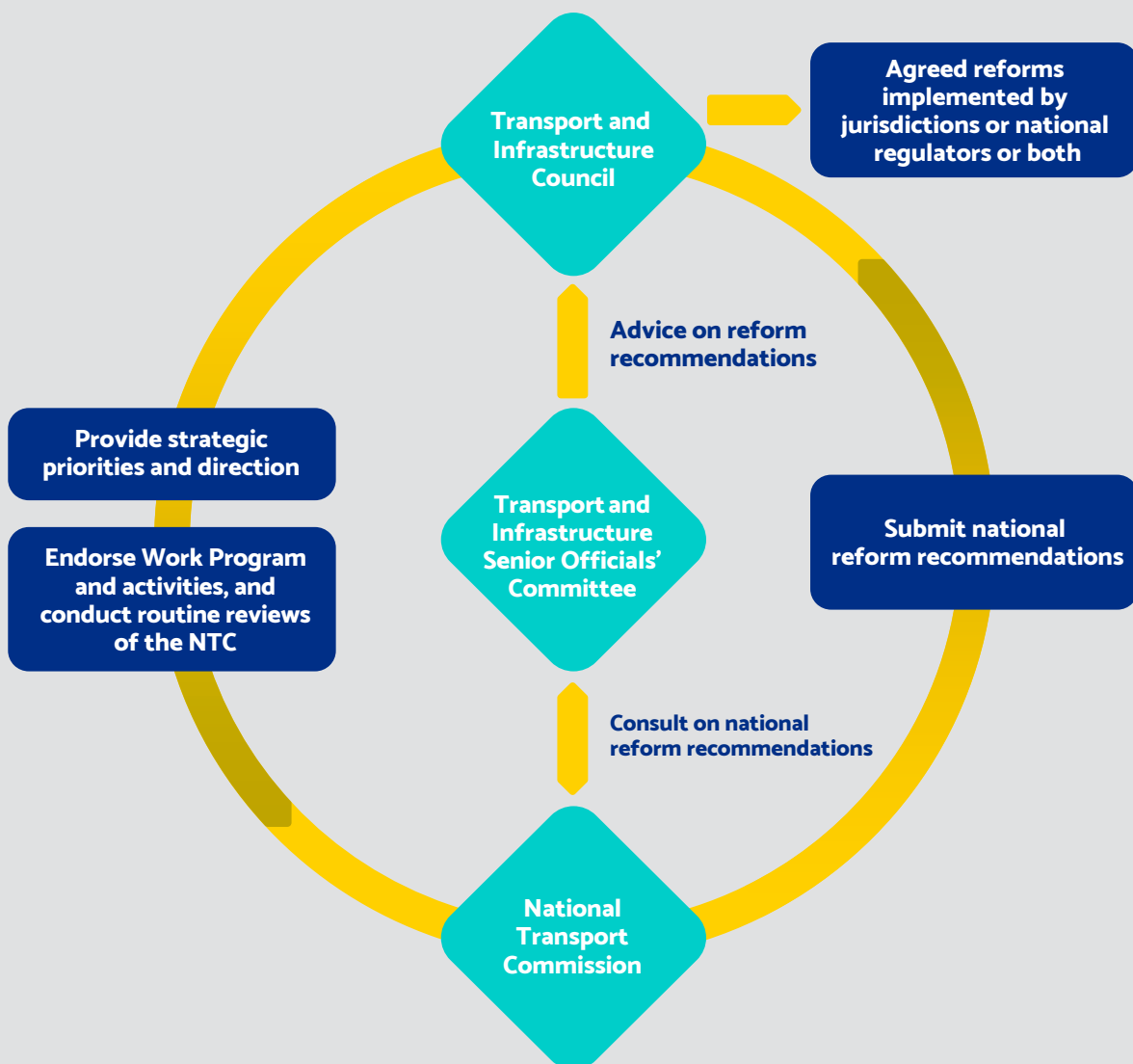
Industry Advisory Group

The NTC hosts bi-annual meetings with the Industry Advisory Group (IAG) to share progress on current and upcoming NTC projects and to gain insight into industry views, and advice on current and emerging industry challenges. The IAG is made up of representatives of the Australian Automobile Association, Australian Trucking Association, Australasian Railway Association, Bus Industry Confederation, National Farmers' Federation, Transport Workers' Union, Minerals Council of Australia, Australian Logistics Council, as well as vehicle manufacturers, suppliers, transport operators, the insurance industry, the transport training industry, road safety organisations and other representative bodies.

The NTC meets with IAG members to outline the forthcoming Work Program, and to learn about concerns, opportunities and challenges to be faced in the future. We also host specialist IAG events upon request.

We work closely with:

- ▶ the National Heavy Vehicle Regulator (NHVR)
- ▶ the Office of the National Rail Safety Regulator (ONRSR)
- ▶ the Rail Industry Safety and Standards Board (RISSB)
- ▶ Transport Certification Australia (TCA)
- ▶ Austroads
- ▶ the Australian Local Government Association (ALGA), and
- ▶ the Australian Road Research Board (ARRB).



Other organisations

The NTC also regularly engages stakeholders through project-specific groups. Examples include:

- ▶ the Automated Vehicle Regulatory Advisory Group with road agencies, transport departments, and the Australia New Zealand Policing Advisory Agency (ANZPAA)
- ▶ the Remote Areas Consultative Group (RACG), which includes transport, heavy vehicle industry and road agency representatives from WA, NT, Qld and SA
- ▶ competent authorities, including work health and safety agencies, and enforcement agencies for dangerous goods
- ▶ environmental agencies
- ▶ regulatory maintenance advisory groups with representatives from the states, territories, industry and regulators
- ▶ state and territory police, and ANZPAA.

“The NTC regularly consults and collaborates with international counterparts to ensure the development of best practice and consistent policy.”

Annual performance statements

I, Carolyn Walsh, as the accountable authority of the National Transport Commission (NTC), present the NTC's 2017–18 annual performance statement as required under paragraph 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (Cwlth).

In my opinion, these statements are based on properly maintained records, accurately reflect the performance of the entity and comply with subsection 39(2) of the Act.



Carolyn Walsh
Chair

19 September 2018

Outcome

To improve transport productivity, efficiency, safety and environmental performance and regulatory efficiency in Australia through developing, monitoring and maintaining nationally consistent regulatory and operational arrangements relating to road, rail and intermodal transport.

Our purpose

The National Transport Commission Act and the Inter-Governmental Agreement for Regulatory and Operation Reform in Road, Rail and Intermodal Transport (IGA) provide that our purposes are to:

- ▶ develop, monitor and maintain uniform or nationally consistent regulatory and operational arrangements for road, rail and intermodal transport, including recommending to the Council proposed reforms and amendments to agreed reforms
- ▶ develop proposed reforms in relation to heavy vehicle road use charges based on charging principles agreed by the Council
- ▶ recommend other matters to the Council that will promote the objectives of the IGA – that is, reforms to improve land transport productivity, safety, environmental performance and regulatory efficiency
- ▶ undertake any other responsibilities and functions determined by the Council.

Our performance against our purpose

Performance measure

Percentage of projects delivered on time and within budget each financial year

Rationale

This measure is an indicator of the efficiency of the NTC's delivery of the Council approved Work Program

Target

Greater than 90 per cent

Sources

- ▶ Corporate Plan 2017–2021 (p. 11)
- ▶ Portfolio Budget Statements 2017–18 Program 1.1 (p. 199)

Performance results

Result: 95% (target exceeded)

Of the 21 projects scheduled for completion in the 2017–18 financial year, 20 were completed on time and within budget

Analysis

The NTC exceeded this performance criterion during the reporting period by achieving 95 per cent. Of the 26 projects originally on our Work Program and one further project added during the year (total 27), 21 were due to be completed during the year. Of these, 20 were completed on time and to budget.

The Transport and Infrastructure Council approves the NTC's four-year Work Program on an annual basis. The Work Program comprises projects that are aligned with the Council's priorities for land transport regulatory reform. Each of these projects is managed and monitored to ensure they are delivered on time and within budget and scope. The proposed update to the Australian Defence Force (ADF) Exemption Framework, which was originally scheduled for completion in 2017–18, was delayed by six months as the ADF and states and territories were not able to come to agreement on changes required in time for lodgement of papers.

Performance measure

Percentage of reform projects on the Work Program that are due to be presented to TISOC and/or the Council for consideration each financial year are presented to TISOC and/or the Council

Rationale

This measure is an indicator of the timeliness of advice provided to ministers to inform their decision making

Target

At least 80 per cent

Sources

- ▶ Corporate Plan 2017–2021 (p. 11)
- ▶ Portfolio Budget Statements 2017–18 Program 1.1 (p. 199)

Performance results

Result: 93% (target exceeded)

Of the 15 reform projects scheduled for completion in the 2017–18 financial year, 14 were presented to the Council either as recommendations or reports

Analysis

Of the 26 projects originally on our Work Program and one added during the year, 19 are classified as reform projects because they involve developing, maintaining or monitoring reforms.

Of those 19 reform projects, 15 were scheduled to be presented to TISOC and/or the Council during 2017–18. The outcomes of 14 of the 15 reform projects were presented to Council.

One reform project due to be presented to Council during 2017–18 was delayed. The proposed update to the Australian Defence Force Road Transport Exemption Framework was delayed by six months because the ADF and states and territories did not reach agreement on proposed changes in time for lodgement of papers.

Performance measure

Percentage of NTC recommendations presented to the Council each financial year that are agreed by the Council

Rationale

This measure is an indicator of the Council's satisfaction with the quality of evidence and supporting advice provided by the NTC when we recommend reforms/ changes to reforms

Target

Greater than 90 per cent

Source

- ▶ Corporate Plan 2017–2021 (p. 11)
- ▶ Portfolio Budget Statements 2017–18 Program 1.1 (p. 199)

Performance results

Result: 100% (target exceeded)

All 22 recommendations in 11 papers presented by the NTC to Council during 2017–18 were agreed or endorsed

Analysis

The NTC sought the Council's agreement or endorsement of reforms to:

- ▶ set policy, for example preparing for more automated vehicles in Australia
- ▶ amend national laws, such as the Heavy Vehicle National Law
- ▶ amend model laws, such as the Australian Road Rules
- ▶ update other regulatory and operational instruments, such as the Load Restraint Guide.

The NTC also sought Council's agreement to matters of corporate governance, such as approving the NTC's Corporate Plan, Work Program and budget.

Performance measure

Key stakeholder satisfaction with our engagement and performance, including the quality of our products, via an annual survey

Rationale

This measure is an indicator of the quality and effectiveness of the NTC's products and engagement with stakeholders

Target

Key stakeholder satisfaction is overall positive (a rating of greater than seven out of 10)

Sources

- ▶ Corporate Plan 2017–2021 (p. 11)
- ▶ Portfolio Budget Statements 2017–18 Program 1.1 (p. 199)

Performance results

Result: 7.8 out of 10 (target exceeded)

Analysis

The NTC conducts an annual survey of key stakeholders, which includes those in the public and private sectors. The survey seeks respondents' views on:

- ▶ the NTC's effectiveness in timely and targeted stakeholder engagement to develop evidence-based reform proposals for ministers' consideration
- ▶ the quality of our recommendations to ministers.

Analysis of NTC's performance

The annual assessment of performance measurement and reporting requirements set out in the Public Governance, Performance and Accountability Act 2013 are in addition to other performance requirements.

Under section 51 of the National Transport Commission Act 2003, the NTC is subject to external review every six years to determine whether the agency is performing against targets and delivering value. The NTC was last reviewed in 2015.

Reform agenda 2017-18

The NTC champions and facilitates changes that improve productivity, safety and environmental outcomes in land transport.

Our Work Program has the following structure:

- ▶ Compliance and technology
- ▶ Productivity, safety and environment
- ▶ Improvements to laws
- ▶ Heavy vehicle pricing
- ▶ Strategy, monitoring and review.

Symbols used throughout pages 18-25

Our reforms often deliver against more than one of our strategic objectives. The following section uses these symbols to show how our projects are linked to our objectives.



**A reform that
improves transport
productivity**



**A reform that
improves regulatory
efficiency**



**A reform that
improves transport
system safety**



**A reform that
improves
environmental
outcomes**



Compliance and technology



Clarifying control of automated vehicles

Automated vehicles challenge existing concepts of a driver being in control of his or her vehicle and the enforcement of road rules and other traffic laws. From an enforcement perspective, there are four key issues:

1. Who is in control?
2. What will it mean to have proper control of an automated vehicle?
3. How should proper control apply to the automated driving system?
4. How do enforcement agencies interact with automated vehicles?

Addressing these issues through a nationally-consistent approach will provide enforcement agencies, industry and consumers greater certainty about how road rules and other traffic laws apply to automated vehicles.

The NTC presented a policy paper with guidelines to transport ministers in November 2017. Ministers endorsed the national enforcement guidelines, which should clarify expectations of industry and ensure a consistent approach to enforcement.



Safety assurance system for automated vehicles

The NTC believes Australia needs a mechanism that supports innovation, without unnecessary red tape, and assures the Australian public that automated vehicles are safe. The discussion paper, *Regulatory options to assure automated vehicle safety in Australia*, released in June 2017 examined the balance between government oversight and industry self-regulation for automated vehicle safety.

Feedback from this consultation indicated that the Australian community has an expectation that governments play a central role in road safety. Australian governments are starting to remove legislative barriers to automated vehicles. Without a safety assurance system, these vehicles could potentially be deployed with no government oversight.

In November 2017, ministers supported in principle a self-certification approach to automated vehicle safety, subject to a Regulation Impact Statement (RIS). The NTC developed a Consultation RIS which was released for public comment in May 2018. The NTC hosted information sessions and circulated the Consultation RIS to industry including major international manufacturers.

The Consultation RIS outlined four options for a safety assurance system for automated driving systems, based on self-certification. These included an administrative approach, developing new legislation and creating a new primary safety duty. The RIS also set out proposed safety assessment criteria against which companies would need to provide evidence as part of their self-certification. A decision RIS is due to be presented to transport ministers in November 2018.





Driver reforms to support automated vehicles

In 2017–18, the NTC developed legislative reform options to amend existing driving laws, such as the Australian Road Rules, and establish legal obligations for automated driving system (ADS) entities.

The NTC published a discussion paper for public consultation in October 2017. Following extensive consultation, transport ministers agreed to a uniform approach across all states and territories to ensure there is always a legal entity in charge of driving when an automated driving system is engaged.

Ministers agreed to the development of a uniform national law to:

- ▶ allow an automated driving system (rather than a human) to perform the dynamic driving task when it is engaged
- ▶ ensure that there is always a legal entity responsible for driving
- ▶ set out any obligations on relevant entities, including the ADS entity, and users of automated vehicles
- ▶ provide flexible compliance and enforcement options.

The NTC is working closely with road agencies and transport departments to develop the detailed policy recommendations and legislative analysis necessary to establish the new purpose-built national law.

International engagement

The NTC has liaised with overseas transport agencies, along with international manufacturers and technology providers, in order to ensure Australia's automated vehicle reforms align with international approaches where possible. This includes meetings or phone calls with the US Department of Transport, the UK Law Commission and Transport Canada, along with companies such as Waymo, Toyota and Navya. The NTC also works closely with the Department of Infrastructure, Regional Development and Cities, which represents Australia at key UN forums on vehicle standards and regulation.

“The NTC believes Australia needs a mechanism that supports innovation without unnecessary red tape and assures the Australian public that automated vehicles are safe.”



Productivity, safety and environment



Assessing the Performance-Based Standards scheme

The Performance-Based Standards (PBS) scheme provides an alternative regulatory system to provide faster road network access for safer and more productive freight vehicles with advanced technology. The NTC completed a review of the PBS scheme to identify barriers to greater uptake of PBS vehicles and to identify any changes that are required by both government and industry to improve the effectiveness and efficiency of the PBS marketplace.

The review found that PBS vehicles were safer, more productive, reduced road maintenance and provided improved environmental benefits than prescriptive vehicles. The biggest barrier to their uptake is receiving access to the road network.

The outcomes of the review were published in a discussion paper for public consultation in August 2017. In May 2018, transport ministers approved four recommendations and an implementation plan designed to improve access for PBS vehicles by June 2021.



Measuring land transport productivity

The measuring land transport productivity project was designed to build a better understanding of the nature and composition of the transport sector and the use of transport networks.

The *Who moves what where: Better informing transport planning for Australia* paper, was released in January 2017. One of the main actions the NTC recommended was the development of a transport satellite account by the Australian Bureau of Statistics to measure the contribution of the transport sector to Australia's gross domestic product. Transport ministers approved the recommendation in November 2017. The experimental transport satellite account is currently being developed and expected to be released in late 2018. The findings from the project have also informed:

- ▶ the Inquiry into National Freight and Supply Chain Priorities
- ▶ the National Infrastructure Data Collection and Dissemination Plan.



Heavy vehicle driver fatigue data

A partnership between the Cooperative Research Centre for Alertness, Safety and Productivity (Alertness CRC) and the NTC is evaluating the road safety impacts of the Heavy Vehicle National Law on heavy vehicle driver fatigue.

Making use of alertness detection methods and sleep monitoring devices, the Alertness CRC research will support any evidence-based future reforms of the HVNL fatigue laws. Ultimately this will help to keep heavy vehicle drivers, and those around them, safer on Australian roads.

The project runs for two years, measuring driver drowsiness and sleeping patterns on the road during real-world work shifts and in laboratory settings. In 2018, the research team completed the data collection required to inform the study. The team will analyse the data and prepare their findings in a final report due to the NTC by the end of 2018.

The Australian Government, the NTC, Transport for New South Wales, the Institute for Breathing and Sleep, and Monash University have jointly funded this project.





Use of telematics for regulatory purposes

The NTC commenced a review of the use of telematics for regulatory purposes to find ways to encourage further take-up and realise its safety and productivity benefits.

The NTC consulted with transport operators, telematics service providers, road agencies, and government certification agencies to help identify opportunities to more effectively harness the benefits of emerging technology solutions.

Telematics can boost productivity and safety by making it easier to share more accurate data between vehicles, drivers, operators and third parties. The focus of the review was on telematics regulated by the Heavy Vehicle National Law (HVNL), including the Intelligent Access Program and the electronic work diary, in addition to telematics used for regulatory purposes in taxis, buses and alcohol interlocks.

A report was presented to transport ministers in May 2018.



Three-axle bus mass limits review

The NTC's three-axle mass bus limits review investigated whether there was a need to increase the mass limits that apply to three-axle buses to accommodate the current number of

passengers, and to assess the potential implications of an increase in three-axle bus mass limits. A discussion paper, released in June 2018, explored mass limits that currently apply to these buses, offered an early assessment of the size and nature of the problem presented by current mass limits, and provided options for government and industry to consider.

The desired outcome for the review is to ensure that mass limits for three-axle buses optimise the productivity of passenger transport without negatively affecting road safety or potentially competitive freight carriers. The results of this review will inform recommendations on a national approach to Australia's transport ministers in November 2018.

Supporting other agencies' projects

Austroads' guidelines on heavy vehicle rest areas

This project is updating the existing 'National Guidelines for the provision of heavy vehicle rest area facilities'. The updated guidelines will include improved rest area designs and diagrams, and include use of the 3-2-1 Green Reflectors scheme for informal rest areas. The objective is to ensure that national guidelines used by road transport agencies to design and build heavy vehicle rest areas provide optimum support to the management of heavy vehicle driver fatigue. The NTC is providing project management support to this Austroads project which is being delivered by the Australian Road Research Board (ARRB).

National drug driving working group

The National Road Safety Action Plan 2018–2020 supports the implementation of the National Road Safety Strategy 2011–2020 and details a range of national priority actions for governments over its final three years. The fourth priority area is to 'increase roadside drug testing significantly in all states and territories'. The NTC has developed recommendations to support a best-practice approach to roadside drug testing which recognises police operational and resourcing differences between states. The NTC has also made recommendations related to developing a national approach to address drug driving in Australia.

This report will be considered by the National Drug Driving Working Group which has been established by the Council.

Representation on other boards and working parties

The NTC is a member of the following boards and working parties:

- ▶ Austroads Freight Taskforce
- ▶ Austroads Road Safety Taskforce
- ▶ Australian Transport Data Action Network
- ▶ National Freight and Supply Chain Strategy – Data Reference Group
- ▶ Australian Transport and Data Action Network
- ▶ Victorian Road Freight Advisory Council.



Improvements to laws

The NTC is responsible for maintaining national land transport laws, model laws and administrative guidelines.

The NTC has a regular program to keep laws and regulatory instruments nationally consistent, contemporary, efficient, and aligned with their policy intent. Under this program, we periodically review the various laws and regulatory instruments which, in 2017–18, included all of the projects in Table 1.

We also update national laws and regulatory instruments to align with ministers' policy decisions.



Table 1: Updates to national laws and regulatory instruments approved during 2017–18

Project	Purpose	NTC recommendations approved by ministers during 2017–18
Heavy Vehicle National Law (HVNL) Amendment Package No. 7	To make amendments to strengthen investigative and enforcement powers for authorised officers, provide for increased freight volumes where mass is not a constraint, and finalise information-sharing arrangements between registration authorities and the NHVR to support the delivery of the National Heavy Vehicle Registration System. Changes also included transferring existing obligations for load restraint to the HVNL, and minor amendments to keep the HVNL contemporary and fit for purpose.	
Australian Code for the Transport of Dangerous Goods by Road & Rail	To harmonise dangerous goods transport requirements with updated United Nations' requirements and develop a simplified approach to regulating the transport of limited quantities of dangerous goods.	
Model Heavy Vehicle Charges Act	Recommendations for setting heavy vehicle charges for 2018–19 and 2019–20 and their implementation.	
Load Restraint Guide	To ensure the Load Restraint Guide is contemporary, easy to access and understand, and meets the needs of users.	
Australian Road Rules	To ensure the Australian Road Rules are contemporary and fit for purpose.	



Transport of dangerous goods

The Australian Code for the Transport of Dangerous Goods by Road & Rail sets out the technical requirements for transporting dangerous goods by road or rail. The Code is designed to promote public safety and protect property and the environment.

The Code is aligned to the United Nations' recommendations on the Transport of Dangerous Goods Model Regulations (20th edition) and also includes specific provisions that better reflect current Australian practices and conditions. Operators who transport limited quantities of lower-risk dangerous goods, such as household cleaning products, perfumes and cosmetics, will no longer be required to abide by complicated labelling and marking requirements. Other changes include exempting mobile processing units (MPUs) from the Code to remove duplicate requirements in other laws. MPUs transport raw explosive materials to mine sites.

The NTC generally updates the Code every two years, with a one-year transition period for each edition. The latest version of the Code came into effect from 1 July 2018 and is compulsory from 1 July 2019. Until then, either the Code edition 7.5 or the Code edition 7.6 can be used.



Load Restraint Guide

The Load Restraint Guide 2018 was published in February 2018 after transport ministers approved the final recommendations in November 2017. It provides practical advice about how to safely transport a load, whether packing, loading, moving or unloading any type of vehicle.

Drivers, operators and other participants in the transport chain of responsibility can now access electronic and hard copies of the Load Restraint Guide and the complementary guide designed for light vehicles.

It is intended that maintenance of the guide will be handed over to the NHVR in late 2018.



Australian Road Rules

Introduced in 1999, the Australian Road Rules contain the basic road rules for motorists, motorcyclists, cyclists, pedestrians, passengers and other road users. They form the basis of the road rules adopted in legislation by each Australian state and territory.

Transport ministers approved a package of amendments to the Australian Road Rules in November 2017. The amendments included introducing nationally-consistent rules relating to motorcycle lane-filtering and approved motorcycle helmets, removing barriers to access for larger vehicles through small roundabouts, consistency in rules for road crossings by pedestrians and cyclists, and new load restraint requirements to improve clarity about legal obligations.



Changes to the HVNL

In May 2017, the Council agreed to policy changes to expand the investigative and enforcement powers for authorised officers under the chain of responsibility reforms, concessions for freight volumes where mass is not a constraint, and the National Heavy Vehicle Registration System (NHVRS).

The legislative amendments approved in May 2018 are consistent with Council's policy decisions in May 2017.

The NHVRS-related regulations settle the detail of information to be shared between jurisdictions and the NHVR, following work between those parties to reach agreement on data-sharing arrangements.

Load restraint

Operators are required to comply with load restraint performance standards, as listed in the Load Restraint Guide and referenced in the HVNL. These performance standards are designed such that, under expected driving conditions, a load will not dislodge from a vehicle and will not move in such a way that is unsafe. The NTC also recommended placing the load restraint performance standards in the HVNL instead of referencing guidance material.

Other matters

Other amendments to the HVNL remove obligations for the NHVR to advertise in national newspapers when amending notices, and ensure fines increase in line with inflation in each state and territory where the HVNL applies.



Heavy vehicle pricing



Forward looking cost base prototype

The NTC is conducting a research project aimed at developing a working prototype of a forward-looking cost base (FLCB) model for setting heavy vehicle charges. The prototype model will be used to provide advice to governments under the Heavy Vehicle Road Reform project led by the Department of Infrastructure, Regional Development and Cities.

Heavy vehicle charges are set to recover the costs that heavy vehicles incur on the road network. These costs include road construction, maintenance and operations. Under the existing pay-as-you-go (PAYGO) system, these costs have been measured using a

retrospective approach, based on seven years of historical data. That is, heavy vehicle charges are set to recover the reported historical expenditure of building and maintaining the road network.

Other network infrastructure (for example electricity, water, telecommunications) typically uses a 'life-cycle' approach based on 'forward looking costs' to measure the costs of investments and operations.

Under this model, capital costs are recovered over the time in which assets are used and consumed. For example, a newly commissioned 30-year asset would be paid for over the 30 years it is in service.

Recovering the costs of assets over their economic life, rather than immediately in the year they are constructed, also helps to smooth the revenue requirement, or cost base over time, especially when asset expenditure is lumpy or cyclical.

After presenting a first working prototype to the Council in November 2017, the NTC has worked with state and territory governments, as well as the Commonwealth, to further develop, evaluate and fine-tune the prototype FLCB model. As part of this work, the NTC is addressing a number of technical issues to produce a complete and more advanced prototype model.

The NTC will use this prototype model to provide updated advice to governments on how this model would compare with the existing PAYGO system under a range of different future scenarios. The NTC will advise transport ministers on findings in November 2018.



Heavy vehicle charges

Heavy vehicle charges consist of the Road User Charge (RUC) which applies to each litre of diesel used by heavy vehicles on public roads, and yearly registration charges that apply to powered heavy vehicles and trailers.

In November 2017, the Council agreed to freeze heavy vehicle charges at 2017–18 levels for a two-year period (2018–19 and 2019–20). This decision recognised the need for governments to continue to invest in infrastructure to support heavy vehicle productivity, and the need to provide revenue and price certainty to road management agencies and heavy vehicle operators as heavy vehicle road reform is accelerated.

As part of this decision, the regulatory component of registration charges was adjusted to reflect the revised National Heavy Vehicle Regulator budget for 2018–19 and 2019–20 to incorporate industry funding of the new National Heavy Vehicle Registration System.





Strategy, monitoring and review



Review of the Heavy Vehicle National Law

In May 2018, transport ministers asked the NTC to commence a review of the Heavy Vehicle National Law. The review will formally commence once the terms of reference are approved by ministers in late 2018. The HVNL review is expected to take two years to complete, and will result in a clearer, less prescriptive law.



Carbon emissions from light vehicles

The NTC's *Carbon Emissions Intensity for New Australian Light Vehicles 2017* report showed that average vehicle emission intensity of new cars bought in Australia has dropped for a tenth year in a row, but fewer Australians are choosing low emission cars. The average new car sold in 2017 emits a reported 181.7 grams of carbon dioxide per kilometre travelled. This is a reduction of 0.3 per cent compared to 2016.

Average emission intensity figures have fallen, however, the 2017 result is the smallest drop on record. The NTC attributes this in part to Australians'

continued preference for larger vehicles such as sport utility vehicles (SUVs) and utility vehicles ('utes').

The report notes that there were 97 models of 'green' vehicles (vehicles with an emissions intensity at or below 120g/km) available in Australia in 2017, which is up from 51 in 2016.

The report, which is issued annually, uses data from the Federal Chamber of Automotive Industries. It contains important information for consumers and governments.



National Transport Reform Implementation Monitoring Report

Each year, the NTC compiles a progress report for transport ministers on the implementation status of nationally-agreed reforms from the previous financial year. The report outlines the status, by state and territory, of adoptions of reform and any derogations in relation to national transport laws, regulations and standards.

The report highlights the progress on implementing reforms during the 2016–17 financial year, such as:

- ▶ Most jurisdictions (excluding WA and NT) are now operating under the HVNL, with the last remaining milestone of the original regulatory reform due on 1 July 2018 when the NHVR plans to have a register of heavy vehicles available for use.
- ▶ The fifth HVNL amendment package was approved by the Queensland parliament in December 2016 ahead of an anticipated implementation in the second half of 2018.
- ▶ All states and territories have now passed enabling legislation for the application of the Rail Safety National Law (RSNL).
- ▶ The first and second RSNL amendment packages have been implemented in seven jurisdictions.
- ▶ Heavy Vehicles Standards Rules are now included in the HVNL, and the Australian Light Vehicle Standards Rules, approved by Council in May 2016, will apply to light vehicles in the future.

Where possible, the report includes advice on where delays have occurred, and on any corrective actions or interventions to bring implementation back on track. The 2016–17 report was published in December 2017. The report is an important source of information on the level of harmonisation achieved through implementation of agreed reforms.



Governance

Transport and Infrastructure Council members

as at 30 June 2018

Commonwealth

The Hon Michael McCormack MP

Deputy Prime Minister; Minister for Infrastructure and Transport

The Hon Paul Fletcher MP

Minister for Urban Infrastructure and Cities

Australian Capital Territory

Ms Meegan Fitzharris MLA

Minister for Transport and City Services

Mr Shane Rattenbury MLA

Minister for Justice and Consumer Affairs and Road Safety

New South Wales

The Hon Andrew Constance MP

Minister for Transport and Infrastructure

The Hon Melinda Pavey MP

Minister for Roads, Maritime and Freight

Northern Territory

The Hon Eva Lawler MLA

Minister for Infrastructure, Planning and Logistics

Queensland

The Hon Mark Bailey MP

Minister for Transport and Main Roads

The Hon Cameron Dick MP

Minister for State Development, Manufacturing, Infrastructure and Planning

South Australia

The Hon Stephan Knoll MP

Minister for Transport, Infrastructure, Local Government and Planning

Tasmania

The Hon Jeremy Rockliff MP

Deputy Premier; Minister for Infrastructure

Victoria

The Hon Jacinta Allan MP

Minister for Public Transport; Minister for Major Projects

The Hon Luke Donnellan MP

Minister for Roads and Road Safety; Minister for Ports

Western Australia

The Hon Rita Saffioti MLA

Minister for Transport, Planning and Lands

Australian Local Government Association

Mayor David O'Loughlin

President

New Zealand

The Hon Phil Twyford MP

Minister for Transport



Role of the NTC Commission

The NTC is led by a Commission, including our Chief Executive. The Commission meets regularly throughout the year.

The Commission operates under the National Transport Commission Act and the Public Governance, Performance and Accountability Act and also works to a Statement of Expectations.

The Statement of Expectations, covering the period 1 January 2017 until 31 December 2021, was signed by the then Minister for Infrastructure and Transport, the Hon Darren Chester on 20 December 2016. It is available on our website and is also reflected in our Corporate Plan.

In conjunction with the Council, the Commission is responsible for the NTC's strategic direction and performance. One of its main responsibilities is to establish a sound, risk-based system of controls to provide reasonable assurance that our objectives will be met within an acceptable degree of risk.

The Commission also maintains a watching brief over external and internal environments, and is also responsible for evaluating the Chief Executive's performance. While the Commission does not have a day-to-day management role, it has authority to determine all matters related to the NTC's policies, practices, management and operations.

Commissioners

The current Commissioners, with the exception of Paul Retter, were appointed on 1 January 2018 for various terms as outlined below:

Ms Carolyn Walsh (Chair) – a three-year term to 31 December 2020

Ms Nola Bransgrove OAM (Deputy Chair) – a two-year term to 31 December 2019

Dr Steven Kennedy PSM – a three-year term to 31 December 2020

Mr Neil Scales OBE – a three-year term to 31 December 2020

Mr Reece Waldock AM – a two-year term to 31 December 2019

NTC Chief Executive and Commissioner, Paul Retter, commenced his appointment on 8 July 2013 under a five-year contract, which has been extended for a period of three months to 8 October 2018.

Commission meetings

Table 2 sets out the number of Commission meetings and Risk and Audit Committee meetings held during 2017–18, and the number of meetings each Commissioner attended. During the reporting period, five Commission meetings and five Risk and Audit Committee meetings were held.

Table 2: Attendance at Commission and Risk and Audit Committee meetings

Commissioner	Commission meetings		Risk and Audit Committee meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Carolyn Walsh (Chair)	5	5	4	4
Nola Bransgrove (Deputy Chair)	5	5	5	5
Steven Kennedy	3	3		
Neil Scales	5	4	5	4
Reece Waldock	2	1	2	1
Paul Retter	5	5	0	5 (by invitation)
David Anderson (past Chair)	3	3	0	3 (by invitation)
Mike Mrdak (past Commissioner)	1	1		

NTC Commissioners



Carolyn Walsh

Chair

Carolyn commenced as Chair of the National Transport Commission on 1 January 2018. She has been a Commissioner since 1 January 2014.

Carolyn is currently a Commissioner at the Australian Transport Safety Bureau, and is a member of a number of NSW Government agency audit and risk committees. She also provides consultancy services in safety and risk management.

Her past roles with the NSW Government have included Chief Executive of the Independent Transport Safety and Reliability Regulator and Executive Director, Office of the Coordinator General of Rail. She has also held several positions within the Commonwealth Department of Industry, Science and Resources.



Paul Retter AM

Chief Executive and Commissioner

Paul commenced as Chief Executive and Commissioner of the NTC on 8 July 2013.

Paul has extensive knowledge of transport and logistics, having held the position of Executive Director of the Office of Transport Security (OTS) at the Department of Transport and Regional Services from 2006–13.

Prior to joining OTS, Paul was a senior member of the Australian Defence Force, where he was responsible for developing and progressing land based military capability requirements to government. His other defence appointments between 2001 and 2004 included appointment as the Deputy Force Commander of the UN Peacekeeping Force in East Timor, and as Army's Director General of Preparedness and Plans.

Paul was appointed a Member of the Order of Australia in 2006 and awarded the Australian Security Medal (Australian Security Industry Award) for Conspicuous Service in 2012.



Nola Bransgrove OAM

Deputy Chair

Nola commenced as Deputy Chair of the National Transport Commission on 1 January 2018. She has been a Commissioner since 1 January 2014.

Nola is joint owner of Branstrans Pty Ltd, a transport company based in Gippsland, Victoria. She had an instrumental role in the development of the industry accreditation program TruckSafe and was awarded a Medal of the Order of Australia for services to the transport and logistics industry and the community in 2012.

She is also Chair of Transport & Distribution Training, Victoria and Women in Supply Chain. Her past roles include Municipal Councillor of Traralgon Shire, Commissioner of Latrobe Regional Commission, Trustee Director of Transport Industry Superannuation Fund, Councillor of Victorian Freight and Logistics Council and Director or Chair of a number of other representative organisations.



Steven Kennedy PSM

Commissioner

Steven commenced as Commissioner of the National Transport Commission on 1 January 2018. He is the Secretary of the Department of Infrastructure, Regional Development and Cities, a position he has held since 18 September 2017.

Prior to that, Steven was a Deputy Secretary at the Department of the Prime Minister and Cabinet, where he was responsible for innovation and transformation and led work on the cities agenda, regulatory reform, public data and digital innovation. Steven was previously a Deputy Secretary at the Department of Industry, Innovation and Science; the Department of the Environment; the former Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education; the former Department of Climate Change and Energy Efficiency; and the Head of Secretariat of the Garnaut Climate Change Review – Update 2011.

Steven holds a PhD and a Masters in Economics from the Australian National University and a Bachelor of Economics (First Class Honours) from the University of Sydney.



Neil Scales OBE

Commissioner

Neil commenced as Commissioner of the National Transport Commission on 10 September 2014.

Neil is the Director-General of Queensland's Department of Transport and Main Roads which has an operating budget of more than \$6 billion, capital budget of \$3.1 billion and manages assets worth almost \$57 billion.

He not only became trade qualified but also studied for a series of work-related qualifications at Sunderland Polytechnic including ONC (Engineering), HNC (Electrical and Electronic Engineering), a BSc (Engineering), and an MSc in Control Engineering and Computing Systems. This was supplemented by qualifications in general management, a Diploma in Management Studies with Distinction, and an MBA with the Open University.

In 2005, Neil received an Officer of the Most Excellent Order of the British Empire (OBE) for services to public transport. He was also awarded an honorary Fellowship from Liverpool John Moores University in 2011 for his services to the region.



Reece Waldock AM

Commissioner

Reece commenced as Commissioner of the National Transport Commission on 1 January 2018.

He has more than 35 years' experience in strategic management with expertise in organisational reform. His appointment as Director General of the Department of Transport (WA) followed a 20-year career with various state government transport agencies with 15 years as CEO. He was appointed the inaugural head of three transport agencies in May 2010 — Director General Transport, Commissioner Main Roads WA and Chief Executive Officer of the Public Transport Authority. Prior to his public sector career, Reece held a number of senior management roles with BHP.

Reece is currently Chair of Lifeline WA, Chair of the Planning and Research Centre (PATREC) and a Board member of Infrastructure Australia.

He has a Master of Business and a Bachelor of Science (Metallurgy with distinction), and is a Fellow of the Australian Institute of Company Directors and the Chartered Institute of Logistics and Transport.

Risk and audit committee

The Risk and Audit Committee is a committee of the NTC Commission. The Commission delegates responsibility for monitoring and reporting on risk, control and compliance frameworks to the Committee.

The Committee's main role is to independently assess our governance and risk management policies and procedures. It regularly reports back to the Commission. The Committee works to ensure that:

- ▶ major organisational risks are identified and managed with appropriate mitigation measures and reviews in place
- ▶ we comply with work health and safety and financial management government policies and legislated requirements
- ▶ mandatory government reports are accurate before being submitted to the Commission
- ▶ financial accounts are independently audited in line with legislated requirements.

During 2017–18, the Committee's members were:

- ▶ Carolyn Walsh (Chair and member of the Committee until 1 January 2018)
- ▶ Nola Bransgrove (Chair of the Committee from 1 January 2018)
- ▶ Neil Scales
- ▶ Reece Waldock (from 1 January 2018)

Other Commissioners can attend meetings either by invitation or as observers.

Risk management

Risk management is very important to the NTC. We have an established risk management framework, which provides a structured, ongoing process for the Commission, NTC management and staff to identify, assess, respond to and report on risks that could prevent us from achieving our organisational objectives. The framework comprises four risk categories – financial,

operational, project and reputational. Risks are compiled in an enterprise risk register, which the Risk and Audit Committee reviews at each meeting before reporting to the Commission.

The Committee assures the Commission that there are risk mitigation plans in place for all significant enterprise risks and that all other risks are being appropriately managed. Biannually, it also reassesses all risks in the register and their controls and mitigation strategies, and reports back to the Commission.

During the 2017–18 year, we continued to manage a number of risks associated with our personnel, office environment and information technology security. We also completed governance improvements in these areas by developing and implementing appropriate policies, plans and procedures.

Compliance

The NTC has a comprehensive compliance management plan, which is updated and reviewed regularly by our management team and Risk and Audit Committee. It includes a fraud management plan to ensure there are appropriate controls and procedures in place to prevent, detect and manage fraud, corruption and misconduct. Staff are trained in fraud awareness and our Code of Conduct each year.

During 2017–18, the NTC encountered one instance of fraud utilising an NTC corporate credit card. The subsequent external investigation established that no NTC staff were involved and that there were no failures of internal processes or controls. The amount involved, approximately \$14,000, was fully recovered.

During the period we also implemented the Notifiable Data Breaches Scheme by the required deadline, and regular refresher training is planned to maintain staff awareness.

The NTC conducts staff security awareness training regularly and has implemented strategies to mitigate against cyber security incidents in line with the Australian Government's Essential Eight mitigation strategies, including:

- ▶ virus scanning software on computers and the NTC's email and internet gateways
- ▶ multi-factor authentication for remote access
- ▶ patch management (up-to-date software)
- ▶ restricting user access to information/systems based on work purposes
- ▶ daily backup to recover data and systems.

Information management

NTC continued to improve our information and records management to help us comply with several government laws and policies, including the *Archives Act 1983* (Cwlth) and the Public Governance, Performance and Accountability Act. In 2017–18 we met our targets for the Digital Continuity 2020 Policy.

The NTC has established the Chief Information Governance Officer role as required by the policy.

The NTC continued to progress its goal of moving to an entirely digital information and records environment by 2020 by investing in a new system for its financial and human resource functions. We further developed management of hard copy files located in off-site storage facilities by sentencing them against the Administrative Function Disposal Schedule. The remaining hard copies will be sentenced against the NTC's own disposal authority in the 2018–19 financial year.

Business planning

The NTC has a four-year Corporate Plan, Work Program and other operational plans which are updated annually. We prepare these documents with extensive input from our stakeholders and under the guidance of the Commissioners, before submitting them to the Council for approval. These plans are prepared in accordance with the National Transport Commission Act, the Public Governance, Performance and Accountability Act, and the Inter-Governmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport.

Indemnities and insurance

For the reporting period ending 30 June 2018, there were no indemnity claims made against the NTC or any of our Commissioners or officers. The NTC ensures adequate insurance cover is obtained each year to cover all areas of the organisation, including professional indemnity, directors and officers, general business, travel, and workers' compensation.

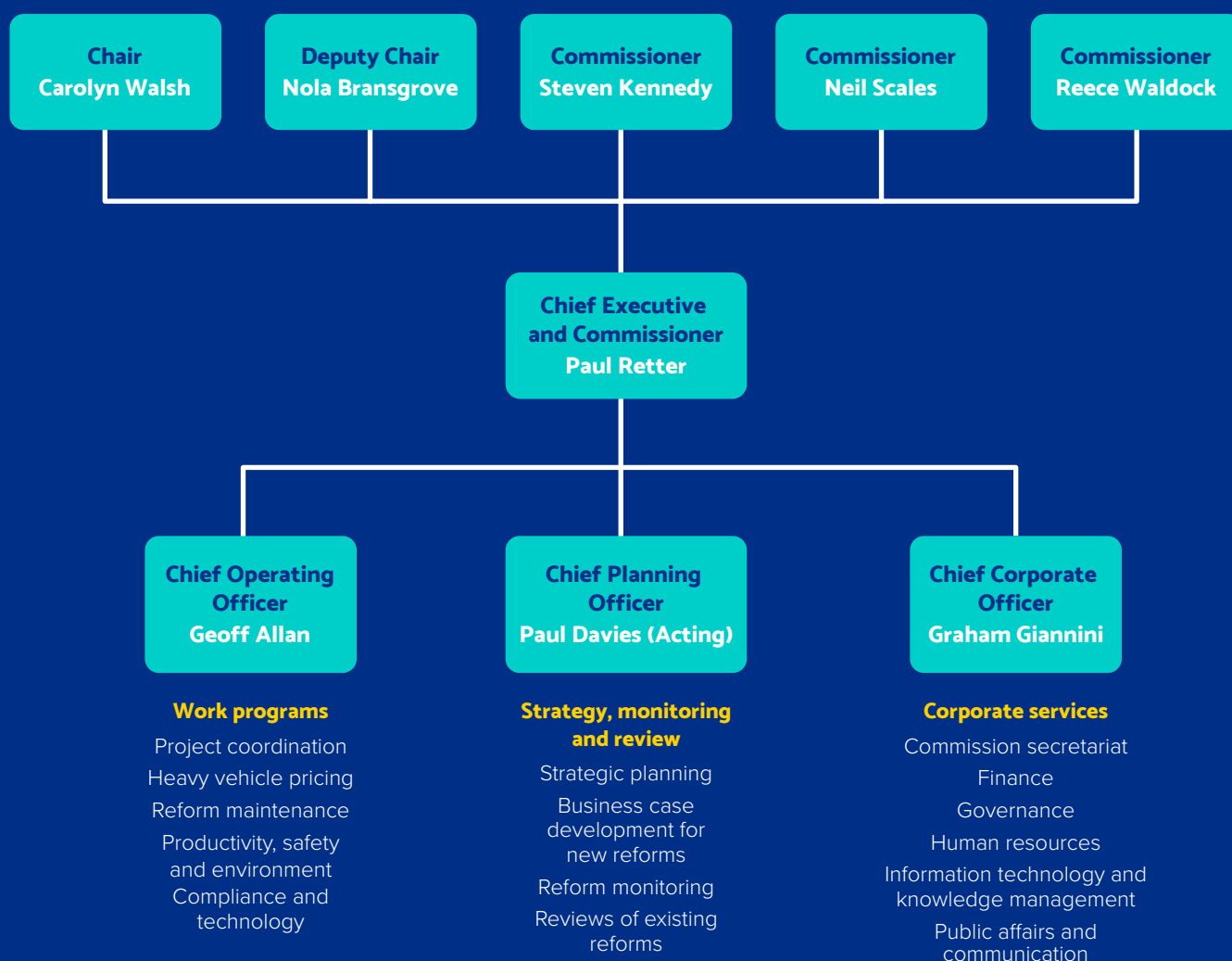


Our people

The NTC's people are integral to our success. This section explains our commitment to providing a culture of performance, development, safety and fairness during the year to enable our people to operate at their best and enable our organisation to deliver on our agreed outcomes.

NTC organisational structure

As at 30 June 2018



A culture of performance

The NTC continued to foster a culture of performance during the 2017-18 year by using robust recruitment processes, investing in staff development, and providing the tools and training to do the job well.

We used specialist agencies for recruiting staff during the year. Our selection process involved psychometric assessments to help us recruit people with the best skills and fit for our organisation. We also engage industry and subject matter experts on consultant or fixed-term contract arrangements

to handle unique requirements for specialist skills, such as information technology, communications and records management projects.

Once on board, we have a thorough process to ensure each staff member receives the right training on internal office systems, compliance, work health and safety, and NTC policies and procedures. We provide training to all staff in the NTC project management methodology, stakeholder engagement, and plain English training.

This year we invested in the development of a public policy program in collaboration with the Australian and New Zealand School of Government (ANZSOG). The program design was led by Catherine Althaus who is Associate Dean (Academic) and co-author of The Australian Policy Handbook. The program provided advanced skills development for our project team members.

Effective stakeholder engagement is vital for our organisation. Most projects involve stakeholders from diverse industries, professions, communities and backgrounds who we work with to design, deliver and maintain reforms. Staff at all levels have the opportunity to work on the national reform agenda.

We continued to focus on leadership development, risk management and governance, and to promote a positive, proactive leadership culture. We also invested in coaching sessions for non-executive members of our leadership team. Every staff member has an annual performance review with their manager, and an annual one-on-one meeting with the Chief Executive. These initiatives help us build our organisation's capabilities to develop strategic reforms addressing the future challenges and opportunities of Australia's transport sector.



Work health and safety

Providing a safe and healthy work environment is extremely important to the NTC.

During 2017–18, we continued to deliver work health and safety (WHS) programs under our WHS policy and management system, which have been designed to comply with the *Work Health and Safety Act 2011* (Cwlth) and Australian Standard AS4801, and to foster a best-practice approach to WHS management.

Strategic

- ▶ A work health and safety management system which is reviewed every 12 months.
- ▶ WHS quarterly certification reports developed to the satisfaction of our Risk and Audit Committee and Commissioners.

Compliance

- ▶ Quarterly workplace safety assessments and adjustments were carried out.
- ▶ A biennial audit of our WHS management system by an external auditor to ensure the system complies with the Work Health and Safety Act.

Operational

- ▶ Workstation ergonomic assessments were performed.
- ▶ Risk assessments were completed for identified WHS hazard areas.
- ▶ Monthly WHS committee meetings were held to cover operational WHS matters.
- ▶ Workplace safety inductions for all new staff and contractor appointments were carried out on commencement.
- ▶ Our emergency response plan and procedures were reviewed against the building's general emergency plan and WHS regulations.

- ▶ Our WHS contractor induction checklist was reviewed and updated.
- ▶ All our consultancy agreements were reviewed to ensure we have insurance certificates of currency for all consultants where necessary.

Training

- ▶ All relevant staff received training in preventing strains, sprains and back injuries.
- ▶ All people managers received training to understand their WHS duties.
- ▶ Staff WHS representatives and fire wardens were appointed and formally trained.
- ▶ We participated in emergency trial evacuation exercises for our building.

Staff completed online compliance training in anti-bullying and harassment, equal employment opportunity, discrimination, privacy, fraud awareness, WHS and our Code of Conduct.



Wellbeing

- ▶ All staff were offered a flu vaccination as part of the annual anti-flu campaign at the start of winter 2018.
- ▶ All staff continued to have access to our comprehensive Employee Assistance Program for support as needed.


In addition to these initiatives, staff were consulted on a number of WHS-related matters during the year, including renewing our flexible working arrangements, reviewing our working from home arrangements to support work-life balance and family

commitments, and implementing new security control measures and emergency protocols in line with the Public Governance, Performance and Accountability Act.

The offices and equipment have all passed work health and safety checks. Our ongoing WHS initiatives have led to a consistently safe work environment for staff and visitors to our office. There were no notifiable incidents during the year. There were no investigations undertaken by an inspector appointed under Part 9 of the Work Health and Safety Act, and we did not receive any notices under Part 10 of the Act.

Code of Conduct

The NTC Code of Conduct applies to all staff members. The code is reviewed periodically to align with best-practice standards and it, along with our corporate values and behaviours, sets the standard for the professional conduct that we expect of all staff. The code emphasises honesty, confidentiality, professionalism, diligence and the need to uphold our integrity and reputation. We provide all new employees with a copy of the code and our values and behaviours during our induction process, and also require all staff to complete annual online compliance training related to the code and its principles.



“The code emphasises honesty, confidentiality, professionalism, diligence and the need to uphold our integrity and reputation.”

Learning and development

The NTC's learning and development program continued to focus on leadership, stakeholder engagement, strategic foresight, program and change delivery, and work health and safety.

The learning and development program involves a combination of formal and on-the-job learning. Our formal training during the year included:

- ▶ a policy program, designed and led by Catherine Althaus of ANZSOG, to develop the skills of project staff in areas central to NTC's reform role (legislative development). The program developed capabilities in strategic foresight, comparative analysis, stakeholder engagement and program delivery
- ▶ internal refresher training for all staff on our project management methodology
- ▶ stakeholder influencing and managing conflict training for all staff
- ▶ providing new staff with our core capability training in personal efficiency and report writing (plain English)
- ▶ public interest disclosure training for all staff
- ▶ requiring all staff to complete online work, health and safety training.

NTC staff also had many on-the-job learning and development opportunities by participating in industry events, running and participating in stakeholder workshops and meetings, and presenting at national and international conferences.

Information and technology management

In 2017–18 the NTC implemented initiatives contained in the ICT strategy and plan, which focused on the following themes:

- ▶ implementing digital solutions that meet the needs of the NTC, our stakeholders and government mandates
- ▶ implementing systems and tools that help achieve our objectives
- ▶ improving the capability of our people through better training, and improved ability to demonstrate compliance with government policies and guidelines.

These initiatives included moving to laptops rather than fixed personal computers at workstations, replacing server hardware with cloud solutions, and implementing new or upgraded human resource and finance systems.



“I think automated vehicles will have a big and positive impact on accessibility for people who have limited transport options now.”

Preparing for an automated future

The NTC’s work in preparing Australia for the introduction of automated vehicles is what attracted RMIT University student Clare Cann to apply for the 12-month intern role.

Clare is in her third year of an International Business degree, which largely focuses on preparing students for working in a globalised environment.

“It is an exciting time in the transport area. There were some roles available in sales support for vehicle manufacturers, but I thought this was a great opportunity to see the policy challenges we are facing in preparing Australia for the introduction of automated vehicles,” Clare says.

Clare’s family has a background in the transport area, so she is no stranger to conversations around the dinner table about policy and practice in the industry.

One of the most valuable skills she has learned while at the NTC is how to write professionally. “Things like writing submissions, taking and distributing minutes of meetings, and addressing and signing off emails: these are things that you don’t gain experience in while at university. I am writing more and more for the team, and now have greater confidence in my business writing as a result.”

Highlights of her first six months at the NTC include helping draft a submission to Infrastructure Victoria about preparing infrastructure for automated and zero emissions vehicles, a site visit to LaTrobe University to ride the automated shuttle bus, and meeting with an international manufacturer of automated vehicles to discuss the progress of various trials in Australia and internationally.

Clare is not sure whether she will look for a role in the public or private sector when she graduates, but knows that her experience at the NTC has opened up many possibilities that she had not considered previously.

“Mostly I have become really interested in the future of transport. I think some of the most exciting developments in the AV space are around mobility – how we will get around given the changes as we look at different modes of transport. I think automated vehicles will have a big and positive impact on accessibility for people who have limited transport options now,” Clare says.

Financial statements

Financial statements for the period ended 30 June 2018

Table of contents

Statement by the Commissioners, Chief Executive and Manager Finance	39
Auditor's report	40
Statement of comprehensive income	42
Statement of financial position	43
Statement of changes in equity	44
Cash flow statement	45
Notes to and forming part of the financial statements	
Overview	46
1.1 Budgetary variance reporting	47
2.1 Expenses	48
2.2 Own-source revenue	49
3.1 Financial assets	50
3.2 Non-financial assets	51
3.3 Payables	53
4.1 Employee provisions	53
4.2 Key management personal remuneration	54
4.3 Related party disclosures	55
5.1 Financial instruments	55
5.2 Fair value measurement	57

Statement by the Commissioners, Chief Executive and Manager Finance

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the National Transport Commission will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Commissioners.



Carolyn Walsh

Chair

Date: 24/8/18



Paul Retter AM

Chief Executive and Commissioner

Date: 24/8/18



Duminda Senanayake

Manager Finance

Date: 24/8/18

Auditor's report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Infrastructure, Regional Development and Cities

Opinion

In my opinion, the financial statements of the National Transport Commission for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the National Transport Commission as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the National Transport Commission, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Commissioners, Chief Executive and Manager Finance;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising an Overview note and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the National Transport Commission in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the National Transport Commission the Chair of the Board of Commissioners is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chairman of the Board of Commissioners is also responsible for such internal control as the Chairman of the Board of Commissioners determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chairman of the Board of Commissioners is responsible for assessing the National Transport Commission's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chairman of the Board of Commissioners is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rahul Tejani
Acting Executive Director
Delegate of the Auditor-General
Canberra
25 August 2018

Statement of comprehensive income

For the period ended 30 June 2018

	Notes	2018 \$	2017 \$	Budget \$
NET COST OF SERVICES				
Expenses				
Employee benefits	2.1A	6,386,553	5,571,506	6,183,000
Suppliers	2.1B	3,137,976	4,095,194	3,683,000
Depreciation and amortisation	3.2A	360,182	358,829	185,000
Total expenses		9,884,711	10,025,529	10,051,000
Own-source income				
Own-source revenue				
Sale of goods and rendering of services – external parties		-	98	-
Interest on deposits	2.2A	26,913	22,158	30,000
Total own-source revenue		26,913	22,256	30,000
Net cost of services		(9,857,798)	(10,003,273)	(10,021,000)
Revenue from government	2.2B	10,129,000	10,008,000	10,128,000
(Deficit)/Surplus attributable to the Australian Government		271,202	4,727	107,000
OTHER COMPREHENSIVE INCOME				
Total comprehensive (deficit)/surplus		271,202	4,727	107,000

The above statement should be read in conjunction with the accompanying notes.

Budgetary variance reporting has been included in Note 1.1

Statement of financial position

As at 30 June 2018

	Notes	2018 \$	2017 \$	Budget \$
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	2,034,567	1,576,189	2,101,000
Trade and other receivables	3.1B	624,287	772,451	90,000
Total financial assets		2,658,854	2,348,640	2,191,000
Non-financial assets				
Plant and equipment	3.2A	608,357	496,662	561,000
Prepayments		15,575	317,074	20,000
Total non-financial assets		623,932	813,736	581,000
Total assets		3,282,786	3,162,376	2,772,000
LIABILITIES				
Payables				
Suppliers	3.3A	471,779	696,157	200,000
Other payables	3.3B	20,134	16,218	16,000
Total payables		491,913	712,375	216,000
Provisions				
Employee provisions	4.1A	883,010	813,340	813,000
Total provisions		883,010	813,340	813,000
Total liabilities		1,374,923	1,525,715	1,029,000
Net assets		1,907,863	1,636,661	1,743,000
EQUITY				
Reserves		119,607	119,607	119,607
Retained surplus		1,788,256	1,517,054	1,623,393
Total equity		1,907,863	1,636,661	1,743,000

The above statement should be read in conjunction with the accompanying notes.

Budgetary variance reporting has been included in Note 1.1

Statement of changes in equity

For the period ended 30 June 2018

	2018 \$	2017 \$	Budget \$
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	1,517,054	1,512,327	1,517,054
Comprehensive income			
(Deficit)/Surplus for the period	271,202	4,727	107,000
Closing balance as at 30 June	1,788,256	1,517,054	1,624,054
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	119,607	119,607	119,607
Closing balance as at 30 June	119,607	119,607	119,607
TOTAL EQUITY			
Opening balance	1,636,661	1,631,934	1,636,661
Comprehensive income			
(Deficit)/Surplus for the period	271,202	4,727	107,000
Closing balance as at 30 June	1,907,863	1,636,661	1,743,661

The above statement should be read in conjunction with the accompanying notes.

Budgetary variance reporting has been included in Note 1.1

Cash flow statement

For the period ended 30 June 2018

	Notes	2018 \$	2017 \$	Budget \$
OPERATING ACTIVITIES				
Cash received				
Receipts from government				
Sale of goods and rendering of services		10,129,000	10,008,000	10,811,000
Interest		26,913	22,158	30,000
Other		-	98	-
Total cash received		10,155,913	10,030,256	10,841,000
Cash used				
Employees		6,080,306	5,457,228	6,183,000
Suppliers		3,144,844	4,653,180	3,883,000
Net GST paid		508	22,120	-
Total cash used		9,225,658	10,132,528	10,066,000
Net cash from/(used by) operating activities		930,255	(102,272)	775,000
INVESTING ACTIVITIES				
Cash used				
Purchase of non-financial assets		471,877	309,696	250,000
Total cash used		471,877	309,696	250,000
Net cash from/(used by) investing activities		(471,877)	(309,696)	(250,000)
Net increase/(decrease) in cash held		458,378	(411,968)	525,000
Cash and cash equivalents at the beginning of the reporting period		1,576,189	1,988,157	1,576,189
Cash and cash equivalents at the end of the reporting period	3.1A	2,034,567	1,576,189	2,101,189

The above statement should be read in conjunction with the accompanying notes.

Budgetary variance reporting has been included in Note 1.1

Notes to and forming part of the financial statements

For the period ended 30 June 2018

Overview

The National Transport Commission (the NTC) is an independent body established under Commonwealth legislation and funded jointly by the Commonwealth, states and territories. Its principal objectives are to improve transport productivity, efficiency, safety and environmental performance and regulatory efficiency in a uniform or nationally-consistent manner. The principal objectives are achieved through the effective implementation (by others) of transport reforms based on nationally-consistent policy and regulation developed by the NTC. The NTC is required to work with states, territories and the Commonwealth to develop implementation plans, and monitor implementation, maintain and review agreed reforms. The NTC works in co-operation with transport agencies, industry and other stakeholders and reports to the Transport and Infrastructure Council, a council of transport, infrastructure and roads ministers from all jurisdictions.

The continued existence of the NTC in its present form and with its present programs is dependent on the NTC's periodic review (in accordance with NTC Act) and on continued funding by the Commonwealth, state and territories.

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*. The financial statements have been prepared in accordance with:

- ▶ Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) for; and
- ▶ Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when, and only when, it is probable that future economic benefits will flow to the NTC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

Taxation

The NTC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- ▶ where the amount of GST incurred is not recoverable from the Australian Taxation Office, and
- ▶ for receivables and payables.

Events after the reporting period

There were no events subsequent to the reporting period that have or will materially affect the ongoing structure and financial activities of the NTC.

Note 1.1: Budgetary Variance Reporting

Note	Affected line items	Budget variances commentary
2.1A	Employee benefits	The variance in employee benefits and suppliers are due to lesser number of staff vacancies. Short-term consultancies budgeted to cover staff vacancies supplemented by staff.
2.1B	Suppliers expense	
3.2A	Depreciation and amortisation	Increase in asset acquisitions combined with asset write-downs has resulted in a variance in depreciation and amortisation.
3.1B	Trade and other receivables	The budget was prepared on the assumption that all invoices would be paid by the end of the period. The variance is due to an unpaid invoice at year-end which has since been paid.
3.3A	Suppliers	Higher than expected accruals at year-end has resulted in a variance in suppliers payable at year-end.
4.1A	Employee provisions	The variance in employee provisions is due to more staff with high leave balances.

Notes to and forming part of the financial statements

For the period ended 30 June 2018

Note 2.1: Expenses

	2018 \$	2017 \$
Note 2.1A: Employee benefits		
Wages and salaries	5,883,135	5,137,969
Superannuation:		
Defined contribution plans	503,418	433,537
Total employee benefits	6,386,553	5,571,506

Accounting policy

Please refer note 4.1

Note 2.1B: Suppliers

Goods and services supplied or rendered

Consultants	1,539,838	2,383,383
Travel	420,376	415,039
IT costs	202,557	167,101
Communications	159,365	68,183
Printing	66,050	18,464
Other	193,256	196,912
Total goods and services supplied or rendered	2,581,442	3,249,082

Goods and services supplied in connection with

Provision of goods – external parties	1,041,604	865,699
Rendering of services – external parties	1,539,838	2,383,383
Total goods and services	2,581,442	3,249,082

Other suppliers

Operating lease rentals in connection with

External parties:		
Minimum lease payments	523,595	812,137
Auditor's remuneration	23,500	23,000
Workers' compensation expenses	9,439	10,975
Total other suppliers	556,534	846,112
Total suppliers	3,137,976	4,095,194

Leasing commitments

The National Transport Commission, in its capacity as lessee, has commitments on their current lease for office premises until 31 May 2029.

	2018 \$	2017 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	569,755	549,161
Between 1 to 5 years	3,185,743	3,070,595
More than 5 years	2,870,972	3,555,874
Total operating lease commitments	6,626,470	7,175,630

Accounting policy

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

Note 2.2: Own-Source Revenue

	2018 \$	2017 \$
Note 2.2A: Interest		
Interest from deposits	26,913	22,158
Total interest	26,913	22,158

Note 2.2B: Revenue from government

Federal Government contribution approved by Transport and Infrastructure Council – related entities	3,400,000	3,358,000
State and Territory Government contributions approved by Transport and Infrastructure Council – external parties	6,315,000	6,236,000
Federal Government contribution for fatigue research project	414,000	414,000
Total Revenue from government	10,129,000	10,008,000

Accounting policy

Revenue

Revenue from government

Government contributions are recognised as revenue from government when the entity gains control of the contribution, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Contributions receivable are recognised at their nominal amounts.

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to the NTC) is recognised as Revenue from Government unless they are in the nature of an equity injection or a loan.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Notes to and forming part of the financial statements

For the period ended 30 June 2018

Note 3.1: Financial Assets

	2018 \$	2017 \$
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Note 3.1A: Cash and cash equivalents

Cash on hand or on deposit	2,034,567	1,576,189
Total cash and cash equivalents	2,034,567	1,576,189

Accounting policy

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- ▶ cash on hand, and
- ▶ demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Note 3.1B: Trade and other receivables

Goods and services receivables in connection with:

Trade debtors	535,000	684,311
Interest receivable	2,248	1,608
Total trade debtors and interest receivable	537,248	685,919

Other receivables:

GST receivable from the Australian Taxation Office	87,039	86,532
Total other receivables	87,039	86,532
Total trade and other receivables	624,287	772,451

Receivables are expected to be recovered in:

No more than 12 months	624,287	772,451
Total trade and other receivables (net)	624,287	772,451

Receivables are aged as follows:

Not past due	624,287	772,451
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Accounting policy

Please refer note 5.1

Standard credit terms for trade receivables is 30 days

Note 3.2: Non-Financial Assets

Note 3.2A: Reconciliation of the opening and closing balances of property, plant and equipment 2018

	Leasehold Improvements \$	Plant & Equipment \$	Total \$
As at 1 July 2017			
Gross book value	-	1,248,066	1,248,066
Accumulated depreciation and impairment	-	(751,404)	(751,404)
Total as at 1 July 2017	-	496,662	496,662
Additions:			
by purchase	-	471,877	471,877
Net write-downs	-	(480,570)	(480,570)
Depreciation expense	-	(360,182)	(360,182)
Depreciation on write-downs	-	480,570	480,570
Total as at 30 June 2018	-	608,357	608,357
Total as at 30 June 2018 represented by:			
Gross book value	-	1,239,373	1,239,373
Accumulated depreciation and impairment	-	(631,016)	(631,016)
Total as at 30 June 2018	-	608,357	608,357

Note 3.2A: Reconciliation of the opening and closing balances of property, plant and equipment 2017

	Leasehold Improvements \$	Plant & Equipment \$	Total \$
Total as at 1 July 2016			
Gross book value	922,970	1,348,387	2,271,357
Accumulated depreciation and impairment	(824,848)	(900,713)	(1,725,561)
Total as at 1 July 2016	98,122	447,674	545,796
Additions:			
by purchase	-	309,695	309,695
Net write-downs	(922,970)	(410,016)	(1,332,986)
Depreciation expense	(98,122)	(260,707)	(358,829)
Depreciation on write-downs	922,970	410,016	1,332,986
Total as at 30 June 2017	-	496,662	496,662
Total as at 30 June 2017 represented by:			
Gross book value	-	1,248,066	1,248,066
Accumulated depreciation and impairment	-	(751,404)	(751,404)
Total as at 30 June 2017	-	496,662	496,662

Notes to and forming part of the financial statements

For the period ended 30 June 2018

Accounting policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amount at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of leasehold improvements, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in surplus/deficit. Revaluation decrements for a class of assets are recognised directly in surplus/deficit to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable leasehold improvements, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the NTC using, in all cases, the straight line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2018	2017
Leasehold improvements	Not applicable	Lease term
Plant and equipment	2 to 9 years	2 to 9 years

Impairment

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the NTC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Note 3.3: Payables

	2018 \$	2017 \$
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Note 3.3A: Suppliers

Trade creditors and accruals	471,779	696,157
Total suppliers	471,779	696,157

Supplier payables expected to be settled:

No more than 12 months – external parties	471,779	696,157
Total suppliers	471,779	696,157

Settlement was usually made within 30 days.

Note 3.3B: Other payables

Other	20,134	16,218
Total other payables	20,134	16,218

Other payables expected to be settled

No more than 12 months	20,134	16,218
Total other payables	20,134	16,218

Accounting policy

Liabilities are recognised to the extent of the goods and services received.

Note 4.1: Employee Provisions

	2018 \$	2017 \$
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Note 4.1A: Employee provisions

Leave	883,010	813,340
Total employee provisions	883,010	813,340

Employee provisions expected to be settled

No more than 12 months	616,580	519,802
More than 12 months	266,430	293,538
Total employee provisions	883,010	813,340

Notes to and forming part of the financial statements

For the period ended 30 June 2018

Accounting policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measure as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting and the average sick leave taken in future years by employees of the NTC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the NTC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to staff members' years of service at the NTC.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

Contributions are made by the NTC to employee superannuation funds and are charged as expenses when incurred.

The liability for superannuation recognised at 30 June 2018 represents outstanding contributions for the final month of the year.

Note 4.2: Key Management Personnel Remuneration

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the National Transport Commission. The National Transport Commission has determined the key management personnel to be the Chief Executive and the Executive Officers. Key management personnel remuneration is reported in the table below.

	2018 \$	2017 \$
Short-term employee benefits	895,453	792,950
Post-employment benefits	81,391	98,567
Total key management personnel remuneration expenses	976,844	891,517

The total number of senior management personnel that are included in the above table is 4 (2017:4)

There were no termination benefits paid.

Note 4.3: Related Party Disclosures

Related party relationships

The National Transport Commission is an Australian Government Controlled entity. Related parties to NTC are the Commissioners, Key Management Personnel including the Executive and other Australian Government entities.

Transactions with related parties

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of paid parental leave payments or higher education loans. These transactions have not been separately disclosed in this note.

Other than the transactions with the government sector mentioned above, there were no related party transactions during the year.

Note 5.1: Financial Instruments

	2018 \$	2017 \$
5.1A Categories of financial instruments		
Financial assets		
Loans and receivables		
Cash and cash equivalents	2,034,567	1,576,189
Receivables for goods and services	537,248	685,919
Carrying amount of financial assets	2,571,815	2,262,108
Financial liabilities		
Suppliers payable	471,779	696,157
Other payables	20,134	16,218
Carrying amount of financial liabilities	491,913	712,375

Notes to and forming part of the financial statements

For the period ended 30 June 2018

Accounting policy

Financial assets

The NTC classifies its financial assets into: Receivables

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets at fair value through profit or loss.

Receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are recognised when settlement is greater than remote.

The NTC has no contingent liabilities, assets or any significant contingencies for the year ended 30 June 2018 (2017: Nil).

	2018 \$	2017 \$
5.1B Net gains or losses on financial assets		
Cash and cash equivalents		
Interest revenue (Note 2.2A)	26,913	22,158
Net gain from cash and cash equivalents	26,913	22,158
Net gain from financial assets	26,913	22,158

5.1C Fair value of financial instruments

	Carrying amount 2018 \$	Fair value 2018 \$	Carrying amount 2017 \$	Fair value 2017 \$
FINANCIAL ASSETS				
Cash and cash equivalents	2,034,567	2,034,567	1,576,189	1,576,189
Receivables for goods and services	537,248	537,248	685,919	685,919
Total	2,571,815	2,571,815	2,262,108	2,262,108
FINANCIAL LIABILITIES				
Suppliers payable	471,779	471,779	696,157	696,157
Other payables	20,134	20,134	16,218	16,218
Total	491,913	491,913	712,375	712,375

Note 5.2: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

Note 5.2A: Fair value measurements, valuation techniques and inputs used

	2018 \$	2017 \$	Valuation Technique	Level	Inputs Used	Range (weighted average)
Non-financial assets						
Plant and equipment	608,357	496,662	Depreciated replacement cost	3	Independent research	Useful life
Total non-financial assets	608,357	496,662				
Total fair value measurements of assets in the statement of financial position	608,357	496,662				

Recurring and non-recurring Level 3 fair value measurements – valuation processes

Leasehold improvements and plant and equipment are held at fair value. When leasehold improvements and plant and equipment are specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. There were no changes in valuation techniques throughout the period to 30 June 2018.

Recurring Level 3 fair value measurements – sensitivity of inputs

A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Appendices

Appendix A: Report under the Freedom of Information Act 1982 (Cwlth)

Freedom of information requests during 2017–18

No requests for documents were made under the Freedom of Information Act 1982 during the period 1 July 2017 to 30 June 2018.

Information required by the Freedom of Information Act

The information that the NTC is required to publish under Part 2 of the Freedom of Information Act can be found on our website.

Freedom of information enquiries

All enquiries concerning access to documents under the Freedom of Information Act should be directed to:

FOI Contact Officer

National Transport Commission
Level 3/600 Bourke Street
Melbourne Vic 3000

Phone: 03 9236 5000

Email: enquiries@ntc.gov.au

Appendix B: Report under the Commonwealth Electoral Act 1918 (Cwlth)

The NTC did not make any payments to market research agencies, advertising agencies, polling organisations, direct mail organisations or media advertising organisations of more than \$10,000 during 2017–18.

Appendix C: Report under the Environment Protection and Biodiversity Conservation Act 1999 (Cwlth)

The NTC is committed to developing reforms that uphold the principles of ecologically-sustainable development, as detailed in section 516A of the Environment Protection and Biodiversity Conservation Act.

Our mission is to develop reforms that deliver safe, efficient and sustainable transport for Australia. The impacts of all our reforms are objectively assessed against our policy objectives, one of which is to protect the environment.

Environmental performance

We are committed to reducing the impact of our office operations on the environment through actions such as the following:

- ▶ recycling paper, plastic, bottles and toner cartridges
- ▶ recycling unwanted computer equipment such as monitors, hard drives, cabling and keyboards
- ▶ installing equipment that has energy-saving features, such as laptops (which are more energy-efficient than desktop computers), photocopiers and printers
- ▶ ensuring double-sided printing is the default setting on all printers
- ▶ encouraging staff to use public transport by offering discounted yearly tickets
- ▶ switching off all office lights at the end of the working day
- ▶ encouraging staff to use teleconferencing where possible to avoid unnecessary road or air travel
- ▶ providing a battery recycling program for staff
- ▶ installing paper recycling bins at workstations
- ▶ providing additional recycling bins around the office
- ▶ using only energy and water-efficient appliances across the workplace
- ▶ installing blinds and tinting windows to reduce the demand on air-conditioning systems.

We have also entered into a green lease program along with our building manager, AMP Cptial. This aims to implement improvements towards providing a greener and more energy efficient environment for all building occupants.

We will continue to monitor our environmental impact and make changes as required.

Electricity	2017-18	2016-17
Total electricity used (kilowatt hours)	62,316	53,016
Green energy source (per cent)	25	25
Total greenhouse gas emissions (tonnes)	110	94
Air travel*		
Domestic flights (kilometres)	640,511	585,303
International flights (kilometres)	166,553	77,290
Total greenhouse gas emissions (tonnes)	251	206
Other		
Total estimated copy paper used (reams)	470	425
Total water consumption (litres per person)	12,550	12,550
Total greenhouse gas emissions (tonnes)	361	300

*Air travel information is supplied by the NTC's travel provider

Appendix D: Reports released during 2017–18

Report title	Date
Supporting good decisions to improve transport productivity – project outcomes report	August 2017
Assessing the effectiveness of the PBS marketplace – discussion paper and consultant report prepared by NTC and Industrial Logistics Institute	August 2017
Changing driving laws to support automated vehicles – discussion paper	October 2017
Assuring the safety of automated vehicles – policy paper	November 2017
National enforcement guidelines for automated vehicles	November 2017
Clarifying control of automated vehicles – policy paper	November 2017
Rail worker health assessment criteria – discussion paper	December 2017
Competent Authorities Panel Rules – draft	December 2017
Australian Code for the Transport of Dangerous Goods by Road and Rail Edition 7.6 – consultation draft	December 2017
National Transport Reform Implementation Monitoring Report 2017	December 2017
Load Restraint Guide 2018	February 2018
Load Restraint Guide 2018 for Light Vehicles	February 2018
Reforming the PBS Scheme – policy paper	May 2018
Review of Regulatory Telematics – report and appendices	May 2018
Should Australia expand rail health assessments? – consultation report	May 2018
HVNL fatigue issues – discussion paper	May 2018
Effluent and load restraint – discussion paper	May 2018
Changing driving laws to support automated vehicles – policy paper	May 2018
Safety assurance for automated driving systems – Consultation Regulation Impact Statement	May 2018
Australian Light Vehicle Standards Rules 2018 – consultation draft	June 2018
Heavy Vehicles (Vehicle Standards) National Regulation – consultation draft	June 2018
Light and Heavy Vehicle Standards – explanation of proposed amendments	June 2018
Competent Authority Panel Rules	June 2018
Australian Code for the Transport of Dangerous Goods by Road and Rail – Edition 7.6	June 2018
Mass limits for three-axle buses – discussion paper	June 2018
Carbon dioxide emissions intensity for new Australian light vehicles 2017 – information paper	June 2018
NTC Corporate Plan 2018–2022	June 2018
NTC Work Program 2018–2022	June 2018

Appendix E: Annual adjustment of heavy vehicle charges

The NTC is responsible for calculating annual heavy vehicle charges, which are a combination of annual registration and fuel-based road user charges (RUC).

Every few years this involves a determination. This is when we review the base charges for all heavy vehicle types and recommend a new set of base charges to the Transport and Infrastructure Council.

In the years between determinations, we apply an annual adjustment formula to heavy vehicle charges to adjust them by a common percentage, known as the annual adjustment factor.

The annual adjustment formula is approved by the Council and is contained within the Heavy Vehicle Charges Model Law. The annual adjustment allows revenue from heavy vehicle charges to keep pace with changes in heavy vehicle fleet use and with governments' road spending programs.

Annual adjustments apply automatically unless the Council directly approves heavy vehicle charges, either as the outcome of a determination, or for other reasons. The Council directly approved heavy vehicle charges to apply from 2016–17 to 2019–20 which means that the annual adjustment does not apply in these years.

Changes to the annual adjustment method and reporting

The current annual adjustment method, contained in the Heavy Vehicle Charges Model Law, was approved by the Council on 6 November 2015.

The method uses parameters from the pay-as-you-go (PAYGO) model to establish the cost base for the annual adjustment rather than using assumed changes in road use and expenditure, which are less precise. This adjustment formula and the updated Heavy Vehicle Charges Model Law now require us to report new expenditure, road use and cost allocation data in our annual report. This data is included in the tables within this appendix.

Table E1: Allocable arterial and local road expenditure for the 2019–20 annual adjustment (\$ million)

Allocable road expenditure (\$m)		Arterial roads			Local roads			Total
Expenditure category code	Expenditure category description	Urban	Rural	Arterial roads total	Urban	Rural	Local roads total	Roads
A	Servicing and operating expenses	484.25	379.47	863.72	163.87	93.14	257.01	1,120.73
B1	Routine maintenance	193.66	468.24	661.90	56.41	122.98	179.38	841.29
B2	Periodic surface maintenance of sealed roads	204.39	476.61	681.00	54.56	92.13	146.69	827.69
C	Bridge maintenance and rehabilitation	130.69	147.92	278.61	42.29	32.10	74.39	353.00
D	Road rehabilitation	275.05	675.06	950.11	98.07	179.96	278.03	1,228.14
E	Low-cost safety and traffic improvements	732.20	550.67	1,282.87	196.75	96.01	292.76	1,575.62
F1	Pavement improvements	960.65	857.05	1,817.70	138.61	221.51	360.12	2,177.82
F2	Bridge improvements	585.97	528.99	1,114.96	88.52	138.57	227.09	1,342.05
F3	Land acquisition, earthworks, other extensions / improvement expenditure	2,514.27	1,794.21	4,308.48	327.71	479.00	806.70	5,115.18
G1	Corporate services	412.74	355.03	767.78	-	-	-	767.78
		6,493.87	6,233.25	12,727.12	1,166.78	1,455.40	2,622.18	15,349.30

The allocable arterial and local road expenditure data in Table E1 allows for the calculation, if required, of the revised adjusted base cost for the 2019–20 charges.

The expenditure estimates are separated into arterial and local, urban and rural road expenditure, and into a range of expenditure categories.

The PAYGO model only includes expenditure that is related to heavy vehicle road use to determine the heavy vehicle charges cost base (known as allocable expenditure). The expenditure estimates exclude 75 per cent of urban local road expenditure and 50 per cent of rural local road

expenditure because these proportions relate to the provision of access and amenity services, which is recovered through local government rates and developer contributions.

Road expenditure shown in Table E1 is averaged over seven years using the exponential moving average method (EMA7).

State and territory road authorities provide us with the most recently available arterial road expenditure data in accordance with the agreed expenditure reporting categories. The Australian Bureau of Statistics (ABS) provides the most recent estimates of local council spending on roads from unpublished government finance statistics.

Table E2: Cost allocation rules

Expenditure category code	Expenditure category description	VKT	PCU-kms	ESA-kms	AGM-kms
A	Servicing and operating expenses	100%	0%	0%	0%
B1	Routine maintenance	24%	38%	0%	38%
B2	Periodic surface maintenance of sealed roads	30%	10%	0%	60%
C	Bridge maintenance and rehabilitation	67%	0%	0%	33%
D	Road rehabilitation	55%	0%	45%	0%
E	Low-cost safety and traffic improvements	80%	20%	0%	0%
F1	Pavement improvements	55%	0%	45%	0%
F2	Bridge improvements	85%	15%	0%	0%
F3	Land acquisition, earthworks, other extensions / improvement expenditure	90%	10%	0%	0%
G1	Corporate services	100%	0%	0%	0%

The PAYGO model has four allocators that are used to apportion road expenditure across the vehicle fleet to determine the share of costs the heavy vehicle industry should pay. The allocators are:

- ▶ VKT (vehicle kilometres travelled)
- ▶ PCU-kms (passenger car equivalent kilometres) – a measure of the relative space a vehicle type occupies on the road

- ▶ ESA-kms (equivalent standard axle kilometres) – a measure of pavement wear
- ▶ AGM-kms (average gross mass kilometres) – a measure of the general impact of a load on the road.

Table E2 shows the cost allocation rules (or proportions) used in the PAYGO model.

Table E3: Road usage parameters, 2017–18

		Total all vehicles	Total heavy vehicles only	Total heavy vehicle share
VKT	Total	248,625,481,079	16,740,743,819	6.7%
	Arterial	159,333,732,430	13,240,414,472	8.3%
	Local	89,291,748,648	3,500,329,347	3.9%
PCU-kms	Total	278,377,432,517	46,407,931,186	16.7%
	Arterial	184,062,029,109	37,909,376,301	20.6%
	Local	94,315,403,408	8,498,554,886	9.0%
ESA-kms	Total	35,751,465,803	33,423,146,390	93.5%
	Arterial	28,785,583,993	27,318,624,093	94.9%
	Local	6,965,881,811	6,104,522,297	87.6%
AGM-kms	Total	562,616,430,396	454,920,774,365	80.9%
	Arterial	453,292,182,358	385,426,118,603	85.0%
	Local	109,324,248,039	69,494,655,762	63.6%

Table E3 shows the road usage values used in the PAYGO model. The four road use allocators are VKT, PCU-kms, ESA-kms and AGM-kms, as summarised on the previous page. Values are provided for arterial and local roads and as totals. They are also split between the total vehicle fleet and heavy vehicles only.

The road usage values in Table E3 use seven years of available data from the ABS Survey of Motor Vehicle Use (SMVU). This data is averaged using the same EMA7 method used for Table E1. The heavy vehicle cost base is determined using the road usage data from Table E3, combined with the cost allocation rules in Table E2 and the expenditure data from Table E1.

Table E4: Calculation of revenue for the 2019–20 annual adjustment

Estimated total fuel use by heavy vehicles in litres	Estimated roads component heavy vehicle registration revenue excluding trailers (\$)	Estimated roads component heavy trailer registration revenue (\$)
7,352,105,811	999,412,130	383,917,690

The data in Table E4 allows for the calculation, if required, of the annual adjustment factor for the 2019–20 charges. Table E4 shows the estimated heavy vehicle fuel use and registration revenue for heavy vehicles and heavy trailers. Fuel revenue can be calculated by multiplying the heavy

vehicle fuel use reported here by the current RUC. Fuel use is estimated using the EMA7 method. The estimated vehicle and trailer revenue figures are based on average jurisdiction registered fleet data in the latest financial year.

Table E5: Road construction and maintenance expenditure, 2017–18 (\$ million)

	Expenditure Category	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	TOTAL
A	Servicing and operating expenses	20	218	34	195	50	16	183	181	898
B	Road pavement and shoulder maintenance									
B1	Routine maintenance	2	195	44	152	44	16	67	106	626
B2	Periodic surface maintenance of sealed roads	11	174	7	201	1	27	287	113	819
C	Bridge maintenance and rehabilitation	1	72	1	103	5	11	64	31	288
D	Road rehabilitation	3	478	9	218	46	5	156	81	995
E	Low-cost safety and traffic improvements	9	658	1	235	28	7	446	128	1,512
F	Asset extension/improvements									
F1	Pavement improvements	78	394	85	610	96	75	226	308	1,872
F2	Bridge improvements	3	401	30	170	108	1	434	153	1,300
F3	Land acquisition, earthworks, other extensions / improvement expenditure	0	2,238	39	1,033	429	20	786	298	4,843
G	Other miscellaneous activities									
G1	Corporate services	8	306	5	270	12	10	89	95	796
G2	Heavy vehicle regulatory costs	1	68	3	0	1	3	69	12	158
G3	Vehicle registration	8	27	8	0	48	8	123	91	313
G4	Driver licensing	1	43	6	0	7	6	80	52	194
G5	Loan servicing	0	0	0	33	0	0	0	0	33
	Totals	146	5,272	272	3,220	875	204	3,010	1,651	14,649
H	Other road-related payments									
H1	Financial assistance to councils for work on council managed arterials	0	307	5	0	0	0	0	124	436
H2	Payments to councils for contract work on state managed roads	0	223	1	216	0	0	34	2	475
H3	Spending on local access roads in unincorporated areas	0	3	6	0	0	0	0	2	11
H4	Direct spending on council managed local access roads	0	25	0	0	26	11	18	150	230
H5	Any other direct state spending on local access roads	0	0	23	77	0	0	2	3	105

Table E5 provides road construction and maintenance expenditure for 2017–18. These estimates exclude Commonwealth road expenditure under the Natural Disaster Relief and Recovery Arrangements and any insurance-related expenditure approved by transport ministers.

We are required to report the road construction and maintenance expenditures contained in Table E5 under Clause 5.1(j) of the Inter-Governmental Agreement for

Regulatory and Operational Reform in Road, Rail and Intermodal Transport.

We obtained this data from state and territory road agencies to use in calculating the annual adjustment for heavy vehicle charges.

Glossary and acronyms

ADF

Australian Defence Force.

ADS

Automated driving system.

Alertness CRC

The Cooperative Research Centre for Alertness, Safety and Productivity.

ARR

Australian Road Rules. A national set of rules that apply to vehicle drivers, passengers, cyclists and pedestrians.

ANZSOG

Australian and New Zealand School of Government, a provider of education and government-focused research relevant to the public sector.

ARRB

Australian Road Research Board. A member-based organisation representing Australia's federal, state and local government transport and road bodies and the New Zealand Transport Agency.

ATA

Australian Trucking Association. A national organisation that represents trucking operators from across Australia.

Australian Defence Force Road Transport Exemption Framework

A framework that provides nationally uniform exemptions for the use of ADF vehicles and equipment on public roads.

Australian Light Vehicle Standards Rules

A model law that sets standards that vehicles must comply with to be driven on roads and road-related areas.

Austroroads

The association of Australasian road transport and traffic agencies.

AV

Automated vehicle. A road or rail vehicle that is partially or fully automated, meaning some or all of the driving task can be handled by the vehicle and not a human driver.

BITRE

Bureau of Infrastructure, Transport and Regional Economics. BITRE is part of the Department of Infrastructure and Regional Development and Cities (DIRDAC). It provides economic analysis, research and statistics on infrastructure, transport and regional development issues.

Carbon emissions intensity

In respect of a motorised vehicle: grams of carbon dioxide (CO₂) emitted per kilometre (g/km) travelled.

C-ITS

Cooperative Intelligent Transport Systems. Emerging technologies that enable vehicles and surrounding infrastructure to exchange information about the location, speed and direction of other road users also using C-ITS.

COAG

Council of Australian Governments. It initiates, develops and monitors the implementation of policy reforms of national significance that require cooperative action by Australian governments.

CoR

Chain of responsibility. CoR stipulates that specified parties within the supply chain and transport industry can be held legally accountable for behaviour that impacts on-road heavy vehicle compliance with laws.

CO₂ emissions

Carbon dioxide emissions. In respect of a motorised vehicle: the discharge of carbon dioxide, formed as part of the process of catalytic conversion within the engine.

DIRDAC

Department of Infrastructure and Regional Development and Cities. The federal government department responsible for the design and implementation of the Australian Government's infrastructure, transport and regional development policies and programs.

HVNL

Heavy Vehicle National Law. A law to underpin the NHVR and which consolidates existing legislation to achieve national consistency.

IAG

Industry Advisory Group. In respect of the NTC: A forum that brings together road or rail industry stakeholders on a regular basis to discuss progress on NTC projects and share insights on industry issues.

IGA

Inter-Governmental Agreement. In respect of the NTC: an agreement between the Australian states, territories and the Commonwealth Government relating to the establishment and role of the NTC to progress regulation and operational reform for road, rail and intermodal transport.

Intermodal transport

The use of more than one mode of transport for a journey. For the NTC it refers to transportation of freight in a container using multiple modes of transport, being rail, truck or ship without the freight being handled in the change of modes.

LCV

Light commercial vehicle. A light vehicle which is also registered as a commercial vehicle.

National Reform Implementation Monitoring Report

A report prepared by the NTC annually to report on the progress of transport reforms agreed upon by Australia's transport ministers.

National Road Transport Commission (NRTC)

The predecessor to the NTC, established in 1992, to lead regulatory reform for nationally consistent road transport policies and laws.

NHVR

National Heavy Vehicle Regulator. The NHVR administers one set of laws for heavy vehicles under the HVNL.

NTC

National Transport Commission. The statutory authority that develops and submits reform recommendations to the Transport and Infrastructure Council for approval.

ONRSR

Office of the National Rail Safety Regulator. Established in 2012 to encourage and enforce safe railway operations and to promote and improve national rail safety.

PAYGO

Pay-as-you-go. In respect of heavy vehicle charging in Australia: the methodology used to calculate heavy vehicle registration and road user charges.

PBS

Performance-Based Standards. The PBS scheme has been in operation since 2007. PBS vehicles are designed to perform their tasks as productively, safely and as sustainably as possible.

RIS

Regulation impact statement. A RIS is required for all regulatory proposals that are likely to have an impact on business or the not-for-profit sector.

RISSB

Rail Industry Safety and Standards Board. A not-for-profit company responsible for the development and management of rail industry standards, rules, codes of practice and guidelines, all of which have national application.

RSNL

Rail Safety National Law. A nationally-consistent rail safety law, administered by the ONRSR.

RUC

Road User Charge. A charge by the federal government on diesel used by heavy vehicles on public roads. Also known as the fuel charge.

Semi-trailer

A trailer that has one axle group or a single axle towards the rear and a means of attachment at the front to connect to a prime mover.

TCA

Transport Certification Australia. A national government body which provides assurance through the provision of services in the use of telematics and related intelligent technologies.

Three-axle buses

Buses traditionally used for long-distance regional charter and scheduled coach travel, and increasingly also for metro timetabled services due to greater passenger capacity.

TIC

Transport and Infrastructure Council. A council of Commonwealth, state, territory and New Zealand ministers, and the Australian local Government Association, with responsibility for transport and infrastructure issues.

TISOC

Transport and Infrastructure Senior Officials' Committee. A committee that provides support and advice to ministers on the Transport and Infrastructure Council. Its membership comprises the chief executive officers of state and territory transport and/ or infrastructure departments, the Australian Local Government Association and the NTC.

WHS

Work health and safety.

Compliance index

Table 3 shows how this report complies with the Public Governance, Performance and Accountability Amendment (Corporate Commonwealth Entity Annual Reporting) Rule 2016, issued by the Minister for Finance on 5 May 2016.

Table 3: Requirements for Annual Reports under PGPA Act

Requirement	Page/s
Approval by the NTC's accountable authority, including signature, date, details and responsibility statement	2
Details of legislation establishing the NTC	8
Summary of the NTC's objects and functions as set out in its establishing legislation	8
The NTC's purpose as included in our corporate plan for the reporting period	8
Names and titles of responsible ministers	2, 26
Ministerial directions under an Act or instrument	None
Government policy orders that applied to the NTC	None
Annual performance statements	14–16
Statement of any significant issue relating to non-compliance with the finance law	N/A
The names, qualifications, experience and position of each member of the NTC's accountable authority	28–29
The number of meetings each accountable authority member attended	27
Organisational structure	32
Location of major activities and facilities	Back cover
Corporate governance practices	26–31
Decision-making process undertaken if the accountable authority made any decisions under 17BE(n) of the rule	N/A
Significant activities and changes affecting the organisation	N/A
Judicial or administrative tribunal decisions that could significantly affect the NTC	None
Details of any reports on the entity by a committee of either or both houses of Parliament	N/A
Subsidiary information that was not obtained for the report	N/A – the NTC does not have any subsidiaries
Indemnities and insurance premiums for officers and accountable authority members	31
Disclosure requirements for government business enterprises under 17BF of the rule	N/A
Glossary	66–67

Index

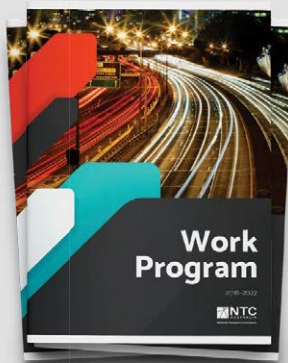
A	
amendments to laws,	16, 19, 20, 22,
amendment packages	23, 25
annual adjustment,	
heavy vehicle charges	61–65
annual performance statements	14–16
Australian Code for the	see dangerous
Transport of Dangerous Goods	goods code
Australian Road Rules	16, 19, 22, 23
Austroads	12, 21
automated vehicles	4, 6, 7, 16, 18,
	19, 37
automated vehicle safety	18
automated vehicles, clarifying control	18
automated vehicles,	
changing driver laws to support	19
B	
benefits, productivity	17–25
benefits, safety	17–25
business planning	31
C	
Cash Flow statement	45
chain of responsibility (CoR) laws	23
Chair's report	4
charges, annual adjustment factor	61–65
Chief Executive's report	6
Code of Conduct	30, 34, 35
Commission meetings	27
Commissioners	27–31
Commonwealth Electoral Act	58
compliance and technology	18–19
compliance index	68
compliance management plan	30
consultation and collaboration, stakeholder	12–13
corporate plan	27, 31, 60, 71
D	
dangerous goods code	13, 22, 23, 60
driver fatigue	20, 60
drug driving	21
E	
emissions, greenhouse gas	59
emissions, vehicle	11, 25, 37, 60
enforcement	13, 18, 19, 22,
	23, 60
environmental outcomes, improving	8, 14, 17–25
environmental performance, NTC	59
Environment Protection	
and Biodiversity Conservation Act	59
F	
fatigue, driver	see driver fatigue
financial statements	38–59
forward looking cost base	6, 24
Freedom of Information Act	58
fuel-based road user charge	24, 61
G	
governance	26–31
H	
Heavy Vehicle Charges Model Law	22
heavy vehicle charging	22, 61–65
heavy vehicle driver fatigue reform	20
Heavy Vehicle National Law (HVNL)	4, 20, 21, 22, 23,
	25, 60
heavy vehicle productivity	see benefits,
	productivity
heavy vehicle safety, improving	17–25
heavy vehicles, load reform	22–23
HVNL	see Heavy Vehicle
	National Law
I	
improvements to laws	22–23
indemnities and insurance	31
industry snapshot	10–11
information and technology management	36
Industry Advisory Group (IAG)	12
internship	37

L		
land transport productivity	20, 60	
Load Restraint Guide	22–23, 60	
local road expenditure	62	
low-density freight, increasing volume	23	
low-emission car sales	11, 25, 60	
M		
ministers, responsible for NTC	2, 8, 26	
mission, NTC	8	
monitoring outcomes	25	
monitoring report	25, 60	
N		
National Heavy Vehicle Regulator (NHVR)	12, 22, 23	
National Rail Safety Regulator (NRSR)	see Office of the National Rail Safety Regulator	
NHVR	see National Heavy Vehicle Regulator	
notes to and forming part of the financial statements	46–57	
O		
Office of the National Rail Safety Regulator	12	
operational performance	14–16	
organisational structure	32	
P		
PAYGO	24, 61–64	
Performance Based Standards (PBS)	20, 60	
performance criteria and result, NTC	14–16	
privacy	34	
productivity, transport	17–25	
public consultation	see consultation	
Public Governance, Performance and Accountability Act	2, 14, 27, 31, 39, 68	
purpose, NTC	8–9, 14	
R		
Rail Safety National Law (RSNL)	25	
reform, symbols used in report	17	
registration charges	24	
regulation impact statement (RIS)	18, 60	
regulatory barrier reform, automated vehicles	18–19	
regulatory efficiency, improving	17–25	
reports released during 2017–18	60	
Risk and Audit Committee	30–31	
Risk and Audit Committee meetings	27	
risk management	30, 33	
road construction and maintenance expenditure	65	
road safety	17–25	
road user charges	9, 24, 61	
RSNL	see Rail Safety National Law	
S		
safer vehicles	see road safety	
safety	see work health and safety	
staff. induction	33	
staff. training	34	
staff. wellbeing	35	
T		
telematics	21	
three-axle buses	21	
TISOC	see Transport and Infrastructure Senior Officials' Committee	
Transport and Infrastructure Council	13, 15, 16, 17, 34, 35, 39, 54, 57, 68, 71, 74, 77	
Transport and Infrastructure Council members	26	
Transport and Infrastructure Senior Officials' Committee	13, 15	
transport productivity, improving	17–25	
V		
vision, NTC	8	
W		
work health and safety	13, 30, 33, 34–35, 36	
Work Health and Safety Act	34, 35	
work program	4, 9, 12, 13, 15, 16, 17, 31, 60, 71	



Corporate Plan

Our Corporate Plan sets out the objectives and strategy that NTC will pursue to achieve our strategic plan's priorities over the next four years. It states our purpose and explains the environment we operate within, and our planned performance, capabilities and risk management.



Work Program

Our Work Program details the specific projects and activities NTC will deliver over the next four years.



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