



TRANSPORT AND INFRASTRUCTURE
SENIOR OFFICIALS' COMMITTEE

2012 REVIEW OF THE
NATIONAL TRANSPORT COMMISSION
AND OTHER RELEVANT TRANSPORT BODIES

Report



This report addresses the Terms of Reference for the 2012 *Review of the National Transport Commission and other relevant transport bodies* agreed by the Standing Council on Transport and Infrastructure on 4 November 2011.

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Foreword

The Standing Council on Transport and Infrastructure (SCOTI) agreed in November 2011 to conduct a review of the National Transport Commission (NTC) and other relevant transport bodies to examine the role and functions of the NTC following the anticipated commencement of new national transport regulatory systems in January 2013 and for all these bodies, their roles in supporting the delivery of SCOTI priorities.

This review by the Transport and Infrastructure Senior Officials' Committee (TISOC) was conducted under terms of reference agreed by SCOTI on 4 November 2011 – [Appendix 1](#). The Australian Government Department of Infrastructure and Transport provided secretariat support to the review.

TISOC has considered the expert advice of eminent senior government transport practitioners engaged to provide input to the review – Ms Carolyn Walsh, Mr David Anderson and Mr Paul Forward. Their views are included throughout the report.

TISOC has also considered the views of representatives of industry, business groups and unions who responded to a scoping paper issued in June 2012. The list of submissions and a thematic summary relevant to the review is given at [Appendix 2](#). Individual submissions have been published at: <http://www.infrastructure.gov.au/transport/australia/ntc/2012NTCReview.aspx>.

Mike Mrdak

Chair, Transport and Infrastructure Senior Officials' Committee

15 March 2013

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2012 Review of the National Transport Commission and other relevant transport bodies

1 Introduction

1.1 The drivers for national transport reform in Australia for the coming decade

Australia's economy is outperforming almost all comparable economies in the world. However, domestic and international factors, such as a growing yet ageing population and requirements for fiscal responsibility, will continue to create pressure on all Australian governments to enhance productivity.

In addition to these broader challenges, transport faces additional pressures, including: increased urbanisation and congestion; infrastructure deficits; regulatory inconsistencies; and ensuring efficient responses to an anticipated doubling of passenger and freight movements by 2030.

The transport sector directly represents some five per cent of Australia's Gross Domestic Product and provides more than one million jobs across 165,000 companies. It is a critical input to national productivity.

Whilst it is clear that areas within the transport and infrastructure sector have already achieved some reform success, more must be done. Continued improvement in the transport sector requires not only well prioritised investment and planning, but continued streamlining and focus on performance-based regulation, and the removal of unnecessary regulatory barriers that inhibit productivity and innovation.

1.2 Assessment by the OECD of Australia's progress on Regulatory Reform

The 2010 Organisation of Economic Development (OECD) report: *OECD Reviews of Regulatory Reform: Australia 2010 – Towards a Seamless National Economy*¹ assessed Australia's performance in regulatory reform and the challenges that lie ahead. That report stated:

“Australia has endorsed a new growth-oriented reform agenda focused on strengthening regulatory frameworks to boost productivity growth. Many of the challenges facing the Australian economy have inter-jurisdictional dimensions. Success depends crucially on co-ordinated actions by a number of agencies at state level, as well as State Parliaments passing and amending state laws. Productive Commonwealth-State relationships are crucial for the reform agenda in Australia, as firms wanting to operate in more than one State face additional State-specific compliance costs, even if they meet regulatory requirements in their home State. In the future, the challenge will be to co-ordinate regulation of national markets so that new barriers are not created and that all jurisdictions regulate with regard to the national interest without the need for further financial incentives.

Australia represents in many ways a “role model” for OECD countries in its proactive approach to regulatory reform. Success will require maintaining momentum for reform, including through the more difficult task of implementation. The goal is to embed a commitment to good regulatory management in the development of regulatory policy.

Australia demonstrates strong institutional capacities to serve the process. Regular communication with business and the community on the benefits of reforms will also be necessary to maintain support and ensure that the issues likely to deliver greatest benefit are included. Previous efforts at benchmarking the performance of all jurisdictions should be continued to provide good examples and maintain the focus on national objectives. The Council of Australian Governments (COAG) has well designed frameworks for the ex ante assessment of national regulatory responses, but compliance with these frameworks by Ministerial Councils needs to be strengthened.

¹ <http://www.oecd.org/gov/regulatorypolicy/oecdreviewsofregulatoryreform-australiatowardsaseamlessnationaleconomy.htm> p19.

Ultimately, the goal is for Commonwealth and State Governments to work co-operatively in regulating national markets, with a shared understanding of the benefits of doing so.

Current institutional frameworks are effective, but they will have to stand the test of time.

The current effort reflects a unique opportunity, which needs to be seized, with gains demonstrated as early as possible to justify the energy and resources that have been invested, as well as providing positive incentives for the future.”

1.3 Current national transport productivity reforms

In July 2009, COAG agreed to establish national regulatory systems for heavy vehicles and rail and maritime safety, comprising national laws and national regulators. These are part of COAG’s reforms for *A Seamless National Economy* to lift national productivity.

The national laws will establish single national regulators for heavy vehicles, rail safety and maritime safety, commencing in January 2013. They will see a national transport approach across borders, reducing 23 different transport regulators for heavy vehicles, rail safety and maritime safety, down to three. The objectives of this new system are: improving efficiency, productivity and international competitiveness; reducing regulatory compliance costs for businesses operating across jurisdictions; and improving safety.

The national regulators – National Heavy Vehicle Regulator, National Rail Safety Regulator and Australian Maritime Safety Authority –are being complemented by a range of other national productivity reforms, in areas such as national ports planning and land freight networks, capital cities strategic planning improvement, and national priority infrastructure investment and funding reforms.

1.4 The reasons for conducting this review at this time

One of the key initial priorities COAG set for the Standing Committee on Transport and Infrastructure (SCOTI) is to implement national systems for regulation of heavy vehicles, maritime safety and rail safety.

To date, there has been significant effort made to reach upfront agreement on the application of common rules and administrative arrangements, and to develop the national laws. Governments, industry and current regulatory and technical bodies have all been active contributors to this activity. However, successful passage of the national laws and establishment of the regulators will not be an end in itself. For the new reforms to succeed in improving productivity, opportunities will need to be sought to further improve and streamline the laws and operations of the regulators; reach agreement on how best to deal with new policy challenges, and evaluate the implementation of reforms; including assessment of the extent to which benefits are being realised. Accountabilities for these future activities will need to be clear.

The system of national laws and regulators is different to the previous harmonisation (model law) approach to land transport regulation, around which the existing national bodies and arrangements have been made. Changes in focus and possibly governance arrangements for these organisations will be necessary to ensure the benefits of reforms are realised and endure over time.

The National Transport Commission (NTC) has been heavily involved in the establishment of the national heavy vehicle and rail safety regulators, with their major priority since 2009 being the development of the national laws. This work will be largely completed when the laws are implemented, and a large component of the NTC’s previous work in developing major packages of law will reduce significantly. This creates a need to reconsider the NTC’s role, functions and priorities.

Significantly, there is also ‘unfinished business’ in national regulation reform for heavy vehicles and rail, namely:

- improving heavy vehicle access to road networks to deal with the rapidly growing freight task;
- implementation of COAG commitments regarding heavy vehicle licensing and registration and occupational licensing for passenger vehicles and dangerous goods;
- development of heavy vehicle charging and investment reform;
- implementation of SCOTI’s commitment to a forward work program for further heavy vehicle regulatory reform;
- further productivity focused rail infrastructure and investment reform; and
- Productivity Commission reviews of the national regulator reforms due in 2016.

This review examines the institutional arrangements required to support this work and other work commissioned by SCOTI.

Part A of the review examines and clarifies the role and functions of the NTC in light of the implementation of the national regulators. It also revisits related recommendations of the 2009 review conducted under section 51 of the *National Transport Commission Act 2003* (NTC Act). Reviews under that provision are required to be conducted every six years to consider whether the NTC should continue and/or the NTC Act be repealed or amended. The last such review was conducted in 2009 and the next is due by 2015.

Part B of the review examines the activities of Austroads, ARRB Group (ARRB), Transport Certification Australia (TCA) and Rail Industry Safety and Standards Board (RISSB). These bodies currently work cooperatively with state and territory jurisdictions on a range of activities in addition to SCOTI-agreed ‘national’ priorities. The review considers the different work activities, governance standards and other arrangements necessary for quality contribution towards SCOTI’s priorities over and above cooperative jurisdictional work.

A separate review of the Memorandum of Understanding (MOU) between governments and RISSB has been undertaken concurrently and governments are yet to respond. The outcomes of that review are relevant to inform RISSB’s capacity for delivering SCOTI priorities, and possible future roles for RISSB.

2 Review approach

This review was conducted by the Transport and Infrastructure Senior Officials Committee (TISOC), under Terms of Reference agreed by SCOTI, and drew on the input of expert advisers, comparative research and targeted consultation with the bodies subject to the review as well as industry, business groups and unions. The Australian Government Department of Infrastructure and Transport provided the review secretariat.

Three expert advisers were engaged to ensure road and rail transport industry expertise, governance and large/small jurisdiction perspectives were captured in the review process. The expert advisers were: Mr David Anderson, former chief executive of VicRoads; Mr Paul Forward, former chief executive of the NSW Roads and Traffic Authority and currently senior partner at Evans & Peck; and Ms Carolyn Walsh, former chief executive of the NSW Independent Transport Safety Regulator and currently a Commissioner of the Australian Transport Safety Bureau.

The expert advisers held discussions with agency heads or their nominees from each jurisdiction and chief executives of the bodies subject to review, as well as representatives of national transport industry associations and the Commissioners of the NTC. They also considered documents relevant to the background of the review, and statements of the current roles and activities of the organisations that are subject to review. The expert advisers examined all written submissions to the review terms of reference and in particular, comments about appropriate future arrangements.

Regard was also had to national reforms and ministerial council support arrangements in other portfolios such as energy, science and housing.

Terms of reference for the review are provided in Appendix 1.

Submissions on the review scoping paper are summarised in Appendix 2.

Governance frameworks (post 2013) are summarised in Appendix 3.

‘Gathering the evidence’ comparative research is summarised in Appendix 4.

Organisations, acronyms and websites are summarised in Appendix 5.

3 Discussion and findings

The findings of this review incorporate consideration of the expert advice (see [tables 1 and 2](#)), formal submissions and targeted consultation with the bodies subject to the review plus industry, business groups and unions (see [Appendix 2](#) for a summary of these inputs).

3.1 Part A - the National Transport Commission

Part A of this review is required to consider the roles and statutory functions of the NTC, under the NTC Act and the *Inter-Governmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport* (NTC IGA)², particularly with reference to the establishment of the National Heavy Vehicle Regulator and the National Rail Safety Regulator (the national land transport regulators) from January 2013 and other relevant developments.

The NTC IGA identifies the NTC’s predominant role as:

Develop uniform or nationally consistent regulatory and operational arrangements for road, rail and intermodal transport including recommending to the Council proposed reforms and amendments to agreed reforms.

Most stakeholders and government agencies identified benefits in retaining a national body such as the NTC. Those benefits include:

- efficiencies that come from the pooling of resources across jurisdictions to develop reforms that demonstrably warrant a uniform or nationally consistent regulatory or operational approach; and
- an independent ‘umpire’ that maintains pressure on all jurisdictions to consider and reduce unnecessary regulatory burden on businesses resulting from inconsistent rules and regulations across jurisdictions.

Other benefits of coordinated national approaches identified by the OECD³ include, to:

- promote information sharing and transparency mechanisms between levels of government to overcome asymmetries of information and promote complementarities across regulations;
- disseminate innovative regulatory practices that take place at the local level, including making effective use of benchmarks among different jurisdictions; and
- facilitate local variations and experimentation in regulatory approaches when it is nationally beneficial.

It is recognised that many of the issues that the NTC deals with are contentious or infer additional costs to governments. To gain support for national reforms, proposals must be evidence-based and developed collaboratively with jurisdictions, and with adequate consultation with regulators, industry and other stakeholders.

² Although referred to as the NTC IGA, the IGA contains other matters of agreement between the Commonwealth and states, such as funding for what is now RISSB (clause 18), motor vehicle standards work of the Australian Government (clause 19), exemptions for the Department of Defence from certain provisions of state road transport laws (clause 20).

³ 2012 OECD Recommendation of the Council on Regulatory Policy and Governance, p17.

According to the Productivity Commission⁴, cross-jurisdictional reform efforts should have:

- robust screening criteria to identify potential efforts for reform and additional criteria to set priorities for review and reform;
- transparent processes that utilise business representatives to test and refine priorities;
- attention paid to the cost of achieving reforms, especially for smaller jurisdictions;
- attention paid to sequencing of reviews and reforms;
- mechanisms to engage all jurisdictions in reform and ensure political support; and
- commitment to report on the progress of reforms, from government responses to recommendations and implementation.

Largely these requirements have been met by the mechanisms currently in place, but more can be achieved in relation to prioritisation and sequencing, engagement/political support and reporting.

According to the Australian Government Office of Best Practice Regulation, NTC has consistently complied with the requirements for COAG reform Regulatory Impact Assessment processes.

As identified in previous reviews of the NTC and its predecessor, the National Road Transport Commission, the slow implementation of agreed reform continues to be an issue identified in many of the submissions made to this review. While some of this was attributed to the NTC itself, a further reason is the varying levels of commitment across jurisdictions to implement reforms and the voting arrangements for reforms that allow this to occur.

3.1.1 Assessment of ministerial voting arrangements and the implementation of reform

There is a difference in SCOTI voting arrangements between regulatory reform proposals under model laws and the new national laws. To improve implementation and assess any changes needed to NTC's functions, an assessment of the different voting arrangements is required.

Under the NTC IGA, the voting arrangements for Ministers allow a model law to be agreed if there is majority support. The last review of the NTC in 2009 showed that of 15 reforms agreed by the former Ministerial Council (the Australian Transport Council), only five were implemented across all jurisdictions, only three of those were implemented with a high degree of consistency (minimal variations) and only three met the originally planned timeframe for implementation. If that level of achievement continues, it may be difficult to realise the significant productivity and safety benefits originally estimated by the NTC for those reforms.

For the new national laws, the relevant intergovernmental agreements require unanimous SCOTI agreement to the laws and any amendments. This unanimous voting arrangement adopted a current directive from COAG that national reforms should be agreed by consensus where possible⁵ and is in place to ensure stronger commitment to implementation and realisation of benefits of reforms.

As the national laws are 'applied' (template) law enacted in each state and territory, it is critical that:

- 1) there is government support in every state and territory for the national law; and
- 2) there are minimal opportunities for introducing unnecessary regulatory burden for industry through variations to the laws by individual states and territories over time.

⁴ Productivity Commission Research Report, *Identifying and Evaluating Regulation Reforms* (December 2011), page XXX.

⁵ For example, see COAG agreed terms of reference for SCOTI at:

<http://www.scoti.gov.au/about/files/Standing_Council_on_Transport_and_Infrastructure.pdf>

With ongoing delivery under national regulators, it is important (for cost efficiency and regulatory impact reasons) that there are minimal variations between jurisdictions on an ongoing basis and that any variations are transparent to SCOTI and the public. The transparent agreement to such limited variations by SCOTI and inclusion of those variations in the national law or regulations ensure that those states that are able to implement productivity improvements are not inhibited from doing so and that the regulator is not held to the 'lowest common denominator'. On this basis, any variations are required to be justified and defensible to industry and other stakeholders and should take into account implementation costs incurred by the national regulators in maintaining more than one set of rules across jurisdictions. Consistent laws do not mean that the same level of compliance and enforcement activity is required in each jurisdiction and the national regulators can tailor the volume of compliance and enforcement activities to the needs and resources of each jurisdiction.

As noted by the NTC in their submission to this review, reaching consensus when there is wide variation can take time and has been challenging to achieve for the Heavy Vehicle National Law, where there were significant variations to the previous 'model' laws across jurisdictions, or previous model laws had not been implemented. In contrast, the more recent (2008-09) implementation of model laws for rail safety has made the development of the Rail Safety National Law a simpler exercise, with further incremental policy changes made during the development of the national law and implemented by consensus. The national (Commonwealth) law for the national maritime safety regulator was also developed and agreed by consensus across jurisdictions.

The review considers that the objective of achieving consensus on model reforms should be set. Moving to consensus agreement for all national laws (uniform or model laws) would be consistent with the COAG and SCOTI requirements for national reforms. In doing so, the risk of being forced to 'the lowest common denominator' approach to national reforms needs to be addressed. This is best done through ensuring that wherever practical formal voting is done in-session by SCOTI and ensuring that all proposals are fully considered through TISOC so that any concerns with reform proposals are dealt with. SCOTI members proposing not to support a reform listed for consideration should provide a statement of reasons for consideration by SCOTI members.

Findings 3.1:

- i. The reason for a national body is to pool resources and keep the pressure on – across governments – to continually reform and harmonise regulation.
- ii. Improvement is needed in NTC efforts to gain consensus and ensure implementation of reform.
- iii. Consensus is required to ensure harmonisation of state based laws.
- iv. Achievement of consensus can be facilitated by ensuring that wherever practical formal voting is done in-session by SCOTI and that all proposals are fully considered through TISOC.

Recommendation:

1. The voting arrangements for national laws should require consensus agreement for all model and national laws. In order to achieve consensus on model laws, the mechanism for voting for reforms covered by the NTC IGA should be in-session at SCOTI meetings unless there are extreme and urgent circumstances.
2. If a jurisdiction proposes not to support a model law reform, it should provide a statement of reasons for consideration by SCOTI members.

3.2 Governance of the NTC

Delivery of national reform requires governance arrangements that ensure that objectives are achieved and provide confidence to industry and jurisdictions of the robustness of identified options for reform, so that consensus may be achieved.

While the NTC has been established as an independent entity (ie able to provide frank and fearless national reform advice and not be captive to the views of any one jurisdiction), all jurisdictions agree that there needs to be improved accountability to TISOC and SCOTI to ensure that priority outputs are achieved on time and that the NTC's workplan appropriately reflects those priorities.

The expert advisers suggest that the composition and qualifications of the Commissioners should be reviewed to ensure that jurisdictions and industry have more 'skin in the game', thereby improving consensus support for reforms and increasing accountability for delivery. They note concerns amongst some stakeholders that better alignment of NTC resourcing to SCOTI priorities is required and there is a need to improve value for money and timeliness. The expert advisers recommend that a member of TISOC, the Chairs of RISSB and Austroads and industry representatives be commissioners.

However, ensuring appropriate representation of industry and government on the NTC would be both unwieldy and inconsistent with the *Commonwealth Authorities and Companies Act* model for governance, which does not condone representational governance arrangements.

The current Commissioners' terms of appointment expire on 1 July 2013. They should not be replaced by a jurisdictional board; however replacing one of the five Commissioners with the Chair of TISOC (the Commonwealth) and another with a (rotating) jurisdiction member would improve the focus on national reform objectives and the understanding of implementation issues.

Under this model, Ministers would continue to nominate and agree the remaining three Commissioners. One Commissioner should be chosen on the basis of their industry knowledge and their ability to drive productivity reform in transport, but should not be a current industry representative to ensure that conflicts of interest do not arise. Finally, the remaining Commissioners, who it is envisaged would be the Chair and Deputy Chair, should be chosen for their governance skills and their ability to drive organisational performance, particularly in evaluation and evidence based policy development. The Commissioners should continue to have accountability to appoint the chief executive.

The NTC has established various industry and stakeholder advisory groups and these should continue to be utilised for engagement with industry rather than trying to ensure representation of the various industry groups on the Commission.

A more performance based arrangement between NTC and TISOC is also suggested – this would involve NTC providing business cases to TISOC for agreement to undertake new work, the development of implementation plans for individual activities (which would include outputs, timeframes and accountabilities for the development of the reform through to delivery by jurisdictions), prioritisation by TISOC of NTC's work program and holding NTC to account for its performance.

As a result, TISOC would also be more accountable to SCOTI for delivery of national reforms.

Findings 3.2:

- i. There is a need to improve the linkages between NTC and TISOC.
- ii. Improved arrangements between TISOC and NTC will make parties more accountable for performance.

Recommendation:

3. Improve jurisdictional ownership of NTC's reform agenda through Commissioner appointments, by replacing one of the five ordinary members with the Chair of TISOC (ie the Commonwealth), another with a (rotating) jurisdiction member and the third ordinary member chosen on the basis of their industry knowledge and their ability to drive productivity reform in transport (plus the Chair and Deputy Chair chosen for their governance skills and their ability to drive organisational performance).
4. Introduce a performance based framework to set and monitor the NTC's work program.

3.3 Proposed roles and functions of the NTC

The roles and functions identified for the NTC in the NTC Act and NTC IGA are still relevant today.

The NTC IGA (clause 2.3) states that ‘the primary focus of the (NTC) reform and maintenance process should be on addressing matters that demonstrably warrant a uniform or nationally consistent regulatory or operational approach’. With the creation of the national regulators, a significant body of work on developing uniform laws will be largely completed.

However, the work program of the NTC should not be expanded to seek to address all areas of policy that are the responsibility of SCOTI, as this would reduce clarity of accountabilities for a range of other groups that are involved in those policy areas.

Concerns have been raised by a number of stakeholders and submissions that NTC’s resources have been stretched across too broad a range of responsibilities, resulting in timeliness and quality issues and reduced consultation and reporting. This review suggests a narrowing of priorities to delivering on COAG and SCOTI identified activities relating to the primary focus on national regulatory and operational reform.

A summary of the 2012-13 NTC work program is at [table 3](#) on page 29 and is discussed below.

3.3.1 Implementing new reforms

In line with COAG’s priorities for SCOTI, in relation to road transport related reform the NTC should place their highest priority on, and allocate significant resources to, the following areas:

- supporting the work of the project directorate in finalising the heavy vehicle charging and investment reform process;
- developing and gaining consensus to further options to improve heavy vehicle access to road networks to deal with the rapidly growing freight task;
- implementing SCOTI’s commitment to industry to deliver the forward work program for further national heavy vehicle regulatory reform; and conduct a review of penalties in the Heavy Vehicle National Law in 2014;
- progressing COAG commitments regarding national heavy vehicle licensing and registration⁶ and occupational licensing for passenger vehicle drivers and dangerous goods⁷; and
- implementing the tasks identified for the NTC in the implementation plan for the National Ports Strategy.

In addition to supporting the COAG reforms on Heavy Vehicle Charging and Investment, SCOTI has agreed that a more urgent body of work by the NTC is required now to develop and gain support from industry and consensus agreement by jurisdictions to a new determination for heavy vehicle charging to apply in 2013-14.

Detailed implementation plans for each of these activities should be finalised by the NTC (and where relevant, project offices) as an immediate priority, for consideration and agreement by TISOC (given TISOC’s role in implementing the reforms) and SCOTI. Ambitious implementation timetables will need to be set to instil confidence with industry that reforms have not stalled.

⁶ Under the National Partnership for a Seamless National Economy (SNE NP), COAG agreed to implement a National framework for regulation, registration and licensing of heavy vehicles. Outputs included establishment of a single national regulator to administer a body of national heavy vehicles laws for all vehicles over 4.5 tonnes, including a national registration scheme, a consistent approach to heavy vehicle driver competency and testing standards, heavy vehicle driver training school recognition and a single, physical heavy vehicle driver’s licence.

⁷ Also under the SNE NP, COAG agreed to establish a national trade licensing system to allow licensees (in specified occupations*) to work in all Australian jurisdictions. *Initially, air conditioning and refrigeration mechanics, building and building related occupations, electrical, land transport (passenger vehicle drivers and dangerous goods only), maritime; plumbing and gas fitting, and property agents.

In relation to rail related regulatory reform, it is important to the success of the current reforms that any remaining issues relating to the implementation of the national law and regulations are resolved. Two outstanding issues that require work to gain consensus relate to national rail safety regulations on train communications and data loggers.

There are a range of other activities identified as future reform in the NTC's work program, including work on supply chain reform and rail freight investment reform. However, the activities, outputs, accountabilities and timeframes for delivery are not clearly specified and should be discontinued, unless the NTC is able to identify specific deliverables and timetables that can be considered by SCOTI.

The work program also includes direct delivery of a program (the business partnerships road safety program). As program delivery is not within the scope of the NTC as defined in this report or the NTC Act, the NTC will bring back a business case to TISOC for further consideration, including proposed outputs, accountabilities, timing and resourcing impacts. If this program proceeds, delivery would need to be implemented through jurisdictions, under the National Road Safety Strategy implementation and governance arrangements.

3.3.2 Monitoring implementation of reforms

The NTC currently reports to SCOTI on the implementation status of various reforms agreed by SCOTI, COAG and the former Australian Transport Council. Following the 2009 Review, the NTC improved their implementation progress reporting and made enhancements by way of a 'traffic light' approach. However, the commentary in these reports is still a collation of individual jurisdictions' self assessments and does not reflect an independent assessment as to the reasons for delay, the barriers to implementation and what is required to bring a jurisdiction back on target. Further, the assessments do not analyse whether variations were implemented that would reduce the benefits of the particular reform. The NTC should undertake actions to improve this reporting function and address these deficiencies.

COAG has increased its focus on implementation through assessment reporting by the COAG Reform Council and a commitment to public reporting of progress. To improve implementation accountability, the NTC could take on a similar role for transport reforms, with report cards considered by SCOTI and published.

3.3.3 Evaluating the impact of reforms

The NTC currently evaluates SCOTI-agreed reforms. This work should continue and be given strong priority. Following the 2009 Review, the NTC has commenced reporting on outcomes in the transport sector. The NTC needs to establish a robust process for evaluating individual SCOTI agreed reforms, but this is different to the outcomes reporting it has recently commenced. In order to complete robust evaluations the NTC will require ongoing commitment from jurisdictions and regulators to provide the data to support these evaluations.

The Productivity Commission has been tasked by COAG with completing a review in 2016 on the impact of the national transport regulation reforms. As a priority, the NTC should commence work with the regulators and others (including the Bureau of Infrastructure, Transport and Regional Economics – BITRE) to identify and collect the data and undertake analysis that will be needed to assist the Productivity Commission in this review.

The NTC 2012-13 work plan also includes finalising evaluation reviews of the Australian Road Rules and Australian Vehicles Standards Rules, and undertaking an evaluation of the Dangerous Goods rules. As part of these evaluations, the NTC should assess the extent to which further uniformity is required to achieve productivity and safety benefits, including the costs and benefits of doing so.

For all evaluation projects, the NTC should develop project implementation plans for TISOC agreement.

3.3.4 Maintaining agreed reforms

The NTC maintains agreed model laws in relation to the transportation of dangerous goods by roads or rail, Australian Road Rules, and Australian Vehicle Standards. Regardless of the evaluation outcomes, there will continue to be ongoing work to ensure that Australian rules (regarding Dangerous Goods and Australian Vehicles Standards) continue to be harmonised with international standards where possible.

The NTC should continue to progress updates to these laws, in line with SCOTI's consensus voting objectives and approach.

In relation to the new heavy vehicle and rail safety national laws, the NTC should work with the national regulators, jurisdictions and industry to identify future areas of reform, as well as any ongoing maintenance that may be required. The NTC should also develop, in consultation with national regulators, jurisdictions and industry, a timetable for implementation of the SCOTI-agreed forward work program for the Heavy Vehicle National Law to give industry, jurisdictions and other stakeholders the assurance that issues of importance will be addressed in the future.

NTC maintains the exemption framework for the Australian Defence Force from certain state and territory transport laws, and this function should continue.

3.3.5 Consultation with industry

The expert advisers report that industry is seeking greater input to NTC reforms, and this is highlighted in a number of industry submissions. There are mixed satisfaction levels from industry regarding the NTC's communication.

The 2009 Review identified that the Commissioners should be more active advocates for the implementation of priority projects. With changes to the Ministerial Council arrangements that require greater focus on COAG identified priorities, the Commissioners will need to refocus their advocacy and industry education efforts on the implementation tasks assigned by SCOTI.

In the development of the heavy vehicle national laws there was criticism from industry that they were not given adequate opportunity to consider or provide input to the laws (which ran to some 900 pages). As a result of those criticisms, stronger industry consultation arrangements were implemented in the development of the Amendment Bill and industry representatives were included on the project implementation board.

A published forward work program that includes an implementation plan will give industry some certainty about the NTC's proposed future reform timetables. NTC should continue to maintain the type of industry consultation arrangements used for the rail safety law and the heavy vehicle law amendment bill, and work with the national regulators to ensure that there are coordinated consultation arrangements, as NTC has done with the project offices.

Findings 3.3:

- i. The NTC's primary focus is on those activities commissioned by SCOTI.
- ii. The case for further expansion of the NTC's role is not supported.
- iii. Improved assessment of implementation status and publication will make the parties more accountable.
- iv. There are evaluations of existing reforms remaining to be finalised.
- v. Accountabilities will be also strengthened by agreement and publication of the NTC's maintenance and forward work programs, with timetables for implementation, and strong industry consultation arrangements, coordinated with the national regulators where applicable.

Recommendations:

5. In relation to road transport reforms, the NTC must place their highest priority and allocate significant resources in relation to the following areas agreed by COAG and/or SCOTI:
 - (a) Support the work of the project directorate in finalising the heavy vehicle charging and investment reform process (in addition to the more urgent body of work to develop and gain support from industry and consensus agreement by jurisdictions to a new determination for heavy vehicle charging to apply in 2013-14);
 - (b) Develop (and gain consensus to) further options to improve heavy vehicle access to road networks to deal with the rapidly growing freight task;
 - (c) Implement SCOTI's commitment to industry to deliver the forward work program for further national heavy vehicle regulatory reform, and conduct a review of penalties in the national heavy vehicle law in 2014;
 - (d) Progress COAG commitments regarding national heavy vehicle licensing and registration and occupational licensing for passenger vehicle drivers and dangerous goods; and
 - (e) Implement the tasks identified for the NTC in the Implementation Plan for the National Ports Strategy.
6. In relation to rail regulatory reform, the key priority for the NTC should be to resolve any remaining issues relating to implementation of the national law and regulations, with two current issues relating to train communications and data loggers.
7. The NTC should finalise detailed implementation plans for each of these priority activities (and where relevant, with project offices), for consideration and agreement by TISOC (given TISOC's role in implementing the reforms) and SCOTI.
8. As a further priority, the NTC should commence work with the regulators and others (including BITRE) to identify and collect the data and undertake analysis that will be needed to assist the Productivity Commission in the review of national transport regulation reforms in 2016.
9. The NTC's national laws maintenance and forward work programs should be agreed by SCOTI and published, with timetables for implementation.
10. To improve accountability for implementation of reforms, the NTC should:
 - (a) undertake improved independent assessments in implementation reports, including the reasons for delay, the barriers to implementation, what is required to bring a jurisdiction back on target, and an analysis as to whether variations were implemented that would reduce the benefits of the particular reform; and
 - (b) take on a similar role to the COAG Reform Council for transport reforms in relation to implementation reporting, with report cards to be considered by SCOTI and published.
11. Evaluations of existing reforms should be finalised by the NTC, including the reviews of the Australian Road Rules and Australian Vehicles Standards Rules, and the evaluation of the Dangerous Goods rules (identified in the NTC 2012-13 work plan). As part of these evaluations, the NTC should assess the extent to which further uniformity is required to achieve productivity and safety benefits, including the costs and benefits of doing so.
12. Maintenance by the NTC of the exemption framework for the Australian Defence Force from certain state and territory transport laws should continue.
13. The NTC's work on supply chain reform and rail freight investment reform should be discontinued, unless the NTC is able to identify specific deliverables and timetables for SCOTI consideration.
14. The NTC's 2012-13 direct program delivery (the business partnerships road safety program) should be progressed by the jurisdictions rather than by the NTC.

3.4 National regulators' role in policy reform

The national regulators will inevitably play an important role in policy development. They will have ready access to industry and knowledge of the impact of regulation on industry, as well as national data to contribute to policy development. This will provide opportunities for developing improved productivity and safety settings, and the national regulators should be engaged in these matters.

However, policy development and advice should continue to be coordinated by government departments to avoid:

- the potential conflict of interest that might exist if the regulator takes on that function, for example that the regulator may tend to favour regulatory functions that expand its role; and
- the risk that policy analysis gets crowded out by operational requirements of the regulator.

There are many examples within and outside the transport portfolio where this separation of policy and regulatory functions has been implemented, such as the Australian Maritime Safety Authority, Civil Aviation Safety Authority, NSW Independent Transport Safety Regulator and Public Transport Safety Victoria. For energy policy, the Australian Energy Regulator undertakes regulatory functions and the Ministerial Council receives policy advice from both the Energy Market Commission and jurisdiction agencies.

For the separation of policy and regulation to work successfully, both formal and informal working arrangements will be required to enable: (a) the regulators to provide input to policy development to ensure that future reform proposals are implementable; and (b) policy agencies to access data and information from the regulators to inform policy development.

The NTC will need to establish formal working arrangements with the national regulators as a priority in 2013.

Findings 3.4:

- i. While government departments are primarily responsible for providing policy advice, regulators will have an important role.
- ii. Success of the national regulators will require collaborative arrangements between agencies.

Recommendations:

15. The NTC should establish formal working arrangements with the national regulators as a priority in 2013.
16. The NTC should improve its efforts to gain consensus and ensure implementation of reform.
17. The NTC should continue a strong industry consultation arrangement, coordinated with the national regulators where applicable.

3.5 Amendments to the NTC IGA and NTC Act

The NTC was established as a Commonwealth statutory body under the NTC Act and its role is outlined in the NTC IGA. It is jointly funded by Commonwealth, State and Territory Governments.

3.5.1 The NTC Act

By July 2016, the NTC Act will need to be amended to replace references to the former Australian Transport Council, in accordance with a directive from COAG in 2011 that is acknowledged in SCOTI's terms of reference⁸. The new laws for the national regulators have already complied with this directive.

⁸ SCOTI's terms of reference confirm the commitment that by July 2016 specific references to the former Ministerial Council in governing instruments will be changed to refer instead to the 'Ministers responsible for [.....]'.

No changes to the NTC Act are required to accommodate the roles and functions for the NTC as suggested in this paper.

If SCOTI agrees to the NTC governance changes, these can be undertaken within the existing NTC Act, on the basis that SCOTI agrees in writing to the appointment of certain TISOC members as commissioners.

3.5.2 The NTC IGA

Amendments to the NTC IGA require unanimous agreement of jurisdictions (clause 22.2).

The IGA contains references to the Australian Transport Council that, for transparency purposes, should be amended to the Standing Council on Transport and Infrastructure. A minimal change option would be to write to COAG suggesting that an addendum be added to the current NTC IGA that agrees to replace references to the Australian Transport Council with SCOTI.

The section of the NTC IGA dealing with Australian Transport Council voting arrangements could be repealed and replaced with simpler voting requirements consistent with those outlined in Section 3.1.1 of this report (which could be either through addendum or as a published decision of SCOTI).

As the separate IGAs governing the establishment of the national rail and heavy vehicle regulators will expire at the end of 2013, there will be a need to document the voting arrangements for the national laws on an ongoing basis. These arrangements could also be reflected in the addendum.

Any wholesale reconsideration of the content of the NTC IGA should only be undertaken following completion of implementation of the national regulators (2013), the completion of the next section 51 review (2015), and the Productivity Commission review into the national transport regulation reforms (2016).

The NTC IGA also contains agreed funding arrangements for the NTC; the rules for nominating and appointing commissioners; and administrative arrangements that the NTC, Commonwealth and other jurisdictions must undertake. No changes are required to the administrative arrangements or rules for appointing commissioners.

The NTC IGA requires that the original base funding of \$7 million be maintained in real terms through indexation. The NTC's funding for 2012-13 is \$9.1 million, including \$0.25 million for the Performance Based Standards review panel that will need to be transferred to the National Heavy Vehicle Regulator once established.

The NTC IGA requires that any revisions to the NTC's funding arrangements need unanimous agreement.

In an environment where all jurisdictions are being asked to find efficiency savings and exercise fiscal restraint, the NTC's automatic indexation arrangement is no longer appropriate and the organisation should not be insulated from the need to drive organisational efficiencies through resource savings. The introduction of an efficiency dividend should be accompanied by a broader re-examination of the NTC's budget to ensure it aligns with the revised functions outlined in this report.

Findings 3.5:

- i. COAG requires amendments to the NTC Act by 2016 to replace references to the former Australian Transport Council.
- ii. Any changes to the NTC IGA, including funding arrangements, require unanimous SCOTI agreement.
- i. Minimal changes to the NTC IGA are required and can be managed by addendum.
- ii. Amendments to the NTC Act are not required to implement changes to the governance arrangements.
- iii. As a national body, the NTC has previously been insulated from identifying organisational efficiencies and savings.

Recommendations:

- 18. The Commonwealth is to make minor amendments to the NTC Act to replace references to the Australian Transport Council at the earliest opportunity, and no later than July 2016.
- 19. Voting arrangements for the former Australian Transport Council in the NTC IGA should be repealed through an addendum to the NTC IGA, which would include a statement of voting arrangements for both model laws and national heavy vehicle and rail safety laws.
- 20. Any wholesale reconsideration of the content of the NTC IGA should only be undertaken following completion of implementation of the national regulators (2013) the next 'section 51' review (2015) and the Productivity Commission review into the national transport regulation reforms (2016).
- 21. An efficiency dividend consistent with that in place for Commonwealth agencies should be applied to the NTC's resourcing on an ongoing basis, through adjustments to the automatic indexation amount (CPI) from year to year, and the NTC should be asked to identify any further savings that would arise from the work program changes outlined in this report for further consideration by TISOC and SCOTI.

3.6 Part B – Supporting the strategic work of SCOTI

Part B of the review focuses on the role of certain other transport bodies to support the strategic and work priorities of SCOTI once the national regulators have been established. The review considers the roles of Austroads Ltd, ARRB Group Limited, Transport Certification Australia (TCA) and the Rail Industry Safety Standards Board (RISSB).

In supporting SCOTI's strategic agenda, there are many other sources that provide SCOTI with advice and assistance, including industry and academia. There are also roles and further potential for lead national transport data/analysis bodies – BITRE, Australian Bureau of Statistics and Australian Transportation Data Action Network – in progressing SCOTI's broader agenda as outlined in [Appendix 4](#) of this report.

3.7 Austroads

Austroads is a public not-for-profit company and is wholly owned by governments. Its members are state and territory and New Zealand roads and traffic authorities, the Australian Government Department of Infrastructure and Transport and the Australian Local Government Association. In 2010-11, Austroads' income was \$12.3 million (ex GST), including members' contributions of \$10.6 million. Of this income, Austroads provided \$8.3 million to ARRB Group Limited to undertake an agreed research program. This has increased to a minimum of \$9 million per annum from 2011-12 (indexed in subsequent years) under partnership agreement changes made in September 2011.

The Austroads Board is independent of, and not formally accountable to, SCOTI or TISOC – although some members of the Board are also TISOC members.

3.7.1 Delivering on SCOTI priorities

Austroads was established primarily to meet the needs of state and territory roads agencies, by facilitating the pooling of resources to undertake roads and traffic related research and produce guide type documentation that would otherwise be undertaken and produced by individual jurisdictions. The benefits of this pooling of resources are to achieve a degree of national operational consistency and a reduction in duplicative research efforts. Austroads' outputs are highly valued by roads agencies.

The Austroads model implements the cooperative relationship between roads agencies by developing and organising the annual work program through taskforces – for assets, freight, road networks, registration and licensing, safety and technology – comprising line staff with related day-to-day responsibilities. Technical engineering input is sourced from ARRB as well as members' in-house resources, where available. Taskforces are required to identify projects that fit the Austroads strategic plan and the projects will proceed once they receive formal endorsement by the Austroads Board. Over the last four years, between 140 and 160 projects were managed annually.

While delivering on SCOTI priorities is not its primary purpose, Austroads currently undertakes activities for SCOTI on an ad-hoc basis (as allocated by TISOC or SCOTI). Examples include specific implementation actions under the policy framework for intelligent transport systems and contributing to the implementation of the national road safety strategy.

Austroads is a very effective vehicle for encouraging collaboration across jurisdictions. The process of getting a project accepted onto the work plan, produced and cross-agency endorsed, is suitably rigorous for undertaking wide-ranging technical roads research and producing operational guidelines, but the arrangements are not as well suited to driving implementation or development of national reform, especially projects with shorter timeframes, which require strong top-down governance and change management arrangements.

Issues created by this model in terms of Austroads' role in advising TISOC and SCOTI are:

- 1) The risk that in the development of priorities for the Austroads program, insufficient priority is placed on implementing SCOTI priorities versus other priorities that are important to roads agencies (such as research on pavement and surfacing technologies).
 - Reductions to research budgets in various jurisdictions will increase the likelihood of this risk occurring.
- 2) The risk that in the management of projects requiring significant jurisdictional resources or strong change management (for example, implementation of national heavy vehicle licensing and registration arrangements), SCOTI priorities will not be delivered or implemented in a timely manner.
 - Austroads is not responsible for allocating jurisdictions' implementation resources.
 - The large number of projects managed by Austroads means that, inevitably, the Board cannot closely oversight significant change management activities.

Austroads has indicated in their submission a willingness to provide support to both TISOC and SCOTI and sees providing expert technical input to national policy development as an important part of its role. A closer cooperative approach between TISOC and Austroads should be implemented for projects where Austroads is identified by TISOC as the suitable vehicle for delivery, and implementation plans will need to include specific direction and accountability and an agreed framework for performance reporting.

The expert advisers suggest that the establishment of an annual MOU between Austroads and SCOTI should be implemented, with the MOU including specific direction and accountability for agreed national priority work and an agreed framework for performance reporting. While the concept of a MOU may appear reasonable, a direct relationship with SCOTI could duplicate or reduce clarity about the role and accountability of TISOC in delivery of SCOTI priorities, and TISOC would appear to be the more appropriate party with which to negotiate an MOU. The overlap of TISOC members and Austroads directors is not an obstacle to this approach – a formal MOU may assist in addressing any potential conflicts of interest for officers with these dual roles (details about current accountability instruments are listed in [Appendix 3](#))

Findings 3.7:

- i. Austroads has a limited supporting role in delivery of SCOTI's strategic agenda.
- ii. Austroads mechanisms work well for a broad range of road projects, but not as well for Austroads' projects to deliver national reform projects, especially projects requiring significant jurisdictional resources and/or strong change management.
- iii. Delivery of SCOTI priorities through Austroads will require proper project management, clear accountabilities to TISOC and resourcing tied to implementation plans.

Recommendations:

22. A closer cooperative approach between TISOC and Austroads should be implemented for national reform projects where Austroads is identified as the suitable vehicle for delivery, to take place under a Memorandum of Understanding between TISOC and Austroads, and include specific direction and accountability and an agreed framework for performance reporting.

3.8 ARRB Group

ARRB currently undertakes an annually-refreshed, three-year program of technical research for Austroads (funded out of a significant proportion of members' contributions to Austroads). The Austroads-ARRB partnership work program is designed to sustain core areas of expertise within ARRB as a 'centre of excellence', underpinned by contract exclusivity and an agreed minimum expenditure towards ARRB from 2011-12 onwards of \$9 million per annum (indexed in subsequent years). Austroads requires the following core areas of expertise and capacity to be developed and maintained: asset management; network operations and traffic management; pavements; surfacing; and road safety (road engineering).

ARRB does not directly provide advice to TISOC or SCOTI, but ARRB's research outputs can contribute to and inform particular policy development activities of transport and roads agencies.

A national research capability in transport related technologies is critical, particularly in road pavement technology, where research has assisted Australia to keep road building costs much lower than other developed countries.

However, some stakeholders and the expert advisers have raised concerns about how contestable ARRB's activities are and whether the arrangements are preventing the broader research community from developing the expertise to undertake this work.

The development of work priorities for ARRB by the Austroads taskforces poses a risk of supplier capture of the Austroads research agenda, and particularly if there is a weak process for strategically identifying research priorities. The contractual arrangements between Austroads and ARRB also pose a risk of Austroads being 'over serviced' and that broader alliances with industry and universities are not being nurtured.

A review was undertaken by KPMG for Austroads in 2011 of ARRB's operations, finances, management and strategic directions. One of the key findings was that strengthened strategic management of ARRB's activities was required from both Austroads and ARRB.

As part of its 2012 strategic planning process, the Austroads Board agreed a strengthened strategic plan with identified performance measures for assessing ARRB's work for Austroads. Assiduously driven, these measures could provide more safeguards around ARRB performance. However these reforms were not targeted at contributing towards SCOTI's agenda, and more consideration may need to be given to ensuring research needs are adequately identified at a strategic level and delivered, and that the national interest more broadly is being well served by the 'centre of excellence' arrangement.

The benefits of increasing the number of available research providers beyond ARRB are to increase the depth of the national research capacity, to maintain and develop skills of the engineering workforce and to improve contestability and efficient pricing of research projects.

The issues of national research priority setting and developing the capacity of the research community have been worked through over a number of years in the model utilised in the housing and homelessness research area. In that sector, research is managed and coordinated by the Australian Housing and Urban Research Institute (AHURI), which is responsible for the distribution to organisations of Commonwealth, state and territory research grant funding. Since being established in 1993, AHURI has been instrumental in fostering the development of a housing and homelessness research agenda and building significant new capability within the university sector, driven by the certainty of a nationally pooled funding arrangement for research. There are also strong relationships between the ministerial council and the Board of AHURI, ensuring a robust process for setting, and understanding, ministerial priorities for national research and an appropriate balance between short term and long term research (further details about AHURI and other comparative national research arrangements are summarised in [Appendix 4](#)).

To improve coordination, quality and cost effectiveness of research and to harness and build capability, an AHURI like model in the transport sector should be investigated, including the potential for Austroads or ARRB to act as the research broker. For ARRB to undertake this role, it is recognised that significant organisation renewal would be required to reorient from a research provider to a broker/purchaser entity.

Austroads should report back to TISOC on how research priority setting and governance of research activities might be improved to support the SCOTI agenda, including examining the applicability of the AHURI model.

Findings 3.8:

- i. ARRB has a limited supporting role in delivery of SCOTI's strategic agenda, but a critical role in providing research for roads agencies, particularly on road pavement and surfacing technologies.
- ii. While ARRB has strong research credentials, because of the small number of research providers in this area there are strategic concerns about relying on ARRB as the main provider of this research.
- iii. The Australian Housing and Urban Research Institute is a model that has been used in the housing sector to increase capacity of the research sector and national priority setting of research to support the ministerial council.

Recommendations:

23. Austroads should report back to TISOC on how research priority setting and governance of research activities might be improved to support the SCOTI agenda, including examining the applicability of the AHURI model.

3.9 Transport Certification Australia

TCA was established by governments in 2005 as a not-for-profit company, limited by guarantee, and regulated under Australian Corporations Law. It was established primarily to manage the administration of the Intelligent Access Program (IAP), a system for monitoring and reporting on regulated heavy vehicles using technology known generally as 'telematics' and which utilises the Global Positioning Satellite (GPS) network.

IAP allows larger heavy vehicle combinations to access roads that would not normally be accessible to those vehicles, subject to the installation of telematic devices that monitor compliance with road access permit arrangements for roads agencies.

TCA's main administrative function is to ensure that IAP service providers are certified and audited. TCA's constitution has IAP as its primary objective, with an ability to undertake other public purpose roads-based certification activities that are incidental to this object and other arrangements contracted with members. This broader role is taking on increasing significance, and TCA is a key source of advice to governments on telematics issues.

TCA's members are all state and territory roads and traffic management agencies, and the Australian Government Department of Infrastructure and Transport. In 2010-11, TCA's income was \$7.1 million, including \$6.4 million from governments. Although TCA does not predict the number of IAP regulated vehicles needed for it to be self-funded, it can be surmised that the current number of vehicles falls well short, as IAP related income was only \$0.4 million in 2010-11 (and \$0.3 million in 2009-10).

IAP is part of the requirements in the Heavy Vehicle National Law, however participation is not mandatory and the IAP requirement is not currently applied in most jurisdictions, or it is not applied extensively.

TCA has expanded its range of activities beyond the formal IAP program, utilising its expertise in telematics technologies. Recent examples include supporting NSW in a pilot project of electronic work diaries for heavy vehicles and supporting Tasmania to monitor the location of regional school buses.

Some stakeholders have suggested that the IAP function be transferred to the National Heavy Vehicle Regulator. Moving the IAP functions to the national regulator would result in some limited corporate overhead savings, but would also reduce the opportunity to utilise this specialist expertise in certifying and auditing telematics for other transport modes (light vehicles, road networks and rail) and for other activities in future.

Some of the options for TCA's future functions and ownership are:

- maintain the status quo – jurisdictions continue to be members of the company and to make contributions to address any funding shortfalls;
- move IAP functions to the National Heavy Vehicle Regulator and wind the company up once existing contracts have been honoured;
- implement policies to increase utilisation of telematics technology, including to support heavy vehicle charging and investment reform and Austroads' co-operative intelligent transport system projects, with an expectation that TCA's revenue from industry would increase; and/or
- expand its role to other technology applications or to other transport modes, with governments choosing whether or not to stay members of the company.

TCA was established on the basis that it would develop the ability to operate under full cost recovery from industry. The majority of industry does not support mandatory IAP requirements for all heavy vehicles, and it appears unlikely that full cost recovery from industry can be achieved under current policy settings in the short to medium term.

The TCA Board should be asked to report back to TISOC (through the TCA members) by March 2013 on the outlook for the company, future strategic directions and the potential for any new business opportunities. This report would build on the company's current strategic plan and would facilitate a discussion by governments of the future arrangements for the company. TCA's strategic plan assumes reducing government contributions over time as cost recovery revenue increases. As TCA is not undertaking the level of IAP activities originally envisaged, there will be a need to revisit the amount of future government contributions to TCA and this should be explored in the report to TISOC.

If TISOC recommends that the functions not be transferred to the national regulator, a memorandum of understanding would be needed between the TCA and the regulator relating to exchange of information and other activities to underpin their respective roles under the Heavy Vehicle National Law.

Findings 3.9:

- i. TCA's key role is the administration, certification and auditing of service providers for the Intelligent Access Program, used by larger heavy vehicles to gain access to roads they would not otherwise have access to on the condition that the vehicle is monitored by a telematic device.
- ii. Take-up of the IAP has been much lower than originally planned.
- iii. TCA's future needs reconsideration – various options are available.

Recommendations:

24. The TCA Board should report back to TISOC (through the TCA members) by March 2013 on the outlook for the company, future strategic directions and the potential for any new business opportunities, to facilitate a discussion by governments of the future arrangements for the company.

3.10 Rail Industry Safety and Standards Board

RISSB is owned by the Australasian Railway Association and is a not-for-profit company, limited by guarantee, and regulated under Australian Corporations Law. Governments are not shareholders, nor

represented on RISSB's Board. RISSB was created in 2006 and took over the functions of the former Code Management Company (which was established in 2003).

RISSB is responsible for developing the Australian Code of Practice, national rail industry technical and operational standards and guidance. Transport Ministers signed a four year MOU with RISSB in 2009 to provide funding to assist with this work. Governments jointly contributed \$1.5m in 2010-11 and this was matched by industry. Further in-kind support is also provided by industry and governments – RISSB estimated the additional value of the in-kind contribution by industry to be over \$3 million annually, and a further \$350,000 of in-kind support from Government agencies.

The development and implementation of national standards is important to achieving national productivity and safety benefits in the rail industry. For example, different communication systems, signalling arrangements, track and rolling stock specifications between jurisdictions can impose additional costs to manufacturers, reduce competition, or require multiple licensing and training regimes for operators who operate in more than one jurisdiction. For safety reasons, the interoperability of communications systems is also important.

Under current arrangements, neither RISSB, nor the National Rail Safety Regulator, are able to ensure a nationally coordinated approach to the implementation of railway standards. While RISSB has made significant progress in developing national standards, these are non-mandatory and the requirement for rail industry agreement to the standards often means that harmonisation benefits are not being achieved because a range of options are included to meet the standard. This range of options arises largely because of the costs to industry (and governments) of investing in replacement infrastructure that would be needed to achieve a common standard. From a safety perspective, the broader the range of options to meet a standard, the less confidence the rail safety regulator may have that safety risks have been managed 'so far as reasonably practical', as required in the national law. This has led to some state rail safety regulators not having confidence in the standards to deliver safety outcomes.

To date, RISSB has not had a technical research role (nor is it currently funded by governments to do so). Technical research is conducted by the rail Co-operative Research Centre and rail operators themselves.

The current MOU between governments and RISSB, which expires on 30 June 2013, contained a requirement for a review 12 months prior to its expiry. Mr Tony Taig from the United Kingdom was appointed to undertake that review and his report will be considered by SCOTI in November 2012. The review found that there was a lack of emphasis in the current memorandum of understanding on the importance of harmonising standards in improving both productivity and safety in the rail industry and that there was insufficient evidence based prioritisation of standards development. As a result, the full benefits of harmonisation that a national set of rail standards would deliver are not being captured.

Any new agreement with RISSB must have a strong focus on the harmonisation benefits for national productivity and safety. TISOC will work with the National Rail Safety Regulator to develop government priorities for national harmonised standards that provide productivity and safety benefits. The Australasian Railway Association and the RISSB Board has suggested that Governments appoint a senior representative to be a director of the RISSB Board. This is not supported, due to the potential for conflicts of interest for government officials holding public company directorships. Instead, it is suggested that the negotiation of any new agreement with RISSB ensure that priorities are developed and agreed and a quarterly meeting be held between RISSB and a government representative (nominated by and accountable to TISOC) to consider progress on deliverables and discuss any changes to priorities or issues that may impact on delivery.

Findings 3.10:

- i. National standards are important to achieving productivity and safety benefits in the rail industry.
- ii. RISSB has made significant progress in developing national standards to-date, but the full benefits of harmonisation are not being captured in current arrangements. Factors include:
 - the range of options included to meet the standard arising largely because of the costs to industry (and governments) of infrastructure replacement to achieve a common standard; and
 - insufficient evidence based prioritisation of standards development.
- iii. Any government representation on the RISSB Board (none currently) would raise the potential for conflicts of interest.
- iv. The state rail safety regulators do not have confidence that compliance with the standards would in itself result in sound safety outcomes.

Recommendations:

25. TISOC should negotiate a new agreement with RISSB that has a strong focus on the harmonisation benefits for national productivity and safety and includes agreed priorities to achieve that outcome.
26. TISOC should work with the national rail safety regulator to develop government priorities for national harmonised standards that provide productivity and safety benefits.
27. To improve accountability and communications between TISOC and RISSB, a quarterly meeting should be held between RISSB and a government representative (nominated by and accountable to TISOC) to consider progress on deliverables and discuss any changes to priorities or issues that may impact on delivery.

3.11 National regulators

The role of national regulators in supporting policy development is discussed in section 3.4 of this report. In relation to supporting SCOTI's strategic agenda, the national laws require significant accountabilities and responsibilities to SCOTI and transparent annual reporting requirements that do not require further amendment at this time (noting that experience with administering the laws in the next few years may identify a need for future amendment).

3.12 Supporting analysis

The following tables summarise the findings of the expert advisers and their views on the way forward, the implications of the review for the NTC's 2012-13 work program, and an assessment of actions required against the recommendations made in the 2009 review of the NTC.

The recommendations throughout this report are then summarised at Section 4 and an implementation plan is proposed at Section 5.

Table 1: Expert adviser views on the issues

Assessment of governance and roles: The expert advisers considered that the roles and responsibilities of the various organisations under review are for many stakeholders and jurisdictions, confusing and lack clear accountability. They consider that this review highlights the need for fundamental organisational reform, particularly concerning the governance arrangements. Marginal adjustment of arrangements to accommodate the national regulators is not satisfactory, and more fundamental reform is required.

They found that at times there seems to be inadequate direction or communication regarding the priorities of SCOTI. This has resulted in poor progress toward, or a lack of ownership of particular reforms. Sometimes the existing governance arrangements have not assisted in clarifying priorities or responsibilities. There is evidence to suggest that this has resulted in ill-feeling between organisations and inadequate collaboration.

They also found evidence of organisations 'doing their own thing', usually to make ends meet or to respond to a perceived need (not on the SCOTI reform agenda).

On the other hand they note that there is strong support from a range of stakeholders for the retention of independent advice to SCOTI (from the NTC or a similar organisation). This should encompass new reform proposals and reporting on the effectiveness of implementation of current reforms.

The overall cost of maintaining the current arrangements is of concern, particularly in these tight budgetary times. A number of jurisdictions expressed the opinion that there were not receiving value for money from their contributions.

Industry: The expert advisers reported that industry wants clearer access to decision-makers, and simplified government relations in the sector. An articulated reform program would provide industry with less uncertainty regarding the future direction of government. Industry is concerned about costs and is seeking greater efficiencies, particularly where these will lead to reductions in cost recovery. Industry seeks governments to have stronger knowledge of industry issues, and fairer economic treatment between road and rail (rail industry perspective).

About TISOC: The expert advisers (and others bodies cited in the review) see the need for TISOC to provide stronger or clearer leadership in transport reform priorities and their implementation, on behalf of the SCOTI. For example, given the number of concerns about priorities and costs by members of TISOC, there appears to be inadequate discussion and consequential input by TISOC as a whole to the national work programs of the NTC, Austroads, TCA, and ARRB, and RISSB. A stronger sense of collaboration between the various bodies is encouraged. Some of the COAG commitments such as creation of a national heavy vehicle licensing and registration system have not been progressed to any extent. The advisers observed that TISOC seems to be the appropriate body to address these shortcomings, but that stakeholders are not aware of action to do this.

About NTC: There are some different views about the NTC's future roles, but a significant majority of organisations making submissions to the review believe that there is an ongoing need for a well resourced national body to not only advise on future policies and reforms, but also to monitor and report on the effectiveness or otherwise of implementation of reforms. The expert advisers support these conclusions. There are also more specific themes coming from jurisdictions, industry and the other review bodies, with industry currently seeking greater input to NTC proposals and much closer relationships are needed between the NTC and TISOC. In short, TISOC needs ownership of the NTC policy agenda. A restructure of the Commission, particularly its governance arrangements, could assist.

About Austroads: There is widespread support for the role of Austroads. With a likely reduction of individual jurisdiction research budgets, the work of Austroads is likely to increase in importance, along with a stronger need for collaboration. The expert advisers consider it important to retain Austroads ability to harness operational skills and knowledge which can be used to ensure that national road reforms can be implemented in a practical manner.

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About ARRB: There is also strong support for maintaining a national research capability in transport related technologies. Much of the technical knowledge used for building Australia's low cost roads has been developed using or applying ARRB research. They question the value of ARRB's involvement in international consulting but understand that ARRB has a view that it may be necessary to make the overall operation viable. If this is the case, then Australia's national research effort may be being subsidized by international consulting. The ARRB Board is apparently aware of this. An alternative view is that international consulting is a distraction for ARRB, and provides little benefit to its shareholders. This is a matter for the ARRB shareholders to give firm direction to ARRB through TISOC.

About TCA: Without exception, both government and private entities believe that TCA's knowledge and skills are of high quality. They are the type of skills that will be essential in the long term for the application of 21st century transport reforms. The expert advisers agree. The question is in what sector should TCA operate? It seems that the regulatory function or at least the certification of systems, should sit with government with more general services divested from government ownership.

About RISSB: The expert advisers note that rail industry technical and operational standards are developed by the industry, rather than rail safety regulator(s) or Governments. Experts also noted that, while RISSB has made significant progress in developing national standards, these are non-mandatory. Neither RISSB, nor the new NRSR, can therefore ensure a nationally coordinated approach to the implementation of railway standards. Given that the issues around national approaches to investment planning and implementation of national standards require ongoing reform, the expert advisers disagree with the rail industry proposition that the NTC in the future focus solely on road reform. The expert advisers note that, to date, RISSB has not had a technical research role (nor is it funded to do so). Technical research is conducted through the Rail CRC and by railways themselves. However, expert advisers are concerned that RISSB is not resourced to collect and analyse safety data to inform its standards development role. They understand that this issue, and the resourcing of RISSB generally, is being addressed in the Taig (2012 RISSB) Review.

Table 2: Expert adviser views on the ways forward

About the NTC: The expert advisers propose the Commissioner composition and qualifications be reviewed to ensure that jurisdictions and industry have some 'skin in the game'. They suggested retaining an independent Chair and perhaps Deputy Chair, but making remaining membership representational (Chair of TISOC, Austroads and RISSB, plus Industry) to better connect the NTC with other bodies and to ensure focus on SCOTI priorities. They also propose that the NTC should establish and maintain MOUs with the other relevant bodies and Infrastructure Australia.

The expert advisers saw it as vital that the NTC help to bed in the establishment of the new national regulators and ensure that they are equipped to succeed. They reaffirmed the direction of the 2002 review for NTC's role in pursuing multimodal productivity and considered there were potential new roles for the NTC, post 2013, in: establishing national heavy vehicle licensing and registration under the National Heavy Vehicle Regulator (a COAG commitment); investigating the relationship between infrastructure investment and performance; economic regulation for transport (all modes); and monitoring the effectiveness of national reforms. Expert advisers also sought that NTC provide leadership on ideas, analysis to support proposals and create ideas for and develop agreed national reforms.

About Austroads: The advisers noted that some of the review submissions and interviews with stakeholders identified concern about incomplete alignment between Austroads work priorities and SCOTI priorities. They suggest that the establishment, annually, of a MOU between Austroads and SCOTI would address these concerns. This MOU should include explicit direction and accountability for agreed national priority work and an agreed framework for performance reporting.

About ARRB: The expert advisers considered that it is important that ARRB research continues to focus on national needs and priorities and this should be reflected in MOUs with Austroads and NTC where applicable. The expert advisers propose that, to increase national research capacity, maintain and develop road engineering skills, improve contestability and improve research pricing efficiency, the ARRB Board further investigate options to expand research providers beyond ARRB and report issues which are of importance in achieving this, to TISOC for consideration.

About TCA: The expert advisers report that if the National Heavy Vehicle Regulator takes over responsibility for IAP, the future viability of TCA needs to be questioned, along with future responsibility for advising TISOC on Intelligent Transport policy. TCA has developed expertise and demonstrated capability in this area of research, and it would be unfortunate if this was lost to industry. The future role of TCA should be reviewed by its shareholders, and consideration given to the location for Intelligent Transport policy research.

About the RISSB: The expert advisers noted that RISSB has had difficulty in getting a consistent and agreed relationship with the safety regulators in standards development – the establishment of the NRSR is a good opportunity to address this issue. The expert advisers propose the NRSR and RISSB develop agreed protocols for the engagement of the regulator in the development of RISSB standards.

Table 3 (below) assesses the NTC’s current work program for 2012-13, in terms of who will lead the body of work represented in that program post January 2013. (It does not include new activities identified in section 3.3 that will need to be reflected in the workplan). The lead body shown in the final column will be accountable for the activity, while the NTC may continue to have a role in supporting in this work.

- **Red** shading indicates that the activities will become the responsibility of the national regulators as a result of the commencement of the national laws. The NTC would finalise any related work it has commenced in this area for the regulator and any further role for the NTC would be determined by SCOTI (and based on advice from the regulators).
- **Green** shading indicates that the NTC would continue to take the lead on these activities.
- **Yellow** shading indicates that changes to the lead accountabilities for the activities are anticipated or that the activity is under review as to whether it would continue.

Table 3: Analysis of NTC’s 2012-13 work program (post January 2013)

NTC 2012-2013 work plan Item	Details	Others currently undertaking work in this space (excluding NTC)	Lead body 1 January 2013
Heavy Vehicle Reform			
Heavy Vehicle National Law amendments	Law maintenance, proposals to TISOC, RIS preparation	NHVR Project Office, jurisdictions	NTC
Performance Based Standards (PBS)	Implementation support for PBS Review Panel and PBS amendments Pre 1 January 2013: NTC	NHVR Project Office, jurisdictions, PBS review panel, Regulator (in 2013-2014)	NHVR
Draft National Heavy Vehicle Compliance Strategy	Review and recommend best practice regulatory compliance policy Pre 1 January 2013: NTC	Compliance – state and territory regulators, law enforcers	NHVR
Electronic Work Diaries (EWD)	EWD regulatory policy and support trial, finalise EWD reform Pre 1 January 2013: NTC	TCA, Austroads, NSW Government (trial)	NHVR (following completion of NSW trial)
National Rail Reform			
Rail Safety National Law amendments	Law maintenance, proposals to TISOC, regulatory impact statement preparation	NRSR Project Office, jurisdictions	NTC
Heavy Vehicle Charging Frameworks			
Heavy Vehicle Price Determination	Annual pricing calculation, report to SCOTI on implementation	HVCI Project Board	NTC
Evidence-based analysis	Inform long-term national policy reform directions through evidence-based information and analysis	Jurisdictions	TISOC / HVCI project board

Freight Reform Agenda			
Supply chain reform	Supply chain monitoring, explore opportunities in port supply chains	IA, industry (ALC)	<i>Subject to further advice from NTC</i>
National Ports Strategy	Monitoring and reporting on ports and supply chains	IA, BITRE	IA and TISOC <i>(NTC would deliver agreed activities)</i>
Rail Freight Investment Reform	National Framework for improved rail investment to SCOTI, rail productivity reform (based on 2007 ATC direction)	DIT, IA, rail industry	<i>Subject to further advice from NTC</i>
Business Partnerships (safety)			
Corporate social responsibility	Review and identify best practice corporate social responsibility programs	Industry, jurisdictions (implementation of National Road Safety Strategy)	<i>Subject to TISOC consideration of a business case</i>
Reform Maintenance			
Registration and Licensing	Review of Registration and Licensing Security requirements (Austroads is responsible for transitioning heavy vehicle registration & licensing to the NHVR)	Jurisdictions, Austroads	NTC
Transport Reform Monitoring, Evaluations and Performance Reporting (strategic planning)			
Australian Road Rules and Australian Vehicle Standards Rules	Finalise existing evaluation reviews of the Australian Road Rules and Australian Vehicle Standards Rules	jurisdictions	NTC
Dangerous Goods	Evaluate the effectiveness of the current regulatory framework and its impact against intended outcomes	jurisdictions	NTC
Performance Reporting	Performance reporting used as a learning tool and to inform strategic planning priorities for reform	IA, BITRE, COAG Reform Council, BRCWG	NTC
Emerging Regulatory and Operational Transport Reform Issues			
Emerging transport reform issues	Business case to inform future work plans. Short papers on urban supply chains, intermodal barriers, role of the private sector in reducing carbon emissions and smart transport for a growing nation	Jurisdictions, industry, TCA, Austroads, universities	TISOC <i>(commissioning specific advice as needed)</i>
Co-operative ITS: Regulatory Issues	Regulatory policy support for Cooperative-ITS TISOC has responsibility for implementing national ITS Strategy	Cooperative-ITS: Austroads, DIT	TISOC <i>(commissioning specific advice as needed)</i>

ATC: the former Australian Transport Council (SCOTI's predecessor)

BRCWG: Business Regulation and Competition Working Group (a COAG working group)

HVCI: Heavy Vehicle Charging and Investment

IA: Infrastructure Australia

ITS: Intelligent transport systems

PBS: Performance based standards

TISOC: Transport and Infrastructure Senior Officials Committee

Table 4: Re-appraisal of the 2009 NTC Review

Recommendation	Australian Transport Council (ATC) Response (November 2009)	Relevant 2012 findings and proposals
1. The NTC should continue as an independent statutory authority.	Agree, noting that in light of implementation of the national regulators for heavy vehicles and rail safety, a further review will be required to determine an appropriate balance between regulatory policy reform development and implementation responsibilities.	Agree. Independent Commission retained but with improved ownership of NTC's reform agenda by jurisdictions and industry to keep pressure on, and across governments to continually reform and harmonise regulation. Recommendations made regarding increasing NTC's implementation responsibilities for SCOTI reforms.
2. The NTC's primary objective should be to achieve seamless national regulation of road, rail and intermodal transport where national regulation drives improved transport safety, productivity, efficiency and environmental performance.	Agree. ATC directs the NTC to ensure its work program is focused on the priority regulatory reform agenda. In addition, the ATC may request the NTC to explore broad transport related issues and provide independent expert advice to policy makers.	Agree. Recommendations made to reprioritise NTC's workplan.
3. The NTC's mandate under the IGA should be explicitly expanded to include responsibility for working with jurisdictions to develop viable implementation plans to deliver desired reform outcomes.	Agree in principle, noting that this role will need to be considered further as the single national regulator work develops and that formal amendment of the IGA does not appear necessary to achieve this. ATC directs the NTC to work with jurisdictions to develop implementation plans.	IGA does not need to be expanded. Recommendation that NTC work with jurisdictions and regulators to develop implementation plans for assigned tasks.
4. The NTC should develop a post-implementation review process on key reforms to review practical outcomes of regulatory reform and update or modify reforms where needed.	Agree. ATC directs the NTC to develop the proposed process, in consultation with jurisdictions, for consideration at the first ATC meeting in 2010.	Completed, but more work needs to be done on evaluation and reporting.
5. The NTC should continue to report to, and be held accountable by, the ATC for the achievement of seamless national regulation of road, rail and intermodal.	Agree. Regular reports on progress are to be brought to ATC after due consideration by transport agency chief executives.	Agree. Improvements are required to accountabilities of NTC for achieving consensus and ensuring implementation of reforms through a COAG Reform Council level of effort on monitoring and reporting of implementation by jurisdictions.

<p>6. The ATC should set a short list of focused priority projects for the NTC, which remain consistent over time so that the NTC can drive reforms through to impact in a timely manner.</p>	<p>Agree. ATC will provide direction to the NTC on priority projects. For 2009-10 to 2011-12 ATC requires the highest priority to be NTC's contributions to developing national heavy vehicle laws and rail safety law to be administered by the national regulators under development and to heavy vehicle pricing reform work contributing to the COAG Road Reform Plan.</p>	<p>This review recommends a reprioritised work program for the NTC</p>
<p>7. The NTC should regularly report to the ATC on progress of priority projects, including reform development, implementation and impact.</p>	<p>Agree. The NTC, in consultation with jurisdictions, will develop an activity and performance reporting system for approval by ATC in line with the review recommendation.</p>	<p>This review recommends further improvements to the activity reporting arrangements to make the parties more accountable for performance.</p>
<p>8. The NTC Commissioners should be appointed as a governing board under the Commonwealth Authorities and Companies Act 1997 (CAC Act).</p>	<p>Agree. Consistent with the IGA, amendments to the NTC Act will be developed by the Commonwealth in consultation with jurisdictions.</p>	<p>Completed</p>
<p>9. A Director's Charter should outline the roles and responsibilities of the NTC Chair, Commissioners and CEO, and their performance should be reviewed on a regular basis.</p>	<p>Agree. ATC will develop a Director's Charter and direct the Commissioners to establish a regular review process.</p>	<p>Director's Charter not implemented. NTC advises that improvements have been made to the Commissioners handbook.</p>
<p>10. The ATC should establish a two-stage sign-off process for national regulatory reforms facilitated by the NTC. Stage one would comprise in-principle agreement to the draft reform (as per the current process) plus agreement on the desired outcomes of that reform and metrics to measure those outcomes. Stage two would comprise approval of a national implementation plan (made up of individual jurisdictional plans) and any modifications required to the original proposal as a result of the national implementation plan. Stage two sign-off would occur before implementation commences.</p>	<p>Agree. The NTC will develop a process for a two stage sign off that includes the development of implementation plans. The process will inform future regulatory reform development and implementation. Where feasible, these two stages could be combined into one comprehensive package inclusive of implementation plans.</p>	<p>Agree.</p>
<p>11. The NTC should continue to build the effectiveness of its external consultation to ensure all stakeholders are heard and informed.</p>	<p>Agree. As part of the reform process, the NTC is to report on stakeholder feedback, its appropriateness and the extent to which reforms have been adjusted in light of the stakeholder feedback.</p>	<p>Recent reform work has included these elements (eg Heavy Vehicle National Law, Fatigue management RIS for National Rail Safety Law). NTC should continue a strong industry consultation arrangement, coordinated with the regulators where applicable.</p>

<p>12. The NTC Commissioners should be more active advocates for the implementation of priority projects.</p>	<p>Agree. This recommendation will be given effect through the Director's Charter to be developed by ATC.</p>	<p>Implementation priorities defined in this review.</p>
<p>13. The NTC CEO should be a formal member of the Standing Committee of Transport (SCOT).</p>	<p>Agree.</p>	<p>The NTC CEO is a member of TISOC.</p>
<p>14. The NTC should evolve its mix of staff skills to become a centre of excellence for implementing national regulatory reform for road, rail and intermodal.</p>	<p>Agree. Staff skills that support and improve the NTC's technical capacity to fulfil its primary role should be given priority.</p>	<p>Agree</p>
<p>15. The NTC should submit an annual resourcing plan to the ATC for approval, commensurate with the scope and timing of priority projects as determined by the ATC. The resourcing plan should be broken down at a project level over the lifetime of projects and also include overheads and administration costs.</p>	<p>Agree. The plan should be submitted to ATC through jurisdictions. It should also identify for the year ahead the specific products and reports on which the NTC will consult publicly or seek ministerial approval.</p>	<p>Recommend improvement to specifying outputs for 'future reform' work, including implementation plans.</p>
<p>16. The NTC's current level of funding should continue, at least until any changes occur in the work program as a result of the implementation of Recommendation 15.</p>	<p>Agree. ATC notes that the level of funding of the NTC will need to be reviewed further as the single national regulator work develops.</p>	<p>Transfers of functions and resourcing to the national heavy vehicle regulator will be required (\$0.25m a year).</p>

4 Summary of recommendations

PART A – the NTC

Improving consensus and implementation of reform:

1. The voting arrangements for national laws should require consensus agreement for all model and national laws. In order to achieve consensus on model laws, the mechanism for voting for reforms covered by the NTC IGA should be in-session at SCOTI meetings unless there are extreme and urgent circumstances.
2. If a jurisdiction proposes not to support a model law reform, it should provide a statement of reasons for consideration by SCOTI members.
3. Improve jurisdictional ownership of NTC's reform agenda through Commissioner appointments, by replacing one of the five ordinary members with the Chair of TISOC (ie the Commonwealth), another with a (rotating) jurisdiction member and the third ordinary member chosen on the basis of their industry knowledge and their ability to drive productivity reform in transport (plus the Chair and Deputy Chair chosen for their governance skills and their ability to drive organisational performance).
4. Introduce a performance based framework to set and monitor the NTC's work program.

NTC reform priorities:

5. In relation to road transport reforms, the NTC must place their highest priority and allocate significant resources in relation to the following areas agreed by COAG and/or SCOTI:
 - (a) Support the work of the project directorate in finalising the heavy vehicle charging and investment reform process (in addition to the more urgent body of work to develop and gain support from industry and consensus agreement by jurisdictions to a new determination for heavy vehicle charging to apply in 2013-14);
 - (b) Develop (and gain consensus to) further options to improve heavy vehicle access to road networks to deal with the rapidly growing freight task;
 - (c) Implement SCOTI's commitment to industry to deliver the forward work program for further national heavy vehicle regulatory reform, and conduct a review of penalties in the national heavy vehicle law in 2014;
 - (d) Progress COAG commitments regarding national heavy vehicle licensing and registration and occupational licensing for passenger vehicle drivers and dangerous goods; and
 - (e) Implement the tasks identified for the NTC in the Implementation Plan for the National Ports Strategy.
6. In relation to rail regulatory reform, the key priority for the NTC should be to resolve any remaining issues relating to implementation of the national law and regulations, with two current issues relating to train communications and data loggers.
7. The NTC should finalise detailed implementation plans for each of these priority activities (and where relevant, with project offices), for consideration and agreement by TISOC (given TISOC's role in implementing the reforms) and SCOTI.
8. As a further priority, the NTC should commence work with the regulators and others (including BITRE) to identify and collect the data and undertake analysis that will be needed to assist the Productivity Commission in the review of national transport regulation reforms in 2016.
9. The NTC's national laws maintenance and forward work programs should be agreed by SCOTI and published, with timetables for implementation.

NTC monitoring and evaluation functions:

10. To improve accountability for implementation of reforms, the NTC should:
 - (a) undertake improved independent assessments in implementation reports, including the reasons for delay, the barriers to implementation, what is required to bring a jurisdiction back on target, and an analysis as to whether variations were implemented that would reduce the benefits of the particular reform; and

- (b) take on a similar role to the COAG Reform Council for transport reforms in relation to implementation reporting, with report cards to be considered by SCOTI and published.
- 11. Evaluations of existing reforms should be finalised by the NTC, including the reviews of the Australian Road Rules and Australian Vehicles Standards Rules, and the evaluation of the Dangerous Goods rules (identified in the NTC 2012-13 work plan). As part of these evaluations, the NTC should assess the extent to which further uniformity is required to achieve productivity and safety benefits, including the costs and benefits of doing so.

Other matters on the current NTC work program

- 12. Maintenance by the NTC of the exemption framework for the Australian Defence Force from certain state and territory transport laws should continue.
- 13. The NTC's work on supply chain reform and rail freight investment reform should be discontinued, unless the NTC is able to identify specific deliverables and timetables for SCOTI consideration.
- 14. The NTC's 2012-13 direct program delivery (the business partnerships road safety program) should be progressed by the jurisdictions rather than by the NTC.

NTC relationships

- 15. The NTC should establish formal working arrangements with the national regulators as a priority in 2013.
- 16. The NTC should improve its efforts to gain consensus and ensure implementation of reform.
- 17. The NTC should continue a strong industry consultation arrangement, coordinated with the national regulators where applicable.

NTC Act and NTC IGA

- 18. The Commonwealth is to make minor amendments to the NTC Act to replace references to the Australian Transport Council at the earliest opportunity, and no later than July 2016.
- 19. Voting arrangements for the former Australian Transport Council in the NTC IGA should be repealed through an addendum to the NTC IGA, which would include consensus voting arrangements for both model laws and national heavy vehicle and rail safety laws.
- 20. Any wholesale reconsideration of the content of the NTC IGA should only be undertaken following completion of implementation of the national regulators (2013) the next 'section 51' review (2015) and the Productivity Commission review into the national transport regulation reforms (2016).
- 21. An efficiency dividend consistent with that in place for Commonwealth agencies should be applied to the NTC's resourcing on an ongoing basis, through adjustments to the automatic indexation amount (CPI) from year to year, and the NTC should be asked to identify any further savings that would arise from the work program changes outlined in this report for further consideration by TISOC and SCOTI.

PART B – supporting the strategic work of SCOTI

Austrroads, ARRB, TCA and RISSB

- 22. A closer cooperative approach between TISOC and Austrroads should be implemented for national reform projects where Austrroads is identified as the suitable vehicle for delivery, to take place under a Memorandum of Understanding between TISOC and Austrroads, and include specific direction and accountability and an agreed framework for performance reporting.
- 23. Austrroads should report back to TISOC on how research priority setting and governance of research activities might be improved to support the SCOTI agenda, including examining the applicability of the AHURI model.
- 24. The TCA Board should report back to TISOC (through the TCA members) by March 2013 on the outlook for the company, future strategic directions and the potential for any new business opportunities, to facilitate a discussion by governments of the future arrangements for the company.
- 25. TISOC should negotiate a new agreement with RISSB that has a strong focus on the harmonisation benefits for national productivity and safety and includes agreed priorities to achieve that outcome.

26. TISOC should work with the national rail safety regulator to develop government priorities for national harmonised standards that provide productivity and safety benefits.
27. To improve accountability and communications between TISOC and RISSB, a quarterly meeting should be held between RISSB and a government representative (nominated by and accountable to TISOC) to consider progress on deliverables and discuss any changes to priorities or issues that may impact on delivery.

5 Implementation plan

	Recommendations	Milestone	Timing	Responsibility
NTC				
Voting arrangements	1, 2, 19	IGA addendum	July 2013	Commonwealth
NTC Commissioners	3	Appointments	July 2013	SCOTI
NTC work program governance	4	Performance based framework	May 2013	SCOTI
SCOTI name change	18	NTC Act amendment	2016 or earlier	Commonwealth
NTC priority activities	5, 6, 7, 8, 13, 14, 16, 21	Revised 2012-13 work plan and 2013-14 work plan – with implementation plans and identified savings	July 2013	NTC
NTC maintenance and forward work program	9, 12	Publication	Yearly, following SCOTI approval	NTC
Reform implementation monitoring	10	SCOTI reporting	Each SCOTI meeting	NTC
Reform evaluation	11	SCOTI report	December 2013	NTC
NTC working relationships	15, 17	Formal arrangements with regulators	July 2013	NTC, national regulators
Austrroads/ARRB				
Cooperative relations with TISOC	22	MOU	December 2013	Austrroads
Research governance improvements	23	TISOC report	December 2013	Austrroads
TCA				
TCA future	24	Report to TISOC	March 2013	TCA
RISSB				
RISSB future work and funding	25, 26	MOU	By July 2013	TISOC

Appendix 1

Terms of Reference for the 2012 review of the National Transport Commission and other relevant transport bodies

Context for Review

In July 2009, the Council of Australian Governments (COAG) agreed to establish national regulatory systems for heavy vehicles and rail safety comprising national heavy vehicle and rail laws and independent heavy vehicle and rail national regulators. In August 2011, COAG agreed the Inter-Governmental Agreement (IGA) for national heavy vehicle and rail regulators. The legislation establishing the national regulators will commence on 1 January 2013.

The function of the National Heavy Vehicle Regulator (NHVR) is to give effect to the Heavy Vehicle National Law (HVNL) with the object of reducing the compliance burden for business, improving Australia's international competitiveness, improving productivity and safety and making it easier for business to operate across State and Territorial borders. The national law is based on model heavy vehicle laws and represents a consolidation of existing State and Territory laws covering matters such as: registration, mass and loading, fatigue management, as well as compliance and enforcement.

The National Rail Safety Regulator (NRSR) will give effect to the objectives of the Rail Safety National Law and policies of the Office of the NRSR, with the object of achieving a consistent, best practice approach to rail safety regulation in Australia and ensuring that the current standard of rail safety and operational productivity is not only maintained but improved over time. This will include national accreditation of operators, effective management of safety risks, consultation and cooperation with stakeholders, promotion of operational policies and processes, reporting, training, education and research, together with overall leadership and co-ordination of regulatory functions through the independent Office of the NRSR.

The Australian Transport Council's (ATC) response to the 2009 National Transport Commission (NTC) review, "NOTED that a further review of the NTC is proposed in three years' time, in the light of emerging work on national regulators for heavy vehicles, rail safety and maritime safety, and that this should be part of a broader review of other Government bodies". This response was endorsed by COAG.

In 2011 COAG endorsed new ministerial council arrangements which saw ATC's work subsumed into the work program of the Standing Council on Transport and Infrastructure (SCOTI). The Transport and Infrastructure Senior Officials Committee (TISOC) is supporting SCOTI's work.

Objectives of Review

The review has two elements:

Part A of the Terms of Reference (ToR) is to consider the roles and statutory functions of the NTC, under the National Transport Commission Act 2003 (NTC Act) and the Inter-Governmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport (the NTC IGA), particularly with reference to the establishment of the National Heavy Vehicle Regulator and the National Rail Safety Regulator (the national land transport regulators) from 1 January 2013 and other relevant developments.

Part B will focus on the role of certain other transport bodies to support the strategic and work priorities of SCOTI once the regulators have been established. The review will consider the roles of Austroads, ARRB Group (ARRB), Transport Certification Australia (TCA) and the Rail Industry Safety and Standards Board (RISSB). The review will also have regard to the impact on jurisdictions following the establishment of the national regulators, in particular, on the role of providing policy advice to Government.

Scope of Review

Part A – Role and Functions of the NTC

The review will make findings and recommendations to SCOTI on:

- a. the current role and functions of the NTC and how these will be affected by the establishment of the national transport regulators, including consideration of the broader implications of the new ministerial council arrangements;
- b. the appropriate role and functions of the NTC and its relationship with other transport bodies after the establishment of the national transport regulators; and
- c. possible changes to the NTC Act and the IGA flowing from the findings of the review.

Part B – Supporting the Strategic work of SCOTI

The review will examine the collaborative and consultative mechanisms between the national transport regulators and the other transport bodies, and the role of these bodies in support of the requirements of SCOTI. This examination will include:

- a. an environmental scan to outline the role and function of the bodies relevant to the work of the national regulators and SCOTI; and
- b. an assessment across the bodies as to whether enhancements can be made to improve clarity of relevant roles, functions and delivery arrangements.

Implementation Plan

The final report shall include a proposed plan for implementation of the recommendations of the review, including where appropriate transition paths for current work in train.

Governance

The Commonwealth will undertake project management for the review with a Reference Group/Steering Committee nominated by jurisdiction CEOs. TISOC will agree a review budget, with funding according to the NTC agreed formula.

Timeframe

The review will commence in February 2012. The final report should be provided for SCOTI consideration no later than October 2012, with a preliminary report available in August 2012.

Agreed by SCOTI on 4 November 2011

Appendix 2

Review submissions

Overview

The 2012 Review of the NTC and other relevant transport bodies included consultation with transport industry members, business groups, unions and others wishing to make submissions. A scoping paper on the review terms of reference was released on 5 June 2012. A total of 20 organisations made submissions (listed at the end of this appendix). Six themes have been selected to summarise their content: 1) The NTC; 2) NTC Governance; 3) NTC roles and functions; 4) Other bodies; 5) Research and data; and 6) SCOTI.

A number of submissions also made clarifications to matters presented in the scoping paper, which are summarised towards the end of this appendix.

Theme 1: *NTC future*

There was no consensus regarding the future of the NTC going forward. Views ranged from abolishing the NTC to expanding their role.

Theme 2: *NTC governance*

Few submissions touched on the theme of governance, of those which did, the issues of independence, funding, staff turnover, the NTC IGA and oversight were discussed. The general view was that the NTC should remain independent. Other suggestions regarding governance included:

- a review of funding in light of concluding and transferring functions, with the potential transfer of some funds from the NTC to the regulators based on task transfer;
- amending the IGA to improve clarity and reflect role changes;
- amending organisational structures to address high staff turnover; and
- strengthening oversight by SCOTI and working arrangements with TISOC.

Theme 3: *NTC roles and functions*

There was agreement that the work undertaken by the NTC on heavy vehicle pricing determination should continue. However, whether or not this should continue to be done by the NTC was not agreed. A number of submissions called for the NTC to retain and focus solely or primarily on this task, whilst other submissions called for heavy vehicle pricing to be transferred to or overseen by an economic regulatory body, such as the Australian Competition and Consumer Commission.

A number of organisations saw a continuing role for NTC in the policy space. However, the breadth of the role seen for the NTC in this space varied significantly. Potential policy functions included a role in supranational policy advice to collective governments, driving further regulatory improvements and reforms, development of frameworks and law maintenance.

In addition other potential roles for the NTC were identified (in a small number of submissions), including a role in:

- intelligent transport systems and technology
- monitoring, evaluating and reporting;
- freight planning and policy; and
- greater involvement in intermodal issues, including maritime and coastal shipping, road, rail, road/rail interface, land/maritime interface and air/road interface.

Of those submissions focusing on the topic of transferring functions, the Performance Based Standards was identified as a role for the National Heavy Vehicle Regulator rather than the NTC. A small number of submissions called for the transfer of all NTC functions to the regulators and other bodies.

Figure 1: Stakeholder views on the future NTC roles and functions

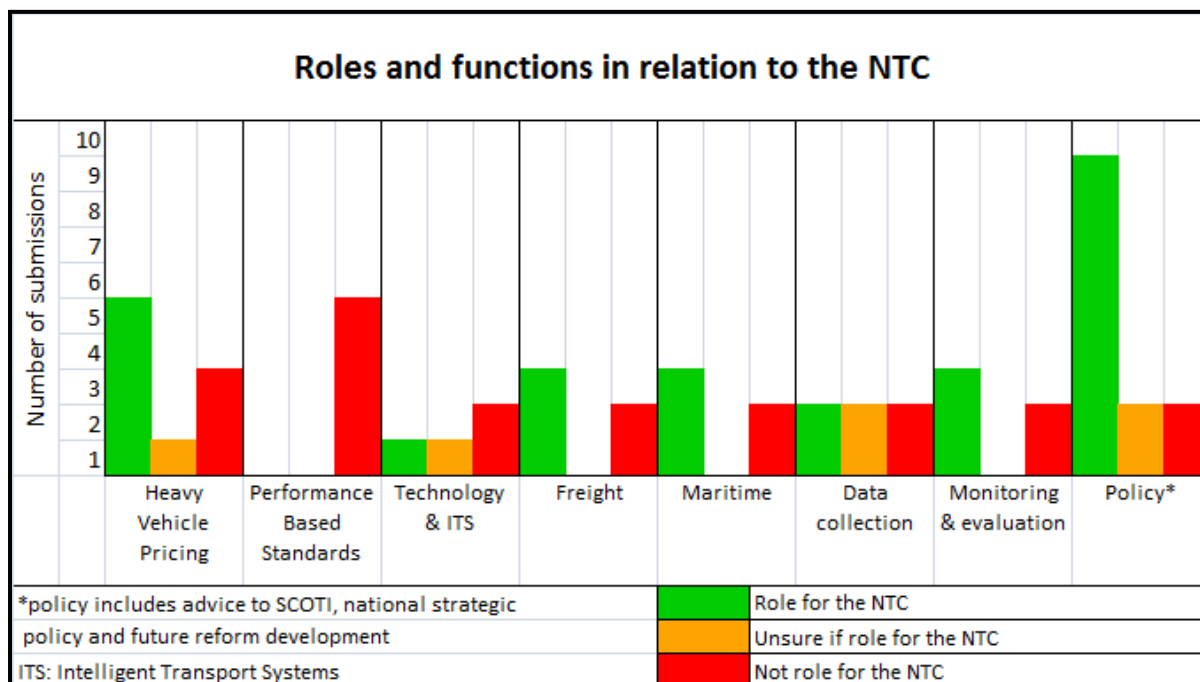


Figure 1 identifies the roles and functions raised in submissions in relation to the NTC. Green represents roles flagged for the NTC to do; orange is tasks which the NTC may do; and red is tasks which should not be done by the NTC. The height of each column reflects the number of submissions which expressed the view.

Theme 4: Other bodies

Overall, there was support for the continuation of the other bodies – Austroads, ARRB, RISSB and TCA – subject to the review. It was noted that the funding provided, approximately \$25.1 million, is a small expense in the overall equation. In regard to functions, there were views that there should be a greater focus on long-term strategic planning and research.

Views on RISSB were that it is of economic benefit and should maintain or expand, its roles and functions; and that there is a need for RISSB and the National Rail Safety Regulator (NRSR) to work closely and collaboratively.

Views on TCA were mixed. Some saw TCA’s role as complementary to the National Heavy Vehicle Regulator, whilst others voiced that TCA’s regulatory and certification functions should be transferred to the national regulator. TCA suggested improving relationships with other bodies through Board representation and participation in sub-committees, working groups and advisory panels.

ARRB was seen as providing valuable technical research expertise to the transport sector.

Austroads was noted to have a supporting role in advising the national agenda, whilst also having a clear role independent of SCOTI and TISOC. Austroads should have a formal relationship with the NHVR. It was suggested that the Austroads research program be tendered, with ARRB in addition to other research bodies able to bid for projects. Another suggestion made was to merge ARRB and Austroads to remove administrative burden and improve coordination.

Theme 5: *Research and data*

The submissions identified a need for ongoing research investment; data collection; and consideration of governance mechanisms regarding technology.

Improving coordination between governments, the private sector and research organisations was seen as key to improving research outcomes. Suggestions for improving coordination included:

- holding national forums;
- developing an online research network and/or database; and
- creating research taskforces which draw expertise from different organisations together to pool knowledge and capability.

Improving accountability and better linking applied research to national strategic and reform agendas were also identified as mechanisms to achieve improved research outcomes.

The national regulators and intelligent transport systems will provide new sources of information to governments. One view was that the usefulness of this data can be improved by implementing common data standards across modes and jurisdictions.

The organisations involved in intelligent transport systems and telematics identified the need for appropriate governance structures regarding technology to be considered to enable Australia to reap the full potential of current and emerging technologies. They considered that appropriate governance structures should ensure adequate resources are available to support this emerging industry and will also support policy and regulation to keep pace with technological advances.

Theme 6: *SCOTI*

On the topic of SCOTI, comments were received on SCOTI responsibilities, oversight and support and the future reform agenda.

Policy and reform setting were affirmed as the responsibility of SCOTI with support from TISOC. The bodies subject to the review have a role to play in providing advice and research to inform policy development. Despite a couple of calls for the national regulators to undertake policy development functions, the majority view was that regulatory and policy functions should be separate. Other policy matters raised included greater involvement for industry in development and consultation, separation of policy by mode and the inclusion of maritime in intermodal policy.

There was agreement that to make well informed decisions, SCOTI needs to be adequately supported. It was noted that this support includes the need for independent advice. There was a call by rail organisations for a government-industry working group to be established to ensure that TISOC and SCOTI are informed about significant rail matters.

In regard to SCOTI oversight, it was noted that the work programs of bodies accountable to SCOTI and others involved in the national transport agenda were loosely coordinated, and that this results in weak accountability and mal-alignment of applied research with long-term national agendas.

Suggestions for SCOTI's future reform priorities - in addition to its current priorities on heavy vehicle pricing, national regulators, infrastructure investment, ports and freight and cities - included economic reform, environmental reform, long-term market reform, and seamless information technology infrastructure.

Clarification of scoping paper

Appendix 2: The changing regulatory frameworks

Appendix 2 of the scoping paper states that “state and territory governments are responsible for allowing access to roads”. The Queensland Transport and Logistics Council clarified that local government is the road manager and access decision maker of approximately 80 per cent of the road network.

Appendix 2 also states “there is a national open access regime for rail... A commercial agreement... is negotiated between the above rail operator and the infrastructure manager.” Infrastructure Australia clarified that under the general national access regime a third party can seek declaration of a right of access but only to essential facilities of national significance.

Rail research

The Australasian Railway Association clarified assertions made in the scoping paper RISSB has responsibility for harmonising research approaches. RISSB does not deal with rail research – this is done by the Cooperative Research Centre for Rail Innovation (Rail CRC).

List of organisations that made a submission to the 2012 review

Australian Logistics Council

Australian Livestock and Rural Transporter’s Association

Australasian Railway Association

ARRB Group

Australian Rail Track Corporation

Asciano

Australian Trucking Association

Austroads

Industrial Logistics Institute

Infrastructure Australia

Intelligent Transport Systems Australia

National Farmers Federation

National Transport Commission

Philip Laird

Queensland Transport and Logistics Council

Royal Automobile Club of Victoria

Roads Australia

Shipping Australia

Transport Certification Australia

Victorian Transport Association

Governance frameworks

Overview

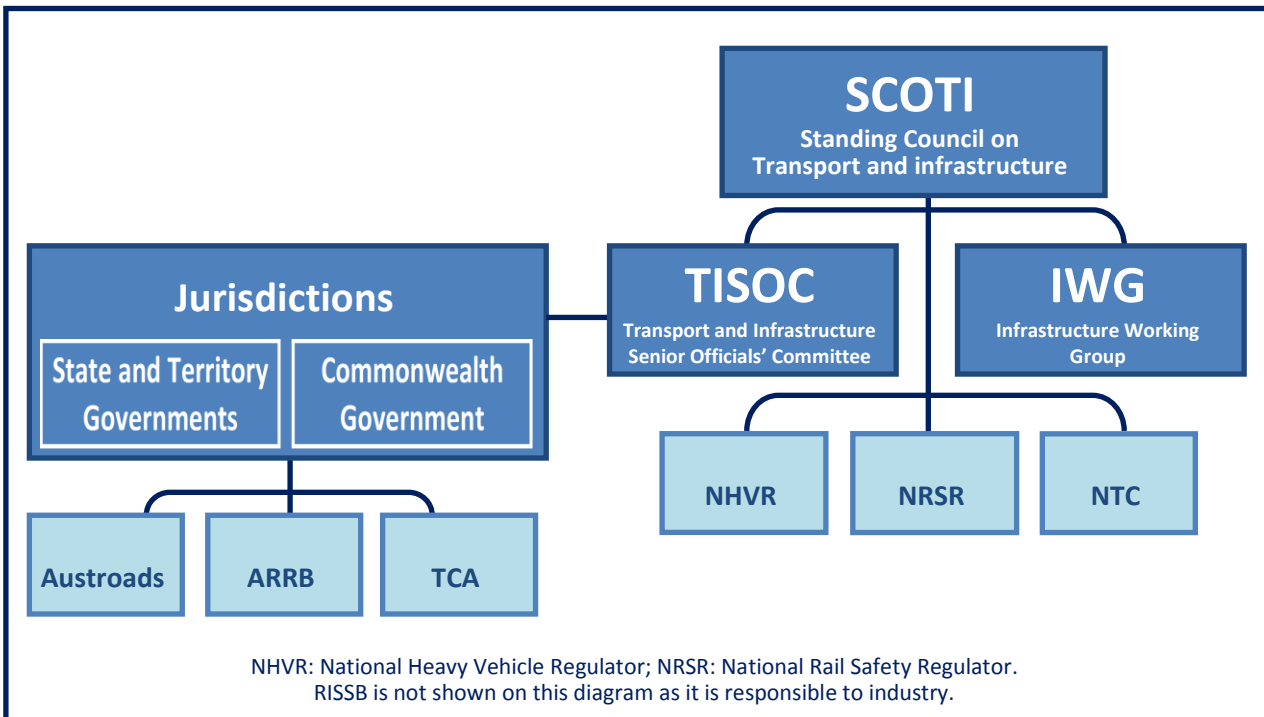
The 2012 Review of the NTC and other relevant transport bodies focused on how the review bodies can best support SCOTI’s priorities going forward. The work program of these bodies and jurisdictions going forward will need to be underpinned by quality, cost effective governance frameworks that match the results needed. The bodies that governments control, the prime focus of this appendix, are: NTC, which is a statutory body; and Austroads, ARRB and TCA, which are government owned companies.

This appendix summarises the accountability arrangements for these bodies to SCOTI/TISOC and the jurisdictions, following the commencement of the national regulators, including the current accountability instruments as with SCOTI and TISOC.

SCOTI accountability arrangements

The accountability structure commencing in 2013, shown in Figure 2, includes the addition of the national heavy vehicles and rail safety regulators reporting directly to SCOTI, alongside the NTC. These bodies are statutory with the host jurisdictions being the Commonwealth (for NTC), Queensland (for the NHVR) and South Australia (for the NRSR). Austroads, ARRB and TCA remain companies limited by guarantee (under Corporations Law), owned and controlled by transport agencies.

Figure 2: SCOTI governance arrangements (post 2013)



Accountability instruments

The primary accountability instruments for the **statutory bodies** reporting to SCOTI (the NTC, heavy vehicles and rail safety regulator) are enabling legislation and intergovernmental agreements. A wider range of instruments impose public sector accountability standards, such as on NTC under the generic *Commonwealth Authorities and Companies Act 1997* (the CAC Act) – covering financial and annual reporting, auditing, information, etc. The new regulators have a government sector governance framework applying to the body involving legislation, regulations, and other instruments.

The primary accountability instruments for the **government owned not-for-profit companies** are the company instruments (Constitution and any rules made under it) and the *Corporations Act 2001*. Jurisdiction members of each company are responsible for the proper conduct of affairs for the purposes of the Corporations Law through their nominated director and General Meetings. Even though all jurisdictions are represented on the ministerial council, the ability of SCOTI/TISOC to exercise control over the companies is through the cooperation of jurisdiction directors (whose primary duties under Corporations Law are to the company). Another flexible mechanism is through contractual means, such as MOUs. Governments may also make prescribing regulations for government owned companies to apply specified public interest matters – the CAC Act has the facility for this, but only for Commonwealth owned companies.

SCOTI also has a number of policy instruments, which outline its intent and interests on a range of subjects that are relevant to the bodies reporting to or engaged in SCOTI priority work. Examples include:

- The Intelligent Transport Systems Policy Framework (the ITS Framework) was developed by the Commonwealth and Queensland in consultation with other jurisdictions and utilising Austroads processes. The ITS Framework was developed to guide consistent implementation, integration and uptake of ITS nationally;
- The Australian Strategic Transportation Agenda for Research and Technology (ASTART) was developed by government, private enterprise, researchers, academics and lobby groups. It defines directions and themes to assist SCOTI in supporting and enhancing research, technology and data to provide for the development and implementation of transport policies; and
- The National Road Safety Strategy (NRSS) provides a framework for national collaboration on road safety improvement. Austroads cross-references this strategy extensively in progressing its safety work.

There are inter-relationships and dependencies between the work programs of the bodies, some of which are underpinned by MOUs or Partnership Agreements, whilst others are not formalised. Current formal relationships are:

- SCOTI – NTC through the NTC Act and NTC IGA
- SCOTI – TCA through a MOU
- Austroads – ARRB through a Partnership Agreement
- Austroads – NTC through an Agreement

Whilst neither ARRB nor Austroads have had formal relationships with SCOTI or TISOC, they do undertake work on an ad hoc basis. An example is Austroads project work specified in the ITS Framework.

Appendix 4

Gathering the evidence

Overview

The 2012 Review of the NTC and other relevant transport bodies included a focus on how to best support the strategic and work priorities of SCOTI. Delivery of SCOTI's agenda needs to be underpinned by quality, cost effective research and advice.

This appendix covers how government transport research is conducted within the transport sector, and sources of other national transport research capacity – in universities and other sectors. The discussion summarises the bodies, processes and the coordination mechanisms currently in place to harness and grow national transport research capacity. It then examines national research practices in the science/innovation, and housing/homelessness sectors, and draws some immediate lessons.

Conclusions from this examination for the transport sector are drawn at the end of the appendix.

Transport research in the government sector

In the transport sector, governments at all levels are involved in research. National level transport research is driven by policy development led by SCOTI and TISOC and agreed frameworks for specific areas of research. Significant government funding is available outside individual transport agencies for national transport research through established national research programs.

In the Commonwealth, transport research is conducted by BITRE and the Australian Government Department of Infrastructure and Transport more generally.

Infrastructure Australia and the NTC conduct research to inform their work in connection with national policy agendas. Roads agencies collaborate on roads research of an operational nature through Austroads, and source engineering-based technical advice from ARRB.

Research forums, such as the annual Australasian Transport Research Forum (ATRF), provide a regular meeting point for the transport research and policy communities.

Primary government transport data collection is the responsibility of jurisdictions and the Australian Bureau of Statistics (ABS). Jurisdictions, BITRE and the ABS collaborate on national transport data visibility and standards through the Australian Transportation Data Action Network (ATDAN).

Governments national transport research related functions

Bureau of Infrastructure, Transport and Regional Economics⁹

BITRE was established in 1970 and is part of the Department of Infrastructure and Transport. It provides economic analysis, research and statistics on infrastructure, transport and regional development issues to inform both Australian Government policy development and wider community understanding. In addition, its role extends to analysis of trends and issues relating to infrastructure provision and cities.

⁹ <http://www.bitre.gov.au/>

Australian Transportation Data Action Network¹⁰

ATDAN was established in 2009 as the leadership group in national transportation data. It reports to TISOC. The group is chaired by the ABS and has representatives from State, Territory and Commonwealth transport departments and the NTC. ATDAN has been tasked with implementing a national Data Action Plan adopted by the Australian Transport Council in 2009. The Data Action Plan includes the identification of nationally important strategic transport data and data gaps, and developing minimum metadata standards, in accordance with the ABS Data Quality Framework¹¹. The ABS hosts a metadata access portal for government-held transport data¹², which is maintained by ATDAN.

Australasian Transport Research Forum¹³

The ATRF is an annual event recognised by both the public and private sectors as the main transport planning and policy research forum in Australasia. The ATRF brings together policymakers, advisers, researchers and practitioners from transport disciplines to share and build upon the latest research and initiatives. It is hosted annually by Australian jurisdictions and New Zealand.

The ATRF was established in 1975, with Australian Transport Council endorsement. It was developed by State and Territory transport agency Chief Executive Officers and leading members of the transport planning profession who saw merit in establishing a forum to discuss current transport planning, policy and practice research.

Government transport research priorities and frameworks

Australian Strategic Transportation Agenda for Research and Technology¹⁴

The ASTART document was developed in 2009 and defines the strategic research and technology agenda for State, Territory and Commonwealth governments. It was developed to foster greater synergies between research and technology providers and the national transport policy agenda, and arose from a Tasmanian-led working group under the Australian Transport Council. ASTART provides a framework to:

- assess whether there are gaps in the research and technology being provided by industry;
- assess the sufficiency of research resourcing in enabling the implementation of national policy objectives; and
- provide support for new research initiatives.

ASTART sets out six key themes for further research in the government transport sector: best use of infrastructure; filling infrastructure gaps; transport choices for sustainable communities; safe and secure transport; reducing environmental impacts; and how technology can help.

It was envisaged when ASTART that it would be regularly refreshed to keep it relevant and current. The refresh of ASTART was considered at an informal Strategy Research and Technology forum in 2011. Transport agencies shared details of current research activities, discussed strategic research needs and explored opportunities for collaboration, alignment and avoiding duplication. Jurisdictions agreed that, while the ASTART document as a whole does not require refreshing, there is scope for refreshing the key themes given progress made since 2009, including the commencement of the regulators and the Ministerial Council reforms. BITRE agreed to lead a process to broadly catalogue transport research that is being conducted by jurisdictions and ARRB would prepare a questionnaire to those commissioning

¹⁰ <http://www.nss.gov.au/transportmetadata/future.jsp>

¹¹ <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1520.0Main%20Features1May+2009>

¹² <http://www.nss.gov.au/transportmetadata/index.jsp>

¹³ <http://www.atrf.info/>

¹⁴ http://www.bitre.gov.au/collaboration/files/ASTART_FINAL_endorsed_by_ATC_6_Nov_2009.pdf

transport research about research priorities. Once completed, recommendations will be made regarding the need to refresh the key themes of the ASTART document.

Intelligent Transport Systems Policy Framework¹⁵

The ITS Framework (adopted by SCOTI in 2011) sets out its policy on the development of technology based regulation, including for heavy vehicles and rail.

National Road Safety Strategy¹⁶

The NRSS was adopted by the Australian Transport Council in 2011 and sets out road safety priorities for the next decade. Austroads manages a research program that includes a substantial body of projects linked to the NRSS action agenda.

Transport research in the university sector

Many jurisdictions undertake research in collaboration with national transport bodies and academia. There are numerous universities and other research organisations currently engaged in all aspects of the transport research environment. Listed below are some of the Australian universities involved in the transport research space (this list may not be complete).

New South Wales

University of Sydney: Institute of Transport and Logistics Studies¹⁷

The Institute of Transport and Logistics Studies was established in 1991. It undertakes graduate teaching, management development programs, grant and contract research and development in the fields of transport and logistics studies.

University of New South Wales: Research Centre for Integrated Transport Innovation (rCITI)¹⁸

The rCITI, launched in November 2011, is a strategic effort between research and industry partners. rCITI aims to become a world-leading organisation in integrated and interdisciplinary transport research and development and will investigate sustainable approaches to transport infrastructure and operations. It has five research pillars: transport planning; ITS communications; computational sustainability; infrastructure; and energy/fuel.

University of Wollongong: the SMART Infrastructure Facility¹⁹

The Simulation, Modelling, Analysis, Research and Teaching (SMART) Infrastructure Facility is a national centre for infrastructure solutions. Its mandate is to provide the data and analytical capability to successfully create and execute a national integrated infrastructure plan for Australia. It provides strategic advice, research and skills training across the whole infrastructure industry, including city planning, infrastructure investment and management and harnessing technology. SMART was established with funding from the Australian Government, NSW Government and the University of Wollongong.

¹⁵ http://www.infrastructure.gov.au/transport/its/files/ITS_Framework.pdf

¹⁶ http://www.infrastructure.gov.au/roads/safety/national_road_safety_strategy/files/NRSS_2011_20_15Aug11.pdf

¹⁷ <http://sydney.edu.au/business/itls>

¹⁸ <http://www.rciti.unsw.edu.au/>

¹⁹ <http://smart.uow.edu.au/index.html>

Victoria

Monash University

Accident Research Centre²⁰

The Monash University Accident Research Centre was established in 1987 and undertakes research, consultancy and training, including safety, across all modes of transport. Its focus is on accident and safety research. Monash University has partnered with Curtin University and the Government of Western Australia to establish the Curtin-Monash ARC to undertake road safety research with a particular focus on the Western Australian context.

Institute of Transport Studies²¹

Transport research at the Institute of Transport Studies is focused on four program streams: Travel Demand, Transport Operations; Transport and Traffic Planning and Management; and Public Transport Research Group.

Victoria University: Institute of Supply Chain and Logistics²²

The Institute of Supply Chain and Logistics is a research and education centre providing independent, industry-focused study and development. It delivers supply chain management solutions through applied research, education and industry and community engagement.

Queensland

University of Queensland: Centre for Transport Studies²³

The Centre for Transport was established in 1998 by the Queensland Government to contribute to integrated and sustainable transport through research, professional development, data collation, policy development. Its focus areas include transport policy development and planning; sustainability; economics; intelligent transport systems; public transport; road safety; and freight and logistics.

South Australia

University of South Australia: Barbara Hardy Institute²⁴

The Barbara Hardy Institute (formerly the Transport Systems Centre) brings together researchers from a broad range of disciplines for sustainable communities – technological, environmental and social concerns.

Other transport research

Cooperative Research Centre for Rail Innovation²⁵

The Rail CRC is a collaborative undertaking between leading organisations in the Australian rail industry and seven Australian universities. Funded over 7 years to 30 June 2014, the Rail CRC is investing \$100 million in rail research to solve problems common to several industry participants. It maintains the Rail Knowledge Bank initiative, an online resource access.

²⁰ <http://www.monash.edu.au/miri/research/research-areas/transport-safety/>

²¹ <http://www.eng.monash.edu.au/civil/research/centres/its/>

²² <http://www.vu.edu.au/institute-for-supply-chain-and-logistics-iscl>

²³ <http://www.uq.edu.au/cts/>

²⁴ <http://www.unisa.edu.au/Research/Barbara-Hardy-Institute/>

²⁵ <http://www.railcrc.net.au>

Smart Transport Research Centre²⁶

The Smart Transport Research Centre is based in South East Queensland and was established in January 2011 as a research partnership between industry, government and academia. It aims to be a research and knowledge broker in smart transport solutions. Its research domains are: integrated traveller information; network efficiency and reliability; road use economics; and passenger transport.

National ICT Australia²⁷

NICTA is a research 'centre of excellence' in information and communications technology, including for infrastructure, transport and logistics. Established in 2002 by the Australian Government Department of Broadband, Communications and the Digital Economy under the Australian Research Council program, NICTA is also funded by NSW, Victoria, Queensland, the Australian Capital Territory and the Australian National University, and has joint partnerships with a range of other Australian universities.

Research practices in other portfolios

The following information exemplifies various models for organising national research effort. Examples are drawn from Australian Government portfolios – the Department of Industry, Innovation, Science, Research and Tertiary Education, regarding Cooperative Research Centres (CRCs) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO); and the Department of Families, Housing, Community Services and Indigenous Affairs regarding the Australian Housing and Urban Research Institute (AHURI).

Cooperative Research Centres²⁸

The CRC program is an Australian Government Initiative. CRCs focus research and development efforts to address major challenges facing Australia by linking researchers with funders (for example industry or governments). Government funding of a CRC is time limited (up to 10 years) and given to pursue solutions that are innovative, of high impact and capable of being effectively deployed by the end users.

There are currently 44 CRCs addressing a wide variety of research and development needs, including in environmental protection, mining, technology, farming and medicine. There is one transport related CRC, the CRC for Rail Innovation.

CRCs are underpinned by best practice governance arrangements to ensure the development of effective business models enabling setting of objectives, monitoring and assessment of risk, and performance optimisation. The CRC program has adapted its governance principles from the Australian Securities Exchange (ASX) eight principles for good governance. The eight principles for good governance regard boards, decision making, financial reporting, disclosure, shareholders, risk and remuneration²⁹.

The strengths of CRC research arrangement that could have relevance to the conduct of national transport research, include:

- alignment of applied research with industry and/or government priorities;
- tailored governance arrangements within a company model; and
- pathways for private sector co-investment in research.

²⁶ <http://www.strc.org.au/about/us/>

²⁷ <http://www.nicta.com.au>

²⁸ <http://www.crc.gov.au>

²⁹ ASX (2010) *Corporate Governance Principles and Recommendation*; with 2012 amendments

Commonwealth Scientific and Industrial Research Organisation³⁰

The CSIRO is Australia's national science agency. Its primary functions are to carry out scientific research and to encourage or facilitate the application and use of the results of CSIRO scientific research. Areas of research include the environment, human nutrition, conservation, urban and rural planning and water.

The CSIRO is an Australian Government statutory authority, established in 1926 and renamed to its current title in 1949 by the *Science and Industry Research Act 1949*. CSIRO operates under the CAC Act and is accountable to the Minister for Science and Research. It is governed by a Board of nine part-time non-executive members including the Chairman and a full-time Chief Executive.

The CSIRO is provided with independent, external strategic advice on national challenges and opportunities by Strategic Advisory boards comprising industry and other stakeholders. Their role is to: advise the CSIRO on longer-term strategic direction and research and development priorities; advise on how the CSIRO can meet research, technical and business needs; assist the CSIRO to build connections and network in the sector; and provide mentoring advice for leaders in the CSIRO working in the sector.

The strengths of the CSIRO arrangements that could have relevance to the conduct of national transport research, include:

- the conduct of an enduring applied research effort both under a robust public sector accountability (statutory model) framework and with a supportive performance management culture for academic applied research; and
- structured processes for setting, and ensuring alignment of program work to, strategic priorities informed by a range of stakeholders, including governments, industry and others stakeholders.

Australian Housing and Urban Research Institute^{31,32}

AHURI is a network organisation comprising governments and tertiary research institutes that is national, not-for-profit and independent. It is focused on housing, homelessness and urban research and policy and undertakes this at the state and national levels.

The role of AHURI is to disseminate high quality research to inform future policy proposals and developments to be utilised by government and the private sector. AHURI's broad aims are: 1) to link quality research (by tertiary education institutes) with policy development, program evaluation and project development; and 2) to be a leader in its field assisting policy makers by identifying trends, establishing solutions and drawing together information and understanding from Australia and internationally.

Since establishment in 1993 AHURI has built research capability in the university sector and facilitated coordination between government policy and academic research.

The work of AHURI is led and managed by a small not-for-profit management company, AHURI Limited. AHURI Limited functions as a research broker. It determines the research agenda (with input from governments and tertiary education institutions); organises and leads events (such as regular strategic discussions between agency CEOs); develops submissions to relevant inquiries; conducts research synthesis; and is the intermediary between governments and research institutions. It manages policy and operational research, both longer term (via a three-year rolling program) and ad-hoc, short term projects. It also manages the National Housing Research Program and the National Cities Research Program and supports the National Homelessness Research network.

³⁰ www.csiro.au

³¹ www.ahuri.edu.au

³² URBIS (2007) AHURI End of Cycle Review Report

AHURI has a ten-member Board of Directors, comprising: four independent directors (including the Chair); one Commonwealth and two State/Territory government representatives; two research institute representatives; and an Executive Director (appointed by the Board). Government annual base funding for AHURI Limited is maintained in real terms (\$3.2 million ex GST in 2012-13) and is jointly funded by the Commonwealth, State and Territory Governments. This stable funding pool is cited by AHURI as giving university partners the confidence to build and maintain capacity, even though the actual amount of funding depends on the individual institution's bidding success.

Universities work with AHURI under multi-lateral agreements, with each university having a participation contract with AHURI. Only universities with contracts are eligible to bid for research projects and funding, however, the application process for getting a contract is open with the Board deciding acceptability.

The strengths of the AHURI model that could have relevance to the conduct of national transport research, include:

- building and harnessing research capability in the university sector;
- alignment of applied academic research and government priorities;
- independence and contestability, based on the agreed research agenda;
- coordination of state and national level research activities; and
- value for money assurance, for contributing governments and partner universities.

Conclusions: opportunities for improved national transport research

What we learn from the current situation and others' approaches are that:

- 1) Australia is well served by transport research providers. However, this research capacity is almost entirely of a technical or operational nature. The process of building in strategic drivers for this research is still in its infancy. Research capacity for strategic policy purposes is also limited. The AHURI model is a proven way of increasing strategic policy research capacity in academia. The CSIRO model also shows how wide-ranging, applied technical research can be organised to be strategically driven.
- 2) As ITS technologies become available to the Australian market our national capacity for a rapid and flexible response to best harness these technologies in the transport sector will be important. Existing government research bodies with operational or engineering expertise may not be the best bodies to provide that capacity. An AHURI-style model and/or a CRC could be considered as a firmer basis for technology research efforts in the transport sector.
- 3) Officials in the Department of Industry and Innovation commented that the ASTART coordination tool commenced in transport for communicating national transport research priorities to the wider research provider network is supported in the literature as current best practice. It should be maintained and kept up-to-date. There is an ongoing need for recurrent discussion amongst jurisdictions on future research priorities.
- 4) The transport sector is characterised by a network of policy and research entities (in contrast to say, the US which has a large, centralised transport research capacity in the US Transportation Research Board). The opportunity to improve research outcomes for policy development in Australia will naturally rest on better coordination – between governments, private sector and research organisations. Bodies responsible for oversight and coordination of strategic and operational policy which drive research (ie TISOC and state/territory jurisdictions respectively), should continue to drive coordination products such as ASTART, the NRSS and ITS Framework (through TISOC), and could develop stronger links between policy and applied research using models such as AHURI.

Appendix 5

Summary of organisations, acronyms and websites

ARRB	ARRB Group Limited ARRB is one of the bodies subject to this review www.arrb.com.au
ATC	Australian Transport Council ATC was the COAG Transport Ministers' Council until replaced by SCOTI in 2011 www.atcouncil.gov.au
Austrroads	Austrroads Limited Austrroads is one of the bodies subject to this review www.austrroads.com.au
COAG	Council of Australian Governments COAG is Australia's peak intergovernmental forum www.coag.gov.au
NHVR	National Heavy Vehicle Regulator The NHVR will regulate all vehicles over 4.5 tonnes (Gross Vehicle Mass) from January 2013 www.nhvr.gov.au
NRSR	National Rail Safety Regulator The NRSR will facilitate the safe operation of rail transport, be independent and promote rail safety and safety improvement from January 2013 www.nrsrproject.sa.gov.au (project board website)
NTC	National Transport Commission NTC is one of the bodies subject to this review www.ntc.gov.au
RISSB	Rail Industry Safety and Standards Board RISSB is one of the bodies subject to this review www.rissb.com.au
SCOTI	Standing Council on Transport and Infrastructure SCOTI replaced the Australian Transport Council in 2011 under COAG's arrangements. www.scoti.gov.au
TISOC	Transport and Infrastructure Senior Officials' Committee TISOC comprises the senior transport, infrastructure and planning officials supporting SCOTI www.scoti.gov.au
TCA	Transport Certification Australia TCA is one of the bodies subject to this review www.tca.gov.au

