



NHVR
National Heavy Vehicle Regulator

Annual Report
2013-2014



About this Report

This report provides a concise overview of the operations of the National Heavy Vehicle Regulator (NHVR) and reviews its performance against the corporate goals identified in the NHVR Corporate Plan 2014-2016, for the year ending 30 June 2014.

As well as providing a detailed description of what the Regulator has accomplished during the year, the report contains financial statements for the 2013-14 period and identifies its plans to meet the expected challenges over the 2014-15 period.

The report was prepared in accordance with the Heavy Vehicle National Law 2014 and other relevant legislation.

Where to get a copy

This report and other corporate publications can be accessed online at www.nhvr.gov.au

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Interpreter

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26 September 2014

The Hon Warren Truss MP
Deputy Prime Minister and Minister for Infrastructure and Regional Development
Parliament House
CANBERRA ACT 2600

Dear Deputy Prime Minister

On behalf of the National Heavy Vehicle Regulator (NHVR), I present to you the Annual Report for the reporting year 1 July 2013 to 30 June 2014.

The report provides a detailed description of the NHVR's operations during the year as well as financial statements and the Queensland Auditor-General's report on those financial statements. The report has been prepared in accordance with the Heavy Vehicle National Law Act 2012 (Qld).

The report is made in accordance with a resolution of the Board which is responsible, under Chapter 12.3 Division 2 Section 693 Annual Report of the Heavy Vehicle National Law Act 2012 (Qld) for the Report's preparation and content.

I have also included a summary outlining the key achievements that have been realised throughout 2013-14 by the NHVR.

As referenced in Chapter 12.3 Division 2 Section 693, the NHVR will publish a copy of the Annual Report on the NHVR website once the report has been tabled by a responsible Minister in at least one House of Parliament.

Please note, a Letter of Transmission has been sent to all responsible Ministers.

Yours sincerely

The Hon Bruce Baird AM
Chair of the Board

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Part 1: Overview

This part of the annual report provides an overview of the people, projects and resources involved in regulating heavy vehicles in Australia and progressing the Regulator's vision of **leadership and influence in the heavy vehicle industry to drive sustainable improvement to productivity, efficiency and safety outcomes across the industry and Australian economy**. The Regulator's achievements in 2013-14 are identified, along with some of the initiatives and challenges that lie ahead for the organisation.

Message from the Chair of the Board



The Hon. Bruce Baird AM
Chair

I'm pleased to announce the release of the National Heavy Vehicle Regulator's annual report for 2013-2014, its second year of operation as a national entity. It has been a testing year for this young organisation, in terms of preparation for the introduction of the Heavy Vehicle National Law and the lessons learnt following its commencement.

This past year saw tremendous growth in our organisational structure, operational responsibilities and the partnerships formed across industry and government to support the introduction of the national law. The Board is proud of the achievements outlined in this annual report, delivered in challenging circumstances and by dedicated staff and senior officers. At the same time, we acknowledge that there were some serious operational difficulties in access management that are now being addressed.

The Regulator faced some serious financial challenges in 2013-14 arising from the decisions taken by some jurisdictions to provide their financing contributions as loans rather than grants. The accounting result of loan funding is a significant debt burden which will require progressive repayment over the next ten years and which is reflected in our financial statements as a financial loss for the year. At the same time, I acknowledge the payments made since late June 2014 by all participating states and territories of the agreed 2014-15 funding amounts. These payments are vital in enabling the Regulator to carry out its important operational responsibilities.

Our Performance Based Standards and National Heavy Vehicle Accreditation Scheme functions entered their second year, benefiting from the continuous enhancements and improvements that a single, national administrator can drive.

Leading up to the commencement of the national law and since, the Regulator formally took on responsibility for fatigue, vehicle standards and compliance and safety matters. There

has been some outstanding and innovative work in these areas, as well as the steady regulatory business the Regulator is charged to do.

In the access management function, despite the earlier difficulties, the Board can see traction in recent months regarding measures that reduce the overall demand for individual permits, such as pre-approval agreements with local government and continued harmonisation of notices and local productivity initiatives.

In appointing Sal Petrocchio to the role of Chief Executive and commissioning the Access Remediation Program, the Board intends the Regulator to enter a new phase of rebuilding and reorientation, with a stronger sense of purpose and direction. Later this year, we will be presenting our plans to transport ministers and, with their support, we will start to implement their approved measures.

I'm grateful for the continued public support of responsible Ministers of Commonwealth, states and territories for the broader heavy vehicle reform agenda and for the commitment of their officers to implementation of the policy and operational initiatives that underpin the Regulator's functions.

I acknowledge the long-standing support of industry for the "One Regulator, one rulebook" vision and their willingness to work through the more difficult operational matters to help shape practical and efficient regulatory processes.

One of the key learnings to come from this year is the importance of engagement and partnerships to build capacity in all who have responsibilities under the national law. While the Regulator has built a strong profile and developed relationships across a broad range of sectors in the heavy vehicle industry, we need to determine and fund a targeted and comprehensive approach to engaging our stakeholders. The Board pledges that this will be a key priority for the coming year.

I present this 2013-2014 Annual Report as a record of achievement for the National Heavy Vehicle Regulator, as we mark another milestone on the road to transport reform for this vital sector of the Australian economy.

A handwritten signature in black ink, appearing to read 'Bruce Baird'.

The Hon. Bruce Baird AM
Chair

Review by the CEO of the NHVR



Sal Petrocchio
CEO

When the Heavy Vehicle National Law came into effect on 10 February 2014 in Queensland, New South Wales, Victoria, South Australia, Tasmania and the Australian Capital Territory, those jurisdictions began operating under a single heavy vehicle law for the first time in Australia's history, as opposed to their own interpretation of it.

This is a significant achievement and something that industry and successive governments have been trying to achieve for some time. The Heavy Vehicle National Law is the foundation for the "One Regulator, one rulebook" vision that has driven reform in the heavy vehicle space for more than 20 years.

It sets out a consistent regulatory framework for fatigue management, compliance and enforcement, vehicle standards, heavy vehicle access, and mass, dimension and loading requirements – all practical matters that impact on the day-to-day practice of heavy vehicle operators and drivers across the country.

While I still strongly subscribe to that vision, I clearly appreciate that we have some way to go. I have publicly acknowledged that the way in which the national law was rolled out in relation to heavy vehicle access caused some serious problems for industry, especially for those in the oversize and over mass sector.

In the months following, we conducted an extensive diagnostic review of our and others' operations and preparations for the introduction of the new access regime. We spoke to as many industry and government representatives as possible to understand what changes they wanted to see.

In response to these findings and feedback, we have invested substantial effort in developing a comprehensive Access Management Remediation Plan and progressing it with the support of senior representatives from the Commonwealth, states and territories for presentation to Australia's transport ministers in November.

In working with government and industry to get this right, my focus will be on a balanced approach that delivers a robust and sustainable solution, though this may take some time to fully implement.

I want to also acknowledge the tremendous support that participating states provided to the NHVR at that time to get industry moving again. I'm very pleased to see the same collaborative effort in securing pre-approval arrangements with road managers that will ultimately remove the need to seek consent, and for working towards more harmonised national notices that reduce the volume of individual trip permits. All these measures contribute towards a more streamlined and responsive access system.

Despite these early difficulties, other key aspects of our business rolled out relatively quietly and smoothly in February. Regarding fatigue management, we delivered a new and upgraded national driver work diary and are partnering with the National Transport Commission (NTC) on a national project to offer electronic work diaries as a voluntary option by the end of 2015. We also delivered a more accessible and flexible scheme for advanced fatigue management.

In the compliance and safety space, we conducted nationally consistent education sessions for enforcement officers in the lead-up to the introduction of the national law and have issued advice and instructions to guide inspectors in the exercise of their duties under the law. We've established protocols for sharing information across agencies, vital for a responsive and consistent compliance regime, and have been actively involved in responding to incidents and investigations throughout the year.

We also continued to work with the NTC to drive the Heavy Vehicle Roadworthiness Program, a key initiative which aims to improve roadworthiness regimes and reduce the risk of crashes on our roads.

Our Performance Based Standards (PBS) Scheme goes from strength to strength, now offering a one-stop-shop for vehicle design and access approvals and, with the arrival of smart trucks in the nation's capital in May, Australia has a truly national PBS network. PBS approvals are up from 28% last year, continuing to help owners and operators achieve higher productivity and safety outcomes.

Our National Heavy Vehicle Accreditation Scheme is currently receiving an average of 82 new accreditation applications each month. At present, there are more than 7,000 transport businesses accredited under the NHVAS, with a combined fleet of more than 93,000 heavy vehicles.



Under the new national law, we are now the first point of contact for national vehicle standards and modifications, having granted more than 621 vehicle exemption permits and issued 85 in-principle supports since February 2014.

In terms of our own governance and planning, we developed our second corporate plan, which charts a course for the NHVR through to 2017. Going forward, our priorities include implementation of the Access Management Remediation Plan, improving safety and compliance outcomes and rebuilding our own organisation and business model to ensure our customers get value for money.

We will continue to strengthen those partnerships with industry and government that have stood us in good stead through some challenging times, and will establish more inclusive stakeholder engagement mechanisms to support responsive and practical heavy vehicle reforms and services.

As these initiatives bring us closer to realising the “One Regulator, one rulebook” vision, my view is that the NHVR’s role on that journey is to Facilitate, Innovate, Regulate. We facilitate growth of a sustainable heavy vehicle industry through strong partnerships, we innovate to ensure our operations and the heavy vehicle sector are as efficient and productive as possible, and we regulate as required under the Heavy Vehicle National Law.

The NHVR is also one of a kind. We are globally unique in our combination of regulatory, operational and reform remits and everywhere I go I am humbled by the continued strong and public support from industry and government for their national Regulator.

While the NHVR clearly has a role in fixing what doesn’t work and enhancing what does, every heavy vehicle operator and driver in the country has the ability to influence the success of the longer-term reform agenda.

I state again my commitment to rebuilding our operations, culture and customer focus and look forward to counting on your support.

Sal Petrocchio
CEO

Organisational overview

Administering one set of laws for heavy vehicles under the Heavy Vehicle National Law (HVNL), the National Heavy Vehicle Regulator (NHVR) is Australia's dedicated, independent regulator for all vehicles over 4.5 tonnes gross vehicle mass.

With the vision to drive sustainable improvements to safety, productivity and efficiency outcomes across the heavy vehicle road transport industry and the Australian economy, the Regulator aims to deliver:

- **efficiency** – a common set of laws for heavy vehicles for all participating states and territories
- **safety** – a national safety monitoring and reporting system dedicated to heavy vehicles
- **productivity** – ability to provide quick responses to changing industry trends and needs
- **services** – a single point of contact for all heavy vehicle road transport regulation in Australia
- **independence** – an independent, statutory body corporate established under the HVNL
- **compliance and enforcement** – a unified strategy and approach
- **transparency and accountability** – review for key decision making.

Key services and products delivered by the Regulator include:

- National Heavy Vehicle Accreditation Scheme (NHVAS) management and accreditations
- Performance-Based Standards (PBS) Scheme vehicle design and access approvals
- heavy vehicle access exemption permit/notices for all freight vehicles and cross-border trips
- heavy vehicle standards modifications and exemption permits/notices
- a national driver work diary and risk classification system for advanced fatigue management
- notices made under a single law
- one set of national fees for NHVR services
- one set of national penalties.

The Regulator's office is based in Brisbane and operates with a national contact centre and website. Although there are currently no dedicated customer counters in each state, state road transport authorities and other government agencies deliver select frontline services on the Regulator's behalf. These are managed and tracked through formal service agreements.

Governed by the HVNL, the Regulator's legal authority was established in Queensland in 2013, followed by the other participating jurisdictions of New South Wales, Victoria, Tasmania, South Australia and the Australian Capital Territory on 10 February 2014.



Executive Team and organisational structure

The Regulator is structured to deliver its business through the Executive Team and its divisions.

Executive Team



Sal Petrocchio
CEO

As CEO, Sal Petrocchio leads the organisation by providing the strategic direction to his Executive Team and representing the Regulator at key governance forums

including the Transport and Infrastructure Council (TIC) and the Transport and Infrastructure Senior Officials Committee (TISOC). The CEO has also placed a dedicated and personal focus on restrengthening relationships with stakeholders, with a particular focus on the remediation of the access management function.

enable the HVNL to be implemented. It identifies issues and opportunities that may affect the Regulator and its ability to fulfil its regulatory role, purpose and objectives. It supports the CEO on all matters relating to government and industry relations, program management and evaluation and corporate communication. The division also leads the Regulator's work in safety, compliance and enforcement.



Melinda Bailey
CFO and General Manager, Corporate Services

Melinda Bailey is the Regulator's Chief Financial Officer (CFO) and oversees the Corporate Services division. This division provides

fundamental enabling services for the efficient and effective operation of the Regulator, including the financial, human resources and information communication technology services.



Angus Draheim
General Manager, Operations

Heading up the Operations division, Angus Draheim is responsible for overseeing the operational delivery of the Regulator's programs, activities and administrative services.

These responsibilities include leading the development and implementation of processes to ensure the harmonisation of regulatory procedures across the Regulator and partner agencies in the consistent implementation of the Regulator's regulatory strategy.



Philip Halton
General Manager, Strategy and Business Development

Philip Halton oversees the Strategy and Business Development division, responsible for the articulation of the Regulator's functions to



Raymond Hassall
General Manager, Regulatory and Legal Services

Raymond Hassall oversees the Regulatory and Legal Services division, which provides legal advice to the CEO, Board and

Executive Team. This division is responsible for the provision of authoritative advice on the legal, legislative and compliance framework necessary to support the achievement of the Regulator's business outcomes.

Organisational structure

Chief Executive Officer *Sal Petrocchio*

Chief Financial Officer and General Manager, Corporate Services *Melinda Bailey*

- Financial management
- Audit
- Human resource management
- Workplace health and safety
- Information management
- Information and communication technology
- Procurement and contract management
- Facilities management

General Manager, Strategy and Business Development *Philip Halton*

- Strategic and regulatory planning
- Research and development
- Service agreement management
- Compliance and enforcement strategy and programs
- Chain of responsibility strategy and programs
- Access management strategy and policy
- Fatigue management strategy and programs
- Vehicle standards strategy and policy
- Industry Codes of Practice
- Marketing and communications
- Stakeholder management
- National HV reform projects

General Manager, Operations *Angus Draheim*

- National Heavy Vehicle Accreditation Scheme
- Access operations
- Vehicle Standards Approvals Scheme
- Performance Based Standards Approvals Scheme
- Customer service and engagement

General Manager, Regulatory and Legal Services *Raymond Hassall*

- Legal, legislative and statutory compliance framework management
- Commercial and legal rights and obligations management
- Specialist legal advice and services

Corporate Plan 2014-2016

The inaugural NHVR Corporate Plan 2014-16, required under section 635 of the HVNL, articulates the Regulator's direction for the next three years.

Within this plan, four strategic objectives were defined, which directly aligned to the four functions, as prescribed in section 3 Object of Law of the HVNL.

These objectives and supporting strategies are:

1. Promote public safety

- implement flexible and safety fatigue management programs
- recognise and reward businesses that make a real commitment to safety
- work with industry to improve capability in managing safety, with particular attention to accreditation and Codes
- develop and implement the NHVR's regulatory business systems.

2. Promote industry safety, productivity and efficiency

- manage and improve access to the road network to maximise the safe use of higher productivity vehicles and the economic contribution of public infrastructure, in partnership with industry and road managers
- develop systems and resources to guide, support and improve the expertise and effectiveness of decision making on heavy vehicle access to the road network.

3. Encourage regulator, government and operator efficiency

- deliver value and regulatory efficiencies to customers, stakeholders and partners and evaluate the impact and benefits of regulatory programs
- develop a national registration system.

4. Manage the impact of heavy vehicles on the environment, infrastructure and public amenity

- assess future demands on the road network
- support and ensure consistent and professional enforcement
- raise the national regulatory effort and capability in chain of responsibility (CoR) and implement proactive strategies and programs to deliver compliance assurance across selected supply chains.

The plan also articulates the Regulator's National Performance Measures, a set of standards and indicators, established to measure the effectiveness of the implementation of the Regulator's objectives. As the Regulator matures and enhances its performance management framework, these measures will be refined to provide more indicative measures of delivery of industry benefits.



Part 2: Report on performance

This part of the annual report provides a detailed assessment of the Regulator's performance during the year and how it contributed to achieving the Regulator's corporate goals and national performance measure outcomes. It provides an update on the status of ongoing initiatives and presents the Regulator's approach to enhancing and promoting high standards of safety, productivity and efficiency for the heavy vehicle industry.

To complement the performance report, detailed information on aspects of the Regulator's operations is provided in Appendix A in Part 6: Appendices and references.

Our performance

The Regulator has a legislative obligation to report on its performance in relation to the achievement of its prescribed national performance measures outcomes. Specifically, section 693 Annual Report of the HVNL, states:

(2) The annual report must –

(a) include for the period to which the report relates –

(ii) a statement of actual performance measured against the National Performance Measures (Standards and Indicators) outlined in the current corporate plan under section 695; and

(iii) a statement of exceptions where the National Performance Measures (Standards and Indicators) were not achieved, including a statement of issues that impacted on the achievement of the measures; and

(iv) a statement of trend analysis relating to performance measured against the National Performance Measures (Standards and Indicators).

Trend analysis has been provided for the programs that commenced operations in 2012-13. For a number of programs which commenced in 2013-14, year one baseline data are able to be reported on.

As part of due diligence this report also details the Regulator's performance in relation to its achievements of key deliverables and priority strategies prescribed within the Corporate Plan 2014-2016.

For each of the Regulator's four corporate objectives, this section sets out:

- a summary of the key priorities for 2013-14
- achievements and performance at a program level against the key objectives of the Corporate Plan
- an analysis of achievement against the national performance measures, including a 'snapshot' assessment against each measure, using the following indicators:

Ongoing / On track / Completed



Some delay / Issues being managed



Delayed / May not meet the target



Queensland primary producer livestock exemption

This is a common sense outcome for primary producers and will go towards reducing burdensome paperwork requirements for the rural sector.

AgForce transport spokesman, Grant Maudsley

Objective I: Promote public safety

Objective 1, *Promote public safety*, focuses on the delivery of programs that provide better safety outcomes for the heavy vehicle industry.

Key priorities

The key priorities for Objective 1 in 2013-14 were:

- finalisation and implementation of the risk classification system (RCS) for advanced fatigue management (AFM)
- development and implementation of initial templates for priority industry sectors
- development of an implementation plan for electronic work diaries (EWDs)
- assessment of options for regulatory and enforcement benefits for businesses that are in accreditation schemes
- development of NHVR frameworks for recognition and approval of schemes and Codes
- identification of safety programs and products to be delivered collaboratively with industry, including examining feasibility of the Five Star rating system
- contribution to governments' review of CoR laws
- development of regulatory frameworks across remaining business lines, including vehicle examiners, pilots and escorts
- implementation of initial business systems across all business lines.

Performance against Objective I of the corporate plan

The Regulator focused on the following key deliverables in relation to Objective 1 of the corporate plan:

- implement flexible and safer fatigue management programs
- recognise and reward businesses that make a real commitment to safety
- work with industry to improve capability in managing safety, with particular attention to accreditation and Codes
- develop and implement the NHVR's regulatory business systems.

The following functions and programs were responsible for the achievement of these deliverables:

Fatigue Management Strategy and programs

The Fatigue Management Strategy team is responsible for the facilitation of safety and productivity through a more flexible and efficient fatigue management framework delivered through the AFM accreditation program.

During 2013-14, the Regulator successfully secured all ministerial authorisations necessary to implement and deliver the reformed AFM scheme. As part of this scheme, arrangements are now in progress to establish the Fatigue Expert Reference Group. Work has also commenced on development of the new industry sector specific 'template' schemes, with a commitment to commence with the Livestock and Rural Transport Fatigue Management Scheme announced in June 2014.

An extensive education and awareness program was also undertaken by the team across industry in 2013-14 to assist in raising awareness of AFM, the new national driver work diary and to provide pre-application support.

Vehicle Standards Approval Scheme and strategy

The Vehicle Standards team is responsible for the delivery of vehicle standards technical and exemption services to clients. The team considers a diverse range of non-standard vehicles that have been built or modified for specialist industry purposes and in doing so, ensure the use of the heavy vehicle on the road will not pose a safety risk. Standards and engineering and, where required, safety judgements are applied by the Regulator to determine if a vehicle can access the road and if conditions need to be applied to ensure the vehicle can operate safely.

Specific services established and offered to clients in 2013-14 include vehicle standards exemptions, in-principle support and modifications and defect clearance inspection services, undertaken under a delegated arrangement by states and territories.

In consultation with jurisdictions, the *Approved Guidelines for Granting Vehicles Standards Exemptions* and the *Code of Practice for the Approval of Heavy Vehicle Modifications* have been designed and approved. There is also a suite of supporting products, such as the *National Heavy Vehicle Inspection Manual and Guidelines on the Assessment of Defective Heavy Vehicles*, to assist industry to understand the exemption, vehicle modification approval process and defect inspection regime.

Four vehicle standards exemption notices were also developed and published, unburdening specific industry sectors from the requirement to apply for permits. The notices are:

- Victoria Heavy Vehicle Standards (Agricultural Vehicles and Special Purpose Vehicles) Exemption (Notice) 2014 (No. 1)
- National Heavy Vehicle Standards (Dual Control Waste Collection Vehicles) Exemption Notice (No. 1) 2014
- National Heavy Vehicle Standards (G20) Exemption (Notice) 2014 (No. 1)
- National Heavy Vehicle Standards (Window Tinting) Exemption (Notice) 2014 (No. 1)

A further three are currently being developed and scheduled to be published throughout 2014-15. These include *Flashing Warning Lights*, *LED Lights Bar and Class 1 and 3 Vehicle Standards* notices. The Regulator seeks to use such notices in preference to individual permits to provide consistent exemptions and conditions to reduce administrative burden on industry. The high volume of exemption applications received since 10 February 2014 highlights the value of progressing to notices and reducing the administrative impost on industry.

Throughout 2013-14, a total of 621 vehicle standards exemption permits were issued, 85 in-principle support applications issued and two modification applications finalised.

The major challenge faced by the team in 2013-14 has been the extreme complexity experienced by customers due to the jurisdictions maintaining their current vehicle standards and registration schemes. This has required the team to liaise extensively with jurisdictions in order to assist clients in identifying the variations and requirements of each scheme in order to deliver outcomes.

Industry, their representative associations and the Vehicle Standards Reference Group (VSRG) comprising of jurisdictional content specialists, have provided the team with invaluable guidance and support throughout 2013-14. This has enabled the Regulator to both consider the impacts and consequences of activities on industry and to achieve an enhanced ownership of the scheme's outcomes, facilitating effective implementation in jurisdictions. It is important that these consultative mechanisms are maintained and promoted on an ongoing basis, continuing to add value to the Regulator's outcomes.

National Heavy Vehicle Accreditation Scheme

From July 2013, the Regulator's Accreditation team assumed responsibility for the administration of the NHVAS, a voluntary scheme that recognises operators that have implemented a relevant management system for mass, maintenance and/or fatigue management modules. It also provides operators with an alternative means of compliance with the HVNL through exemptions from annual inspections, increased carrying capacity and extended or more flexible driving hours.

With the transition of the scheme to the Regulator in 2012-13, the team focused heavily on streamlining the accreditation function with a view to enhancing client service. System enhancement, by way of online lodgement, process improvement and the development of supporting procedures, tools and templates, was undertaken during 2013-14, in addition to data migration from jurisdictions to form a central repository. The new NHVAS fee schedule was also introduced.

At the request of responsible Ministers, a review of the operation of the NHVAS was formally commenced in 2013-14 to determine the effectiveness of the maintenance module in particular. The aim is to develop a better designed and more robust NHVAS that is better placed to meet the needs of industry and deliver greater safety benefits. With the establishment of the review's steering committee and the release of the first deliverable to understand the current practices, it is intended the full outcomes of the review will be delivered throughout 2014-15.

Industry Codes of Practice

During 2013-14 the Regulator commenced exploratory work on the voluntary Industry Codes of Practice, aimed to assist industry to achieve and demonstrate compliance with the HVNL. Work undertaken in 2013-14 consisted of an impact assessment and the commencement of the NHVR Industry Codes of Practice framework and guideline development. Work in 2014-15 will finalise these guidelines and be used as the basis for a nationwide consultation process.

Safety Rating System Project

The Regulator commenced work on the Safety Rating System Project in 2013-14, a national project requested by the Standing Council on Transport and Infrastructure (SCOTI) in late 2012-13. This project aims to enhance road safety and complement the duties and standards under the HVNL by:

- assisting the Regulator, the police, and other relevant regulatory and investigatory agencies to more effectively target heavy vehicle safety compliance and enforcement strategies
- providing operators with useful comparative data on their safety and compliance performance, and commercial incentives for improving their performance
- enabling customers to use their purchasing power to promote and reward improved safety and compliance performance.

With the National Steering Committee established and a detailed project plan developed, it is anticipated the project will be run in two stages throughout the next two years. A proposed rating system framework will be developed in consultation with stakeholders throughout 2014-15, with an operational pilot undertaken in 2015-16.

Electronic Work Diaries Project

The EWD project is a major initiative for the Regulator to deliver tangible safety and efficiency benefits for the community and industry. The TIC approved further work on this project in 2013.

Access to reliable work and rest data in an EWD can make it easier for drivers and transport operators to comply with fatigue rules as well as address compliance risks and inefficiencies. As a result of improved compliance with fatigue rules, EWDs are expected to ultimately contribute to a reduction in fatigue-related heavy vehicle crashes.

A High Level Implementation Plan was approved by TIC in November 2013, as part of the NHVR's 2014-15 budget bid, noting that the next piece of work required is a detailed implementation plan to operationalise the project in 2014-15.

Performance against national performance measures

The national performance measures relating to Objective 1 for 2013-14 were:

MEASURE	Priority strategies delivered - trends in the number of businesses participating in CoR compliance programs - increase awareness of CoR responsibilities
RESULT 	The Regulator has successfully delivered prioritised safety-related strategies All safety-related strategies prioritised for implementation in 2013-2014 have been delivered, with a suite of outcomes delivered to industry. This includes: - RCS for AFM developed and made available on the NHVR website to support industry in understanding their obligations - work initiated on AFM industry templates, commencing with the Livestock and Rural Transport Fatigue Management system to AFM, offering the flexibility to propose working longer hours as the potential risks of those hours are offset by sleep, rest and other management practices in a compliant fatigue management system - ministerially <i>Approved Guidelines for Granting Vehicle Standards Exemptions</i> to provide national consistency in the approval of non-compliant heavy vehicles through application of conditions making these vehicles safe for road use - ministerially <i>Approved Guidelines for Granting Access</i> to provide guidance and national consistency around safe access for heavy vehicles to appropriate roads - EWD High Level Implementation Plan approved by responsible Ministers in November 2013 to further progress improved safety systems in heavy vehicles - delivery of first milestone of the National Heavy Vehicle Roadworthiness Project which will develop policy and implementable measures for an improved national heavy vehicle roadworthiness assurance system - delivery of initial milestones of the NHVAS review project to ensure the accreditation system is delivering a safer more compliant heavy vehicle industry - development of Industry Codes of Practice Project which will establish a structured consultation process to register new codes, by which compliance and safety services are delivered by our jurisdictional partners - Board endorsement for industries that have common transport activities such as livestock movement, logging and bulk liquid products to develop codes of practice that provide practical advice to parties in the CoR on how to prevent breaches of road transport laws - completion of the initiation and planning phases of the Safety Rating System Project. The Regulator has insufficient data to be able to report on 2013-14 trends relating to the CoR initiative, however, is continuing to work with the NTC on the progression of the initiative through intelligence gathering, increasing internal capability and raising industry awareness with the provision of information and training sessions.
MEASURE	Increase in the number of operators in accreditation schemes Reduction in non-compliant operators and vehicles
RESULT 	The Regulator has increased the number of operators in accreditation schemes During 2013-14, an average of 82 new operators established NHVAS accreditation per month, with seven being for AFM accreditation. This is a monthly increase of 34, where over the January 2013 to June 2014 period, an average of 48 operators established accreditation. In addition, an average of 15 operators added a module to existing accreditations throughout the 2013-14 period. Customer service standard of application completion within 14 days was achieved in 91% of all cases since the commencement of operations. This is an increase from 61% from the 2012-13 period. With the commencement of the AFM scheme in 2013-14, four operators established AFM accreditation. The Regulator has insufficient data to be able to quantifiably demonstrate a reduction in non-compliant operators and vehicles in 2013-14. The compliance auditing process, included within the scope of the ministerially-approved NHVAS review, will directly correlate with a reduction in non-compliance operators and vehicles and be reported in 2014-15.
MEASURE	Clearer identification of the number of heavy vehicle crashes by type and cause Trends in enforcement actions and orders issued, by type and severity
RESULT 	The Regulator has clearer visibility and identification of heavy vehicle incident data The Regulator has established information sharing arrangements of heavy vehicle incidents with states and territory enforcement agencies. The Regulator will continue to work with enforcement agencies to improve the level of data being provided and over time this will enable the identification of national enforcement and incident trends and better targeted safety campaigns.

Objective 2: Promote industry productivity and efficiency

Objective 2, *Promote industry productivity and efficiency*, is focused on the delivery of programs that provide enhanced productivity and efficiency benefits to the heavy vehicle industry.

Key priorities

The key priorities for Objective 2 in 2013-14 were:

- finalise and implement business systems for access management functions, including access applications, review of decisions, mapping and public register of all access networks and interfaces with road managers
- identify future system performance and system support needs of industry and road managers
- development of the ministerially *Approved Guidelines for Granting Access*, especially for innovative and high productivity vehicles
- partner with road managers and stakeholders to deliver initial resources to aid road managers and customers, including case management support applications and education and technical assistance program
- advise stakeholders of retention of all local productivity initiatives (LPIs).

Performance against Objective 2 of the corporate plan

The Regulator focused on the following key deliverables in relation to Objective 2 of the corporate plan:

- manage and improve access to the road network to maximise the safe use of higher-productivity vehicles and the economic contribution of public infrastructure, in partnership with industry and road managers
- develop systems and resources to guide, support and improve the expertise and effectiveness of decision-making on heavy vehicle access to the road network.

The following functions and programs were responsible for the achievement of these deliverables:

Access management strategy

Throughout 2013-14, the Access Strategy team, in consultation with industry and jurisdictions, developed a suite of resources to aid road managers and customers in making better road access decisions. These resources included:

- *Approved Guidelines for Granting Access*, the legal instrument providing guidance on access decision making, approved by responsible Ministers
- a preliminary version of the Heavy Vehicle Classification Framework (HVCF), defining a nationally consistent classification of heavy vehicles
- consolidation and harmonisation of various existing notices, orders and permit schemes into national notices
- preliminary standardisation of access conditions
- commencement of the functional improvements project for the Performance Based Standards Route Assessment Tool (PBS RAT), a decision-support tool to enable local government road managers to identify pinch points, vulnerable infrastructure and safety challenges by assessing, to a national standard, sets of standardised road network data.

Work throughout 2014-15 for the team will include continued development of guidelines for road managers and access decision makers (route assessments, amenity, risk assessment and management processes). Work will also progress with the PBS RAT with functionality enhancement, deployment of the tool and research into how it might be expanded to consider non-PBS vehicles and additional functionality.

Access operations

From 10 February 2014, the Regulator became the administrator of access permits and the single point of contact for heavy vehicle operators and participating jurisdictions.

The aim of the program is to manage the access of heavy vehicles to ensure a safe, efficient and sustainable road network for the community and industry. In the four months of operation to the end of 2013-14, the Access Operations team received a total of 6,428 applications.

In the early weeks of operations under the HVNL, it became clear that for many operators and local councils the new regulatory requirements regarding road manager consent had significant impacts on their operations. In order to address these issues the Regulator implemented a range of temporary arrangements to improve access permit processing times.

The Regulator continues to manage interstate over size and over mass (OSOM) and special purpose vehicles (SPV) applications and all other permit types (class 2) for both intra and interstate vehicle movements. Delegated permit arrangements remain in place for intrastate OSOM and SPV permits in all other participating jurisdictions except Tasmania. Here, under a partnership arrangement, the Regulator is referring all permit types for case management by the Department of Infrastructure, Energy and Resources.

Since the temporary arrangements have been in place the team has been working with industry and state road authorities to clear the backlog of applications and improve the turnaround times for customers. The team has also been working with road managers to improve their understanding of the HVNL and their obligations as well as expanding the range of pre-approved routes and identifying opportunities for notices. With the support of state road agencies, 330 pre-approved routes were identified and put in place with local government and other road managers, leading to more open access arrangements and assisting in expediting permits.

Access management remediation

Occurring concurrently with the business-as-usual enhancement activities undertaken by the Access Operations team, the Regulator has initiated a project to focus on the long-term remediation of the access management function. Supported by TIC, a 'symptoms diagnosis' of the current process was undertaken with a view to developing a more robust business model with an emphasis on process re-engineering and subsequent alignment of business systems.

Throughout 2013-14 remediation activities have primarily focused on learning from previous access management issues and identifying a series of current and future state performance improvements that will not only increase the standards of

customer service but also reduce the expense, complexity and time it currently takes the Regulator and its road manager partners to process access applications in a national environment.

It is anticipated that in 2014-15 this project will work towards the delivery of a revitalised access management program with stronger connections with road managers in order to better meet industry needs.

Harmonisation of local productivity initiatives

Under the HVNL, the Regulator is responsible for issuing all new notices and permits as well as reviewing existing LPIs for possible national applicability. All existing LPIs that were in place before the commencement of the HVNL have been preserved and transitioned to the Regulator or replaced by a national or state HVNL notice. The special conditions or route limitations that applied in each state and territory will continue to apply in the short term, although, where possible, conditions will be harmonised in the future.

There are currently 176 notices in effect, of which 55 are made under the HVNL and 121 preserved by legislation. The Regulator, in conjunction with states and territories, has invested significantly in the prioritisation of the remaining notices for harmonisation and will continue to roll out this process during 2014-2015.

Harmonisation is about achieving consistency for industry, promoting productivity and efficiency and protecting road infrastructure, without compromising safety. The Regulator will review LPIs annually to achieve harmonisation where possible and this will be done in consultation with state and territory officers, road managers and industry.

Heavy vehicle roadworthiness review

In the past, most Australian research on roadworthiness focused on light vehicles, but we know the issues are often very different for heavy vehicles.

CEO of the NTC Paul Retter

Performance against national performance measures

The national performance measures relating to Objective 2 for 2013-14 were:

MEASURE	Priority strategies delivered
RESULT 	The Regulator has successfully delivered the majority of prioritised productivity and efficiency initiatives The majority of identified productivity-related strategies prioritised for implementation in 2013-2014 have been initiated or have continued and enhanced their operations and deliverables. Strategies include: • retention of all LPIs¹ • implementation of the pre-approval scheme • initiation of the EWD implementation project • access operations and strategies • development of the PBS RAT and the Technical Assistance program to provide engineering and technical assistance support to local governments in their decision-making responsibilities. As a result of identified and experienced weaknesses in the centralised access operations business model, the Regulator immediately responded through the delegation of the access permitting functions back to jurisdictions. A remediation project is now underway to re-engineer the access operations function in order to better meet the needs of all industry segments requiring this function.
MEASURE	Increased access to state and local government road network
RESULT 	• level of use of Ministerial Guidelines and other tools to support decision making • consistency of access decisions with Ministerial Guidelines Development and provision of processes and tools to provide greater access has been achieved by the Regulator, however, at this stage, specific increase is unable to be quantified Processes and tools have been developed to provide greater access to the road network by heavy vehicles and include: • development of ministerially <i>Approved Guidelines Granting Access</i> to provide consistency of access decisions • gazetted routes presented on Journey Planner to give operators greater visibility of nationally declared networks • the PBS RAT made available to local councils to assist with classification of PBS routes • development and registration of significant numbers of pre-approved networks, primarily aimed at opening up local government networks for certain vehicle types. Data to measure and assess the level of use of the Ministerial Guidelines and other tools to support decision-making, will be captured and reported on in 2014-15.
MEASURE	Increased use of notices to provide access
RESULT 	Greater access has been facilitated by the Regulator through the development of notices The Regulator has progressed work on notices and sees this piece of work as instrumental in increasing access to the road network. Activities undertaken include: • as a stepping stone to notices, 330 pre-approvals to local area networks have been established • implementation of new initiatives to manage mobile cranes • consolidation of prior jurisdictional notices into national notices • routes added to existing transitioned and national notices.
MEASURE	Increased access to road network by vehicle type
RESULT 	• average load per vehicle Greater access has been facilitated by the Regulator through an increase of innovative and high productivity heavy vehicle combinations These include: • under permit, the Regulator have seen an increase in PBS vehicles on the network with significant SPV and heavy haulage access through pre-approved networks • development and registration of significant numbers of pre-approved networks, primarily aimed at opening up local government networks for certain vehicle types. The Regulator does not yet have sufficient quantitative data to report on trends relating to the average load per vehicles, however is reviewing its performance data metrics in 2014-15.

¹Local Productivity Initiative means local regulation or operational practice in place prior to 10 February 2014 that departs from national laws, policies or operational practice to allow a more productive, efficient or sustainable means of carrying out the freight task where local conditions enable this to occur without:

- compromising local safety or asset protection demands due to the reduced level of risk presented by local conditions; or
- impacting on the national achievement of improved safety or regulatory outcomes.

Objective 3: Encourage regulator, government and operator efficiency

Objective 3, *Encourage regulator, government and operator efficiency*, focuses on the delivery of programs that enhance efficiency across the Regulator and its stakeholders.

Key priorities

The key priorities for Objective 3 in 2013-14 were:

- review methods used across Australian states and territories, and internationally, to measure performance in heavy vehicle regulation
- establish consultation and engagement frameworks
- implement complete one-stop-shop functionality
- achieve national consistency across business lines including inspection standards, third party vehicle assessors and defect clearance
- establish a regulatory program management framework for service agreements, baseline costs and activities, and approach to evaluation, efficiency and business improvement
- contribute to the governments' review of national penalties
- establish a NHVR development framework and future NHVR releases
- develop a national registration system.

Performance against Objective 3 of the corporate plan

The Regulator focused on the following key deliverables in relation to Objective 3 of the corporate plan:

- deliver value and regulatory efficiencies to customers, stakeholders and partners and evaluate the impact and benefits of regulatory programs
- develop a national registration system.

The following functions and programs were responsible for the achievement of these deliverables:

Customer service and engagement

The Regulator's Customer Services team is responsible for ensuring seamless integration of customer service between the outsourced customer contact centre, the data processing services and the Operations' teams, with a focus on optimising efficiency, effectiveness and customer experience.

Activities undertaken in 2013-14 by the team include the development of contact centre service provider performance management frameworks and performance monitoring against established key performance indicators, planning and instigating remedial action to rectify non-achievement of targets associated with the quality and effectiveness of service delivery.

Overall, customer satisfaction has been identified as mixed across the Regulator's services in 2013-14, with chronic issues with access permit issuing leading to significantly negative customer experiences. Improved outcomes with the delivery of PBS and accreditation services with the move to fully national approaches from February 2014 have, however, been identified as positives. Another positive has been the ability for industry to contact a national body to query regulation matters on a national basis and assist in cross-border outcomes.

It is intended that regular customer satisfaction benchmarking will be initiated in 2014-15 across all the customer base of the suite of products and services offered by the Regulator.

Stakeholder management

The Regulator has dedicated mechanisms for maintaining strong relationships with its targeted stakeholders, namely police agencies, local government associations, industry associations, industry operators, jurisdictions and other government agencies.

A number of engagement mechanisms have been developed to enable the Regulator to share information, gain feedback on proposed business directions, gain ideas on how to best deliver the HVNL, identify opportunities to more broadly connect with stakeholders, (e.g. at their signature conferences and events, and member meetings) and identify opportunities for participation in Regulator focus groups (e.g. testing of its systems, market research).

These activities have been supplemented by bilateral discussions with stakeholders and ensured the Regulator had ongoing awareness of key issues across each stakeholder segment as they arose with preparation towards the commencement of the HVNL (e.g. system development).

The return to the Regulator on this investment is strong relationships with all parties. These relationships are robust enough to work through issues, and importantly remain strong and supportive of the initiative when things didn't go as planned on commencement of the HVNL.

Service agreement management

The service agreements (SAs) between the Regulator and participating states and territories form a critical element of the delivery model for the national heavy vehicle reforms and ensure the Regulator and jurisdictions meet responsibilities under the HVNL.

The SAs cover the delivery of a range of regulatory services and provide the mechanism for achieving national consistency, particularly with compliance and enforcement and CoR outcomes; and for framing the achievement of strategic objectives and performance under direction of the Regulator.

As the SAs are now in place with participating jurisdictions, the challenge for 2014-15 and the future period will be to bring greater national consistency to these agreements.

Regulatory Program Management Framework

The Regulatory Program Management Framework aims to facilitate alignment in the planning and management processes of the Regulator and each service provider in the delivery of the regulatory activities identified in the SAs.

The objectives of the framework are multifaceted and include, but are not limited to, the following:

- development of management-to-management engagement between the Regulator and the service providers
- commitment and participation in the business cycles and management methods necessary to develop the relationship between the Regulator and various levels of management and seniority within the service providers
- complement current service provider practices by providing a systematic approach to help both the Regulator and service providers improve existing processes through sharing 'best practice' approaches
- support for the nationally consistent and efficient allocation of the regulatory effort
- support for the national budget planning and cost recovery cycles
- support the refinement and development of guidelines, policies and processes as they relate to the delivery of the regulatory activities in Schedule 1
- inform national legislative maintenance and improvement processes
- inform the performance evaluation against the NHVR Corporate Plan, the objectives of the reform and benchmarking against other regulators.

With the Board approving the framework concept in 2013-14, implementation and deployment activities will commence in early 2014-15.

Cost Recovery Study Project

Scoped and approved in 2013-14 and scheduled for implementation across 2014-15 and 2015-16, the Cost Recovery Study Project will be pivotal in providing a framework for a more consistent national approach to service delivery.

The project's objectives are intended to address the allocative and technical efficiency of all of the Regulator's regulatory expenditures and examine what constitutes demonstrably efficient and effective expenditure. To achieve this effectively, TIC endorsed the commencement of a two-year study from July 2014 to develop a means of determining what constitutes efficient and effective expenditure to deliver national productivity, safety and compliance outcomes.

This project will be critical in establishing a national picture of regulatory reforms and will provide a framework by which to benchmark performance by shaping core national data and performance benchmarks to track the impact of the heavy vehicle regulatory reforms.

The Regulator will work closely with all jurisdictions in this project, which was agreed to as part of the 2013-14 NHVR Budget through the TIC.

National Registration System Project

The National Registration System Project aims to develop a national heavy vehicle registration system, through identification of vehicles and their registered operators in a single repository that will support integrated service delivery to heavy vehicle operators across a range of functions, including access management, accreditation, vehicle standards and compliance and enforcement.

Development of the business case was undertaken in 2013-14 and identified a positive benefit cost ratio with significant benefits flowing to industry through the modernisation of the heavy vehicle registration process. It also explored the opportunities to improve service delivery to industry by streamlining and standardising policy and business rules, reducing red tape and delivering enhanced client experience.

Industry stakeholders have provided their support to this proposed approach as it not only assists with registration but integrates it with other core Regulator services.

Funding for this prioritised initiative has been secured for 2014-15 to address the next tranche of key policy issues as outlined in the business case.

Performance against national performance measures

The national performance measures relating to Objective 3 for 2013-14 were:

MEASURE	Priority strategies delivered
RESULT 	The Regulator has successfully delivered some of prioritised productivity and efficiency initiatives Although all prioritised strategies have progressed in 2013-14, most are in various stages of implementation and scheduled for delivery in 2014-15. These are: • approval for the initiation of the Cost Recovery Study Project (to commence formally in 2014-15) by responsible Ministers • Board approval for the initiation of the Regulatory Program Management Framework • the concept of 'one-stop-shop' has been delivered across the PBS and NHVAS functions • successful delivery of the business case for the National Registration System • agreement to the introduction of the National Heavy Vehicle Inspection Manual • commenced alignment of the Approved Vehicle Examiner Scheme Agreement to establish national defect clearance processes • approval by TIC to progress the EWD project.
MEASURE	Specification completed for the National Registration System and procurement commenced • tender advertised for the national registration system
RESULT 	Projected progress of the National Registration System not achieved by the Regulator Funding received by the Regulator in 2013-14 facilitated the preparation of the business case for a national registration system. The Regulator's ministerially approved budget for 2014-15 makes provision for further work to be undertaken to progress this national initiative.
MEASURE	Effective consultation and engagement frameworks in place • customer satisfaction • feedback from participants in consultation and engagement activities
RESULT 	Establishment of effective stakeholder consultation and engagement frameworks has been partially achieved by the Regulator The Regulator has developed formal stakeholder engagement mechanisms with key stakeholder groups and work has commenced to strengthen its customer service management and consultation processes. All feedback received from its stakeholders is considered and taken into account in the Regulator's decision-making processes and enhancement activities.
MEASURE	Release 3 of NHVR scoped and developed for implementation • number of improvements to regulatory schemes approved by responsible Ministers
RESULT 	The Regulator has partially scoped and developed Release 3 for implementation Although preliminary work was undertaken to scope the Regulator's functional and system enhancements, this was put on hold in April 2014 to allow the Regulator to focus on the remediation of the access management function. This functional enhancement work will be picked up in 2014-15 with the Access Management Remediation Program and the broader business development forward work program, with the Remediation Implementation Plan scheduled for tabling at TIC in November 2014.

Objective 4: Manage impact of heavy vehicles on the environment, infrastructure and public amenity

Objective 4, *Manage impact of heavy vehicles on the environment, infrastructure and public amenity*, focuses on the delivery of programs that ensure the impact of heavy vehicles is balanced with the benefits provided through safe, effective and efficient means.

Key priorities

The key priorities for Objective 4 in 2013-14 were:

- partnering with stakeholders in analysis of current and future freight tasks and identifying vulnerable infrastructure, productivity pinch points and safety challenges
- assessing alignment of regulatory effort with risks to safety, environment, infrastructure and public amenity
- finalising and implementing initial business supports and interfaces with regulatory program delivery agencies
- identifying future business performance and system support needs of agencies and industries
- establishing strategic framework and business capability for CoR within the Regulator, including education and awareness
- establishing strategic and tactical links with existing investigative agencies
- reviewing alignment between management systems authorised under accreditation and codes, with obligations set by CoR legislation.

Performance against Objective 4 of the corporate plan

The Regulator focused on the following key deliverables in relation to Objective 4 of the corporate plan:

- assess future demands on the road network
- support and ensure consistent and professional enforcement
- raise the national regulatory effort and capability in CoR and implement proactive strategies and programs to deliver compliance assurance across selected supply chains.

The following functions and programs were responsible for the achievement of these deliverables:

Research and Development

The Regulator has been actively involved in a number of current research and development projects and has plans for further work and participation in the following areas:

- role of technology in providing safety and productivity benefits
- standardisation of assessment and classification frameworks for roads and infrastructure
- standardisation of classification frameworks for heavy vehicles
- examination of future productivity benefits related to mass and dimensional limits
- data usage to facilitate a safer and more efficient network.

Compliance and Enforcement

The Compliance & Enforcement (C&E) Operations team, in consultation with C&E service providers and partner agencies, is responsible for developing short and long term strategies and processes supported by operational material and products to promote the following outcomes for the heavy vehicle industry:

- improved safety and compliance
- removal of inefficiencies from inconsistent historic jurisdictional requirements
- productive, efficient and safe business practices
- reduced regulatory burden and a reduction in the costs of compliance.

Specific deliverables achieved by the team within 2013-14 include:

- delivery of a suite of national C&E on-road guidelines to promote the consistent interpretation and application of the HVNL across all participating jurisdictions
- establishment of the National Operational Support process to ensure effective and timely information flow between the Regulator, its C&E service providers and partner agencies

- establishment of the National Officer Authorisation process to ensure the legal appointment of officers under the HVNL
- provision of industry support regarding C&E processes and clarification of HVNL requirements
- promotion of HVNL refinements for on-road C&E operational activities to achieve improved regulatory, safety and productivity outcomes
- development and delivery of national HVNL training material to assist service providers and partner agencies in the development and update of C&E training material for authorised officers.

Performance Based Standards Approvals Scheme

The PBS is a voluntary national scheme that provides an agreed framework for the assessment and approval of innovative and high-productivity heavy vehicle combinations. The scheme offers the potential for heavy vehicle operators to achieve higher productivity and safety outcomes through innovative vehicle designs.

The PBS team worked closely with road managers and local government officers and provided technical assistance to the assessment of PBS applications by conducting computer simulation and performance analysis of PBS vehicles.

Australia is a world leader in the development and introduction of innovative PBS heavy vehicle combinations and the first country that has introduced a comprehensive set of PBS

regulations in its national law. With the implementation of the HVNL establishing the legal framework for PBS, the Regulator is now responsible for the assessment and certification of PBS combinations. The Regulator also manages the accreditation of PBS assessors and certifiers.

During 2013-14 the Regulator issued 579 PBS vehicle approvals representing a 76% increase from 2012-13. Despite this increased demand, 81% of the PBS vehicle approvals were issued within two days and 99% attended to within two days. One new PBS assessor was also approved and authorised in 2013-14, along with five new PBS certifiers.

A total of 770 new PBS combinations was introduced in 2013-14, which is well above the expected growth scenarios for the scheme, with more than 2,000 individual vehicle units newly certified under the PBS framework.

Chain of Responsibility

Under CoR, compliance with transport law is a shared responsibility and all parties in the road transport supply chain are responsible for preventing breaches. This approach recognises the effects of the actions, inactions and demands of off-the-road parties in the transport chain.

Throughout 2013-14, the Regulator provided feedback and advocacy to the NTC to progress the review of the CoR. Specifically, the Regulator provided support, intelligence gathered, raised capability and created networks with service providers.

PBS vehicles in ACT

Increased capacity through smart PBS design means greater efficiency and less effect on the surrounding environment.

Chairman of Ron Finemore Transport, Ron Finemore AO



Performance against national performance measures

The national performance measures relating to Objective 4 for 2013-14 were:

MEASURE	Priority strategies delivered
RESULT 	The Regulator successfully delivered the majority of prioritised productivity and efficiency initiatives The majority of identified productivity-related strategies prioritised for implementation in 2013-2014 have been initiated or have continued and enhanced their operations and deliverables. Strategies include: • PBS Approval Scheme • re-establishment and operationalisation of the PBS Performance Review Panel • the PBS RAT made available to local government to assist in the classification of PBS networks, and the identification of vulnerable infrastructure and pinch points. Work is planned in 2014-15 to further develop route assessment guidelines which will facilitate nationally consistent network classification and assist with identifying productivity and infrastructure pinch points.
MEASURE	Increase in PBS-approved vehicles operating on road network
	• number of PBS applications
RESULT 	An increase of PBS-approved vehicles operating on the road network has been achieved by the Regulator In 2013-14, 192 new PBS applications were approved by Regulator. This represents a 58% increase over 2012-2013.
MEASURE	Increase in PBS-approved routes on road network
	○ extent of case management and technical support provided to local government ○ trend in review of decisions by local government
RESULT 	The Regulator has achieved an increase in PBS-approved routes on road network Within 2013-14, the Regulator has achieved a significant number of routes approved for PBS access for state and local roads. However, these still require permits under jurisdictional policies for PBS. The establishment of gazetted PBS networks remains a key priority area for the Regulator. Progress achieved in this area is resultant of the extensive consultation between state and local governments and the Regulator.

PBS semi-trailer horse float

The current trailer can fit 4 Clydesdales and with advice from the NHVR and Maxitrans Australia we used the PBS Scheme to design the best possible layout for horses, beer lorry, harness, horse feed and other utilities that are required.

CUB Clydesdale Team Manager, Glen Pate



Part 3: Corporate governance and management

The Regulator has a range of measures in place to ensure that it meets its commitment to be publicly accountable for its actions and provide a safe and rewarding work environment for its staff. This part of the annual report details the Regulator's corporate governance arrangements, organisational structure and people, and describes the initiatives the Regulator takes to engage effectively with its stakeholders.

Corporate governance

The Regulator's governance framework provides the context within which the organisation operates to achieve its objectives, ensuring transparent, ethical and accountable evidence-based decision making and effectively managing risk and key stakeholder relationships.

The Regulator's governance system is firmly aligned with the HVNL and fully reflects all Queensland and Commonwealth legislation and policies directly affecting the Regulator. The system incorporates the Regulator's governing and management arrangements, policy setting, internal and external communication, quality assurance, and appointment and management of delegates and authorised persons.

Enabling legislation

The HVNL is established through a cooperative applied law scheme. The scheme involves the text of standard provisions promulgated in Queensland being applied or adopted in each participating jurisdiction as if it were a law made in that jurisdiction. The HVNL has been applied or adopted by the following Acts:

- *Heavy Vehicle National Law Act 2012* (Qld)
- *Heavy Vehicle (Adoption of National Law) Act 2013* (NSW)
- *Heavy Vehicle National Law (ACT) Act 2013* (ACT)
- *Heavy Vehicle National Law (South Australia) Act 2013* (SA)
- *Heavy Vehicle National Law (Tasmania) Act 2013* (Tas)
- *Heavy Vehicle National Law Application Act 2013* (Vic).

The following national regulations have been made:

- Heavy Vehicle (Fatigue Management) National Regulation
- Heavy Vehicle (General) National Regulation
- Heavy Vehicle (Mass, Dimension and Loading) National Regulation²
- Heavy Vehicle (Transitional) National Regulation
- Heavy Vehicle (Vehicle Standards) National Regulation.

The following local regulations have been made:

- Heavy Vehicle National Law (ACT) (Transitional Provisions) Regulation 2014 (ACT)
- Heavy Vehicle (Adoption of National Law) Regulation 2013 (NSW)

- Heavy Vehicle National Law Regulation 2014 (Qld)
- Heavy Vehicle National Law (South Australia) (Savings, Transitional and Declaratory) Regulations 2013 (SA)
- Heavy Vehicle National Law (South Australia) (Expiation Fees) Regulations 2013 (SA)
- Heavy Vehicle National Law (South Australia) (Fees) Regulations 2013 (SA)
- Heavy Vehicle National Law (Tasmania) Regulations 2014 (Tas)
- Heavy Vehicle National Law Application (Infringements) Regulations 2013 (Vic).

As host state for the national law, the Queensland Parliament passed the first application Act on 23 August 2012. Key provisions of this legislation were proclaimed in 2012, allowing the formal establishment of the Regulator as a corporate entity and making effective, the appointment of the NHVR Board. These provisions allowed the Regulator to establish the necessary human resources, financial and other essential business functions.

In 2013, the *Heavy Vehicle National Law Amendment Act 2013* (Qld) was passed by the Queensland Parliament. This Act dealt with a range of policy and technical matters unresolved at the time the first Act was introduced and effectively replaced the legislation passed in August 2012. Passage of the second Act paved the way for participating states and territories to enact the legislation in their parliaments that commenced on 10 February 2014.

To ensure the HVNL can operate in a consistent way in all jurisdictions, some state and territory administrative and machinery legislation is excluded. For example, statutes dealing with the interpretation of legislation, financial matters, auditing and the employment of public servants do not apply to the HVNL. In their place, the HVNL enacts provisions covering these matters.

The Regulator remains subject to statutes generally applying to government agencies and officers including legislation regulating official misconduct (including whistleblower legislation), work health and safety and maladministration.

Section 696 of the HVNL applies the *Queensland Information Privacy Act 2009*, *Public Records Act 2002* and *Right to Information Act 2009* to the Regulator.

² As amended by the *Heavy Vehicle (Mass, Dimension and Loading) National Amendment Regulation 2014*

Responsible Ministers

The Regulator reports directly to responsible Ministers. The HVNL defines responsible Ministers as a group of ministers for each participating jurisdiction (as nominated by that jurisdiction) and the Commonwealth Responsible Minister. Responsible Ministers are likely to be also members of the TIC.

The Regulator reports directly to responsible Ministers by providing:

- an annual report addressing the matters set out in section 693 of the HVNL
- a report about any matter that relates to the exercise by the NHVR of its functions in response to a written direction under section 694 of the HVNL
- an annual corporate plan under section 695 of the HVNL.

The HVNL imposes the following further obligations on the Regulator in respect of responsible Ministers:

- to comply with policy directions given under section 651
- to provide information in response to a referral under section 652.

NHVR Board

The NHVR Board, established under section 662 of the HVNL, consists of five members appointed by the Queensland Minister on the unanimous recommendation of the responsible Ministers. Appointed on 12 October 2012, their term of office is for a three-year period.

The Board's functions include:

- deciding the policies of the Regulator
- ensuring the Regulator exercises its functions in a proper, effective and efficient way.



Board members



Bruce Baird

Bruce Baird brings an extensive knowledge of the transport industry and high-level leadership qualities to his role as Chairman. He is also Chairman of the Tourism & Transport Forum, a peak industry advocacy group, which gives him access to

Australia's major transport ministers and influencers. Bruce has a long and distinguished political career at both state and federal levels and has held senior roles within large corporations and government organisations. He is a former NSW Minister for Tourism and Roads (1993-95) and Minister for Transport (1988-95), with first-hand experience implementing significant transport reform.



Peter Garske

Peter Garske is CEO of the Queensland Trucking Association. He provides effective political lobby and communications with all levels of government, as well as education and leadership to the heavy vehicle industry in the process of industry

reform. Peter is Director of TWU Nominees Pty Ltd, an industry superannuation fund with approximately \$3.8 billion under management, and chairs the fund's investment committee. He is a Director of the Queensland Transport & Logistics Council, a member of the Queensland Workplace Health & Safety Board, Chair of the Queensland Department of Transport and Main Roads' Heavy Vehicle Safety Forum and member of the department's Road Freight Industry Council.



Robin Stewart-Crompton

Robin Stewart-Crompton is the Director of RSC Advising Pty Ltd and is a consultant in the fields of public administration, occupational health and safety (OHS), workers'

compensation and industrial relations. He chaired the national review of model OHS laws in 2008-09 and has since conducted a number of reviews relating to workers' compensation and OHS law and practice. Robin was formerly a member and CEO of the National OHS Commission, a member of the Commonwealth Safety Rehabilitation and Compensation Commission and a senior Commonwealth public servant.



Coral Taylor

Coral Taylor has more than 25 years' experience in the motorsport industry and was responsible for managing Toyota Australia's Rally Program for 18 years. Currently responsible for managing the Neal Bates Motorsport Rally Team, Coral holds a heavy

vehicle driver licence and drives the rally team transporter to events around Australia. She is a passionate motoring enthusiast with a strong interest in road safety. Coral is also a non-executive Director of NRMA Motoring & Services, Chair of the NRMA Policy & Advocacy Committee, and a member of the Governance, Compensation & Nomination Committee.



Vincent Tremaine

Vincent Tremaine is CEO of private company Flinders Port Holdings Pty Ltd. In this role he is responsible for Flinders Ports, Flinders Logistics, Flinders Adelaide Container Terminal and HydroSurvey Australia. He is Chairman of Business SA and

Chairman of Ports Australia. A Certified Practising Accountant, Vincent held previous roles in finance, accounting, sales and marketing across the manufacturing, printing, publishing and advertising industries before entering the infrastructure and transport sector.

Board meetings

During 2013-14, the Board came together 23 times, with 12 formal Board meetings and 11 out-of-session meetings.

With the exception of Mr Garske, who missed one meeting due to flight cancellations, all Board members attended all meetings.



Finance and Audit Committee

The Finance and Audit Committee assists the Board in monitoring the systems of internal control and ensuring the integrity of the financial reporting process of the Regulator. The committee comprises two Board members with the CEO and CFO as ex-officio members. The committee normally meets quarterly.

During 2013-14, four formal committee meetings and one out-of-session meeting were held.

Governance Committee

The Governance Committee assists the Board in dealing with matters relating to governance and makes recommendations to the Board concerning governance policies in light of best practice, legislative developments and the needs of the Regulator, ethical standards including the Code of Conduct and other matters referred to the committee by the Board.

The committee comprises three Board members, with the CEO and CFO as ex-officio members and normally meets quarterly. During 2013-14, the committee met formally three times.

Organisational structure

Whilst there was no significant change to the overall business-as-usual structure of the Regulator in 2013-14 within the divisions of Operations, Strategy and Business Development, Corporate Services and Legal and Regulatory Services, there was change to the organisational structure with the closure of the Program Management Office (PMO), post Release 2 'Go Live' on 10 February 2014.

A review of the Regulator's organisational structure will be undertaken in 2014-15 to streamline operations and more closely align the workforce with the strategic objectives as it transitions from the start-up operating model and invests in new functions and delivering on the objectives under the HVNL within 2013-14.



Organisational changes

In the first full year following the establishment of the Regulator, the organisation was resourced to support operational commencement of the HVNL, the functions required and the anticipated demand of services. Then, with the delegation of processing intrastate permits being temporarily assigned back to the jurisdictions, there was a requirement to quickly reduce the temporary permit processing resource numbers.

Sal Petrocchio was appointed as CEO May 2014, following the resignation of the inaugural CEO, Richard Hancock.

A review of the Regulator's procurement function was undertaken in March 2014, with findings recommending the introduction of a dedicated procurement and contracts function. This position will be recruited in 2014-15.

Whilst the PMO wound down following the commencement of access permit processing in February 2014, the Access Management Remediation Program was formally initiated to focus on process optimisation and remediation shortly thereafter. A number of short-term contracts in the Access Operations team were also ended earlier than originally anticipated after intra-state access permit processing delegation was handed temporarily back to jurisdictions.

Risk management

The Regulator's focus has been primarily directed towards managing the operational risks associated with the establishment of a suite of new statutory functions and specialised primary areas of organisational risk relating to financial management, procurement, occupational health and safety, and information technology and security.

The Regulator has implemented a range of proactive and preventative management actions and controls to produce desirable conditions and events to prevent the occurrence of undesirable conditions and events. These controls are primarily delivered at the program management level and are supplemented by the activities of the Finance and Audit and Governance Committees.

Risk management controls and actions include:

- overseeing internal control structures to ensure that all key controls are appropriate for achieving corporate goals and objectives and are operating effectively
- reviewing compliance with policy and programs directed towards managing risk
- providing advice to the CEO and Board to assist them to meet their external accountability obligations, including statutory and fiduciary duties
- overseeing internal and external audit activities including the implementation of audit recommendations.

Additionally, the Regulator has commissioned focused reviews into the Access Management System as well as its procurement activities to ensure that the risks relating to these functions have been appropriately identified and managed. The recommendations from these reviews are being currently implemented under the guidance of the Board. More detailed information is provided within the report's Probity section.

In 2014-15, the Regulator will undertake a multi-stage review to ensure any residual risks arising from legislative compliance requirements are identified and addressed, and establish a more robust and sophisticated integrated risk management system across the agency with a particular emphasis on review and continuous improvement.

Internal audit arrangements

The Regulator has established an outsourced internal audit arrangement, with the service provider having direct responsibility and accountability to the Finance and Audit Committee. This consultancy is a three-year appointment, due to expire in June 2016.

The internal audit function assists the Board and committees to effectively execute its responsibilities by providing independent advice, analysis and recommendations concerning the operations and processes of the business. The internal audit charter and annual internal audit plan is approved by the Finance and Audit Committee in accordance with the financial management duties of the HVNL.

In 2013-14, a number of internal audits were undertaken to review the design and improve the effectiveness of the control environment. These involved an examination of policies, procedures and related documentation in the following areas:

- financial controls (including Accounts Payable and Payroll)
- IT controls
- governance
- application, collection and remittance processes
- procurement of consultancies, contractors and purchasing cards compliance

As a result, revised policies and management procedures documenting tighter controls have been developed and approved by the Governance Committee and Board, with staff training and awareness of redesigned policies incorporated into induction sessions.

Probity measures

Code of Conduct

Compliance with the Regulator's Code of Conduct is a mandatory requirement for all employees, directors and contractors of the Regulator. The code is founded on the Regulator's values and establishes the behaviours that are expected from all employees, directors and contractors including the maintenance of ethical standards, honesty, teamwork, efficiency, fairness, courtesy and integrity.

The code includes references to specific Regulator policies and management standards regarding corruption, bribery, discrimination, bullying and harassment, whistleblowing and conflicts of interest.

References to the Code of Conduct and relevant policies and management standards are included in the induction program with refresher training and compliance awareness conducted annually across the organisation.

Whistleblowers policy and hotline

The Regulator is committed to eliminating workplace misconduct and employees are encouraged to make use of the whistleblower service after following established escalation processes if they encounter anything they believe constitutes serious workplace misconduct.

The Ethics and Compliance Hotline, established in 2013, is an independent, confidential service operated by an external provider for employees to report on workplace misconduct. All matters that are unlawful are within the scope of the service, in particular:

- actions that may result in danger to the health and/or safety of people or damage to the environment
- suspected fraudulent or corrupt practices (e.g. misappropriation of funds, bribery, undue influence, false information)
- failure to comply with any legal obligation, including applicable competition laws
- any unethical practice, including but not limited to accounting, internal controls, financial reporting and auditing matter
- miscarriage of justice
- deliberate concealment of information relating to any of the above.

One anonymous call was made to the hotline during 2013-14. An investigation was undertaken resulting in amendments to policies and procedures.

Misconduct prevention legislation

The Regulator and its employees are subject to misconduct prevention legislation in all states and territories as well as:

- a specific obligation to act honestly, with integrity and in good faith and with a reasonable degree of care, diligence and skill
- a statutory prohibition on improperly using their position or information that comes to their knowledge through the exercise of functions under the HVNL.

Conflict of interest

The Regulator is committed to ensuring conflicts of interest - perceived, real or potential - are managed in an appropriate manner. A conflict of interest management framework has been developed to guide employees and managers in the process and includes establishing context, identifying and analysing the risk, evaluating the likelihood and consequence of realisation and implementation and monitoring of appropriate mitigating actions. Employees are provided conflict of interest training at induction, as well as refresher training on an annual basis which reiterates the concept of conflict of interest and the process for employees to follow in the event a conflict arises. The Regulator encourages open communication so that employees are comfortable disclosing and discussing conflicts of interest.

Independent checking is regularly undertaken by the Governance Committee at each meeting and by the Manager, People and Capability, regularly confirming that existing mitigating controls remain relevant and effective.

Fraud control

The Governance Committee has established a process to receive details of any non-compliance with Board-approved policies and management standards, and annually reviews the thresholds and appropriateness of all financial delegations.

The Regulator discharges its duties under the *Crime and Corruption Commission, Public Interest Disclosure, and Ombudsman Acts*, through the Legal and Regulatory Services Division which is responsible for the management of statutory complaints and investigations.

People management

A range of human resource strategies and initiatives has been implemented by the Regulator to strengthen workforce capability and to achieve its corporate goals.

Staffing

There was significant recruitment activity undertaken throughout 2013-14 to adequately resource the start-up operations of the Regulator with a specific focus on the introduction of the access operations function.

Staffing levels fluctuated during the year as resources were brought on to meet business demands, specifically in the PMO as activity increased closer to the 'Go Live' date.

In February 2014, the Regulator had 180 employees and contractors on site, but this number decreased to 112 at the end of June 2014 as a result of deployment of the access operations delegated model and completion of the Release 2 project.

Employee turnover

Employee turnover for those under permanent work arrangements was 9% in 2013-14, with staff retention remaining a key area of focus for the Regulator.

Planned and unplanned absences

Unplanned absences accounted for 4% of productive hours throughout 2013-14, whilst planned absences were 3% for 2013-14. This represents an approximate total of nine days per annum per employee for unplanned absences.

Workplace diversity

The Regulator appreciates that diversity is essential to its continued growth and success, and is committed to fostering and sustaining an inclusive and flexible workplace. Whilst at both the board and executive levels there has not been a change in the workforce mix, at the senior manager and whole-of-organisation level the ratio of females to males has increased year on year, with females comprising 51% of the Regulator's workforce.

Employee engagement survey

An employee engagement survey was conducted in May 2014 and has identified specific improvements the Regulator will be working on in 2014-15.

A Human Resource Performance Management Framework has been developed and will be launched in 2014-15 to address some of the employees' concerns in this area.

Workplace agreement

The Regulator's first enterprise agreement was certified in January 2014 and, with 78% of employees covered by the agreement, a number of information sessions were held throughout the year with employees to ensure awareness, understanding and adherence to its contents.

Looking ahead

The Regulator's ability to attract and retain the best people is critical in its journey to achieve its objectives and support its growth strategy. Succession planning, a performance planning and appraisal framework and the Leadership Capability Program are planned for development and roll out in 2014-15 across the Regulator.

Workplace health and safety

The Regulator has in place systems to identify, manage and report health and safety risks throughout the workplace. A Workplace Health and Safety Committee (WHS) was established during the year which continues to meet every two months. The minutes are distributed to the Executive Team and employees.

The Regulator's frequency rates of lost time injury (LTI) and medical treatment injury (MTI) continue to remain at zero since establishment. Both the WHS policy and the Fitness for Work Management Standard were recently reviewed as part of the Regulator's annual policy review process and information sessions held with staff to encourage reinforcement of the Regulator's commitment to safe and healthy work practices.

The Regulator remains committed to providing a healthy and safe working environment for all of its employees, contractors and visitors. There are six first aid officers, all of whom underwent refresher training during the year. An asthma awareness program was facilitated with a number of employees registering their condition to ensure appropriate first aid can be administered in the event of an incident in the workplace.

As part of the workplace wellbeing program, a quit smoking campaign was launched during the year with 14 participants initially registering. The program was a zero cost to both employees and the Regulator and included counselling and the provision of free patches and gum. Of those who initially registered approximately 42% remain as non-smokers. Future initiatives being discussed include 10,000 steps and nutritional eating programs.

External engagement

The Regulator is dependent on its understanding of the community, industry and governments' needs and expectations. It is through valid collaboration and meaningful analysis of stakeholder opinions that this understanding can be forged by the Regulator into real world outcomes.

Reporting on consultation strategies and activities with the heavy vehicle industry and government is a legislative requirement. The Regulator undertook significant consultation with stakeholders over the course of 2013-14 including:

- approved guidelines for granting access
- approved guidelines for granting vehicle standards exemptions
- code of practice for heavy vehicle modifications
- national heavy vehicle inspection manual

- all national notices have gone to jurisdictions, with some also to industry
- national enforcement guidelines
- national Operational Support Process
- national Officer Authorisation Process
- national Heavy Vehicle Accreditation Scheme: Standards and Business Rules.

During 2013-14 the Regulator engaged with stakeholders using formal mechanisms established in 2012-13, in addition to developing more direct and effective ways of engaging with specific industry segments.

Industry engagement

Industry Operations Group

Established in 2012-13, the purpose of the IOG is to provide input and advice to the Regulator across the operational services and activities of access, accreditation, compliance and enforcement, CoR, vehicle standards and registration. Membership of IOG comprises solely of industry association representatives across the heavy vehicle sector. In 2013-14, IOG came together and met four times throughout the year.

With the concepts developed and socialised across industry in 2013-14, the Regulator will deploy an additional four IOG related groups, tailored to specific market segments. These



are the Crane IOG, the OSOM IOG, the Agricultural IOG and a 'Leaders of the Future' IOG. It is anticipated these forums will commence operations in July 2014.

Bus Industry Taskforce

As the only passenger transport sector which comes within the scope of the HVNL, it has been critical that the bus industry transition smoothly to the new arrangements, whether it be through flexible fatigue management approaches, heavy vehicle accreditation or the take-up of more innovative vehicles.

Established in late 2011 by the Regulator, the Bus Industry Taskforce continued to work with industry on all matters impacting buses. In 2013-14 the taskforce met formally four times, with the chairperson also being a member of the IOG.

Engagement with industry bodies

Throughout 2013-14 the Regulator maintained a regular presence and engagement with a large number of industry bodies including engagement at key industry conferences, meetings and events. A comprehensive listing of all these events is provided at Table B.7 at Appendix B.

Industry visits to individual operators

Post commencement of Release 2 on 10 February 2014, the Regulator has initiated a series of routine industry visits with individual operators in order to both address specific issues and to gain a better understanding of the issues faced by specific industry sectors. The schedule of industry visits will continue across 2014-15.

Jurisdictional engagement

Project Implementation Board

Established in 2011 by the Transport and Infrastructure Senior Officers Committee (TISOC) as the project's governance board, the Project Implementation Board (PIB) provided strategic direction for the establishment of the Regulator entity and reported to TISOC and SCOTI. Although this activity was completed in 2012 with the establishment of the NHVR Board that has assumed such responsibilities, PIB, as an entity, continued to exist in 2013-14 as a mechanism by which jurisdictional relationships were managed in the lead up to Release 2.

Membership of PIB comprises of executive level state, territory and Commonwealth road transport agencies (TISOC members or equivalents), three industry representatives and an NTC representative. PIB met 10 times throughout 2013-14.

Although informally dissolved soon after the launch of Release 2, this group was re-established in March 2014 as the Access Management Remediation Support Committee, to assist the Regulator to remediate the access management function.

High Level Reference Group

Established at the same time as PIB, the role of the High Level Reference Group (HLRG) is to assist the PIB and PMO through consideration and advice on policy, operational and system issues. This group is the key stakeholder group by which jurisdictional issues can be considered within the context of the national reform.

Throughout 2013-14, HLRG was utilised solely by the Strategy and Business Development Division in the development of key deliverables and jurisdictional stakeholder management.

Membership comprises of senior level (PIB member direct-reports) state, territory and Commonwealth road transport agencies and NTC representatives. HLRG met 17 times throughout 2013-14. Although informally dissolved in April 2014, new governance arrangements are currently being implemented to ensure ongoing consultation with all jurisdictions. This will encompass a high level strategy and policy committee to consider significant policy decisions, a senior operations group to progress key operational issues and a regulation and legislation committee that will provide a program of work to support the Regulator on operational policy, regulatory and legislative matters.

Australian and New Zealand Police Advisory Association Road Policing Forum

In 2013-14, the Regulator continued to work with police agencies through attendance at the ANZPAA Road Policing Forum, which was comprised of senior police officers managing road policing functions in state or territory police services. Key activities included consultation to achieve consistent compliance outcomes, and educating police officers in all participating states and territories on the requirements of the HVNL. Throughout 2013-14, the Regulator attended three meetings.

Program Management Group

The Program Management Group (PMG) was the forum used by the Regulator's PMO to communicate and exchange information, provide support and monitor the activities of the jurisdictional projects associated with the national reform. Membership comprised of the Regulator's PMO, state, territory and Commonwealth project managers and coordinators responsible for the delivery of national and jurisdictional projects. The PMG formally dissolved upon the commencement of Release 2 on 10 February 2014.

Reference groups

Under the PMG, five reference groups were established to provide the PMO with a consultative mechanism for the development of operational policy. These groups comprised of jurisdictional representatives with content expertise relating to the five heavy vehicle disciplines of access management, registration and plates, compliance and enforcement, vehicle standards and fatigue management. Since the commencement of Release 2, only the Vehicle Standards Reference Group remains intact.

External scrutiny

The Regulator welcomes external scrutiny as a means to confirm what it is doing well, and to identify ways to better meet its statutory obligations and achieve its vision in the future.

Information privacy

Section 696 of the HVNL applies the *Information Privacy Act 2009* (Qld) to the Regulator. One complaint was received in the reporting period alleging improper disclosure of personal information. The complaint was investigated and was found to be not substantiated.

Crime and misconduct

The Regulator referred two matters to the Crime and Corruption Commission (CCC), formerly, the Crime and Misconduct Commission, in the reporting period under section 38 of the *Crime and Misconduct Act* on the basis that, if proved, the actions complained of may have represented official misconduct. The CCC required the Regulator to produce preliminary investigative reports for these matters and in each case was satisfied the Regulator had dealt with the matter appropriately under section 44 of the *Crime and Misconduct Act* and that there was no evidence of official misconduct.

Ombudsman

The Regulator was the subject of one complaint under the *Ombudsman Act 2001* (Qld). The complaint concerned the delay in resolving an application for a PBS vehicle design approval transitioned from a former corresponding law. The complaint was referred to the Regulator for resolution by the Ombudsman under its preliminary assessment process. The application was subsequently approved.

Coronial inquiries

The Regulator received the following notifications in relation to coronial inquiries:

- In the matter of the Inquests into the deaths of Kenneth Roland Owens and Daniel Arthur Stiller, the Queensland State Coroner recommended:
 - permits not be granted to carry oversize loads if other forms of transport are available
 - the NHVR has regard to the evidence put before the inquest when developing regulations or guidelines for the management of wide loads by escorts.
- In the Inquest into the death of Graeme Andrew Dunn, the Victorian Coroner recommended:
 - the NHVR ensure that the NHVAS is expanded to include all Victorian heavy vehicle operators who perform their own maintenance in-house
 - the NHVR ensure that the Code of Practice adopted by the NHVAS also ensures that mechanics performing maintenance work on heavy vehicles have access to and comply with manufacturers' maintenance instructions.
- In the matter of the Coronial Investigation of Twenty Six Rail Crossing Deaths in Victoria (the 'Kerang rail incident'), the Victorian Coroner recommended:
 - the NHVR amends the NHVR Code of Practice for the Approval of Heavy Vehicle Modifications to require inspection of brake pads and push rod extensions weekly or fortnightly
 - the NHVR ensures that the NHVAS is expanded to include all Victorian heavy vehicle operators who perform their maintenance in-house
 - the NHVR ensures that the Code of Practice adopted by the NHVAS also ensures that mechanics performing maintenance work on heavy vehicles have access to and comply with manufacturers' maintenance instructions.

Each of the above recommendations has been or is being implemented or, where outside the statutory responsibility of the Regulator, has been referred to a more appropriate body for action.

Industry engagement

Folks this is just to say that this evening's NHVR session in Adelaide was excellent. It was very well attended with what looked to me to be some 100 folk. I think the content and presentations and the handling of questions were excellent.

Steve Shearer, Executive Director, SARTA



Part 4: Other accountability reporting

This part of the annual report provides information to satisfy the reporting requirements of a range of Queensland and Commonwealth legislation and policies that relate to the Regulator's performance as a statutory body corporate.

Right to information

Section 696 of the HVNL applies the *Right to Information Act* 2009 (Qld) to the Regulator. The Regulator complies with this legislation and the associated guidelines published by the Queensland Office of the Information Commissioner in this area.

No applications were made under this legislation in 2013-14.

Purchasing

The Regulator uses procurement to advance its strategic priorities and outcomes whilst achieving value for money and conducting its procurement activities in a manner which demonstrates probity and accountability.

Depending on the level of expenditure, a variety of procurement arrangements are utilised by the Regulator to ensure that a competitive process exists to enable businesses a full, fair and reasonable opportunity to supply the Regulator and to align procurement processes with relevant compliance requirements and sound corporate governance and financial management practices.

During 2013-14 Regulator procurement focused on establishment of the Regulator and various project-related activities involving IT and system specialists.

Communication and media

Media

The Regulator has traditionally worked closely with trade print and online media to reach a range of professional and frontline heavy vehicle industry sectors. Issues with broader public appeal – such as safety and compliance, and impacts of the temporary arrangements for permit processing in February 2014 – also attracted mainstream national and metropolitan media.

In 2013-14, there was a sharp rise in media activity leading up to and following the commencement of the HVNL, with a total of 43 media statements released since July 2013. Throughout the busy periods, the Regulator also developed good working relationships with jurisdictional media units, regularly providing input to their media responses.

Advertising

The Regulator invests in advertising (or paid media) as a controlled and guaranteed medium for placing selected messages in front of targeted audiences. This helped to build awareness and recognition of the NHVR brand, highlight key impacts of the law on the relevant audience and drive traffic to the website and contact centre for more information.

In 2013-14, advertising campaigns were built around two commencement dates for the HVNL, with activity increasing in the lead-up to the confirmed start date of 10 February 2014.

The campaign theme of “One Regulator, one rule book” was featured in industry trade journals, industry online media, national trucking radio and convenience advertising, and targeted industry professionals, operators and drivers.

Sponsorship

The Regulator invests in sponsorship to support events and initiatives that align with our organisational priorities, demonstrate partnerships with industry and government and offer maximum exposure for its key messages.

In determining sponsorship opportunities, the Regulator will consider whether the proposed sponsorship arrangement:

- aligns with NHVR corporate objectives
- offers appropriate sponsorship benefits
- is value for money
- is transparent
- accords with ethical behaviour and fair dealing
- is an appropriate activity and association for the NHVR
- has the appropriate authorisation
- has the appropriate management and reporting provisions.

In 2013-14, the Regulator sponsored four initiatives at a total of \$32,318 with a breakdown of individual costs provided at Table B.8 at Appendix B.

NHVR online

Online and social media continued to be an important platform for the Regulator and a very popular tool to reach a range of professional, managerial, operator and driver audiences.

Currently the Regulator’s online presence is built through the NHVR website, Facebook page, tailored webinars and video and audio files hosted on YouTube.

NHVR website

With the commencement of the HVNL in February 2014, Regulator operations grew to encompass applications processing for access permits and vehicle standards exemptions and modifications, as well as its standard NHVAS and PBS applications. Analysis shows that information, guides and forms for these business transactions consistently drive traffic to the NHVR website, as well as the online lodgement of access and NHVAS applications.

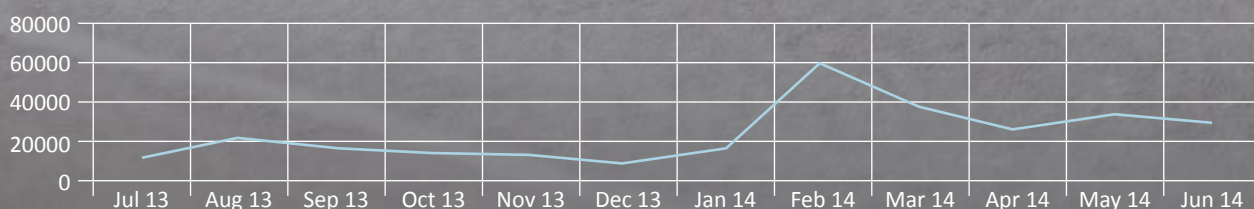
From July 2013, the NHVR website averaged about 14,000 visits each month, with spikes in activity aligning with advertising and publicity leading up to the proposed 1 September 2013 start date (22,600 visits each month in August 2013).

Delays in the commencement of the HVNL saw the number of visits decline, although webinars and the NHVR roadshow throughout August to December 2013 kept web interest buoyant.

Intensive publicity and engagement leading up to the confirmed commencement date of 10 February 2014 saw a record 65,000 visits in February to the website, with an anticipated decline over the past several months settling at the current average of 32,000 visits each month for April-June 2014.



www.nhvr.gov.au - 2013/2014 visits per month



NHVR Facebook

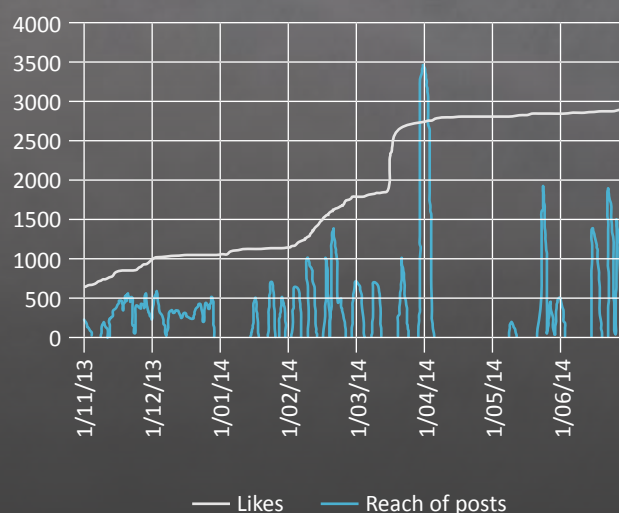
The NHVR Facebook page launched on 31 October 2013 and proved very popular with an average of 300 visitors viewing each post. The November 2013 regional roadshow and related promotion and engagement on the NHVR's Facebook site saw average viewer numbers rise to 500 per post.

Followers have grown steadily and, by 30 June 2014, 2,899 Facebook users liked the NHVR Facebook page, with each post being viewed approximately 1,100 times.

Our most successful post so far was on 31 March 2014, about B-double spray suppression devices; it reached 3,404 Facebook users, with 379 users clicking on the post and a further 72 then liking, commenting or sharing the post.

Facebook followers are mostly male (83%), with 52% between 25-44 years old. Half of all Facebook likes are registered through mobile devices (51%), reflecting general trends towards growing use of digital media.

NHVR Facebook page like and reach of posts



— Likes — Reach of posts

YouTube

The NHVR YouTube channel hosts all Regulator video files embedded on the NHVR website. In total, there are 48 videos consisting of webinars, forum presentations, system previews and Journey Planner tutorials. The NHVR YouTube channel has attracted 11,205 views across all videos.

NHVR advice and information

In 2013-14, the Regulator provided formal advice and information to a range of industry audiences through nearly 340 publications.

This included fact sheets, quick reference guides, summaries of penalties and infringements, notices, the corporate plan and annual report, ministerially approved guidelines, media statements, the Regulator's newsletter "On the Road", and video and audio files. All publications are available on the NHVR website, along with 47 forms related to NHVR business transactions.

The Regulator also developed more than 170 frequently asked questions, gathered from engagement sessions, webinars and call centre queries, that were used as part of the standard information pack to accompany media statements and industry updates announcing new release of services.

In 2013-14, 41 tailored NHVR industry updates were emailed to NHVR subscribers advising of new services, a change in operations or in response to industry concerns and feedback.

Third party suppliers

In 2013-14 the Regulator engaged a number of third-party suppliers for the provision of a range of services and products. A breakdown of individual suppliers that the Regulator made payments over \$100,000 to is provided at Table B.4 at Appendix B.

Insurance and indemnities

In 2013-14, the Regulator held professional indemnity, travel, directors' and officers' liability, and a range of other corporate insurances.

Professional indemnity

Professional indemnity insurance covers claims arising from breaches of duty by an officer of the Regulator.

Travel insurance

The Regulator's travel insurance covers claims arising whilst travelling on business.

Business pack

The Business Pack insurance covers claims for property, computer and electronic equipment damage at the NHVR office in Fortitude Valley, Brisbane.

Public and products liability

Public and products liability insurance provides insurance for compensation in respect of third party personal injury or property damage as a result of an occurrence in connection with the Regulator's business activities.

Directors' and officers' liability

In 2013-14, the Regulator held insurance protecting directors and officers from liability for the consequences of wrongful acts as defined in the Regulator's public and products liability policy.



Part 5: Financial statements

This part of the annual report provides the entirety of the Regulator's financial statements, audit opinion and explanatory notes for 2013-14. The Queensland Audit Office has performed an independent audit of, and expressed an unqualified opinion on, the financial statements.

Statement by the Chief Financial Officer

The Regulator was formally established on 12 October 2012 following passage of its enabling legislation, the HVNL, in August 2012. Operations commenced on 21 January 2013 under an agency arrangement with participating states and territories, when the Regulator took responsibility for the management of the NHVAS and the PBS for design and vehicle approvals nationally. Agency arrangements continued until 10 February 2014 when the HVNL commenced in participating states and territories of Queensland, New South Wales, Australian Capital Territory, South Australia and Tasmania. Business activities of the Regulator now include the issue of permits for heavy vehicle access, NHVAS approvals, PBS vehicle design and access approvals, vehicle inspection standards modifications and exemptions, and administration of a national driver work diary. The following financial statements for the 2013-14 year reflect the Regulator's first full year of operations.

The Queensland Audit Office (QAO) has audited our financial statements and has issued an opinion without qualification advising that, in the opinion of the Auditor-General and in accordance with prescribed accounting standards, the financial report represents a true and fair view of the transactions for the year and of the financial position of the Regulator as at 30 June 2014.

The NHVR incurred an accounting loss for the year of \$8.8 million following a reduction in planned revenue as a result of the required accounting treatment of \$16.3 million funding which was received during 2013-14 as loans requiring future repayment. This result is consistent with previous part year performance of the Regulator where an accounting loss of \$4.6 million was reported as a result of the receipt of \$3.8 million loan funding received. A deficit of \$2.7 million in fee for service revenue has been reported during the year due to the budget assumption that the HVNL would commence in early September 2013 and own source income collected under the NHVAS and from access permits after this date would be retained by the Regulator.

Operating expenses were \$30.2 million during the period 1 July 2013 to 30 June 2014, \$7.5 million more than approved in the 2013-14 annual budget. Adjusting for depreciation of \$1.6 million, which was not included in the budget, \$5.9 million in additional costs were incurred during the year. This variance was largely the result of additional expenditure on contractors (\$4.4 million) who were retained longer than expected due to the deferred commencement of the HVNL and associated IT systems start. Savings were achieved in Board expenses (2.3%) as well as employee expenses (2.2%) which were \$0.3 million less than expected due to vacant positions not filled

and temporary contracts not extended in the latter months of the year. Although no budget allowance had been provided, advisory costs of \$1.2 million were incurred during 2013-14, of which \$0.8 million related to costs associated with the independent review of system and business readiness of the Regulator on commencement of the HVNL.

Despite an aggressive savings campaign to reduce costs during the April to June quarter, the impact of additional operating costs placed severe pressure on the Regulator's cash position. To assist in the payment of outstanding creditors, the Regulator received an advance of \$1.8 million from its approved 2014-15 budget prior to 30 June 2014.

Looking forward to 2014-15, the Regulator has an approved income budget of fee for service revenue plus \$135 million in regulatory income, not subject to further loan arrangements. Of this amount \$93.8 million will be paid to participating states and territory road agencies for the provision of regulatory services and \$31.5 million will be available to fund operating expenses of the Regulator. The Regulator expects to commence repayment of loans in the next 12 months, noting these will not be repaid in full until 2023.

Melinda Bailey
Chief Financial Officer and General Manager, Corporate Services

**National Heavy Vehicle Regulator
Financial Statements
for year ended 30 June 2014**

National Heavy Vehicle Regulator

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NATIONAL HEAVY VEHICLE REGULATOR
Statement of Profit or Loss and Other Comprehensive Income
for year ended 30 June 2014

	Note	Year Ended 30/06/2014 \$	12/10/2012 - 30/06/2013 \$
Income from Continuing Operations			
Grants and other contributions	2	18,369,428	4,005,713
Own Source Revenue	3	1,271,311	-
Finance income	4	1,741,375	398,396
Other revenues		-	86
Total Income from Continuing Operations		21,382,114	4,404,195
 Expenses from Continuing Operations			
Employee and related expenses	5	12,994,701	3,276,903
Board expenses	6	472,072	266,456
Third party services	7	12,184,791	4,778,741
Lease expenses	8	840,661	187,515
Depreciation and amortisation	9	1,619,760	9,951
Financing costs	10	512,881	11,450
Other expenses	11	1,609,751	481,766
Total Expenses from Continuing Operations		30,234,617	9,012,782
 Operating (Loss) for Continuing Operations		(8,852,503)	(4,608,587)
 Other Comprehensive Income		-	-
 Total Comprehensive (Loss) for the period		(8,852,503)	(4,608,587)

The accompanying notes form part of these Statements

NATIONAL HEAVY VEHICLE REGULATOR
Statement of Financial Position
as at 30 June 2014

	Note	Year Ended 30/06/2014 \$	12/10/2012 - 30/06/2013 \$
Assets			
Current Assets			
Cash and cash equivalents	12	23,146,394	6,731,739
Trade and other receivables	13	201,200	5,757,339
Other current assets	14	282,484	15,210
Total Current Assets		23,630,078	12,504,288
Non Current Assets			
Plant and equipment	15	332,056	170,864
Intangible assets	16	7,755,200	3,647,024
Total Non Current Assets		8,087,256	3,817,888
Total Assets		31,717,334	16,322,176
Liabilities			
Current Liabilities			
Trade and other payables	17	2,809,664	2,282,827
Loan liabilities	18	2,114,423	-
Accrued employee benefits	19	854,630	288,290
Unearned revenue	20	22,200,494	7,013,549
Total Current Liabilities		27,979,211	9,584,667
Non Current Liabilities			
Loan liabilities	18	16,840,315	3,750,972
Accrued employee benefits	19	358,898	29,731
Unearned revenue	20	-	7,565,394
Total Non Current Liabilities		17,199,213	11,346,096
Total Liabilities		45,178,424	20,930,763
Net Assets / (Liabilities)		(13,461,090)	(4,608,587)
Equity			
Accumulated surplus / (deficit)		(13,461,090)	(4,608,587)
Total Equity		(13,461,090)	(4,608,587)

The accompanying notes form part of these statements.

NATIONAL HEAVY VEHICLE REGULATOR
Statement of Changes in Equity
for year ended 30 June 2014

	Accumulated surplus / (deficit)	Total
	\$	\$
Balance as 1 July 2013	(4,608,587)	(4,608,587)
Operating Result from Continuing Operations	(8,852,503)	(8,852,503)
Balance as at 30 June 2014	(13,461,090)	(13,461,090)

Statement of Changes in Equity 12 October 2012 to 30 June 2013

	Accumulated surplus / (deficit)	Total
Balance on establishment (12 October 2012)	-	-
Operating Result from Continuing Operations	(4,608,587)	(4,608,587)
Balance as at 30 June 2013	(4,608,587)	(4,608,587)

The accompanying notes form part of these statements.

NATIONAL HEAVY VEHICLE REGULATOR
Statement of Cash Flows
for year ended 30 June 2014

	Note	Year Ended 30/06/2014	12/10/2012 - 30/06/2013
		\$	\$
Cash flows from operating activities			
<i>Inflows:</i>			
Grant contributions		30,699,023	-
GST refunded from Australian Taxation Office		2,164,877	611,657
Receipts from Operating Activities (NHVAS and Access)		1,408,820	-
Employee Entitlements transferred		-	77,794
Interest received		182,084	61,152
Revenue from jurisdictions for Performance Based Standards		329,288	45,713
Other		172,465	10,087
		34,956,557	806,402
<i>Outflows:</i>			
Employee and Board related expenses		(12,112,491)	(2,855,598)
Supplies and services		(16,071,771)	(5,455,496)
		(28,184,262)	(8,311,093)
Net cash provided by (used in) operating activities	21	6,772,295	(7,504,691)
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for plant and equipment		(229,912)	(180,309)
Payments for intangible assets		(6,557,002)	(2,749,237)
Net cash provided by (used in) investing activities		(6,786,914)	(2,929,547)
Cash flows from financing activities			
<i>Inflows:</i>			
Commonwealth grant funding received		-	11,567,000
Release 1 operations financing contributions received		-	4,323,760
Transition to Release 2 operations financing contributions received		891,041	782,559
2013-14 Operating Costs financing contributions received		15,538,233	492,658
Net cash provided by (used in) financing activities		16,429,274	17,165,977
Net increase (decrease) in cash and cash equivalents		16,414,655	6,731,739
Cash and cash equivalents at the beginning of the period		6,731,739	-
Cash and cash equivalents at the end of the period	12	23,146,394	6,731,739

The accompanying notes form part of these statements.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

General Information, Objectives and Principal Activities of the Authority

Based in Brisbane, Queensland, the National Heavy Vehicle Regulator is Australia's national, independent heavy vehicle regulator for all vehicles over 4.5 tonnes gross vehicle mass. The National Heavy Vehicle Regulator ('Regulator') was established to administer one set of laws for heavy vehicles under the Heavy Vehicle National Law, minimise the compliance burden on the heavy vehicle transport industry and reduce duplication and inconsistencies across state and territory borders. In June 2010, the Project Office commenced to establish the new regulatory regime, build an identity and facilitate transitional activities for delivery of services from participating states and territories. In August 2011, the Commonwealth Government and participating states and territories agreed through the Intergovernmental Agreement for Heavy Vehicle Regulatory Reform to establish the Regulator. It was formally established on 12 October 2012 following passage of its enabling legislation, the *Heavy Vehicle National Law Act 2012* on 23 August 2012. The Project Office of the Regulator operated as a unit within the Queensland government Department of Transport and Main Roads until 1 January 2013.

On 21 January 2013 the Regulator commenced Release 1 activities under an agency arrangement with participating states and territories. Release 1 activities included managing the National Heavy Vehicle Accreditation Scheme and the Performance Based Standards Scheme for design and vehicle approvals nationally.

Release 2 of operations commenced on 10 February 2014 when the Heavy Vehicle National Law commenced in participating states and territories of Queensland, New South Wales, Australian Capital Territory, South Australia and Tasmania. Western Australia and Northern Territory have not adopted the Heavy Vehicle National Law. Business activities of the Regulator include the issue of permits for heavy vehicle access, national heavy vehicle accreditation scheme approvals, performance based standards vehicle design and access approvals, vehicle inspection standards modifications and exemption permits and administration of a national driver work diary.

Following access permitting system issues encountered on commencement of the Heavy Vehicle National Law, transitional arrangements were put in place for road managers to process certain types of heavy vehicle access applications. These interim arrangements have been established with state and territory road agencies in Queensland, New South Wales, Victoria, South Australia and the Australian Capital Territory as well as local government (councils) in New South Wales.

The Regulator commenced operations with an initial grant provided by the Commonwealth Government of \$15.567 million. The following additional financing tranches were approved for the Regulator:

- \$4.793 million Release 1 funding for operational costs of the Regulator from 1 January 2013 to 30 June 2013
- \$1.694 million Transition to Release 2 funding for additional once-off costs in preparation for Release 2
- \$18.700 million for operational costs of the Regulator from 1 July 2013 to 30 June 2014
- \$6.103 million for additional operational costs of the Regulator from 1 July 2013 to 30 June 2014

Of these amounts, Western Australia's share of \$0.469 million (Release 1) and \$0.166 million (Transition to Release 2) were not received as the State of Western Australia elected not to participate in the Intergovernmental Agreement on Heavy Vehicle Regulatory Reform.

Loan and grant financing contributions have been provided to the Regulator as agreed with participating states and territories. Interest on loans vary from nil to market interest rates and repayment terms range from 2 to 10 years. The total amount expected to be paid by the Regulator in the future to extinguish loan liabilities is \$23.183 million.

From 10 February 2014, the Regulator received fees associated with the National Heavy Vehicle Accreditation Scheme and for processing of heavy vehicle access permits. During the period 10 February 2014 to 30 June 2014, the Regulator collected \$1.271 million as fee for service income. In addition, from 1 July 2014 the Regulator will receive the regulatory component of heavy vehicle registration charges collected by participating jurisdictions.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

Note 1 Summary of significant accounting policies

(a) Statement of compliance

The Regulator has prepared these Financial Statements in compliance with the *Heavy Vehicle National Law Act 2012* (the "Act").

These Financial Statements are General Purpose Financial Statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations.

With respect to compliance with Australian Accounting Standards and Interpretations, the Regulator has applied those requirements applicable to not-for-profit entities.

The Financial Statements were authorised for issue by the Board of the Regulator on 8 September 2014.

(b) Basis of preparation

The Financial Statements have been prepared on an accrual basis and, except where stated, in accordance with the principles of historical cost.

(c) Going concern

The Regulator recorded a net loss of \$8.853 million, a net liability position of \$13.461 million and negative operating cash flows of \$15.300 million (after excluding 2014-15 funding received in advance) for the period from 1 July 2013 to 30 June 2014. This position predominantly reflects the provision of operational funding being provided as loans. As such, there remains inherent uncertainty as to the going concern of the entity.

From 1 July 2014 the Regulator will receive regulatory income from participating states and territories which will not be subject to further loan arrangements. Payment of the Regulator's debts as and when due as well as settling its liabilities and realising its assets in the normal course of business at amounts stated in the financial report will however remain dependent upon receipt of regulatory income funding from participating state and territory government agencies in accordance with agreed payment timeframes and at amounts approved by responsible Ministers.

Notwithstanding the ongoing dependence on participating state and territory government agencies for future funding and the current net liability position of the Regulator, the Board is of the opinion that there are reasonable grounds to support the financial report of the Regulator being prepared as a going concern based on the following factors:

1. The Regulator's Corporate Plan including the 2014-15 budget was approved by responsible Ministers at the Transport and Infrastructure Council meeting held 23rd May 2014.
2. Regulatory income of \$135 million in 2014-15 has been agreed to be paid by relevant state and territory government agencies.
3. As at 8 September 2014, the Regulator received \$69.3 million of 2014-15 regulatory income, with \$22.072 million received as at reporting date.
4. Funding agreements are in place with state and territory government agencies to confirm amounts and dates by which payments are to be made to the Regulator during the 2014-15 year. As at 8 September 2014, all payments have been received for invoices raised in accordance with each state and territory funding agreement.

Accordingly, the financial report of the Regulator has been prepared on a going concern basis. No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Regulator not continue as a going concern.

(d) Currency

The Authority uses the Australian dollar as its functional and presentation currency.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

(e) Revenue

Revenue is recognised when services are completed. Revenues are measured at the fair value of the consideration or contributions received or receivable.

(e) (i) Grants and other contributions

Government grants are recognised on a systematic basis over the periods in which the Regulator recognises costs for which the grants are intended to compensate. This treatment has been applied in respect of 2013-14 operating funding provided by states and territories as grants.

Government grants whose primary condition is that the Regulator should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Statement of Financial Position and transferred to the Statement of Profit or Loss and Other Comprehensive Income once the obligations under the agreement are met. Specifically, Commonwealth grant funding provided to complete the agreed establishment activities of the Regulator, including procurement of IT and infrastructure facilities necessary for the effective operation of the Regulator have been recognised in full.

Unconditional government contributions are recognised as revenue on receipt or when it is probable that the economic benefits will flow to the Regulator and the value of that benefit can be reliably measured.

(e) (ii) Own source revenue

Own source revenue relates to application fees associated with the National Heavy Vehicle Accreditation Scheme and application fees for Access permits collected from 10 February 2014 when the Heavy Vehicle National Law became operational. Between 1 July 2013 and 9 February 2014, fees received were remitted to participating state and territory government agencies monthly in arrears and not separately reported as revenue in the financial statements. Where payment has been received for services not yet completed or in progress as at reporting date, this is recognised as unearned revenue until such time as the service is completed.

(e) (iii) Finance income

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between book value and the fair value of the loan based on prevailing market interest rates.

(e) (iv) Interest income

Interest income is recognised on an accrual basis when it is probable that the economic benefits will flow to the Regulator and the amount of revenue can be measured reliably.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash and cheques receipted but not banked at the year end, and deposits held at call with financial institutions.

(g) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase / contract price. Settlement of these amounts is generally required within 30 days from invoice date.

The collectability of debtors is assessed periodically with an allowance being made for impairment. All known bad debts are written off in the same period or at 30 June.

Other debtors generally arise from transactions outside the usual operating activities of the Regulator and are recognised at their assessed values.

(h) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB116 *Property, Plant and Equipment*.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

(i) Plant and equipment

Items of plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Asset Type	Threshold
Network assets	\$1
Plant and equipment	\$250
Computer hardware	\$1,000

Items with a lesser value are expensed in the year of acquisition with the exception of network assets. Network assets are items that are homogenous in nature and are items that fall below the recognition threshold on an individual basis, yet when considered as a whole are material.

Network assets are typically purchased rather than constructed and have useful lives that are approximately the same as each other.

(j) Intangible assets

Intangible assets with a cost or other value greater than \$1,000 are recognised in the Financial Statements. Items with a lesser value are expensed.

Each intangible asset is fully amortised over its estimated useful life to the Regulator and has a zero residual value.

It has been determined that there is not an active market for any of Regulator's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

(k) Amortisation and depreciation of plant and equipment and intangibles

All intangible assets of the Regulator have finite useful lives and are amortised on a straight line basis.

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Authority.

Any assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. Any expenses incurred after the asset is in-use are expensed, unless there are significant grounds that the expense incurred adds considerable value to the asset. These assets are then reclassified to the relevant classes within plant and equipment or intangible assets as appropriate.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Asset Type	Useful Life (Years)
Intangible assets	2-3
Network assets	3-6
Plant and equipment	3-6
Computer hardware	3-6

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

(l) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For purpose of impairment test, assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit).

In assessing the fair value, an estimate of the amount that is expected to be obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties is calculated. The cash flows estimated using the value in use approach will be subjected to a range of conditions that may well exist for a purchaser of the Authority's business. Probabilities will be assigned to a number of possible conditions to adjust the future cash flows to better reflect the expectations of a knowledgeable and willing purchaser.

An impairment loss is recognised if the carrying amount of an assets or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Impairment loss in respect of the cash generating unit is allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

(m) Payables

Trade payables are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase / contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(n) Financial instruments

Recognition

Financial assets and liabilities are recognised in the Statement of Financial Position when the Regulator becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and Cash equivalents - held at fair value through the Statement of Profit or Loss and Other Comprehensive Income
- Trade and other receivables - held at amortised cost
- Trade and other payables - held at amortised cost
- Borrowings - held at amortised cost

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that the Regulator has an unconditional right to defer settlement until at least 12 months after reporting date.

The Regulator does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Regulator holds no financial assets classified at fair value through the Statement of Profit or Loss and Other Comprehensive Income.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Regulator are included in Note 29.

The Regulator assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

(o) Employee benefit expenses

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees but are not included in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

Annual leave

A provision for unpaid annual leave is based on the number of working days owing to employees as at the end of the reporting period. The annual leave provision calculation uses the notional cash component of the total employment cost of employees that would be required to be paid if the liability was to be settled at balance date (30 June 2014). This includes oncosts that are required to be paid in conjunction with annual leave. Oncosts comprising superannuation, payroll tax and worker's compensation are included in the calculation of the annual leave provision. The non-current portion of the annual leave provision (to be settled in more than 12 months) is discounted to its present value.

Sick leave

Non-vested sick leave represents unused sick leave entitlements that are not paid out to an employee. Non-vested sick leave is not accrued, and is expensed as paid; payments are made only upon a valid claim for sick leave by an employee.

Long service leave

Long service leave entitlements are accumulated after the qualifying period of service until the leave is taken or paid

The provision for long service calculation takes into account the following factors:

1. Where an employee has between 1 and 10 years of service, a pro-rata entitlement is brought to account (a probability factor is applied to employees within each year of tenure under 10 years to derive the estimated number of employees that will complete the qualifying period. This factor is applied to amounts sourced from payroll system long service leave reports).
2. Where an employee has over 10 years of service, the absolute entitlement is brought to account.

Superannuation

Employer superannuation contributions are recognised in the same period as the related employee remuneration cost is incurred.

The Regulator has some employees included in QSuper defined benefit plans. No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-government basis and reported in those financial statements, prepared pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting, as prepared by Treasury and Trade.

(p) Provisions

Provisions are recorded when the Regulator has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(q) Financing costs

Financing costs incurred on loans provided by participating states and territories are expensed.

(r) Agency transactions

Fees received by the Regulator from participating state and territory government agencies acting under temporary access delegation arrangements, or under Service Agreements, are disclosed on the basis of the value of the consideration received. Specifically these relate to fees received for access permit fees and national work diaries with amounts to be returned in full to the providing government agency. Such transactions have been assessed as administrative in nature and amounts received are not recognised as either revenue or expense but eliminated within the accounts. Outstanding amounts as at reporting date represent monies received but not yet returned and have been separately disclosed in the notes to financial statements for information only.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

(s) Taxation

The Regulator was established under Part 12.2 of the *Heavy Vehicle National Law Act (2012)* as a statutory body corporate and is therefore exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST). The net amount of GST recoverable from the Australian Taxation Office is shown as an asset.

(t) Estimates and assumptions

The preparation of Financial Statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Plant and equipment - Note 1(i) and 15
- Intangible asset - Note 1(j) and 16
- Provision for doubtful debts - Note 13
- Depreciation and amortisation - Note 1(k), 9, 15 and 16
- Accrued employee benefits: long service leave - Note 1(o) and 19
- Loan liabilities: loans received below market value - Note 18

(t) Rounding

Amounts included in the Financial Statements have been rounded to the nearest \$1 unless disclosure of the full amount is specifically required.

(u) New and revised Accounting Standards

At the date of authorisation of the financial report, significant impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below:

Amendment	Effective for annual reporting periods beginning on	Expected to be initially applied in the financial year ending	Impact
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016	The Board of the Regulator anticipates that the application of AASB 9 in the future may have a significant impact on amounts reported in respect of the Regulator's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until a detailed review has been completed.
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014	The Board of the Regulator has adopted AASB 13 in the Regulator's financial statements for the period ending 30 June 2014 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.
AASB 19 'Employee Benefits'	1 January 2013	30 June 2014	The Board of the Regulator has adopted AASB 19 in the Regulator's financial statements for the period ending 30 June 2014 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

All other Australian Accounting Standards and interpretations with future commencement dates are either not applicable to the Regulator's activities, or have no material impact on the Regulator.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

	Year Ended 30/06/2014	12/10/2012 - 30/06/2013
	\$	\$
Note 2 Grants and other contributions		
Commonwealth Grants	8,900,463	2,666,538
State Contributions	9,218,965	1,214,175
Performance Based Standards Funding	250,000	125,000
Total grants and other contributions	18,369,428	4,005,713

In 2013-14, the Regulator received \$9.219 million of contribution funding via 2 specific tranches of operational funding (Operating Costs and Supplementary Operating Costs) and \$100,000 in contributions provided to fund the "inception phase" of the Five Star Safety Rating Project. Tranche 1 (operating costs) of \$18.7 million in total was provided, with funds received either as a loan or contribution funding. Queensland, Tasmania and ACT funds were provided as contributions totalling \$5.669M. Tranche 2 (supplementary operating costs) funding of \$6.103 million in total was provided during the financial year. Contribution funding was received from Queensland, New South Wales and Tasmania totalling \$3.449 million with the remaining funds provided as loans (refer note 18).

In 2012-13, \$11.567 million of Commonwealth funding was transferred from Department of Transport and Main Roads as part of funding to establish the Regulator. During 2012-13, a total of \$8.9 million was deferred (refer also note 20) as it has been specifically used to create the access management system intangible asset. The capitalisation of this asset in 2013-14 therefore requires the \$8.9 million to be recognised in full as grant revenue in 2013-14.

Note 3 Own source revenue		
National Heavy Vehicle Accreditation Scheme (NHVAS)	972,901	-
Access Permit Fees	298,410	-
Total own source revenue	1,271,311	-

From 10 February 2014 fees and charges collected under the National Heavy Vehicle Accreditation Scheme and fees for Heavy Vehicle Access permits are retained by the Regulator as own source revenue. Revenue is recognised once the service to the operator has been completed. In progress applications are recorded as unearned revenue (refer note 20).

Note 4 Finance income		
Fair value adjustment	1,563,818	323,895
Interest income	177,557	74,501
Total finance income	1,741,375	398,396

A fair value adjustment has been recognised on the value of loans provided by participating states and territories to the Regulator which were either at below market or on interest-free terms. Refer note 18 for further details.

Note 5 Employee and related expenses		
Wages and salaries	10,906,275	2,571,817
Employer superannuation contribution	1,090,574	279,548
Payroll tax	526,566	132,241
Travel expenses	325,517	180,481
Other employee related expenses	145,769	112,816
Total employee and related expenses	12,994,701	3,276,903

The number of employees including both full time employees and part time employees measured on a full time equivalent basis are:

Number of employees:	105	53
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NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

	Year Ended 30/06/2014	12/10/2012 - 30/06/2013
Note 6 Board expenses	\$	\$
Board member fees	348,623	211,688
Travel expenses	101,515	53,262
Other board related expenses	21,933	1,505
Total board expenses	472,072	266,456

Note 7 Third party services		
Contractor costs	6,282,630	3,423,010
Managed services ⁽¹⁾	1,710,179	557,900
Equipment purchases	47,540	353,591
Software purchases	177,211	164,658
IT systems support	2,420,997	22,605
Telecommunication costs	232,851	113,325
Advisory services ⁽²⁾	1,177,570	143,652
Audit fees ⁽³⁾	135,813	-
Total third party services	12,184,791	4,778,741

⁽¹⁾ Managed Services include the outsourced contact centre and the externally hosted financial system.

⁽²⁾ Advisory services include \$784,232 related to readiness assessment advice in relation to the Access Management System

⁽³⁾ Audit fees include external audit fees of \$15,000 and internal audit fees \$120,813.

Note 8 Lease expenses		
Operating leases	840,661	187,515
Total lease expenses	840,661	187,515

Lease expenses for office accommodation related to level 9, Green Square, North Tower, 515 St. Pauls Terrace, Fortitude Valley. Lease expenses include office and car park lease expenses and exclude any utility, cleaning, minor works or restoration charges.

Note 9 Depreciation and amortisation		
Plant and equipment	35,280	7,355
Computer hardware	33,440	2,596
Computer software (Intangible Asset)	1,551,040	-
Total depreciation and amortisation	1,619,760	9,951

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
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	Year Ended 30/06/2014	12/10/2012 - 30/06/2013
	\$	\$
Note 10 Financing costs		
Interest expense on loans	227,388	11,450
Amortisation of below market loan funds provided	282,194	-
Sundry borrowing costs	3,299	-
Total financing costs	512,881	11,450

Loan funding received from the State of Victoria in 2012-13 incurred a 3% interest charge with repayments due to commence from 1 January 2015. Loan funding received in 2013-14 from Victoria incurred a 4.2% interest charge. Total interest charged in 2013-14 on loans received from the State of Victoria is \$223,068.

Loan funding received in 2013-14 from Northern Territory incurred a 5.255% interest charge. Total interest charged in 2013-14 is \$4,320.

Finance costs of \$282,194 has been recognised relating to the amortisation of deemed interest accumulated on loan funding provided at below market rates from States and Territories.

Sundry borrowing expenses relates to fees associated with the deferral of supplier payments.

Note 11 Other expenses

Office related expenses	774,099	263,963
License fees	491,100	18,103
Marketing and communication related expenses	247,310	165,910
Insurance	97,242	33,790
Total other expenses	1,609,751	481,766

Note 12 Cash and cash equivalents

Cash equivalents and cash on hand	23,146,394	6,731,739
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NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

Note 13 Trade and other receivables	Year Ended 30/06/2014	12/10/2012 - 30/06/2013
	\$	\$
Grants receivable ⁽¹⁾	-	5,493,464
Trade receivables ⁽²⁾	29,323	96,498
Less: provision for doubtful debts	(4,533)	-
	<u>24,790</u>	<u>5,589,963</u>

⁽¹⁾ Invoices totalling \$45.889 million for 2014-15 regulatory income were raised to participating state and territory government agencies however payment was not received as at reporting date. As a result, the value of unpaid invoices has not been recognised in the financial statements.

⁽²⁾ Trade receivables relate to applications received awaiting payment processing as at reporting date with a provision for doubtful debts made for accounts aged greater than 30 days.

GST receivable	2,946,317	767,070
GST payable	<u>(2,778,729)</u>	<u>(615,923)</u>
	<u>167,588</u>	<u>151,147</u>
Rental bond receivable	-	2,880
Interest receivable	8,822	13,350
Total trade and other receivables	<u>201,200</u>	<u>5,757,339</u>

Note 14 Other current assets

Prepayments		
Annual license fees	243,234	-
Insurance	27,639	-
Support and maintenance	11,611	15,210
Total prepayments	<u>282,484</u>	<u>15,210</u>
Total other current assets	<u>282,484</u>	<u>15,210</u>

Note 15 Plant and equipment

a) Classes of plant and equipment

Plant and equipment:		
At cost	173,940	123,683
Less: Accumulated depreciation	<u>(42,635)</u>	<u>(7,355)</u>
	<u>131,305</u>	<u>116,328</u>
Computer hardware:		
At cost	236,787	57,132
Less: Accumulated depreciation	<u>(36,036)</u>	<u>(2,596)</u>
	<u>200,751</u>	<u>54,536</u>
Total plant and equipment	<u>332,056</u>	<u>170,864</u>

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
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Note 15 Plant and equipment (cont'd)

b) Reconciliation of movement in plant and equipment 2013-14

	Plant and equipment	Computer hardware	Total
	\$	\$	\$
Balance as at 1 July 2013	116,328	54,536	170,864
Acquisitions	50,257	179,655	229,912
Disposals	-	-	-
Transfers between classes	-	-	-
Depreciation	(35,280)	(33,440)	(68,720)
Impairment losses recognised in operating surplus	-	-	-
Carrying amount at 30 June 2014	131,305	200,751	332,056

Reconciliation of movement in plant and equipment 2012-13

	Plant and equipment	Computer hardware	Total
Balance as at establishment (12 October 2012)	-	-	-
Acquisitions	123,683	57,132	180,815
Disposals	-	-	-
Transfers between classes	-	-	-
Depreciation	(7,355)	(2,596)	(9,951)
Impairment losses recognised in operating surplus	-	-	-
Carrying amount at 30 June 2013	116,328	54,536	170,864

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Note 16 Intangible assets	Year Ended 30/06/2014 \$	12/10/2012 - 30/06/2013 \$
a) Classes of intangible assets		
Internally generated software:		
At cost	9,306,240	-
Less: Accumulated amortisation	- 1,551,040	-
Carrying amount at 30 June 2014	7,755,200	-
Work in progress (WIP):		
At cost	-	3,647,024
Total intangible assets	7,755,200	3,647,024
b) Reconciliation of movement in intangible assets (WIP)		
Internally generated software:		
Carrying amount at 1 July 2013 (WIP)	3,647,024	-
Acquisitions	5,659,216	3,647,024
Transferred to Asset Account	(9,306,240)	-
Carrying amount at 30 June 2014	-	3,647,024
Note 17 Trade and other payables		
Trade payables	1,260,089	240,162
Other payables		
Accrued expenses	1,503,010	1,862,114
Other payables	46,565	180,551
	1,549,575	2,042,665
Total trade and other payables	2,809,664	2,282,827
Note 18 Loan liabilities		
Current		
Interest bearing Government loans	220,000	-
Non-interest bearing Government loans	1,894,423	-
	2,114,423	-
Current liabilities reflect loan repayments due in 2014-15.		
Non-current		
Interest bearing Government loans	9,539,934	1,601,878
Non-interest bearing Government loans	7,300,381	2,149,095
	16,840,315	3,750,972
Total loan liabilities	18,954,738	3,750,972

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
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Note 18 Loan liabilities (cont'd)

The Regulator has received various tranches of loan funding in 2012-13 and 2013-14 which have been summarised in the information below:

2012-13

In 2012-13 the Regulator received two tranches (Release 1 and Transition to Release 2) of interest bearing financing contributions as loans from the State of Victoria totalling \$1,602,977 as its share of the agreed operating costs of the Regulator. The loans attract interest at a rate of 3% per annum compounding daily and have a repayment grace period with repayments commencing during 2014-15. Accrued interest expense of \$11,450 has been recognised for the interest incurred during the period (refer Note 10). Using prevailing market interest rates for an equivalent loan attracting interest at a rate of 3.62%, the fair value of the loan is estimated at \$1,590,428. The difference of \$12,549 between the book value and the fair value of the loan is the benefit derived from the below-market interest loan and is recognised as finance income in the Statement of Profit or Loss and Other Comprehensive Income under Australian Accounting Standards.

In 2012-13 the Regulator received two tranches (Release 1 and Transition to Release 2) of interest-free financing contributions as loans from various participating states and territories totalling \$2,460,140. These represent their respective share of agreed operating costs of the Regulator. Loan repayment terms vary from 2 to 5 years with repayments commencing during 2014-15. Using prevailing market interest rates for an equivalent loan attracting interest at a rate of 3.62%, the fair value of interest-free loans is estimated at \$2,149,095. The difference of \$311,346 between the book value and the fair value of the loan is the benefit derived from the below-market interest loan and is recognised as finance income in the Statement of Profit or Loss and Other Comprehensive Income under Australian Accounting Standards.

The financing contribution received from Transport for New South Wales for Transition to Release 2 Operations of \$573,966 was due in 2012-13 but was received on 12 July 2013, and recorded as a loan at this date. This was not recorded as a loan as at 30 June 2013. Using prevailing market interest rates for an equivalent loan attracting interest at a rate of 3.44%, the fair value of this interest-free loans is estimated at \$494,024. The difference of \$78,942 between the book value and the fair value of the loan is the benefit derived from the below-market interest loan and is recognised as finance income in the Statement of Profit or Loss and Other Comprehensive Income under Australian Accounting Standards.

2013-14

In 2013-14 the Regulator received two tranches (Operating Costs and Supplementary Operating Costs) of interest bearing financing contributions as loans from the State of Victoria totalling \$7,594,553 as its share of the agreed operating costs of the Regulator. The loans attract interest at a rate of 4.2% per annum compounding daily and have a repayment grace period with repayments commencing during 2018-19. Accrued interest expense of \$223,068 has been recognised for the interest incurred during the period (refer Note 10). Northern Territory also provided one tranche of funding (Operating Costs 1) of \$329,726. This loan attracts interest at a rate of 5.255% per annum with accrued interest expense of \$4,320 recognised during the period. A grace period has been provided with repayments to commence during 2017-18.

In 2013-14 the Regulator also received two tranches (Operating Costs and Supplementary Operating Costs) of interest-free financing contributions as loans from various participating states and territories totalling \$7,759,756. These represent their respective share of agreed operating costs of the Regulator. Loan repayment terms vary from 2 to 5 years with some repayments commencing during 2014-15 while other repayments do not commence until 2018-19 with final repayments due in 2022-23. Using prevailing market interest rates for an equivalent loan attracting interest at a rate of 3.44%, the fair value of interest-free loans is estimated at \$6,274,880. The difference of \$1,484,876 between the book value and the fair value of the loan is the benefit derived from the below-market interest loan and is recognised as finance income in the Statement of Profit or Loss and Other Comprehensive Income under Australian Accounting Standards. A breakdown of loans received from participating states and territories by tranche is as follows:

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

Note 18 Loan liabilities (cont'd)
Summary of Loan Funding Received

Financing agreements have been entered into with the following participating states and territories as at 30 June 2014.

	Commencement of Repayments	Loan Repayment Date	Interest Rate	Amount \$
Release 1 Operations (2012 -13)				
Transport for New South Wales	1/07/2014	30/06/2019	0%	1,628,160
VicRoads	1/01/2015	31/12/2017	3%	1,183,510
Department of Transport (Northern Territory)	30/12/2017	30/12/2017	0%	48,670
Department for Planning, Transport and Infrastructure (South Australia)	1/07/2014	30/06/2016	0%	371,650
Office of Regulatory Services, Justice and Community Safety (ACT)	1/07/2014	30/06/2019	0%	78,900
Department of Infrastructure, Energy and Resources (Tasmania)	1/07/2014	30/06/2019	0%	115,770
				<u>3,426,660</u>
Transition to Release 2 Operations (2012-13)				
VicRoads (Victoria)	1/07/2015	30/06/2018	3%	419,467
Department of Transport (Northern Territory)	30/12/2017	30/12/2017	0%	17,196
Department for Planning, Transport and Infrastructure (South Australia)	1/07/2014	30/06/2016	0%	131,311
Office of Regulatory Services, Justice and Community Safety (ACT)	1/07/2014	30/06/2019	0%	27,878
Department of Infrastructure, Energy and Resources (Tasmania)	1/07/2014	30/06/2019	0%	40,905
Transport for New South Wales	1/07/2014	30/06/2019	0%	573,966
				<u>1,210,723</u>
				<u>4,637,383</u>
Total 2012-13				
Operating Costs 2013-14				
VicRoads (Victoria)	1/07/2018	30/06/2023	4.20%	5,624,553
Department of Transport (Northern Territory)	30/12/2017	30/12/2017	5.255%	329,726
Department for Planning, Transport and Infrastructure (South Australia)	1/07/2014	30/06/2016	0%	1,852,646
Transport for New South Wales	1/01/2019	30/06/2023	0%	5,223,110
				<u>13,030,035</u>
Supplementary Operating Costs 2013-14				
VicRoads (Victoria)	1/07/2018	31/12/2023	4.20%	1,970,000
Department for Planning, Transport and Infrastructure (South Australia)	1/07/2014	30/06/2017	0%	649,000
Office of Regulatory Services, Justice and Community Safety (ACT)	1/07/2014	30/06/2019	0%	35,000
				<u>2,654,000</u>
				<u>15,684,035</u>
Total 2013-14				
Total loan funding received				
				<u>20,321,418</u>
(e) Loan finance contributions receivables				
Outstanding (Loan) Financing Contributions:				Amount
Nil				-
Reconciliation of total loan funding received to balance of loan liabilities				
			\$	\$
Total amount of loan funding received				20,321,418
Add interest accrued 2012-13			11,450	
Add interest accrued 2013-14			227,388	
Less fair value adjustments 2012-13			(323,895)	
Less fair value adjustments 2013-14			(1,563,818)	
Add amortisation of below market loan funds received			282,194	
Total Loan Liabilities				<u>18,954,738</u>

NATIONAL HEAVY VEHICLE REGULATOR
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Note 19 Accrued employee benefits

	Year Ended 30/06/2014	12/10/2012 - 30/06/2013
	\$	\$
Current		
Wages and salaries accrued	153,565	-
Annual leave	582,329	200,334
Long service leave	118,736	87,956
	<u>854,630</u>	<u>288,290</u>
Non-current		
Annual leave	129,291	
Long service leave	229,607	29,731
	<u>358,898</u>	<u>29,731</u>
Total accrued employee benefits	<u>1,213,528</u>	<u>318,021</u>

Any long service leave transferred to the Regulator for employees who have full entitlement to this leave as at 30 June 2014 are recorded as current liabilities. All other long service leave is reported as non-current. In accordance with AASB 119, annual leave has been split between current and non-current liabilities based on estimates of leave to be taken in 2014-15 period.

Note 20 Unearned Revenue

Unearned commonwealth grant funding ⁽¹⁾	-	8,900,463
Unearned grant contributions ⁽²⁾	22,072,716	5,669,965
Unearned own source revenue ⁽³⁾	127,778	8,515
Total unearned revenue	<u>22,200,494</u>	<u>14,578,943</u>

⁽¹⁾ In 2012-13, \$8.900 million of Commonwealth grant funding received was recorded as deferred revenue under AASB 120 on the basis that the Regulator met the definition of a for-profit entity. Of this, \$1.335 million was classified as current, with the remaining \$7.565 million classified as non-current. Subsequent consideration of the nature of the Regulator's operations resulted in a reclassification to a not-for-profit entity. This has meant that grant contributions are now accounted for under AASB 1004. The Commonwealth grant provided was to establish the Regulator and its IT systems and accordingly the commencement of the access management system fulfilled the grant revenue recognition criteria under AASB 1004. The full value of the deferred revenue has therefore been recognised as grant revenue in 2013-14.

⁽²⁾ Invoices were raised to participating state and territory government agencies prior to reporting date in relation to 2014-15 regulatory income. The value of 2014-15 regulatory income received prior to reporting date has been reported as unearned grant contributions.

⁽³⁾ Unearned own source revenue represents payments for National Heavy Vehicle Accreditation Scheme and Access Permit applications for services not completed as at reporting date.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

Note 21 Reconciliation of operating deficit to net cash from operating activities

	Year Ended 30/06/2014	12/10/2012 - 30/06/2013
	\$	\$
Operating surplus / (deficit)	(8,852,503)	(4,608,587)
Adjusted for:		
Financing contributions received		(3,880,713)
Fair value adjustment	(1,563,818)	(323,895)
Finance costs (amort of FV and interest exp on loans)	512,882	-
Depreciation and amortisation	1,619,760	9,951
	568,824	(4,194,656)
Change in assets and liabilities		
Change in trade receivables - Interest	4,527	(13,350)
Change in trade receivables - Net GST Receivable	(16,441)	(151,147)
Change in other receivables	72,588	(97,378)
Change in Other Assets	(274,839)	-
Change in assets	(214,165)	(261,874)
Change in trade and other payables	1,575,773	1,233,891
Change in accrued employee benefits	895,508	318,021
Change in unearned revenue	12,798,858	8,515
Change in liabilities	15,270,139	1,560,427
Net cash inflows / (outflows) from operating activities	6,772,295	(7,504,691)

Note 22 Non-cash financing and investing activities

Fair value adjustments have been recognised on the value of loans provided by participating states and territories which were either at below market or on interest-free terms. Refer to Note 4.

NATIONAL HEAVY VEHICLE REGULATOR
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Note 23 Board members and key management personnel remuneration

Board Members

1 July 2013 – 30 June 2014:

Board Members	Position	Appointed	Term	Short Term Benefits \$	Long Term Benefits \$	Post Benefits \$	Total Remuneration \$
B Baird	Board Chair	12/10/2012	3 years	105,770		9,784	115,554
P Garske	Board Member	12/10/2012	3 years	52,910		4,894	57,804
R Stewart-Crompton	Board Member	12/10/2012	3 years	52,910		6,747	59,657
C Taylor	Board Member	12/10/2012	3 years	52,910		4,894	57,804
V Tremaine	Board Member	12/10/2012	3 years	52,910		4,894	57,804
Total Remuneration				317,410	-	31,213	348,623

12 October 2012 – 30 June 2013:

Board Members	Position	Appointed	Term	Short Term Benefits \$	Long Term Benefits \$	Post Benefits \$	Total Remuneration \$
B Baird	Board Chair	12/10/2012	3 years	64,682	-	5,858	70,540
P Garske	Board Member	12/10/2012	3 years	32,357	-	2,930	35,287
R Stewart-Crompton	Board Member	12/10/2012	3 years	32,357	-	2,930	35,287
C Taylor	Board Member	12/10/2012	3 years	32,357	-	2,930	35,287
V Tremaine	Board Member	12/10/2012	3 years	32,357	-	2,930	35,287
Total Remuneration				194,110	-	17,578	211,688

Key executive management personnel:

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Regulator during 2013-14.

Position	Responsibilities	2013-14 Incumbents			
		Contract Classification	Term	Date Appointed	Date Terminated
Chief Executive Officer	Accountable to the Board of Directors for the overall management and operation of the Regulator	Common law contract	3 years	19/05/2014	
		Common law contract	3 years	18/11/2012	14/03/2014
Chief Financial Officer (and GM Corporate Services)	Manages finance, procurement, audit, human resources, IT and facilities	Common law contract	3 years	03/12/2012	
General Manager Operations	Manages operational delivery of regulatory services	Common law contract	3 years	02/01/2013	
General Manager Regulatory and Legal Services	Manages legal services, legal risk management and compliance	Common law contract	3 years	02/01/2013	
General Manager Strategy and Business Development	Manages strategy, stakeholders, internal and external communications	Common law contract	3 years	11/02/2013	

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
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Note 23 Board members and key management personnel remuneration (cont'd)

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits are gross amounts which consist of base salary, allowances, fringe benefits tax, annual leave entitlements and termination entitlements paid during the period or for that part of the period during which the employee occupied the specified position
- Long term employee benefits include long service leave accrued during the financial year
- Post employment benefits include superannuation contributions

Total remuneration includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2013 – 30 June 2014:

Executive Management	Position	Appointed	Short Term Employee Benefits \$	Long Term Employee Benefits \$	Post Employment Benefits \$	Total Remuneration \$
S Petrocchio	Chief Executive Officer (19 May 2014 - 30 June 2014)	19/05/2014	44,275	674	3,437	48,386
R Hancock	Chief Executive Officer ⁽¹⁾ (1 July 2013 - 14 March 2014)	18/11/2012	449,297	-	37,474	486,771
M Bailey	Chief Financial Officer (and GM Corporate Services) ⁽²⁾	3/12/2012	276,998	5,395	24,043	306,436
A Draheim	General Manager Operations	2/01/2013	252,675	5,272	20,163	278,110
R Hassall	General Manager Regulatory and Legal Services	2/01/2013	202,924	4,110	20,552	227,586
P Halton	General Manager Strategy and Business Development ⁽³⁾	11/02/2013	290,559	5,029	19,129	314,717
Total Remuneration			1,516,728	20,480	124,798	1,662,006

⁽¹⁾ The Chief Executive Officer resigned for family health reasons and the Board of the Regulator agreed to waive the six months' notice period requirement under the Executive contract.

⁽²⁾ The Chief Financial Officer (and GM Corporate Services) was appointed as Acting Chief Executive Officer during the period 14 March - 18 May 2014

⁽³⁾ The General Manager Strategy and Business Development received a living away from home allowance and repatriation flights during 2013-14.

12 October 2012 – 30 June 2013:

Executive Management	Position	Appointed	Short Term Employee Benefits \$	Long Term Employee Benefits \$	Post Employment Benefits \$	Total Remuneration \$
R Hancock	Chief Executive Officer (18 November 2012 - 30 June 2013)	18/11/2012	164,527	2,077	16,035	182,639
M Bailey	Chief Financial Officer (and GM Corporate Services) (3 December 2012 - 30 June 2013)	3/12/2012	131,670	1,783	13,783	147,236
A Draheim	General Manager Operations (2 January 2013 - 30 June 2013)	2/01/2013	114,428	1,522	9,926	125,876
R Hassall	General Manager Regulatory and Legal Services (2 January 2013 - 30 June 2013)	2/01/2013	91,533	1,186	10,118	102,837
P Halton	General Manager Strategy and Business Development (11 February 2013 - 30 June 2013)	11/02/2013	81,487	1,010	6,085	88,582
Total Remuneration			583,645	7,578	55,947	647,170

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
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Note 24 Commitments for expenditure

(a) Non-cancellable operating lease

Future minimum rentals (inclusive of anticipated GST) payable under non-cancellable operating leases at reporting date are as follows:

	<u>At 30/06/2014</u>	<u>At 30/06/2013</u>
	\$	\$
Not later than one year	884,240	870,943
Later than one year and not later than five years	450,789	1,367,552
Later than five years	-	-
Total	<u><u>1,335,029</u></u>	<u><u>2,238,495</u></u>

The operating lease relates to office accommodation for level 9, 515 St Pauls Terrace and includes inflation escalation clause and renewal options. Disclosed amounts include the value of lease payments and associated facility costs expected. The lease is due to expire 31 December 2015. A financial guarantee was provided in 2012-13 in relation to the operating lease (refer Note 25).

(b) Capital expenditure commitments

The Regulator committed to capital expenditure to establish ICT systems (inclusive of anticipated GST) with the Access Management System (intangible asset) operational and capitalised effective 10th February 2014. As at reporting date, no further capital expenditure is committed.

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the financial statements are as follows:

Not later than one year	-	3,129,875
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	<u><u>-</u></u>	<u><u>3,129,875</u></u>

(c) Support and maintenance expenditure commitments

Material classes of support and maintenance expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the financial statements are as follows:

Not later than one year	2,047,875	2,308,655
Later than one year and not later than five years	5,127,022	9,366,424
Later than five years	-	504,939
Total	<u><u>7,174,897</u></u>	<u><u>12,180,018</u></u>

Note 25 Contingencies
Financial Guarantees

A financial guarantee was provided in 2012-13 with respect to the office space lease entered into. The Regulator has a facility with the Commonwealth Bank of Australia Ltd of \$331,660 of which the following guarantee (totalling \$231,660.00) has been issued:

- Cardno (Qld) Pty Ltd (lease for Level 9, Green Square, North Towner, Fortitude Valley).

Guarantees are not recognised in the Statement of Financial Position as the probability of default is remote. Financial guarantee contracts are measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
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Note 26 Related parties transactions

(a) Transactions with Board members and Key Management Personnel

Key management personnel have not conducted commercial transactions with the Regulator during the reporting period. Any expense payments have been in relation to reimbursement of business related expenses or in accordance with employment contracts.

(b) Transactions with states and territories

Financing contributions for 1 July 2013 to 30 June 2014

	1 July 2013 to 30 June 2014		
	Loans Received \$	Grants Received \$	Total \$
Participating states and territories			
- VicRoads (Victoria)	7,594,553	-	7,594,553
- Transport for New South Wales (NSW)	5,797,076	1,500,000	7,297,076
- Transport and Main Roads (Queensland)	-	6,855,825	6,855,825
- Department for Planning, Transport and Infrastructure (South Australia)	2,501,646	-	2,501,646
- Department of Transport (Northern Territory)	329,726	-	329,726
- Office of Regulatory Services, Justice and Community Safety (ACT)	35,000	98,482	133,482
- Department of Infrastructure, Energy and Resources (Tasmania)	-	664,658	664,658
	16,258,001	9,118,965	25,376,966

Performance Based Standards Revenue

	1 July 2013 to 30 June 2014 Total \$
Commonwealth Government	87,500
States and territories	
- VicRoads	40,250
- Transport for New South Wales	55,075
- Transport and Main Roads (Queensland)	30,425
- Department for Planning, Transport and Infrastructure (South Australia)	12,600
- Department of Transport (Northern Territory)	1,650
- Office of Regulatory Services, Justice and Community Safety (ACT)	2,675
- Department of Infrastructure, Energy and Resources (Tasmania)	3,925
- Main Roads, WA	15,900
Total	250,000

Note 27 Agency transactions

a) National Heavy Vehicle Accreditation Scheme

From 21 January 2013 to 9 February 2014, the Regulator received fees for services provided on behalf of participating states and territories under the National Heavy Vehicle Accreditation Scheme. Fees received were remitted to participating state and territory government agencies monthly in arrears. During this period, these transactions have not been separately reported as revenue in the financial statements of the Regulator. A summary of the National Heavy Vehicle Accreditation Scheme fees remitted to participating state and territory government agencies for fees collected between 1 July 2013 and 9 February 2014 is provided below.

From 10 February 2014 when the Heavy Vehicle National Law became operational, fees and charges collected under the National Heavy Vehicle Accreditation Scheme are retained by the Regulator as own source revenue (refer note 3).

National Heavy Vehicle Accreditation Scheme Fees Remitted

	1 July 2013 to 30 June 2014 Total \$
Participating states and territories	
- VicRoads	78,321
- Roads and Maritime Services (NSW)	426,224
- Transport and Main Roads (Queensland)	485,416
- Department for Planning, Transport and Infrastructure (South Australia)	241,005
- Department of Transport (Northern Territory)	5,431
- Office of Regulatory Services, Justice and Community Safety (ACT)	-
- Department of Infrastructure, Energy and Resources (Tasmania)	-
Total	1,236,397

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

Note 27 Agency transactions (Cont'd)

b) National work diary fees

In accordance with service agreements established, the supply and sale of work diaries have been undertaken by participating state and territory government road agencies on behalf of the Regulator. During 2013-14, VicRoads and Queensland Transport and Main Roads opted to transfer \$642,248 to the Regulator for work diary fees collected. Some funds were returned prior to June 30 2014, with the remainder of funds returned in full after the reporting date. A summary of the fees received, paid and payable for the period are as follows:

	Fees Received	Fees Paid	Fees Payable at 30/06/2014
National work diary fees	\$	\$	\$
- VicRoads	242,628	-	242,628
- Transport and Main Roads (Queensland)	399,620	287,180	112,440
Total national work diary fees	642,248	287,180	355,068

Amounts disclosed above exclude GST. Total GST of \$28,718 was paid to Transport and Main Roads, with GST payable on the outstanding fees at 30 June 2014 of \$11,244. VicRoads have not charged GST on the fees transferred to the Regulator.

c) Access permit fees

During late February and early March 2014, the Regulator delegated certain heavy vehicle road access permitting functions to state and territory government road agencies in Queensland, New South Wales, Victoria, South Australia, Australian Capital Territory as well as local government road managers within New South Wales.

Under delegation, road managers are responsible for the access decision as well as collection of permit fees and associated administrative functions under the *Heavy Vehicle National Law Act 2012*. The Regulator did not receive details of permits issued or fees collected in relation to delegated access permit functions, however VicRoads opted to transfer \$212,170 to the Regulator for access permit application fees collected under delegation. Funds totaling the same amount were returned to VicRoads after the reporting date. A summary of the fees received, paid and payable for the period are as follows:

	Fees Received	Fees Paid	Fees Payable at 30/06/2014
Access permit fees			
- VicRoads	212,170	-	212,170
Total access permit fees	212,170	-	212,170

Amounts reported in relation to work diary and access permit fees transferred by government road agencies to the Regulator represent the full value of the transfer of funds received and have not been separately audited by the Regulator. The Regulator has determined that this transfer of funds is administrative in nature and the risks and rewards of the revenue remain with the heavy vehicle road manager.

As funds transferred have been returned in full, either during the period or in full after the reporting date, without deduction for margin or commission, these amounts have not been recognised by the Regulator as either revenue or expense in the Statement of Profit or Loss and Other Comprehensive Income. The total amount for work diary and access permit fees payable at reporting date has been deducted from the available cash at bank balance. This treatment is consistent with the recognition of National Heavy Vehicle Accreditation Scheme fees collected by the Regulator and remitted to participating state and territory government road agencies under Release 1 operations.

Note 28 Events occurring after balance date

Between 1 July 2014 and 8 September 2014, \$47.227 million of 2014-15 regulatory income was received from state and territory government agencies.

The Board of the Regulator is not aware of any other events subsequent to 30 June 2014 that could materially affect the financial statements as presented.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

Note 29	Financial instruments	Year Ended 30/06/2014	12/10/2012 - 30/06/2013
		\$	\$

(a) Categorisation of financial instruments

The Authority has the following categories of financial assets and financial liabilities:

Category	Note		
Financial assets			
Cash and cash equivalents	12	23,146,394	6,731,739
Trade receivables	13	201,200	5,757,339
Total		23,347,594	12,489,078
Financial Liabilities			
Trade and other payables	17	1,306,654	420,713
Loan liabilities	18	18,954,738	3,750,972
Total		20,261,392	4,171,685

(b) Credit risk exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment. No collateral is held as security relating to the financial assets held by the Authority.

The following table represents the Regulator's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk

Category			
Cash and cash equivalents	12	23,146,394	6,731,739
Trade receivables	13	205,733	5,757,339
Less: provision for impairment	13	(4,533)	-
Total		23,347,594	12,489,078

No collateral is held as security and no credit enhancements relate to financial assets held by the Authority.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amount as indicated.

Ageing past due, but not impaired, as well as impaired financial assets are disclosed in the following tables:

	Year Ended 30/06/2014	
Receivables	Gross	Impairment
0 - 30 days	26,649,508	-
Past due 31-60 days	19,265,056	297
Past due 61-90 days	216	216
More than 90 days	4,020	4,020
Total	45,918,800	4,533

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

(c) Liquidity risk

The Authority is exposed to liquidity risk in respect of its payables and borrowings from the participating state and territory Governments.

The following table sets out the liquidity risk of the financial liabilities held by the Regulator. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal and interest amounts at balance date.

Year Ended 30/06/2014	Payable in			Total
	<1 Year	1-5 Years	>5 Years	
Financial liabilities	\$	\$	\$	\$
Loan repayments				
Interest bearing Government loans	220,000	3,588,161	8,216,616	12,024,777
Non-interest bearing Government loans	1,894,423	5,086,186	4,178,110	11,158,719
Total loan repayments	2,114,423	8,674,347	12,394,726	23,183,496
Trade and other payables	1,306,654	-	-	1,306,654
Total	3,421,077	8,674,347	12,394,726	24,490,150

(d) Market risk

The Regulator does not trade in foreign currency and is not exposed to commodity price ranges. The Regulator is only exposed to interest rate risk through cash deposited in interest bearing accounts.

(e) Fair value

The carrying amounts and fair values of interest and non-interest bearing liabilities at balance date are:

Year Ended 30/06/2014	Carrying amount	Fair value
Interest bearing Government loans	9,766,094	9,759,934
Non-interest bearing Government loans	10,794,162	9,194,804
Total	20,560,256	18,954,738

None of these borrowings are readily traded on organised markets in standardised form.

Fair value is inclusive of costs which would be incurred on settlement.

NATIONAL HEAVY VEHICLE REGULATOR
Notes to the Financial Statements
for year ended 30 June 2014

Certificate of National Heavy Vehicle Regulator for the period 1 July 2013 to 30 June 2014

These general purpose financial statements have been prepared pursuant to section 693 of the *Heavy Vehicle National Law Act 2012* (the Act) and other prescribed requirements. In accordance with section 693 of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of National Heavy Vehicle Regulator for the period 1 July 2013 to June 30 2014 and of the financial position of the Regulator at the end of that period.

8th September 2014



B Baird
BOARD CHAIR



M Bailey
ACTING CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT

To the Board of the National Heavy Vehicle Regulator

Report on the Financial Report

I have audited the accompanying financial report of the National Heavy Vehicle Regulator which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Acting Chief Executive Officer and the Chair.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the National Heavy Vehicle Regulator for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



D R ADAMS FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane



Part 6: Appendices and references

This section contains appendices that provide details of the NHVR's operations and address particular reporting requirements under the HVNL and other legislation.

The appendices are followed by reference tools to help the reader to find and use information in the annual report.

Appendix A: Operating statistics

Access operations

Table A.1 Access permit cases

2013-14	
Total applications received (10/02/14 – 30/06/14)	7,520
Total number of permits issued	3,005
Total number of no permits issued	757
Total number of permit applications withdrawn	955
Total number of permit applications duplicated	348
Total number of applications delegated	1,648
Total number of permit applications in progress	807
Total number of pre-approvals in place	330

Table A.2 Access end-to-end processing duration by permit type (days)

Permit Type	NHVR Assessment Time	Time with Customer	With Road Manager	Average End To End Processing Time	Number of Cases
Class 1					
Agricultural Permit	3.6	1.8	2.9	8.3	64
OSOM	4.8	1.8	7.7	14.3	2535
SPV Permit	3.1	2.5	10.7	16.2	446
Class 1 Average	4.5	1.9	8.1	14.5	3045
Class 2					
B-Double Permit	3.3	2.3	16.1	21.7	329
CAB (controlled access bus) Permit	8.2	1.7	17.6	27.5	10
PBS Permit	8.4	3.4	9.3	21.1	403
Road Train Permit	4.1	2.2	12.6	18.9	215
Class 2 Average	5.7	2.8	12.5	21.0	957
Class 3					
Class 3 (Miscellaneous) Permit	4.38	3.7	12.1	20.7	105
Higher Mass Limit (HML) Permit	3.6	3.0	13.7	20.3	392
Tow Truck Permit	6.1	8.4	14.3	28.7	12
Class 3 Average	3.9	3.2	13.4	20.5	509
Application Amendments					
Amend or Cancel Permit	5.0	1.8	3.9	10.7	822
Renew Permit	5.6	1.5	5.1	12.3	2032
Amendment Average	5.5	1.6	4.8	11.9	2855

Table A.3 Access end-to-end processing duration per month

	Permit type				
	NHVR Assessment Time	Time with Customer	With Road Manager	Average End To End Processing Time	Cases
February 2014	5.6	0.7	1.5	7.8	1799
March 2014	6.1	1.7	7.3	15.1	1752
April 2014	5.4	3.1	10.8	19.3	906
May 2014	3.9	2.7	9.7	16.3	1078
June 2014	3.2	2.3	10.7	16.2	893
Average	4.8	2.1	8.0	14.9	6428

Table A.4 Pre-approvals by participating road managers (February to June 2014)

State	Total	Participating Road Managers			
		Local Government Authority	Road Authority	Port Authority	Other Authority (airport/forestry)
Queensland	45	10		1	
New South Wales	52	35	1	2	1
South Australia	46	8	1		
Tasmania	27	10		1	
Australian Capital Territory	1		1		
Victoria	159	65	1	1	
Total	330	128	4	5	1

Customer service

Table A.5 Call centre activity volumes

Task	Total/average
Total number of calls received by the national call centre	45,886
Grade of Service % calls answered in 20 seconds	76%
Average handling time per call - minutes : seconds	6:20
Number of calls transferred within NHVR	19%
Number of calls transferred to jurisdictions	3%

National Heavy Vehicle Accreditation Scheme

Table A.6 NHVAS applications by state

	Qld	NSW	Vic	SA	Tas	NT	Total
Applications by state							
Created	5,298	6,895	5,057	4,071	264	160	21,745
Closed	5,282	6,968	5,111	4,062	260	159	21,842

Table A.7 NHVAS operators, accredited modules and nominated vehicles by state

	Qld	NSW	Vic	SA	Tas	NT	Total
Number of accredited operators							
Accredited operators	1,310	1,868	1,518	1,159	168	51	6,956
Accredited operators by module							
Mass	836	1,102	1,676	818	166	5	4,603
Maintenance	848	712	316	759	1	49	2,685
Basic Fatigue Management	474	707	446	203	3	15	1,848
Advanced Fatigue Management	17	8	2	6	0	1	34
Nominated vehicles							
Mass	7,481	18,355	18,384	8,686	921	1,175	55,002
Maintenance	35,399	24,911	15,386	15,046	218	1,963	92,923

Performance Based Standards

Table A.8 PBS applications and approvals, 2013-14

	Total
New and amendments	
Applications received	189
Applications approved	170
Vehicle approvals	
Applications received and issued	579

Table A.9 PBS approvals by vehicle type, 2013-14

Vehicle type	Number
PBS approvals by type	
A-Double	27
B-Double	25
Bus	2
Other	3
Prime Mover and Semi	36
Road Train	9
Truck and Dog	85
Total	189

Vehicle Standards

Table A.10 Vehicle standards applications and permits issued

	Applications received	Applications finalised	Permits issued
Vehicle standards exemption (permit)	719	672	621
In-principle support	128	97	85
Modifications	3	2	0

Appendix B: Management and accountability data

Staffing

Table B.1 Employees by classification as at 31 June 2014

Grade	Headcount
AC-A	10.48%
AC-B	48.59%
AC-C	1.90%
AC-D	10.47%
AC-E	2.85%
ACOF	7.62%
PC-E	1.90%
Contract	12.38%
Exec Contract	3.81%
Total	100.00%

Table B.2 Employees by employment status as at 30 June 2014

Employee Type	Headcount
Permanent	68%
Temporary	32%
Total	100%

Table B.3 Employees by classification and gender

	Female		Male	
	As at June 2013	As at June 2014	As at June 2013	As at June 2014
Executive	1	1	4	4
Senior manager	3	4	10	9
Other staff	31	54	30	40
Total	35	59	44	53

Third party suppliers

Table B.4 Payments made to third party suppliers ≥\$100,000, 2013-14

Vendor	Amount (\$000)
People	
Acache	2,209
Talent2	1,760
M&T Resources	838
Peoplebank Australia	714
Hudson Global Resources	591
E&E IT Solutions	541
Exclaim IT	257
Interpro Australia	179
Candle	152
Encode Services	107
Advisory	
EY	550
Nera	279
ARRB	266
Judy Oswin	169
Newgate Communications	133
Zenith Optimedia Australia	128
Lanoon	126
Yellowhouse Net	106
Gadens Lawyers	104
Information Technology	
HCL Australia Services	4,134
ESRI Australia	1,465
Aliva Pty Ltd	837
Digital Sense Hosting	268
Dotsec	202
Telstra	179
VOIP Pty Ltd	151
SMS Management & Technology	105
Office	
Cardno (Qld) Pty Ltd	1,048
Regus	140
Outsourced services	
Stellar	1,124
Corporate Administration Agency	486
SEMA Operations	108
Travel	
Qantas	295

Media, advertising, sponsorship and direct mail costs

Table B.5 Payments made to media, advertising, sponsorship and direct mail organisations, 2013-14

Vendor	Details	Amount (\$000)
Media		
isentia	Costs related to online services for media monitoring, distribution of media statements and access to a comprehensive media contacts database	20.6
Advertising		
Zenith Optimedia	Costs related to print, online and radio advertising in trade media, and convenience advertising	128
Sponsorship		
N/A	Costs related to sponsorship of: - Truck Industry Vehicle - Freight Week 2013 2013 Bus Industry Confederation - Australian Local Government Association (ALGA) 2013 National Local Roads and Transport Congress	32.3
Direct mail		
Vision 6	Costs related to online services and an electronic direct mail platform for maintenance of an NHVR database and distribution of NHVR industry updates, local government updates, newsletters and media statements	4.4

Table B.6 Breakdown of advertising expenditure across various media (\$000), 2013-14

Trade magazines	Trade online	Radio	Convenience	TOTAL
65.2	21.1	10.4	19.9	116.6

Keynote speeches and presentations

Table B.7 Keynote speeches and presentations made by NHVR staff throughout 2013-14

Date	Organisation	Event	NHVR Representative
10 Aug 2013	Livestock Transporters Association of Victoria incorporating Rural Carriers	2013 Annual Conference	Andreas Blahous
29-30 Aug 2013	Supply Chain and Logistics Association of Australia (SCLAA) and associated peak bodies	Queensland Supply Chain and Logistics Conference	Angus Draheim
29-31 Aug 2013	NatRoad	Annual Conference	Richard Hancock Bruce Baird Philip Halton
03 Sept 2013	Victorian Transport Association, Victorian Automobile Chamber of Commerce	Freight Week 2013 - Trucks on Local Roads*	Richard Hancock Angus Draheim
04 Sept 2013	Victorian Transport Association, Victorian Automobile Chamber of Commerce	Freight Week 2013 - Road Transport Trends*	Les Bruzsa
05 Sept 2013	Australian Grain Harvesters Association	Goondiwindi Field Day	Ben Anderson
06 Sept 2013	Victorian Transport Association, Victorian Automobile Chamber of Commerce	Freight Week 2013 - Freight Outlook*	Richard Hancock

Date	Organisation	Event	NHVR Representative
06 Sept 2013	Livestock and Rural Transporters Association of Queensland	Delegates' meeting	Angus Draheim
12 Sept 2013	Port of Brisbane	Operators briefing	Peter Caprioli
13 Sept 2013	TRANZnet	2013 Annual Conference	Tim Hansen
13 Sept 2013	Crane Industry Council of Australia	CICA 2013 Conference, Exhibition and Crane Display	Angus Draheim Richard Hancock
17 Sept 2013	Victorian Transport Association	Long Distance Regional Freight Group Meeting	Angus Draheim Peter Caprioli
17 Sept 2013	Victorian Transport Association	OSOM Briefing	Angus Draheim Peter Caprioli
17 Sept 2013	Victorian Farmers Federation	NHVR, VicRoads to meet with VFF	Angus Draheim Peter Caprioli
17-19 Sept 2013	Henty Machinery Field Days	Henty Machinery Field Days	Greg Swan
01 Oct 2013	Roads Australia	Roads Australia Industry Luncheon	Richard Hancock
03 Oct 2013	Committee for Economic Development Australia (CEDA)	Transport Infrastructure: productivity and efficiency	Richard Hancock
10 Oct 2013	Institute of Public Works Engineering Australia - Queensland Division	2013 IPWEAQ State Conference	Angus Draheim
15 Oct 2013	Parkes, Forbes & Lachlan Shire Councils	Central West NSW Heavy Vehicle Breakfast Forum	Peter Caprioli
23 Oct 2013	Informa	Queensland Transport Infrastructure	Richard Hancock
27-30 Oct 2013	Bus Industry Confederation	2013 Bus Industry Confederation National Conference*	Richard Hancock (28 Oct)
29 Oct 2013	Australian Trucking Association	TMC (Technical and Maintenance) Conference	Angus Draheim Daniel Elkins
12-14 Nov 2013	Australia Local Government Association	National Local Roads and Transport Congress*	Richard Hancock
30 Jan 2014	Victorian Transport Association	NHVR implementation briefing	Tony Kursius Angus Draheim
27 Feb 2014	NatRoad	NatRoad Member Forum	Angus Draheim
06 Mar 2014	Legalwise Seminars	Transport and Logistics Law Seminar	Raymond Hassall
06 - 08 Mar 2014	Livestock and Bulk Carriers	2014 LBCA Conference	Peter Caprioli
12 Mar 2014	Queensland Trucking Association	Road Freight Forum Breakfast	Angus Draheim
15 Mar 2014	South Australian Road Transport Association	SARTA 2014 Conference	Angus Draheim Les Bruzsa
18 Mar 2014	Queensland Department of Transport and Main Roads	SEQ Inspectors Meeting	Tony Martin Peter Rouse Darrin Rasmussen Wayne Whitmore
19-20 Mar 2014	Australian Logistics Council	ALC Forum 2014	Philip Halton
01 Apr 2014	Australian Road Transport Suppliers Association	Global Truck and Trailer Leaders' Summit	Les Bruzsa
04 Apr 2014	Australian Heavy Vehicle Repairers Association	AHVRA Annual Conference	Daniel Elkins
11 Apr 2014	Municipal Association of Victoria	Local government consultation forum – permit processing	John Gilbert Peter Caprioli

Date	Organisation	Event	NHVR Representative
15 Apr 2014	Victorian Transport Association	Oversize/Overmass Meeting	Don Hogben
16 Apr 2014	NatRoad	NatRoad Council meeting	Melinda Bailey
28 Apr 2014	Bus Industry Confederation	Bus Industry Confederation Board Meeting	John Gilbert
29 Apr 2014	Australian Trucking Association NSW	ATA NSW OSOM Operators / Newcastle and Northern Sub-Committees Joint Meeting	Angus Draheim
01 May 2014	Wide Bay-Burnett Regional Roads and Transport Group Technical Meeting	Wide Bay-Burnett Regional Roads and Transport Group	Kerry Plater
22 May 2014	Northern Territory Government Department of Transport	Remote and Regional Transport Infrastructure and Services Forum	Sal Petrocchio Melinda Bailey Don Hogben
27 May 2014	Victorian Transport Association	VTA Conference 2014	Sal Petrocchio John Gilbert
27-28 May 2014	Commercial Vehicle Industry Association of Queensland	ComVec Engineering Conference	Angus Draheim
29 May 2014	Queensland Transport and Logistics Council	Landside Logistics Forum	Angus Draheim Peter Caprioli
06-07 June 2014	Australian Trucking Association	Trucking Australia 2014	Sal Petrocchio
14 June 2014	Australian Livestock & Rural Transporters Association	Australian Livestock & Rural Transporters Association National Conference	Phil Halton
25 June 2014	South Australian Department of Planning, Transport and Infrastructure	South Australian Heavy Vehicle Industry Forum	Sal Petrocchio Don Hogben

*NHVR-sponsored event

Sponsorships

Table B.8 Sponsorships throughout 2013-14

Initiative	Sponsorship package	Expenditure (\$000)
Truck Industry Vehicle 2012 - 2015	The Truck Industry Vehicle (TIV) is a unique safety initiative conceived by Rod Hannify, a well-known and respected figure in the trucking industry, long-time drivers' advocate and former ATA Professional Driver of the Year. In 2012, the Regulator agreed to a multi-year sponsorship package for TIV, with the NHVR logo riding alongside those of a diverse range of industry sponsors associated with this moving billboard for safety in the trucking industry. Linking the NHVR to the TIV raises the Regulator's profile with truck drivers, a generally hard-to-reach audience. Rod also takes the pulse at the frontline regarding impacts of the new national law on this audience and, along with other engagement channels, provides practical input into NHVR operational and policy decisions.	3

Initiative	Sponsorship package	Expenditure (\$000)
Freight Week 2013 Melbourne 2-6 September 2013	Freight Week is Australia's longest running industry-driven event, hosted by the Victorian Transport Association and Victorian Automobile Chamber of Commerce in Melbourne each year. The NHVR was noted as Conference Partner and garnered three speaking opportunities, addressing an aggregate audience of nearly 500 attendees on key topics such as access to the local government road network, development of a world-class freight system, and high productivity vehicles under the Performance-Based Standards (PBS) Scheme. The NHVR brand achieved high exposure, reaching more than 1000 delegates through conference materials and many others through lead-up promotional activity and during the conference week.	20
2013 Bus Industry Confederation Adelaide 27-30 October 2013	The Bus Industry Confederation Conference is the premier annual event for operators, government policy makers, manufacturers and suppliers associated with Australia's bus industry. In attending and sponsoring the conference as Government Partner, the NHVR demonstrated a strong commitment to consultation and engagement with this sector and disseminated key information to delegates, including a tailored NHVR information pack. Sponsorship benefits included an opportunity for former CEO, Richard Hancock, to address more than 250 attendees regarding the impact of the Heavy Vehicle National Law, staff registrations to facilitate networking, and promotion of the NHVR brand on conference marketing and display material.	7.5
Australian Local Government Association (ALGA) 2013 National Local Roads and Transport Congress Alice Springs 12-14 November 2013	In 2013-14, the ALGA Roads and Transport Congress was a significant event in the NHVR's efforts to build local government's capacity for their new role under the Heavy Vehicle National Law. Former Chief Executive Richard Hancock gave a keynote address to more than 250 delegates, with NHVR senior staff member Matt Elischer chairing an NHVR workshop on the PBS Route Assessment tool. Other sponsorship benefits included a high-profile booth, a dedicated meeting space and NHVR staff registrations to facilitate networking and information sharing.	1.8
TOTAL		32.3

Legal costs

Table B.9 Legal costs, 2013-14

Vendor	Amount (\$000)
Sparke Helmore Lawyers	26.1
Clayton Utz	72.8
Department of Justice and Attorney-General	6.9
Australian Government Solicitor	4.0
Gadens	104.0
HWL Ebsworth Lawyers	27.4
Price Waterhouse Coopers	29.2
Minter Ellison Lawyers	4.4

Abbreviations list

AFM	Advanced Fatigue Management
ANZPAA	Australian and New Zealand Policy Advisory Agency
C&E	Compliance and Enforcement
CAB	Controlled access buses
CCC	Crime and Corruption Commission
CoR	Chain of responsibility
EWD	Electronic work diaries
HLRG	High Level Reference Group
HML	Higher mass limit
HVCF	Heavy Vehicle Classification Framework
HVNL	Heavy Vehicle National Law
IOG	Industry Operations Group
LPIs	Local productivity initiatives
LTI	Lost time injury
MTI	Medical treatment injury
NHVAS	National Heavy Vehicle Accreditation Scheme
NHVR	National Heavy Vehicle Regulator
NTC	National Transport Commission
OHS	Occupational health and safety
OSOM	Over Size Over Mass
PBS	Performance Based Standards (for trucks)
PBS RAT	Performance Based Standards Route Assessment Tool
PIB	Project Implementation Board
PMG	Program Management Group
PMO	Program Management Office
QAO	Queensland Audit Office
RCS	Risk Classification System
SCOTI	Standing Council on Transport & Infrastructure
SAs	Service agreements
SPV	Special purpose vehicles
TIC	Transport and Infrastructure Council (formerly SCOTI)
TISOC	Transport and Infrastructure Senior Officials Committee

Compliance requirements

This annual report is required under section 693 of the Heavy Vehicle National Law Act 2012 (Qld).

No reports were requested by responsible Ministers under section 694 and no other additional matters were specified for inclusion as required by the National Regulations.

Heavy Vehicle National Law Act 2012 (Qld) Chapter 12.3

Division 2 Section 693 Annual Report

(1) The Regulator must, within 3 months after the end of each financial year, give the responsible Ministers an annual report for the financial year.

(2) The annual report must—

(a) include for the period to which the report relates—

- (i) the financial statements that have been audited by an auditor decided by the responsible Ministers; and
- (ii) a statement of actual performance measured against the National Performance Measures (Standards and Indicators) outlined in the current corporate plan under section 695; and
- (iii) a statement of exceptions where the National Performance Measures (Standards and Indicators) were not achieved, including a statement of issues that impacted on the achievement of the measures; and
- (iv) a statement of trend analysis relating to performance measured against the National Performance Measures (Standards and Indicators); and
- (v) a statement of the outcome of consultation strategies and activities, including a summary of industry comments; and

- (vi) a statement of the achievements attained in implementing, and the challenges encountered in implementing, the Regulator's objectives stated in the current corporate plan; and
- (vii) a statement of the achievements attained in the exercise of the Regulator's functions; and
- (viii) a statement of arrangements in place to secure collaboration with State and Territory agencies and the effectiveness of those arrangements; and
- (ix) a statement indicating the nature of any reports requested by the responsible Ministers under section 694; and
- (x) other matters required by the national regulations; and

(b) be prepared in the way required by the national regulations.

(3) Without limiting subsection (2)(b), the national regulations may provide—

- (a) that the financial statements are to be prepared in accordance with Australian Accounting Standards; and
- (b) for the auditing of the financial statements.

(4) The responsible Ministers are to make arrangements for the tabling of the Regulator's annual report in each House of the Parliament of each participating jurisdiction and of the Commonwealth.

(5) As soon as practicable after the annual report has been tabled in at least one House of the Parliament of a participating jurisdiction, the Regulator must publish a copy of the report on the Regulator's website.

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