



ANNUAL REPORT

2019 - 20



ABOUT THIS REPORT

This Annual Report describes the corporate performance of the National Heavy Vehicle Regulator (NHVR) during the 2019–20 financial year. It has been prepared in accordance with the *Heavy Vehicle National Law Act 2012* (HVNL) and other relevant legislation.

The report outlines our operational performance against the National Performance Measures standards and indicators set out in the *NHVR Corporate Plan 2019–2022*. It also includes our:

- other significant achievements during the year
- financial results
- corporate governance performance.

This key accountability document fulfils our statutory reporting obligations to responsible Ministers, as outlined in Appendix A on page 65. It also aims to meet the information needs of all our other stakeholders, who include but are not limited to:

- the heavy vehicle road transport industry
- industry associations
- state and territory transport authorities
- local governments and local government associations
- non-government road managers, such as ports and airports
- police agencies
- our current and prospective employees and contractors.



For ease of reference, we have included an alphabetical index and list of abbreviations on pages 69 and 70 respectively.

This report, past reports, the *NHVR Corporate Plan 2019–2022* and other corporate publications can be accessed on our website at www.nhvr.gov.au/ publications.

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Interpreter service statement

We are committed to providing accessible services to people from all culturally and linguistically diverse backgrounds. Should you have difficulty understanding the report, please contact us and we will arrange an interpreter to communicate it to you.

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LETTER OF TRANSMITTAL



18 September 2020

The Hon Michael McCormack MP
Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
PO Box 6022
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present to you the Annual Report for the National Heavy Vehicle Regulator (NHVR) for the reporting year 1 July 2019 to 30 June 2020.

The report has been prepared in accordance with the requirements of the *Heavy Vehicle National Law Act 2012*. It demonstrates how the NHVR has driven sustainable improvements to safety, productivity and efficiency across the Australian heavy vehicle road transport sector in line with the commitments made in the NHVR's *Corporate Plan 2019–2022*.

Key highlights and achievements for the NHVR during the reporting period include:

- successful transition of heavy vehicle on-road services in the Australian Capital Territory and Victoria to the NHVR, with formal planning undertaken to progress the transition of services in New South Wales
- ongoing support to industry in the face of the bushfire crisis and COVID-19 pandemic, including waiving increases to NHVR access, accreditation, written work diary and escort fees until January 2021
- launch of the NHVR's Vehicle Safety and Environmental Technology Update Plan, which will encourage manufacturers and operators to adopt new safety and environmental technologies
- establishment of the National Policy and Strategy Group to guide national policy and strategy for heavy vehicle regulation
- delivery of 28 gazetted notices to reduce the need for permits, together with an 81 per cent increase in gazetted networks from 549 to 993, increasing network access on key freight routes
- completion of the Return of Delegations Project, with the NHVR now processing all heavy vehicle road access applications and issuing permits for HVNL-participating states and territories
- a 21 per cent increase in Performance Based Standards (PBS) vehicles in the national heavy vehicle fleet to 25,585 and a 19 per cent increase in the number of approved combinations in the PBS fleet to 10,693
- delivery of Operation Kingsize, during which more than 3,500 heavy vehicles were inspected at 142 locations across Australia (except the Northern Territory), and Operation Wake Up, with a focus on fatigue compliance, with more than 4,000 vehicles intercepted.

Performance against the National Performance Measures contained in the Corporate Plan, and the performance data presented in Appendices B and C of the report, have been subject to an independent ASAE 3000 assurance review conducted by O'Connor Marsden.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Duncan Gay'.

The Hon Duncan Gay
Chairman

A handwritten signature in black ink, appearing to read 'Sal Petrocchio'.

Sal Petrocchio
Chief Executive Officer



> OVERVIEW



"The resilience of the industry was never more apparent than during 2019-20, which has been like no other year in my lifetime."



MESSAGE FROM THE CHAIR

Australia's economy is driven by one of the world's most innovative and robust heavy vehicle industries. Both of these attributes were well and truly on display during the year, in what was a most challenging time for all Australians.

The resilience of the industry was never more apparent than during 2019-20, which has been like no other year in my lifetime.

The heavy vehicle industry's willingness to support the national response and recovery effort during the bushfires, and its ability to continue to deliver during the COVID-19 pandemic, were truly remarkable. I would also like to commend our NHVR staff for the way they rallied to help industry deliver its essential contribution to the national economy and local communities.

We welcomed new employees in the Australian Capital Territory (ACT) and Victoria in July and December respectively. Within a few months, our Victoria team was out serving local communities impacted by bushfires and the pandemic. They have done us proud with their outstanding work ethic and dedication, as have all our on-road officers in the states and territories where we now operate. Whether it's escorting heavy vehicle convoys to aid the bushfire recovery effort, or going the extra mile to ensure heavy vehicle movements continue in the face of social distancing and border closures, they've been an inspiration to us all.

That's not to say that our office staff haven't had a significant role to play. We've sought to provide logistical support, including developing protocols for driver facilities to remain open, and mapping the service centres and truck stops that continued to accommodate drivers during the pandemic. We've found ways to reduce red tape and work within the restrictions, including waiving amenity restrictions on curfew permits, and making temporary changes to National Heavy Vehicle

Accreditation Scheme (NHVAS) medical and face-to-face audit requirements. We've also waived increases to NHVR access, accreditation, written work diary and escort fees until January 2021.

Importantly, we also recognise that the heavy vehicle industry and the broader community continue to suffer from serious heavy vehicle road safety incidents. In 2019-20, 157 people died in crashes involving heavy trucks, down 17.8% from 191 in 2018-19, while the number of deaths from bus-related accidents decreased by 40% from 20 to 12 people in the same period. While COVID-19 lockdowns may have had a part to play in this record result, it is still extremely encouraging to see that both these figures were at a record low.

We will work towards continuing this trend, and eliminating trauma and loss of lives on our roads. We will keep working with industry, our regulatory partners and parties in the supply chain to manage risks in their business, increase our investment in targeting the greatest safety risks on our roads, and continue to roll out grass roots safety projects through the Heavy Vehicle Safety Initiative (HVS1) program.

Agile and innovative thinking has been key to our service delivery this year. It has also been the cornerstone of two important reviews into industry regulation - the Productivity Commission's *Inquiry into National Transport Regulatory Reform* (Productivity Commission Inquiry) and the National Transport Commission's (NTC) Heavy Vehicle National Law Review (HVNL Review). The quality of submissions, consultation and debate around the future of heavy vehicle regulation in Australia has been vigorous and encouraging. There's a genuine willingness to elevate safety levels to world's best practice, while still maintaining the productivity that delivers the livelihoods of more than 165,000 companies and one million employees across the heavy vehicle supply chain.

We welcomed the opportunity to contribute to the delivery of a modern, outcomes-focused law that will improve safety, productivity and innovation. We also recognise that we must stay at the forefront of understanding and promoting the benefits of the latest technologies. We will therefore continue to encourage and support manufacturers to innovate, and seek ways to reduce barriers to progress.

Our *Vehicle Safety and Environmental Technology Uptake Plan* (Vehicle SETUP), launched in June, will be crucial to giving Australia's heavy vehicle industry certainty when installing new safety technology. So too will our work to encourage increased adoption of fatigue and distraction detection technologies, which have the ability to prevent accidents.

Even in these difficult times, the delivery of a full suite of NHVR services has continued. Again, I thank our staff, CEO and Executive Leadership Team, most of whom were working remotely and under difficult circumstances for the last few months of the year.

I'd also like to thank my colleagues on the NHVR Board. During the year, we saw the end of an era, with Peter Garske and Coral Taylor ending their terms. However, Julie Russell and Catherine Scott are continuing the outstanding work of their predecessors, and have brought new enthusiasm and perspective to our team.

I wish all involved in the heavy vehicle industry a safe year ahead - on and off the road - as we continue to tackle the challenges facing our industry together.



The Hon Duncan Gay
Chair



"Increased industry investment in technology and safety practices - and a back-to-basics review of the HVNL - are reinforcing the need for an innovative, customer-focused regulator ready to meet the changing needs of the industry and freight task."

CEO'S REPORT

No one could have foreseen at the start of the year that our nation would experience two of the most devastating events imaginable. The bushfires and the COVID-19 pandemic both hit many Australians hard, and our thoughts are with all those who lost loved ones and livelihoods.

We tried our hardest to help wherever we could – most importantly by ensuring that freight could get to where it was needed most. Throughout this report, you'll read about the assistance we provided to enable Australia's heavy vehicle industry to function as normally as possible in such abnormal circumstances.

Despite providing a sustained and timely response to these events, we continued to work collaboratively with industry and partner agencies to make the nation's roads safer for all users, and to drive sustainable improvements to productivity and efficiency outcomes across the Australian heavy vehicle road transport sector.

A safety-focused regulator

Fatigue remains the single biggest cause of truck driver deaths, accounting for more than one-third of fatalities in 2019, with distraction or inattention a close second. Our focus on fatigue was therefore unwavering during the year.

Our study into the use of fatigue and distraction technology – informed by the experiences of 80 employees from 12 road freight transport and bus companies – clearly demonstrated the significant role technology can play in reducing fatigue and distraction events, and I thank all those who participated in this important initiative. Our newly formed Fatigue Detection and Distraction Technology user working group will progress the study's recommendations in the year ahead.

Pleasingly, our efforts to help operators make better fatigue choices contributed to the number of operators participating in our NHVAS Advanced Fatigue

Management (AFM) and Basic Fatigue Management (BFM), which increased by 30% and 6.5% respectively.

It was our fourth year of administering the HVSI program – part of the Australian Government's continuing commitment to improve road safety to move towards zero fatalities and serious injuries on our roads. In Round 4, we provided \$5.42 million to 25 projects focused on developing or testing innovative new technologies, mental health support for drivers, educational campaigns, and much-needed training and development.

A single, modern national regulator

The sector is rapidly evolving. Increased industry investment in technology and safety practices – and a back-to-basics review of the HVNL – are reinforcing the need for an innovative, customer-focused regulator ready to meet the changing needs of the industry and freight task.

With regulatory services in the ACT and Victoria transferring to us during the year, we now have four linked jurisdictions. This has enabled us to start implementing borderless enforcement as a 'southern region', which will better enable us to identify efficiencies and address inconsistencies.

Now we've transitioned four jurisdictions, getting the right regulatory policy framework is really important for us. We welcomed the Transport and Infrastructure Senior Officials' Committee's (TISOC) agreement in April for the jurisdictions to develop a scoping document for the staged development of a National Heavy Vehicle Access Policy Framework. This will set out a national vision, goals and principles to achieve a national harmonised access policy, and we look forward to participating in its development. A shared and collaborative commitment will deliver improved access and productivity outcomes for industry nationally.

A risk-based, intelligence-led regulator

As a risk-based, intelligence-led regulator, we are increasingly using policy, data, technology and innovative practices to deliver productivity outcomes for governments and industry.

During the year, we worked with our jurisdictional partners to develop the National Regulatory Model, which details how, by taking a risk-based approach, regulatory effort can be prioritised to achieve the best outcomes for industry and the community.

We also developed four key profiling reports, using registration, crash, defect, intercept, infringement and camera information data from our Safety and Compliance Regulatory Platform (SCRIP), to identify operators, vehicles, drivers and infrastructure of interest. In the year ahead, we'll be using the data from these reports to automate the identification of operators and vehicles who pose the greatest safety risk. This will reduce the productivity impact on those operators who are doing the right thing.

A customer-focused, collaborative regulator

Our people play a vital role in converting our strategies to results, through service excellence and innovation. Their dedication, skills and experience will ensure we are able to deliver on our commitments in the year ahead.

Ongoing partnership with our customers is also vital to ensure the successful delivery of our actions. The NHVR Board, Executive Leadership Team and staff look forward to working with our customers, stakeholders and communities, to deliver safer drivers, in safer vehicles, on suitable networks.



Sal Petrocchio
CEO

> ABOUT THE NHVR

Australia's national heavy vehicle regulator

With national headquarters in Brisbane, the NHVR is Australia's dedicated, statutory regulator for all heavy vehicles.¹ Its establishment was agreed under an intergovernmental agreement between all Australian governments and it formally opened for business on 21 January 2013.

Our purpose and functions are established by the HVNL, and our activities are guided by our statutory mandate. We are accountable under the HVNL to responsible Ministers from the participating jurisdictions and the relevant Commonwealth minister.² We work collaboratively with industry, governments and partner agencies to:

- provide leadership and drive sustainable improvement to safety, productivity and efficiency outcomes across the heavy vehicle transport sector and the Australian economy
- minimise the compliance burden, while ensuring the objects of the HVNL are achieved and duty holders meet their obligations
- reduce duplication of, and inconsistencies in, heavy vehicle regulation across state and territory borders.

Our core services

We deliver a comprehensive range of services to the heavy vehicle industry under a consistent regulatory framework. These services include:

- provision of regulatory and safety information and guidance
- on-road safety, compliance and enforcement
- investigations and prosecutions
- NHVAS management and accreditation³
- Performance Based Standards (PBS) scheme, vehicle design and access approvals
- administering and securing compliance with fatigue management requirements under the HVNL
- vehicle road access permit application processing
- vehicle standards, modifications and exemption permits
- national driver work diaries
- national exemption notices.

Some state and territory road transport authorities and other government agencies deliver various frontline services on our behalf. These arrangements are formalised through service agreements and appropriate delegations.

Our vision

A safe, efficient and productive heavy vehicle industry serving the needs of Australia.

Our mission

Through leadership and influence, we administer a statutory national system that delivers consistent and streamlined regulatory services and administration to the Australian heavy vehicle road transport sector, minimising regulatory burden while fostering greater safety and productivity.

¹ A heavy vehicle is defined in the HVNL as a vehicle that has a gross vehicle mass (GVM) or aggregate trailer mass (ATM) of over 4.5 tonnes. The GVM of a vehicle is the maximum it can weigh when fully loaded, as specified by the manufacturer.

² Participating jurisdictions include all states and territories except the Northern Territory and Western Australia.

³ The NHVAS is a voluntary scheme offering accreditation in four different modules – Mass Management, Maintenance Management, Basic Fatigue Management and Advanced Fatigue Management – for operators who have robust and auditable management systems in place.

OUR VALUES



People matter

- Our employees are our most important asset. We value them and treat them with respect.
- We strive to ensure our employees arrive at work safely and return home safely every day.
- We encourage and assist our employees to grow professionally and personally.
- We recognise each other's efforts and achievements.



Customer first

- We fulfil our commitments.
- We consistently deliver outstanding service.
- We treat our customers with respect, and listen to their needs and concerns to tailor fit-for-purpose solutions.



We add value

- We align our activities and actions to the NHVR's strategic goals and objectives.
- We focus our efforts on achieving our vision.
- We ask ourselves, "How can I be more efficient and effective?"
- We add value by embracing diversity and innovation.
- At the end of each working day, we feel we have contributed to the NHVR's purpose and goals.



Strong partnerships

- We help and support each other to achieve exceptional results.
- We actively promote a positive culture, and address issues openly and constructively without fear of retribution.
- We share our knowledge with our colleagues.
- We are each accountable for our own performance and professionalism.
- To deliver on our promises, we hold each other to account.

2019-20 HIGHLIGHTS

TARGETING THE GREATEST SAFETY RISKS

2 national & **26** regional on-road operations

1,288 calls to Heavy Vehicle Confidential Reporting Line with **889** reports investigated

3 Chain of Responsibility prosecutions adjudicated and **3** primary duty charges laid



AFM-accredited operators **↑30%**

\$5.42 MILLION allocated to **25** HVSI projects

INCREASING NETWORK ACCESS



Gazetted networks **↑81%**

Pre-approvals **↑11%**

New national **ROAD TRAIN NOTICE**

PROMOTING SAFER, CLEANER, MORE-PRODUCTIVE VEHICLES



Combinations in PBS fleet
↑19% to **10,693**

VEHICLE SETUP released

PROVIDING A CONSISTENT APPROACH AND BETTER CUSTOMER EXPERIENCE

ACT and **VICTORIA** regulatory services transitioned

100% of access permit, accreditation and Vehicle Standards transactions now possible through NHVR Portal

17% FASTER NHVR permit processing time

Social media engagement **↑80%**

1.9 MILLION website hits



OUR COVID-19 RESPONSE







UPDATES AND GUIDANCE

-  Coronavirus (COVID-19) response website page
-  COVID-19 Support Map
-  Social media updates
-  Industry bulletins
-  Undertaking Vehicle Approvals for PBS Assessors and Certifiers
-  Remote auditing for NHVAS-approved auditors
-  COVID-Safe Workplace Plans in all NHVR workplaces



EXTENSIONS

-  AFM/BFM operation with an expired driver medical
-  Roller brake testing calibration
-  Transition to modern rear marker plates
-  Supplementary work diary record use



FEE FREEZES

-  NHVAS modules and nominated vehicles
-  Access permit applications
-  Victorian escort services
-  Written work diaries



Safety and Compliance Officer (SCO) Adrian Redfern (front) and Senior SCOs Derek Watt and Charlie Khaissi with one of our new Victorian safety and compliance vehicles

> OUR PERFORMANCE

OUR STRATEGIC PRIORITIES

During 2019-20, we focused on the following strategic priorities:

- Position the NHVR as the national leader in heavy vehicle safety.
- Improved and measurable safety outcomes, targeting the greatest safety risks.
- Greater and timely road network access certainty and increased productivity for the heavy vehicle industry.
- Successful transition of regulatory services to improve efficiency, effectiveness and consistency for heavy vehicle regulation.
- An NHVR culture where employees feel supported and can depend on each other.

Our key objectives

In this Annual Report, we have measured our performance against the following four HVNL key objectives:



SAFETY

Promote public safety.



PRODUCTIVITY

Promote industry productivity and efficiency in the road transport of goods and passengers by heavy vehicles.



SUSTAINABILITY

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



REGULATORY CAPABILITY

Encourage and promote regulatory capability through productive, efficient, innovative and safe business practices.

Challenges

We appropriately manage our key strategic challenges and risks, which relate to:

- our ability to influence positive change within the regulatory framework
- maintaining regulatory oversight in a diverse and changing industry
- our ability to influence road managers to prioritise the road network's productive capacity
- positively influencing road managers to grant appropriate network access to higher-productivity vehicles that deliver safety and productivity improvements
- improving coordination and consistency when responding to the demands of the rapidly growing road freight task
- influencing the operating environment, including Australian Design Rules and infrastructure planning, set to enhance productivity.

Opportunities

We seek to leverage the following opportunities:

- creating a true, modern, single national heavy vehicle regulator across the country
- making safety the number one priority for all involved in heavy vehicle road transport related activities
- creating consistent and effective safety outcomes through the national coordination of compliance, enforcement and assurance activities
- reducing the regulatory burden on industry to improve its efficiency and productivity
- strengthening relationships with police and other enforcement agencies engaged in heavy vehicle regulatory activities
- embracing innovative technology that will influence vehicle design, compliance and assurance models and tools, and vehicle-to-vehicle and vehicle-to-infrastructure safety
- continuously improving our organisational performance to deliver efficient and effective regulatory services for the heavy vehicle industry
- engaging with stakeholders to create effective partnerships that translate into consistency and transparency for industry
- developing as a progressive regulator that attracts, engages and retains capable, experienced, professional people.

OBJECTIVE 1 SAFETY



South Australian SCO Sam Wilkinson



We provide leadership to, and work collaboratively with, industry, regulatory partners and supply chain parties to continually pursue and deliver effective initiatives that target the greatest safety risks to improve national heavy vehicle road safety outcomes and reduce the likelihood of accidents on our roads.

Targeting the greatest safety risks

During the year, we continued to increase our capability to deliver a risk-based approach to regulation, targeting the greatest safety risks on our roads.

In September 2019, we led our largest national operation to date in terms of coverage – our third Operation Kingsize, implemented at 142 locations across all jurisdictions except the Northern Territory. This was a significant increase from 20 locations in 2018. Our Safety and Compliance Officers (SCOs) were joined by authorised officers from transport agencies, as well as police agencies in South Australia and Queensland. The nine-day operation focused on heavy vehicles operating under permit, with a specific focus on PBS, oversize overmass (OSOM) and container freight vehicles.

Of the 3,533 vehicles inspected, officers found 93% to be compliant with their permit conditions. The most common access-related offence was failure to carry a required permit or notice. Other offences included breaches of mechanical safety, mass, dimension and loading.

In our Brisbane Command Centre, registration numbers registered to high-risk operators were matched to camera data collected through our SCRP. This enabled on-road officers positioned further along the expected route to be notified to intercept these vehicles, inspect them against identified significant risk categories and determine any follow-up investigation activities.

Our second major operation for the year, Operation Wake Up in December 2019, focused on fatigue. A total of 4,096 vehicles were intercepted over the eight-day exercise at more than 80 fixed locations and by mobile patrols in all jurisdictions except the Northern Territory.

The operation identified an 84% overall compliance rate and found 94% of drivers to be compliant with fatigue laws – an improvement from the last fatigue-focused operation in May 2019. The most common fatigue offences included not carrying, or failing to make entries in, a work diary, exceeding driving hours and having insufficient rest.

We also undertook 26 regional operations with police and other regulatory agencies in the ACT, South Australia, Tasmania and Victoria during the year.

Investigations and intelligence capabilities expanded

During 2019–20, we continued to invest in building the capability required to support our compliance and enforcement activities by ensuring all parties in the supply chain are held responsible for the safety of heavy vehicle movements on our roads. Our Investigations Unit is focused on effective, risk-based intervention in the supply chain. We are now the leader in HVNL investigations – including in jurisdictions that are yet to transition to the NHVR – and the only agency to have executed search warrants under the HVNL.

In 2019–20, we undertook 27 criminal investigations into serious breaches of the HVNL by executive officers, legal entities and others in the Chain of Responsibility (CoR).

We continue to foster productive relationships with other jurisdictions, through cooperation and sharing of resources and information on significant investigations, and have executed memorandums and letters of understanding with Safe Work Australia, Tasmania Police and Queensland Police Service.

Our Heavy Vehicle Confidential Reporting Line (HVCRL), established in 2018, has become the first port of call for anyone in the heavy vehicle supply chain to report safety issues, and was the source of intelligence for the first charges brought under the October 2018 changes to CoR laws. In 2019–20, we received 1,288 calls to the HVCRL, resulting in 889 reports investigated, with matters relating to fatigue, loading and mechanical safety most commonly reported.

During the year, we established a new Proactive Compliance Operations Unit based in Melbourne. The unit supports our intelligence and investigations function by driving improved safety outcomes for the heavy vehicle industry and supply chain, as well as other road users, through early interventions designed to minimise or eliminate public risks, or prevent non-compliance with the HVNL.

Taking a lead in prosecutions

Our Prosecutions Unit has a key role in bringing actions under CoR legislation, and has successfully prosecuted prescriptive offences under the HVNL in South Australia, Tasmania and Victoria on behalf of NHVR SCOs and for respective jurisdictional police.

These included investigation and preparatory work on three prosecutions under the safety duties chapter of the HVNL, with another three prosecutions under consideration. In April 2020, as an alternative to prosecution, we accepted an enforceable undertaking (EU) from Laing O'Rourke Australia Construction Pty Ltd that will see \$249,500 contributed to CoR education (see case study on page 18).

The unit grew during the year following the transition of regulatory services in Victoria in December 2019, with prosecutors now based in Adelaide and Melbourne.



South Australian SCO Petra Smart

CASE STUDY

FIRST ENFORCEABLE UNDERTAKING

In April 2020, our Prosecutions Unit finalised its first EU, securing a commitment from Laing O'Rourke to contribute \$249,500 to CoR education.

The EU stemmed from an allegation by New South Wales Roads and Maritime Services that, on 16 October 2018 and 24 May 2019, Laing O'Rourke failed to comply with the mass requirements required by s.96(1)(c) of the HVNL. While the alleged offences were of the highest risk category, there was no manifestation of this risk to public safety, road infrastructure or the environment.

The value of the EU was significantly in excess of any penalty a court would have imposed, and is likely to achieve significant safety improvements to the local heavy vehicle industry, wider supply chain and broader community. Conditions of the EU included:

- a commitment that the behaviour that led to the alleged contravention had stopped and would not recur, and to the ongoing effective management of public risks associated with transport activities
- delivery of an online CoR training course and face-to-face CoR training workshops
- engaging a third-party to conduct a Transport Safety Management System Audit.

"We understand the serious nature of these alleged offences and appreciate that the NHVR worked with us in a collaborative way to reach a positive solution. The enforceable undertaking will ultimately offer more benefits than an imposed penalty, and we look forward to delivering each element of the agreement to the highest standard possible."

Conor Hanlon, General Manager - Rail Operations, Laing O'Rourke



Industry safety survey

In March 2020, we conducted a survey to better understand how industry and the supply chain are managing their safety responsibilities, including determining a benchmark for the adoption of safety management systems (SMS). The results showed that 62% of the 3,972 respondents had a basic SMS in place.⁴ Awareness of our SMS guidance material for industry varied from 19% to 59%, depending on the respondent's role. However, of

those who were aware and had used the material, 90% of respondents found it to be useful. Other key findings showed:

- respondents in an accreditation scheme, such as the NHVAS, were more likely to have a basic SMS in place (66% compared to 61% for those who were not in a scheme)
- the provision of regular and relevant safety training was reported as the main area for improvement across businesses of all sizes

- levels and broadness of understanding of heavy vehicle safety technologies appear to increase with business size.

Future safety surveys will be undertaken every two years, helping inform the suitability and effectiveness of our safety improvement initiatives for industry. The results from the 2020 survey will be used to guide the development of our future SMS materials, and how we can improve awareness and usage of those materials.

⁴ Based on respondents who answered favourably to 11 factors (categorised as safety risk management, safety assurance, safety promotion and training and business management) that together comprise an SMS

Safety Working Group to support industry education

In May 2020, we held the inaugural meeting of our Safety Working Group, comprising representatives from heavy vehicle businesses of various sizes, an industry association and a CoR educator. The group's role is to bring an industry perspective to the development of future NHVR safety guidance materials, and advise on communication strategies to improve industry engagement and uptake.

During the year, we continued to provide tools and guidance to industry members to help them meet their primary duty obligations under the HVNL CoR laws. In May 2020, we launched a new, more user-friendly Chain of Responsibility Gap Assessment Tool to make it easier for operators and supply chain parties to assess their compliance with CoR laws and identify gaps in their safety systems. Some of the new features include:

- simplified recommendations that link to NHVR resources, website information and external material, such as the Load Restraint Guide and the Master Industry Code of Practice
- links to relevant NHVAS material, quick briefs and relevant sections of the HVNL
- a bus-specific version of the tool.

We also continued to work with industry on the development of seven new industry codes of practice targeting sector-specific issues in the crane, waste and recycling, forestry, effluent, livestock loading, wine, and Tasmanian agricultural and horticultural industries.

To address emerging safety risks from the bushfire crisis, we issued three industry safety bulletins. During the COVID-19 pandemic, we maintained up-to-date information on a dedicated section of our website and issued bulletins providing updates.

Personal Use Exemption expanded

In November 2019, we expanded the Personal Use Exemption for work and rest hours – first introduced in 2018 for drivers on standard hours – to include operators using AFM or BFM under the NHVAS.

This means that 2,500 BFM- and AFM-accredited operators can now use their fatigue-regulated heavy vehicle for permitted personal activities for up to an

hour during a 24-hour rest break. This enables them to do things like go to the shops to restock personal supplies, get to their sleeping accommodation, refuel, wash their vehicles or run personal errands, without worrying about going over their regulated driving hours.

As part of our ongoing efforts to assist industry through the COVID-19 pandemic, in April 2020 we announced a temporary extension to the time limit for which drivers could use a supplementary work diary record. This enabled drivers with a completed, lost, stolen or destroyed diary, who could not obtain a replacement straightaway, to use individual daily sheets for up to 30 driver business days rather than the usual seven.

Distraction detection paper probes technology

In February 2020, we released the *Fatigue/ Distraction Technology Use in the Australian Road Freight Transport Sector* study by independent consultants from HGH Consulting and CQ University, including fatigue specialist Professor Drew Dawson. The study was a commitment made to heavy vehicle operators following our inaugural Fatigue Safety Summit in 2018. Eighty employees from 12 road freight transport and bus companies, including drivers, owners, schedulers and safety personnel, were interviewed as part of the study.

The research found that distraction events outnumbered fatigue events by four to one. The companies interviewed showed unanimous support for the technology. They indicated that it significantly reduced the frequency of fatigue and distraction events, and “will enable drivers and operators to better identify and address unsafe driving behaviours prior to accidents”.

We have formed a Fatigue Detection and Distraction Technology User Working Group to progress the recommendations of the report over the coming year.

Making good fatigue choices

Fatigue reform is one of the most critical areas for reform as part of the HVNL Review, and one of the most discussed topics when we meet with drivers and businesses. In July 2019, we held our second Fatigue Safety Forum to engage

with industry on this and other key matters, such as fatigue risk management and access to flexibility. We launched the second booklet in our AFM operator-assistance series, *An Introduction to Advanced Fatigue Management*, at the forum and the third booklet, *Advanced Fatigue Management Preparation to Apply*, in February 2020.

In March 2020, we launched our Fatigue Choices program to provide information and assistance to operators looking for flexibility with their work and rest hours. This customer program was designed to assist operators to make the most of existing fatigue laws – including helping them transition from BFM to AFM.

The program included a range of face-to-face sessions across Australia to meet with operators to discuss their fatigue management requirements. This was cut short by the COVID-19 pandemic but will continue in 2020–21.

More operators adopt flexible fatigue options

NHVAS participation continued to grow during the year, with a 5% increase from 7,259 accredited operators in 2018–19 to 7,611 in 2019–20. Operators accredited in BFM increased by 6.5% and in AFM by 30%.

Following extensive consultation with industry in early 2019 on proposed changes to the NHVAS Business Rules and Standards to more closely align them with risk management practices and SMS methodologies, the amendments were approved by the Transport and Infrastructure Council (TIC) in November 2019.

During the year, the joint industry and jurisdictional Accreditation Review Working Group progressed the recommendations of the *Analysis of Heavy Vehicle Safety Accreditation Schemes in Australia*, undertaken on our behalf in late 2017 by independent consultants Fellows Medlock and Associates.⁵

The working group reached consensus, and TISOC subsequently noted that working group outcomes would be considered by the NTC in its development of options for future assurance models under the HVNL and agreed that the NHVR would work with the NTC to ensure that further development of the national accreditation framework was aligned to the review of the HVNL.

5 NHVAS, TruckSafe and Western Australian Heavy Vehicle Accreditation Scheme



CASE STUDY

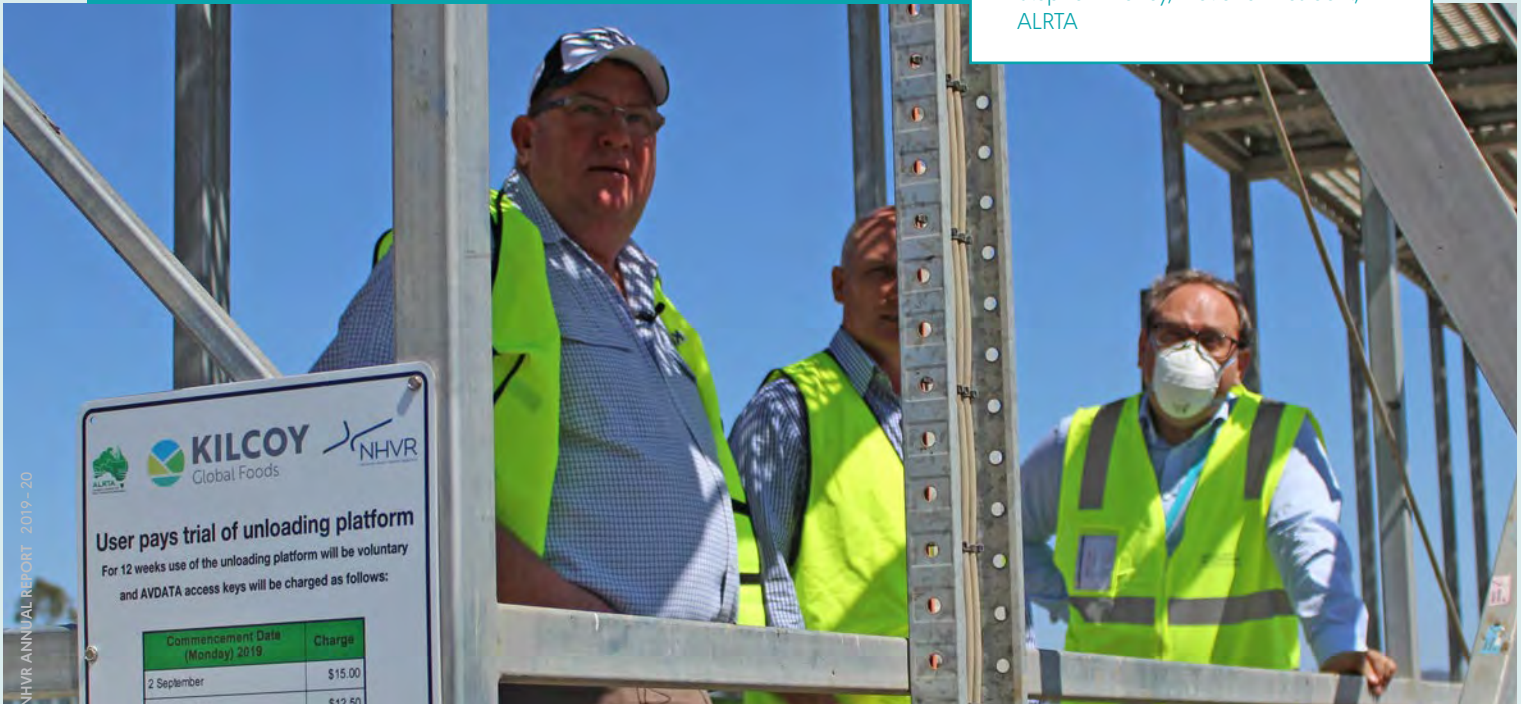
LIVESTOCK SAFETY BOOST WITH USER-PAYS UNLOADING TRIAL

The HVSI-funded Parallel Access Landing frame trial conducted by the Australian Livestock and Rural Transporters Association (ALRTA) during the year demonstrated the demand for safer options for unloading livestock. Located at Kilcoy Global Foods in South East Queensland’s Somerset Region, the frame provided easy access to the top decks of trailers, keeping drivers safe from falls and separated from livestock at all times.

Released in May 2020, the feasibility report concluded that, depending on the type of gantry installed and average daily usage rates, installation and maintenance costs of the frame could typically be fully recovered by a higher-volume livestock facility in less than three years.

“Loading and unloading livestock is a high-risk activity. This trial confirmed that the majority of operators are willing to share the cost if it means safer unloading for drivers. Not only have we proven a willingness to contribute, we have also demonstrated that it is technically possible to operate infrastructure on a user-pay basis without impacting efficiency.”

Stephen Marley, National President, ALRTA



Assistant Minister for Road Safety and Freight Transport the Hon Scott Buchholz MP, Livestock Manager Kilcoy Global Foods Craig Price and our CEO Sal Petrocchio. (Note: This photograph was taken before the COVID-19 pandemic. Wearing of a mask was a requirement for individuals who had not had their Q fever vaccination.)



In response to the COVID-19 pandemic, in March we announced changes to the NHVAS fatigue medicals and face-to-face audit requirements, to help to take pressure off the health system and support operators and drivers in a time of unprecedented demand. For a six-month period, drivers could operate under AFM or BFM accreditation with an expired driver medical (unless high risk) or until they could renew.

In addition, NHVAS-approved auditors could undertake audits remotely, requesting electronic copies be emailed to them or sent by another suitable method, and conduct conversations over the phone or by virtual means.

We also froze all NHVAS module and nominated vehicle fee increases until January 2021, and provided additional assistance with short extensions to operators impacted by social distancing requirements and restrictions.

National group to support policy and regulation

During the year, we established a new NHVR-led consultation body to guide national policy and strategy for heavy vehicle regulation. Chaired by our Chief Regulatory Policy and Standards Officer, the National Policy and Strategy Group brings together senior representatives of the NHVR, Commonwealth Government, state and territory transport and police agencies, and the NTC.

Establishment of the group was one of 12 recommendations by the Strategic Transition Assurance Review endorsed by TIC last year. The group's role is to provide advice to the NHVR on the development of policy positions and strategic directions for the regulation of heavy vehicles. It will meet bi-monthly or as required.

Funding backs industry safety initiatives

Since we started managing the HVSI program on behalf of the Commonwealth Government in 2016-17, a total of \$17.3 million in grants has been committed to 63 projects that are delivering tangible improvements to heavy vehicle safety.

During 2019-20, in Round 4 of the program, \$5.42 million was allocated to 25 projects selected from 42 applications. Some of the projects rolled out during the year included:

- ALRTA's Parallel Access Landing frame trial and feasibility study for safer unloading of livestock from double-deck trailers (see case study page 20)
- Caravan Industry Association of Australia's Co-exist sharing the road and responsible rest stop use campaign
- Whiteline Television's caravan, new heavy vehicle driver, and driver physical and mental health videos
- OzHelp's pilot of Transport Assistance Package for Owner-Drivers—an industry-specific health and assistance promotion program
- Shift Training's 4 Points of Contact training on key heavy vehicle road safety issues for 1,000 new heavy vehicle drivers
- Grain Producers SA's Primary Producers Heavy Vehicle Inspection Education and Readiness Program, educating South Australian primary producers about heavy vehicle standards and their obligations under the National Heavy Vehicle Inspection Manual.

The Commonwealth Government has committed \$5.48 million in funding for Round 5.

Through the NHVR sponsorship program, we continued to support the SafeT360 (Volvo ATA Safety Truck), which travels Australia-wide visiting career expos, high schools, TAFE colleges, universities, key road safety events and other events to educate 16- to 25-year-old drivers on how to safely share roads with heavy vehicles.

We also funded a further six regional transport and logistics forums hosted by the Northern Territory Road Transport Association and Western Road Federation addressing mental health education and other issues facing heavy vehicle operators and owners in remote parts of Australia.

LOOKING FORWARD

In 2020-21, we plan to:

- continue to invest in delivering a risk-based approach to compliance and enforcement that targets the greatest safety risks
- conduct the second National Roadworthiness Survey
- release our report on the results of the industry safety survey
- deliver new and enhanced safety guidance materials that meet industry needs and priority areas
- support industry to develop, promote and adopt codes of practice targeting sector-specific risks
- focus on the successful prosecution of the CoR offences currently before the courts
- commence prosecutions of non-operator parties in the chain of responsibility
- improve industry's accessibility to flexible fatigue management options, including implementing recommendations from the fatigue/distraction technology study
- seek TIC endorsement of the accreditation scheme implementation plan
- work with Main Roads Western Australia towards an agreement for mutual recognition between the NHVAS and the Western Australian Heavy Vehicle Accreditation Scheme
- collaborate with other key national road safety groups and authorities to drive a consistent and effective road safety agenda.

OBJECTIVE 2

PRODUCTIVITY



We are uniquely positioned to support and facilitate a national approach to addressing Australia's growing road freight task that meets the needs of local businesses and communities. In partnership with industry and governments, we will pursue a regime that ensures everyone is working towards adopting innovative improvements to network access and reducing unnecessary regulatory burden.

Permit turnaround times reduced

Various heavy vehicles require permits under the HVNL to gain access to some types of roads. We coordinate a range of access applications from start to finish, including liaising directly with more than 400 road managers – including state and territory road authorities, local governments and private entities – to manage applications and issue permits.

In 2019–20, we received a total of 78,622 permit applications – an increase from 68,013 in 2018–19. These consisted of 48,688 single applications from customers and 29,934 multi-route renewals. This increase was due to various factors, including the year’s devastating bushfires, COVID-19-related border changes and the Return of Delegations Project that successfully returned the final delegated permit functions from New South Wales and Queensland to the NHVR.

Despite the challenges presented by this year’s natural disasters, we maintained our focus on reducing our processing times to ensure we could manage the increased vehicle movements required by these events. Our processing time across all application classes decreased from an average of 4.67 days in 2018–19 to 3.86 days in 2019–20. This was largely due to the introduction of assisted permits for all but PBS permit applications.

Road managers also achieved a minor improvement in turnaround times and, as a result, we saw an improvement in overall

end-to-end processing time for all types of road access applications from 18.59 days in 2018–19 to 16.83 days in 2019–20.

Our staff worked tirelessly to respond to the significantly elevated number of heavy vehicle movements in bushfire-affected areas across the country. With increased access requirements and significant road closures in many areas, we played a leading role in ensuring critical services and freight could go where they were required.

This involved working with road managers to fast-track permit applications to allow movement of heavy vehicles for firefighting operations, including Australian Defence Force vehicles. We worked directly with the Army and policing and firefighting authorities in almost every state and territory to turn around access requests efficiently.



As part of our commitment to supporting the heavy vehicle industry through the difficulties associated with COVID-19, in June 2020 we announced we would be freezing fee increases on all permit applications until January 2021.

Final delegations return to NHVR Portal

On 1 June 2020, we began processing Class 1 OSOM permit applications within New South Wales. This marked the official

completion of the Return of Delegations Project. The processing of Class 1 OSOM permit applications within Queensland also transferred to the NHVR during the year and took effect on 16 December 2019.

Since April 2017, a total of 12 delegated approval responsibilities have returned to the NHVR, and we now issue heavy vehicle access permits in respect of all HVNL-participating states and territories.

Heavy vehicle operators requiring an access permit to travel on roads in all participating jurisdictions now have a single point of contact through the NHVR Portal for their entire route, including all state, territory and local council roads.

OSOM Review tasks on course

The Commonwealth Government’s Review of *Oversize Overmass (OSOM) Access Arrangements* report, released in September 2018, recommended 38 immediate and long-term responses to improve faster issuing of permits for OSOM vehicles without compromising safety.

We have now completed all our assigned actions from Tranche 1, and have completed or progressed most of the allocated Tranche 2 and Tranche 3 recommendations agreed by TIC.

These recommendations included delivering the *National Class 1 Agricultural Vehicle and Combination Notice 2019* and updating *The Approved Guidelines for Granting Access*.





CASE STUDY

NEW NOTICES UNLOCK FREIGHT PRODUCTIVITY

A new road train network for Victoria, improvements to cross-border travel and fewer requirements for access permits were all productivity benefits brought by the *National Class 2 Road Train Authorisation Notice 2020* when it commenced on 4 June 2020. The notice replaced the 2015 National Class 2 road train notice, and applies across New South Wales, Queensland, South Australia and Victoria, where road trains carry more than 15 billion tonne-kilometres of freight every year.

A first-time participant in the national road train notice, Victoria granted access to 36.5m A-doubles on a road network previously only accessible by permit. South Australia enabled access to 30m A-doubles, 36.5m B-triples and AB-triples, as well as rigid trucks towing two dog trailers – significantly reducing the number of permits required by operators of these combinations. The notice also enabled a number of eligible

road trains to access a single, Type 2 road train network, where previous access was only for specific Type 2 combinations, aligning with existing arrangements in Queensland.

The updated Multi-State Class 1 Load Carrying Vehicle Dimension and Mass Exemption Notices brought increased mass and dimensions allowances in both New South Wales and South Australia.

In New South Wales, mass increased up to 115 tonnes and width up to 5.0 metres. The number of Class 1 OSOM permits could consequently reduce by up to 30%, based on the current volume of permit requests for 4.6m to 4.8m width movements.

The notice also delivered improvements in South Australia, with an increase in mass up to 100 tonnes and an increased width of up to 4.6 metres.

Delivering access certainty

Over the past six years, we have worked with state, territory and local governments to develop national, state and territory notices that remove the need for permits, and to improve consistency within and across borders. During 2019–20, we introduced 28 new notices. The most significant of these were the *National Class 2 Road Train Authorisation Notice 2020*, *Multi-State Class 1 Load Carrying Vehicle Mass Exemption Notice 2020* and *Multi-State Class 1 Load Carrying Vehicle Dimension Exemption Notice 2020* (see case study above).

We are working extensively with local governments to expand the number of pre-approved and gazetted routes.

In particular, we are focusing on the ‘first and last mile’ of routes expected to experience large numbers of heavy vehicle movements, particularly by OSOM vehicles. These include roads in industrial areas, and access routes connecting existing approved routes or state- and territory-controlled roads. During the year, pre-approvals grew by 11%,⁶ and gazetted networks increased by 81%, from 549 in 2018–19 to 993 in 2019–20.

We recognise that enhanced data-sharing solutions will empower road managers, and provide the evidence base to accelerate expansion of gazetted and pre-approved networks. During the year, we produced customised reports and heat maps on the performance of the network for individual road managers in

all HVNL-participating jurisdictions. These included information about the vehicles, networks and number of times permits had been issued.

We also continued with our program of Heavy Vehicle Access Forums, bringing together industry and road managers to discuss and work through the establishment of notices and pre-approvals at a local level. In 2019–20, we held three forums in New South Wales, two in Queensland and one in Victoria. In addition, we engaged nationally with road agency policy makers to discuss, share and plan for heavy vehicle access policies. We also used these forums to encourage communication among jurisdictions, and share heavy vehicle access initiatives and details of our activities.

⁶ Not including additional pre-approvals as a consequence of the National Class 1 Agricultural Vehicle and Combination Notice in 2019

Enhancing productivity on local government roads

In late 2019, we received more than \$8 million in funding from the Commonwealth Government to assist road managers with assessments of assets on key local government roads. The Strategic Local Government Asset Assessment Project (SLGAAP) focuses on national heavy vehicle assets, including bridges and culverts. It will improve heavy vehicle access by:

- identifying current and potential key heavy vehicle routes on local roads
- assisting local governments with the management of road asset data related to heavy vehicles
- providing a central database that contains information on the road asset and the use of heavy vehicles.

The pilot phase commenced during the year, to assist 12 local governments from across Australia to complete heavy vehicle engineering assessments for 100 assets. The first round of assessments is underway and due for completion in 2020.

Planning for a more productive industry

With population growth, the national freight task will continue to expand, placing increased pressure on the freight network. The challenge for the heavy vehicle industry is to support supply chain performance by ensuring goods are transported in the most cost-effective manner.

While we await the outcomes of the NTC's HVNL Review and the Productivity Commission Inquiry, we continue to seek opportunities to improve access and productivity under the current HVNL.

We continue to work closely with industry and governments at all levels to identify priority non-infrastructure productivity solutions for the future freight task. These have been encapsulated in our *Heavy Vehicle Productivity Plan 2020–2025* and integrated five-year action plan, completed in June 2020. To be published in early 2020–21, the plan has been designed to be sufficiently flexible to adapt to any future regulatory changes.

During the year, we released two important issues papers for public consultation. The *Improving awareness and practices in the livestock supply chain review* seeks to improve safety and productivity outcomes



Members of the Vehicle Safety and Performance team Rachel Nash, Peter Austin and Mark Parsons

across the livestock supply chain. The issues paper was informed by more than 30 livestock supply chain participants during a four-month consultation period. The *Grain Harvest Management Schemes Review* issues paper was released for consultation as a step towards developing a national harvest management scheme. Discussion papers will be issued for both during 2020–21.

Calibration and plate timeframes extended



Travel restrictions resulting from the COVID-19 pandemic affected scheduled calibrations of roller brake testing (RBT) machines. Under our RBT procedure, machines require calibration by a trained technician at least every 12 months or, in remote areas, every 24 months. In April 2020, in consultation with RBT manufacturers, we approved a 12-month extension to the required calibration date.

We also extended the timeframe for operators to transition from Class 2 rear marker plates to more modern plates made from Class 400, Class 1A or UNECE Regulation 70 reflective materials. While the original three-year transition period was due to end on 31 December 2020, operators can now upgrade when their plates are next due for replacement.

Cutting Vehicle Standards paperwork

During the year, we continued to simplify our Vehicle Standards processes to reduce the amount of paperwork operators need

to submit. We developed and maintained four notices relating to agricultural, conditionally registered, and waste and recycling collection vehicles. These notices allow operators to self-assess and run on standard conditions without needing to apply for a Vehicle Standards exemption permit. This has contributed to the following efficiencies:

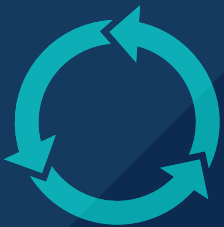
- 35% reduction in Vehicle Standards exemption permits issued (from 154 in 2018–19 to 100 in 2019–20)
- 52% reduction in modification approvals (from 25 in 2018–19 to 12 in 2019–20)
- 46% reduction in the number of letters of in-principle support issued (from 234 in 2018–19 to 127 in 2019–20).

LOOKING FORWARD

In 2020–21, we plan to:

- continue to develop state, territory and national notices to reduce the need for permits
- continue to partner with road managers to increase gazetted and pre-approved networks
- further develop and deliver education and tools to better support local road managers
- explore emerging technology and data-sharing strategies to improve access certainty for industry
- progress the SLGAAP to improve the available information about local government road assets, benefiting road managers and the heavy vehicle industry
- commence delivery of the *Heavy Vehicle Productivity Plan 2020–2025* action plan.

OBJECTIVE 3 SUSTAINABILITY



As heavy vehicle designs evolve, the inclusion of new technology is playing a growing role in helping operators deliver the freight task in a safer, cleaner, more productive and efficient way. We are working with manufacturers and operators to encourage the incorporation of newer, more technologically advanced vehicles in their fleets, and with road managers to enable access for these new vehicles.

PBS combinations top 10,000

Since 2013, we have administered the PBS scheme – a world-leading program enabling Australia’s heavy vehicle industry to use the latest systems and technologies to design innovative vehicles for specific freight tasks to operate on appropriate networks for their level of performance.

There are now more than 20,000 approvals for PBS registered trucks, trailers and buses, which make up 10,693 PBS approved combinations. In the past five years, total new PBS combination approvals doubled, compared to 20% growth in the heavy vehicle market overall. As PBS vehicles are on average almost eight years younger than the prescriptive fleet, this contributed significantly to the proportion of newer and safer vehicles in the national heavy vehicle fleet.

In 2019–20, the PBS fleet grew by 1,681 combinations – a 19% increase from 2018–19. The number of vehicles increased by 4,423 to 25,585 – a 21% increase from 2018–19.

During 2019–20, we processed an application for a vehicle approval in an average of 4.9 days, a slight increase compared to 2018–19 due to a number of factors, such as continued growth in application volumes and adjusting to working from home arrangements as a consequence of the COVID-19 pandemic. We increased our processing rate for design approval applications by 40%, to

an average of 12.6 days per application – around nine days faster than in 2018–19. We also saw continued growth in the pre-advised process for design approvals, with 257 design approvals processed under the streamlined requirements – 75 applications more than in 2018–19.

“Newer vehicles have access to more modern braking and safety technology, cleaner engines, and fewer maintenance issues compared to older vehicles. They also have a high Australian build content and generate more work for Australian industry. Encouraging the uptake of PBS vehicles can make our roads safer for everyone.”

Martin Toomey, ARTSA Institute Chair

Road managers supporting PBS access

We positively impacted the size of the PBS network, with 17 new gazettals increasing access for PBS customers.

To help road managers make quicker and more-informed access decisions about PBS vehicles, we provided them with technical and performance data for access permit

applications. This related to a vehicle’s compliance with PBS Standards and axle-spacing summaries for combinations such as A-doubles. This information allows road managers to factor in the specific performance of a PBS vehicle to deliver the best level of access possible for that vehicle.

Our PBS Demonstration Day in Bundaberg in November 2019 – to encourage take-up of, and increased access for, higher-productivity vehicles – was attended by more than 50 people from industry and six local councils. Attendees learned about the technical components of PBS vehicles and watched live demonstrations of vehicles relevant to their local freight task. Other educational events planned for the year to encourage local government road managers to open up road networks to PBS vehicles were postponed due to the COVID-19 pandemic.

Supporting PBS vehicle certification during COVID-19



In April 2020, we published guidance material to assist PBS Assessors and Certifiers to undertake Vehicle Approval certifications during the COVID-19 pandemic. The information includes steps Assessors and Certifiers should take if required to engage a third party to undertake a physical inspection on their behalf.





Representatives from the Commonwealth Government, NHVR and industry at the Vehicle SETUP launch

CASE STUDY

VEHICLE SETUP TO ACCELERATE TECHNOLOGY UPTAKE

In June 2020, we launched our Vehicle SETUP, developed in consultation with jurisdictions and industry bodies, including the Truck Industry Council and Heavy Vehicle Industry Australia (HVIA).

The launch was supported by Assistant Minister for Road Safety and Freight Transport Scott Buchholz, Truck Industry Council CEO Tony McMullan, HVIA CEO Todd Hacking, and leading Australian manufacturers Daimler, PACCAR, Scania and Volvo.

Vehicle SETUP is our blueprint to support manufacturers and operators to introduce new safety and environmental technologies into their fleets. It comprises five work packages that will:

- advocate for the increased harmonisation of Australian vehicle standards to allow for the latest designs from origin markets and fitment of safety and environmental technology from those major market designs
- relax access and use limits for vehicles fitted with the latest environmental and vehicle safety technology
- ensure in-service requirements maximise the benefits of mandated technology
- empower industry to make informed purchasing decisions
- educate industry about vehicle safety and environmental technology.

It will be delivered in conjunction with industry and contribute to the delivery of the *National Road Safety Action Plan 2018–2020*.

“The NHVR has a critical role in being able to help the increased take-up of life-saving safety technology and improved emission technology, so it is fantastic that the team has stepped up to advocate for positive change.”

Daniel Whitehead, President and CEO, Daimler Truck and Bus Australia Pacific





PBS Standards Review underway

In November 2019, we received endorsement from TISOC and TIC to amend three PBS Standards – Frontal Swing, Pavement Horizontal Loading and Directional Stability Under Braking.

We completed the Frontal Swing amendment in April 2020. This update was reflected in *Performance-Based Standards Scheme – the Standards and Vehicle Assessment Rules*. We also undertook a range of assessments to progress amendments to the Pavement Horizontal Loading and Directional Stability Under Braking standards. These amendments are expected to be completed by late 2020.

In August 2020, we will survey industry to seek feedback on which of the remaining 14 PBS Standards we should prioritise over the next 12 months. In 2020–21, we will progress recommendations based on the results.

PBS Tyre Review on track

During the year, we worked with independent safety expert Dr John de Pont to finalise the *Review of Tyre Management Practice in the Australian PBS System – Final Report*. We also worked with industry partners to progress six tyre safety assessment projects. In addition to collating internal PBS data to assist with the assessment process, the ongoing projects

included: an industry survey about the tyres fitted to PBS vehicles; tyre testing to investigate the use of a generic tyre system; and reviews of the safety implications of a generic tyre system, tyre accidents and overall safety performance of the PBS fleet, and vehicle combinations assessed during 2020 to determine whether these combinations would still pass the PBS Standards using a standardised tyre.

Vehicle Safety and Environmental Technology Uptake Plan released

As heavy vehicle designs evolve, the inclusion of new technology is playing a growing role in improving safety and productivity for the heavy vehicle industry, while reducing carbon emissions and road infrastructure impacts. A 2018 survey of heavy vehicle manufacturers revealed that adoption of technology in the Australian market is slow and inconsistent across brands. This is predominantly due to a number of regulatory barriers, as well as little information about the benefits these systems offer.

Over the past two years, we have been working with industry to better understand barriers to the adoption of technology, and to develop a plan to drive industry's uptake of newer, safer and cleaner heavy vehicles. In June 2020, we published our Vehicle

SETUP (see case study on page 28). This plan will contribute to the renewal of the heavy vehicle fleet and the inclusion of safety technologies in a higher proportion of vehicles.

LOOKING FORWARD

In 2020–21, we plan to:

- influence increased access for higher-productivity vehicles to reduce the number of individual truck movements on local roads, including through the development of a modern approach to PBS (PBS 2.0)
- continue our review of the remaining 14 PBS Standards
- develop additional notices that further reduce the number of permits and in-principle support approvals required for PBS vehicles
- advocate for increased harmonisation of Australian vehicle standards to allow for the latest designs from origin markets
- progress the development and implementation of the actions set out in Vehicle SETUP
- conduct research into current and emerging areas, including sustainability issues related to heavy vehicles.

OBJECTIVE 4

REGULATORY CAPABILITY



Welcoming new colleagues in Victoria



We work closely with our customers and state and territory partners to build a successful regulatory environment that is consistent, transparent and robust. We believe our success is due to a positive and collaborative culture, and we are committed to continually developing our capability to provide the most beneficial solutions.

Services transition in the ACT and Victoria

During the year, we completed the transition of heavy vehicle on-road services in the ACT and Victoria.

In July 2019, we took over responsibility from Access Canberra for on-road safety compliance and education, issuing defect notices, investigating offences under the HVNL and publishing restricted access networks. We appointed two new SCOs in Canberra.

In December 2019, we welcomed 54 new employees in Victoria, including 43 SCOs, based at the Port Melbourne head office, as well as sites in Geelong, Ballarat, Bendigo East, Mildura, Morwell and Shepparton. Services transferred from VicRoads included on-road safety, compliance and enforcement, investigations, intelligence, heavy vehicle monitoring through the camera network, and providing escorts for OSOM vehicles.

The transition of responsibility for the delivery of heavy vehicle regulatory services in the ACT and Victoria followed a similar transition of South Australian services to the NHVR in 2017 and Tasmanian services in 2018. It represents a significant step towards achieving our mandate as the single, national regulator of heavy vehicles in Australia.

It has also enabled us to start implementing borderless enforcement as a 'southern region', improving consistency to support safety, efficiency and productivity for operators and drivers.

During 2019–20, we continued to work closely with New South Wales to further progress the transition of heavy vehicle regulatory services. In partnership with Transport for NSW (TfNSW), we completed due diligence and delivered a formal concept of operations for how we propose to operate in the state for consideration by the New South Wales Government.

Strong growth in industry engagement

In a year marked with unprecedented bushfires and an ongoing pandemic, we used a variety of means to maintain a robust, proactive engagement program with industry, at an individual, company and association level.

Readership of our regular industry e-newsletter *On the Road* rose by 14% over the year, with more than 40,000 subscribers now receiving the latest industry news and updates. Our social media channels were also a vital source of engagement, reaching record levels in 2019–20 (see case study on page 32).

In the light of our continued national expansion, we reviewed our formal stakeholder engagement model, in consultation with the Chairs of our four Industry Operator's Groups (IOGs) and other key industry representatives. In January 2020, we moved to a regional engagement model to replace our IOGs and State Working Groups (SWGs). The three new Regional Working Groups

(RWGs) provide a platform for us to engage with industry and government stakeholders on a range of issues affecting industry. They include:

- Southern Region (the ACT, South Australia, Tasmania, and Victoria metro and regional)
- Central Region (New South Wales metro and regional)
- Northern Region (Queensland metro and regional).

The Southern and Central Region RWGs held their first meetings during the year. Key strategic issues raised at RWG meetings will be considered by our peak industry advisory body, the Industry Reference Forum (IRF).

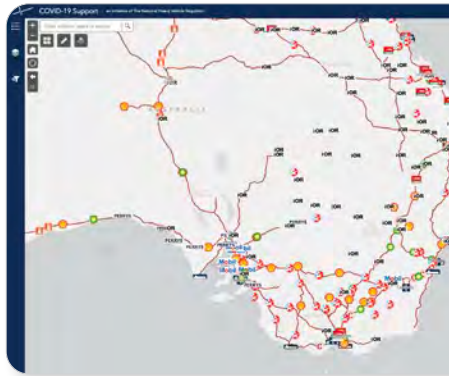
We also continued to collaborate with jurisdictions to conduct roadside information days and road safety forums.

We continued to invest in sponsorship opportunities that align with our values and organisational priorities and strengthen our partnerships with industry. In 2019–20, we pledged or provided funding support to:

- Bus Industry Confederation Australasia Bus Conference 2019 Moving People – A National Priority
- Transport Women Australia Limited breakfast event
- Victorian Transport Association's Australian Freight Industry Awards Winner's Dinner
- Victoria Police Games Federation's Victoria Police and Emergency Services Games (which was postponed due to COVID-19).

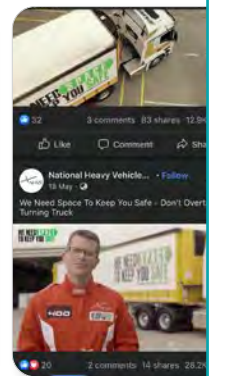
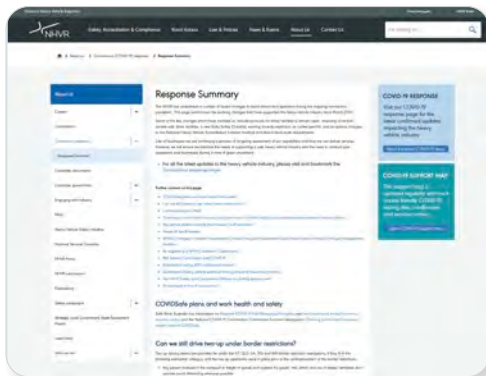


Former Minister for Road Safety and the TAC the Hon Jaala Pulford MLC (far left) officially opened our Victorian headquarters in Port Melbourne in February 2020. She is pictured with members of the NHVR Board Catherine Scott, Deputy Chair Julie Russell, Robin Stewart-Crompton and Chair Duncan Gay, and our CEO Sal Petrocchio.



"I just wanted to express my appreciation for the information you provide at nhvr.gov.au/coronavirus. This information page is kept up to date and accurate in a situation that is ever evolving and targeted to an industry that is facing a lot of challenges. Reading countless health directions that have been released can be very time consuming, and a lot of summary pages from different authorities can be found to misrepresent what those health directions state, but that is not applicable to your page. Well done to the team, and I hope we can continue to look to the NHVR page as an ongoing support to the industry."

Tim P, transport operator



CASE STUDY

KEEPING CUSTOMERS INFORMED DURING A PANDEMIC

During the past year, social media has played a more important role than ever in enabling us to connect with our customers and provide critical, up-to-date information.

In 2019-20, our social media platforms registered record growth, with more than 6.7 million impressions. Our content was targeted and relevant, and was engaged with more than 790,000 times across Facebook, LinkedIn, Instagram and Twitter – an 80% increase on 2018-19.

These platforms were also vital engagement channels for anyone seeking specific information, assistance or wanting to air concerns through private messages.

During the COVID-19 pandemic, our website and social media channels were essential tools in the provision of information and clarity specific to the heavy vehicle industry, keeping pace with the complex, rapidly changing and often confusing environment.

Our dedicated COVID-19 information page was consistently the most popular section of our website, being viewed thousands of times each day during peak periods. The page was complemented by social media fact tiles, which provided

clear and transparent information to our audience, and helped establish the NHVR as a vital source of truth for the industry.

Our series of On Channel videos featured operators explaining how the pandemic impacted them and offering advice to their heavy vehicle industry colleagues. These videos were aimed at promoting unity among the industry during these challenging times and were a popular element of our communications.

To assist truck drivers to understand which services they could access during COVID-19 social distancing restrictions, we created a Service Centre Finder Map on the website. The map showed up-to-date information about the truck stops and rest stops that were keeping their facilities open for truck drivers.

The map was also available as a layer in our Route Planner tool, so drivers could access this information on the same map they were using to plot their journey. At the height of the restrictions, more than 600 drivers and operators were using the map every day.

These examples reinforce the vital role social media and our digital communications play in communicating to, and engaging with, our customers, not only during a pandemic but across all aspects of our remit.

Listening to our customers

We value feedback and are committed to responding effectively and efficiently. During the year, our call centre received almost 60,000 calls from customers, with 5,742 complex queries progressed to our dedicated Hypercare team or other subject matter experts. Complaints are managed in line with our Customer Complaints Management Policy, which is published on the Contact Us page of our website, where our Customer Service Charter is also located.

We received a total of 43 complaints in 2019-20 – up from 14 in 2018-19. This was mainly due to changes to service delivery methods and user unfamiliarity with these. Almost half of the complaints received related to access matters, in particular the processing of Queensland and New South Wales OSOM permit applications through the NHVR Portal as a consequence of the Return of Delegations Project. The average time to resolve complaints rose from 2.5 days in 2018-19 to 5.0 days in 2019-20. This was due to the time required to investigate a small number of more-complex complaints.

Intergovernmental relations support for policy development

We continue to play a key role in contributing to policy development with jurisdictional, industry and government decision-makers, actively proposing policy ideas and briefs, and working collaboratively with stakeholders to provide input to policy positions.

During the year, our Intergovernmental Relations team played a vital role as a conduit between the NHVR, Ministerial offices and jurisdictions during the bushfire natural disasters and the COVID-19 pandemic. This enabled timely communication to industry to keep trucks moving. Several key NHVR initiatives designed to expedite access and exemptions during both crises were coordinated across the jurisdictional alliance.

In addition, we worked with the Commonwealth Government's Department of Infrastructure, Transport, Regional

Development and Communications to develop a stronger governance regime for the delivery of the HVSI program.

Increasing our digital capabilities

In recent years, we have continued to improve our suite of digital systems to support the effective delivery of regulatory services and the heavy vehicle industry. These include the:

- NHVR Portal and NHVR website
- National Safety Camera Network (NSCN)
- SCRP
- Regulatory Compliance Mobility Solution (RCMS).

Our website continues to be a primary source of information for customers and stakeholders, with more than 664,000 unique users visiting the site in 2019-20. Ongoing work to improve accessibility and content drove a 9% increase in total website hits – up to almost two million.

The NHVR Portal processed more than 78,000 permit applications in 2019-20. It now stores over a million registration records and supports more than 40,000 registered customers.

Two new digital services were launched in the NHVR Portal during the year. The Vehicle Standards module went live in October 2019, enabling operators to lodge and track the status of applications for in-principle support, exemption permits and modifications. In December 2019, we launched the Accreditation module, through which operators can manage all their NHVAS records, including submitting and tracking the status of applications, managing account information, reviewing driver and vehicle lists, making payments and tracking audit-associated responsibilities. We are now developing a PBS module for release in 2020-21.

National camera network expands

Automatic number plate recognition cameras are a reliable way to monitor vehicle movements on national freight routes. The NSCN is the only system to capture data from across the country, combining data

from 121 camera sites – two in the ACT, 10 in Victoria, 21 in Queensland, 73 in New South Wales and 15 in South Australia.

Over the past three years, we have commissioned 16 HVSI-funded sites, which has increased main freight-route surveillance capability by over 25%. During 2019-20, two new sites were commissioned in Victoria. A further four are due for completion in Western Australia in 2020-21.

The NSCN is one of the cornerstone data-collection mechanisms for the SCRP, enabling better targeting of higher-risk operators and vehicles to optimise compliance and education activities. More than 3.2 million heavy vehicle sightings are captured through the NSCN every month, with more than 62 million sightings now stored in the SCRP's data warehouse.

Bringing the data together

Our SCRP provides the foundation for all NHVR safety and compliance information storage, analytics and reporting functions. It combines registration, crash, defect, intercept and infringement data with key camera information, such as location and direction. During the year, we developed four key profiling reports, using this combined data to identify operators, vehicles, drivers and infrastructure of interest.

Our next step will be to implement risk modelling using the data from the profiling reports to automate the identification of operators and vehicles who pose the greatest safety risk. This will reduce the productivity impact on those operators who are doing the right thing. Data from NHVR intercepts across the ACT, South Australia and Tasmania has already indicated an average 50% reduction in intercept time for compliant operators.

Our Infrastructure Risk Profiling report, which includes assets such as bridges, tunnels, rest areas, key freight routes and bypasses, assists us in promoting infrastructure for investment and gazetted routes to deliver a more productive and safer heavy vehicle industry. In 2020-21, we will develop a Supply Chain Entities Risk Profiling Report.



CASE STUDY

Escorting a 35-truck hay convoy in Victoria from Bairnsdale to Gelantipy with VicPol.

NHVR OFFICERS LEND HELPING HAND TO FIRE-IMPACTED COMMUNITIES

Our people across Victoria and South Australia did their part for the bushfire relief effort, helping ensure hay and other supplies reached isolated, bushfire-affected areas.

In Victoria, we supported police with road traffic management, escort activities and traffic control. Our team was deployed to the heavily impacted community of Bairnsdale to support heavy vehicle movements in the area. In one of the biggest operations, our SCOs and VicPol successfully escorted a 35-truck hay convoy from Bairnsdale to Gelantipy – a trip of more than three hours.

In South Australia, our officers supported the organisers of the Harvey Hay Run – a one-time run from Harvey in Western Australia to Eurobodalla Shire in New South Wales to take donations of hay, clothing and bedding. Our officers provided advice to the group of 11 road trains and three support vehicles about heavy vehicle compliance, roadworthiness and work diaries, and helped them put all the necessary arrangements in place.

Our staff also dipped into their own pockets to help bushfire relief efforts, with dedicated fundraising activities raising \$5,000 for a host of worthy charities.

App brings compliance information to the roadside

During the year, we commissioned the RCMS app to enable our SCOs to make better-informed decisions at the roadside by accessing on-road compliance data on hand-held devices connected to the SCRP and relevant jurisdictional systems.

Not only can our officers access key information, such as registration, licence, defect and infringement details, to undertake enforcement activities, they can also issue infringements and compliance actions using the app. These records are immediately available to officers in other locations, enabling a seamless experience across state and territory boundaries, and the ability to easily identify recidivist offenders.

Drivers and operators benefit through reduced downtime during intercepts, and by having information and notices emailed directly to them via the app.

Our Victoria team started to use the RCMS in December 2019 with significant benefits, and we commissioned the RCMS for use in the ACT, South Australia and Tasmania in June 2020.

Reviews contribute to a safer, more-productive industry

During the year, we participated in two major reviews into industry regulation – the HVNL Review and the Productivity Commission Inquiry. These reviews provided a once-in-a-generation opportunity to achieve changes that will

make the industry better and safer, and build on the work we have undertaken over the past six years.

The HVNL Review aims to deliver a modern, outcome-focused law that improves safety, and supports increased productivity and innovation, such as new technologies and modern methods of operation. We contributed submissions responding to the seven issues papers covering risk-based regulation, fatigue management, access, safe vehicles, safe people and practices, assurance models, and effective enforcement. In addition, we took the opportunity to provide an eighth submission to cover matters that were not otherwise picked up in the issues papers.

In June 2020, the NTC released the draft *Consultation Regulatory Impact Statement*.

The Productivity Commission Inquiry assessed the long-term economic impacts of transport regulatory reforms relating to heavy vehicle safety and productivity, as well as rail and maritime safety. We contributed to a public hearing in Brisbane, provided submissions and information, and hosted Commissioners at several roadside information sessions. In relation to the draft report, it was pleasing that the Commission endorsed our strategic approach, in particular regarding:

- advocating for a less prescriptive HVNL, particularly concerning fatigue
- transitioning regulatory services from HVNL-participating states and territories to the NHVR in the shortest possible timeframe
- increasing the number of PBS vehicles in the national heavy vehicle fleet
- expanding the number of freight routes covered by notices
- working closely with road managers to open up access to freight networks.

The final inquiry report was presented to the Australian Government for consideration in April 2020.

People and culture supporting organisational growth

In June 2020,⁷ we employed 420 people across the ACT, Queensland, South Australia, Tasmania and Victoria – an increase of 19% from 353 in June 2019.⁸ This growth reflects the transition of services in the ACT in July 2019 and in Victoria in December 2019, as well as the need to support future transitions and our strategic vision.

Female representation in our workforce was 36%, down from 40% at the end of 2018–19. This is mainly due to service transitions, where most of the employees transferring to the NHVR were SCOs and predominantly male. Increasing female representation in our on-road teams will be a key focus of our gender-balance efforts going forward.

Our 2019 Employee Survey provided important insights into priority areas of focus from our people's perspective. In addition to tailoring our ongoing Leadership Capability Program, we implemented several culture improvement initiatives. As part of our Reward and

Recognition Program, we launched our inaugural annual Employee Awards. Thirty-eight nominations were received for the two awards – the Chairman's Award for Excellence and the CEO's Award for Innovation. We incorporated 11 key leadership competencies into our performance appraisal framework, based on Hudson's Global Research and the competencies embedded in the Queensland public sector.

We also launched four key learning and development programs:

- our Emerging People Leader Program, to provide the 29 participants with the skills and confidence they require to lead and inspire teams
- the NHVR Mentoring Program, with around 60 employees participating as mentors and mentees
- a new comprehensive e-learning suite to help our people get the most out of their performance conversations
- mental health awareness and workplace bullying, harassment and discrimination awareness training for all our people, including the NHVR Board.

To support a positive and safe workplace culture, we established a Workplace Contact Officer network, with representatives in all the states and territories in which we operate. This provides an internal support avenue for employees to address workplace concerns.

Safety is our highest priority

Keeping our people safe remains our highest priority. During the year, we rolled out key initiatives to make workplace health and safety (WHS) reporting easier and more transparent.

The Donesafe Incident Management and Reporting online reporting platform allows all our people to easily report safety-related incidents, near misses or workplace hazards on their computer, smartphone or tablet. Face-to-face training was conducted for all employees. We also rolled out Just Culture online training across the organisation, and our people leaders received additional face-to-face training.

We also began our Safety Assurance Program, targeting the areas of highest safety risk within the organisation.

We began with our on-road operations, to ensure our processes and procedures are effective in mitigating the key risks faced daily by our SCOs. We will extend the program more broadly in the coming year.

Table B.3 on page 68 details our WHS performance for the year. It was encouraging to see that our people are reporting more near-miss events, as this reflects the success of our improvements to safety reporting and promotion of our safety culture.



During the COVID-19 pandemic, we maintained effectiveness of workplace operations, supporting our people to quickly transition to working from home. We also implemented robust COVID-Safe Workplace Plans across all of our workplaces.

LOOKING FORWARD

In 2020–21, we plan to:

- lead delivery of a national regulatory strategy that will set the strategic direction for regulatory services
- implement the next stage of the digital content and engagement program to improve readability, accessibility and content across the NHVR website
- develop the PBS module in the NHVR Portal
- develop a new national mapping platform for governments and heavy vehicle industry
- pursue information sharing through our SCRPs and other channels
- increase our ability to identify high-risk operators through our data-modelling insights and establish risk models to identify the occurrence of potential non-compliance with fatigue laws
- explore partnership opportunities with industry and corporate organisations to amplify our safety and education initiatives and broaden the NHVR's influence
- continue to provide strategic input into the HVNL Review process, including supporting development of new legislation by NTC
- continue to embed a strategic workforce planning framework, encompassing talent and succession planning.

⁷ Head count. Permanent, maximum-term contract, temporary and non-payroll contractors as at the last pay cycle in 2019–20
⁸ As at 30 June 2019

PERFORMANCE AGAINST NATIONAL PERFORMANCE MEASURES

We have used the following symbols in the performance tables to illustrate our progress against our initiatives and indicators:

- ✓ Achieve
 🕒 In progress
 ✗ Not achieved

OBJECTIVE 1: SAFETY			
National Performance Measure:	Reduction in crashes, fatalities and injuries caused by heavy vehicles.		
Performance standard	Indicators	Status	Page
Increased and transparent industry and supply chain accountability for safety	Clear targeting and reduction in high-risk safety behaviours and recidivist offending We delivered two NHVR-led national operations during the year: Operation Kingsize and Operation Wake Up. We undertook 26 regional operations with police and other regulatory agencies in the ACT, South Australia, Tasmania and Victoria.	✓	17
	Successful supply chain interventions and prosecution outcomes We laid three primary duty charges, executed six warrants and adjudicated three CoR prosecutions as having a reasonable prospect of conviction. We negotiated and accepted our first EU. We successfully prosecuted prescriptive offences in South Australia, Tasmania and Victoria on behalf of SCOs and police.	✓	17-18
Adoption of a strong safety culture by the heavy vehicle industry	Increased adoption of risk and safety management systems by industry We conducted an industry safety survey in March 2020 to establish a baseline of industry's adoption of risk and safety management systems and identify our future priorities.	🕒	18
	Identified safety risks are addressed in a timely and effective manner To address emerging safety risks from the bushfire crisis, we issued three industry safety bulletins. During the COVID-19 pandemic, we maintained up-to-date information on a dedicated section of our website and issued industry bulletins providing updates.	✓	13,19
Recognition of modern approaches that deliver improved safety outcomes	Increased adoption of flexible fatigue management options Operators accredited in BFM increased by 6.5% and in AFM by 30%.	✓	19
	Successful fatigue monitoring trial outcomes The trial was completed during the year, with the report published in February 2020. We have formed a Fatigue Detection and Distraction Technology user working group to progress the report recommendations.	✓	19
	Consensus from relevant parties on accreditation incentives The joint industry and jurisdictional Accreditation Review Working Group reached consensus on the recommendations of the <i>Analysis of Heavy Vehicle Safety Accreditation Schemes in Australia</i> . TISOC noted that working group outcomes would be considered by the NTC in its development of options for future assurance models under the HVNL and agreed that the NHVR would work with the NTC to ensure that further development of the national accreditation framework was aligned to the review of the HVNL.	🕒	19
	Consistent delivery of national road safety agendas We established the National Policy and Strategy Group, bringing together senior representatives of the NHVR, Commonwealth Government, state and territory transport and police agencies to guide national policy and strategy for heavy vehicle regulation.	✓	21

OBJECTIVE 2: PRODUCTIVITY

National Performance Measures: Improved connections of key networks (origin to destination) for all heavy vehicles.
Measurable reduction in regulatory burden for safe and productive network access.

Performance standard	Indicators	Status	Page
Consistent national productivity priorities across supply chain focused on improved economic outcomes	Delivery of the Heavy Vehicle Freight Access Strategy and five-year action plan We completed the <i>Heavy Vehicle Productivity Plan 2020–2025</i> (formerly titled the Heavy Vehicle Freight Access Strategy) and integrated five-year action plan in June 2020, for submission to the NHVR Board at its July meeting.	🕒	25
	Increased network access on key freight routes (including first and last mile access) and adoption of effective technology During the year, we delivered the following initiatives: <ul style="list-style-type: none"> Return of Delegations Project completed <i>National Class 2 Road Train Authorisation Notice 2020</i> introduced SLGAAP pilot commenced. Pre-approvals grew by 11% to 2,352. ⁹ Gazetted networks increased by 81% from 549 to 993.	✅	23–25
	More targeted network decisions and access based on data We shared reports and heat maps on the performance of the network with state and territory transport authorities and local government road managers during 2019–20.	✅	24
Reduction of regulatory burden while maintaining safe and productive network access	Reduced need for permits Increase in gazetted networks Harmonised and effective operating conditions across borders We engaged with road managers 2,732 times to deliver 28 gazetted notices, which reduced the number of conditions by 150. Gazetted networks increased by 81% during the year. Three particularly significant notices delivered during the year were the <i>National Class 2 Road Train Authorisation Notice 2020</i> , and the Multi-State Class 1 Load Carrying Vehicle Dimension and Mass Exemption Notices. We have scoped the requirements for a ‘one-map’ solution and will be commencing the work program in 2020–21.	✅	24
	Successful implementation of OSOM recommendations We have now completed all our assigned actions from Tranche 1, and have completed or progressed most of the allocated Tranche 2 and Tranche 3 recommendations.	🕒	23
Greater industry certainty regarding access outcomes	Reduced access turnaround times Our processing time across all application classes improved from an average of 4.67 days in 2018–19 to 3.86 days in 2019–20. Road manager processing time also improved in this period. Overall end-to-end processing time for all types of road access applications improved from 18.59 days in 2018–19 to 16.83 days in 2019–20. The average NHVR processing time for Class 2 and 3 applications improved (3.62 days to 3.43 days and 2.87 to 1.79 days respectively). There was, however, a slight increase in NHVR average time for processing Class 1 applications (2.14 days to 2.19 days).	✅	23
	More informed road manager assessment decisions Tailored reports were provided to road managers as reported above. An enhancement of the Restricted Access Vehicle Route Assessment Tool (RAVRAT) to include a swept path tool was scoped during the year. The project was put on hold pending the outcomes of the SLGAAP.	🕒	24

⁹ Not including additional pre-approvals as a consequence of the *National Class 1 Agricultural Vehicle and Combination Notice 2019*.

OBJECTIVE 3: SUSTAINABILITY

Performance standard	Indicators	Status	Page
National Performance Measures: Increase in innovative vehicles with safety and environmental technologies across the national heavy vehicle fleet	Increase in safer, cleaner and more efficient vehicles and technologies in the national heavy vehicle fleet. Continued increase in network accessibility for safer, cleaner and more efficient vehicles.		
	Increased number of PBS vehicles in the national heavy vehicle fleet PBS vehicles in the fleet increased by 4,423 – a 21% increase on 2018–19.	✓	27
	Reduced turnaround time for PBS approvals During 2019–20, we processed: <ul style="list-style-type: none"> • design approval applications in an average of 12.6 days – approximately nine days (40%) faster than in 2018–19 • vehicle approval applications in an average of 4.9 days – slightly longer than in 2018–19. 	✓ ✗	27
	Increased number of PBS vehicle designs accessing streamlined approval processes We processed 257 design approvals under the streamlined requirements – an increase of 75 applications from 2018–19.	✓	27
	Trial of modular PBS vehicles We deferred our consideration of a modular approach to PBS vehicles.	✗	-
	Increased adoption of vehicle safety and environmental technologies Continued growth of PBS vehicles, which are on average almost eight years younger than the prescriptive fleet, contributed to the growth of newer and safer vehicles in the heavy vehicle fleet. We finalised and published the Vehicle SETUP in June 2020.	✓	27–29
	Increased networks for PBS vehicles are gazetted and available to operators We positively impacted the size of the PBS network, with 17 new gazettals increasing access for PBS customers.	✓	27



OBJECTIVE 4: REGULATORY CAPABILITY

National Performance Measures: Transparent and consistent regulatory approach.
Customer engagement with the NHVR is productive, simple and efficient.
NHVR employees work in a safe and engaged environment.

Performance standard	Indicators	Status	Page
Effective and single national heavy vehicle regulator operating across Australia	<p>Progression of National Services Transition (NST) Program against budget and schedule</p> <p>We successfully transitioned regulatory services from the ACT and Victoria on 1 July and 8 December 2019 respectively.</p> <p>In partnership with TfNSW, we completed due diligence and delivered a formal concept of operations for the New South Wales transition of services.</p>		31
	<p>Reduction in regulatory overheads</p> <p>Cost Recovery Study Project (CRSP) 4, completed in 2019-20 and representing the 2018-19 year, highlighted a total cost of core regulatory services across participating jurisdictions and the NHVR of \$138.7 million, compared with the total cost of services two years previously in CRSP 3 (2016-17) of \$135.4 million. This compares favourably to the 'All groups CPI weighted average of the eight capital cities' index, which was 3.54% over the corresponding two-year period.</p>		-
	<p>Transparent and consistent regulatory approach</p> <p>Staff who transferred from the ACT and Victoria in 2019-20 were trained in existing NHVR policies and procedures before starting on-road compliance and enforcement activities for the NHVR. The National Training Strategy, developed during the year, will form the basis for the induction and refresher training of all current and future NHVR SCOs.</p> <p>During the year, SCOs underwent an operational audit of their on-road activities to measure compliance against a cross section of these policies, procedures and the HVNL.</p>		31
Provide a 'one-stop-shop' for customers to improve business experience and business outcomes	<p>Expanded and useable suite of digital products to meet industry needs</p> <p>We delivered Accreditation and Vehicle Standards services in the NHVR Portal, and began developing the PBS service module.</p> <p>In the first phase of our digital content and engagement program, we completed our website audit and addressed any quality issues. We also delivered user-experience methodology training program 35 web champions.</p>		33
Intelligence-driven approach to regulatory activities	<p>National mobility solution delivered</p> <p>The RCMS app was commissioned for our Victoria, South Australia, Tasmania and ACT SCOs.</p>		34
	<p>Effective and focused enforcement program increasingly based on intelligence</p> <p>We completed the National Collaboration and Information Sharing Model Report and four risk profiling reports: Operator of Interest, Vehicle of Interest, Driver of Interest and Infrastructure of Interest.</p>		33
	<p>National safety camera network expanded</p> <p>Two camera sites were commissioned in Victoria (on the Princess Highway at Heywood and Calder Highway at Derby). Four new sites are underway in Western Australia.</p>		33
Organisational culture that promotes safety, and supports, develops and empowers employees	<p>Improved leadership capabilities, including training and coaching programs</p> <p>We continued implementation of the Leadership Capability Program, implemented Performance Improvement, Coaching and Mentoring programs, and developed an Emerging People Leader Program for introduction in July 2020.</p>		35
	<p>Employees feel supported to perform their role safely and competently</p> <p>The 2019 Employee Survey saw a 32% increase in the number of respondents who considered WHS was seen as a priority at the NHVR.</p>		35
	<p>Operating model implemented smoothly</p> <p>We completed the implementation of our new functional model and organisational structure to better prepare us to meet our current commitments, future demands and strategic priorities. We met the timelines outlined in our implementation roadmap, as well as the requirements of our internal customers.</p>		-
	<p>Results of Employee Culture Survey show improvement or sustainment of positive results</p> <p>The employee engagement score decreased from 75% in 2018 to 71% in 2019.</p>		-
NHVR positioned as a key national regulatory body	<p>Successful national review outcomes</p> <p>We contributed submissions to the seven HVNL Review issues papers and provided an eighth submission to cover matters they did not cover.</p> <p>We provided submissions to the Productivity Commission Inquiry, contributed to a public hearing in Brisbane and hosted Commissioners at several roadside information sessions. The Commission endorsed various aspects of our strategic approach in its draft report.</p>		34-35



Members of our People and Culture team Jane Andrew, Julie Calderbank, Luke Bailey, Christine Wilson and Amar Sidhu

CORPORATE > GOVERNANCE AND MANAGEMENT

Our Corporate Governance Framework sets out the standards of accountability and transparency our stakeholders expect of our organisation.

It outlines the principles, elements and mechanisms we use to effectively achieve the two main aims of corporate governance:

- assurance that we are meeting our compliance requirements
- improving our organisational performance.

It also provides the context within which we operate to achieve our objectives, ensure transparent, ethical, accountable, evidence-based decision-making, and effectively manage risk and key stakeholder relationships. It is firmly aligned with the HVNL, and fully reflects all relevant Queensland and Commonwealth legislation and policies that directly affect us in our capacity as the national heavy vehicle regulator.

Enabling legislation

The HVNL is enacted through a cooperative applied law scheme. The scheme involves the application or adoption in each participating jurisdiction of the text of standard legislative provisions promulgated in Queensland.

During the reporting period, the *Heavy Vehicle National Law and Other Legislation Amendment Act 2019* was passed.

Responsible Ministers

As required by the HVNL, we report directly to responsible Ministers (the responsible Minister for the Commonwealth and for each participating jurisdiction). We provide them with:

- an Annual Report addressing the matters set out in s.693 of the HVNL
- a report about any matter that relates to the exercise of our statutory functions in response to a written direction under s.694 of the HVNL
- a three-year corporate plan, updated annually, under s.695 of the HVNL.

Since our commencement in 2013, we have also provided reports to each meeting of TIC seeking its guidance or approval of proposed actions, or which Ministers require to be submitted.

Under the HVNL, we must also:

- comply with policy directions given by responsible Ministers under s.651
- provide information to a responsible Minister in response to a referral of a matter under s.652.

No written directions or referrals were given or made by Ministers to the NHVR in 2019–20.

OUR BOARD

Our Board comprises five members appointed by the Queensland Minister on the unanimous recommendation of the responsible Ministers.

The Board's functions under s.664 of the HVNL include:

- ensuring that the NHVR exercises its functions in a proper, effective and efficient way
- ensuring that adequate and effective governance processes and controls are in place
- oversight of the NHVR's financial activities.

In October 2019, two inaugural Board Members, Coral Taylor and Peter Garske, retired from the Board, and were replaced by new Deputy Chair Julie Russell and Catherine Scott.

The Hon Duncan Gay, Chair

Duncan was previously New South Wales Minister for Roads, Maritime and Freight and Leader of the Government in the New South Wales Legislative Council.

As Minister, he championed significant positive change to the safety and productivity of the heavy vehicle sector, enabling New South Wales transport operators and local businesses to catch up with the rest of the country and, in many cases, lead reform of road freight improvements for the benefit of the industry, broader community and, in turn, the national economy. He understood the importance of working closely with freight supply chain partners to deliver tangible outcomes, particularly for regional and rural New South Wales, and was responsible for vastly increasing access to local freight networks and giving a strong focus to adopting a respectful culture in roadside heavy vehicle safety and compliance interactions.

Duncan is a Director of the Bush Children's Education Foundation of NSW, a Director of Sir Earle Page Trust, an Advisory Board Member of MU Group and Non-Executive Director of Asia Pacific RPAS Consortium (ARC).

Julie Russell, Deputy Chair

Julie is a Director and third-generation family member of Queensland-based Russell Transport. She has worked both within her family business and in large multinational corporations across roles in risk and compliance, human resources, industrial relations, technology and strategic planning.

She has served on numerous committees and boards to provide a medium-sized family-business perspective to road reform and policy proposals, training and workforce planning frameworks, and industry awareness programs. She is currently President of the Queensland Trucking Association and a Board Member and Chair of the Skills and Workforce Committee of the Australian Trucking Association.

Julie was named Queensland Trucking Association Woman of the Year in 2014 and National Trucking Industry Woman of the Year in 2015.



Chair Duncan Gay, Deputy Chair Julie Russell, and Board Members Catherine Scott, Robin Stewart-Crompton and Ken Lay

Ken Lay AO APM

Ken is a professional non-executive Director and the Lieutenant-Governor of Victoria. His substantial career was with Victoria Police, concluding as the Chief Commissioner (2011–2015). He has since conducted several reviews for both state and federal governments concerning significant social policy, community safety, governance and leadership issues.

His Board portfolio in 2019–20 also included chairing roles with Ambulance Victoria and Forensicare (Victorian Institute of Forensic Mental Health).

From January to April 2020, Ken was Chair of Bushfire Recovery Victoria, a new permanent Victorian Government agency created to work directly with communities to listen, help and deliver what they need after the 2019–20 Victorian Bushfires.

He is an Officer of the Order of Australia and an Australian Police Medal recipient.

Appointed to the NHVR Board in 2018, he is also the Chair of the Finance, Risk and Audit Committee.

Catherine Scott

Catherine is a highly experienced Chairperson and Non-Executive Director who has held directorships across a portfolio of organisations in transport, water, education and natural resources. In her prior professional career, she held senior positions in the investment banking and finance industries.

She is a Non-Executive Director and Chair of the Audit and Risk Committee for the Office of the National Rail Safety Regulator, a Board Member of Goulburn Ovens TAFE and member of the Finance Committee of Edmund Rice Ministries Oceania. She is also a past director of several organisations, including Chair of Goulburn Valley Water and a Non-Executive Director of VicWater.

Robin Stewart-Crompton

Robin is the Director of RSC Advising Pty Ltd and is a consultant in the fields of public administration, occupational health and safety, workers' compensation and industrial relations. Previously, he was a senior Commonwealth public servant and a legal practitioner.

Board meetings

During 2019–20, the Board held nine meetings. All Board members were present at all but two of the nine formal meetings. Ken Lay and Julie Russell were absent from the 4 September 2019 and 27 November 2019 meetings respectively.

Board committees

The Board's Finance Risk and Audit Committee held four meetings and decided three circular resolutions between meetings.

Internal audit arrangements

Our risk-based internal audit approach entails performance, financial, IT and compliance audits across the organisation, conducted through an outsourced internal audit service provision.

The internal audit function assists the Board and its committee to execute its respective responsibilities effectively by providing independent advice, analysis and recommendations concerning the NHVR's operations and processes.

The Finance Risk and Audit Committee approves the internal audit plan.

In 2019–20, the internal audit program comprised six audits to review the design and improve the effectiveness of the control environment. These were:

- Corporate planning and reporting
- National Service Transition Program
- Fraud and corruption control framework
- On-road safety culture and compliance
- Accreditation program
- Contract management.

The Executive Leadership Team has responsibility for oversight of the audit plan, the progress of process improvement brought about through the implementation of the recommendations, and for reporting on these to the Finance Risk and Audit Committee.

Risk management

The identification, analysis, treatment, monitoring and review of risk are embedded in all NHVR functions, and contribute directly to the effective and efficient achievement of our goals.

Our Risk Management Framework is reviewed annually to ensure relevance, ease of use and that it remains aligned to AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

With our framework now intrinsically linked to our business planning, each division and project undertakes a formal risk assessment prior to the start of the new financial year, with identified treatments and regular monitoring activities appearing as line items in business and project plans.

OUR EXECUTIVE LEADERSHIP TEAM



Sal Petrocchio

Chief Executive Officer

Sal became Chief Executive Officer of the NHVR in May 2014, bringing extensive knowledge of heavy vehicle policy, strategy and regulation to the role.

He also has broad experience across state and local government, having held senior leadership roles in transport and logistics, land use, transport and strategic planning, and has worked closely with industry and stakeholders to deliver an efficient and effective transport system and improved supply chain outcomes.

Over the past six years, Sal has led a significant program of reform across Australia's heavy vehicle industry, including transitioning functions from participating jurisdictions to deliver a single national heavy vehicle regulator, harmonising heavy vehicle regulations across more than 400 road managers, and modernising safety and productivity laws for heavy vehicle operators and the supply chain.

He has also led the NHVR's transformation to a customer-centric organisation, focusing on outcomes that deliver the biggest benefit to the most people in the heavy vehicle sector, driven by the NHVR Portal and backed up by a comprehensive set of data from across Australia.



Don Hogben

Chief Regulatory Policy and Standards Officer

Don joined the NHVR in October 2019 in the role of Chief Regulatory Policy and Standards Officer.

The responsibilities of this newly created role include developing industry and organisational safety standards (and associated assurance functions), organisational strategy, policy development and research, freight transport productivity initiatives and the chief engineer function.

Don has extensive experience in transport and infrastructure, including road and bridge construction, transport planning and investment, freight strategy, road safety, inter-governmental relations, transport regulation and regulatory reform, especially in freight and heavy vehicles.

He has held a number of senior roles in the South Australian and Victorian Governments, and has been involved in many national transport reform projects and programs, including the establishment of the HVNL and the NHVR.

He has had a long involvement with Austroads and Transport Certification Australia, and is a former Chair of the World Road Association Freight Technical Committee sector.



Leigh Pickering

Chief Corporate Officer

Leigh joined the NHVR in August 2018 to take up the newly created position of Chief Corporate Officer, with responsibility for finance, human resources, procurement and property, IT, business solutions, legal services, and performance, governance and risk.

She has extensive experience in delivering major organisational change, leading and managing large teams, and developing and implementing government policies.

Leigh has held a range of senior roles in the Queensland Government. As Assistant Director-General Human Resources, Department of Education, she led and managed responsibilities of a branch of over 700 staff in multiple locations, focusing on setting the strategic agenda for the delivery of transformative human services and responding to the challenges of supply in the teaching workforce. As Assistant Under-Treasurer, Queensland Treasury, her focus was on assessing and developing major policy initiatives, including setting and implementing the state's fiscal agenda.

Led by our Chief Executive Officer, Sal Petrocchio, the Executive Leadership Team is responsible for the day-to-day management of our organisation and for leading the delivery of our strategic objectives.



Paul Salvati

Chief Operations Officer

Paul joined the NHVR in March 2019 to take up the position of Chief Operations Officer, with responsibility for the operational elements of our business, including on-road operations, access permits, stakeholder engagement and customer experience.

Paul's experience is primarily in the field of service delivery, encompassing frontline customer service, regulatory and compliance functions, community policy, infrastructure and services.

He has worked across all three tiers of government and in the private sector, and has consulted domestically and overseas on service delivery transformation. Teams under his leadership have won state, national and international awards for diversity, innovation and customer service excellence.

Prior to joining the NHVR, Paul was the Divisional Manager Lifestyle and Community Services at Brisbane City Council, where he led a multi-disciplinary workforce of over 1,400 staff with a \$380 million annual operating budget, and responsibility for the city's customer and regulatory services, community services and infrastructure – a \$1.5 billion asset portfolio incorporating more than 600 leased/operational sites.



Joe Fitzgerald

Executive Director, Corporate Affairs

Joe joined the NHVR in January 2019 as Executive Director, Corporate Affairs to lead the newly established Corporate Affairs Division.

His responsibilities include enhancing and protecting NHVR's brand and reputation with industry, all levels of government and the general public. This encompasses government affairs, strategic partnerships, media relations, marketing, social media engagement and digital communications services, including the NHVR website.

Joe has extensive leadership and corporate affairs experience across the private and public sectors and is adept at developing and executing strategic political, social and educational campaigns and projects on a state and national level.

This experience includes the development and leadership of high-performing teams, and working with complex stakeholders in the successful delivery of organisational goals across traditional and social media, advertising and marketing channels.



Ray Hassall

Executive Director, Statutory Compliance

Ray leads the Statutory Compliance Division of the NHVR.

He has more than 20 years' experience in public administration, and has led the design and implementation of regulatory reform at the state and national levels for all land transport modes. This experience includes legal and regulatory policy design, administrative review, strategic analysis, high-level stakeholder liaison, parliamentary committee appearances and managing parliamentary and cabinet processes.

Ray has a deep background in regulatory compliance and is an industry expert for a legal publisher, as well as a peer reviewer for many national and international transport publications.



Kelli Walker

Program Executive

Kelli leads the NST Division, working with jurisdictions and NHVR business areas to plan for the transfer of responsibility for frontline delivery of regulatory compliance, enforcement and education activities currently being delivered by states and territories on the NHVR's behalf.

Kelli joined the NHVR in February 2016 to oversee the transition of heavy vehicle regulatory services to the NHVR from the South Australian Government.

She has over 25 years of experience in senior management roles in state and federal government, with a strong background in transport policy and legislation development, and the planning and delivery of regulatory compliance programs for the heavy vehicle and maritime industries.



Celebrating the winners and finalists at our inaugural annual Employee Awards ceremony in November 2019

Probity measures

Public interest disclosure

Our policy and procedures on public interest disclosure are consistent with the requirements of the Public Interest Disclosure Acts that apply to the NHVR. They enable confidential disclosure of matters and protect disclosers from fear or threats of reprisal for making a disclosure.

Corrupt conduct

We are subject to anti-corruption prevention legislation in all participating states and territories (except Tasmania), as well as the requirements of the HVNL, imposing:

- 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 employees improperly using their position or information that comes to their knowledge through the exercise of functions under the HVNL.

Our *Corrupt Conduct Policy* provides a clear and transparent statement of our commitment to protecting our customers,

employees and standing within the community by effectively preventing, detecting and deterring misconduct, fraud and corruption.

Our policies and procedures relating to any complaints that may be made against our CEO are consistent with the requirements of s.48A of the *Crime and Corruption Act 2001* (Qld) and are endorsed by the Queensland Crime and Corruption Commission.

Any complaints as to corrupt conduct are taken seriously and are reported as required by law.

Code of Conduct

The NHVR *Code of Conduct 2020* sets out the standards of conduct we expect from our people, and governs our behaviour, decisions and actions. It applies to our employees, our Board, consultants and anyone else engaged by us to undertake an activity for us or on our behalf. On commencing their employment with, or engagement by, the NHVR, they must declare that they will uphold these obligations and they must complete a mandatory induction that includes Code

of Conduct obligations. They must also complete mandatory online refresher training.

Conflict of interest

Our *Conflict of Interest Policy and Managing Conflicts of Interest Work Procedure* ensure our people understand their individual responsibilities and all conflicts of interest are properly managed. If a perceived, real or potential conflict is notified, the employee's leadership team undertakes the necessary assessments, in conjunction with our People and Culture team, for review and sign-off by the CEO, as required.

Fraud control

We monitor non-compliance with our corporate policies through our assurance activities, and review thresholds and appropriateness of all financial delegations annually.

We observe our duties under the Anti-Corruption legislation, Public Interest Disclosure Acts, and Ombudsman Acts through our Legal Services team, which manages statutory complaints and investigations.

Insurance and indemnities

We hold the following insurances: public and products liability, directors and officers liability, professional indemnity, travel, crime, occupational health and safety, and business insurance.

Information privacy and right to information

Under s.696 of the HVNL, we are subject to the *Information Privacy Act 2009* (Qld) (the IP Act) and the *Right to Information Act 2009* (Qld) (RTI Act). We are guided by the legislation and the guidelines published by

the Queensland Office of the Information Commissioner. We are subject to internal processes and controls through our *Right to Information and Information Privacy Policy* and *Processing RTI or IP Applications Work Procedure*.

Individuals can apply for access to personal information under the IP Act and non-personal information under the RTI Act. The Disclosure Log on our website provides details of information released in response to RTI requests.

During 2019-20, we received two applications under the RTI Act.

External scrutiny

Judicial decisions

No applications for judicial review of any NHVR decisions were made during the reporting period, nor were any other civil law decisions published.

Coronial inquiries

No coronial matters were referred to the NHVR during the reporting period.

South Australian SCO David Clemente and Principal SCO Peter Thomas (seated)





> FINANCIAL STATEMENTS

NATIONAL HEAVY VEHICLE REGULATOR FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

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Statement of Profit or Loss and Other Comprehensive Income for year ended 30 June 2020

	Note	2020	2019
		\$000	\$000
Income from continuing operations			
Regulatory income	2	155,368	153,174
Other contributions	3	11,107	8,894
Fee income	4	11,348	11,557
Other income	5	1,512	1,883
Total income from continuing operations		179,335	175,508
Expenses from continuing operations			
Employee and related expenses	6	48,753	38,147
Service agreement payments	7	86,042	93,219
Third party services	8	12,822	9,747
Building property and motor vehicle expenses		1,337	1,750
Depreciation and amortisation	9	5,653	2,163
Financing costs	10	319	296
Other expenses	11	13,888	8,960
Total expenses from continuing operations		168,814	154,283
Operating surplus from continuing operations		10,521	21,225
Total surplus for the period		10,521	21,225
Other comprehensive income		-	-
Total comprehensive income		10,521	21,225

Statement of Financial Position as at 30 June 2020

Assets			
Current assets			
Cash and cash equivalents	27	53,432	53,726
Trade and other receivables	12	18,130	15,378
Other current assets	13	1,773	780
Total current assets		73,335	69,884
Non current assets			
Plant and equipment	14	3,008	865
Right-of-use assets	16	12,837	-
Intangible assets	15	17,430	12,069
Total non current assets		33,275	12,934
Total assets		106,610	82,818
Liabilities			
Current liabilities			
Trade and other payables	17	2,441	3,684
Loan liabilities	18	-	2,340
Accrued employee benefits	19	6,963	4,319
Lease liabilities	16	2,700	-
Unearned revenue		3,841	212
Total current liabilities		15,945	10,555
Non current liabilities			
Loan liabilities	18	-	4,055
Accrued employee benefits	19	2,792	2,090
Provision for make good	16	306	-
Lease liabilities	16	10,928	-
Total non current liabilities		14,026	6,145
Total liabilities		29,971	16,700
Net assets		76,639	66,118
Equity			
Accumulated surplus		76,639	66,118
Total equity		76,639	66,118

Statement of Changes in Equity for year ended 30 June 2020

	Accumulated surplus	Total
	\$000	\$000
Balance as at 1 July 2018	44,893	44,893
Operating surplus from continuing operations	21,225	21,225
Balance as at 30 June 2019	66,118	66,118
Balance as at 1 July 2019	66,118	66,118
Operating surplus from continuing operations	10,521	10,521
Balance as at 30 June 2020	76,639	76,639

Statement of Cash Flows for year ended 30 June 2020

	Note	2020	2019
		\$000	\$000
Cash flows from operating activities			
<i>Inflows:</i>			
Regulatory income		153,893	148,514
Other contributions		14,397	7,374
GST refunded from Australian Taxation Office		11,106	13,932
Receipts from operating activities (NHVAS and Access)		11,652	6,955
Interest received		1,107	1,535
Other		485	4,633
		192,640	182,943
<i>Outflows:</i>			
Employee and board related expenses		(52,484)	(36,402)
Supplies and services		(121,677)	(123,513)
Interest expenses		(319)	-
		(174,480)	(159,915)
Net cash provided by / (used in) operating activities	20	18,160	23,028
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for plant and equipment		(2,554)	(318)
Payments for intangible assets		(7,650)	(6,775)
Net cash provided by / (used in) investing activities		(10,203)	(7,093)
Cash flows from financing activities			
<i>Outflows:</i>			
Loan repayments	21	(6,395)	(1,871)
Lease repayments	21	(1,856)	-
Net cash provided by / (used in) financing activities		(8,251)	(1,871)
Net increase / (decrease) in cash and cash equivalents		(294)	14,064
Cash and cash equivalents at the beginning of the period		53,726	39,662
Cash and cash equivalents at the end of the period		53,432	53,726

The accompanying notes form part of these statements.

Notes to the Financial Statements for year ended 30 June 2020

Note 1: Basis of financial statement preparation

(a) General information, objectives and principal activities of the authority

Based in Brisbane, Queensland, the National Heavy Vehicle Regulator (Regulator) is Australia's national, independent heavy vehicle regulator for all vehicles over 4.5 tonnes gross vehicle mass. The Regulator was established to minimise the compliance burden on duty holders under the Heavy Vehicle National Law ("HVNL"), reduce duplication of, and inconsistencies in, heavy vehicle registration across state and territory borders and to provide leadership and driving sustainable improvement to safety, productivity and efficiency outcomes in the heavy vehicle road transport industry. The Regulator was formally established on 12 October 2012 following passage of its enabling legislation, the *Heavy Vehicle National Law Act 2012* on 23 August 2012.

On 10 February 2014, the HVNL commenced in participating states and territories of Queensland, New South Wales, Australian Capital Territory, South Australia, Tasmania and Victoria. Western Australia and Northern Territory have not adopted the HVNL. Business activities of the Regulator include:

- on-road compliance and enforcement;
- NHVAS management and accreditations;
- the PBS scheme, vehicle design and access approvals;
- vehicle road access permit applications;
- vehicle standards, modifications and exemption permits;
- national driver work diary; and
- national exemption notices.

(b) 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, applicable to not-for-profit entities.

The financial statements were authorised for issue by the Board of the Regulator on 2 September 2020.

(c) The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Regulator. The Regulator does not have any controlled entities and is a not-for-profit entity. Except where stated, the historical cost convention is used.

(d) Going concern

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 remains primarily dependent upon timely receipt of the regulatory income component of heavy vehicle registration charges from participating state and territory government agencies in accordance with agreed payment timeframes.

Notwithstanding the ongoing dependence on timely receipt of the regulatory component of heavy vehicle registration charges from participating state and territory government agencies, the Board is of the opinion that the Regulator is a going concern and this financial report is prepared on that basis.

(e) Insurance

The Regulator seeks to insure its risks with premiums being paid on a risk assessment basis with regards to the activities of the Regulator. In addition, premiums are paid to WorkCover Queensland, ReturnToWorkSA South Australia, Worksafe Victoria and Allianz Insurance in respect of its obligations for employee workers compensation.

(f) 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.

The Regulator pays payroll tax to the Queensland, Victoria, ACT, Tasmania and South Australia governments for a reward for services rendered by employees, deemed employees and contractors where the arrangement is considered a "relevant contract" for payroll tax purposes.

(g) Estimates and judgements

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

- Valuation of intangibles, property, plant and equipment - Note 14 & 15
- Amortisation of intangibles, depreciation of property, plant and equipment and right of use assets - Note 9, 14, 15 and 16
- Loan liabilities - Note 18
- Accrued employee benefits - Note 19

(h) Rounding and comparatives

Amounts included in the Financial Statements are in Australian dollars and have been rounded to the nearest \$1,000 unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(i) First time mandatory application of Australian Accounting Standards and Interpretations

Three new accounting standards were applied for the first time in 2019-20:

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not-for-Profit Entities
- AASB 16 Leases

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a new five-step model for recognising revenue from contracts with customers, which includes all user charges and fees in Note 2. The Regulator is now required to identify performance obligations in its contracts with customers and recognise revenue as or when the performance obligations are satisfied.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 applies to the Regulator's grants and contributions that are not contracts with customers, being all grants and contributions disclosed in Note 3. Revenue for these grants continues to be recognised upfront on receipt of the funding, consistent with prior accounting treatment (AASB 1004) except for Strategic Local Government Asset Assessment Project (SLGAAP), which is deferred because it is a specific purpose capital grant under AASB 1058.

Adoption of AASB 1058 increased unearned revenue by \$3,437,864 as at 30 June 2020, primarily due to the deferral of revenue under SLGAAP. An amount of \$542,136 was recognised as revenue during 2019-20.

AASB 16 Leases

The Regulator has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The Regulator has chosen the simplified method whereby right-of-use asset is an amount equal to the lease liability, adjusted by the amount of provision for make good.

The lease liabilities are measured at the present value of the remaining lease payments. The incremental borrowing rate as at 1 July 2019 of 1.47% was used to discount the lease payments. A

reconciliation of operating lease commitments at 30 June 2019 to lease liability on transition has been provided in Note 23(a).

Upon adoption, the Regulator has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

The Regulator has leases for buildings and motor vehicles for use in its operations. The lease term for buildings and motor vehicles ranged between 3 and 7 years. Lease rental is escalated each year by reference to the lease agreements' index. On conclusion of the lease term, the agreement provides for a right of renewal following a market rent review. The Regulator has not included the optional period in the lease term as it is not reasonably certain the option will be exercised.

A right-of-use asset of \$11,541,977 and a lease liability of \$11,236,027 is recognised as at 1 July 2019. The difference of \$305,950 represent the make good amount. The Regulator subsequently depreciated the right-of-use asset and recognised an interest expense on the lease liability.

Early adoption of Australian Accounting Standards and Interpretations
No accounting pronouncements were early adopted in the 2019–20 financial year.

Note 2: Regulatory income

	2020	2019
	\$000	\$000
VicRoads (Vic)	45,065	43,958
Roads and Maritime Services (NSW)	49,605	49,078
Transport and Main Roads (Qld)	42,448	42,175
Department for Planning, Transport and Infrastructure (SA)	13,100	12,877
Chief Minister, Treasury and Economic Development (Access ACT)	770	795
Department of Infrastructure, Energy and Resources (Tas)	4,379	4,291
Total regulatory income	155,368	153,174

Accounting policy - Regulatory income

Regulatory income is recognised on a systematic basis over the periods in which the Regulator performs the obligations and recognises costs for which the income is intended to compensate. Regulatory income is provided to the Regulator from participating state and territory government agencies, representing the regulatory component of heavy vehicle registration charges.

Note 3: Contributions

Commonwealth contributions ⁽¹⁾	5,959	3,894
State and territory contributions ⁽²⁾	5,148	5,000
Total grants and other contributions	11,107	8,894

Accounting policy - Contributions

Grants, contributions, donations and gifts arise from transactions that are non-reciprocal in nature (i.e. do not require any goods or services to be provided in return).

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the Regulator to transfer goods or services to a third-party on the grantor's behalf, the grant is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred as unearned revenue (contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant or donation is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding. AASB 1058 provided for grants received for capital purposes can be deferred. In 2019-20 financial year, the Regulator received specific purpose capital grant (Strategic Local Government Asset Assessment Project).

Contributions of assets received from the government and other parties are recognised at fair value on the date of transfer in the Balance Sheet, with a corresponding amount of revenue recognised in the Statement of Comprehensive Income.

Disclosure - Contributions

⁽¹⁾ The Regulator received a contribution from the Commonwealth of \$5,417,000 in the 2019–20 financial year for Heavy Vehicle Safety Initiatives. This funding has been recognised as revenue on receipt under AASB 1058 as the Regulator's obligations are not sufficiently specific. The funds are used for the broad objectives of the Regulator, that is to implement safety initiatives with the aim to improve safety for the heavy vehicle industry and other road users.

The Regulator received a contribution from the Commonwealth of \$3,980,000 in advance in the 2019–20 financial year for SLGAAP. Revenue is recognised for an amount equal to the actual expenditure allocated to the SLGAAP under AASB 1058 within the scope of the specific capital grant.

As at 30 June 2020, \$542,136 revenue has been recognised and \$3,437,864 remains in unearned revenue. The year-end balance of unearned revenue is expected to be wholly recognised in the 2020–21 financial year, as the project is scheduled to be completed.

⁽²⁾ The Regulator received \$5,000,000 in the 2019–20 financial year for the Safety and Compliance Regulatory Platform Program (SCRPP). This funding has been recognised as revenue on receipt under AASB 1058 as the Regulator's obligations are not sufficiently specific. The funds are used to develop a non-financial asset (SCRPP) for its own use. The Regulator has discretion as to the development of the SCRPP.

Note 4: Fee income

	2020	2019
	\$000	\$000
National Heavy Vehicle Accreditation Scheme (NHVAS) fees	3,429	3,636
Work diaries	4,031	4,070
Access permit fees	3,888	3,851
Total fee income	11,348	11,557

Accounting policy - Fee income

Fee income is recognised when performance obligations are met i.e. services are completed and includes application fees associated with the National Heavy Vehicle Accreditation Scheme, national driver work diary fees and application fees for Access permits collected under the Heavy Vehicle National Law. Where payment has been received for services not yet completed or in progress as at reporting date they are recognised as unearned revenue until such time as the service is completed.

Note 5: Other income

Interest income ⁽¹⁾	1,037	1,441
Sundry revenue	476	442
Total other income	1,512	1,883

Accounting policy - Other income

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Disclosure – Other income

⁽¹⁾ Interest income is received from short term cash deposits and operating cash held.

Note 6: Employee and related expenses

	2020	2019
	\$000	\$000
Wages and salaries	41,715	32,517
Employer superannuation contribution	4,178	3,320
Payroll tax	2,208	1,688
Other employee related expenses	652	621
Total employee and related expenses	48,753	38,147

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

Number of employees as at 30 June 2020:	384	311
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Accounting policies – Employee expenses

Employer superannuation contributions, annual leave and long service leave 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 and salaries

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. 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.

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 out. After the qualifying period, long service leave continues to accrue. No legal entitlement to any payment for long service leave exists before completion of the qualifying period by an employee, other than pro-rata long service leave for departure between 7 – 10 years employment.

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

1. Where an employee has between 7 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 7 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.

Unconditional long service leave is disclosed as a current liability, even where the Regulator does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

Conditional long service leave is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service leave liability is measured at present value.

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 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 the Queensland Treasury.

Note 7: Service agreement payments

	2020	2019
	\$000	\$000
Vic Roads (Vic)	7,800	13,400
Roads and Maritime Services (NSW)	55,880	55,880
Transport and Main Roads (Qld)	20,150	20,953
Department for Planning, Transport and Infrastructure (SA)	904	904
Chief Minister, Treasury and Economic Development (Access ACT)	-	1,132
Transport Certification Australia	1,308	950
Total service agreement payments	86,042	93,219

Accounting policy – Service agreement payments

In 2019–20 payments were provided to state and territory government agencies for the provision of certain regulatory services in accordance with service agreements. Services include compliance and enforcement, vehicle inspection standards, regulatory audits, access management and customer service.

Note 8: Third party services

Contractor costs	4,725	3,609
IT systems support	4,045	2,318
Managed services ⁽¹⁾	1,217	1,164
Equipment purchases	355	557
Software purchases	1,427	1,062
Telecommunication costs	425	573
Advisory services	419	264
Internal audit fees	169	161
External audit fees ⁽²⁾	41	39
Total third party services	12,822	9,747

Disclosure – Third party services

⁽¹⁾ Managed services include the outsourced contact centre and the externally hosted financial and payroll systems.

⁽²⁾ Total audit fees to be paid to PKF relating to 2019-20 financial statements are quoted to be \$41,000 (2019: \$37,000)

Note 9: Depreciation and amortisation

Plant and equipment	407	206
Computer hardware	3	13
Computer software (intangible asset)	2,290	1,944
Right-of-use assets	2,953	-
Total depreciation and amortisation	5,653	2,163

Accounting policy – refer to Notes 14 and 15.

Note 10: Financing costs

Interest expense on loans ⁽¹⁾	133	296
Interest expense on lease liabilities	187	-
Total financing costs	319	296

Accounting policy – financing costs

Finance costs are recognised as an expense in the period in which they are incurred.

Disclosure – financing costs

⁽¹⁾ Interest expense on loans from the State of Victoria was \$132,635.36 at an interest rate of 4.20%.

Note 11: Other expenses

	2020	2019
	\$000	\$000
Grants to industry and state governments*	4,777	1,820
Office related expenses	2,887	1,343
Licence fees	1,090	720
Marketing and communication related expenses	2,689	2,647
Insurance	429	280
Travel expenses	1,531	1,685
Board fees	461	443
Other board related expenses	24	23
Total other expenses	13,888	8,960

*Primarily relates to the Heavy Vehicle Safety Initiative program funded by the Commonwealth Government.

Note 12: Trade and other receivables

Trade receivables	15,748	14,367
GST - net receivable	2,276	815
Interest receivable	95	165
Other receivables	11	31
Total trade and other receivables	18,130	15,378

Accounting policy – Receivables

Trade receivables are predominantly in relation to the amount due from the jurisdictions.

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

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

Note 13: Other current assets

Prepayments		
Annual licence fees	510	317
Insurance	294	115
Support and maintenance	377	317
Rent	65	31
Wages	527	-
Total other current assets	1,773	780

Note 14: Plant and equipment

a) Classes of plant and equipment

Plant and equipment		
At cost	3,757	1,203
Less: accumulated depreciation	(748)	(341)
	3,008	862
Computer hardware		
At cost	105	105
Less: accumulated depreciation	(105)	(102)
	-	3
Work in progress:		
Carrying amount at 1 July 2019	-	-
Acquisitions	-	-
Carrying amount at 30 June 2020	-	-
Total plant and equipment	3,008	865

Accounting policy – Recognition

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	\$5,000
Computer hardware	\$5,000

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.

Accounting policy – Cost of Acquisition

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 AASB 116 *Property, Plant and Equipment*.

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.

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 subject to a range of conditions that may well exist for a purchaser of the Regulator's business. Probabilities will be subject 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 asset or its cash generating unit exceeds its recoverable amount.

Disclosure – Depreciation

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

Asset Type	Useful life (years)
Network assets	3–6
Plant and equipment	3–6
Computer hardware	3–6

b) Reconciliation of movement in plant and equipment 2019–20

	Plant and equipment	Computer hardware	Capital works in progress	Total
	\$000	\$000	\$000	\$000
Balance as at 1 July 2019	862	3	-	865
Acquisitions	2,554	-	-	2,554
Depreciation	(407)	(3)	-	(411)
Carrying amount at 30 June 2020	3,008	-	-	3,008

Reconciliation of movement in plant and equipment 2018–19

	Plant and equipment	Computer hardware	Capital works in progress	Total
	\$000	\$000	\$000	\$000
Balance as at 1 July 2018	518	16	232	767
Acquisitions	94	-	224	318
Transfers between classes	456	-	(456)	-
Depreciation	(206)	(13)	-	(219)
Carrying amount at 30 June 2019	862	3	-	865

Note 15: Intangible assets

a) Classes of intangible assets

	2020	2019
	\$000	\$000
Internally generated software (completed)		
At cost	32,562	19,027
Less: accumulated amortisation	(16,023)	(13,733)
Carrying amount at 30 June 2020	16,539	5,294
Internally generated software (WIP)	891	6,775
Total intangible assets	17,430	12,069

b) Reconciliation of movement in intangible assets

Internally generated software (completed)		
Carrying amount at 1 July	5,294	7,239
Transfers from WIP	13,534	-
Amortisation	(2,290)	(1,944)
Carrying amount at 30 June 2020	16,539	5,294
Internally generated software (WIP):		
Carrying amount at 1 July	6,775	-
Additions	7,650	6,775
Writeback	-	-
Transferred to asset account	(13,534)	-
Carrying amount at 30 June 2020	891	6,775

Accounting policy - Intangible assets and amortisation

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Regulator.

Intangible assets with a cost or other value greater than \$100,000 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.

All intangible assets of the Regulator have finite useful lives and are amortised on a straight line basis over an estimated useful life of between 2 to 5 years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

An internally generated intangible asset software is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Note 16: Leases

	2020	2019
	\$000	\$000
Right-of-use assets		
Buildings		
Opening balance at 1 July	1(i)	10,648
Additions		3,112
Depreciation charge		(2,585)
Closing balance at 30 June	11,175	-
Motor Vehicles		
Opening balance at 1 July	1(i)	894
Additions		1,136
Depreciation charge		(368)
Disposals / derecognition		-
Other adjustments		-
Closing balance at 30 June 2020	1,662	-
Total right-of-use assets	12,837	-
Lease liabilities		
Current		
Buildings	2,227	-
Motor Vehicles	474	-
	2,700	-
Non-current		
Buildings	9,734	-
Motor Vehicles	1,194	-
	10,928	-
Total lease liabilities	13,628	-

Accounting policy - Lease

At inception of a contract, the Regulator assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The Regulator's incremental borrowing rate is used when measuring the lease liability for the lease of buildings and motor vehicles as the interest rate implicit in the lease cannot be readily determined. The incremental borrowing rate used is the Queensland Treasury Corporation Bond Yield rate that corresponds to the lease's commencement date and lease term.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs and make good provision. Subsequently, they are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Regulator anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

	2020	2019
	\$000	\$000
Provision for make good	306	-

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 17: Trade and other payables

Trade payables	654	980
Other payables		
Accrued expenses	1,419	2,491
Other payables	368	213
	1,787	2,704
Total trade and other payables	2,441	3,684

Accounting policy – 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.

Note 18: Loan liabilities

Current		
Interest bearing government loans	-	2,340
Non-current		
Interest bearing government loans	-	4,055
Total loan liabilities	-	6,395

Government loans were fully repaid in 2019-20.

Disclosure – Loan liabilities

The Regulator received various tranches of loan funding between December 2012 and May 2014.

In 2019-20 the Regulator paid \$6,527,643 in loan repayments to VicRoads.

Interest expense in 2019-20 of \$132,636 has been recognised in relation to interest bearing loans from participating state and territory government agencies (refer to Note 10).

Reconciliation of total loan funding received to balance of loan liabilities

Total loan liabilities opening balance	6,395	7,970
Interest expense	133	296
Amortisation (finance cost) of fair value adjustments	-	-
	6,527	8,266
Less loan repayments	(6,527)	(1,871)
Total loan liabilities closing balance	0	6,395

Note 19: Accrued employee benefits

	2020	2019
	\$000	\$000
Current		
Wages and salaries accrued	-	690
Annual leave	4,780	3,142
Long service leave	2,183	487
	6,963	4,319
Non-current		
Long service leave ⁽¹⁾	2,792	2,090
	2,792	2,090
Total accrued employee benefits	9,756	6,409

Accounting policy – refer to Note 6

Disclosure – Accrued employee benefits

⁽¹⁾ The amounts disclosed are discounted to present values.

Note 20: Reconciliation of operating surplus to net cash from operating activities

Operating surplus	10,521	21,225
Adjusted for		
Finance costs (amortisation of fair value and interest expense on loans)	-	296
Depreciation and amortisation	5,653	2,163
	5,653	2,459
Change in assets and liabilities		
Change in trade receivables - interest	71	94
Change in trade receivables - net GST receivable	(1,461)	2,157
Change in other receivables	(1,362)	(4,188)
Change in other assets	(993)	(20)
Change in assets	(3,745)	(1,957)
Change in trade and other payables	(1,242)	723
Change in accrued employee benefits	3,346	1,895
Change in unearned revenue	3,628	(1,318)
Change in liabilities	5,732	1,301
Net cash inflows / (outflows) from operating activities	18,160	23,028

Note 21: Changes in Liabilities Arising from financing activities

	Borrowings	Lease Liability	Other	Total
	\$000	\$000	\$000	\$000
Balance as at 1 July 2018	7,970	-	-	7,970
Net cash from / (used) in finance activities	(1,871)	-	-	(1,871)
Other non-cash changes	296	-	-	296
Balance as at 30 June 2019	6,395	-	-	6,395
Net cash from / (used) in finance activities	(6,395)	(1,856)	-	(8,251)
Leases recognised on the adoption of AASB 16	-	11,236	-	11,236
Acquisition of leases	-	4,248	-	4,248
Other non-cash changes	-	-	-	-
Balance as at 30 June 2020	-	13,628	-	13,628

Note 22: Key management personnel and remuneration expenses

a) Board members

1 July 2019 – 30 June 2020

Position	Date Appointed	Short Term Employee Expenses Monetary	Non-Monetary	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
		\$	\$	\$	\$	\$	\$
Board Chair	12/10/18	118,727	-	-	10,854	-	129,581
Board Member	17/10/19	45,964	-	-	4,367	-	50,331
Board Member ¹	12/10/12	28,781	-	-	2,680	-	31,461
Board Member	12/10/12	67,493	-	-	8,605	-	76,098
Board Member ¹	12/10/12	21,688	-	-	2,060	-	23,749
Board Member	17/10/19	60,646	-	-	5,761	-	66,407
Board Member	12/10/18	75,622	-	-	6,913	-	82,535
Total Remuneration		418,921	-	-	41,241	-	460,162

¹⁾ The contract ended on 17/10/2019.

1 July 2018 – 30 June 2019

Position	Date Appointed	Short Term Employee Expenses Monetary	Non-Monetary	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
		\$	\$	\$	\$	\$	\$
Board Chair ²	12/10/12	33,463	-	-	3,185	-	36,647
Board Chair	12/10/18	81,097	-	-	7,741	-	88,838
Board Member	12/10/12	85,919	-	-	8,177	-	94,097
Board Member	12/10/12	64,752	-	-	8,295	-	73,047
Board Member	12/10/12	64,752	-	-	6,163	-	70,915
Board Member ²	12/10/12	21,309	-	-	2,034	-	23,343
Board Member	12/10/18	50,917	-	-	4,846	-	55,763
Total Remuneration		402,210	-	-	40,440	-	442,650

²⁾ The contract ended on 12/10/2018.

b) 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 2019–20.

Position	Responsibilities	2019–20 Contract Classification	Date Appointed	End Date
Chief Executive Officer	Accountable to the Board of Directors for the overall management and operation of the Regulator.	Common law contract	19/05/2014	
Chief Corporate Officer	Manages finance, human resources, IT, procurement & facilities, legal services, corporate governance and the projects portfolio.	Common law contract	27/08/2018	
Chief Operations Officer	Manages the effectiveness of the operational processes and transactions for customers and service users of the Regulator. Accountable for the operational safety and compliance functions across the Regulator.	Common law contract	04/03/2019	
Chief Regulatory Policy and Standard Officer	Manages the development of industry and organisational safety standards (and associated assurance functions), organisational strategy, policy development and research and freight transport productivity initiatives.	Common law contract	28/10/2019	
Executive Director Statutory Compliance	Manages statutory compliance and enforcement activities through investigation and prosecution of significant non-compliance and providing intelligence services.	Common law contract	02/01/2013	
Organisational Alignment Implementation Executive	Manages the implementation of the new functional model and organisational structure.	Common law contract	27/01/2015	
Executive Director Safety Standards & Assurance	Manages safety standards, vehicle safety & performance, safety systems & assurance, and accreditation.	Common law contract	23/02/2015	27/02/2020
Executive Director Freight & Supply Chain Productivity	Manages the heavy vehicle access policy, freight & supply chain and performance based standards.	Common law contract	02/01/2013	
Executive Director Corporate Affairs	Manages intergovernmental relations and communications.	Common law contract	14/01/2019	
NST Program Executive	Manages the national services transition projects.	Common law contract	27/06/2016	

c) Remuneration expenses

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

Short term employee expenses which include:

- Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specific position
- performance payments recognised as an expense during the year
- non-monetary benefits - consisting of fringe benefit tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlement earned.

Post employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination. This includes the value of redundancy payments.

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

	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary	Non-monetary				
	\$	\$	\$	\$	\$	\$
1 July 2019 – 30 June 2020	2,570,788	16,651	424,893	237,132	-	3,249,464
1 July 2018 – 30 June 2019	1,909,093	15,576	394,790	164,319	-	2,483,779

d) Performance Payments

No Key Management Personnel remuneration packages provided performance or bonus payments.

Note 23: Commitments for expenditure

(a) Operating lease commitments reconciliation

Reconciliation of non-cancellable operating leases at 30 June 2019 to lease liability as at 1 July 2019 is as follows:

Operating lease commitments disclosed as at 30 June 2019	11,886
Add: Adjustment for understatement of operating lease commitments	1,787
Commitment for lease payment	13,673
Less: Outgoings which does not form of lease liability	(1,983)
Discounted using the Regulator's incremental borrowing rate	(454)
Lease liability recognised as at 1 July 2019	11,236

(b) Support and maintenance expenditure commitments

The Regulator's ICT contracted systems support and maintenance commitments as at reporting date are as follows:

	2020	2019
	\$000	\$000
Not later than one year	1,104	1,601
Later than one year and not later than five years	-	1,104
Total	1,104	2,705

Note 24: Contingencies

Financial guarantees

Financial guarantees are in place with respect of the lease for office accommodation. The Regulator has a facility of \$2,430,000 with the Commonwealth Bank of Australia Ltd of which the following guarantees (\$1,588,162.07) has been issued:

- National Mutual Life Nominees PTY LTD (lease for Level 3 and part of 4, 76A Skyring Terrace, Newstead QLD, 4006) - \$799,684.49
- National Mutual Life Nominees PTY LTD (lease for Level 1 and 2, 76A Skyring Terrace, Newstead QLD, 4006) - \$333,310.01
- National Mutual Life Nominees PTY LTD (lease for Part Level 4, 76A Skyring Terrace, Newstead QLD, 4006) - \$299,582.32
- Perpetual Trustee Company LTD (lease for Part 2, 187 Todd Road, Port Melbourne, VIC, 3207) - \$155,585.25

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.

Note 25: Agency transactions

Accounting policy – 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. Amounts outstanding as at reporting date, representing monies received but not yet returned are also eliminated from the cash balance and the corresponding amount payable and have been separately disclosed in the notes to financial statements for information only.

a) 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.

2020	Fees Received	Fees Paid	Payable at 30/06/2020
	\$000	\$000	\$000
National work diary fees			
VicRoads (Vic)	-	-	-
Total national work diary fees	-	-	-

2019	Fees Received	Fees Paid	Payable at 30/06/2019
National work diary fees			
VicRoads (Vic)	-	1,206	-
Total national work diary fees	-	1,206	-

Disclosure – Agency transactions

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 government road agency.

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 prior financial reporting periods.

Note 26: Events occurring after balance date

The transition of the remaining jurisdictions in the next few years increases the potential unfunded liabilities that will be assumed by the NHVR as part of transition. Additionally, the high set up costs in the transition phase increases the need to maintain adequate reserves to fund these additional costs and liabilities.

Other than the above information, the Board of the Regulator is not aware of any other events subsequent to 30 June 2020 that could materially affect the financial statements as presented.

Note 27: Financial instruments

Accounting policies – Financial instruments

Recognition and derecognition

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. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the company does not have any financial assets categorised as FVOCI or FVTPL.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Regulator's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

AASB 9 replaced the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. This impairment model applies to the Regulator in relation to financial assets classified at amortised cost, being the trade receivables. Based on the Regulator's assessment of historical provision rates, there is no material financial impact on the impairment provisions on adoption of this standard and no adjustment to retained earnings is required. For the current period, the Regulator has elected to measure loss allowances on trade receivables using a life-time expected loss model which is measured based on historical credit loss experience.

Classification and measurement of financial liabilities

The Regulator's financial liabilities include borrowings, trade and other payables. Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents include cash on hand, cash and cheques receipted but not banked at year end, and deposits held at call with financial institutions.

(a) Categorisation of financial instruments

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

	Note	2020	2019
Category		\$000	\$000
Financial assets			
Cash and cash equivalents		53,432	53,726
Trade and other receivables	12	18,130	15,378
Total		71,562	69,104
Financial liabilities			
Trade and other payables	17	2,441	3,684
Loan liabilities	18	-	6,395
Total		2,442	10,079

(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		53,432	53,726
Trade receivables	12	15,748	14,367
Total		69,181	68,093

Disclosure – Credit risk exposure

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

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.

(c) Liquidity risk

The Regulator 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.

Financial liabilities	2020 Payable in			Total
	<1 year	1-5 Years	>5 Years	
	\$000	\$000	\$000	\$000
Loan repayments				
Interest bearing government loans	-	-	-	-
Non-interest bearing government loans	-	-	-	-
Total loan repayments	-	-	-	-
Trade and other payables	2,441	-	-	2,441
Total	2,441	-	-	2,441

Financial liabilities	2019 Payable in			Total
	<1 year	1-5 Years	>5 Years	
	\$000	\$000	\$000	\$000
Loan repayments				
Interest bearing government loans	2,340	4,789	-	7,129
Non-interest bearing government loans	-	-	-	-
Total loan repayments	2,340	4,789	-	7,129
Trade and other payables	3,684	-	-	3,684
Total	6,024	4,789	-	10,812

(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) Interest rates sensitivity analysis

Financial instrument	Carrying amount	2020 Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalent	53,432	9,987	76,105	11,056	77,173
Potential impact		(534)	(534)	534	534

Financial instrument	Carrying amount	2019 Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalent	53,726	20,688	65,580	21,762	66,655
Potential impact		(537)	(537)	537	537

Disclosure – Interest rates

Interest rate exposure only relates to interest earning on cash balances. As interest bearing loan liabilities are at fixed interest rates, there is no further interest rate risk exposure.

(f) Fair value

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

	2020	
	Carrying amount	Fair value
Year ended 30/06/2020	\$000	\$000
Interest bearing government loans	-	-
Non-interest bearing government loans	-	-
Total	-	-

	2019	
	Carrying amount	Fair value
Year ended 30/06/2019	\$000	\$000
Interest bearing government loans	6,395	6,395
Non-interest bearing government loans	-	-
Total	6,395	6,395

Disclosure – Fair value

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

Note 28: COVID-19 implications

As at 30 June 2020 the Regulator has no going concern issues as a result of COVID-19 and has not been significantly impacted by COVID-19.

NHVR produced a total surplus for the period of \$10,521,000 and has a strong balance sheet with net assets of \$76,639,000 in which \$53,432,000 is cash and cash equivalents.

NHVR continues to monitor the financial position on an ongoing basis.



Certificate of National Heavy Vehicle Regulator for the period 1 July 2019 to 30 June 2020

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 2019 to 30 June 2020 and of the financial position of the Regulator at the end of that period.

2 September 2020

A handwritten signature in black ink, appearing to read 'Duncan Gay'.

The Hon Duncan Gay
BOARD CHAIR

A handwritten signature in black ink, appearing to read 'Sal Petrocchio'.

Sal Petrocchio
CHIEF EXECUTIVE OFFICER

Independent Auditor's Report to the Members of National Heavy Vehicle Regulator

Report on the Financial Report

Opinion

We have audited the accompanying financial report of National Heavy Vehicle Regulator (the entity), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificate given by the Chief Executive Officer and the Chair.

In our opinion the financial report of National Heavy Vehicle Regulator is in accordance with the *Heavy Vehicle National Law Act 2012*, including:

- a) Giving a true and fair view of the entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other information is financial and non-financial information in the annual report of the entity which is provided in addition to the Financial Report and the Auditor's Report. The Board are responsible for Other Information in the annual report.

The Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Other Matter – Electronic presentation of the Audited Financial Report

It is our understanding that National Heavy Vehicle Regulator intends to publish a hard copy of the audited financial report and audit report for members, and to electronically present the audited financial report and audit report on its web site. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by National Heavy Vehicle Regulator to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the entity's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the entity's web site is that of the governing body of National Heavy Vehicle Regulator.

Boards' Responsibilities for the Financial Report

The Board of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Heavy Vehicle National Law Act 2012* and for 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.

In preparing the financial report, the Board are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Board either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Boards' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PKF BRISBANE AUDIT



Cameron Bradley
Partner

Dated this 2nd day of September 2020
Brisbane



APPENDICES AND REFERENCES

APPENDIX A: HVNL REPORTING REQUIREMENTS

Under s.693 of the HVNL, the NHVR must provide responsible Ministers with an annual report within three months of the end of each financial year. The report must include the following matters:

HVNL reporting requirements	Reference	Pages
The financial statements that have been audited by an auditor decided by the responsible Ministers	s.693(2)(a)(i)	48-63
A statement of actual performance measured against the National Performance Measures (Standards and Indicators) outlined in the current corporate plan	s.693(2)(a)(ii)	36-39
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	s.693(2)(a)(iii)	36-39
A statement of trend analysis relating to performance measured against the National Performance Measures (Standards and Indicators)	s.693(2)(a)(iv)	36-39
A statement of the outcome of consultation strategies and activities, including a summary of industry comments ¹	s.693(2)(a)(v)	17-21, 24-25, 27-29, 31, 33
A statement of the achievements attained in implementing, and the challenges encountered in implementing, the Regulator's objectives stated in the current corporate plan	s.693(2)(a)(vi)	6-9, 12-39
A statement of the achievements attained in the exercise of the Regulator's functions	s.693(2)(a)(vii)	6-9, 12-39
A statement of arrangements in place to secure collaboration with state and territory agencies and the effectiveness of those arrangements	s.693(2)(a)(viii)	9, 17, 21, 23-25, 31, 33,
Statement indicating the nature of any reports requested by the responsible Ministers under s.694	s.693(2)(a)(ix)	41
Other matters required by the national regulations	s.693(2)(a)(x)	-



¹ Comments have been placed within the Performance section of this report where relevant to the achievements reported.

APPENDIX B: OPERATING STATISTICS

Access operations

Table A.1 Access permit applications and turnaround times

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Applications received						
Applications total ²	78,622	68,013	55,496	-	-	-
- Single applications from customers	48,688	41,960	33,365	23,335	22,824	14,800
- Generated applications for multi-route renewals	29,934	26,053	22,131	-	-	-
Application assessment						
Total applications completed ³	78,166	67,566	53,525	-	-	-
- Single applications from customers	48,304	41,693	32,059	10,999	12,239	9,233
- Generated applications for multi-route renewals	29,862	25,873	21,466	-	-	-
Applications refused	3,806	2,749	1,649	1,755	1,849	1,026
Applications delegated	653	1,876	6,861	7,947	4,554	1,129
Applications not required ⁴	37,848	28,682	17,908	-	-	-
- Single applications from customers	21,450	16,100	7,644	3,651	4,005	2,522
- Generated applications for multi-route renewals	16,398	12,582	10,264	-	-	-
NHVR processing time - average days	3.86	4.67	7.11	5.75	6.59	5.38
Overall end-to-end time - average days	16.83	18.59	18.89	33.76	31.48	25.36
Road manager consents						
Received within 28 days						
Local government - consents	66,214	52,323	39,796	14,974	14,249	10,718
Local government - average days turnaround	4.96	5.51	5.2	7.9	7.61	7.09
State/territory - consents	42,941	34,039	25,123	5,642	6,147	7,765
State/territory - average days turnaround	5.19	5.01	4.37	8.55	11.33	8.7
Received after 28 days						
Local government - consents	3,705	4,141	3,267	1,391	904	1,332
Local government - average days turnaround	83.65	67.38	60.23	67.59	57.54	59.98
State/territory - consents	2,584	3,035	3,126	1,125	995	926
State/territory - average days turnaround	59.67	67.84	66.83	75.21	67.58	65.09

Table A.2 Total pre-approvals by participating road managers as at 30 June⁵

State/territory	2019-20		2018-19		2017-18		2016-17		2015-16		2014-15	
	Total	Impacted road managers	Total	Impacted road managers	Total	Impacted road managers	Total	Impacted road managers	Total	Impacted road managers	Total	Impacted road managers
ACT	13	1	13	1	10	1	1	1	5	1	3	1
NSW	783	112	641	97	588	92	43	30	409	87	227	69
QLD	537	67	392	58	414	77	47	31	230	71	72	28
SA	303	49	350	49	273	46	1	1	91	22	80	23
TAS	120	28	125	28	119	29	45	25	113	32	50	24
VIC	596	85	595	85	621	84	47	40	278	70	216	51
Other ⁶			310									
Total	2,352	342	2,426	318	2,025	329	1,669	128	1,126	283	648	196

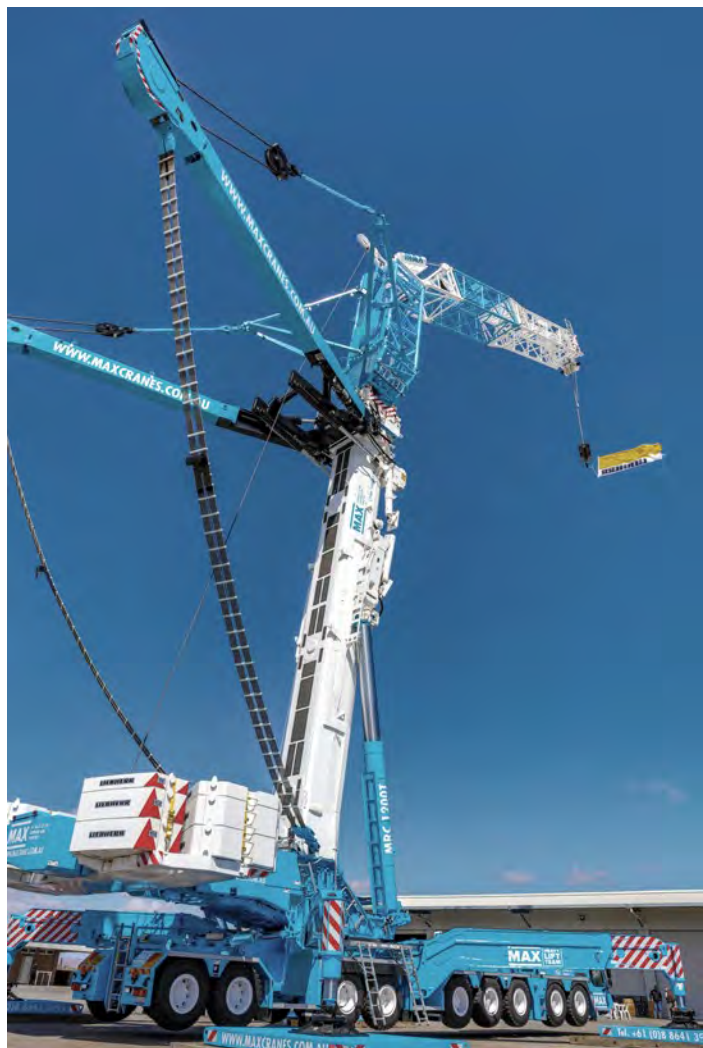
2 Includes NHVR-generated cases from renewals

3 Permit applications completed, refused, delegated or closed

4 Includes cases withdrawn, non-responsive, duplicated or closed without a decision

5 Approvals from a road manager to the NHVR to issue a permit without a formal consent via a pre-approval or a pending gazette

6 Additional pre-approvals as a consequence of the National Class 1 Agricultural Vehicle and Combination Notice



NHVAS

Table A.3 NHVAS applications by state/territory

	2019-20		2018-19		2017-18		2016-17		2015-16		2014-15	
	Created	Closed	Created	Closed	Created	Closed	Created	Closed	Created	Closed	Created	Closed
NSW	9,426	10,113	10,685	10,674	10,011	10,057	8,536	8,426	7,725	7,693	6,645	6,668
NT	184	193	235	232	269	274	277	275	273	273	192	198
QLD	7,909	8,386	8,573	8,557	8,646	8,703	7,761	7,657	7,042	7,028	6,159	6,210
SA	4,883	5,232	5,614	5,604	5,452	5,487	4,663	4,617	4,454	4,436	3,984	4,014
TAS	591	659	856	851	588	599	671	663	527	525	421	422
VIC	7,267	7,852	7,913	7,879	7,785	7,836	6,519	6,435	5,714	5,693	5,176	5,196
WA	137	156	18	18	4	4	0	0	0	0	0	0
Total	30,397	32,591	33,894	33,815	32,755	32,960	28,427	28,073	25,735	25,648	22,577	22,708

Table A.4 Total accredited operators, accredited operators by module and nominated vehicles

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Number of accredited operators						
Accredited operators	7,611	7,259	6,946	6,607	6,188	6,232
Accredited operators by module						
Mass	6,422	6,052	5,726	5,312	4,867	4,688
Maintenance	3,454	3,285	3,075	2,899	2,774	2,705
Basic Fatigue Management	2,453	2,303	2,222	2,073	1,975	1,914
Advanced Fatigue Management	64	49	46	47	44	41
Nominated vehicles						
Mass	43,475	41,912	39,443	36,308	33,379	30,945
Maintenance	116,764	112,018	106,763	99,421	95,749	92,611

Table A.5 Total accredited operators, accredited operators by module and nominated vehicles by state/territory

	NSW	NT	QLD	SA	TAS	VIC	WA	Total
Number of accredited operators								
Accredited operators	2,148	26	1,529	1,444	191	2,219	54	7,611
Accredited operators by module								
Mass	1,793	6	1,141	1,181	186	2,097	18	6,422
Maintenance	1,037	26	935	1,065	16	328	47	3,454
Basic Fatigue Management	960	12	553	289	48	553	38	2,453
Advanced Fatigue Management	13	1	34	9		7	-	64
Nominated vehicles								
Mass	12,471	284	10,320	5,287	1,525	13,563	25	43,475
Maintenance	33,930	1,782	41,807	19,276	485	19,382	102	116,764

PBS

Table A.6 PBS vehicle design and approval applications

	2019-20		2018-19		2017-18		2016-17		2015-16		2014-15	
	Received	Approved	Received	Approved	Received	Approved	Received	Approved	Received	Approved	Received	Approved
Vehicle design applications ⁷	525	530	471	413	387	387	392	392	357	357	389	389
Vehicle approval applications	1,812	1,787	1,632	1,615	1,486	1,466	1,258	1,249	882	882	639	639

Table A.7 PBS vehicle design applications by vehicle type

Vehicle type	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
A-double	149	128	112	96	74	61
B-double	69	62	56	39	70	54
Bus	2	2	3	0	3	2
Other	18	6	7	5	8	4
Prime mover and semi	87	99	44	74	64	80
Road train	14	10	12	12	19	28
Truck and dog	131	164	153	166	119	160
Total	470	471	387	392	357	389

Table A.8 Vehicles certified under the PBS framework

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Individual units ⁸	9,102	7,345	7,344	5,281	3,818	3,762
Vehicle combinations ⁹	1,681	1,720	1,741	1,403	914	894

⁷ Total number of new applications, amendments and variations

⁸ Truck, trailer or dolly

⁹ Number of approved combinations relating to individual units

Vehicle Standards

Table A.9 Vehicle Standards applications and approvals

	2019-20			2018-19			2017-18			2016-17			2015-16			2014-15		
	Received	Finalised	Issued	Received	Finalised	Issued	Received	Finalised	Issued	Received	Finalised	Issued	Received	Finalised	Issued	Received	Finalised	Issued
Vehicle Standards exemption (permit)	206	254	100	333	340	154	411	384	226	452	390	238	598	605	452	388	379	434
In-principle support	214	243	127	388	387	234	382	356	293	290	256	222	303	245	220	404	368	297
Modifications	17	21	12	32	31	25	62	52	46	21	16	18	14	11	8	15	9	4

Notices

Table A.10 Notices of exemption or authorisation made under the HVNL

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Access	28	80	18	31	37	9
Vehicle Standards	8	11	3	4	8	6
Fatigue	8	6	2	8	6	0

Table A.11 Number of existing transitional notices made under former corresponding laws

	As at 30 June 2020	As at 30 June 2019	As at 30 June 2018	As at 30 June 2017	As at 30 June 2016	As at 14 February 2015
	5	5	73	79	81	143

Customer service

Table A.12 Call centre activity

Task	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Call volumes ⁹	59,689	59,897	60,260	53,038	55,027	52,332
Average call duration - minutes:seconds	6:21	6:13	6:14	5:48	4:24	5:08

APPENDIX C: MANAGEMENT AND ACCOUNTABILITY DATA

Our people

Table B.1 Workforce profile¹¹

	ELT	Senior managers	Employed under an enterprise agreement (EA)	Contractor/agency	Total
Permanent employees	0	0	288	0	288
Temporary employees ¹²	7	47	42	0	96
Contractor/agency	0	0	0	36	36
Total	7	47	330	36	420

Table B.2 Employees by classification and gender

	Female	Male	Total
Executive	2	5	7
Senior managers	12	35	47
EA employees	128	202	330
Contractor/agency	12	24	36
Total	153	267	420

Table B.3 NHVR WHS performance

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Lost time injuries	2	1	0	0	0	0
Medically treated injuries	1	3	3	9	1	1
Near misses	24	10	13	3	1	0
Journey to work	9	15	10	11	4	3
Workers' compensation claims lodged	4	9	3	4	0	0

Industry engagement and communication

Table B.4 Stakeholder engagement and communication activities

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Social media reach	6,740,982 ¹³	3,829,261 ¹⁴	2,656,081	1,380,460	1,629,265	n/a
Website hits	1,932,807	1,780,346	1,481,880	926,906	670,440	550,353
Media releases	51	69	66	56	48	31
Industry updates (e-newsletter)	30	25	25	30	24	22
Local government updates (e-newsletter)	3	6	4	5	6	5
Stakeholder forums ¹⁵	8	16	11	15	12	13
Keynote speeches and presentations	28	31	32	41	65	102

¹⁰ Number of calls received by the call centre

¹¹ Head count as at the last pay cycle in 2019-20

¹² Maximum-term, non-executive Managers/Directors or Executives

¹³ Includes Facebook, Twitter, LinkedIn and Instagram

¹⁴ Includes Facebook and Twitter

¹⁵ Number of IOG, SWG and RWG meetings held

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LIST OF ABBREVIATIONS

ACT	Australian Capital Territory
AFM	Advanced Fatigue Management
ALRTA	Australian Livestock and Rural Transporters Association
ATA	Australian Trucking Association
BFM	Basic Fatigue Management
CoR	Chain of Responsibility
EA	Enterprise agreement
EU	Enforceable undertaking
HVCRL	Heavy Vehicle Confidential Reporting Hotline
HVIA	Heavy Vehicle Industry Australia
HVNL	Heavy Vehicle National Law
HVSI	Heavy Vehicle Safety Initiative
IOG	Industry Operator's Group
NHVAS	National Heavy Vehicle Accreditation Scheme
NHVR	National Heavy Vehicle Regulator
NST	National Services Transition
NSCN	National Camera Safety Network
NTC	National Transport Commission
OSOM	Oversize overmass
PBS	Performance Based Standards
RAVRAT	Restricted Access Vehicle Route Assessment Tool
RBT	Roller brake testing
RCMS	Regulatory Compliance Mobility Solution
RWG	Regional Working Group
SA	South Australia
SETUP	Vehicle Safety and Environmental Uptake Plan
SMS	Safety management system
SCO	Safety and Compliance Officer
SCRIP	Safety and Compliance Regulatory Platform
SLGAAP	Strategic Local Government Asset Assessment Project
TIC	Transport and Infrastructure Council
TISOC	Transport and Infrastructure Senior Officials' Committee
TfNSW	Transport for NSW
UNECE	United Nations Economic Commission for Europe
WHS	Workplace health and safety







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