Modernising our transport regulatory systems so Australia can compete and grow in a tough global economy.

A NEW BEGINNING
23 September 2008

The Hon A (Anthony) Albanese MP
The Hon D (David) Campbell MP
Mr M (Michael) Daley MP
The Hon L (Lynne) Kosky MP
The Hon T (Tim) Pallas MP
The Hon J (John) Mickel MP
The Hon W (Warren) Pitt MP
The Hon D (Delia) Lawrie MLA
The Hon S (Simon) O’Brien MLC
Mr R (Robert) Johnson MLA
The Hon P (Patrick) Conlon MHA
The Hon C (Carmel) Zollo MLC
Mr J (John) Hargreaves MLA
The Hon A (Annette) King MP

Dear Ministers

In accordance with the National Transport Commission Act 2003, I am pleased to submit the National Transport Commission’s (NTC) Annual Report for the year ended 30 June 2008.

This document reports on the NTC’s activities in pursuing national transport reform during the financial year in close consultation with government and industry stakeholders and the community.

The 2007/08 financial year has been successful in progressing the Council of Australian Governments’ national reform agenda and securing agreement on heavy vehicle charges, the Performance Based Standards (PBS) scheme, and the national transport policy framework.

I’d like to thank you for leading the development of the national transport policy through the working groups and I look forward to a productive year ahead.

Greg Martin PSM
Chairman
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Membership as at 30 June 2008

The Hon A (Anthony) Albanese MP
Minister for Infrastructure, Transport, Regional Development and Local Government
Commonwealth

The Hon J (John) Mickel MP
Minister for Transport, Trade, Employment and Industrial Relations
Queensland

The Hon C (Carmel) Zollo MLC
Minister for Road Safety
South Australia

The Hon R J (John) Watkins MLA
Minister for Transport
New South Wales

The Hon W (Warren) Pitt MP
Minister for Main Roads and Local Government
Queensland

The Hon G (Graeme) Sturges MP
Minister for Infrastructure
Tasmania

The Hon E (Eric) Roozendaal MLC
Minister for Roads
New South Wales

The Hon A (Annah) MacTiernan MLA
Minister for Planning and Infrastructure
Western Australia

The Hon A (Alannah) MacTiernan MLA
Minister for Transport and Infrastructure
Northern Territory

The Hon D (Delia) Lawrie MLA
Minister for Transport and Infrastructure
Northern Territory

Mr J (John) Hargreaves MLA
Minister for Police and Emergency Services
Western Australia

The Hon J (John) Kobelke MLA
Minister for Planning and Infrastructure
Western Australia

The Hon T (Tim) Pallas MP
Minister for Roads and Ports
Victoria

The Hon A (Annette) King MP
Minister of Transport
New Zealand

The Hon J (John) Watkins MLA
Minister for Transport
New South Wales

The Hon A (Annette) King MP
Minister of Transport
New Zealand

The Hon T (Tim) Pallas MP
Minister for Roads and Ports
Victoria

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New South Wales

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Minister for Roads
New South Wales

The Hon L (Lynne) Kosky MP
Minister for Public Transport
Victoria

The Hon A (Annette) King MP
Minister of Transport
New Zealand

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New South Wales

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Minister for Roads
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New South Wales

The Hon L (Lynne) Kosky MP
Minister for Public Transport
Victoria

The Hon A (Annette) King MP
Minister of Transport
New Zealand
Under Australia’s federal system of government, states and territories regulate transport operation, safety standards, weights and dimensions.

In the past, differences between these regulatory systems meant that interstate road and rail operators faced inconsistent road rules, licence categories, registration classifications, charges, vehicle standards and driving hours, creating unnecessary inefficiency and cost.

The National Road Transport Commission (NRTC) was formed by inter-governmental agreement in 1991 to develop and coordinate regulatory reform for nationally consistent road transport policies and laws. This was extended into rail and inter-modal transport in 2004 when it became the National Transport Commission (NTC).

As an independent statutory body, NTC develops and submits reform recommendations to the Australian Transport Council (ATC) of federal, state and territory Transport Ministers for approval. NTC also plays a role in co-ordinating and monitoring implementation of approved reforms.

In developing reforms NTC must, amongst other things, give consideration to impacts on infrastructure and regional and remote areas. We take a leadership role nationally by:

- providing a vision of how the challenges of the future will be met, through pricing, regulatory and operational approaches; and
- continually searching for improvements in national transport while refusing to settle for the lowest common denominator.

Funding for NTC is contributed by all governments with states and territories contributing 65 per cent, and the Commonwealth Government providing 35 per cent. An independent review of regulatory reforms implemented to the end of 2003 found net benefits to the economy from transport reform of $400 million.

Reforms to date have served this purpose well, but Australia’s transport system must continue to improve to meet the challenges of a massive forecast increase in passenger and freight movement.

In an historic agreement reached in May 2008, ATC agreed to begin a program of national reform to address significant national challenges across all modes – passenger and freight – including climate change, safety, efficiency, congestion and the skills crisis.

This reform program will modernise Australia’s road, rail, air and sea transport systems to deliver safe and efficient outcomes and encourage future growth in a carbon-constrained economy.

This signals a new beginning for transport reform in Australia.


d…a new beginning for transport reform in Australia’’

Our Vision
The best transport outcomes for Australia.

Our Mission
We lead transport regulatory reform nationally to meet the needs of transport users and the broader community for safe, efficient and sustainable land transport.

Our Role
To work closely in partnership with peak industry bodies and government to develop more consistent, practical and effective land transport policies, laws and practices.
The past year has been a watershed for national transport reform.

Australian governments and industry are working together on a national transport policy reform agenda to address significant national challenges such as climate change, global economic competition, urban congestion and road deaths.

Only when Australians work together on those challenges can our road, rail, sea and air networks begin to reach their true potential and operate as an efficient and safe integrated system.

Transport Ministers are leading from the front by taking up the bold new national reform agenda to the Council of Australian Governments. There is a genuine political will from state and territory governments to make a difference.
Reform, however, must meet the challenges of the future, not the past. This is much more than cutting red tape; it is about modernising our transport regulatory systems so Australian businesses can compete and grow in a tough global economy, while investing in skills and improving safety.

The National Transport Commission remains committed to a continuing partnership with governments, business and the community to deliver good public policy and the best possible outcome for Australia’s future.

“Transport Ministers are leading from the front by taking up the bold new national reform agenda to the Council of Australian Governments.”

Michael Deegan
Chairman
A national transport plan for Australia

NTC Chairman Michael Deegan and Chief Executive Nick Dimopoulos called for an integrated national transport plan across all modes as they joined transport industry stakeholders at key events around the country during the 2007/08 financial year.

A national policy framework, holistic planning, strategic research and national cooperation are the keys to addressing major national freight challenges, Mr Deegan told the audience at Freight Week 07.

The growing freight task, capacity constraints, climate change, rising oil prices and the skills crisis are key transport challenges that will require a coordinated national response, was Mr Dimopoulos’ message to the Committee for the Economic Development of Australia.

At the Transport and Logistics Safety Summit jointly hosted by NTC and the Australian Logistics Council, Mr Deegan also called for a national approach to best practice road safety initiatives, including a national road safety council to advise on measures to reduce Australia’s tragic road toll.

The Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese, asked NTC to provide urgent advice to address these challenges. This advice, *A new beginning for transport*, was presented to the Australian Transport Council (ATC) in February 2008.

ATC agreed on the need for a national policy framework and endorsed it in May 2008.

**Strategic Plan 2008/09 – 2010/11**

NTC’s strategic plan, approved by ATC in February 2008, was closely aligned with the national transport policy framework.

The strategic planning process aims to address some of the transport challenges facing Australia, including managing transport growth, maintaining business cost competitiveness, reducing (safety and environmental) external costs, and contributing to improved community living standards.

The organisation’s existing work program is centered on developing and promoting regulatory and operational transport reforms and Council of Australian Governments (COAG) reform agendas.

**NTC model of cooperation**

NTC adopted a *New model of cooperation* for stakeholder engagement in 2007. This model ensures the key principles of ‘understand, involve, discuss and share’ are applied at all levels of project delivery.

Improved stakeholder engagement will help to ensure regulatory impact statements better reflect the impacts of reform on industry. Stakeholder engagement was also important during the development of the national transport policy framework, *A new beginning for transport*.

Ministers appoint new Commissioners to lead transport reform

ATC announced the appointment of Greg Martin PSM, Julie-Anne Schafer, Bill Noonan OAM and Professor Ian Johnston AM as Commissioners of NTC in June 2008.

NTC expresses its thanks to outgoing Commissioners Des Powell and Dr Fred Affleck.
Key NTC reforms delivered

Whilst developing the national transport policy framework, NTC continued to deliver significant outcomes on its core business of delivering transport regulatory reforms nationally.

Heavy vehicle charges

NTC began the 2007/08 financial year with the release of the 2007 Heavy Vehicle Charges Determination draft regulatory impact statement for public consultation.

ATC had previously directed that charges be reviewed to ensure heavy vehicles pay their fair share of increased road spending (as required by COAG).

A series of high-level focus groups were held to strengthen the consultation process and ensure all stakeholders could contribute their views on the reform. As a result of consultation, a number of changes were made to the draft proposal, helping ensure the reform’s success.

ATC unanimously approved this reform in February 2008.

PBS on the road to safety and productivity

In a landmark decision for cooperative federalism, ATC unanimously approved a major national transport reform to encourage new technology and industry innovation in October 2007.

The Performance Based Standards (PBS) scheme allows operators to apply for access to the road network based on the vehicle’s ability to stop, turn and travel safely without damaging roads or bridges.

The approval of PBS is a big step towards addressing the challenges Australia’s freight industry will face with the predicted doubling of the freight task to 2020.

A PBS information kit for local governments was launched in July 2007. This resource was developed jointly by NTC and the Australian Local Government Association to improve understanding of this major transport reform.

Sharing responsibility for heavy vehicle speed compliance

‘Chain of Responsibility’ laws to target the cause of heavy vehicle speeding were approved unanimously by ATC in January 2008.

Climate change on the agenda

In May 2008, NTC Chief Executive Nick Dimopoulos and Senior Manager Environment Dr Neil Wong travelled to Leipzig to attend the inaugural International Transport Forum on the theme “Transport and Energy: The Challenge of Climate Change”. The focus of the 2008 Forum discussions were on:

- securing and improving access to energy for transport;
- introducing energy-efficient transport technologies; and
- implementing integrated policies and planning to increase efficiency and reduce emissions.

ATC is showing leadership by developing reforms as part of the national transport policy framework, which includes action on climate change to be coordinated by Western Australia. NTC is supporting this work by developing a policy proposal to reduce freight transport carbon emissions (see Environment and Climate Change in this report).

Commonsense tips to help truck drivers safely stay in touch

Professional heavy vehicle drivers received advice on the safe use of mobile phones through a fact sheet developed by the Australian Trucking Association in partnership with NTC and the mobile telecommunications industry.

Making the call on road safety outlines ten tips for safer mobile phone use by truck drivers, including planning trips to make calls when parked, using hands-free equipment at all times, and avoiding phone calls in difficult driving conditions.
The 2007/08 financial year was a busy, challenging and rewarding year for the National Transport Commission (NTC).

A major focus of our time and effort was the development of a national transport policy framework. This action plan, *A new beginning for transport*, was endorsed by Australian Transport Council (ATC) in May 2008, and sets out a broad-ranging reform agenda across all transport modes – passenger and freight.

In partnership with state and territory governments, NTC is taking a lead role in driving a number of these reforms, including national road regulation; national rail safety regulation and investigation; the National Road Safety Council; national supply chain audits; effective national measures to address climate change; and a national approach to workforce planning and skills.

I would like to take this opportunity to thank NTC staff for their contributions to this process, as well as government and industry colleagues. Many people have contributed their valuable time to this important work; usually on top of their day-to-day responsibilities.
During the year, NTC continued to deliver significant outcomes on its core business by leading transport regulatory reform nationally.

A key element of the Council of Australian Governments’ (COAG) national reform agenda for transport, Performance Based Standards (PBS) became operational in October 2007, after ATC approved it unanimously.

PBS will help to unlock heavy vehicle productivity by allowing the innovators in the industry to find better ways to move freight safely.

ATC also unanimously approved the 2007 Heavy Vehicle Charges Determination. This important reform, developed through extensive industry consultation, will ensure heavy vehicles pay their fair share for road use. It forms the building block for broader COAG pricing reforms.

NTC also drove the preparation for the world-first heavy vehicle driver fatigue reform to be implemented in September 2008.

This reform focuses on the root cause of driver fatigue, rather than simply regulating hours, and makes all parties in the supply chain legally responsible for preventing driver fatigue.

NTC developed an implementation kit containing information, training tools, a DVD and checklists to help all parties in the supply chain transition smoothly to the new laws.

All of this was achieved with a focus on continuous improvement – NTC implemented new project delivery protocols and a new ‘model of cooperation’ for stakeholder engagement during the year.

We also continued to build in-house capability, with a number of new staff bringing considerable expertise and experience to the organisation.

More than ever, NTC is in good shape to play its role in ensuring Australia’s transport system meets the challenges of the future.

Nick Dimopoulos
Chief Executive
According to the National Transport Commission’s (NTC) external stakeholder survey, 62 per cent of stakeholders rated NTC’s performance as ’very good’ (up from 60 per cent in 2007).

The survey, conducted annually, provides a snapshot of stakeholder attitudes towards NTC and provides a platform for continuous review and evaluation of its work (see Table 1: Key Performance Indicators).

NTC continues to make good progress towards achieving its key performance indicators (KPIs).

Generally, the improving performance trend continued, with NTC achieving or gaining ground on most KPIs. The organisation rates particularly well in terms of independence, leadership, reform priorities and communications.

Seventy-two per cent of stakeholders believe NTC performs its mandated function to lead national transport regulatory reform – an improvement from 67 per cent in 2006.

Stakeholders’ positive view of NTC’s leadership may reflect the organisation’s higher profile and stronger public comments about the need for a national policy framework.

More stakeholders believe NTC’s current work program addresses reform priorities and will deliver improved transport outcomes.

NTC performed less well at project delivery and monitoring reform implementation. This is likely to reflect Australian Transport Council (ATC) and Council of Australian Governments (COAG) priorities, staff resource constraints and industry frustration with inconsistent reform implementation across states and territories.

The development of the national transport policy framework was a significant focus during the year, resulting in a number of lower priority projects being deferred.

Long-standing stakeholder consultation concerns were addressed through changes to NTC policy and internal project management processes implemented in 2007.

A ‘New model of cooperation’ for stakeholder engagement was put into place during 2007/08.

This model ensures the key principles of ‘understand, involve, discuss and share’ are applied at all levels of project delivery. Improved stakeholder engagement will help to ensure regulatory impact statements better reflect the impacts of reform on businesses.

As a result, NTC showed improvements in engaging stakeholders and assessing the impact of reforms (up from 46 per cent to 55 per cent).

The total operating expenditure for the year totalled $8.1m compared to $7.9m for the previous year. The $0.2m increase in expenditure is a reflection of the growth in project scope and operating commitment to fulfilling work program objectives.

Actual cost levels exceeded budget across all departments (see Figure 2: Department Costs June 2008).

### Table 1: Key Performance Indicators

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<th>Indicator</th>
<th>Target (%)</th>
<th>Dec 2004 (%)</th>
<th>Oct 2005 (%)</th>
<th>Oct 2006 (%)</th>
<th>Oct 2007 (%)</th>
<th>% Target Achieved</th>
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<tr>
<td>NTC leads national transport regulatory reform</td>
<td>70</td>
<td>50</td>
<td>59</td>
<td>67</td>
<td>72</td>
<td>103%</td>
</tr>
<tr>
<td>The reform program addresses current reform priorities</td>
<td>75</td>
<td>56</td>
<td>65</td>
<td>67</td>
<td>69</td>
<td>92%</td>
</tr>
<tr>
<td>The reform program will deliver improved transport outcomes</td>
<td>70</td>
<td>43</td>
<td>60</td>
<td>61</td>
<td>64</td>
<td>84%</td>
</tr>
<tr>
<td>Communication material is timely</td>
<td>65</td>
<td>65</td>
<td>49</td>
<td>68</td>
<td>68</td>
<td>105%</td>
</tr>
<tr>
<td>Projects are delivered on time</td>
<td>50</td>
<td>NA</td>
<td>28</td>
<td>38</td>
<td>34</td>
<td>68%</td>
</tr>
<tr>
<td>Impacts of proposed reforms are properly considered</td>
<td>60</td>
<td>37</td>
<td>49</td>
<td>46</td>
<td>55</td>
<td>92%</td>
</tr>
<tr>
<td>Reform implementation is monitored effectively</td>
<td>50</td>
<td>10</td>
<td>39</td>
<td>45</td>
<td>42</td>
<td>84%</td>
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Overview of national transport reform

Progress in the implementation of NTC’s reforms by the states, territories and Commonwealth (where applicable) is reported to ATC. Of the non-COAG reforms being undertaken (ignoring the overlap with several reforms):

- 26 are nationally implemented reforms (6 completed reforms have no implementation action required from states/territories);
- 15 are still being implemented by at least one state/territory; and
- 9 are under development by NTC.

See Figure 3: Number of available reforms completed.

The implementation of available COAG reforms agreed to by ATC to 30 June 2008 includes:

- Intelligent Access Program implemented by NSW, Victoria and Queensland;
- concessional mass limits (CML) implemented with some local divergences (SA did not apply CML to wide single tyres and retained route compliance requirements, Tasmania has not yet implemented); and
- adoption of more general use of quad axle groups in semi-trailers and B-doubles commenced in all states/territories. NSW is implementing via a three year pilot scheme open to any operator. To date, Queensland is the only state to have granted permits.

Figure 2: Department Costs June 2008

Figure 3: Number of available reforms completed

Notes:
1. Rail legislation TAS has an agreed implementation date of 2009.
2. Not all reforms are applicable to the Commonwealth.
All governments around Australia continued to participate in national road and rail transport reform throughout 2007/08. The following is a summary report of participation in National Transport Commission (NTC) reforms supplied by government agencies.

**The Australian Government has:**
- supported the Council of Australian Governments’ (COAG) transport reform agenda to develop, among others:
  - the 2007 Heavy Vehicle Charges Determination;
  - the Performance Based Standards (PBS) reform; and
  - an implementation process for the national heavy vehicle driver fatigue rules;
- participated actively in the development of:
  - amendments to the Australian Road Rules, in particular national child restraint laws to provide a safe pathway from capsules to seat belts;
  - the national transport policy framework;
  - Chain of Responsibility laws to target the cause of heavy vehicle speeding;
  - rail safety reform;
  - the B-triple network; and
  - higher weights for twin steer vehicles;
- assessed the regulatory impacts of adopting electronic fatigue management systems and examined policy options; and
- facilitated approval by the Governor-General of five model legislative reforms.

**Western Australia has:**
- implemented amendments contained in the ‘Transport of Dangerous Goods by Road or Rail Maintenance Package 2008’ and contributed to the development of the Australian Dangerous Goods Code (7th Edition);
- implemented the 2007 Heavy Vehicle Charges Determination;
- progressed the implementation of the Road Transport Reform (Compliance and Enforcement) Bill 2003;
- participated in:
  - the PBS Policy Steering Committee and Review Panel;
  - the development of the Heavy Vehicle Driver Fatigue reform;
  - the Remote Area Ministers’ Working Group on the Livestock Logistics Chain;
  - the development and approval of the model National Rail Safety (Reform) Bill and Regulations, amendments, policies, guidelines and implementation package;
  - ongoing work on level crossing safety; and
  - rail regulator training, development of standardised rail safety data collection and harmonising national accreditation and approval process;
- the 8th Australian Road Rules amendment package including the use of hand-held mobile phones;
- the development of the National Heavy Vehicle Auditor Scheme;
- reform initiatives including the B-triple network, review of over size and over mass model regulations and requirements for truck and dog trailers;
- proposals for a national rail safety regulator and investigator and national policy for the recognition of industry developed standards for rail safety; and
- the development of the NTC 2008/09 Strategic Directions, associated reform activities, work program and budget.
Queensland has:

• committed to implement National Heavy Vehicle Driver Fatigue Legislation;
• endorsed model legislation for Chain of Responsibility for Heavy Vehicle Speed Compliance;
• supported the review of Australian Vehicle Standards Rules;
• endorsed the 2007 Heavy Vehicle Charges Determination submission;
• endorsed the formal submission of proposed model laws in relation to the In-service Standard for Engine Brake Noise;
• principally approved the objectives and implementation methodology of the National Heavy Vehicle Enforcement Strategy;
• supported model legislation relating to the transport of dangerous goods;
• proactively supported the PBS scheme by:
  – chairing the PBS Steering Committee;
  – publishing a PBS network classification map; and
  – undertaking an on-going program of PBS route assessment;
• participated in the development of the Mass Limits for Truck and Dog Trailers project;
• provided strong input and commitment to expansion of high productivity vehicle network access, including the B-triple network;
• taken a lead in drafting the National Rail Safety Data Strategy; and
• taken a lead in development of competencies for rail safety regulator staff nationally.

Victoria has:

• supported the PBS reform by chairing the PBS Interim Review Panel;
• implemented the model Rail Safety Bill 2006:
  – all commercial rail operators have now been re-accredited under the Victorian Rail Safety Act. Tourist and heritage operators still have until 30 June 2009, but several have already sought full accreditation under the new Act;
  – provided lead agency support on two of the national rail safety guidelines, namely the National Accreditation Guideline and the National Compliance and Enforcement Policy for Rail Safety;
• implemented the following reforms:
  – the National Heavy Vehicle Driver Fatigue reform;
  – mass limit increase for twin-steer prime movers and semi-trailers (to 49.5 tonnes) on suitable routes;
  – mass limit increase to 27.0 tonnes for quad axle groups on suitable routes; and
  – the 2007 Heavy Vehicle Charges Determination; and
• developed a national traffic control unit of competency for pilot and escort drivers. This competency standard is for inclusion in the national administrative guidelines.

The Northern Territory has:

• progressed the implementation of the national Model Rail Safety Bill and Regulations, policies and guidelines;
• actively participated as a member of the PBS Review Panel;
• contributed to the development of:
  – the 2007 Heavy Vehicle Charges Determination and progressed its implementation;
  – the National Heavy Vehicle Driver Fatigue legislation;
  – the PBS reform;
  – the national transport policy framework, taking the lead on the Workforce Planning and Skills Working Group and contributing to the eight other Working Groups, as required;
  – NTC’s Strategic Plan and annual work program;
• committed to investigating the options for digital tachograph trials;
• progressed the implementation of the National Compliance and Enforcement Reform;
• contributed to the ongoing development of the Australian Road Rules and progressed the implementation of the 5th, 6th and 7th packages of amendments; and
• actively participated in the model legislation maintenance groups.
New South Wales has:

• expanded Higher Mass Limits (HML) access arrangements and approved 90 per cent (14,000km) of the state road network within the HML access zone for HML access;

• enrolled the first Intelligent Access Program monitored vehicles in Australia;

• implemented the NSW Road Train Modernisation Program to allow B-triples and AB-triples to operate on suitable routes;

• implemented the NSW Quad-axle Semi-trailer Pilot Scheme;

• led the Austroads pilot of digital tachographs and electronic recordkeeping for heavy vehicles;

• implemented a trial of SMART heavy vehicles within the Port Botany precinct;

• produced an indicative map of PBS Levels 2A, 3A and 4A access;

• progressed development of incremental pricing trials;

• as lead agency, commenced the project to facilitate national heavy vehicle enforcement data exchange between transport and police agencies;

• contributed to the national transport policy framework;

• adopted into NSW law on 1 July 2008 the Australian Road Rules amendment packages up to and including the sixth package;

• adopted NTC fatigue and speed compliance model legislation into NSW law through the Road Transport Amendment Bill 2008;

• actively participated in the PBS Review Panel; and

• contributed to the development of:
  – the National Rail Safety (Reform) Bill;
  – the National Heavy Vehicle Enforcement Strategy;
  – the Heavy Vehicle Driver Fatigue package;
  – the interim review of the Assessing Fitness to Drive Guidelines;
  – the 2007 Heavy Vehicle Charges Determination reform;
  – NTC’s policy review of heavy vehicle accreditation schemes; and
  – the development of the Heavy Vehicle Speeding regulations that incorporate the Chain of Responsibility principle;

• assessed the cost and work required to upgrade the NSW AusLink network to B-triple standard;

• implemented the COAG decision for B-triples four months early;

• implemented the quad axle trailer pilot five months ahead of the COAG deadline, using NTC operating rules;

• participated in development of the Heavy Vehicle Driver Fatigue package; and

• contributed to the development of the 2007 Heavy Vehicle Charges Determination proposals.

Tasmania has:

• participated in the finalisation of the Heavy Vehicle Driver Fatigue reform;

• continued participation in the Australian Road Rules maintenance process;

• continued to progress integration of the national model Compliance and Enforcement Bill, model Intelligent Access Program legislation, model Heavy Vehicle Driver Fatigue legislation and the model Speeding Heavy Vehicle legislation into Tasmanian legislation to facilitate local implementation;

• participated in the continuing development of the PBS reform;

• participated in the completion of the Heavy Vehicle Speed Compliance project;

• contributed to NTC’s Strategic Plan and annual work program;

• responded to various discussion papers, reports, regulatory impact statements, proposals, reviews and evaluations; and

• facilitated information sessions held by the NTC with key Tasmanian stakeholders on proposed regulatory changes and reform proposals.
South Australia has:
• contributed to the development of:
  – the national transport policy framework;
  – the revision of the Assessing Fitness to Drive guidelines;
  – the Heavy Vehicle Braking Strategy and National Stationary Exhaust Noise Test Procedures;
  – the Australian Dangerous Goods Code 7th Edition;
  – the PBS reform including the publication of PBS route networks; and
  – the national B-triple network and implemented the national policy for use of quad axles on semi-trailers and B-doubles;
• implemented the 2007 Heavy Vehicle Charges Determination;
• passed the South Australian Rail Safety Act 2007, consulted on draft regulations and has been actively involved in developing national guidelines and policy statements;
• passed the Road Traffic (Heavy Vehicle Driver Fatigue) Act and contributed to operational policy development and implementation arrangements, including acting as the lead agency for the development of a national Heavy Vehicle Driver Fatigue DVD and delivering industry information sessions;
• implemented the Compliance and Enforcement legislation; and
• amended legislation to:
  – allow cranes to tow trailers and the use of flexible warning signs on oversize vehicles;
  – increase the length of a B-double heavy vehicle from 25 – 26 metres; and
  – implement vehicle standards maintenance type arrangements.

The Australian Capital Territory has:
• further developed the Compliance and Enforcement reform, targeting passage of the legislation by December 2008 and implementation by July 2009;
• assisted the implementation of amended national vehicle standards;
• continued to work on the implementation of the 5th, 6th and 7th packages of amendments to the Australian Road Rules;
• participated actively in the development of:
  – the Performance Based Standards reform, including development of business rules for the PBS Review Panel and standards and guidelines for the PBS scheme;
  – the National Heavy Vehicle Enforcement Strategy and Speed Compliance reform;
  – the Heavy Vehicle Driver Fatigue package; and
  – the 8th package of amendments to the Australian Road Rules;
• provided input into the 2007 Heavy Vehicle Charges Determination and implemented changes as required by the (Cwlth) Road Transport Charges (Australian Capital Territory) Act 1993 and the Interstate Road Transport Charges Act 1985.
A national transport policy for Australia

In an historic agreement reached in May 2008, the Australian Transport Council (ATC) agreed to begin an ambitious program of national reform to address significant national challenges across all modes – passenger and freight – including climate change, safety, efficiency, congestion and the skills crisis.

Reforms to date have served transport users well, but the system is at risk of choking under a massive forecast increase in passenger and freight movement.

In December 2007, the federal Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese wrote to NTC requesting urgent advice on a national transport policy framework, including a national transport plan.

At the ATC meeting on 29 February 2008, Transport Ministers received a detailed briefing from the Chairman of NTC on the development of this plan.

ATC agreed on the need for a national approach to transport policy and, based on NTC’s advice, adopted A new beginning for transport, a national policy framework to ensure Australia’s road, rail, air and sea transport systems are planned and operated as an integrated network.
“Australia needs a national transport policy framework covering all modes, to ensure all the levers for productivity, safety, compliance, planning and pricing are working together.”

MICHAEL DEEGAN
FREIGHT WEEK 2007

This draft plan sets out how Australia can transition to the new world through genuine cooperation at all levels of government.

Ministers agreed on the vision, mission and principles for the policy at the ATC meeting in May 2008 (see page 20).

Individual Ministers took responsibility for developing aspects of a national transport policy:

- Governance (Commonwealth)
- Economic Framework for Efficient Transportation Marketplace (NSW)
- Infrastructure Planning and Investment (VIC)
- Capacity Constraints and Supply Chain Performance (SA)
- Urban Congestion (VIC)
- Climate Change, Environment and Energy (WA)
- Safety and Security (QLD)
- Strategic Research and Technology (TAS)
- Workforce Planning and Skills (NT)

Governance Working Group (Commonwealth)

The policy encompasses a number of key national governance reforms designed to modernise transport regulatory systems and support sustainable growth in a carbon-constrained economy.

These reform proposals include:

A single national system for heavy vehicle regulation, registration and driver licensing

Current state-based heavy vehicle regulation, registration and licensing schemes create inconsistencies in regulations, enforcement and standards of driver training, resulting in higher costs for operators when crossing state and territory borders.

Ministers agreed to consider proposals for a single national system for heavy vehicle regulation, registration and driver licensing, which would reflect current heavy vehicle laws, including matters such as roadworthiness, mass and loading, fatigue management and speed compliance.
A NATIONAL APPROACH

The National Road Safety Council
On average, more than four people a day are killed on Australian roads. The Bureau of Infrastructure, Transport and Regional Economics estimates the cost of road fatalities and injuries at $17 billion a year. Ministers agreed to consider a proposal for a National Road Safety Council, to advise on the implementation of ‘best practice’ safety initiatives so that all Australians benefit from the same high standards, wherever they live.

A single national system for maritime safety regulation
To be administered by the Australian Maritime Safety Authority, such a system would modernise the marine safety regulation system to support the sustainable growth of a safe and efficient national shipping industry.

National rail safety reform
Australia currently has seven rail safety regulators and three independent rail safety investigators. The rail industry believes this adds significant costs and hampers industry efforts to deliver a truly efficient rail sector.

Ministers agreed to consider a regulatory impact statement, prepared by NTC, on options for a national rail safety regulatory framework, including a single national rail safety regulator and a national rail safety investigator.
Economic Framework for Efficient Transportation Marketplace Working Group (NSW)
Currently, inefficient market signals make it difficult to choose the best mode and route for freight transport, which leads to poor decision-making about investment and development of transport infrastructure.
This working group will progress the COAG Road Pricing Reform Plan agreed in 2006, including incremental pricing.

Infrastructure Planning and Investment Working Group (VIC)
Fragmented land use planning and infrastructure investment across all modes have led to poor transport outcomes, such as housing developments that are poorly serviced by public transport or ports that are inaccessible to high productivity heavy vehicles.
This working group will consider investment proposals to improve national supply chain and passenger transport efficiency, and explore incentives to improve private sector investment in infrastructure.

Capacity Constraints and Supply Chain Performance Working Group (SA)
Australia’s supply chains are characterised by inefficient asset use, poor information flow between operators and infrastructure bottlenecks.
This working group will audit and map national coal, grain, meat and livestock, oil and gas and intermodal supply chains and identify short and long-term solutions to deliver significant, tangible efficiencies (e.g. regulatory and pricing reforms, targeted investment and improved collaboration).

Ministers agreed to task NTC with these audits. NTC invited consultants to join a professional services panel in June 2008 with the view of commencing the audits in 2008/09.

Urban Congestion Working Group (VIC)
Australia currently has no nationally coordinated action plan to address growing urban congestion.
This working group will develop guidelines for the inclusion of land-use planning and passenger transport in the planning process across all levels of government. It will also report on urban congestion demand management.

Climate Change, Environment and Energy Working Group (WA)
The transport sector is one of the fastest growing sources of greenhouse gas emissions. This working group will drive strategies to reduce transport emissions, through vehicle fuel efficiency standards, a review of taxes and charges, and programs to encourage low-emission travel behaviour.

Strategic Research and Technology Working Group (TAS)
Australia’s current approach of modal-focused, uncoordinated research lacks a strategic national focus.
This working group will develop a national research and technology strategy.

Workforce Planning and Skills Working Group (NT)
Australia is facing a skills and labour shortage in the transport sector.
This working group will drive national programs to improve skills and support recruitment. It will also investigate skilled migration opportunities and review regulatory impediments to workforce participation.

Progressing the reform agenda
Open and transparent consultation at a national level will be an important part of the reform process.
Further development of the plan is a significant task, which requires the support and commitment of industry, the community and governments.
The NTC thanks all stakeholders for their efforts and contribution thus far and looks forward to continued work to achieve its vision of the best transport outcomes for Australia.
“CONGESTION, MOBILITY, EMISSIONS, EFFICIENCY, SAFETY AND INFRASTRUCTURE ARE ALL INTERLINKED. A NATIONAL COORDINATED EFFORT ON ALL THESE FRONTS WILL DELIVER THE TRANSPORT SYSTEM AUSTRALIA DESERVES.”

Nick Dimopoulos, CEO
Roads Summit 2008
Vision for Australia’s Transport Future
Australia requires a safe, secure, efficient, reliable and integrated national transport system that supports and enhances our nation’s economic development and social and environmental well-being.

Transport Policy Objectives
To achieve this vision, Australia’s Transport Ministers commit to the following policy objectives:

**ECONOMIC** Promote the efficient movement of people and goods in order to support sustainable economic development and prosperity

**SAFETY** Provide a safe transport system that meets Australia’s mobility, social and economic objectives with maximum safety for its users

**SOCIAL** Promote social inclusion by connecting remote and disadvantaged communities and increasing accessibility to the transport network for all Australians

**ENVIRONMENTAL** Protect our environment and improve health by building and investing transport systems that minimise emissions and consumption of resources and energy

**INTEGRATION** Promote effective and efficient integration and linkage of Australia’s transport system with urban and regional planning at every level of government and with international transport systems

**TRANSPARENCY** Transparency in funding and charging to provide equitable access to the transport system, through clearly identified means where full cost recovery is not applied.

Transport Policy Principles
Australia’s transport policy framework is underpinned by the following guiding principles:

**INFRASTRUCTURE PRICING** Send the appropriate signals to influence supply and demand for infrastructure

**COMPETITIVE MARKETS** Establish competitive markets wherever possible to minimise the need for regulation

**PRIVATE SECTOR** Involve the private sector, where it is efficient to do so, in delivering outcomes

**NATIONAL REGULATION** A national perspective should be adopted where regulation is required

**NATIONAL MARKETS** Encourage national markets where possible

**CUSTOMER** Be customer-focussed. Provide equitable access for all users.
Get ready for new heavy vehicle driver fatigue laws

The National Transport Commission (NTC) led the way with preparations for new heavy vehicle driver fatigue laws to be implemented nationally on 29 September 2008.

The new laws – developed with significant input from the industry – address the root causes of driver fatigue, rather than simply regulating work hours. Operators who require drivers to work long hours and night shifts must reduce driver fatigue risks through audited accreditation schemes.

In May 2008 the Australian Transport Council (ATC) unanimously endorsed a training package to support heavy vehicle driver fatigue accreditation.

Drivers and schedulers working under the new Basic Fatigue Management (BFM) or Advanced Fatigue Management (AFM) schemes must demonstrate that they are competent at managing fatigue risks.

Operators currently accredited in the Transitional Fatigue Management Scheme (TFMS) can operate under BFM hours for a transitional period.
“If we identify the best practice road safety initiatives already in place in some states and make them work nationally, the whole country can enjoy the benefits.”

MICHAEL DEEGAN
NTC/ALC TRANSPORT & LOGISTICS SAFETY SUMMIT

Electronic record keeping

In June 2008, NTC Senior Policy Analyst, Safety and Environment, Dr Chris Jones travelled to Slovenia to observe the Confederation of Road Transport Enforcement’s (CORTE) SMART Digital Tachograph project.

ATC has asked NTC to develop a policy proposal around electronic record keeping in heavy vehicles, including the potential uses of digital tachographs, for consideration in 2009. NTC is working closely with stakeholders, including a working group with representatives from the trucking industry, to achieve a practical outcome.

The electronic record keeping proposal will be underpinned by a national trial of the digital tachograph currently being undertaken by Austroads.

As part of a national communications plan, NTC developed an extensive range of resources to assist the trucking industry and the bus and coach industry to prepare for the new laws, including industry-specific websites containing an overview of the reform, information about driver fatigue management and an implementation kit.

The implementation kit features educational information for everyone in the supply chain including a DVD, series of information bulletins, guidelines, self-assessment checklists, driver planner assistants and promotional material.
Heavy vehicle accreditation

A more holistic approach to heavy vehicle accreditation will significantly improve road safety outcomes, concluded an NTC draft policy proposal released in November 2007. Research shows that companies in heavy vehicle accreditation schemes have up to 75 per cent fewer crashes than non-accredited companies. Yet, only three per cent of heavy vehicle operators are currently accredited.

Accreditation schemes use regular audits to demonstrate safe business practices, which reduce governments’ reliance on traditional roadside enforcement.

The aim of the reform, to be submitted to ATC in December 2008, is to encourage greater participation in audit-based compliance assurance schemes, particularly among smaller businesses and rigid truck owners.

Regulatory concessions, such as higher axle weights for better load management, are currently only available through the government-administered National Heavy Vehicle Accreditation Scheme. This adds to business compliance costs for operators already in ‘best practice’ schemes.

The policy proposal includes a national panel, with industry representation, to oversee a new single accreditation framework. The panel can certify private sector audit-based compliance assurance schemes to agreed national standards.

Sharing responsibility for heavy vehicle speed compliance

New Chain of Responsibility laws target the underlying cause of heavy vehicle speeding, requiring off-road parties in the logistics chain to take ‘reasonable steps’ to ensure their delivery schedules and deadlines do not put pressure on drivers to break road laws.

The reform is about establishing a culture where speeding is not tolerated, giving truck drivers a greater say in their schedules, and allowing plenty of time to do the job. Many companies already do this and they deserve to compete on a level playing field.

All parties in the logistics chain are encouraged to discuss the impact of Chain of Responsibility laws on their business and identify what steps they can take to manage compliance risks.

The Chain of Responsibility laws agreed by ATC under the Compliance and Enforcement reform now cover heavy vehicle overloading, driver fatigue and speed offences. All governments have agreed to implement the model Chain of Responsibility laws for speed compliance within 12 months from their approval in January 2008.

National Heavy Vehicle Enforcement Strategy

In January 2008 ATC and Police Ministers gave in-principle approval to NTC’s proposed National Heavy Vehicle Enforcement Strategy, developed to assist enforcement agencies to achieve consistent, effective and efficient road transport enforcement through:

- increased cooperation, intelligence and information-sharing between enforcement agencies;
- improved cooperation and understanding between industry and enforcement agencies; and
- enforcement officer training.

The final strategy will be submitted to all Ministers in 2008/09 (with additional information) for consideration.
National rail safety reform package progresses
ATC voted unanimously to approve a national rail reform package, which includes joint audits of level crossing safety risks by road and rail-track owners and operators.

The new laws require rail operators, rail infrastructure managers, road authorities and the owners/managers of private roads to jointly identify, assess and manage safety risks at level crossings and other road-rail interfaces.

ATC also approved six national rail safety guidelines to support the implementation of the model Rail Safety Bill 2006 and model Rail Safety Regulations 2006.

Bus safety management under the spotlight
ATC approved the National Code of Practice for Retrofitting Passenger Restraints to Buses in 2007. The code sets out three quality standards – Gold, Silver and Bronze – for seatbelt retrofits, which reflect differences in the design and build of the bus chassis, seats and anchorages.

This voluntary guideline will protect bus owners and the public against sub-standard seatbelt retrofit practices.

Industry concern about fragmented bus safety accreditation standards was a key driver of the discussion paper Improving Safety Management in Australia’s Bus Industry released by NTC in June 2008.

The paper presents several alternative options for managing bus safety, including leaving things the way they are, or introducing a risk-based approach whereby bus operators have a legal duty to manage safety. NTC is working closely with stakeholders to develop a policy proposal to submit to ATC in 2008/09.

National road rules
As part of a package of proposed improvements to the Australian Road Rules, ATC announced its unanimous support for new national child restraint laws, which provide a safe pathway for children to progress from baby capsules to seat belts.

In response to calls from road safety experts and the community for tougher minimum standards, children up to six months old must be restrained in a rearward facing infant capsule; then a forward facing child seat until the age of four; and a booster seat from four to seven years old.

The new road rules will reduce the risk of injury caused by seat restraints which are unsuitable for the child’s weight and height. The child’s age is an easily understood guide.

ANNUAL REPORT 08 | A NEW BEGINNING

A single national rail safety regulation system
Australia currently has seven rail safety regulators and three independent rail safety investigators. Industry believes this adds significant costs to rail operations and hampers industry efforts to deliver a truly efficient rail sector.

As part of the national transport policy agreed to in May 2008, ATC will consider proposals for a national rail safety regulator and a national rail safety investigator. This national reform is about modernising the rail safety regulation system to support safe outcomes and future industry growth in a carbon-constrained economy.

It will focus on establishing the institutional arrangements that can best deliver the safety benefits of the Rail Safety Bill 2006.

New Dangerous Goods Code released

ADG7 regulations are scheduled for implementation on 1 January 2009.

ADG7 aligns with international requirements for the import and export of dangerous goods (the United Nations Recommendations on the Transport of Dangerous Goods).

National Road Safety Council
On average, more than four people a day are killed on Australian roads.

As part of the national transport policy agreed to in May 2008, ATC will consider a proposal for a national road safety council, to advise on the implementation of ‘best practice’ safety initiatives so that all Australians benefit from the same high standards, wherever they live.
PBS on the road to safety and productivity

A key element of the Council of Australian Governments’ (COAG) national reform agenda for transport, Performance Based Standards (PBS) became operational in October 2007 after the Australian Transport Council (ATC) approved it unanimously.

The PBS scheme allows operators to apply for access to the road network based on the vehicle’s ability to stop, turn and travel safely without damaging roads or bridges.

Applications are considered by a national PBS Review Panel, comprising representatives from each state and territory and the Commonwealth. Former VicRoads Chief Executive David Anderson was appointed to chair the panel, and Deputy Chairman Neil Findlay brings a wealth of industry experience to the approval process.
The first meeting of the PBS Review Panel took place on 26 October 2007.

The panel received 19 applications for proposed designs during the financial year, of which 17 were approved to proceed to the production stage (one was withdrawn and one was rejected). Three of these vehicles were given final approval from the panel to apply to their road agency for a permit to commence operation.

NTC is committed to continuous improvement of the scheme. The interim PBS scheme proved a valuable learning exercise for this world-first reform and allowed NTC to improve the standards and process based on feedback from industry and governments.

Consistent with the COAG objective for PBS of “continuous productivity gains ... whilst meeting reasonable safety, road asset protection and environmental standards”, NTC has sought a commitment from governments to further improve the reform’s effectiveness.

A review of the PBS scheme in 2008, through extensive consultation, will ensure the reform meets the needs of industry and reaches its full productivity potential. The final proposal will be incorporated in a regulatory impact statement.

NTC expects the number of PBS applications to increase significantly during 2008/09 and will encourage a robust process to ensure the integrity of the scheme.

COAG directed state and territory governments to map road networks for SMART* heavy vehicles by the end of 2007. This deadline was not met, but NTC is working closely with industry and governments to get the networks mapped and published.

PBS is now open for business. NTC acknowledges the innovators from industry and government who have championed this reform over the years.

“Smarter regulations, more efficient infrastructure pricing signals and simply working together can help ‘sweat the asset’ harder and ensure trucks and trains carry less fresh air.”

NICK DIMOPOULOS
CEDA 2008

*Safer Management of Australian Road Transport
What is PBS?

Australia’s inflexible design rules currently regulate trucks using a tape measure and set of scales. This is out of step with advances in vehicle technology.

PBS sets minimum vehicle ‘performance’ requirements through a set of safety, road wear and bridge loading standards to ensure trucks are stable on the road and can turn and stop safely. NTC tagged them as SMART trucks – because they work smarter.

Applicants can obtain an independent engineering assessment of their SMART truck’s design, typically using computer simulations, to determine whether the vehicle meets the safety standards.

The vehicle’s performance is linked to road network access; the better it performs the more roads it can operate on.

‘Blueprints’ for SMART vehicles available on website

Design ‘blueprints’ for SMART heavy vehicles were published on the NTC website in 2007. The designs are pre-approved to meet PBS requirements, which minimises vehicle assessment costs and speeds up the application process.

Operators can use the truck blueprints to apply for access on approved routes. If operators prefer to develop a different vehicle design to suit their specific needs, its road safety must be similarly assessed using the PBS process.

Current blueprint heavy vehicles approved include:

- 50.0t GCM* quad axle semi-trailer;
- 72.5t GCM quad-tri B-double;
- 77.0t GCM quad-quad B-double;
- 82.5t GCM B-triple (designed for a B-triple network).

*Gross Combination Mass (GCM)

Quad axle semi-trailers and B-doubles can move heavy loads more safely and efficiently; particularly for bulk exports such as meat and wine. Increasing road access for these more productive vehicles is the best possible way to drive down road freight costs and improve Australia’s export competitiveness.

National heavy vehicle regulation

Current state-based heavy vehicle regulation, registration and licensing schemes create inconsistencies in regulations, enforcement and standards of driver training, resulting in higher costs for operators when crossing state borders.

As part of the national transport policy agreed to in May 2008, ATC agreed to consider a proposal for a single national system for heavy vehicle regulation, registration and driver licensing.

A SMARTer way to carry glass: Viridian’s ‘Floatliner’ features a unique “roll-on, roll off” loading system. The trailer body is hydraulically lowered between stub axles and the driver reverses the truck over a pre-loaded glass frame stillage, which slots into the trailer body and becomes the floor. A hydraulic load restraint system holds the glass in place. The Floatliner operates through PBS in Victoria.
Heavy vehicle charges reform

In February 2008, ATC unanimously approved a national reform to ensure heavy vehicles pay their fair share of increased road spending (as required by COAG).

NTC was directed by ATC to update heavy vehicle charges after the Productivity Commission’s Road & Rail Freight Infrastructure Pricing Inquiry (2007) concluded: “Substantial increases in road investment in the past couple of years make it likely that heavy vehicle charges would have to rise to maintain cost recovery.”

NTC was directed to remove cross-subsidies between vehicle classes. This has resulted in a re-balancing of heavy vehicle charges, with some registration costs falling and others increasing.

The 2007 Heavy Vehicle Charges Determination requires heavy vehicles to pay $1.83 billion a year towards total road spending costs of $11.04 billion. Spending on roads has risen by 29 per cent since 2000.

Better access to ports and freight centres on urban arterial and regional roads has driven a 220 per cent increase in the number of B-doubles to 8,339 vehicles since 2000. However, B-doubles currently underpay their marginal (attributable) cost of road use.

The Business Council of Australia’s Infrastructure Roadmap for Reform (September 2007) recently concluded: “We need to ensure that high productivity (that is, larger and longer travelling) trucks are charged appropriately. Not only will this help road/rail neutrality, it will facilitate having B-doubles and B-triples on our roads”.

The Productivity Commission independently audited and endorsed NTC’s heavy vehicle charges methodology noting that it is “conservative” by international standards (i.e. resulting in lower charges).

NTC carried out a rigorous public consultation with all stakeholders in developing this reform. As a result significant changes were made to the proposal, including:

- more flexible multi-combination charges, with the emphasis on trailer axles rather than prime-movers, ensuring a fair outcome for modular high productivity vehicles such as B-triples and quad axle group combinations;
- charges increases to be phased-in over a three year period to assist the industry in negotiating cost increases;
- using the latest road expenditure data to allow the increases to be phased-in and provide greater industry cost certainty; and
- continued cost recovery by applying the annual adjustment to the fuel charge as well as registration charges.

NTC thanks all stakeholders for their constructive and cooperative participation in this process, which has resulted in better outcomes for transport operators and road use funding in the long-term.

Key issues to be addressed in developing the reform include:

- ensuring the safety of the extra mass – this will be achieved by linking with PBS;
- assessing existing infrastructure capacity;
- setting the price;
- choosing an appropriate monitoring system; and
- directing revenue back into the roads used.

NTC is completing market research and consulting with industry and government on the national transport policy framework, with the aim of submitting an options paper to ATC in early 2009.

Incremental pricing

A major step toward broader pricing reform is incremental pricing for heavy vehicles. Transport operators will be able to carry payloads safely above regulated truck mass limits by paying the asset owner (i.e. road agencies, councils) for the extra road wear and tear.

Incremental pricing will deliver increased productivity in some applications and result in fewer trucks on the road for the same freight task. It will also allow for more targeted infrastructure investment to address ‘last mile’ issues.

What is COAG’s pricing reform agenda?

COAG’s reform program will improve the link between road use and funding. This will be done in stages over seven years, including incremental charges for heavier (more productive) loads.

Better pricing signals will encourage use of the right truck on the right road at the right price; and investment on the right roads in the right place at the right time.

The 2007 Heavy Vehicle Charges Determination approved by ATC is the first ‘building block’ of broader road pricing reform.

The Productivity Commission has estimated that COAG’s road and rail transport reform agenda could deliver $2 billion in overall benefits.
Annual adjustment of charges
Since 2002 heavy vehicle registration charges have been adjusted in line with increases in road expenditure and expected changes in road use. The automatic adjustment occurs in July each year, which is capped by a Consumer Price Index (CPI) ceiling and a floor of zero per cent. The fuel-based charge, which represents two-thirds of the cost base, is not indexed.

The annual adjustment procedure was reviewed by NTC as part of the 2007 Heavy Vehicle Charges Determination. Consultation identified support for a transparent and cost reflective indexation mechanism which avoided large ‘price shocks’ caused by periodic charges determinations.

NTC recommended that the fuel-based charge is included in the annual adjustment, with no CPI ceiling and floor, to ensure continued heavy vehicle charges keep pace with changes in road expenditure and road use. This reform was unanimously approved by ATC in February 2008; however, the change has been blocked in the Senate.

States and territories implementing the 2007 Determination do not need to apply an annual adjustment on 1 July 2008. However, for vehicles registered in the Australian Capital Territory and under the Federal Interstate Registration Scheme (FIRS), the annual adjustment (limited by a CPI cap of 2.3 per cent) applied on 1 July 2008.

Road construction and maintenance expenditure
To enable the NTC to meet its reporting requirements under Clause 5.1(j) of the Inter-governmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport, the Commission obtains road construction and maintenance expenditure estimates from states and territories. This data is also used to apply the annual adjustment procedure for heavy vehicle charges.

The figures presented in Table 3 opposite are the road construction and maintenance expenditure estimates provided by each state and territory for the 2007/08 financial year. A number of governments have also included qualifying notes to aid in interpreting these figures, which are reported below.

Expenditure data for use in the annual adjustment procedure
The following data (Table 2) is used in adjusting heavy vehicle road prices in accordance with the annual adjustment procedure.

### Table 2: Arterial and Local Road Expenditure ($ million)

<table>
<thead>
<tr>
<th></th>
<th>Estimated Arterial Road Expenditure ($ million)</th>
<th>Estimated Local Road Expenditure ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>1583</td>
<td>1914</td>
</tr>
<tr>
<td>Rural</td>
<td>2497</td>
<td>2275</td>
</tr>
<tr>
<td>Total</td>
<td>4080</td>
<td>4189</td>
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</table>
Table 3: 2007/08 Road Construction and Maintenance Expenditure ($ million)

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>NSW</th>
<th>VIC</th>
<th>QLD</th>
<th>SA</th>
<th>WA</th>
<th>TAS</th>
<th>NT</th>
<th>ACT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Servicing and operating</td>
<td>406</td>
<td>125</td>
<td>186</td>
<td>55</td>
<td>7</td>
<td>17</td>
<td>18</td>
<td>9</td>
<td>824</td>
</tr>
<tr>
<td>B Road pavement and shoulder construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>B1 Routine maintenance</td>
<td>167</td>
<td>55</td>
<td>148</td>
<td>32</td>
<td>59</td>
<td>11</td>
<td>14</td>
<td>2</td>
<td>487</td>
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<tr>
<td>B2 Periodic surface maintenance</td>
<td>161</td>
<td>95</td>
<td>113</td>
<td>16</td>
<td>30</td>
<td>10</td>
<td>5</td>
<td>3</td>
<td>431</td>
</tr>
<tr>
<td>C Bridge maintenance/rehab</td>
<td>89</td>
<td>32</td>
<td>42</td>
<td>11</td>
<td>13</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>196</td>
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<td>D Road rehabilitation</td>
<td>107</td>
<td>69</td>
<td>128</td>
<td>20</td>
<td>122</td>
<td>5</td>
<td>4</td>
<td>6</td>
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<td>E Low-cost safety/traffic</td>
<td>199</td>
<td>191</td>
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<td>54</td>
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<td>F Asset extension/improvements</td>
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<td>F1 Pavement improvements</td>
<td>333</td>
<td>198</td>
<td>777</td>
<td>10</td>
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<td>37</td>
<td>11</td>
<td>28</td>
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<td>4</td>
<td>4</td>
<td>654</td>
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<td>F3 Land acquisition, earthworks, other extensions / improvement expenditure</td>
<td>1102</td>
<td>496</td>
<td>1324</td>
<td>180</td>
<td>406</td>
<td>11</td>
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<td>G1 Corporate services</td>
<td>110</td>
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<td>146</td>
<td>18</td>
<td>35</td>
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<td>G2 Enforcement of heavy vehicle regulations</td>
<td>67</td>
<td>13</td>
<td>18</td>
<td>10</td>
<td>7</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>119</td>
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<tr>
<td>G3 Vehicle registration</td>
<td>91</td>
<td>85</td>
<td>48</td>
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<td>53</td>
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<td>6</td>
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<td>318</td>
</tr>
<tr>
<td>G4 Driver licensing</td>
<td>69</td>
<td>45</td>
<td>29</td>
<td>11</td>
<td>33</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>191</td>
</tr>
<tr>
<td>G5 Loan servicing</td>
<td>53</td>
<td>63</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>119</td>
</tr>
<tr>
<td>G6 Totals</td>
<td>3166</td>
<td>1541</td>
<td>3324</td>
<td>441</td>
<td>1104</td>
<td>115</td>
<td>81</td>
<td>63</td>
<td>9835</td>
</tr>
<tr>
<td>H Other road-related payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 Financial assistance to councils for work on council managed arterials</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>52</td>
</tr>
<tr>
<td>H2 Payments to councils for contract work on State managed roads</td>
<td>16</td>
<td>7</td>
<td>170</td>
<td>0</td>
<td>28</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>227</td>
</tr>
<tr>
<td>H3 Spending on local access roads in unincorporated areas</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>46</td>
<td>0</td>
<td>47</td>
</tr>
<tr>
<td>H4 Direct spending on council managed local access roads</td>
<td>32</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>120</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>159</td>
</tr>
<tr>
<td>H5 Any other direct state spending on local access roads</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>27</td>
<td>22</td>
<td>0</td>
<td>60</td>
</tr>
</tbody>
</table>

Notes:

Figures may not add due to rounding

QLD:
To avoid double-counting of overall roads expenditure incurred by federal, state and local governments, the following grants and subsidy payments to local governments in 2007-08 are excluded from this analysis as this expenditure is captured as part of Australian Bureau of Statistics Reporting:

(a) Commonwealth Roads of National Importance and Black Spot contributions for local government controlled road upgrades ($4.7 million) - administered by Queensland Department of Main Roads (QDMR);
(b) State-funded Transport Infrastructure Development Scheme subsidies to local governments and Australian Torres Straight Islanders communities for local road upgrades ($67.9 million) - administered by QDMR;
(c) State-funded road and drainage grants to local government ($25 million) - administered by the Department of Local Government, Sport and Recreation;
(d) Commonwealth Financial Assistance Grants to local governments in Queensland ($101.7 million) - administered by Department of Local Government, Sport and Recreation; and
(e) Direct Commonwealth funding to local governments under the Roads to Recovery initiative ($62.5 million) - administered by Department of Infrastructure, Transport, Regional Development and Local Government.

NT:
(a) NT included Arterial Roads are NASSRA (Austroads) Classes 1, 2, 3 and 6.
(b) E - Includes Commonwealth Black Spot funding of $0.464m on NT Urban Roads.
(c) H3 - In addition to the above NT estimated expenditure, there are also Commonwealth funds included in this category. This is sourced from the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs Emergency Response Intervention program and from the Auslink Strategic Regional Roads and Roads to Recovery Programs.
(d) NT funded grants to councils for works on Council managed local access roads are not included in the above data.
(e) Expenditure also includes Disaster Maintenance which may receive partial reimbursement under Natural Disaster Relief and Recovery Arrangements from the Commonwealth Government.
(f) Auslink Urban and rural expenditure also includes contribution expenditure funded by the NT Government for activities on the national corridor.

WA:
A significant proportion of Main Roads network maintenance and rehabilitation is carried out under the ten year Term Network Contracts. Categories B1: Routine Maintenance of Pavements and Shoulders, B2: Periodic Surface Maintenance of Sealed Roads and D: Road Rehabilitation have therefore been estimated from a total reported figure.
World-first engine brake noise standards

An in-service standard to manage engine brake noise was approved unanimously by the Australian Transport Council (ATC) in November 2007.

The loud ‘bark’ caused by engine brakes on heavy vehicles fitted with worn, defective or inferior mufflers has been a community concern for some time, yet, until now, it has remained unregulated.

During consultation, the community broadly supported the regulation, while the trucking industry’s views ensured it is practical and only targets the small number of operators who do the wrong thing.

The Environment Protection and Heritage Council also voted unanimously in favour of the proposal.

Freight transport in a carbon constrained economy

Effective action to cut freight transport greenhouse gas (GHG) emissions can also reduce business costs, concluded an NTC discussion paper, Freight transport in a carbon constrained economy, developed in 2007/08.

Fixing road and rail freight bottlenecks, mapping networks for safer and more productive trucks and improving the efficiency of road-rail-sea interfaces were highlighted as key measures to cut carbon emissions, reduce freight delays and boost productivity.

The report states that transport should be included in an emissions trading scheme to encourage the right investment, mode and technology choices over the long-term. But the effectiveness of an emissions trading
scheme would be improved with short to medium term measures to cut freight transport emissions.

Funds from the emissions trading scheme could be used to help transition the freight transport sector to a lower carbon future.

Transport is one of the fastest growing sources of greenhouse gas emissions and, internationally, the freight sector has been a policy blind spot.

Even if emissions from the stationary energy sector could be reduced to zero by 2050, further cuts in other sectors are needed to meet the national target of a 60 per cent reduction.

ATC is showing leadership by developing a national transport policy, which includes action on climate change.

NTC is working closely with stakeholders to develop a draft policy proposal to present to ATC in 2009.

### National transport policy framework:
**Climate Change, Environment and Energy Working Group (WA)**

The national transport policy framework encompasses a number of key national reforms designed to modernise transport regulatory systems and support sustainable growth in a carbon-constrained economy.

This working group, coordinated by Western Australia, will drive strategies to reduce transport emissions, through vehicle fuel efficiency standards, a review of taxes and charges, and programs to encourage low-emission travel behaviour.

NTC is supporting this work by developing policy proposals to reduce freight transport carbon emissions.

---

**Australian transport GHG emissions**

- **Road passenger**
  - 1990: 17.7 M+ (projected)
  - 2005: 25.5 M+
  - 2020: 37.5 M+

- **Road freight**
  - 1990: 36.6 M+
  - 2005: 45.5 M+
  - 2020 (projected): 50.3 M+
The National Transport Commission (NTC) is headed by six Commissioners (including the Chief Executive). The Commissioners are responsible for corporate governance, risk management and strategic planning.

Following their appointment as new Commissioners, NTC welcomed Mr Greg Martin PSM, Mr Ian Johnston AM, Ms Julie-Anne Schafer and Mr Bill Noonan OAM to the Commission at its June 13 meeting.

Five Commission Meetings were held during the financial year. Apologies were received from Mr Bill Noonan for the meeting on 13 June 2008.

The Commissioners during the financial year were:

- Mr M Deegan, Chairman (term renewed January 2008)
- Mr D Powell, Deputy Chairman (term finished January 2008)
- Dr F Affleck (term finished January 2008)
- Mr G Martin PSM, Deputy Chairman (term commenced April 2008)
- Mr N Dimopoulos, CEO
- Mr I Johnston AM (term commenced April 2008)
- Ms J Schafer (term commenced April 2008)
- Mr B Noonan OAM (term commenced June 2008)

Mr Michael Deegan – Chairman
Michael Deegan was appointed as Chairman of NTC on 20 April 2006. He has been a Commissioner since January 2005.

As the former Deputy Secretary to the Victorian Department of Premier and Cabinet and former Director General of the NSW Department of Transport, Mr Deegan brings a wide range of experience in the rail, ports and road transport portfolios to the Commission. He currently works as a company director and transport and infrastructure consultant.

Mr Greg Martin PSM – Deputy Chairman
Greg Martin was appointed Deputy Chairman of NTC on 4 April 2008.

Mr Martin has extensive experience in the areas of transport and infrastructure planning, research and operations. Mr Martin currently holds positions as Professor of Planning and Transport Studies, Curtin University of Technology, and Executive Director, Planning and Transport Research Centre of Western Australia (PATREC).

He is a former Director General of the Department for Planning and Infrastructure and Commissioner of Main Roads in Western Australia.
Mr Nick Dimopoulos  
– CEO and 
Commissioner
Nick Dimopoulos was appointed as CEO of NTC in October 2006.
Mr Dimopoulos has extensive experience in the public and private sector covering the areas of business strategy, economic research, public policy, financial and risk management and stakeholder management. He was formerly the Acting CEO for the Committee for Economic Development of Australia (CEDA), which is a leading independent think tank and research organisation.
Mr Dimopoulos previously held senior executive positions in the Victorian Treasury, AWB Ltd and BHP Billiton.

Ms Julie-Anne Schafer  
– Commissioner
Julie-Anne Schafer was appointed Commissioner of NTC on 4 April 2008.
Ms Schafer is a lawyer with more than 25 years experience in private practice. She has considerable experience in the road and membership services, insurance and health sectors.
Ms Schafer is currently Chairman of RACQ Insurance. Previous appointments include Chairman of the Royal Automobile Club of Queensland and Deputy Chancellor of the Queensland University of Technology. She is also a former Telstra Queensland Business Women’s Award Winner.

Mr Bill Noonan OAM  
– Commissioner
Bill Noonan was appointed Commissioner of NTC on 2 June 2008.
Mr Noonan is currently the Branch Secretary of the Transport Workers Union (TWU) Victoria/Tasmania, Chair of the Transport Industry Safety Group and board member of the TWU Super Fund, Institute for Breathing and Sleep and Victoria Police Blue Ribbon Foundation.

Professor Ian Johnston AM  
– Commissioner
Ian Johnston was appointed Commissioner of NTC on 4 April 2008.
Prof Johnston has worked in the transport, especially transport safety, field since 1966 and his experience spans all transport modes. He has been a researcher, policy analyst, program administrator, senior executive and non-executive board member across a range of transport modes and settings in government, industry and academia.
NTC’s Pricing and Productivity and Technology teams merged during the financial year to form the Economics and Productivity team, headed by General Manager Meena Naidu. This move signals a more holistic approach towards transport efficiency reforms, recognising the need for pricing and regulatory frameworks to continually support industry innovations.

A new Communications and Strategy team was also formed, working with General Manager Paul Sullivan. The formation of this new team reflects the important relationship between these two areas and ensures the organisation is well resourced to meet the challenges of reform delivery and the national transport policy framework.

Effective stakeholder relationship management and communication of reforms is crucial to their successful delivery. NTC will continue to provide high quality, timely communications materials to support its work.

The new Corporate team, overseen by General Manager Lynne Habner, was formed to provide high quality secretariat, human resources, finance and administrative services to the Commission and NTC staff.

NTC continued to build in-house capability throughout the year, with a number of new staff bringing considerable expertise and experience to the organisation.

The organisation takes a thorough and robust approach to assessing the impact of its reforms and places high priority on transparency and best practice during this process.

NTC received advice from the Office of Best Practice Regulation (OBPR) that it had successfully complied with all Council of Australian Government (COAG) regulatory impact statement (RIS) requirements during 2007/08. The OBPR plays a central role in monitoring and improving the quality of regulation on behalf of the Australian Government and COAG.

Regular staff forums and briefings ensure staff members understand the wide range of reform initiatives underway, which ensures strong policy cohesion and consistency. Staff members are encouraged to visit transport operations and attend industry forums.

In May 2008, NTC appointed Sander Jansen to the role of Policy Analyst, Safety and Environment. Sander is studying a Masters in Economic Geography at Utrecht University in the Netherlands, and is completing his work placement towards his degree through NTC.

“My studies look at the location and distribution of economic activities such as industry and trade, transportation, and development. The role with NTC appealed to me because the organisation takes a holistic approach to the reforms it develops, looking at the economic, social, environmental and technological aspects,” said Sander.

“The work I’m doing on the rail productivity review and the supply chain audits allows me to apply the theories I have studied as part of my masters’ degree and I am also gaining valuable professional experience,” he said.
“MORE THAN EVER, NTC IS IN GOOD SHAPE TO PLAY ITS ROLE IN ENSURING AUSTRALIA’S TRANSPORT SYSTEM MEETS THE CHALLENGES OF THE FUTURE.”

Nick Dimopoulous, CEO

Communications and Strategy
Paul Sullivan, General Manager Communications and Strategy
Pauline Sullivan, Senior Manager Strategy
Ian Hunter, Chief Planning and Development Officer
Susie Barragans, Manager IT
Lisa O’Brien, Senior Communications Officer
Alexandra Manning, Communications Officer

Corporate
Lynne Habner, General Manager Corporate
Binh Le, Manager Finance and Human Resources
Jackie Winn, Senior Administration/Research Officer
Duminda Senanayake, Finance Officer
Lea Brown, Executive Assistant
Josh Puttick, Executive Assistant

Legislation and Compliance
Ben Piper, Chief Legislative Drafter and Counsel
Greg Deimos, Senior Manager Programs and Maintenance
Matthew Loader, Manager Legislation and Compliance
Ray Hassall, Manager Legislation and Compliance
Keith Ryan, Manager Legislation and Compliance
Kathryn Hodges, Manager Legislation and Compliance
John Aliferis, Legal Officer

Other staff employed during 2007/08 include:
Parry Serafin, Paul Salter, Aidan McGann, Barry Moore, Phil Gilpinan, Sue Russell, Christine Freeland, Yusefin Suriawati, Jacci Vallender, Damian Adams, Jan Powning, Ron Shanks, Kerry Todero, Rob DiCristoforo, Amy McDowell, Kirsty McIntyre, Maryanne Gassert, Michael Batson, Rita Yammouni.
A number of advisory and working groups, comprising key stakeholders, provide advice on the development and implementation of national transport reform. The assistance provided by these groups is appreciated, and contributions from all members who served on the various bodies during the year are acknowledged.

Transport Agency Chief Executives
The Transport Agency Chief Executives (TACE) advisory group consists of heads of transport departments and road authorities from each state and territory as well as New Zealand. A representative from The Australian Local Government Association also sits on the group.

Industry Advisory Group
The Industry Advisory Group (IAG) includes representatives of the Australian Automobile Association, Australian Trucking Association, Australasian Railway Association, National Farmers’ Federation, Transport Workers’ Union, Minerals Council of Australia, Ports Australia, and the Australian Logistics Council as well as vehicle manufacturers, suppliers, transport operators and the transport training industry.

Bus Industry Advisory Group
The Bus Industry Advisory Group (BIAG) is made up of representatives from state, territory and national bus associations, bus manufacturers, suppliers, operators and related industries.

Transport Agencies Fatigue Committee
Comprising policy representatives of road transport agencies, Transport Agencies Fatigue Committee (TAF) provides high level advice on the development of the model Heavy Vehicle Driver Fatigue legislation and its implementation.

Transport Agencies Compliance Committee
The Transport Agencies Compliance Committee (TACC) comprises senior compliance managers from road transport agencies.

Its functions are to provide strategic advice on national compliance and enforcement-related reforms and their implementation.

Performance Based Standards Review Panel
The Performance Based Standards Review Panel (PRP) provides a national forum for the evaluation of SMART heavy vehicle applications under the Performance Based Standards scheme. It comprises senior representatives from transport agencies. The PRP replaces the PBS Interim Review Panel (IRP) as the assessing body for these applications.

Standing Committee on Transport Rail Group
The Standing Committee on Transport (SCOT) Rail Group’s role includes developing policy frameworks that facilitate a growth in use of rail transport, supporting the gathering and analysis of information and research to inform policy and industry development. Working collaboratively with states and territories to influence transport issues of national significance that impact on rail, the Rail Group advises SCOT and ATC on national rail reform issues (infrastructure, regulatory and operational). The SCOT Rail Group had its last meeting during 2007/08 and its functions were absorbed by the ATC’s Ministerial Working Groups (see ‘A national approach’ on page 15 of this report).

Rail Safety Package Steering Committee
The Rail Safety Package Steering Committee was established by the SCOT Rail Group to provide advice to NTC and report on policy issues that arose during the finalisation of the model rail safety legislation. The steering committee consists of senior representatives of state and territory transport departments, the Australasian Railways Association and representatives of the Rail Tram and Bus Union. This committee held its last meeting during 2007/08.

Performance Based Standards Policy Steering Committee
The Performance Based Standards Policy Steering Committee (PSC) was formed to oversee the national policy direction of the PBS reform. PSC includes senior federal, state and local government officials as well as industry representatives.

Other groups
The NTC, through invitations to attend board meetings and other more informal meetings, maintains regular liaison with the Rail Industry Safety Standards Board. This liaison ensures that regulatory reform managed by NTC is informed of industry rail views and takes account of the development of industry codes and standards.

Other specific project groups include:
- the Transport Emissions Liaison Group, which brings together representatives from transport and environment agencies and industry groups;
- the Assessing Fitness to Drive Maintenance Group which provides advice to NTC on keeping this reform up-to-date;
- the National Heavy Vehicle Safety Strategy Taskforce to coordinate implementation of the National Heavy Vehicle Safety Strategy; and
- the Australian Road Rules Maintenance Group.
<table>
<thead>
<tr>
<th>Number</th>
<th>Subject</th>
<th>Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATC 07/39</td>
<td>Performance Based Standards Regulatory Package for Interim Implementation</td>
<td>July 2007</td>
</tr>
<tr>
<td>ATC 07/40</td>
<td>In-service Standard for Engine Brake Noise</td>
<td>August 2007</td>
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<tr>
<td>ATC 07/41</td>
<td>Heavy Vehicle Driver Fatigue Maintenance Package 2007</td>
<td>September 2007</td>
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<tr>
<td>ATC 07/42</td>
<td>Implementation of Rail Safety Reforms</td>
<td>October 2007</td>
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<td>ATC 07/43</td>
<td>National Heavy Vehicle Enforcement Strategy</td>
<td>October 2007</td>
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<td>ATC 07/44</td>
<td>Model Legislation for Chain of Responsibility for Heavy Vehicle Speed Compliance</td>
<td>October 2007</td>
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<td>ATC 07/45</td>
<td>Australian Road Rules 7th Amendment Package</td>
<td>November 2007</td>
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<td>ATC 07/48</td>
<td>NTC Budget and Work Program 2008/09</td>
<td>December 2007</td>
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<tr>
<td>ATC 07/49</td>
<td>Shortened Vote for Heavy Vehicle Charges Determination 2007</td>
<td>January 2008</td>
</tr>
<tr>
<td>ATC 08/05</td>
<td>Heavy Vehicle Charges Determination 2007 (to 26th ATC meeting)</td>
<td>February 2008</td>
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<tr>
<td>ATC 08/13</td>
<td>Fatigue Implementation Package 2008</td>
<td>March 2008</td>
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<tr>
<td>ATC 08/16</td>
<td>Fatigue Authorities Panel</td>
<td>April 2008</td>
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<tr>
<td>ATC 08/15</td>
<td>Transportation of Dangerous Goods by Road or Rail: Maintenance Package 2008</td>
<td>June 2008</td>
</tr>
</tbody>
</table>
In our opinion, the attached financial statements for the year ended 30 June 2008 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Ministers Orders made under the Commonwealth Authorities and Companies Act 1997.

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

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

Greg Martin PSM  
Chairman  
4 September 2008

Nick Dimopoulos  
Chief Executive  
4 September 2008
To the Minister for Infrastructure, Transport, Regional Development and Local Government

Scope
I have audited the accompanying financial statements of the National Transport Commission for the year ended 30 June 2008, which comprise: a Statement by the Commissioners; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Commissioners for the Financial Statements
The Commissioners are responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister’s orders made under the Commonwealth Authorities and Companies Act 1997, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility
My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the National Transport Commission’s preparation and fair presentation of the financial statements 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 National Transport Commission’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioners, as well as evaluating the overall presentation of the financial statements.

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

Independence
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor’s Opinion
In my opinion, the financial statements of the National Transport Commission:

(a) have been prepared in accordance with the Finance Minister’s Orders made under the Commonwealth Authorities and Companies Act 1997, including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister’s Orders including the National Transport Commission’s financial position as at 30 June 2008 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office

Sharon Haines
Senior Director
Delegate of the Auditor-General
Canberra
4 September 2008
INCOME STATEMENT for the year ended 30 June 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
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<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from rendering of services</td>
<td>3A</td>
<td>8,586,155</td>
</tr>
<tr>
<td>Interest</td>
<td>3B</td>
<td>173,318</td>
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<tr>
<td>Rental income</td>
<td>3C</td>
<td>36,844</td>
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<tr>
<td>Other revenue</td>
<td>3D</td>
<td>402,793</td>
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<tr>
<td><strong>Total revenue</strong></td>
<td></td>
<td>9,199,110</td>
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<tr>
<td><strong>Total Income</strong></td>
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<td>9,199,110</td>
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<tr>
<td><strong>EXPENSES</strong></td>
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<tr>
<td>Employee benefits</td>
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<td>Suppliers</td>
<td>4B</td>
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<tr>
<td>Depreciation</td>
<td>4C</td>
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<tr>
<td>Losses from asset sales</td>
<td>4D</td>
<td>-</td>
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<tr>
<td><strong>Total Expenses</strong></td>
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<tr>
<td><strong>Surplus (Deficit)</strong></td>
<td></td>
<td>1,103,121</td>
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</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes. Refer to Note 1.15 for explanation on prior year adjustment.
### BALANCE SHEET for the year ended 30 June 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Financial Assets</strong></td>
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</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5A</td>
<td>3,080,290</td>
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<tr>
<td>Trade and other receivables</td>
<td>5B</td>
<td>322,568</td>
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<tr>
<td><strong>Total financial assets</strong></td>
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<td>3,402,858</td>
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<tr>
<td><strong>Non-Financial Assets</strong></td>
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<tr>
<td>Buildings – Leasehold Improvements</td>
<td>6A</td>
<td>305,442</td>
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<tr>
<td>Plant and Equipment</td>
<td>6B,C</td>
<td>112,044</td>
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<tr>
<td>Other non-financial assets</td>
<td>6D</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-financial assets</strong></td>
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<td>417,486</td>
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<tr>
<td><strong>Total Assets</strong></td>
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<tr>
<td><strong>LIABILITIES</strong></td>
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<td><strong>Payables</strong></td>
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<tr>
<td>Suppliers</td>
<td>7A</td>
<td>555,718</td>
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<tr>
<td>Other payables</td>
<td>7B</td>
<td>102,675</td>
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<tr>
<td><strong>Total payables</strong></td>
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<td>658,393</td>
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<tr>
<td><strong>Provisions</strong></td>
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<td></td>
</tr>
<tr>
<td>Employee provisions</td>
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<td>485,072</td>
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<tr>
<td><strong>Total provisions</strong></td>
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<td>485,072</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
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<td>1,143,465</td>
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<tr>
<td><strong>Net Assets</strong></td>
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<tr>
<td><strong>EQUITY</strong></td>
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<td>Reserves</td>
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</tr>
<tr>
<td>Retained surplus</td>
<td></td>
<td>2,652,715</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>2,676,879</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td>3,402,858</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td>417,486</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td>1,056,735</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td>86,730</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes. Refer to Note 1.15 for explanation on prior year adjustment.
## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008

<table>
<thead>
<tr>
<th></th>
<th>Retained Earnings</th>
<th>Asset Revaluation Reserves</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2007</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Opening balance</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance carried forward from previous period</td>
<td>1,549,594</td>
<td>1,636,052</td>
<td>24,164</td>
</tr>
<tr>
<td>Surplus (Deficit) for the period</td>
<td>1,103,121</td>
<td>(86,458)</td>
<td>-</td>
</tr>
<tr>
<td>Closing Balance at 30 June</td>
<td>2,652,715</td>
<td>1,549,594</td>
<td>24,164</td>
</tr>
</tbody>
</table>

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

## CASH FLOW STATEMENT for the year ended 30 June 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

### OPERATING ACTIVITIES

**Cash received**

- Goods and Services: 8,942,861, 7,554,508
- Interest: 173,318, 112,611
- Net GST received: 89,830, 343,827
- Other cash received: 439,637, 252,537

**Total cash received**: 9,645,646, 8,263,483

**Cash used**

- Employees: 4,470,511, 4,340,571
- Suppliers: 3,560,303, 4,142,254

**Total cash used**: 8,030,815, 8,482,825

**Net cash flows from or (used by) operating activities**: 1,614,831, (219,342)

### INVESTING ACTIVITIES

**Cash used**

- Purchase of property, plant and equipment: 13,196, 49,514

**Total cash used**: 13,196, 49,514

**Net cash flows from or (used by) investing activities**: (13,196), (49,514)

**Net increase or (decrease) in cash held**: 1,601,635, (268,856)

**Cash and cash equivalents at the beginning of the reporting period**: 1,478,655, 1,747,511

**Cash and cash equivalents at the end of the reporting period**: 3,080,290, 1,478,655

The above statement should be read in conjunction with the accompanying notes. Refer to Note 1.15 for explanation on prior year adjustment.
### SCHEDULE OF COMMITMENTS for the year ended 30 June 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>BY TYPE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments Receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sublease rental income</td>
<td>-</td>
<td>(101,698)</td>
</tr>
<tr>
<td>Net GST receivable</td>
<td>(68,965)</td>
<td>(98,738)</td>
</tr>
<tr>
<td><strong>Total Commitments Receivable</strong></td>
<td>(68,965)</td>
<td>(200,435)</td>
</tr>
<tr>
<td>Other commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td>459,070</td>
<td>813,219</td>
</tr>
<tr>
<td>Other commitments</td>
<td>299,542</td>
<td>272,895</td>
</tr>
<tr>
<td><strong>Total other commitments</strong></td>
<td>758,612</td>
<td>1,086,114</td>
</tr>
<tr>
<td>Net commitments by type</td>
<td>689,647</td>
<td>885,679</td>
</tr>
</tbody>
</table>

|                        |          |          |
| **BY MATURITY**        |          |          |
| Commitments receivable |          |          |
| Operating lease income |          |          |
| One year or less       | -        | (90,398) |
| From one to five years | -        | (11,300) |
| **Total operating lease income** | - | (101,698)|
| GST Receivable         |          |          |
| One year or less       | (68,965) | (98,738) |
| **Total GST receivable** | (68,965) | (98,738)|
| Commitments payable    |          |          |
| Operating lease commitments |      |          |
| One year or less       | 459,070  | 424,288  |
| From one to five years | -        | 388,931  |
| **Total operating lease commitments** | 459,070| 813,219|
| Other Commitments      |          |          |
| One year or less       | 299,542  | 272,895  |
| **Total other commitments** | 299,542 | 272,895|
| Net Commitments by Maturity | 689,647 | 885,679|

**NB:** Commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprise: Leases for office accommodation.

Lease payments are subject to annual increase in accordance with upwards movements in the Consumer Price Index.

The initial periods of office accommodation leases are still current and each may be renewed for up to 3 years at the Commission’s option, following a once-off adjustment of rentals to current market levels. The current lease is due to expire May 2009.

The above schedule should be read in conjunction with the accompanying notes.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of the Financial Report
The Financial Statements and notes are required by clause 1(b) of Schedule 1 to the Commonwealth Authorities and Companies Act 1997 and are a General Purpose Financial Report.

The National Transport Commission (the Commission) is dependent on contributions from the Australian Government, States and Territories to carry out its normal activities.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister’s Orders (or FMOs) or reporting periods ending on or after 01 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The Financial Report is presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Entity and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Assets and liabilities that are unrealised are reported in the Schedule of Commitments.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Significant Accounting Judgements and Estimates
In the process of applying the accounting policies listed in this note, the Commission has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of leasehold improvements has been taken to be the market value of similar leasehold improvements as determined by an independent valuer.

No accounting assumptions or estimates have been identified that have a risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.3 Adoption of new Australian Accounting Standard requirements
No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standard are applicable to the current reporting period:

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will effect the disclosure presented in future financial reports.

The following amendments, amendments to standards or interpretations for the current financial year have no financial impact or do not apply to the operations of the Commission:

AASB 7 Financial Instruments: Disclosures
AASB 101 Presentation of Financial Instruments (issued October 2006)
AASB 1048 Interpretation and Application of Standards (reissued September 2007)
AASB 2005-10 Amendments to Australian Accounting Standards [AASB 1.4, 101, 114, 117, 132, 133, 139, 1023, 1038]
AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB interpretation 11 [AASB2]
AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

AASB 2007-5 Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]
AASB 2007-7 Amendments to Australian Accounting Standards
AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities [AASB 124]
ERR Erratum Proportionate Consolidation [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113]
UIG Interpretation 10 – Interim Financial Reporting and Impairment
UIG Interpretation 11 AASB 2 – Group and Treasury Share Transactions and 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11
UIG Interpretation 1003 – Australian Petroleum Resource Rent Tax

Future Australian Accounting Standard requirements
The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

AASB 3 Business Combinations
AASB 8 Operating Segments
AASB 101 Presentation of Financial Statements
AASB 123 Borrowing Costs
AASB 127 Consolidated and Separate Financial Statements
AASB 1004 Contributions
AASB 1049 Whole of Government and General Government Sector Financial Reporting
AASB 1050 Administered Items
AASB 1051 Land Under Roads
AASB 1052 Disaggregated Disclosures
AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AAS 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]
AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2]
AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB Interpretation 11
AASB 2008-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretation 9 & 107]
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]
AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]
UIG Interpretation 1 – Changes to Existing Decommissioning, Restoration and Similar Liabilities
UIG Interpretation 4 – Determining Whether an Arrangement Contains a Lease
UIG Interpretation 12 – Service Concession Arrangements
UIG Interpretation 13 – Customer Loyalty Programs
UIG Interpretation 14 – AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
UIG Interpretation 129 – Service Concession Arrangements Disclosures
UIG Interpretation 1038 – Contributions by Owners Made To Wholly-Owned Public Sector Entities

Other
The following standards and interpretations have been issued but are not applicable to the operations of the Commission.
AASB 1049 Whole of Government and General Sector Financial Reporting

AASB 1049 specifies the reporting requirements for the General Government Sector. The FMOs does not apply to this reporting or the consolidated financial statements of the Australian Government.

1.4 Revenue

Revenue from the sale of goods is recognised when:
• The risks and rewards of ownership have been transferred to the buyer;
• The seller retains no managerial involvement nor effective control over the goods;
• The revenue and transaction costs incurred can be reliably measured; and
• It is probable that the economic benefits associated with the transaction will flow to the Entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:
• The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
• The probable economic benefits with the transaction will flow to the Entity.

Service revenues are government contributions approved by the Australian Transport Council and other government project funding. Revenues are recognised as revenue to the extent that they have been received or when it is highly probable that amounts are likely to be received.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

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

1.5 Gains

Sale of Assets

Gains from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.6 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

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

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

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

The leave liabilities are calculated on the basis of employees’ remuneration, including the Commission’s employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

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

Superannuation

Contributions are made by the Commission to an employee superannuation fund and are charged as expenses when incurred.

1.7 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.8 Cash and cash equivalents
Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.9 Financial assets
The Commission classifies its financial assets in the following categories:

- ‘loans and receivables’.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon ‘trade date’.

**Effective interest method**

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

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

**Loans and receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’.

They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

**Impairment of financial assets**

Financial assets are assessed for impairment at each balance date.

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

**Available for sale financial assets** - If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

**Available for sale financial assets (held at cost)** - If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.10 Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities.

Financial liabilities are recognised and derecognised upon ‘trade date’.

**Supplier and other payables**

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

Trade payables are paid within 30 days and are recognised at GST gross amount.

1.11 Contingent Liabilities and Contingent Assets

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

The Commission has no contingent liabilities or assets for the year ended 30 June 2008.
1.12 Acquisition of Assets
Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements.

1.13 Leasehold Improvements, Plant and Equipment

Asset Recognition Threshold
Purchases of leasehold improvements, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than $1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations
Fair values for each class of asset are determined as shown below:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Fair value measured at</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Improvements</td>
<td>Depreciated replacement cost</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>Market selling price</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>Lease term</td>
<td>Lease term</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>2 to 9 years</td>
<td>2 to 9 years</td>
</tr>
</tbody>
</table>

Impairment
All assets were assessed for impairment at 30 June 2008. Where indications of impairment exist, the asset’s recoverable amount is estimated and an impairment adjustment made if the asset’s recoverable amount is less than its carrying amount.

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

1.14 Taxation / Competitive Neutrality
The Commission is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

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

Competitive Neutrality
The Commission does not provide goods or services subject to competitive neutrality.
1.15 Prior Year Adjustment

The Code Management Company trading as the Rail Industry Safety and Standards Board (RISSB) are provided funding support through the NTC by the Australian Transport Council (ATC). Last year, as the funding was collected and disbursed by NTC, the transactions were recorded within the accounts. However, as the NTC is only acting within the capacity of an intermediary, the transaction should not have been disclosed separately within the accounts of the organisation. On this basis, the prior year Income Statement and Cash Flow Statement have been adjusted accordingly. The Code Management Company revenue and expense balance of $1,166,200 has been removed from the Income Statement. This has no impact on the recorded deficit for 30 June 2007. The balance has also been removed within the Cash Flow Statement for 2007. The related Income Statement, and Cash Flow reconciliation notes have been adjusted accordingly.

The following tables illustrate the adjustment made.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>Adjustment</th>
<th>Adjusted 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME STATEMENT (2006-07)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code Management Company Revenue</td>
<td>(1,166,200)</td>
<td>1,166,200</td>
<td>-</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code Management Company Expenses</td>
<td>1,166,200</td>
<td>(1,166,200)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Effect</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>CASH FLOW STATEMENT (2006-07)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code Management Company</td>
<td>(1,293,820)</td>
<td>1,293,820</td>
<td>-</td>
</tr>
<tr>
<td>Net GST received</td>
<td>(216,207)</td>
<td>(127,620)</td>
<td>343,827</td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code Management Company</td>
<td>1,166,200</td>
<td>(1,166,200)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Effect</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>343,827</td>
<td>-</td>
<td>343,827</td>
</tr>
</tbody>
</table>

**NOTE 2: EVENTS AFTER THE BALANCE SHEET DATE**

There were no events subsequent to the balance sheet date that have or will materially affect the ongoing structure and financial activities of the Commission.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 3: INCOME

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Note 3A: Revenue from rendering of services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Government contribution approved by Australian Transport Council - related parties</td>
<td>2,651,000</td>
<td>2,568,000</td>
</tr>
<tr>
<td>State and Territory Government contributions approved by Australian Transport Council - external parties</td>
<td>4,841,000</td>
<td>4,804,000</td>
</tr>
<tr>
<td>Government Revenue based on specific project funding - related parties</td>
<td>1,094,155</td>
<td>55,709</td>
</tr>
<tr>
<td>Other - external parties</td>
<td>-</td>
<td>87,154</td>
</tr>
<tr>
<td><strong>Total sale of goods and rendering of services</strong></td>
<td>8,586,155</td>
<td>7,514,863</td>
</tr>
<tr>
<td><strong>Note 3B: Interest</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>173,318</td>
<td>112,611</td>
</tr>
<tr>
<td><strong>Total interest</strong></td>
<td>173,318</td>
<td>112,611</td>
</tr>
<tr>
<td><strong>Note 3C: Rental income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-lease</td>
<td>36,844</td>
<td>97,025</td>
</tr>
<tr>
<td><strong>Total rental income</strong></td>
<td>36,844</td>
<td>97,025</td>
</tr>
<tr>
<td><strong>Note 3D: Other revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian Dangerous Goods Code</td>
<td>402,793</td>
<td>43,414</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>-</td>
<td>45,070</td>
</tr>
<tr>
<td><strong>Total other revenue</strong></td>
<td>402,793</td>
<td>88,484</td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 4: EXPENSES

<table>
<thead>
<tr>
<th>Note 4A: Employee benefits</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>3,971,976</td>
<td>4,066,649</td>
</tr>
<tr>
<td>Superannuation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined contribution plans</td>
<td>317,344</td>
<td>307,126</td>
</tr>
<tr>
<td>Leave and other entitlements</td>
<td>115,115</td>
<td>(118,159)</td>
</tr>
<tr>
<td><strong>Total employee benefits</strong></td>
<td><strong>4,404,435</strong></td>
<td><strong>4,255,616</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 4B: Suppliers</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision of goods - external parties</td>
<td>1,300,173</td>
<td>1,046,977</td>
</tr>
<tr>
<td>Rendering of services</td>
<td>1,804,837</td>
<td>2,033,456</td>
</tr>
<tr>
<td>Operating lease rentals:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum lease payments</td>
<td>434,098</td>
<td>423,913</td>
</tr>
<tr>
<td>Workers compensation premiums</td>
<td>7,946</td>
<td>10,166</td>
</tr>
<tr>
<td><strong>Total supplier expenses</strong></td>
<td><strong>3,547,054</strong></td>
<td><strong>3,514,512</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 4C: Depreciation</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant &amp; equipment</td>
<td>68,520</td>
<td>53,188</td>
</tr>
<tr>
<td>Buildings</td>
<td>75,980</td>
<td>75,574</td>
</tr>
<tr>
<td>Lease-hold Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total depreciation</strong></td>
<td><strong>144,500</strong></td>
<td><strong>128,762</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 4D: Losses from sale of assets</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying value of assets sold</td>
<td>-</td>
<td>551</td>
</tr>
<tr>
<td><strong>Total losses from assets sales</strong></td>
<td></td>
<td>551</td>
</tr>
</tbody>
</table>
## NOTE 5: FINANCIAL ASSETS

<table>
<thead>
<tr>
<th>Note 5A: Cash and cash equivalents</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand or on deposit</td>
<td>552</td>
<td>265</td>
</tr>
<tr>
<td>Deposits</td>
<td>3,079,738</td>
<td>1,478,390</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td>3,080,290</td>
<td>1,478,655</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 5B: Trade and other receivables</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services</td>
<td>124,795</td>
<td>99,458</td>
</tr>
<tr>
<td>GST receivable from the Australian Taxation Office</td>
<td>197,773</td>
<td>145,121</td>
</tr>
<tr>
<td><strong>Total trade and other receivables</strong></td>
<td>322,568</td>
<td>244,579</td>
</tr>
</tbody>
</table>

Receivables are represented by:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>322,568</td>
<td>244,579</td>
</tr>
<tr>
<td>Non-current</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total trade and other receivables</strong></td>
<td>322,568</td>
<td>244,579</td>
</tr>
</tbody>
</table>

Receivables are aged as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not overdue</td>
<td>321,661</td>
<td>235,394</td>
</tr>
<tr>
<td>Overdue by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 30 days</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>30 to 60 days</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>61 to 90 days</td>
<td>-</td>
<td>9,185</td>
</tr>
<tr>
<td>More than 90 days</td>
<td>907</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total receivables</strong></td>
<td>322,568</td>
<td>244,579</td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 6: NON-FINANCIAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Note 6A: Buildings – Leasehold Improvements
Leasehold improvements
- fair value                | 531,862  | 531,862  |
- accumulated depreciation  | (226,420) | (150,260) |
Total land and buildings (non-current)   | 305,442  | 381,602  |

Note 6B: Plant and equipment
Plant and equipment:
- gross carrying value (at fair value) | 273,614  | 261,520  |
- accumulated depreciation             | (161,570) | (94,332) |
Total plant and equipment (non-current)   | 112,044  | 167,188  |

No valuation was carried out during the year.
No indicators of impairment were found for plant and equipment.
Table A – Reconciliation of the opening and closing balances of plant and equipment (2007-08)

<table>
<thead>
<tr>
<th>Item</th>
<th>Buildings - Leasehold Improvements</th>
<th>Other Plant &amp; Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 July 2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>531,862</td>
<td>261,520</td>
<td>793,382</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(150,260)</td>
<td>(94,332)</td>
<td>(244,592)</td>
</tr>
<tr>
<td><strong>Net book value 1 July 2007</strong></td>
<td>381,602</td>
<td>167,188</td>
<td>548,790</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>by purchase</td>
<td></td>
<td>-</td>
<td>13,196</td>
</tr>
<tr>
<td>Revaluations and impairments through equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(76,160)</td>
<td>(68,340)</td>
<td>(144,500)</td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other disposals</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net book value 30 June 2008</strong></td>
<td>305,442</td>
<td>112,044</td>
<td>417,486</td>
</tr>
</tbody>
</table>

Net book value as of 30 June 2008 represented by:

| Gross book value                   | 531,862                            | 274,716                 | 806,578 |
| Accumulated depreciation           | (226,420)                          | (162,672)               | (389,092)|
| **Net book value 30 June 2008**    | 305,442                            | 112,044                 | 417,486 |

Table A – Reconciliation of the opening and closing balances of plant and equipment (2006-07)

<table>
<thead>
<tr>
<th>Item</th>
<th>Buildings - Leasehold Improvements</th>
<th>Other Plant &amp; Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 July 2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>525,357</td>
<td>221,310</td>
<td>746,667</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(74,686)</td>
<td>(43,391)</td>
<td>(118,077)</td>
</tr>
<tr>
<td><strong>Net book value 1 July 2006</strong></td>
<td>450,671</td>
<td>177,919</td>
<td>628,590</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>by purchase</td>
<td></td>
<td>-</td>
<td>49,131</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(75,574)</td>
<td>(53,188)</td>
<td>(128,762)</td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other disposals</td>
<td></td>
<td>-</td>
<td>(551)</td>
</tr>
<tr>
<td><strong>Net book value 30 June 2007</strong></td>
<td>381,602</td>
<td>167,188</td>
<td>548,790</td>
</tr>
</tbody>
</table>

Net book value as of 30 June 2007 represented by:

| Gross book value                   | 531,862                            | 261,520                 | 793,382 |
| Accumulated depreciation           | (150,260)                          | (94,332)                | (244,592)|
| **Net book value 30 June 2007**    | 381,602                            | 167,188                 | 548,790 |
## Notes to and Forming Part of the Financial Statements for the year ended 30 June 2008

### Note 6D: Non-Financial Assets

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>$</td>
<td>$37,824</td>
</tr>
<tr>
<td>Total other non-financial assets</td>
<td>$</td>
<td>$37,824</td>
</tr>
</tbody>
</table>

### Note 7: Payables

#### Note 7A: Suppliers

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>$555,718</td>
<td>$147,620</td>
</tr>
<tr>
<td>Total supplier payables</td>
<td>$555,718</td>
<td>$147,620</td>
</tr>
</tbody>
</table>

Supplier payables are represented by:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$555,718</td>
<td>$147,620</td>
</tr>
<tr>
<td>Total supplier payables</td>
<td>$555,718</td>
<td>$147,620</td>
</tr>
</tbody>
</table>

Settlement is usually made net 30 days.

#### Note 7B: Other Payables

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>$102,675</td>
<td>$10,000</td>
</tr>
<tr>
<td>Total Other Payables</td>
<td>$102,675</td>
<td>$10,000</td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 8: PROVISIONS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Note 8A: Employee provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>80,280</td>
<td>70,684</td>
</tr>
<tr>
<td>Leave</td>
<td>408,597</td>
<td>465,420</td>
</tr>
<tr>
<td>Superannuation</td>
<td></td>
<td>44,687</td>
</tr>
<tr>
<td>Other</td>
<td>(3,805)</td>
<td>(2,321)</td>
</tr>
<tr>
<td><strong>Total employee provisions</strong></td>
<td>485,072</td>
<td>578,470</td>
</tr>
</tbody>
</table>

Employee provisions are represented by:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Current</td>
<td>398,342</td>
<td>477,181</td>
</tr>
<tr>
<td>Non-current</td>
<td>86,730</td>
<td>101,289</td>
</tr>
<tr>
<td><strong>Total employee provisions</strong></td>
<td>485,072</td>
<td>578,470</td>
</tr>
</tbody>
</table>

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date are $398,342 (2007: $477,181), and in excess of one year $86,730 (2007: $101,289).

NOTE 9: CASH FLOW RECONCILIATION

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported cash and cash equivalents as per:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Flow Statement</td>
<td>3,080,290</td>
<td>1,478,655</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>3,080,290</td>
<td>1,478,655</td>
</tr>
<tr>
<td>Difference</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Reconciliation of operating result to net cash from operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Operating result</td>
<td>1,103,121</td>
<td>(86,458)</td>
</tr>
<tr>
<td>Depreciation/amortisation</td>
<td>144,500</td>
<td>128,762</td>
</tr>
<tr>
<td>(Gain) / loss on disposal of assets</td>
<td>-</td>
<td>551</td>
</tr>
<tr>
<td>(Increase) / decrease in net receivables</td>
<td>(25,337)</td>
<td>39,645</td>
</tr>
<tr>
<td>Decrease in prepayments</td>
<td>37,824</td>
<td>5,040</td>
</tr>
<tr>
<td>Decrease in employee provisions</td>
<td>(56,824)</td>
<td>(84,956)</td>
</tr>
<tr>
<td>Increase / (decrease) in supplier payables</td>
<td>406,372</td>
<td>(231,926)</td>
</tr>
<tr>
<td>Increase in prepayments received</td>
<td>5,175</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Net cash from / (used by) operating activities</strong></td>
<td>1,614,831</td>
<td>(219,342)</td>
</tr>
</tbody>
</table>
NOTE 10: COMMISSIONERS REMUNERATION

The number of Commissioners of the Commission included in these figures are shown below in the relevant remuneration bands:

<table>
<thead>
<tr>
<th>Remuneration Band</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ Nil - $ 14,999</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>$ 15,000 - $ 29,999</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>$ 30,000 - $ 44,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$ 45,000 - $ 89,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$ 90,000 - $ 169,999</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

Total number of Commissioners of the Commission:

2008: 7
2007: 5

Total remuneration received or due and receivable by Commissioners of the Commission:

2008: $ 236,780
2007: $ 146,732

NOTE 11: RELATED PARTY DISCLOSURES

There were no related party transactions during the year.

NOTE 12: EXECUTIVE REMUNERATION

The number of senior executives who received or were due to receive total remuneration of $130,000 or more:

<table>
<thead>
<tr>
<th>Remuneration Band</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$130,000 to $144,999</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>$145,000 to $159,999</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>$160,000 to $174,999</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>$175,000 to $189,999</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$190,000 to $204,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$205,000 to $294,999</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Total:

2008: 7
2007: 7

The aggregate amount of total remuneration of senior executives shown above:

2008: $ 1,195,654
2007: $ 1,187,964

The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above:

2008: $ 40,455
2007: $ -
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 13: REMUNERATION OF AUDITORS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Financial statement audit services provided to the Commission.

The fair value of the services provided was:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13,200</td>
<td>12,800</td>
</tr>
</tbody>
</table>

No other services were provided by the Auditor-General.

NOTE 14: AVERAGE STAFFING LEVELS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The average staffing levels for the Commission during the year were:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37</td>
<td>40</td>
</tr>
</tbody>
</table>

NOTE 15: FINANCIAL INSTRUMENTS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

15A Categories of financial instruments

Financial Assets

- Cash and cash equivalents
  - 3,080,290
  - 1,478,655

- Loans and receivables financial assets
  - Receivables for goods and services
    - 124,795
    - 99,458
  - Carrying amount of financial assets
    - 3,205,085
    - 1,578,113

Financial Liabilities

- Suppliers Payable
  - 555,718
  - 147,621

- Carrying amount of financial liabilities
  - 555,718
  - 147,621

15B Net income and expense from financial assets

Loans and Receivables

- Interest revenue (Note 3B)
  - 173,318
  - 112,611

- Net gain from loans and receivables
  - 173,318
  - 112,611

- Net gain from financial assets
  - 173,318
  - 112,611
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

15C Fair value of financial instruments

<table>
<thead>
<tr>
<th>Carrying amount 2008</th>
<th>Fair value 2008</th>
<th>Carrying amount 2007</th>
<th>Fair value 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>3,080,290</td>
<td>3,080,290</td>
<td>1,478,655</td>
</tr>
<tr>
<td>Receivables for goods and services</td>
<td>124,795</td>
<td>124,795</td>
<td>99,458</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,205,085</td>
<td>3,205,085</td>
<td>1,578,113</td>
</tr>
</tbody>
</table>

| **FINANCIAL LIABILITIES** |                      |                      |                  |
| Trade creditors         | 555,718            | 555,718              | 147,621          | 147,621          |
| **Total**               | 555,718            | 555,718              | 147,621          | 147,621          |

15D Credit risk

Credit risk is the risk of financial loss as a result of failure by a client or counterpart to meet its contractual obligations. The finance department is responsible for the analysis and monitoring of its credit risk exposure. All credit exposures are monitored regularly against allowed limits. To mitigate credit risk, letters of credit and terms of trade are introduced where appropriate.

The average credit period for trade receivables is 30 days. The Commission holds no collateral to mitigate against credit risk.

Credit risk of financial instruments not past due or individually determined as impaired.

<table>
<thead>
<tr>
<th>Not Past Due Nor Impaired 2008</th>
<th>Not Past Due Nor Impaired 2007</th>
<th>Past due or impaired 2008</th>
<th>Past due or impaired 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables for goods and services</td>
<td>123,888</td>
<td>99,458</td>
<td>907</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>123,888</td>
<td>99,458</td>
<td>907</td>
</tr>
</tbody>
</table>

Ageing of financial assets that are past due but not impaired for 2008

<table>
<thead>
<tr>
<th>0 to 30 days</th>
<th>31 to 60 days</th>
<th>61 to 90 days</th>
<th>90+ days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables for goods and services</td>
<td>101,750</td>
<td>22,138</td>
<td>-</td>
<td>907</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>101,750</td>
<td>22,138</td>
<td>-</td>
<td>907</td>
</tr>
</tbody>
</table>

Ageing of financial assets that are past due but not impaired for 2007

<table>
<thead>
<tr>
<th>0 to 30 days</th>
<th>31 to 60 days</th>
<th>61 to 90 days</th>
<th>90+ days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables for goods and services</td>
<td>99,458</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>99,458</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
15E LIQUIDITY RISK

Liquidity risk is the risk that the Commission is unable to meet its financial obligations as they fall due, which could arise due to mismatches in cash flows. Funding and liquidity management is performed by the finance department on a weekly basis and regular reports are provided to management and Commissioners. Payments take place once a week, which ensures all suppliers are paid within the established terms of trade. The average credit period for supplier payments is 30-60 days.

The following tables illustrates the maturities for financial liabilities

<table>
<thead>
<tr>
<th></th>
<th>On demand</th>
<th>within 1 year</th>
<th>1 to 5 years</th>
<th>&gt; 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 $</td>
<td>555,718</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>555,718</td>
</tr>
<tr>
<td>Suppliers Payable</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007 $</td>
<td>147,621</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>147,621</td>
</tr>
<tr>
<td>Suppliers Payable</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15F MARKET RISK

The Commission is not exposed to currency risk or other price risk.

The method used to arrive at the possible change of 100 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five years, there was a bias towards an increase in interest rates ranging between 0 to 25 basis points. It is considered that 100 basis points is a ‘reasonable possible’ estimate as it equals to the actual interest rate movement over the past financial year.

The following table is a sensitivity analysis of the risk that the Commission is exposed to:

<table>
<thead>
<tr>
<th>Risk variable</th>
<th>Change in risk variable %</th>
<th>Profit and loss 2008 $’000</th>
<th>Equity 2008 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate risk</td>
<td>Interest rate 1.00</td>
<td>24,938</td>
<td>24,938</td>
</tr>
<tr>
<td>Interest rate risk</td>
<td>Interest rate -1.00</td>
<td>(24,938)</td>
<td>(24,938)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk variable</th>
<th>Change in risk variable %</th>
<th>Profit and loss 2007 $’000</th>
<th>Equity 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate risk</td>
<td>Interest rate 1.00</td>
<td>18,926</td>
<td>18,926</td>
</tr>
<tr>
<td>Interest rate risk</td>
<td>Interest rate -1.00</td>
<td>(18,926)</td>
<td>(18,926)</td>
</tr>
</tbody>
</table>

NOTE 16: COMPENSATION AND DEBT RELIEF

No payments were made during the reporting period. (2007: No payments made)
**List of Acronyms and Reports**

<table>
<thead>
<tr>
<th>Title</th>
<th>ISBN</th>
<th>Prepared by</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTC Strategic Directions Discussion Paper</td>
<td>Nil</td>
<td>National Transport Commission</td>
<td>August 2007</td>
</tr>
<tr>
<td>National Code of Practice for Retrofitting Passenger Restraints in Buses</td>
<td>1 921168 04 8</td>
<td>National Transport Commission</td>
<td>August 2007</td>
</tr>
<tr>
<td>Guidelines for Managing Heavy Vehicle Driver Fatigue</td>
<td>1 921168 11 0</td>
<td>National Transport Commission</td>
<td>August 2007</td>
</tr>
<tr>
<td>Guidelines for Using Napping to Prevent Commercial Heavy Vehicle Driver Fatigue</td>
<td>1 921168 04 8</td>
<td>VicRoads</td>
<td>August 2007</td>
</tr>
<tr>
<td>Setting Standards for Knowledge and Awareness about Fatigue Management in the Heavy Vehicle Industry</td>
<td>Nil</td>
<td>National Transport Commission</td>
<td>September 2007</td>
</tr>
<tr>
<td>National Transport Commission Annual Report 2006/07</td>
<td>1 921168 71 4</td>
<td>National Transport Commission</td>
<td>September 2007</td>
</tr>
<tr>
<td>PBS Scheme – Assessor Accreditation Rules</td>
<td>1 921168 93 5</td>
<td>National Transport Commission</td>
<td>October 2007</td>
</tr>
<tr>
<td>PBS Scheme – Guidelines for Determining National Operating Conditions</td>
<td>1 921168 94 3</td>
<td>National Transport Commission</td>
<td>October 2007</td>
</tr>
<tr>
<td>PBS Scheme – Network Classification Guidelines</td>
<td>1 921168 89 7</td>
<td>National Transport Commission</td>
<td>October 2007</td>
</tr>
<tr>
<td>PBS Scheme – Review Panel Business Rules</td>
<td>1 921168 95 1</td>
<td>National Transport Commission</td>
<td>October 2007</td>
</tr>
<tr>
<td>PBS Scheme – The Standards and Vehicle Assessment Rules</td>
<td>1 921168 91 9</td>
<td>National Transport Commission</td>
<td>October 2007</td>
</tr>
<tr>
<td>PBS Scheme – Vehicle Certification Rules</td>
<td>1 921168 92 7</td>
<td>National Transport Commission</td>
<td>October 2007</td>
</tr>
<tr>
<td>Australian Road Rules 7th Amendment Package – Regulatory Impact Statement</td>
<td>1 921168 76 5</td>
<td>National Transport Commission</td>
<td>November 2007</td>
</tr>
<tr>
<td>Speeding Heavy Vehicles Policy</td>
<td>Nil</td>
<td>National Transport Commission</td>
<td>January 2008</td>
</tr>
<tr>
<td>Australian Road Rules</td>
<td>0 7240 8874 1</td>
<td>National Transport Commission</td>
<td>February 2008</td>
</tr>
<tr>
<td>Title</td>
<td>ISBN</td>
<td>Prepared By</td>
<td>Date</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>-----------------</td>
<td>------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Model Rail Safety (Amendment No. 2) Bill: Regulatory Impact Statement</td>
<td>1 921168 75 7</td>
<td>National Transport Commission</td>
<td>February 2008</td>
</tr>
<tr>
<td>National Transport Policy Framework</td>
<td>Nil</td>
<td>National Transport Commission</td>
<td>March 2008</td>
</tr>
<tr>
<td>Assessing Competence for Fatigue Management in the Road Transport Industry</td>
<td>1 921168 77 3</td>
<td>National Transport Commission</td>
<td>May 2008</td>
</tr>
<tr>
<td>Heavy Vehicle Driver Fatigue Basic Fatigue Management (BFM) Standards</td>
<td>1 921168 79 X</td>
<td>National Transport Commission</td>
<td>May 2008</td>
</tr>
<tr>
<td>Heavy Vehicle Driver Fatigue Advanced Fatigue Management (AFM) Standards</td>
<td>1 921168 78 1</td>
<td>National Transport Commission</td>
<td>May 2008</td>
</tr>
<tr>
<td>Australian Road Rules 8th Amendment Package Discussion Paper</td>
<td>Nil</td>
<td>National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>Rail Industry Productivity Review – An NTC Initiative</td>
<td>1 921168 87 0</td>
<td>National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>NTC Strategic Plan 2008-09 to 2010-11</td>
<td>1 921168 88 9</td>
<td>National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>National Rail Safety Guideline: Accreditation of Rail Transport Operators</td>
<td>1 921168 83 8</td>
<td>Rail Safety Regulators Panel in conjunction with the National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>National Rail Safety Guideline: Preparation of a Rail Safety Management System</td>
<td>1 921168 81 1</td>
<td>Rail Safety Regulators Panel in conjunction with the National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>National Rail Safety Guideline: Meaning of Duty to Ensure Safety</td>
<td>1 921168 80 3</td>
<td>Rail Safety Regulators Panel in conjunction with the National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>National Rail Safety Guideline: Compliance and Enforcement for Rail Safety</td>
<td>1 921168 84 6</td>
<td>Rail Safety Regulators Panel in conjunction with the National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>National Rail Safety Guideline: Uniform Administration and Accreditation</td>
<td>1 921168 85 4</td>
<td>Rail Safety Regulators Panel in conjunction with the National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>National Road Safety Guideline: Management of Fatigue in Rail Safety Workers</td>
<td>1 921168 82 X</td>
<td>Rail Safety Regulators Panel in conjunction with the National Transport Commission</td>
<td>June 2008</td>
</tr>
<tr>
<td>Mass and Loading Limits Amendment Regulations</td>
<td>Nil</td>
<td>National Transport Commission</td>
<td>June 2008</td>
</tr>
</tbody>
</table>