

Chapter 2

Annual reports of agencies

2.1 The Committee selected the annual reports of the following bodies for closer examination:

Agriculture portfolio

- Dairy Australia;
- Rural Industries Research and Development Corporation (Agrifutures); and
- Regional Investment Corporation.

Infrastructure portfolio

- National Heavy Vehicle Regulator.

Dairy Australia

2.2 The 2018–19 Annual Report of Dairy Australia was tabled in the Senate on 26 February 2020. The report provides an overview of the activities and achievements of the agency over the previous year.

Chair's report

2.3 The Chair, Mr Jeff Odgers, identified the agencies key obstacles and achievements, including:

- the decrease in milk production by 5.7 per cent to 8.8 billion litres;
- survey data showing nearly two in three farmers have attended regional engagement activities and events;
- further developments in the Datagene, DairyBio and DairyFeedbase investments; and
- the continued progress of the Australian Dairy Plan alongside Australian Dairy Farmers, Australian Dairy Products Federation and Gardiner Dairy Foundation.

2.4 Mr Odgers also acknowledged that Dairy Australia's next strategic plan will be put on hold pending the outcomes of the Australian Dairy Plan. The plan is due to include recommendations for future priorities following an industry wide consultation process.¹

Strategic priorities

2.5 The agency identifies its purpose as follows:

Our purpose is to support the profitability and sustainability of dairy farming...We provide practical tools, services and advice to assist farming operations and the dairy supply chain. Our investments in innovation are

1 Dairy Australia, *Annual Report 2018–19*, p. 2.

focused on increasing farm productivity and the global competitiveness of our industry.²

2.6 The agency has identified three strategic priorities to achieve this purpose:

- profitable dairy farms;
- capable people; and
- a trusted dairy industry.³

2.7 Dairy Australia reports that the three strategic priorities are developed and reviewed annually and are used to guide the agencies investment activities.⁴

Strategic Priority One: Profitable dairy farms

2.8 Dairy Australia separates its activities under this priority into two categories: pre-farmgate and post-farmgate. Pre-farmgate activities relate directly to improving farm profitability by balancing cost of production, risk, and return on investment. The reported focus of Dairy Australia's activity is in providing research and development into productivity improvement.

2.9 Post-farmgate activities focus on improving sustainability and opportunities for suppliers. Dairy Australia claims to achieve this through supply chain cost reductions and improved access in international markets.⁵

2.10 Projects undertaken by Dairy Australia to achieve this strategic priority include:

- Animal Health and Welfare – On-Farm;
- Farm Management Business Capability;
- Animal Nutrition and Feed Systems;
- AgTech and Innovation;
- On-Farm Nutrient Management; and
- International Market Support in China, Japan and South-East Asia.⁶

Strategic Priority Two: Capable people

2.11 Under Strategic Priority Two, Dairy Australia reportedly engages in programs that aim to enhance the farming capability of industry participants. This is done primarily through extension services and education activities that assist in the

2 Dairy Australia, *Annual Report 2018–19*, p. 2.

3 Dairy Australia, *Annual Report 2018–19*, p. 15.

4 Dairy Australia, *Annual Report 2018–19*, p. 15.

5 Dairy Australia, *Annual Report 2018–19*, p. 15.

6 Dairy Australia, *Annual Report 2018–19*, p. 80.

adoption of new technologies. This strategic priority also aims to attract people to the dairy industry and assist with career transitions.⁷

2.12 Projects undertaken by the agency designed to further this aim include:

- Regional Development Programs;
- Large Supplier Engagement; and
- Workforce Strategy, Planning and Action.⁸

Strategic Priority Three: Trusted dairy industry

2.13 The final reported strategic priority for Dairy Australia focuses on maintaining long-term consumer trust in the dairy industry and its products. This involves the collection of statistics and data that is then distributed to industry stakeholders, and influencing government policy and industry with research insights. Dairy Australia is also responsible for the maintenance of the sector's Sustainability Framework to set and measure goals against sustainability credentials.⁹

2.14 Projects undertaken under this strategic priority include:

- Primary Schools Engagement;
- Human Health and Wellness – Partnerships and Engagement;
- Managing Supply Chain, Food Safety and Integrity Issues; and
- Human Nutrition Research and Sciences.¹⁰

2.15 Dairy Australia also reported on its investment activity during the reporting period. Funding against each strategic priority was reportedly allocated with short-term and long-term benefits in mind and was undertaken following consideration of the benefit-cost ratio for each project. The agency anticipates that 48 per cent of investments will achieve project benefits within the next two years. Funding against each priority was as follows:

- profitable dairy farms - \$31.51 million;
- capable people - \$15.55 million; and
- trusted dairy industry – 11.7 million.¹¹

Staffing information

2.16 Dairy Australia reported 174 employees as at 30 June 2019. Of these, 40 per cent are based in regional areas and 67 per cent are female. Women account for 57 per cent of staff members at executive level. Dairy Australia also reported that they

7 Dairy Australia, *Annual Report 2018–19*, p. 15.

8 Dairy Australia, *Annual Report 2018–19*, p. 80.

9 Dairy Australia, *Annual Report 2018–19*, p. 15.

10 Dairy Australia, *Annual Report 2018–19*, p. 80.

11 Dairy Australia, *Annual Report 2018–19*, pp. 18–19.

support 70 staff members in various dairy regions as part of the Regional Development Program¹²

Financial information

2.17 Dairy Australia reported a comprehensive loss of \$2.93 million in 2018–19 (compared to a \$3.8 million profit in 2017–18). This was due mainly to a \$2 million decrease in external contributions and a \$2 million increase in business and organisational performance expenses.¹³

2.18 Key financial details include:

- total expenses—\$58.79 million;
- total income through levies, government matching payments, external contributions, distributions from investments, and royalties—\$55 million; and
- total assets—\$38.87 million.¹⁴

Committee comments

2.19 The agency has apparently not completely fulfilled its obligations under the *2017 Dairy Australia Statutory Funding Agreement*. Under section 33.5(j) of the agreement, the agency is required to report details of senior executive and board remuneration. This detail has not been included.

2.20 The committee considers the report otherwise satisfactory.

Rural Industries Research and Development Corporation (Agrifutures Australia)

2.21 The 2018–19 Annual Report of Agrifutures Australia presented information on the operations and performance of the agency. The report was tabled in the Senate on 27 November 2019.

Chairman and Chief Executive Officer's review

2.22 The Chair, Ms Kay Hull AM, highlighted several aspects and challenges of Agrifutures' performance in agricultural research and development, including:

- dealing with the effects of record domestic drought;
- the management of 105 projects with a total investment of over \$15 million;
- the staging of the evokeAG conference in February 2019; and
- the administration of programs including the Agrifutures Rural Women's Award, the Agrifutures Horizons Scholarship and the Agrifutures Ignite Network.¹⁵

12 Dairy Australia, *Annual Report 2018–19*, p. 24.

13 Dairy Australia, *Annual Report 2018–19*, p. 46.

14 Dairy Australia, *Annual Report 2018–19*, p. 46.

15 Agrifutures Australia, *Annual Report 2018–19*, pp. 12–13.

Goals and performance measurement

2.23 Agrifutures reports that its purpose is:

To invest in research and development that is adopted and assists rural industries to be productive, profitable and sustainable.¹⁶

2.24 With regard to this purpose, Agrifutures divides its commitments into four distinct arenas. Success in each arena is measured against a total of 18 KPIs, of which 16 were achieved during the reporting period. The first unachieved KPI related to attracting students to the agriculture industry. 1,500 students graduated from university agricultural science courses during 2018-19 against a goal of 1,800 students. The second unachieved KPI related to stakeholders rating the value of Agrifutures information, products and services as high or very high. Against a target of 75 per cent, the annual stakeholder's survey indicated that 66 per cent of stakeholders rated the value of Agrifutures information as high or better.¹⁷

Arena 1: People and leadership

2.25 The reported goal of the people and leadership arena is to support the people driving Australian rural industries by providing them with learning opportunities and experiences. This includes increasing support for the adoption of research and development outcomes as well as support for the research itself.¹⁸

2.26 Agrifutures reports that support from the agency comes in forms including awards and scholarships. The Agrifutures Rural Women's Award is one such initiative. The award aims to acknowledge the role women play in rural businesses and communities and gives the winner funds to continue projects as well as access to professional development networks and opportunities. The report also highlighted the Agrifutures Horizon Scholarship, providing financial and professional support to students enrolled in agriculture-related degrees, and the Agrifutures Ignite Network, for rural leaders and entrepreneurs to connect.¹⁹

Arena 2: National challenges and opportunities

2.27 The reported outcome of this arena is to identify and address challenges and opportunities that are common across rural industries. Unlike other research and development corporations (RDCs), Agrifutures manages research for a diverse range of industries. According to the agency, this places them in a unique position of being able to assist with cross-sectoral research.²⁰

2.28 One of the key programs featured in the report is the National Rural Issues Program. The program invests in research to inform public policy where there may be cross-sectoral and national interests. Agrifutures reported the delivery of four

16 Agrifutures Australia, *Annual Report 2018–19*, p. 8.

17 Agrifutures Australia, *Annual Report 2018–19*, pp. 17–23.

18 Agrifutures Australia, *Annual Report 2018–19*, p. 30.

19 Agrifutures Australia, *Annual Report 2018–19*, pp. 31–35.

20 Agrifutures Australia, *Annual Report 2018–19*, p. 40.

sponsored studies during the reporting period with collaboration between other RDCs, government and industry. There were also five collaboratively funded projects with engagement from ten RDCs and the National Farmers' Federation. This work was reportedly initiated through the Emerging National Rural Issues Forum.²¹

2.29 Agrifutures touted the success of the first evokeAG conference. The staging of the conference aims to drive innovation in rural industries by bringing together investors, producers, agribusiness and international delegates. The event drew 1,191 delegates and 115 speakers, including 33 speakers from overseas. Key program elements included Pitch Tent, where 13 pitches were made, Startup Alley, where startups could showcase their business to industry, and Future Young Leaders, where emerging thought leaders in the Australian and New Zealand agriculture and food industries could be identified.²²

2.30 The report also highlighted challenges and uncertainty in bilateral trade. An Agrifutures funded report, *Bilateral Trade Wars: Understanding the Implications for Australian Agriculture*, gives stakeholders a roadmap as to how unpredictable trading environments due to trade wars between China and the United States will impact export markets. Agrifutures Managing Director Mr John Harvey identified the dairy industry as an area that could benefit from tariffs imposed by China on US Dairy products, unless there is a free trade agreement formed between Japan and the US. Other industries including wool, sheep and goat meat, and beef may have little noticeable impact. Mr Harvey said that the main takeaway from the report is that trade wars breed uncertainty and that Australia's agricultural stakeholders face the prospect of sudden and unpredictable changes at the global level.²³

2.31 Other reported projects in this arena include:

- biocontrol of weeds;
- securing pollination;
- Australian biomass and bioenergy assessment; and
- climate research strategy for primary industries.²⁴

Arena 3: Growing profitability

2.32 The reported goal of this arena is to enhance the profitability and sustainability of Australia's levied rural industries. Agrifutures supports this goal by investing in research and innovation on behalf of rural industries that do not have their own RDC. These include Australian rice, chicken meat, honey bees, buffalo and deer. The report highlighted some of the work being done through programs in these industries.²⁵

21 Agrifutures Australia, *Annual Report 2018–19*, pp. 41–44.

22 Agrifutures Australia, *Annual Report 2018–19*, p. 48.

23 Agrifutures Australia, *Annual Report 2018–19*, p. 46.

24 Agrifutures Australia, *Annual Report 2018–19*, pp. 52–63.

25 Agrifutures Australia, *Annual Report 2018–19*, p. 73.

2.33 Agrifutures reported that the gross value product (GVP) of the Australian rice industry during the reporting period was \$174 million. This is down from \$220 million in 2017–18 due to dry conditions that lowered water allocations in the rice producing areas of the southern Murray Darling Basin. The rice program, now in its third year of a five-year strategic plan, focuses on improvements to industry water use while maintaining commercially acceptable yields and quality. This is being pursued through research into new rice varieties and new irrigation management practices.²⁶

2.34 The Australian chicken meat industry had a reported GVP of \$2.78 billion in 2018–19. The current five-year plan is nearing completion and focused on five key objectives:

- deliver safe food and good animal welfare outcomes;
- manage the environment for sustainable development;
- create foundations for the future, including capacity and market insight;
- ensure research adoption via extension and communication; and
- increase the productivity and efficiency of chicken meat production.²⁷

2.35 The agency reported a key focus on food safety in the chicken meat industry during the reporting period. In keeping with this focus, Agrifutures aimed to align investments with the Australian Government's Food Borne Illness Reduction Strategy.²⁸

2.36 Other reported projects in this arena include:

- honey bee and pollination;
- thoroughbred horses;
- ginger;
- tea tree oil; and
- kangaroo.²⁹

Arena 4: Emerging industries

2.37 Agrifutures reports that this arena is dedicated to supporting the establishment of high-potential emerging rural industries. These new industries have high growth potential and include quinoa, truffles, hazelnuts, and alpaca among others.³⁰

2.38 During 2018–19 Agrifutures reported collaborative research and development investments within the coffee, redclaw and truffle industries. Investments included the identification of new Arabica coffee varieties for sub-tropical production, new

26 Agrifutures Australia, *Annual Report 2018–19*, p. 76.

27 Agrifutures Australia, *Annual Report 2018–19*, p. 80.

28 Agrifutures Australia, *Annual Report 2018–19*, p. 80.

29 Agrifutures Australia, *Annual Report 2018–19*, pp. 88–111.

30 Agrifutures Australia, *Annual Report 2018–19*, p. 114.

farming methods for breeding consistent stock of craylings, and manuals for pest and disease management aimed at truffle growers.³¹

Financial information

2.39 Agrifutures reported a surplus of \$3.47 million for the reporting period against a budgeted deficit of \$3.65 million. The \$7.1 million difference is primarily due to an additional \$10.6 million in own source revenue. The additional revenue is made up of external contributions, ticket sales and sponsorship for the evokeAG conference, and additional industry contributions. The additional revenue off-set a decrease in revenue from government of \$2.6 million.³²

2.40 Total expenses were reported as being over budget by \$0.9 million. This was mainly due to the contracting of external suppliers and additional expenses relating to the evokeAG conference.³³

Committee comment

2.41 The committee notes that not all requirements under the PGPA Rule 2014 were included in the report. PGPA Rule 17BE(ka) requires statistics on the number of employees of the entity broken down to full-time employees, part-time employees, gender and location. This rule was not listed on the compliance index and the information was not included.

2.42 The Committee considers the Agrifutures report to be reasonably compliant with reporting requirements.

Regional Investment Corporation

2.43 The 2018–19 Annual Report of the Regional Investment Corporation (RIC) contains an account of the corporation's activities. The report was presented to the Senate on 29 October 2019.

Chief Executive's review

2.44 The Chief Executive, Mr Bruce King, highlighted a number of notable achievements over the reporting period, including:

- the establishment of a new head office in Orange, New South Wales;
- the approval of \$155 million in finance for over 160 farmers; and
- the launch of their first natural disaster loan in response to flooding in North Queensland.³⁴

31 Agrifutures Australia, *Annual Report 2018–19*, p. 115.

32 Rural Industries Research and Development Corporation (Agrifutures Australia), *Annual Report 2018–19*, p. 163.

33 Rural Industries Research and Development Corporation (Agrifutures Australia), *Annual Report 2018–19*, p. 163.

34 Regional Investment Corporation, *Annual Report 2018–19*, p. 6.

2.45 Mr King noted that most of the agencies output during the reporting period were in administering the Farm Investment Loans and Drought Loans. The agency is also anticipating the launch of the AgriStarter Loan in the next reporting period will assist the next generation of farmers.³⁵

Purpose, goals and performance measurement

2.46 The purpose of the RIC is to encourage growth, investment and resilience in Australian farm businesses and rural and regional communities. They aim to encourage growth by delivering the Australian Government's farm business concessional loans and the National Water Infrastructure Loan Facility (NWILF).³⁶

2.47 To achieve this purpose, the RIC outlined five strategic objectives:

- establish corporate capability;
- raise awareness of the RIC and their products;
- use local networks to establish a national footprint;
- provide streamlined and nationally consistent products and services; and
- improve their products and services and explore new offerings.³⁷

2.48 The RIC reported that it had achieved all performance measures with the exception of one. The one measure that went unachieved related to water security and affordability. This was not achieved because no water infrastructure projects were approved during the reporting period.³⁸

Strategic objective 1: Establish our corporate capability

2.49 During the year, the RIC reported that activities towards this objective primarily involved the establishment of the agency and ensuring its value to the agricultural industry. Key achievements include the bulk recruitment process of staff to commence at the beginning of 2019, the establishment of the agency's head office in Orange, NSW, and the consolidation of corporate governance arrangements under relevant legislation. The agency believes their regional presence improves their understanding of existing challenges and how their services can be used to address them.³⁹

Strategic goal 2: Raise awareness of the RIC and our products

2.50 The RIC views the need to increase awareness of their role and products as critical to their success. Throughout their first year the agency has reportedly undertaken several stakeholder engagement events and face-to-face information sessions with farmers. This engagement process also included meeting with local

35 Regional Investment Corporation, *Annual Report 2018–19*, pp. 6–7.

36 Regional Investment Corporation, *Annual Report 2018–19*, p. 8.

37 Regional Investment Corporation, *Annual Report 2018–19*, p. 19.

38 Regional Investment Corporation, *Annual Report 2018–19*, p. 23.

39 Regional Investment Corporation, *Annual Report 2018–19*, p. 25.

governments, academia, and water associations to discuss potential water infrastructure projects.⁴⁰

2.51 Particular focus was given to areas of Queensland and New South Wales that were deemed to be in most need of loans. The RIC stated they made a priority of appearing at a range of field days including AgQuip, the Australian National Field Days, and the Regional Beef Forum to speak with farmers directly. The agency has also utilised the Farm Table online forum to remotely speak with stakeholders.⁴¹

Strategic goal 3: Use local networks to establish a national footprint

2.52 Throughout their establishment year the RIC reportedly prioritised networking with the farming community to gain greater understanding of the issues facing the agriculture industry. Relationship building has also taken place with state and territory governments and their industry partners to better understand their water infrastructure projects.

2.53 In early June 2019, the RIC engaged their first business development manager. The business development manager will be responsible for Queensland, the Northern Territory, and northern South Australia. Additional managers are planned for 2019-20.⁴²

Strategic goal 4: Provide streamlined and nationally consistent products and services

2.54 The RIC reports that they have met their commitment to customers to deliver streamlined and nationally consistent finance to regional Australia. Their achievements under this goal include:

- the implementation of a complaints and feedback register;
- a loan process and an application form review;
- the development of national service standards for program delivery; and
- the drafting of new supporting guidelines for the NWILF to identify water-related project opportunities.⁴³

Strategic goal 5: Improve our products and services and explore new offerings

2.55 According to the report, a key aspect of this strategic goal is the ability to identify emerging issues and respond accordingly through innovative product design. Of particular focus is an investigation into ways in which the RIC can deliver a loan program for farmers to take up climate-smart farming practices and technologies.

2.56 The RIC has reportedly been monitoring demand of their products to better identify barriers to uptake. As of 30 June 2019 the agency had received applications for Farm Investment Loans for an average value of \$693,390 and Drought Loans for

40 Regional Investment Corporation, *Annual Report 2018–19*, p. 27.

41 Regional Investment Corporation, *Annual Report 2018–19*, p. 28.

42 Regional Investment Corporation, *Annual Report 2018–19*, p. 30.

43 Regional Investment Corporation, *Annual Report 2018–19*, p. 31.

an average of \$980,076. Program eligibility and loan settings were determined to be key barriers to uptake.

2.57 Additionally, the RIC is in the process of securing a research partner to better understand issues affecting farmers. The agency has reported that the process will be finalised during the next reporting period.⁴⁴

Staffing information

2.58 The RIC has a total of 21 staff: 16 are ongoing and 5 are non-ongoing. Of these staff, 8 are female. All staff members are based in Orange, NSW.⁴⁵

Financial information

2.59 The RIC reported total comprehensive income of \$936,212.⁴⁶ The annual report notes that 2018-19 was the first full year of reporting for the agency. Due to this, the budget was set at a high level and did not set budgeted outcomes over all categories of expense or income.⁴⁷

2.60 Additionally, the agency also reported assets totaling \$9 million against liabilities of \$1.25 million.⁴⁸

Committee comment

2.61 The Committee considers the RIC report to be compliant with reporting requirements.

National Heavy Vehicle Regulator

2.62 The 2018–19 Annual Report of the National Heavy Vehicle Regulator (NHVR) was tabled in the Senate on 4 February 2020. The report details the activities of the regulator over the previous year.

Chairman's message

2.63 The Chairman, The Hon Duncan Gay, highlighted a number of NHVR's achievements over the reporting period including:

- the reform of safety duties under Chain of Responsibility (CoR) laws;
- an increase in uptake of safer systems through the National Heavy Vehicle Accreditation Scheme and the Performance Based Standards scheme; and
- the transition of services from 1 July 2019 to include the ACT and Tasmania in addition to South Australia.

2.64 The Chairman also recognised that the heavy vehicle industry continues to suffer from serious safety incidents. The message stated that there were 162 fatal

44 Regional Investment Corporation, *Annual Report 2018–19*, p. 32.

45 Regional Investment Corporation, *Annual Report 2018–19*, p. 55.

46 Regional Investment Corporation, *Annual Report 2018–19*, p. 39.

47 Regional Investment Corporation, *Annual Report 2018–19*, p. 52.

48 Regional Investment Corporation, *Annual Report 2018–19*, p. 39.

crashes involving trucks during the reporting period. Although there has been a reduction over time, Mr Gay reported that the regulator would continue its determination to reach the safest possible levels of performance.⁴⁹

Purpose and key result areas

2.65 As Australia's national heavy vehicle regulatory body, the purpose of the NHVR is to promote a safe, efficient and productive heavy vehicle industry. Their reported mission is to administer streamlined regulatory services to the Australian heavy vehicle road transport sector while minimising regulatory burden and promoting greater safety and productivity.⁵⁰

2.66 The regulator identifies three key result areas against which they measure their performance:

- safety;
- productivity and sustainability; and
- regulatory capability.⁵¹

2.67 Success in the key result areas are measured against 31 annual indicators. Of these, 16 were achieved, five are in progress, eight were not achieved, and two were reported as not applicable. The indicators deemed not applicable related to the decision to roll over existing service level agreements with jurisdictions taking part in the National Services Transition Project rather than developing a new, short-term framework.⁵²

Key result area one: Safety

2.68 Under this result area the NHVR reportedly aims to pursue initiatives that will improve national heavy vehicle road safety outcomes. This includes adjusting existing regulatory approaches and improving the collection and use of intelligence to enable more effective targeting of high risk operations.⁵³

2.69 A primary focus under this area is the development of a regulatory framework to support the heavy vehicle industry in managing risks to safety. In late 2017–18 a survey was undertaken to determine future approaches to heavy vehicle safety. The resulting report was completed in early 2018–19. The NHVR reportedly tailored new initiatives by drawing on the information gathered. An example of this was the release of a set of guidelines and templates on third-party interactions, safety performance monitoring and developing a positive safety culture to counter a finding that smaller

49 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 7.

50 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 10.

51 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 15.

52 National Heavy Vehicle Regulator, *Annual Report 2018–19*, pp. 34–37.

53 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 17.

businesses were less likely to incorporate safety standards into their work agreements with third parties.⁵⁴

2.70 On 1 October 2018, amendments to CoR provisions in the Heavy Vehicle National Law (HVNL) were implemented. The NHVR reports that the amendments align the HVNL more closely with national Work Health and Safety laws and provide greater clarity on the safety obligations of each party in the heavy vehicle supply chain. A number of initiatives were undertaken to spread awareness of the changes, including the release of four educational videos and assorted guidance materials, 42 education sessions and roadside talks, and the promotion of changes through social media and industry publications. Additionally, two CoR Investigator Training courses were held with the reported aim of improving consistency in the application of the laws nationally.⁵⁵

2.71 Other reported highlights in this result area include:

- an increased prosecutions role under the new CoR laws;
- the establishment of a unit to investigate and enforce compliance with the HVNL;
- the development of a fatigue safety strategy; and
- the simplification of the Vehicle Standards certification process.⁵⁶

Key result area two: Productivity and sustainability

2.72 The NHVR reported that the focus of this result area is on the removal of unnecessary regulatory burden in order to continually improve access and productivity. This is pursued through the cooperation of all involved in the heavy vehicle industry and through the adoption of innovative technologies.⁵⁷

2.73 The regulator reported the completion of 41,960 road access applications during 2018–19. This represents an increase of 26 per cent on the previous reporting period. The increase in permit applications is due to greater awareness of the necessity of permits and the shifting of permit functions to the NHVR from the states and territories.

2.74 As part of this shift away from the state and territories, the NHVR is now issuing Class 1, 2, and 3 heavy vehicle access permits across all participating jurisdictions as well as for interstate movements in the ACT, Victoria, South Australia, and Tasmania. The regulator is reportedly working with transport authorities to seamlessly transfer remaining responsibilities including permits for Class 1 vehicles in Queensland and New South Wales.⁵⁸

54 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 17.

55 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 17.

56 National Heavy Vehicle Regulator, *Annual Report 2018–19*, pp. 18–21.

57 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 23.

58 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 23.

2.75 The NHVR also reported an increase in Performance Based Standards (PBS) vehicle approval applications by 22 per cent, from 387 in 2017–18 to 471 during the reporting period. The regulator highlighted the benefits of PBS approved vehicles in a joint report with the Australian Road Transport Suppliers Association. The report described an increase in adoption of new technologies and designs under the PBS scheme. This increase in adoption has reportedly led to a major crash involvement rate for PBS vehicles that is 46 per cent lower per kilometre travelled than for other freight vehicles.⁵⁹

2.76 Other reported highlights in this result area include:

- an increase in road access for heavy vehicles following extensive work with local government road managers;
- enhancements to the NHVR online portal; and
- the beginning of the consultation and drafting process for the first Heavy Vehicle Productivity Plan.⁶⁰

Key result area three: Regulatory capability

2.77 The NHVR reports that investing in a consistent, transparent and robust regulatory environment is a key goal of this result area. The agency reports a continual commitment to the development of their staff and a positive organisational culture.⁶¹

2.78 Achievements under this result area included the transition of services in Tasmania to the NHVR. On 2 July 2018 the NHVR took on responsibility for delivering services previously administered by the Tasmanian Department of State Growth. Services now located under the NHVR include the investigation and prosecution of heavy vehicle offences and on-road education, safety and compliance for drivers and operators. The transition of services in Tasmania continues the National Services Transition Program that began with South Australia in July 2016. The final phase of regulatory responsibility transitioning is due to commence in 2020–21.⁶²

Staffing information

2.79 The NHVR has a total of 353 staff across the agency as at 30 June 2019. The workforce is comprised of 268 permanent workers, 43 temporary workers and 42 under contract.⁶³

Financial information

2.80 The NHVR reported a total comprehensive income of \$21.2 million during the 2018-19 financial year. This represents an increase of \$10.85 million from the

59 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 26.

60 National Heavy Vehicle Regulator, *Annual Report 2018–19*, pp. 23–25.

61 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 29.

62 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 29.

63 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 66.

previous reporting period. The increase is mostly attributable to greater regulatory income and a decrease in service agreement payments.⁶⁴

2.81 Regulatory income is provided by participating state and territory government agencies and represents the regulatory component of heavy vehicle registration charges. The charges were reported as the primary source of income for the agency with recorded revenue of \$153.2 million. The main sources of regulatory income are:

- VicRoads (VIC) – \$43.95 million;
- Roads and Maritime Services (NSW) – \$49.1 million;
- Transport and Main Roads (QLD) – \$42.17 million; and
- Department for Planning, Transport and Infrastructure (SA) – \$12.88 million.⁶⁵

Committee comments

2.82 The Committee considers the NHVR report to be compliant with reporting requirements.

Senator Susan McDonald

Chair

64 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 48.

65 National Heavy Vehicle Regulator, *Annual Report 2018–19*, p. 50.

