

ANNUAL REPORT 2019-20

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CONTENTS

CHAIRMAN'S REPORT 4

CHIEF EXECUTIVE OFFICER REPORT 6

ABOUT ARRB 9

Our Journey	11
Our Expertise	12
The Board	14
Chiefs	18

CULTURES & VALUES 20

Our Values	23
Best Practice Guides	24
ARRB Gala Dinner	28
Staff Achievements	30
National Transport Performance Centre	32
Crumb Rubber Trial Victoria	33
Highlights of Labs Tests in the last 12 Months	34
Accelerated Pavements Test with Fibre Optic Sensors	38

Recycled Material in Road Construction	39
National Interest Service	40
NACOE	41
Watching the Wheels Go Around	42
ADVI	44
WARRIP	45

FINANCIAL STATEMENTS 48

Directors	51
Meetings of Directors	53
Statement of Profit or Loss and Other Comprehensive Income	58
Statement Financial Position	59
Statement of Changes in Equity	60
Statement of Cash Flows	61
Notes to the Financial Statements	62

GLOSSARY & ACRONYMS 88



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The changes made over recent years have led to a nimble, responsive company that has delivered great outcomes in 2019-20

Peter Woronzow
ARRB Chairman
Acting Director General of Transport,
Department of Transport (WA)

CHAIRMAN'S REPORT

It's been a pleasure and a privilege to take on the role as Chair of the Australian Road Research Board in 2020.

Despite a testing year with COVID-19 and the changes and impact it has had on the world we live in and our industry, ARRB has thrived.

The changes made over recent years have led to a nimble, responsive company which has delivered great outcomes in 2019-20 for its shareholders and forged successful partnerships with all levels of government, road and transport agencies and the private sector.

ARRB has delivered innovative approaches, tools and advice that support transport – and will continue to do so into the future – as jurisdictions invest significant amounts in all forms of transport infrastructure across the nation.

Its benefits have been evident in my organisation Main Roads Western Australia's joint initiative with ARRB, the Western Australian Road Research and Innovation Program (WARRIP), which along with its Queensland equivalent NACOE are going from strength to strength.

Both programs provide world-class outcomes for their respective State Governments, road agencies and ultimately the taxpayers of WA and Queensland with significant savings in total road expenditure, and a higher rate of return through targeted research.

ARRB's benefits have also been displayed nationally during 2019-20. ARRB's delivery of a suite of Best Practice Guides on time and on budget has shown its worth to both the Federal Government as funder, and Local Government as the main beneficiary of this work.

The ARRB Board has met regularly during 2019-20, and also met with both elected Members and senior industry representatives. This enables our Board to understand our clients' needs and explain to them how ARRB can help them build and develop capability through research, development, knowledge and technology transfer.

I would like to acknowledge the great work done by my predecessor as Chair, Peter Duncan, whose three and a half years in charge has helped guide the reset of the organisation to the strong position it is in right now.

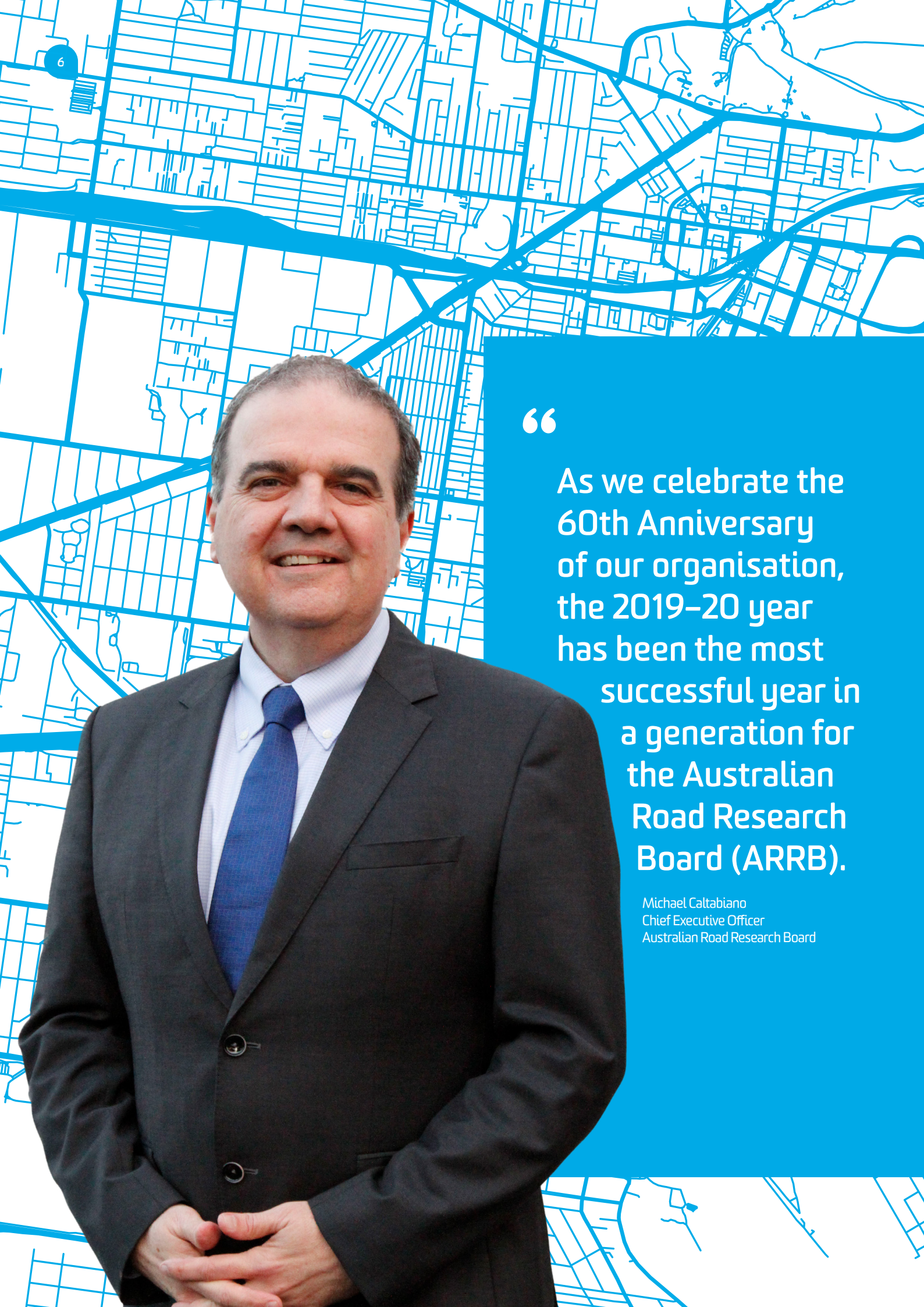
I extend my thanks and appreciation to ARRB's leadership and staff 'personally' for their dedicated management, energy and effort in responding to the operational challenges imposed by COVID-19 and delivering such great outcomes in testing times.

We look forward to continuing to work together, developing further arrangements which demonstrate a strategic commitment to research and development, technology transfer and capability development for the betterment of Australia's roads, transport and mobility industry.



Peter Woronzow

ARRB Chairman
Acting Director General of Transport,
Department of Transport (WA)



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As we celebrate the 60th Anniversary of our organisation, the 2019–20 year has been the most successful year in a generation for the Australian Road Research Board (ARRB).

Michael Caltabiano
Chief Executive Officer
Australian Road Research Board

CHIEF EXECUTIVE OFFICER REPORT

As we celebrate the 60th Anniversary of our organisation, the 2019–20 year has been the most successful year in a generation for the Australian Road Research Board (ARRB).

It is the conclusion of a four-year journey described through the strategic plan as a reset for the organisation and the relentless focus of delivering high quality work for its shareholders, developing new knowledge for Australia and New Zealand and delivering on the financial self-sustainability goals for ARRB. The staff of the organisation have successfully formed collaborative partnerships that transcend the ordinary and are now in tune with the journey that ARRB's shareholders are on, creating the knowledge that is shaping our transport future.

The most significant project delivered for the organisation in the financial year was the four Local Government Best Practice Guides. These guides covered the areas of Road Making Materials, Unsealed Roads, Sealed Roads and Bridge Maintenance. The Commonwealth Government Department of Infrastructure, Transport, Regional Development and Communication partnered with ARRB to deliver this step change in the practical knowledge available for Local Governments to deliver their programs of work in a more knowledgeable and value-adding fashion.

The Deputy Prime Minister, the Hon Michael McCormack, produced a foreword for the guides and attended an outreach activity as part of 'the guides' delivery process'. These guides have now been downloaded and used by all Local Government authorities across Australia and are widely used by the Consulting Engineering sector to further support infrastructure delivery across Australia.

We have successfully focussed our organisation on addressing the needs of State Road and Transport Agencies to develop the next generation knowledge in the areas of recycled product use in our road and rail infrastructure. ARRB staff completed a Victorian Local Government guide for the use of crumbed rubber in asphalt and have actively supported State agencies across Australia to enhance the safe use of recycled materials in our infrastructure.

During the last six months of 2019-20 our staff have dealt with the extraordinary challenges of a COVID-19 pandemic in a manner that is testament to the resilience of our people and a positive endorsement in the investment in technology over the past four years. This combination of factors, assisted by a dedicated leadership team across the organisation, ensured that we met our targets, delivered our work and most importantly exceeded our shareholders' expectations.

The past year also saw the completion of the new collaborative workspaces across Australia. In Brisbane, Sydney, Melbourne, Adelaide and Perth, ARRB offices are the benchmark for modern collaborative workplaces for the infrastructure sector that will enable us to achieve our goals as an organisation as we embark on our next four-year journey serving the communities of Australia and New Zealand.

It has been an honour to lead the organisation over the past year and to have been supported by a talented Board that has invested the time and energy to help us on the journey. The creation of a new strategic plan and continuing the new knowledge development for the infrastructure sector remain the challenges for the organisation that we are looking forward to conquering in the years ahead.



Michael Caltabiano

Chief Executive Officer
Australian Road Research Board



An aerial photograph of a river. On the left, a dense green forest lines the bank. A bridge with a red railing spans the river in the lower-left corner, with a car visible on it. The water is a deep green color with visible ripples. A large, semi-transparent blue shape is overlaid on the right side of the image, containing the text 'ABOUT ARRB'.

ABOUT ARRB

**Our vision is to help make
the world's cities smarter,
cleaner, greener, safer,
more efficient and productive
through intelligent
transport solutions**



OUR JOURNEY SO FAR

Sixty years ago, the Australian Road Research Board was formed by the State Road Agencies of Australia. At that time the role of ARRB was to provide a central hub of research excellence to support all the Road Agencies in the development of next generation specifications after the development of unique understandings of Australian materials and climatic conditions.

Much has changed since 1960. Now, as we evolve into a mobility-enabled society and experience unprecedented changes to how we live, ARRB's experience has never been more important. ARRB as the National Transport Research Organisation, has expanded its shareholder base to include the Commonwealth of Australia and the Australia Local Government Association (ALGA).

ARRB has delivered new standards, specifications and advanced the knowledge base in new materials over its history. ARRB's 60th anniversary year brings with it a new generation of mobility challenges. We are positioned right at the forefront of the emerging mobility space.

As we transition from a road trip-based community to a mobility-based society undertaking new journeys, the nature of supporting transport infrastructure must change together with the attitudes to using this resource, and the purpose for which it is used.

As this whole-of-society change in mobility occurs over the next decade, ARRB has a clear role in partnering with its shareholders at Local, State and Federal Government levels to provide trusted and rigorous advice. As the National Transport Research Organisation ARRB has begun a new era of collaboration and partnership across the public sector, private sector and Universities across the globe.

ARRB's six pillars - Future Transport Systems, Future Transport Infrastructure, Road Asset Performance, Sustainability and Resilience, Transport Safety and our new ARRB Certification Group - are geared to address the future of mobility and the challenges we face right now.

In an ever-changing world with technology reshaping the transport system every day and an external natural environment posing new challenges, it is the great depth and breadth of skills that ARRB staff bring that will help to make a safe, secure and reliable mobility a reality.

ARRB is the National Transport Research Organisation - a trusted partner for Government and Industry alike on the journey to a mobility-enabled future.



OUR EXPERTISE

ARRB is ready up to help Australia and New Zealand prepare for a mobility-enabled future. We are involved in a range of local road technology transformations, infrastructure development and testing programs to develop sustainable solutions for today and create the new knowledge we need to solve the problems of tomorrow.

Our six key work group areas are:

FUTURE TRANSPORT INFRASTRUCTURE

Developing adaptive and affordable infrastructure for future generations, in particular improved resilience, better access and journey experiences, and the right infrastructure choices for the community at the right price.

SUSTAINABILITY AND RESILIENCE

Making our cities and towns smarter, cleaner, greener, safer, more efficient and productive. Expert advice and research on using recycled materials in roads and transport infrastructure, environmental management, life cycle assessments and economic evaluations.

TRANSPORT SAFETY

Enhanced user safety and security on our transport infrastructure network by understanding the interaction between human decision-makers, vehicles, infrastructure, and the broader environment through a systems approach.

ROAD ASSET PERFORMANCE

Collaborating with local and state road and transport agencies to assess the condition of both sealed and unsealed roads throughout Australasia. We also deliver a step change in data analytics to better manage the transport system. ARRB has the very best asset management expertise Australia has to offer.

FUTURE TRANSPORT SYSTEMS

Enhancing the functioning of mobility corridors by embracing technological change. A range of services from connected and automated vehicles to advanced traffic management and smart cities solutions. Australia's biggest data lake in the transport infrastructure space is utilised to develop new relationships to point towards unique and new solutions to current and future problems.

ARRB CERTIFICATION

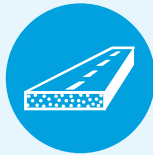
Providing confidence to the transport sector through the certification of products, processes, people, and organisations. From development of industry standards and training, to conformance and capability assessments, certification and maintenance of accreditation registers, ARRB offers an independent, reliable source of assurance to the industry and government alike.

FUTURE TRANSPORT INFRASTRUCTURE

13



Research Labs



Pavement & Materials



Specifications



Guidelines

SUSTAINABILITY & RESILIENCE



Recycled Alternative
Materials



Economic Evaluation

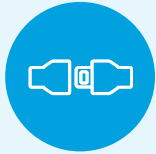


Enhanced
Resilience



Sustainable Future
Mobility

TRANSPORT SAFETY



Transport Safety
Systems



Transport User
Behaviour



Safe Road Infrastructure



Safe Mobility

FUTURE TRANSPORT SYSTEMS



Smart Traffic
Management



Network Operations
Planning



Intelligent Transport
Systems Assets



Advanced Mobility
Technologies

ROAD ASSET PERFORMANCE



Infrastructure
Measurement



Analysis &
Visualisation



Asset Optimisation



Infrastructure &
Performance

ARRB CERTIFICATION



Product Certification



Process Certification



Training & Competence
Certification



Industry Accreditation

OUR BOARD

ARRB is governed by a board of directors, all of whom bring years of industry and government experience to the transport sector and who have contributed significantly to the advancement of the sector within Australia and New Zealand.

We are proud to have on our board:



PETER WORONZOW

CHAIR

Peter Woronzow is currently the Director General of the Department of Transport WA after successfully fulfilling the role of Managing Director of Main Roads Western Australia. Peter has worked within Main Roads for 36 years, distinguishing himself in the role of Executive Director, Financial and Commercial Services. His extensive experience in accounts, procurement and management provides strong, strategic leadership in managing financial, corporate and commercial solutions. He is a member of the CPA Australia.



NEIL SCALES OBE

DEPUTY CHAIRMAN

Neil Scales OBE is currently the Director-General for the Queensland Department of Transport and Main Roads. He was previously the Chief Executive and Director-General of Merseytravel, the transport authority for Merseyside in the north of England. Mr Scales has held executive roles with transport and engineering companies and has consultancy experience with several agencies, including the World Bank and the European Commission. Mr Scales is the current Chairman of Austroads and also serves as a Commissioner on the National Transport Commission and is engaged in the rail and port sectors to deliver benefits across the transport industry.



KEVIN REID

BOARD MEMBER

Kevin Reid is currently the National Manager Network Outcomes at the New Zealand Transport Agency (NZTA). He has over 25 years of experience in the planning, design, construction, maintenance and operation of highway networks in New Zealand, the United Kingdom and The Caribbean. Kevin has a passion for the development and implementation of innovative approaches to transport infrastructure and management operations.



STEPHEN TROUGHTON

BOARD MEMBER

Stephen Troughton has experience managing businesses in Australia, the United Kingdom (UK) and the Middle East with extensive technical expertise in major infrastructure and property. He fulfilled the role of Managing Director Main Roads Western Australia before moving to Sydney to take up the role of Deputy Secretary in Transport for NSW. He is a Fellow of Engineers Australia and a Graduate of the Australian Institute of Company Directors (AICD).



NICK MARINELLI

BOARD MEMBER

Nick Marinelli brings extensive leadership experience and industry knowledge as the immediate past Group Executive Manager, Strategic Projects, at Fulton Hogan Australia. From June 2017 to June 2019, Nick, as CEO Fulton Hogan Australia led the company's combined Australian businesses of Construction, Infrastructure Services and Utilities. Nick has over 35 years industry experience including senior executive positions, both locally and overseas. He is committed to building long-term collaborative partnerships.



DR VICKI-ANNE GARDINER

BOARD MEMBER

Dr Vicki-Anne Gardiner has managerial and board leadership experience across all industry sectors, including academia, government, private industry and not-for-profit. She has influenced government policy in areas including innovation, energy, infrastructure planning, diversity and workforce development, having been a public commentator and through submissions to government policy and legislation reviews.



LOUISE McCORMICK

BOARD MEMBER

Louise McCormick is an Executive Engineer, Chartered Fellow and Senior Civil / Structural Engineer with 20 year's experience in the public and private sectors. Louise is the General Manager for Transport and Civil Services Division within the Department of Infrastructure, Planning and Logistics in the Northern Territory.



IAN WEBB

BOARD MEMBER

Ian Webb served as Chief Executive of Roads Australia, the national peak body for Australia's road industry from 2003 to 2018 and has extensive knowledge of the stakeholders and policy issues facing the industry. During this period, he was also seconded to Geneva as Director-General of the International Road Federation. His career includes 17 years as a career diplomat and 30 years at Chief Executive level in both the public and private sectors in NSW and Victoria.



DR COLLETTE BURKE

BOARD MEMBER

Dr Collette Burke has spent more than 25 years in the design and construction sector with major contractors in road and rail. As well as being a co-founder of two engineering consultancy firms - Exner Group and Karsta Middle East- she was also Victoria's first Chief Engineer. Collette is also an internationally acknowledged researcher and authority on risk management and the delivery of value for money in major infrastructure projects.



CHIEFS

ARRB is led by a team of highly regarded individuals who have steered the change management within the company to deliver a more efficient, focussed and financially sustainable business.





MICHAEL CALTABIANO

CHIEF EXECUTIVE OFFICER

Michael has more than 30 years' experience in the transport industry. He was previously Chief Executive of the Australian Asphalt Pavement Association (AAPA) and Director-General of the Queensland Department of Transport and Main Roads (TMR). Michael has extensive knowledge not only from an engineer's viewpoint but from a change management perspective too and is leading the charge in shaping our transport future.



DR RICHARD YEO

CHIEF OPERATING OFFICER

Richard has a long and prestigious history both in the transport sector and within ARRB. He has technical and management capabilities having demonstrated leadership in previous roles at ARRB, VicRoads and most recently whilst on secondment to Austroads as Program Manager, Assets.



DR MIKE SHACKLETON

CHIEF RESEARCH OFFICER

Mike has a long and successful career in the transport sector across both South Africa and Australia. He has held positions with ARRB from Research Operations Manager to Executive Manager of the ARRB Academy. Together with the Research Leaders and technical leadership of the organisation, Mike is custodian of the National Transport Research Plan and our research quality standards.



MARK STEIDLE

CHIEF COMMERCIAL OFFICER, COMPANY SECRETARY AND NATIONAL LEADER ARRB CERTIFICATION

Mark has a broad base of executive experience across multiple sectors, including transport, technology, retail and professional services. He has led large and diverse teams, and deployed solutions to companies that are globally represented. Renowned for innovation and adaptability, Mark has a commercial focus, entrepreneurial spirit, and excels at solving complex business problems.



BEAVER

Microsoft Whiteboard 2018

Innovation

30%

Microsoft

CULTURE & VALUES





**Our mission is creating
knowledge for tomorrow's
transport challenges and
solutions for today**

OUR VALUES

ARRB's corporate values sit at the heart of everything we do. We regularly recognise employees who embrace and show commitment to these values with a series of awards through our individual State offices, and nationally with an annual awards ceremony.

OUR VALUES

Transformative, Collaborative,
Energy and Passion, Integrity

Transformative

We are continuously looking to improve the world around us, moving forward and innovating. The mobility solutions of the future will require adaptable skills, technologies and ideas.

Collaborative

We communicate openly and constructively to deliver world-class research because our people work together and with partnering organisations and clients.

Energy and Passion

We have a passion for good ideas (big and small), for helping each other out. Positive energy is created by loving what we do, creating fun and having a 'can and will do' attitude.

Integrity

We offer independent, impartial research, and communicate clearly, honestly and respectfully with each other and we do what is right for our clients, our staff, our industry and our community.

HOW WE RECOGNISE OUR STAFF

MONTHLY AWARDS IN EACH STATE

Each month staff are recognised with awards for those who best epitomise each of our values

ANNUAL AWARDS

A national winner for each of our four values is chosen. They are recognised and awarded at a special ceremony held at our Port Melbourne headquarters

INSIGHT NEWSLETTER

Monthly internal newsletter for all staff highlighting achievements of both the company and individual staff members

NTRONET

ARRB has completely revamped its staff intranet - called NTRONET - to provide more easily accessible information to all staff

BEST PRACTICE GUIDES

It is one of the most ambitious, far-reaching and successful projects ARRB has ever undertaken.

ARRB's Best Practice Guides were delivered on time and on budget, providing local government and other organisations with a vital resource to manage their road assets effectively and fulfil their community obligations, while also improving mobility and safety on our road network.

Deputy Prime Minister and Federal Transport Minister, the Hon. Michael McCormack, provided ARRB with \$2 million in the Federal Budget to deliver four Best Practice Guides – sealed roads, unsealed roads, road materials and bridge management.

They were a replacement and enhancement of ARRB's popular and well-thumbed sealed and unsealed road guides which had served stoically for more than 15 years. As well as a much-needed rewrite to incorporate next generation thinking for all local governments across Australia, the new Guides would embrace modern technology and provide a multi-media perspective to enhance their usability and versatility.

Not only were four Guides produced, but the project delivered a Best Practice Guides app, four webinars, a suite of e-workshops and new technology to benefit local government in the form of portable bitumen testing devices, allowing for road condition to be assessed easily, any time and anywhere regardless of how remote the location.

The Guides were released in April 2020 and the response from local government and the broader industry has been significant and very positive. More than 6,000 electronic Guides were downloaded in the first month of publication, and more than 7,500 in total by September 2020.

All 537 local government authorities around Australia have at least one of the Guides in use, after significant outreach work from ARRB to ensure that even the remotest part of Australia had access to this next generation knowledge tool. In addition, the Guides have also been downloaded at least once in every inhabited continent in the world.

It is recognition and commendation for the 50-plus ARRB staff who worked directly on the Best Practice Guides project, and confirmation that ARRB's Guides have more than delivered on what was initially promised to the Federal Government when it engaged ARRB for this important work.

The Best Practice Guides promise to leave a significant legacy for Australia. Local Government plays a very important role in the management of the road network, responsible for more than 80% of Australia's road network. ARRB's work ensures that local government now has the best possible suite of tools to maximise their efficiency and effectiveness in managing their road assets.





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HON. MICHAEL MCCORMACK, PROVIDED ARRB WITH

\$2 MILLION

IN THE FEDERAL BUDGET TO DELIVER
FOUR BEST PRACTICE GUIDES

”

Anytime, anywhere.

Regardless of how
remote the location



“

7,500

ELECTRONIC GUIDES
DOWNLOADED

”



“
50-PLUS
 ARRB STAFF WORKED DIRECTLY
 ON THE BEST PRACTICE GUIDES
 ”





ARR B GALA DINNER

More than 200 guests from the roads and transport industry, academia and media attended ARR B's 2019 Gala Dinner and National Transport Research Awards in Melbourne in November 2019.

The inaugural awards, a concept put together by ARR B in its role as Australia's National Transport Research Organisation, celebrated the best of transport industry research throughout Australia. Guest speaker was world renowned science journalist Dr Elizabeth Finkel.

Awards were given in five categories, including a Lifetime Achievement Award, plus the night also acknowledged the Re:Act Award for a group of university students producing the best road safety campaign.





Awards

RESEARCH RISING STAR AWARD

This award is for researchers under 35 years of age, who have made significant progress in solving a transportation-related problem in the past year.

Winner: Dr Brody Clark - WSP/Queensland University of Technology

RESEARCH IMPACT AWARD

Awarded to an individual or research team, whose research, development and implementation efforts have made a significant improvement to operational quality or cost and has therefore had a considerable impact within the community.

Winner: Professor Jayantha Kodikara/Monash University – Pipe Fracture Prediction

LIFETIME ACHIEVEMENT AWARD

This award is presented in recognition of an individual's outstanding leadership and contribution to the road and transport sector for more than 25 years, based on an enduring track record of research, development and implementation activities.

Winner: Professor Emeritus Raphael Grzebieta – Road Safety

RE:ACT AWARD

This initiative commenced in 2016 as a collaborative effort between Hard Edge and Swinburne University, with the support of NRSP, TAC, RACV and Transurban.

Winners: Caitlin Gmehling, Felicity Lemke, Max Bufardeci and Riley van Ingen - 100% Human

ROAD CONSTRUCTION INNOVATION AWARD

This award recognises a member of the construction sector - both companies and industry bodies - for outstanding research projects or products over the last twelve months.

Winner: Lendlease - Recycled Crushed Glass in Concrete Pavements: A New Material for Infrastructure Projects

RESEARCH INTO REALITY AWARD

This award is presented to a government body (local, state, federal) for the best translation of research into practice that demonstrates innovative outcomes and community benefit.

Winner: City of Adelaide/Downer - 100% Recycled Asphalt

STAFF ACHIEVEMENTS



MICHAEL CALTABIANO

ARRB chief executive officer Michael Caltabiano was elected to the Board of the International Road Federation (IRF Geneva) in March 2020. Michael's election to the IRF Board will enable ARRB to strengthen its ties with international road federations and companies that are innovating in the transportation space.

The IRF is a not-for-profit organisation with the mission to promote development of road networks that enable access and sustainable mobility for all. It is a global, independent, membership-based organisation with its headquarters in Geneva, Switzerland. The IRF represents leading corporate and institutional players drawn from the road and mobility sectors worldwide.



DR BLAIR TURNER

ARRB road safety expert Dr Blair Turner was seconded to the World Bank in Washington, DC at the start of 2020 for a 12-month period.

Blair's expertise in the safety space was called upon for the World Bank, which funds significant amounts of road construction in low-income countries. His role is to help properly embed safety into these projects.



MICHAEL TZIOTIS, ROBERT URQUHART

ARRB's Michael Tziotis and Robert Urquhart were among those honoured with 2020 Austroads Awards.

Michael, from ARRB's transport safety team, was given an Outstanding Service Award in recognition of an outstanding contribution to Austroads projects over an extended period of time, particularly in terms of enthusiastic support and engagement.

Robert, from ARRB's Future Transport Infrastructure team, won an Achievement Award in recognition of his work as a lead agent on Austroads projects as the Austroads' expert representative.



DR CLARISSA HAN, DR CHARLES KARL

ARRB's Dr Clarissa Han and Dr Charles Karl presented, organised and chaired sessions at the world's leading congress for transport technology.

On behalf of ARRB, Clarissa and Charles participated in the 26th ITS World Congress in Singapore in October 2019.

The ITS World Congress is considered the world's leading summit for transport technology, featuring around 10,000 participants.

Between Charles and Clarissa, they organised and chaired two Special Interest Sessions – one on sustainable ITS asset management strategies meeting technology challenges, and another on implementation programs of connected automated shuttles as urban public and shared mobility.



NOHA ELAZAR, JOSEPH AFFUM

ARRB road safety professionals Noha Elazar and Joseph Affum are the first in Australia to attain iRAP accreditation in coding, analysis and reporting - all vital areas of work for road agencies.

ARRB is an iRAP Centre of Excellence and a member of the iRAP Global Technical Committee and is proud to have supported them in achieving this milestone.

iRAP is the International Road Assessment Program - the umbrella program for road assessment programs worldwide that are working to save lives.

This accreditation adds to ARRB's expertise in this area and shows ARRB meets iRAP's global standard for quality and expertise in its ongoing efforts to help road managers in local government and state road and transport agencies make their road networks safer.



NATIONAL TRANSPORT PERFORMANCE CENTRE

The National Transport Performance Centre (NTPC) brings together road transport data to report on the performance of Australia's road network.

In August 2019, Federal Minister for Population, Cities and Urban Infrastructure, the Hon. Alan Tudge, opened Australia's National Transport Performance Centre (NTPC). The NTPC is contained within ARRB's Port Melbourne head office and brings together road transport data to report on the performance of Australia's road network.

The centre's purpose is to cut through the complexity of transportation and infrastructure data and drive to achieve improvements in every Australian's travel experience.

It does this through use of the latest complex data sources, combined with ARRB's expertise, to provide guidance to government on busting congestion, saving lives and improving the condition of infrastructure in a cost-effective manner.

The NTPC is a unique national, independent and government-owned source of transport experts, data and knowledge. Understanding and managing big data is at the heart of the NTPC, which employs a team of engineers, data scientists and software developers.

The NTPC receives a steady stream of data from ARRB's iPAVe and survey vehicles which generate over 90 terabytes of data each year. This dataset is combined with asset data from road authorities, crash data and traffic data from our partners enabling the centre to measure the safety, condition and congestion of our roads.

To make sense of these varied datasets, the NTPC has overcome the challenges of working with big data turning the complex into simple relationships.

The first step was achieved by linking all data and its exact location to a common base map and then securely storing the data in a data lake so it can be quickly referenced, compared and displayed. The NTPC has used the latest cloud computing techniques that allow for efficient processing and new relationships to be explored. The second step was to harmonise the data, aligning the time period and the categories in which the data was collected. The third was de-identification to preserve data privacy.

Creating the process for ingesting transport data solves half the problem, but to fulfil its role and to convert data into knowledge, the NTPC draws upon the knowledge and experience of ARRB's subject matter experts that literally surround the NTPC data engine room in Port Melbourne and connect with the centre across Australia.

By combining data with knowledge, and through a process of benchmarking, measuring and forecasting, the centre functions as a single source of truth providing the evidence needed to make informed policy decisions to help shape our transport future.





CRUMB RUBBER TRIAL VICTORIA

ARRB has started work on an important trial on using crumb rubber in road construction, which could help solve a significant recycling issue for Australia.

Asphalt made using crumb rubber from old tyres was laid on a busy Melbourne road in March 2020 as part of a project funded by Tyre Stewardship Australia (TSA) and the Victorian Department of Transport (DoT).

ARRB is conducting the two-year trial on a 1.4 km section of East Boundary Rd in Bentleigh East. The trial will test four different crumb rubber asphalt mixes and two control sections. The equivalent of around 1,600 car tyres will be used in the trial.

Lab and field testing will be conducted at regular intervals with a final report due by mid-2022 that will be followed by specifications that promote the use in all pavements.

Australia generates the equivalent of 56 million used tyres every year. Around 30% of those end up in landfill or are stockpiled. So, the success of this trial could lead to much less tyre waste, if the crumb rubber created can be repurposed for use in road construction.



WHAT ARRB'S RESEARCH LABS HAVE DONE DURING 2019-20

The total number of tests: **9,501**

The total mass of material tested: **45,163 kg**

Bitumen



The total tests:
3,147



The total mass of
bitumen tested:
907 kg



Tests of note:

Several LDPE & HDPE plastic bitumen blends manufactured

A significant amount of Crumb rubber blends manufactured

Federally funded spray seal binder aging study utilising portable Fourier Transform Infrared spectroscopy

Long term monitoring of two interstate spray seal trials

Comparative binder testing between Australian and US methods

Research work anchoring the development into future Australian test methods

A significant amount of specification testing to AS 2008 & ACPT/T190/ATS 3110

Asphalt



The total tests:
1,780



The total mass of asphalt
produced supplied
3,959 kg 594kg



Tests of note:

LDPE plastic in asphalt tested for performance characteristics

100 % recyclable asphalt tested for performance characteristics

A significant amount of crumb rubber asphalt manufactured and tested for performance characteristics

198 asphalt beams tested for flexural stiffness and fatigue

Pavements



The total tests:
4,574



The total mass of
pavement tested:
39,703 kg



Tests of note:

14 combinations of recycled (crushed glass, crushed brick, crushed concrete) material tested for deformation

353 FBS beams manufactured

404 FBS beams tested for flexural stiffness, fatigue and strength

Research work into the development into future Australian test methods for granular pavements





**ARRB's transport research
labs are purpose-built,
and world-class**





ACCELERATED PAVEMENT TEST WITH FIBRE OPTIC SENSORS

In an Australian first, ARRB and SPARC Hub research teams joined forces to instrument a full-scale accelerated pavement test section with fibre optic sensors.

The fibre optic cables were laid at ARRB's Accelerated Loading Facility at Dandenong in Melbourne's south-east in March 2020. The project and its learnings will be critical in the future construction of smart pavements.

SPARC Hub is the Smart Pavements Australia Research Collaboration Hub, of which ARRB is a proud investor and partner. The Monash University-led research collaboration is funded by industry partners, and by the Australian Research Council.

SPARC Hub will drive the training of the next generation of pavement experts who will help implement Australia's smart pavements network.



RECYCLED MATERIALS IN ROAD CONSTRUCTION

ARRB is focussing heavily on the economic use of recyclables like waste plastic, crumbed rubber and glass in road construction around Australia.

ARRB is involved with both WA and Queensland road and transport agencies on a three-year project to understand, design and specify the use of waste plastics in bitumen, asphalt and other road infrastructure.

With the plastics project, ARRB is working with its joint initiatives the Western Australian Road Research and Innovation Program (WARRIP) and the Queensland-based National Asset Centre of Excellence (NACOE) on the project.

Main Roads Western Australia and Queensland's Department of Transport and Main Roads (TMR) are ARRB's partners in the WARRIP and NACOE programs respectively.

Key aims of the three-year project include gaining an understanding of:

- What types of waste plastic are compatible with bitumen as a potential binder for modification
- Whether waste plastics can be incorporated into asphalt mixtures to make a durable fit-for-purpose road structure
- Health and safety implications of using plastics in road construction
- Whether roads incorporating waste plastic can be recycled in future years

The long-term aim is to use some of the 660,000 tonnes of plastic waste Australia creates every year to help build roads and road infrastructure. This would have the two-fold effect of reducing the amount of plastic waste which goes into the ocean or to landfill and also reducing the reliance of 'virgin' road construction materials.

If the project finds solutions to safely and successfully include waste plastics in road construction, it could also save millions of dollars in building and maintenance costs.

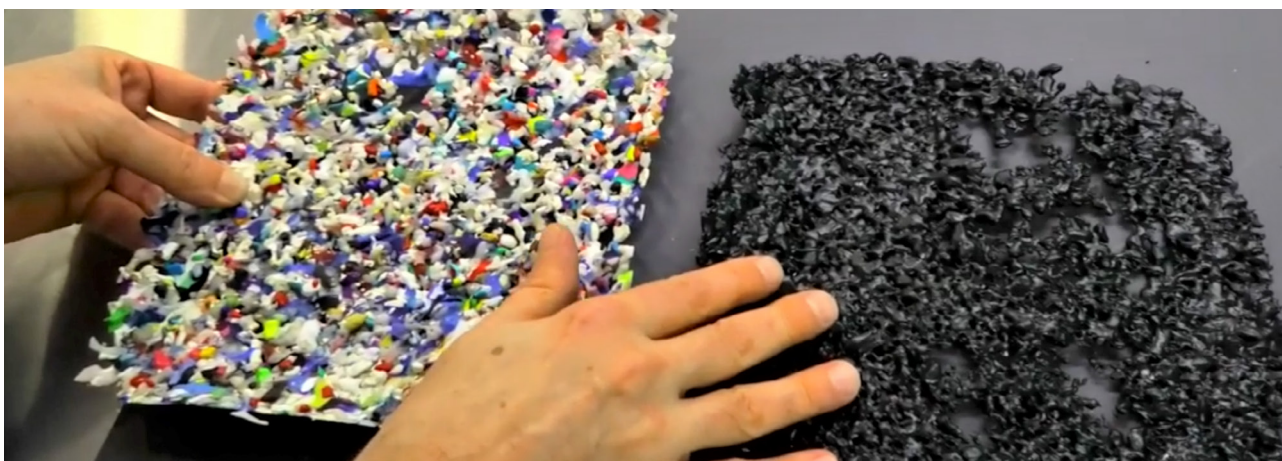
In Victoria, ARRB received a Sustainability Victoria grant to trial recycled crushed glass in asphalt on local roads in western Melbourne.

The grant was issued to ARRB in collaboration with Brimbank City Council, and VicRoads (Department of Transport Victoria) in September 2019.

ARRB has done significant research in the crushed glass space, and the field trial in western Melbourne with Brimbank City Council will be critical for what happens next.

The potential for use of recycled glass in asphalt offers great opportunities for 537 councils across Australia, especially in helping deal with Australia's current recycling issue.

In Victoria alone, more than 250,000 tonnes of glass are recovered from households and business every year. Using finely crushed glass in road pavement materials has the potential to create viable markets for the vast amounts of glass collected, especially that which is low-value and not easily recycled back into other glass products.



NATIONAL INTEREST SERVICES

The National Interest Services (NIS) program funds the provision of land transport information services in the national interest.

NIS works with, and through, road agency libraries to deliver national land transport outcomes which would not be possible on an individual basis.

Based out of ARRB's Port Melbourne head office, the NIS program provides structured and systematic access to authoritative land transport knowledge. This includes the Australian Transport Index (ATRI), the only national land transport publications database and a major contributor to TRID, the free international transport database managed by the US Transportation Research Board.

Additional curated resources supporting the decision-making needs of the Australian land transport sector include the ARRB Knowledge Base, the weekly email news alert Making News in Transport, the monthly Rail Knowledge Bank alert and the Transport and Road Update (TARU).

The NIS also has available free webinars from ARRB, covering everything from road safety to latest pavement techniques and trends, within an easy-to-use online library.

The NIS fosters networks of information professionals through chairing the Tranzinfo network of Australian and New Zealand transport-related libraries including academia, government and the private sector. It is also a part of the network of international libraries which collaborate under the International Transport Forum/OECD's International Transport Research Documentation (ITRD) program. These networks provide contact points to transport-related libraries across Australasia and internationally.

NIS is funded by the Federal, State and Territory road and transport agencies.

2019-20 INDICATORS



Coverage

+410,000
records in the
NIS public-facing
databases



Currency

+4,500 records
added in the last
financial year



Usage

Around **21,000**
global users



Authority

Ranked 10/10 on
RMIT University's
Informit Publishing
criteria and rating
system for
database quality.



NACOE

The National Asset Centre of Excellence (NACOE) is one of ARRB's joint initiatives with state road and transport agencies.

In this case, ARRB works with Queensland's Department of Transport and Main Roads (TMR) to deliver engineering excellence through cutting edge road research and innovation in four key disciplines, including pavements and asset management.

NACOE's work saves lives, reduces our carbon footprint, and delivers millions of dollars in savings for the people of Queensland.

Projects undertaken during the 2019-20 year include:

- Best practice in compaction quality assurance for pavement and subgrade materials
- Intelligent compaction – Benefits and limitations in road construction
- Heavy vehicle route assessment guide for Local Government
- Long-term pavement performance project
- Use of recycled materials in pavement layers.



WATCHING THE WHEELS GO AROUND





Controlled Conditions

ARRB's Accelerated Loading Facility (ALF) is used to simulate heavy vehicle trafficking on pavement structures under controlled conditions.



Efficient

ALF allows pavements to be tested and for their performance to be evaluated in a very short time compared with test sites under normal traffic.



Simulation

Hundreds of thousands of wheel passes can be simulated using the ALF and a selected section of pavement, rather than waiting for vehicles to pass over it until the required number is reached.



Hard Working

Based in Dandenong in south-east Melbourne, ALF works **hard all year** and is one of ARRB's most valuable pieces of equipment.



Cost Effective

This year, ALF delivered **1.437 million wheel passes** across two significant projects - improving the cost effectiveness of foamed bitumen stabilised pavements, and improving the cost effectiveness of asphalt surfaced gravel roads.

ADVI

ADVI is the peak industry advisory body that services the wide ecosystem of automated vehicle activities across Australia and New Zealand.

ADVI's vision is to accelerate the safe and successful introduction of driverless vehicles, and is supported by more than 130 partners from across the automotive, insurance, transport, motoring, parking, communications, banking, logistics, defence, technology and research sectors, as well as local, state and national governments.

Its four pillars of reach, readiness, regulation and redesign help inform and raise awareness, encourage community acceptance, and promote understanding of the benefits of driverless vehicles, and the myriad economic opportunities that come with an automated vehicle industry valued at more than \$95 billion per annum.

ADVI held its fourth annual International Driverless Vehicle Summit in Sydney during October and November 2019, bringing together leading players from Australia and overseas to showcase best practice and determine next steps to transition from a focus on testing to widespread commercialisation of driverless technology.

ADVI is part of ARRB's commitment to playing a significant research role in the higher level design, research methodology, human and safety factors, to deliver next generation mobility solutions in Australia and New Zealand.

As well as its support of ADVI, ARRB also has an in-house Future Transport Systems team focussed entirely on future mobility. We provide government and industry stakeholders with advice, integration and collaboration to deliver future transport thinking today, and help shape the future of mobility in Australia.

Services provided by ARRB include connected and automated vehicle readiness surveys, advanced traffic management, and smart cities testing platforms.





WARRIP

The Western Australian Road Research and Innovation Program (WARRIP) is a joint initiative between ARRB and Main Roads Western Australia (MRWA).

The WARRIP venture recognises MRWA's desire to focus on road infrastructure-related research, and enables MRWA to significantly increase the capability and effectiveness of its specialist technical areas and drive better value from every dollar spent.

WARRIP's focus is on research in the pavements, bituminous surfacings, asset management and structures areas. It aims to deliver innovative, sustainable, and cost-saving solutions for road infrastructure projects throughout Western Australia via the successful implementation of research findings from this program.

The collaboration will continue through to at least 2023, with the WARRIP being extended for a further four years during mid-2019.

Key projects in 2019-20 include:

- Investigation of Use of Recycled Asphalt Pavement from Crumb Rubber Modified Asphalt, Intelligent compaction – benefits and limitations in road construction
- WA Rehabilitation manual or supplement to Austroads Part 5
- Transfer of appropriate crumb rubber modified bitumen technology to WA (Gap Graded Asphalt)
- Sustainability assessment tool for innovative pavements
- Heavy Vehicle Impacts Cost Estimation Process and Fund Allocations
- Optimising the Use of Recycled Materials in Granular Support Layers
- Intelligent Pavement Assessment Vehicle (iPAVe) collection of State road asset data.

ARRB BY THE NUMBERS

1960

The year ARRB started operation



34

New ARRB staff during 2019-20



2020

A year of achievements



5

New ARRB offices around Australia

195

ARRB staff nationally



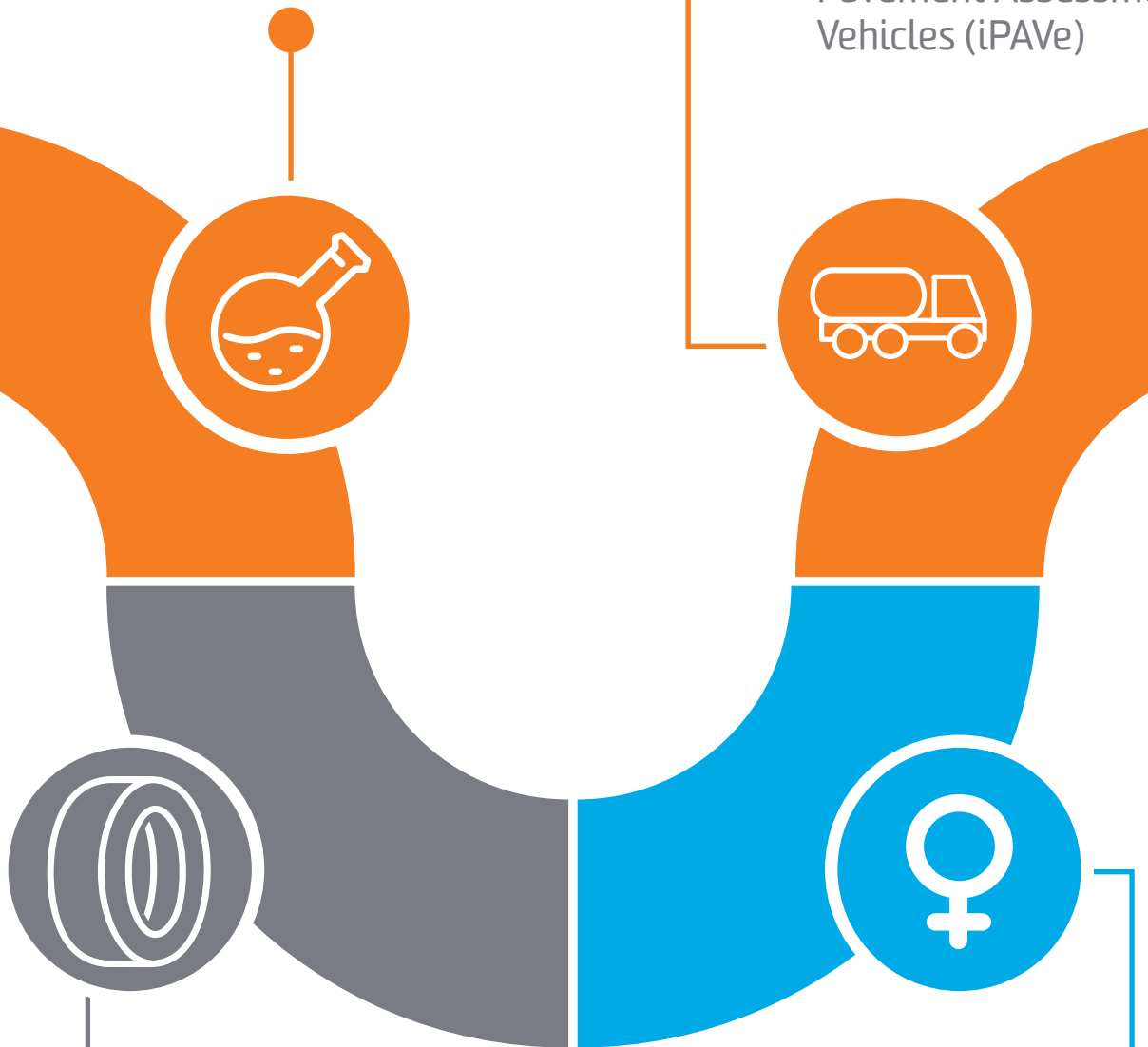
9,501

Tests done in our transport research laboratories during 2019-20

126,899

Kilometres travelled in 2019-20 by our Intelligent Pavement Assessment Vehicles (iPAVe)

2019 / 2020 ANNUAL REPORT

**1,437,360**

Times our Accelerated Loading Facility rolled over a section of pavement during 2019-20

39

Percentage of women in ARRB's workforce



FINANCIAL STATEMENTS



**ARRB maintains a fleet
of dedicated survey
vehicles, with various data
collection capabilities**



DIRECTORS' REPORT

In accordance with a resolution of the Board, the Directors present their report on the financial statements for the year ended 30 June 2020.

DIRECTORS

The following persons were Directors of ARRB Group Limited (ARRB) during the whole or part of the financial year and up to the date of this report unless otherwise stated:

P Duncan AM

(resigned from board effective 1 Feb 2020)

Former Chairman

Chair of Governance and Remuneration Committee

Ex – Officio Member of Audit, Risk and Finance Committee

Cert L&ESD, Grad. Cert Traffic Eng, A.Dip Land. Studies, G.Dip.

Mgt., MAICD, FIPAA

Chair and Non-Executive Director of the InfraSol Group

Non-Executive Director Westpac Rescue Helicopter Service

Commissioner Independent Planning Commission NSW

Member of the Office of Projects Victoria Advisory Board

P Woronzow

(appointed to the role of Chairman 1 Feb 2020)

Chairman

Member Audit Risk and Finance Committee

CPA, MIPAA, Bachelor of Arts (Economics), Graduate

Diploma in Public Sector Management

Current Employer: Acting Director General Transport

Western Australia

Director - Austroads

N Scales OBE

Deputy Chairman

Member of Audit, Risk and Finance Committee

Member of Governance and Remuneration Committee

MBA, DMS with Distinction, MSc. Control Engineering &

Computer Systems, BSc. Engineering, Vincent Fairfax Fellow (VFF)

Current Employer: Director-General Department of

Transport and Main Roads, Queensland

NTC Commissioner

Director – Roads Australia

Chairman - Austroads

K Reid

Member of Audit, Risk and Finance Committee

BSc (Hons), Civil Engineering, Chartered Engineer, CEng (UK)

Member of the Institution of Civil Engineers, (UK) MICE,

Member of the Institution of Professional Engineers NZ

(MIPENZ), Member of the Institute of Directors NZ (MIoD),

Company Directors Course

Current Employer: NZ Transport Agency (NZTA) –

Chief Advisor

L McCormick

Member of the Audit Risk and Finance Committee

B. Eng (Civil), Dip Project Management

Fellow of Engineers Australia, Chartered Prof. Engineer (Civil

and Structural) Registered Prof Engineer of Queensland.

Current Employer: General Manager Transport and Civil

Services, Northern Territory

Director - Austroads

S Troughton

Chair of the Audit Risk and Finance Committee

Member of Governance and Remuneration Committee

Fellow of Engineers Australia, GAICD

Chartered Professional Engineer, Chartered Engineer (UK),

Member of the Institution of Civil Engineers (UK)

V Gardiner

Member Governance and Remuneration Committee

FRACI CChem, ComplEAust, EngExec MAICD

Current Employer: Executive Director Policy and Research

Medicines Australia

S Dodds

(resigned from board effective 1 November 2019)

Member of Audit, Risk and Finance Committee

B. Comm, FCA, GAICD

Non-Executive Director Snowy Hydro Limited

Non-Executive Director Infrastructure Partnerships Australia

I Webb

(appointed to board effective 4 Oct 2019)

Member of Strategy & Business Development Committee

Director/Chairman, Prahara Market Board (current)

Former Chief Executive, Roads Australia

Former Director General, International Road Federation,

Geneva

DIRECTORS' REPORT (CONTINUED)

N Marinelli

(appointed to board effective 4 Oct 2019)
Member of Audit, Risk and Finance Committee
Member of Strategy & Business Development Committee
BBus (Acc), GAICD
Former Chief Executive, Fulton Hogan Australia Pty Ltd
Former Chair, Citywide North Melbourne Asphalt Pty Ltd
Former Director, Fulton Hogan Egis O&M Pty Ltd.

C Burke

(appointed to board effective 1 June 2020)
Bachelor of Engineering
Master of Project and Construction Management
PhD in Risk Management in Construction
Director Exner Group
Victoria's first Chief Engineer

DIRECTORS' SHAREHOLDINGS

No Directors hold shares in the company.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors held and attended by each Director during the year ended June 2020 was:

Director	Board		Committees							
			Audit & Risk		Governance & Remuneration		Strategy & Bus Devt –		Superannuation	
	H	A	H	A	H	A	H	A	H	A
P Duncan	7	7	3	3	1	1	0	0	1	1
P Woronzow	9	9	3	3	0	0	0	0	0	0
N Scales	9	6	3	1	1	1	0	0	0	0
K Reid	9	9	2	2	0	0	1	1	0	0
L McCormick	9	9	3	3	0	0	0	0	0	0
S Troughton	9	8	0	0	1	1	0	0	0	0
V Gardiner	9	6	1	1	1	1	1	1	0	0
S Dodds	5	5	3	3	0	0	0	0	0	0
I Webb	4	4	0	0	0	0	1	1	0	0
N Marinelli	4	4	0	0	0	0	1	1	0	0
C Burke	0	0	0	0	0	0	1	1	0	0

H – number of meetings held that the director was eligible to attend

A – number of meetings attended

Kate Thomson

(resigned March 2020)

BCom, CA, GAICD, GradCertSc&Tech

Former Chief Financial Officer, ARRB GROUP

Kent Wong

FCPA FCMA(UK) CGMA(UK) MComm (Acct)

Current Employer Senior Technology Leader ARRB – Finance Governance and Compliance

Registered Members of ARRB Group Ltd

- Department of Transport, Victoria
- Transport for New South Wales
- Environment Planning and Sustainable Development Directorate
- Department of Transport and Main Roads, Queensland
- The Department of Infrastructure, Planning and Logistics, Northern Territory
- Main Roads Western Australia
- Department for Infrastructure and Transport, South Australia
- Department of State Growth, Tasmania
- Australian Local Government Association
- Department of Infrastructure, Transport, Regional Development and Communications
- New Zealand Transport Agency

DIRECTORS' REPORT (CONTINUED)

Members liability

Each Member undertakes to contribute to the company's property if the company is wound up while he, she or it is a Member or within one year after he, she or it ceases to be a Member, for payment of the company's debts and liabilities contracted before he, she or it ceased to be a Member and of the costs, charges and expenses of winding up and for an adjustment of the rights of contributors among themselves, such amount as may be required by not exceeding one hundred dollars (\$100.00).

Principal activities

During the year the principal activities of the company consisted of:

- a. road transport research on a fee-for-service basis including a set of projects through a number of collaborative programs (NACOE and WARRIP) to deliver superior technology and new transport solutions. The work delivered yielded significant improvements in practices and cost-benefit ratios.
- b. providing information on road and transport matters considered to be in the national interest
- c. delivering approximately 400 pieces of research and consulting services to the road and transport industry across Australia and New Zealand on time and on budget standard, and
- d. researching, developing and the supply of new emerging and technical services.

Dividends

The company Constitution prohibits the declaration or payment of any dividends.

Review and results of operations

The implementation of the final year of the 2017-2020 strategic plan was the focus for the year to 30 June 2020. The plan is designed to enable the reshaping and reinvigoration of the organisation's standing as the National Transport Research Organisation.

In early 2017 an extensive and consultative review of the ARRB business model was undertaken by ARRB's Members. The review provided a platform for the future direction of ARRB. The review concluded that the original Objects of ARRB remain important and relevant, these should underpin the future ARRB. Furthermore, Members unanimously decided that the ARRB of today and of the future is that of a 'National Interest and public good' agency meeting

the future research needs of Members, whilst creating the knowledge to solve tomorrow's transport challenges.

The above provided a non-financial foundation for the input to the development of the strategic direction for next generation ARRB.

Aligning with the above findings the strategic plan for 2017-2020 articulates ARRB's new mission as 'creating knowledge for tomorrow's transport challenges and solutions for today.'

And ARRB's vision: 'To help make the world's cities smarter, cleaner, greener, safer, more efficient and productive through intelligent transport solutions.'

Outlined below are the four strategic goals developed to enable the achievement of outcomes through planned action:

1. Technology: Harnessing the value of transformative technology.
2. Collaboration and People: Building multi-disciplinary teams with highly evolved skills.
3. Infrastructure: Adaptive and affordable infrastructure for future generations.
4. Resilience and Security: Derive a new understanding of the future transport challenges in a changing world.

The financial result for the year reflected the continuing reset of ARRB. The net surplus represented an improved performance, particularly as a result of the iPAVe, iSSAVe and Local Government Guides programs. A positive operating cash performance is testament to ARRB's financial operating transformation.

Finally, we thank the leadership team and all the staff at ARRB for their excellent work, energy and commitment to ARRB in what has been a year of consolidation that has delivered a self-sustaining financial result. ARRB staff are proud of their work and have a passion for applying their skills to be part of an adaptable and connected future. We look forward to developing the next generation solutions for Australia's infrastructure needs with and for you.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company that occurred during the year not otherwise disclosed in this report or the Financial statements.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is on-going and it is not practical to estimate the potential impact,

positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

At the date of this report, we are not aware of any likely developments in the operations of the company, other than business as usual.

Environmental regulation

The company is not subject to any significant environmental regulation in respect of its activities

Directors' benefits

During the year no Director has received or become entitled to receive a benefit (other than a remuneration benefit included in note 24 to the Financial Statements) because of a contract that:

- a. the Director; or
- b. a firm of which the Director is a member; or
- c. an entity in which the Director has a substantial financial interest; has made (during the year ended 30 June 2020 or at any other time) with:
 1. the company; or
 2. an entity that the company controlled; or
 3. a body corporate that was related to the company when the contract was made or when the Director received, or became entitled to receive the benefit (if any).

Insurance of officers

During the year, ARRB Group Ltd paid a premium of \$14,021.95 (ex GST) to insure the Directors, Company Secretaries and the Senior Managers.

The potential liabilities insured are legal costs that may



P Woronzow
Chairman of the Board of Directors
Perth
Date: 2 November 2020

be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity and Insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court.

Rounding of amounts to nearest thousand dollars

The company is an entity to which ASIC Instrument 2016/91 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

Auditor independence declaration

A copy of the auditor independence declaration is set out on page 56 of this Financial Report.

Auditor

RSM Australia continues in office.

This report has been made in accordance with a resolution of Directors.



S Troughton
Chair of Audit, Risk and Finance Committee
Sydney
Date: 2 November 2020

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of ARRB Group Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian professional accounting bodies in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to be "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be "BY CHAN".

B Y CHAN
Partner

Dated: 2 November 2020
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation





STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2020	2019
		\$'000	\$'000
Revenue	2	39,647	54,510
Expenses			
Employee benefits	3	20,789	20,428
Depreciation and amortisation	3	3,843	3,017
Borrowing	3	596	130
Direct materials	3	788	810
Direct other	3	6,180	7,254
Short term lease rental (2019 : rental for operating lease)	3	174	1,385
Other	3	5,190	4,685
Total expenses		37,560	37,709
Operating surplus before tax		2,087	16,801
Income tax	4	-	-
Surplus for the year		2,087	16,801
Other Comprehensive Income			
Items that will not be reclassified to the profit and loss			
- Defined Benefit Superannuation Plan actuarial loss		(554)	(850)
- adjustment of depreciation on sale of NSV to IRSM		4	8
Items reclassified subsequently to the profit and loss			
Foreign Currency Fluctuation Reserve			
- Share of gain of joint venture	12	34	17
Other comprehensive income for the year		(516)	(825)
Total comprehensive income for the year		1,571	15,976

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTES	2020	2019
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	5	17,128	7,742
Receivables	6	5,464	9,421
Contract Assets	7	2,602	4,127
Prepayments		401	428
Other		33	53
Assets classified as held for sale	8	3,206	3,206
Total Current Assets		28,834	24,977
Non-Current Assets			
Property, plant and equipment	9	15,327	18,183
Right-of-use assets	10	14,144	-
Intangible assets	11	149	172
Financial assets	12	844	666
Receivable	13	-	302
Total Non-Current Assets		30,464	19,323
Total Assets		59,298	44,300
Current Liabilities			
Interest bearing liabilities	14	-	330
Trade and other payables	15	5,536	5,874
Employee entitlements	16	4,337	4,180
Contract liabilities	18	4,435	5,335
Lease liabilities	19	1,365	-
Total Current Liabilities		15,673	15,719
Non-Current Liabilities			
Employee entitlements	16	485	467
Lease liabilities	19	13,821	-
Other payables	20	874	622
Total Non-Current Liabilities		15,180	1,089
Total Liabilities		30,853	16,808
Net Assets		28,445	27,492
Equity			
Reserves	23	73	39
Retained earnings		28,372	27,453
Total Equity		28,445	27,492

The above Statement of Financial Position be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL STATEMENTS

	ASSET REVALUATION RESERVE	FOREIGN CURRENCY FLUCTUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	6,515	22	4,979	11,516
Surplus for the year	-	-	16,801	16,801
Other comprehensive income				
- share of loss of IRSM associate entity	-	17	-	17
- adjustment on the depreciation on sale of NSV to IRSM	-	-	8	8
- actuarial loss on Defined Benefit Superannuation Plan	-	-	(850)	(850)
	(6,515)	-	6,515	-
Balance at 30 June 2019	-	39	27,453	27,492
Balance at 1 July 2019	-	39	27,453	27,492
Adjustment for changes in accounting policy	-	-	(618)	(618)
	-	39	26,835	26,874
Surplus for the year	-	-	2,087	2,087
Other comprehensive income				
- share of profit of IRSM associate entity	-	34	-	34
- adjustment on the depreciation on sale of NSV to IRSM	-	-	4	4
- actuarial loss on Defined Benefit Superannuation Plan	-	-	(554)	(554)
Balance at 30 June 2020	-	73	28,372	28,445

The above Statement of Changes in Equity be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2020	2019
		\$'000	\$'000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		46,963	40,895
Interest received	2	89	703
		47,052	41,598
Cash was provided to:			
Payments to suppliers and employees		(32,763)	(36,209)
Interest paid	3	(1)	(130)
Net GST payment to ATO		(2,826)	(4,514)
Net cash inflow from operating activities	28	11,462	745
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		21	20,713
Payment for property, plant and equipment		(493)	(4,697)
Payment for intangible asset		(25)	(25)
Net cash (outflow) / inflow from investing activities		(497)	15,991
Cash flow from financing activities			
Lease payments		(1,249)	-
Repayment of borrowings		(330)	(9,979)
Net cash outflow from financing activities		(1,579)	(9,979)
Net increase in cash held		9,386	6,757
Cash at the beginning of the financial year		7,742	985
Cash at the end of the financial year	5	17,128	7,742

2019 / 2020 ANNUAL REPORT

The above Statement of Cash Flows be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This special purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (IFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted early.

Impact of adoption

There was no impact on opening retained profits as at 1 July 2019 relating to AASB 15 and AASB 1058. However, the impact on adoption of AASB 16 on opening retained profits as at 1 July 2019 was as follows:

	2019
	\$'000
Operating lease commitments as at 1 July 2019	26,791
Operating lease commitments discount based on the weighted average incremental borrowing rate	(9,513)
Amortised depreciation as at July 2019	(2,083)
Right-of-use assets	15,194
Lease liabilities - current	(1,222)
Lease liabilities - non-current	(14,590)
Reduction in opening retained profits as at 1 July 2019	(618)

When adopting AASB 16 from 1 July 2019, the Company has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-to-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease, and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Basis of preparation of financial report

ARRB Group Limited is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all their information needs.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the Australian Charities and Not-for-profits Commission Act 2012 requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The measurement basis adopted in preparing this financial report is historical cost, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The Company has applied Accounting Standard AASB 101 Presentation of Financial Statements and other applicable Australian Accounting Standards with the exception of the disclosure requirements in the following:

AASB 7	Financial Instruments Disclosures
AASB 124	Related Party Disclosures.
AASB 13	Fair Value Measurement

While not fully complying with the disclosure requirements of AASB 124, the company discloses remuneration to directors (Note 24). The reader should also be aware of the relationship between ARRB Group Limited and its members, who are generally the government organisations which

manage roads in Australia and New Zealand. ARRB Group Limited is a public company limited by guarantee and its members cannot benefit financially from its performance. The ARRB Group Limited operates as a not-for-profit entity and, in commercial transactions, on an arm's length basis from its members. Equally, members are also often clients and competitors. At the annual meeting, members may be entitled to elect some of their representatives as directors.

Foreign currency translation

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The Financial Statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as

each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Contract assets

Contract assets are recognised when the Company has transferred goods or services to the customer but where the Company has yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract assets comprised of contract jobs and expense jobs. Contract jobs and work in progress are valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity and that can be allocated on a reasonable basis.

Profits from contract jobs are recognised on the stage of completion basis and measured using the proportion of cost incurred to date as compared to expected actual cost. Where losses are anticipated they are provided for in full.

Revenue from contract jobs is recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

Expense jobs

Revenue from expense jobs is recognised on the basis of the net amounts invoiced to customers.

Other goods/services

Revenue is recognised when goods/services have been dispatched/provided to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

The Company was granted income tax exempt status under section 50B of the Income Tax Assessment Act 1997, GST concessions under Division 176 of A New Tax System (Goods and Service Tax) Act 1999 and FBT rebate under 123E of the Fringe Benefits Tax Assessment 1986.

Accounting for associate entity

The interest in the associate entity is accounted for using the equity method. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in the balance sheet.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank loans. Bank loans are shown within interest-bearing liabilities in the current liabilities on the Financial Statements.

Trade receivables

All trade debtors are recognised at the net amounts receivable as they are due for settlement.

The ability to collect trade debtors is reviewed on an ongoing basis, with an allowance for expected credit losses recognised.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables, contract works in progress and payables are assumed to approximate their fair values.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost also includes expenditure that is directly attributable to acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives, as follows:

Leasehold buildings & improvement	Estimated useful life or unexpired period of the lease
Right-of-use assets	Estimated useful life or unexpired period of the lease
Furniture, fittings & equipment	2 - 10 years
Plant and equipment	3 - 10 years
Motor vehicles	5 years

Assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and no changes have been made.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentive received, any initial direct costs incurred, and, except where

included in the cost of inventories, an estimate of cost expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit and loss as incurred.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid within the agreed terms of trade.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Contract liabilities

Contract liabilities - effectively represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognised a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised using the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Provisions

Provisions for service warranties are recognised when the Company has a present legal or constructive obligation

as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for unknown operating losses.

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values.

The portion of annual leave expected to be settled more than 12 months are classified as non-current liability. It is based on the experience of employee annual leave taken pattern. It is measured as the present value of the estimated cash outflows to be made by the entity. Consideration is given to expected future wage and salary levels. Expected future payments are discounted using market yields at the reporting date on national government guaranteed bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at their present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to the reporting date. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government guaranteed bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Provisions made for unconditional long service leave would be classified as a current liability, where the employee has a present entitlement to the benefit. A non-current liability includes long service leave entitlements accrued for employees with less than seven years of continuous service.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Employee benefit on-costs

Employee benefit on-costs are recognised in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Employee incentives

The Company recognises a liability and an expense for bonuses based on the employee's performance against criteria of their employment contract. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Retirement benefit obligations

The Company operates both defined benefit superannuation plan and defined contribution superannuation plan for the employees' retirement, disability or death.

The defined benefit plan provides defined lump sum benefits based on years of service and final average salary. The defined contribution plan receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plan is recognised on the face of the Financial Statements, and is measured at the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields on national government bonds at the reporting date with terms to maturity and currency that match, as closely as possible, the future cash outflows.

Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profit or Loss and Other Comprehensive Income over the employees' average remaining working lives.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting periods). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation are taken into account in measuring the net liability or asset.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Intangibles

Development cost

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Development costs are amortised over three years.

Rounding of amounts to nearest thousand dollars

The Company is an entity to which ASIC Instrument 2016/91 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassification in its financial statements, a Financial Statement as at the beginning of the earliest comparative period is disclosed.

Critical accounting estimates

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained externally and within the company.

Debtors and contract assets

Significant judgements are made with respect to the recoverable amounts of trade debtors and contract assets.

In making their judgement, management considered:

- whether the total contract revenue could be measured reliably
- whether the contract costs to complete the contract and the stage of contract completion at balance date could be reliably measured, and
- whether the contract costs attributable to the contract can be clearly identified and measured reliably so that the actual contract costs incurred can be compared with prior estimates.

After reviewing contract transactions management are satisfied that the above criteria have been met and the recognition of the revenue in the current year is appropriate, in conjunction with the recognition of the appropriate contract works in progress/revenue in advance amounts.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and

geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset or a similar value to the right-to-use asset, with similar terms, security and economic environment.

Lease make good provision

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE

	2020	2019
	\$'000	\$'000
Contract income	39,376	36,434
Gain on sale of fixed assets (a)	-	17,133
Exchange gain	-	2
Interest (b)	89	703
Share of profit of IRSM associate entity	141	209
Rental income	41	29
Total revenue	39,647	54,510

- a. In 2019 Gain on sale of fixed assets includes gain on sale of Vermont South office of \$17.068m
- b. In 2019 Interest includes \$596K penalty charges to buyer of Vermont South office for late settlement.



3. EXPENSES

	2020	2019
	\$'000	\$'000
Employee Benefits		
Salaries, wages and on-costs	17,086	16,722
Termination benefits	158	180
At risk and share of net surplus	25	25
Employer superannuation contribution - normal	1,683	1,746
Long service leave and annual leave	1,837	1,755
	20,789	20,428
Depreciation and amortisation		
Amortisation - intangibles	48	43
Depreciation - buildings	185	155
- plant and equipment	2,560	2,819
- building right-of-use assets	1,035	-
- plant and equipment right-of-use assets	15	-
	3,843	3,017
Finance costs		
Interest and finance charges - borrowing	1	130
Interest and finance charges - lease liabilities	595	-
	596	130
Direct materials	788	810
Direct other		
Contractors	4,884	5,560
Travel and entertainment	941	1,108
Others	355	586
	6,180	7,254
Short term lease rental (2019 : rental for operating lease)	174	1,385
Other		
Professional and consulting fees	2,614	2,197
Administrative	1,025	1,149
Travel and entertainment	496	555
Impairment of debtors	59	-
Maintenance and repairs	731	545
Other	265	239
	5,190	4,685
Total expenses	37,560	37,709

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

4. INCOME TAX

The Company was granted income tax exempt status under section 50B of the Income Tax Assessment Act 1997, GST concessions under Division 176 of A New Tax System (Goods and Service Tax) Act 1999 and FBT rebate under 123E of the Fringe Benefits Tax Assessment 1986.

5. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2020	2019
	\$'000	\$'000
Cash at bank and on hand	4,478	45
Short-term deposits and deposits at call	12,650	7,697
	17,128	7,742
The weighted average interest in the cash at bank and deposits is 0.86% (2019: 1.78%)		
Reconciliation of cash		
Cash at the end of the financial year is reconciled to the Statement of Cash Flows as follows		
Cash and cash equivalents	17,128	7,742

There is no material difference between the fair value and the carrying amount of cash and cash equivalent.

6. CURRENT ASSETS – RECEIVABLES

	2020	2019
	\$'000	\$'000
Trade debtors	5,131	8,720
Less allowance for expected credit loss	-	(4)
	5,131	8,716
Other receivables	333	705
Total receivables	5,464	9,421

Other receivables include an amount of \$308K (2019: \$617K) to be recovered from VNA in respect of the outstanding iPAVe instalments ARRB continues to pay following the sale of the Equipment Sales and US subsidiary businesses.

a. Fair value

The amounts are stated at fair values as they are expected to be settled, in the short term, less allowance for impairment loss.

b. Interest rate risk

Trade and other receivables are non-interest bearing therefore not exposed to interest rate risk.

c. Credit rate risk

The company has a large number of customers. The majority are the federal government, state and local authorities and as a result the risk of default is limited.

7. CURRENT ASSETS – CONTRACT ASSETS

	2020	2019
	\$'000	\$'000
Contract work-in-progress	2,602	4,127

The contract work-in-progress are valued at costs, plus profit recognised to-date less any provision for anticipated future losses

8. ASSETS HELD FOR SALE AND DISCONTINUED BUSINESS

a. Sale of Land and Building

On the 17th May 2017, the Company signed a contract of sale for the land and building at Vermont South, Victoria. The carrying value of the asset as at 31st Dec 2016 was \$8.823m. Contract settlement was on 18th Aug 2018 and subsequently deferred to 14th Dec 2018 at which date the significant risks and rewards of ownership of the property was transferred to the buyer. Gain on sale of the land and building was \$17.068m (note 2)

b. Sale of Equipment Business

On the 1st June 2017, the Board of Directors decided to exit from the Equipment Sales and US subsidiary businesses. Under the terms of share sale agreement sub agreement, the USA based iPAVe will only be transferred when the debt pertaining to it is paid in full by the purchaser. As at 30 June 2020, the final instalment due on the 15th September 2020 remains payable. Once the debt has been paid by the purchaser the USA based iPAVE will be transferred to their ownership. Until this has occurred ARRB Group retains ownership of the asset.

Results of discontinued operation

The carrying amounts of assets and liabilities were:

	30.06.2020			30.06.2019		
	\$'000			\$'000		
	ARRB	SYSTEM	TOTAL	ARRB	SYSTEM	TOTAL
Asset classified as held for sale						
Property, plant and equipment	0	3,206	3,206	0	3,206	3,206
Inventories	0	0	0	0	0	0
Other receivables	0	0	0	0	0	0
Total assets	0	3,206	3,206	0	3,206	3,206



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the reporting period:

	LEASEHOLD BUILDINGS & IMPROVEMENTS	FURNITURE, FITTINGS & EQUIPMENT	RESEARCH & SURVEY EQUIPMENT	PLANT & EQUIPMENT	MOTOR VEHICLES	CAPITAL WORK IN PROGRESS	TOTAL
Cost / Revaluation	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	
Balance at 1 Jul 2019	6,086	9,338	16,822	2,523	41	866	35,676
Addition	14	240	9	-	-	4	267
Disposal	(87)	(347)	(208)	-	(41)	(338)	(1,021)
Transfer	-	203	325	-	-	(528)	-
Balance at 30 Jun 2020	6,013	9,434	16,948	2,523	-	4	34,922
Accumulated Depreciation							
Balance at 1 Jul 2019	273	3,875	11,164	2,139	41	-	17,492
Addition	245	1,018	1,428	53	-	-	2,744
Disposal	(87)	(306)	(207)	-	(41)	-	(641)
Balance at 30 Jun 2020	431	4,587	12,385	2,192	-	-	19,595
Net Book Value							
1 Jul 2019	5,813	5,463	5,658	384	-	866	18,183
30 Jun 2020	5,582	4,847	4,563	331	-	4	15,327



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

10. NON-CURRENT ASSETS – RIGHT-OF-USE

	LEASEHOLD BUILDINGS & IMPROVEMENTS	FURNITURE, FITTINGS & EQUIPMENT	TOTAL
COST			
Balance at 1 Jul 2019	-	-	-
Adjustment for change in accounting policy	17,226	51	17,277
Addition	-	-	-
Disposal	-	-	-
Balance at 30 Jun 2020	17,226	51	17,277
Accumulated Depreciation			
Balance at 1 Jul 2019	-	-	-
Adjustment for change in accounting policy	2,067	16	2,083
Addition	1,034	16	1,050
Disposal	-	-	-
Balance at 30 Jun 2020	3,101	32	3,133
Net Book Value			
1 Jul 2019	-	-	-
30 Jun 2020	14,125	19	14,144

FINANCIAL STATEMENTS

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	2020	2019
	\$'000	\$'000
Opening balance	172	190
Addition	25	25
Amortisation expense	(48)	(43)
Balance at the end of the year	149	172

The intangible assets represent the purchase of Big Cloud business specialising in software development and software hosting business.

12. NON-CURRENT ASSETS – FINANCIAL ASSETS

	2020	2019
	\$'000	\$'000
Investment in Indian Road and Survey Management Private Limited	844	666

Investment in Indian Road and Survey Management Private Limited (IRSM) is accounted for using the equity method of accounting. ARRB's share in IRSM is currently 50%. ARRB is considered to have 'significant influence' in IRSM, as outlined in AASB 128 Accounting for Associates, paragraph 7. The share of profit is shown in Note 2, Revenue.

12. NON-CURRENT ASSETS – FINANCIAL ASSETS (CONTINUED)

The summarised presentation of aggregate assets, liabilities and performance of IRSM is as follows, based on percentage of ARRB's share:

	2020	2019
	\$'000	\$'000
Current assets	1,122	1,084
Non-current assets	300	298
Total assets	1,422	1,382
Current liabilities	512	479
Non-current liabilities	66	237
Total liabilities	578	716
Net assets	844	666
Share of revenue, expense and results	30.06.20	30.06.19
	\$'000	\$'000
Revenue	738	673
Profit before tax	141	209
	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the year	666	432
Share of profit	141	209
Share of profit of foreign exchange fluctuation	34	17
Adjustment of depreciation of sale of equipment	3	8
Carrying amount at the end of the year	844	666

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

13. NON-CURRENT RECEIVABLE

	2020	2019
	\$'000	\$'000
Other Receivable	-	302

Following the sale of the Equipment Sale and US subsidiary businesses, ARRB Group Ltd will continue to pay the outstanding instalments for the iPAve which is fully recoverable from VNA. The balance represents the amount recoverable from VNA.

14. CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

	2020	2019
	\$'000	\$'000
Bank - trade finance loan	-	330
	-	330

15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2020	2019
	\$'000	\$'000
Trade payables	1,149	578
Other payables	4,387	5,296
Total payables	5,536	5,874

There is no material difference between the fair value and the carry amount of trade payables and other payables.

16. EMPLOYEE ENTITLEMENTS

	2020	2019
	\$'000	\$'000
Provision for employee entitlement - annual leave - short term	1,440	1,382
Provision for employee entitlement - annual leave - long term	369	304
Provision for employee entitlement long service leave	2,528	2,494
	4,337	4,180
Non-current - provision for employee entitlement long service leave	485	467

17. RETIREMENT BENEFITS

Retirement plan

The Company operates both defined benefit superannuation plan and defined contribution superannuation plan for the employees' retirement, disability or death.

The parent entity, ARRB Group Ltd, has a defined benefit plan and a defined contribution plan. The defined benefit plan provides lump sum benefits based on years of service and final average salary. The defined contribution plan receives fixed contributions from the company and the company's legal or constructive obligation is limited to these contributions.

The following sets out details in respect of the defined benefit plan only.

	2020	2019
	\$'000	\$'000
Non-current liabilities	874	320

a. Financial Position amounts

The amounts recognised in the Financial Statements are determined as follows

	2020	2019
	\$'000	\$'000
Present value of the defined benefit obligation	8,403	9,800
Fair value of defined benefit plan assets	(7,529)	(9,480)
Net liabilities in the Statement of Financial Position	874	320

b. Categories of plan assets

The break-down of assets for disclosure purposes is as follows:

ASSET TYPE	2020	2019
Australian equities	17.00%	17.00%
International equities	20.00%	20.00%
Australian fixed interest	17.00%	17.00%
International fixed interest	14.00%	14.00%
Property	10.00%	8.00%
Alternative assets (growth)	7.00%	9.00%
Alternative assets (defensive)	5.00%	5.00%
Cash	10.00%	10.00%
Total	100.00%	100.00%

c. Reconciliation

	2020	2019
	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation which is partly funded:		
Balance at the beginning of the year	9,800	10,337
Current service cost	189	163
Net interest expense	144	237
Member contribution	-	-
Actuarial gains arising from changes in financial assumptions	290	460
Actuarial losses arising from changes in experience assumptions	(65)	535
Benefits paid	(1,955)	(1,932)
Balance at the end of the year	8,403	9,800
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	9,480	10,867
Interest income	139	254
Return on plan assets (excluding interest income)	(174)	252
Employer contributions	39	39
Benefits paid	(1,955)	(1,932)
Balance at the end of the year	7,529	9,480

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

17. RETIREMENT BENEFITS (CONTINUED)

- d. Amounts recognised in Statement of Profit or Loss and Other Comprehensive Income

	2020	2019
	\$'000	\$'000
Current service cost	189	163
Net interest on the net defined benefit liability	5	(16)
Defined benefit cost recognised in the Income Statement	194	147
Remeasurement of the net defined benefit liability	399	741
Total included in employee benefits expense	399	741
Total defined benefit cost	593	888
Actual return on plan assets	(34)	506

The best estimate of contributions expected to be paid to the plan during 2021 was \$147,417.

- e. Principal actuarial assumptions

ASSET TYPE	2020	2019
Sensitivity of the defined benefit obligations to changes in the significant assumptions	0.50%	0.50%
Discount rate	Increase	Decrease
Salary and price inflation	-2.20%	2.30%
Salary and price inflation	1.8%	-1.70%
Salary and price inflation	0.40%	-0.40%

- f. Projected defined benefit cost for 2021

The following table sets out the estimated defined benefit cost recognised in the Income Statement for the year ending 30 June 2021.

	2020	2019
	\$'000	\$'000
Current service cost	220	189
Net interest	6	5
Defined benefit cost	226	194

- g. Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than three-yearly intervals, and the last such assessment was made on 30 June 2018.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary adopted a method of funding benefits known as the aggregate funding method; this funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of members' salaries over their working lifetimes.

The economic assumptions used by the actuary to make the funding recommendations were a long-term investment earning rate of 5% pa, a salary increase rate of 3% pa.

On 29 November 2019, the Superannuation Committee agreed the recommendation from the actuary to maintain the employer contribution rate of 0%.

- h. Net financial position of plan

In accordance with AASB 1056 Superannuation Entities, the plan's net financial position is determined as the difference between the present value of the accrued benefits and the net market value of plan assets. This has been determined as at the date of the most recent financial report of the superannuation fund (30 June 2018), and a surplus of \$839K was reported.

18. CURRENT LIABILITIES - CONTRACT LIABILITIES

	2020	2019
	\$'000	\$'000
Income received in advance	842	1,518
Contract work in progress - revenue received in advance	3,593	3,817
Total contract liabilities	4,435	5,335

There is no material difference between the fair value and the carrying amount of contract liabilities

19. LEASE LIABILITIES

	2020	2019
	\$'000	\$'000
Current	1,365	0
Non-current	13,821	0

The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

20. NON-CURRENT OTHER PAYABLE

	2020	2019
	\$'000	\$'000
Retirement Benefits Liability	874	320
Other Payable	-	302
Total	874	622

21. FINANCING ARRANGEMENT

Unrestricted access was available at balance date to the following lines of credit:

	2020	2019
	\$'000	\$'000
Total facilities		
Bank loan facilities	3,022	3,253
Other credit facilities	1,250	1,150
	4,272	4,403
Used at balance date		
Bank loan facilities	-	330
Other credit facilities	784	695
	784	1,025
Unused at balance date		
Bank loan facilities	3,022	2,923
Other credit facilities	466	455
	3,488	3,378

The bank holds a fixed charge over the assets and undertakings of the company.

22. MEMBERS' GUARANTEE

The company is a company limited by guarantee. The liability of each of its members is limited to \$100.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

23. RESERVES

	2020	2019
	\$'000	\$'000
Asset Revaluation Reserve		
Balance at beginning of year	-	6,515
Movement during the year	-	(6,515)
Balance at the end of year	-	-
Foreign Currency Translation Reserve		
Balance at beginning of year	39	22
Movement during the year	34	17
Balance at the end of year	73	39
Total	73	39

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

24. REMUNERATION OF DIRECTORS

	2020	2019
	\$'000	\$'000
Income received, or due and receivable by the directors	161	151

The names of persons who were directors of ARRB Group Limited at any time for the year are as follows:

P Duncan
 N Scales
 S Dodds
 V Gardiner
 L McCormick
 K Reid
 S Troughton
 P Woronzow
 I Webb
 N Marinelli
 C Burke

The following table shows the schedule of fees available to the independent non-executive directors:

	BASE FEES	COMMITTEE 1	COMMITTEE 2	TOTAL
Chairman	\$60,000	\$7,500	\$7,500	\$75,000
Deputy Chairman	\$42,500	\$7,500	\$7,500	\$57,500
Non-Executive Directors	\$25,000	\$7,500		\$32,500

Non-executive directors are encouraged to be a member on one committee only. If an independent non-executive director is a member on two committees, they will be remunerated accordingly.

25. REMUNERATION OF AUDITORS

During the year the auditor of the company and its related practices earned the following remuneration:

	2020	2019
	\$'000	\$'000
Audit or review of financial reports of the company	55	57
Other services	3	11
Total remuneration	58	68

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent assets

There are no contingent assets at balance date.

Contingent liabilities

There are no contingent liabilities at balance date.

27. COMMITMENTS FOR EXPENDITURE

Capital commitments

Capital commitments as at 30 June 2020 were \$5K (2019: \$68K). They are all due for payment within one year.

Lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable

	2020	2019
	\$'000	\$'000
Not later than one year	-	1,690
Later than one year but not later than 5 years	-	5,948
More than 5 years	-	16,742
Total	-	24,380

28. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2020	2019
	\$'000	\$'000
Operating profit after income tax	2,087	16,802
Adjustment for non-cashflow items		
Depreciation and amortisation	3,844	3,017
(Written back) / Impairment of contract works in progress	(64)	23
Net loss / (profit) on sale of non-current assets	359	(17,133)
Written back provision for doubtful debt	(4)	(41)
Change in operating assets and liabilities		
Decrease / (Increase) in receivable	3,473	(1,875)
Decrease / (increase) in inventory	1,386	(1,152)
Increase in payables	381	1,104
Net cash inflow from operating activities	11,462	745

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

29. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

At the date of this financial report there is no standards and interpretations issued but are not yet effective, which may have a material impact on the company.

30. EVENTS AFTER BALANCE SHEET DATE

The impact of the Coronavirus (COVID-19) pandemic is on-going and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.



DIRECTORS' DECLARATION

The directors have determined that the Company is not a reporting entity, and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the Financial statements.

The directors declare that the financial reports and notes set out on pages 58 to 82;

- a. comply with Australian Accounting Standards as detailed in Note 1 to the Financial statements
- b. give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date in accordance with the accounting policies described in Note 1 to the Financial statements.

In the directors' opinion:

- a. the Financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012
- b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



P Woronzow
Chairman



S Troughton
Chair of Audit & Risk and Finance Committee

Perth
Date: 2 November 2020

Sydney
Date: 2 November 2020

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of ARRB Group Limited

Opinion

We have audited the financial report of ARRB Group Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of the Company has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Company to meet the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD

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Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in blue ink, appearing to be 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be 'BY'.**B Y CHAN**

Partner

Dated: 4 November 2020
Melbourne, Victoria

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GLOSSARY

ARRB MEMBERS

Australian and New Zealand State Road and Transport Agencies

AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION (ALGA)

The Australian Local Government Association is the principal organisation representing Local Government bodies in Australia, and acts as the independent interest body for Australian local mayors, councillors and local government employees.

AUTONOMOUS VEHICLES

A vehicle that is partially automated, meaning some or all of the driving task can be handled by the vehicle and not a human driver.

AUSTROADS

Austrroads is the association of Australasian road transport and traffic agencies. It publishes guidelines, codes of practice and research reports that promote best practice for road management organisations in Australasia.

COOPERATIVE INTELLIGENT TRANSPORT SYSTEMS (C-ITS)

Connected vehicle technologies allow vehicles to communicate with each other and the world around them. A connected vehicle ecosystem is emerging in which vehicles will share data wirelessly with other vehicles, with infrastructure, with transport management systems, and with mobile devices.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

The Department is responsible for the design and implementation of the Australian Government's infrastructure, transport, local government and regional development policies and programs.

DEPARTMENT OF TRANSPORT AND MAIN ROADS (TMR)

The Department of Transport and Main Roads is a department of the Queensland Government, formed in April 2009 with the merger of the Queensland Transport and the Department of Main Roads.

DEPARTMENT FOR INFRASTRUCTURE AND TRANSPORT SA

The Department for Infrastructure and Transport works as part of the South Australia community to deliver effective planning policy, efficient transport, and valuable social and economic infrastructure.

HAWKEYE

The Hawkeye software suite for both the 1000 and 2000 Series of products offer a fully integrated solution for data viewing and analysis.

MAIN ROADS WESTERN AUSTRALIA (MRWA)

Main Roads Western Australia is an agency of the Government of Western Australia that is responsible for implementing the state's policies on road access and main roads.

SAFE SYSTEM PRINCIPLES

A holistic view of the road transport system and the interactions among roads and roadsides, travel speeds, vehicles and road users. It is an inclusive approach that caters for all groups using the road system, including drivers, motorcyclists, passengers, pedestrians, cyclists, and commercial and heavy vehicle drivers.

TRANSPORT FOR NEW SOUTH WALES (TFNSW)

Transport for NSW is the lead agency of the NSW Transport cluster. Their role is to lead the development of a safe, efficient, integrated transport system that keeps people and goods moving, connects communities and shapes the future of cities, centres and regions.

TRANSPORT AND INFRASTRUCTURE SENIOR OFFICIALS' COMMITTEE (TISOC)

The Transport and Infrastructure Senior Officials' Committee (TISOC) consists of heads of transport and infrastructure departments, and road authorities from each state and territory as well as New Zealand. A representative from local government, as well as the NTC Chief Executive are also members of this group. The key function is to develop, coordinate and progress the strategic agenda of the Transport and Infrastructure Council.

DOT VIC

Department of Transport Vic is the road and traffic authority in the state of Victoria, Australia. It is responsible for maintenance and construction of the arterial road network, as well as driver licensing and vehicle registration.

ACRONYMS

AAPA

Australian Asphalt Pavement Association

ADVI

Australian and New Zealand Driverless Vehicle Initiative

ANRAM

Australian National Risk Assessment Model

ARRB

Australian Road Research Board

ASIC

Australian Securities and Investments Commission

ATF

Austrroads Asset Task Force

ATLABS

Advanced Technology Lab

AV

Autonomous Vehicles

CAV

Connected Automated Vehicle

CPA AUSTRALIA

Certified Practising Accountant Australia

CRM

Client Relations Management

DC

Data Collection

DPTI

Department of Planning, Transport and Infrastructure SA

EME2

French Term for a new bitumen formula intended for Europe (EME) and then perfected for Australian conditions (EME2)

IFRS

International Financial Reporting Standards

IPAVE

Intelligent Pavement Assessment Vehicle

IPWEA

Institute of Public Works Engineering Australasia

IRSM

Indian Road Survey Management Ltd

ISSAVE

Intelligent Safe Surface Assessment Vehicle

MRWA

Main Roads Western Australia

NACOE

National Centre of Excellence

NHVR

National Heavy Vehicles Regulator

NRSP

National Road Safety Partnership Program

NTC

National Transport Commission

NTRC

National Transport Research Centre

NZTA

New Zealand Transport Agency

PIARC

World Road Association

QDTMR

Queensland Department of Transport and Main Roads

RAVRAT

Restricted Access Vehicle Route Assessment Tool

RMS

Roads and Maritime Services

RPUG

Road Profile User's Group

SCRIM

Sideway-force Coefficient Routine Investigation Machine

TFNSW

Transport for New South Wales

TIPES

Transport Infrastructure Product Evaluation Scheme

TMR

Queensland Department of Transport and Main Roads

UNECE

United Nations Economic Commission of Europe

WARRIP

WA Road Research & Innovation Program

CONTACT

OFFICES IN:
BRISBANE, SYDNEY, ADELAIDE, PERTH.

NATIONAL TRANSPORT RESEARCH
CENTRE AND HEAD OFFICE:
MELBOURNE
80A TURNER STREET
PORT MELBOURNE VIC 3207

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