

**Department of Transport
and Regional Services**

Annual Report 2002–03

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Australian Government
Department of Transport and Regional Services

Secretary

The Hon John Anderson MP
Minister for Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Minister

It is my pleasure to present to you the Annual Report of the Department of Transport and Regional Services for 2002–03.

This report has been prepared in accordance with section 63 of the *Public Service Act 1999*. Subsection 63(1) requires that I provide you with a report after the end of the financial year, on the department's activities to present to each House of the Parliament on or before 31 October 2003.

The report satisfies requirements of section 29 of the *Air Navigation Act 1920*, section 20 of the *Aircraft Noise Levy Collection Act 1995*, section 8 of the *Freedom of Information Act 1982* and paragraph 5.15(2) of the *Airports (Environment Protection) Regulations 1997*. It also includes the audited financial statements of the department as required by section 57 of the *Financial Management and Accountability Act 1997*. In accordance with the Commonwealth Fraud Control Guidelines, I am satisfied that the department has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the department and comply with the guidelines.

The report reflects the structure and business objectives of the department, and has been prepared under the accrual outcomes and outputs framework.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Matthews'.

Ken Matthews
12 September 2003

cc The Hon Wilson Tuckey MP
Minister for Regional Services, Territories and Local Government

Senator the Hon Ron Boswell
Parliamentary Secretary to the Minister for Transport and Regional Services

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Guide to the report

Part 1 – Secretary’s overview

The Secretary of the Department of Transport and Regional Services, Mr Ken Matthews, reviews the performance of the department during 2002–03 and discusses the outlook for 2003–04.

Part 2 – Overview of the department

In Part 2 of the report we describe the structure of the department and the portfolio. The structure overview section lists values, roles and strategic objectives. We detail the outcome and outputs framework outlined in the Portfolio Budget Statements 2002–03. We also provide information on corporate governance, our committee structure and proposed changes to be implemented in 2003–04.

Part 3 – Report on performance

In Part 3 we report on the performance of the department against the strategic objectives, outputs and administered programme groups detailed in the Portfolio Budget Statements 2002–03 and the Portfolio Additional Estimates Statements 2002–03. Reporting in this section is structured around the two outcomes.

Part 4 – Management and accountability

In Part 4 we assess the performance of our organisational management and accountability systems and of our people and workplace management and accountability systems.

Part 5 – Financial performance report

In Part 5 we detail the department’s financial position, including discussion of our financial performance for 2002–03, a summary of departmental resources and our audited financial statements.

Part 6 – Appendices

Part 6 addresses mandatory reporting requirements in easy-to-read tabular form, including:

1. Consultancy services
2. Advertising and market research
3. Discretionary grants
4. Freedom of Information
5. Performance in implementing the Commonwealth Disability Strategy
6. Environmental performance reporting
7. Corrections and amendments

For further information on the Department of Transport and Regional Services

During the first half of 2003, the department launched a new corporate website with an upgraded search engine and enhanced navigation to assist our clients and stakeholders locate information more easily. The website includes:

- announcements of new policies and programmes
- all departmental corporate publications (eg. Annual Report, Portfolio Budget Statements, Corporate Plan and Client Service Charter).

In line with our commitment to the Commonwealth Disability Strategy the department uses software recommended by the National Office of the Information Economy to ensure information is provided to our clients and stakeholders in the most appropriate format. Further information on our commitment to the Commonwealth Disability Strategy can be found in Appendix 5 on p. 239.

Please visit our website at www.dotars.gov.au

The Annual Report 2002–03 is available on our website at www.dotars.gov.au/dept/annrpt/0203/index.htm

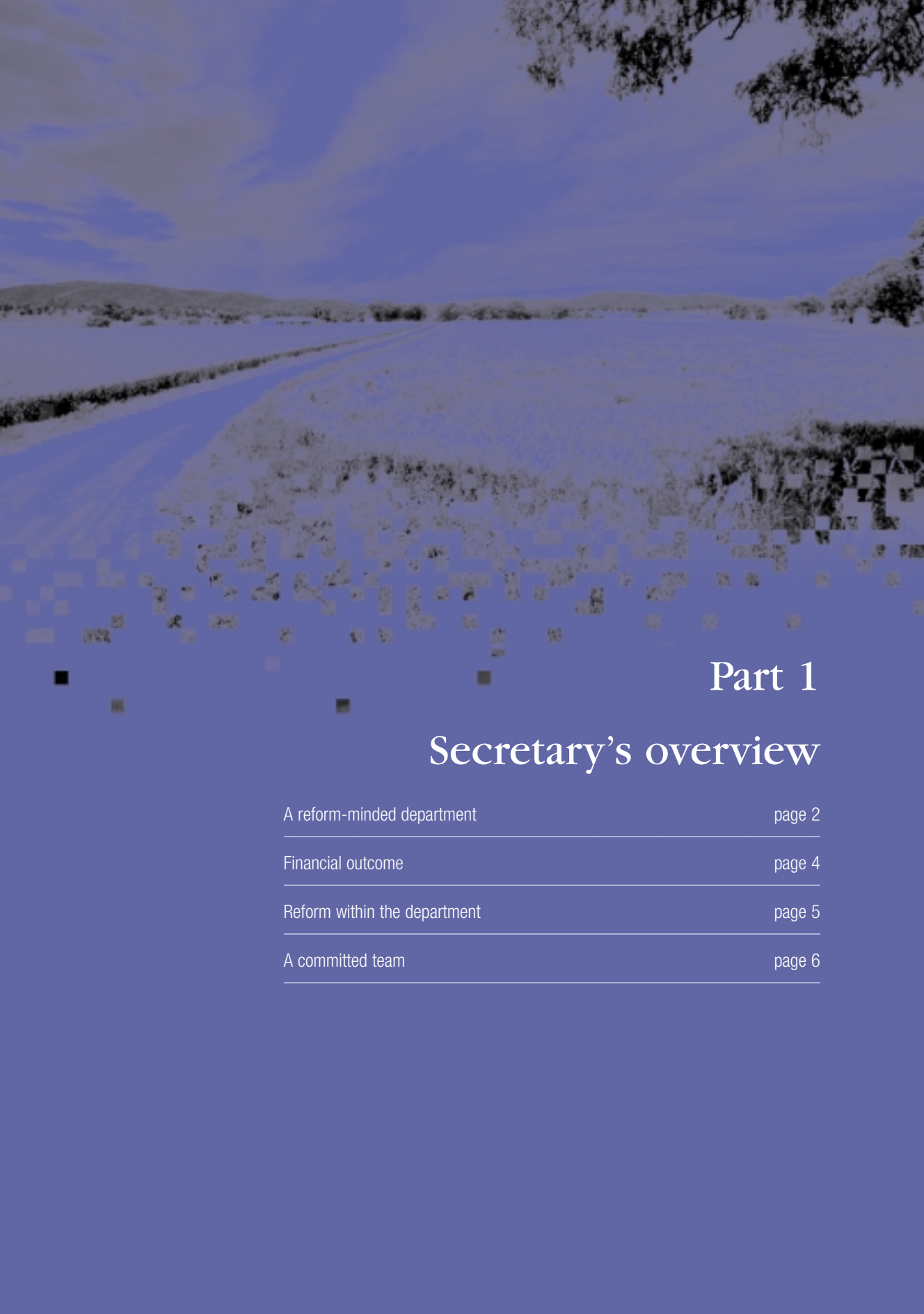
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Part 1

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Secretary's overview

A reform-minded department



Reform is sometimes regarded these days as a dirty word. It requires change and can sometimes cause discomfort and adjustment problems. But it is often through reform that major benefits can be yielded for the Australian economy and community. It is for these national benefits that the Department of Transport and Regional Services, through its ministers, has continued to press hard for constructive reforms throughout its portfolio.

This year in my annual report overview, I want to give an account of the department's work by telling the story in terms of its contribution to the government's reform agenda. In my view it is an impressive story of reform accomplishment of which the staff of the department can be very proud.

The year under review was dominated by **security issues**. The department has made considerable progress in reforming and enhancing security in the transport sector this year. This has included progressive enhancements of aviation security, as well as ground breaking work in maritime and port security and increasing work to assure the security of Australian logistics supply chains.

Perhaps the highest profile reform initiative this year has been the **AusLink Green Paper** and the work to develop the AusLink White Paper, which I expect to be issued in 2003–04. The AusLink reforms will fundamentally change Australia's current approach to the provision of land transport infrastructure.

They will introduce for the first time a national transport infrastructure plan, much improved processes for investing the taxpayer's transport dollar, and better outcomes for all users of transport services – that is, for all Australians. These reforms will yield benefits right across Australia for years to come.

Another high profile reform this year was the considerable work done by the department to achieve the **lease to the Commonwealth of the NSW Interstate Rail Track**. By year's end these negotiations were nearing completion. If the negotiations are successfully finalised the department will have played a major part in this significant opportunity to achieve real benefits for the users of rail freight services.

Further reforms are being delivered in the area of **Australian airspace management**. The department is leading the Aviation Reform Group (ARG) which is overseeing the introduction of the National Airspace System to Australia. These reforms are expected to have significant operational advantages as well as cost savings to the Australian aviation industry, and its customers.

Early steps have been taken this year towards **further reform of Airservices Australia**. Drafting of legislative amendments was completed by the end of the year and investigation of further opportunities will continue in the year ahead. These reforms will enable more commercial behaviour by Airservices Australia, which will benefit the aviation sector as a whole.

The department has also been centrally involved in reform in **land transport regulation**. Legislation has been passed to formally establish the National Transport Commission (NTC) to replace the National Road Transport Commission (NRTC) from 15 January 2004, although in practice the NRTC has operated as the NTC since 1 July 2003.

The NRTC has had an impressive record of regulatory reform over a number of years. The department has been involved in carrying the successful NRTC recipe from road transport to rail transport and intermodal operations. Again, these reforms should yield benefits to all Australians by lifting the competitiveness and safety record of land transport across Australia.

Complementing the new arrangements to pursue rail regulatory reform on a national basis, there was also important progress this year on the **harmonisation of interstate rail operational practices**. A Memorandum of Understanding between the Australian Transport Council and the rail industry was signed in July 2003, establishing a cooperative approach to reform of rail regulation, and ownership of the operational codes was transferred to industry at that time.

With rail on the NTC reform agenda and industry able to drive further development and implementation of the operational codes, the department expects that there will be steady gains in the competitiveness and cost efficiency of the rail industry vis a vis other modes of transport. These reform opportunities can only benefit the Australian economy as a whole, with additional environmental benefits.

Transport safety continues to be a major priority for the department. During the year under review we introduced a package of reforms to our approach to transport safety investigations. This saw the passage of the **Transport Safety Investigation Bill** that enables, among other things, expanded involvement of the Australian Transport Safety Bureau (ATSB) in rail investigations. It also carries across to interstate rail the very successful independent ATSB 'no blame' approach to aviation and marine investigations.

In a very real sense the passage of the Transport Safety Investigation Bill was the culmination of four years of reform and performance improvement in Australia's national approach to transport safety investigations since the establishment of the ATSB.

The department has also been active in implementing the government's decisions on **reform of the Civil Aviation Safety Authority (CASA)**. This has involved drafting legislation and regulations to give effect to the government's aim of improving the responsiveness and performance of CASA, contributing ultimately to safer air travel.

The department has been reform-minded also in the area of **international aviation**. During the year international air services access arrangements were negotiated and liberalised with countries including Indonesia, Switzerland, Malaysia, Bahrain, the United Arab Emirates, Poland, Vietnam and Tonga.

As the year ends, liberalisation discussions are continuing with several other countries including Singapore. These reforms are aimed at reducing the costs of travelling to and from Australia while not jeopardising the competitive strength of Australian carriers.

During the year, the department continued to pursue reform opportunities afforded by the creation last year of the **Australian Logistics Council (ALC)**. The ALC has filled a vacuum in a sector that has historically not been well represented in national decision making forums.

The transport and logistics sector is responsible for at least 9 per cent of GDP so reforms to improve the efficiency of the sector can yield important benefits to the economy as a whole. Reform work by the ALC this year has included attention to education and training, electronic tracking technology and advice on transport regulatory reform.

Moving to the Regional Services side of the portfolio, the department has been pressing hard to implement, through the Council of Australian Governments, a **natural disaster reform package**.

This reform package, too, offers the prospect of important benefits to the Australian community as a whole, particularly as a consequence of its recommendation to shift the national focus of disaster management arrangements from response and relief to preparedness and mitigation.

There are reforms being developed also in the area of **local government financing**. An inquiry by the House of Representatives Standing Committee on Economics, Finance and Public Administration into Local Government will report later in 2003. The Local Government and Planning Ministers Council has agreed to consider the report's recommendations and the department aims to provide advice to the government on options for constructive reform in this area.

The year under review saw reform also in the area of **regional programmes**. A single new programme, the Regional Partnerships programme, replaced most of the portfolio's previous regional programmes. This rationalisation has made it easier for clients to access the government's regional programmes. It has also yielded management and cost efficiencies and provided a sharper focus to the department's regional activities.

There will be further reform opportunities benefiting regional Australia in the year ahead following the receipt by the government of the **Regional Business Development Analysis**. This major report offers a range of suggestions for the government's consideration with a view to improving the business environment for firms operating in regional Australia.

Finally, but at least as important as any other reform this year, the department was proud to be involved in support of the Deputy Prime Minister in the development of the **National Water Initiative**.

This historic reform initiative is expected to change forever how scarce water resources are managed in Australia for the benefit of all Australians. It should improve the investment environment as well as environmental and social outcomes across large areas of regional Australia.

Financial outcome

The department's operating result for the financial year ended 30 June 2003, after adjusting for payment of the capital use charge to government (\$24.6 million), was an operating loss of \$4.5 million compared with an approved operating loss of \$6.4 million for the year. The actual operating loss of \$4.5 million was attributable to a number of factors including an approved operating loss of \$6.4 million for the deferred timing of expenditure on communication costs associated with the Stronger Regions campaign offset by the net affect of the write-off of some IT expenditures and deferral of planned expenditure on the Linkwater Road on Christmas Island.

Financial assets totalled \$109.6 million and Commonwealth equity increased by \$88.6 million to \$312.1 million. The increase in the level of financial assets and equity was primarily attributable to deferral in the timing of expenditure on certain large capital projects and operating expenses on the Indian Ocean Territories amounting to \$75.4 million.

The underlying outcome for the department is a modest improvement in the department's financial position flowing, in part, from the initiation of the department's work out/work up strategy, a subject to which I now turn.

Reform within the department

It is no secret that the department is facing financial challenges in relation to managing within its departmental expenses budget. Dealing with these challenges will be the major part of the management reform agenda for the year ahead.

It needs to be made clear that the department has been managing, is managing, and is committed to continue to manage within its assigned financial resources.

In dealing with its financial challenges the department has developed a 'work out/work up' strategy. This strategy comprises a package of measures to 'work out' of our potential financial difficulties while laying the foundations for 'working up' our departmental performance for the future. In a very real sense this is an internal reform package which mirrors the outward looking reform initiatives which I have described above.

So far the work out/work up strategy has involved integrating and strengthening some existing activities as well as introducing a number of reforms. These have included:

- A fundamental reorganisation of the department into five groups (Policy and Research, Programmes, Regulatory, Safety and Investigation, and Corporate).
- Setting specific financial targets for each group (rather than at the divisional level as we have done in the past).
- Developing specific business plans by each group, specifically including risk management plans (previously done separately) and workforce transition plans.
- Preparing plans on a page for each and every SES officer, supported by plans on a page for individual staff members reporting to them.
- Establishing quarterly performance reporting on business plans.
- Intensifying the focus on the monthly finance reports on expenditures.

These measures have two purposes: to manage current financial challenges; and to provide longer term, ongoing improvement to organisational performance as a whole.

In an environment of resource constraint a well managed department gives even greater attention to risk management. The five groups of the department have therefore been asked to explicitly address mitigation strategies in their risk management plans, as they manage towards their financial targets. Professional expertise has been made available to assist managers in this task. In addition I have asked the departmental Audit Committee to satisfy itself about the effectiveness of group risk management systems.

Important as these steps are, a key component of this reform agenda will be building a stronger risk management culture among all members of the department. We are working to make risk management an even greater part of the way we do our work in this new environment.

We have encouraged our managers to implement proportionate risk measures, and to measure results. My rule of thumb is that all staff at all levels need to have thought about, understood, and devised ways to manage their six biggest business risks. This makes an important contribution at a local level and continues to build a risk management culture right throughout the organisation.

A committed team

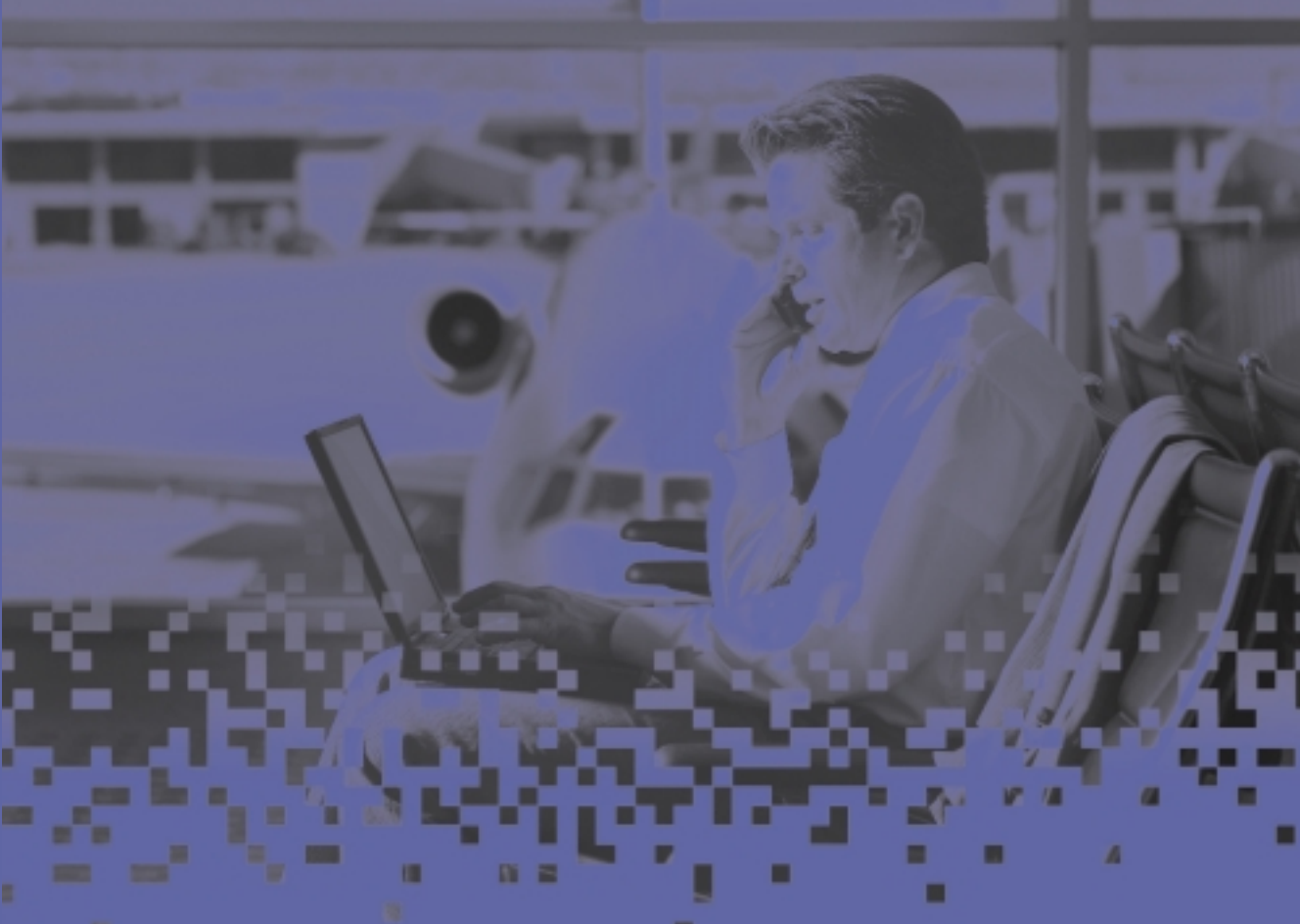
Constant involvement in reform, both in the work we do and within the department itself, puts great pressure on the staff of the department. The phenomenon of 'reform fatigue' is always a risk in any reform minded organisation.

It is a credit to the members of the department that the level of commitment and our culture of dealing decently with each other and our stakeholders have never fallen away despite all the pressures.

I want to publicly thank my colleagues and friends within the department for their commitment and professionalism under great pressure over the past year. Their performance is a tribute to the quality of the Australian Public Service as a whole.



Ken Matthews
Secretary



Part 2

Overview of the department

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Overview of the department

The Transport and Regional Services Portfolio delivers transport and regional development services and programmes to assist the Minister for Transport and Regional Services and the Minister for Regional Services, Territories and Local Government achieve the government's desired outcomes for the benefit of the Australian community. These outcomes are:

A better transport system for Australia

Greater recognition and development opportunities for local, regional and territory communities

The portfolio comprises five general government sector agencies that are predominantly funded, either directly or indirectly, by the Australian Government. They are the Department of Transport and Regional Services, the Civil Aviation Safety Authority, the Australian Maritime Safety Authority, the National Capital Authority and the Stevedoring Industry Finance Committee. Other portfolio agencies include Airservices Australia and the International Air Services Commission. Figure 1 (p. 9) illustrates our portfolio structure as at 30 June 2003.

Transport is an important element in Australia's economic prosperity and in ensuring all Australians have access to a high standard of general services and facilities that are safer, more effective and efficient.

The government, working in partnership with regional communities, provides programmes and services specifically for communities in regional, rural and remote Australia to foster the social and economic capacity of regional Australia and ensure that regional people share in the benefits of Australia's economic success.

The portfolio's responsibilities also recognise that local government, as well as other levels of government in Australia's states and territories, plays an important role in supporting services, amenities and lifestyles of regional, rural and remote communities.

The role and functions of the department

As the department of the Australian Government responsible for the national transport systems and regional development, we are helping the government achieve the portfolio outcomes through our strategic objectives*.

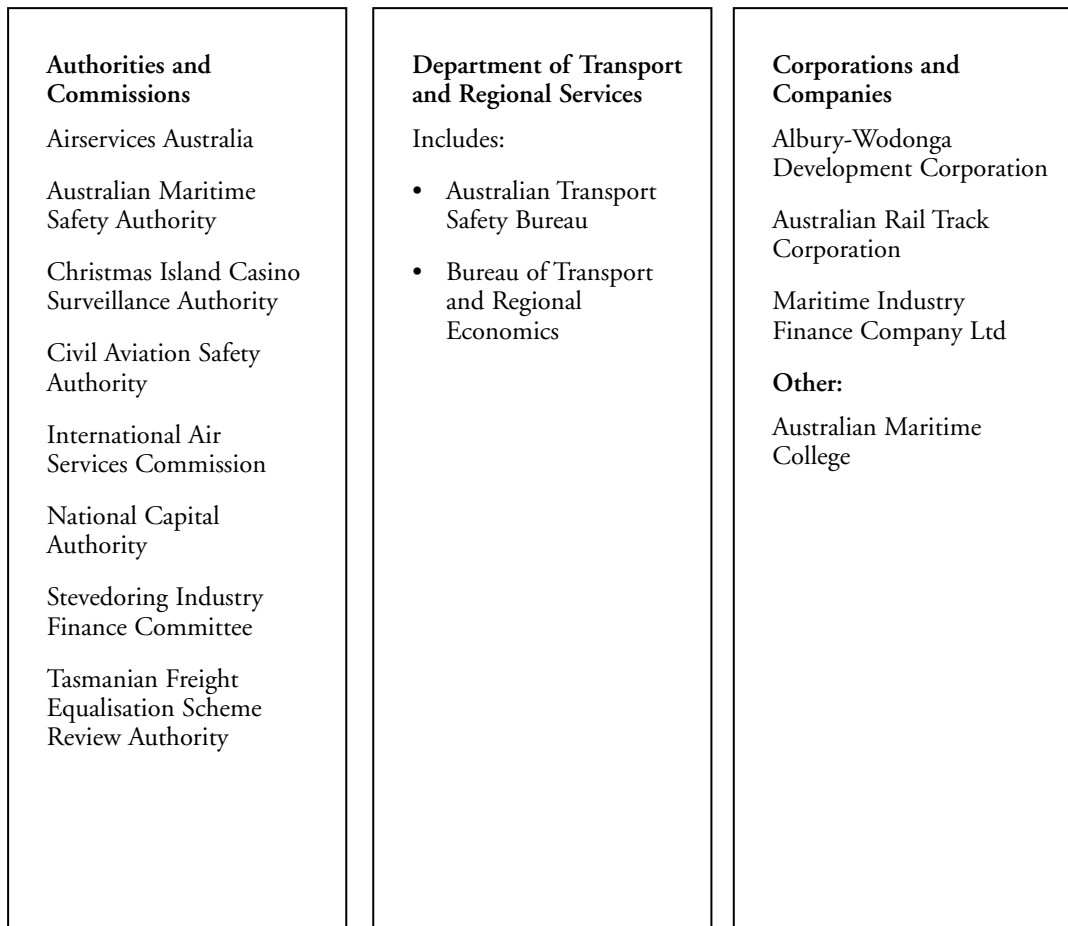
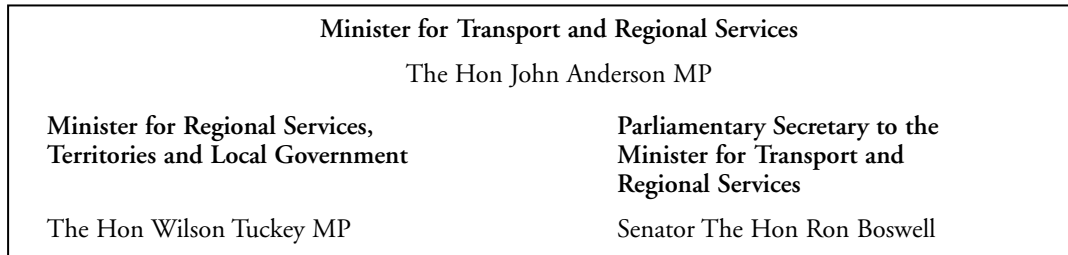
The strategic objectives guide delivery of research, policy, regulation, safety investigations, programmes and services (the departmental outputs) and administered programmes. Our strategic objectives for 2002–03 are:

- Transport systems which are safer and more secure, more efficient, internationally competitive, sustainable and accessible.
- Regional communities which have better access to economic opportunities and services, and which are able to take the lead in their own planning and development.
- Local governments which serve their communities more efficiently and effectively.
- Territories which provide for their residents the same opportunities and responsibilities as other Australians enjoy in comparable communities.

One of the functions of the department is to provide support for the Deputy Prime Minister in his broader, portfolio-related roles.

* The strategic objectives were described as key result areas in our 2001–02 Annual Report and 2002–03 Portfolio Budget Statements.

■ Figure 1: Transport and Regional Services Portfolio structure as at 30 June 2003



We move towards these objectives by:

- providing policy advice on transport, regional development, territories and local government
- delivering transport and regional development programmes
- conducting research and providing data on transport and regional development
- undertaking a range of economic, safety, security, environmental and regulatory activities
- conducting investigations into transport safety
- providing services to territories and local governments, including administering financial assistance grants to local government
- administering relief and mitigation arrangements for natural disasters.

Our operating environment

Australia faces significant transport and regional development challenges over the next twenty years. The department actively monitors emerging trends and adopts a flexible approach that enables responsiveness to changes in our operating environment.

Over the coming decades the transport task will grow substantially and become far more complex and demanding, fuelled by economic growth, a more competitive global economy, demographic changes, innovations in technology and changing community expectations regarding safety, security, accessibility and environmental performance.

The amount of freight carried around Australia is forecast to double over the next 20 years, and interstate road freight could triple. The amount of urban freight and passenger movements is forecast to increase by as much as 50 per cent. These changes will have implications for the capacity and design of transport networks, which in turn will influence Australia's competitiveness, our quality of life and the impact that we have on the environment.

Stronger regional communities are critical to a thriving Australia. These communities face fundamental social and economic change as a result of globalisation, new technology, changing social values and competitive pressures. Specific pressures come from differential access to services, dealing with difficult resource management issues and the need to retain and build community skills.

The desire is for more integrated and coherent policy, programmes and service delivery. This requires an effective partnership with communities, government and the private sector to foster the development of self-reliant communities and regions that take the lead to:

- strengthen economic and social opportunities
- sustain productive natural resources and the environment
- deliver better regional services
- adjust to economic, technology and government-induced change.

Our organisation, our people and our values

Through our people and our relationships with our stakeholders and clients we seek to achieve a high performing organisation that is a great place to work. This enables us to achieve our business objectives and contribute to Australia's success and prosperity. We strive to achieve our organisation and people and workplace objectives of:

- effective client and stakeholder relationships
- organisational and administrative excellence
- capable, committed and productive staff.

Our people embrace the Australian Public Service Values and Code of Conduct which define:

- our relationship with government and parliament
- our relationship with the public
- our workplace relations
- our personal behaviour and ethics.

These values and code of conduct can be found at www.apsc.gov.au/values and www.apsc.gov.au/conduct respectively.

Our department's values complement these and provide further guidance in the way we work and the ways we provide our services to our clients. Our values are:

- results oriented
- honest, professional and accountable
- client and stakeholder focused
- committed to improving our skills
- diverse, trusting and respectful of each other.

Reporting on our performance in relation to our organisational and people and workplace management and accountability is provided in Part 4: Management and accountability.

Our values and our client service

Our values guide us in the way we provide services to our clients, including our colleagues in the department.

We are results oriented

We work to our highest ability to provide excellent service.

We:

- provide our clients with a prompt, accurate and relevant response to their inquiries
- include contact names and numbers in our information and correspondence to enable clients to contact the person best able to assist them.

We are honest, professional and accountable

We behave honestly and ethically with others and ourselves, accept responsibility for our actions and learn from our mistakes.

We:

- provide our clients with information to assist them to understand government policies
- inform our clients about, and explain, decisions that affect them
- give our clients and stakeholders a reasonable time to comment on policy proposals.

We are client and stakeholder focused

We work in partnership with our clients and stakeholders to deliver outputs for government so that it may achieve the outcomes it seeks.

We:

- consult widely to gain the views of our clients about future policy directions
- use client feedback to monitor and improve our performance
- report on our client feedback, and how it is used.

We are committed to improving our skills

We are open to new ideas, originality and vision. We share our knowledge to build a learning culture to improve our performance.

We:

- work in partnership with our clients, sharing information to achieve our mutual goals
- establish channels through which our clients can have input into government policy.

We are diverse, trusting and respectful of each other

We treat our clients and each other with dignity and respect.

We:

- accommodate differences—acknowledging and exploring a range of perspectives with our clients
- aim to ensure that the information we provide is easily accessible to our clients nationwide
- respect our client confidentiality.

Reporting on our performance in relation to client and stakeholder management is included in Part 3: Report on performance.

Outcome and output structure

The two transport and regional services portfolio outcomes are supported by 11 outputs (the services the department delivers). Our performance framework and the way our organisation operates are structured around achieving these outcomes and effective and efficient output delivery:

Outcome 1: A better transport system for Australia

Outputs:

- transport policy advice
- transport regulation and standards
- transport safety investigations
- transport programmes
- transport research and data.

Outcome 2: Greater recognition and development opportunities for local, regional and territory communities

Outputs:

- regional development policy advice
- regional development programmes
- services to territories
- services to local government
- natural disaster mitigation and relief arrangements
- regional research and data.

These outcomes and outputs are unchanged from the 2002–03 Portfolio Budget Statements and Portfolio Additional Estimates Statements.

Part 3: Report on performance provides an assessment of our performance in 2002–03 against the outcomes and outputs.

Organisation structure

There were two changes to the organisational arrangements and structure introduced in January 2002. In response to the heightened awareness of security issues a Security Division was created in January 2003. There was also a merger in January 2003 of the Business Services Division and Information Services and Executive Services Division into a new corporate division. Figure 2 (p. 14) shows our departmental structure as at 30 June 2003.

There were no machinery of government changes during the year and therefore no staff were reassigned duties as a result of such changes.

■ **Figure 2: Department of Transport and Regional Services: Organisation structure as at 30 June 2003**



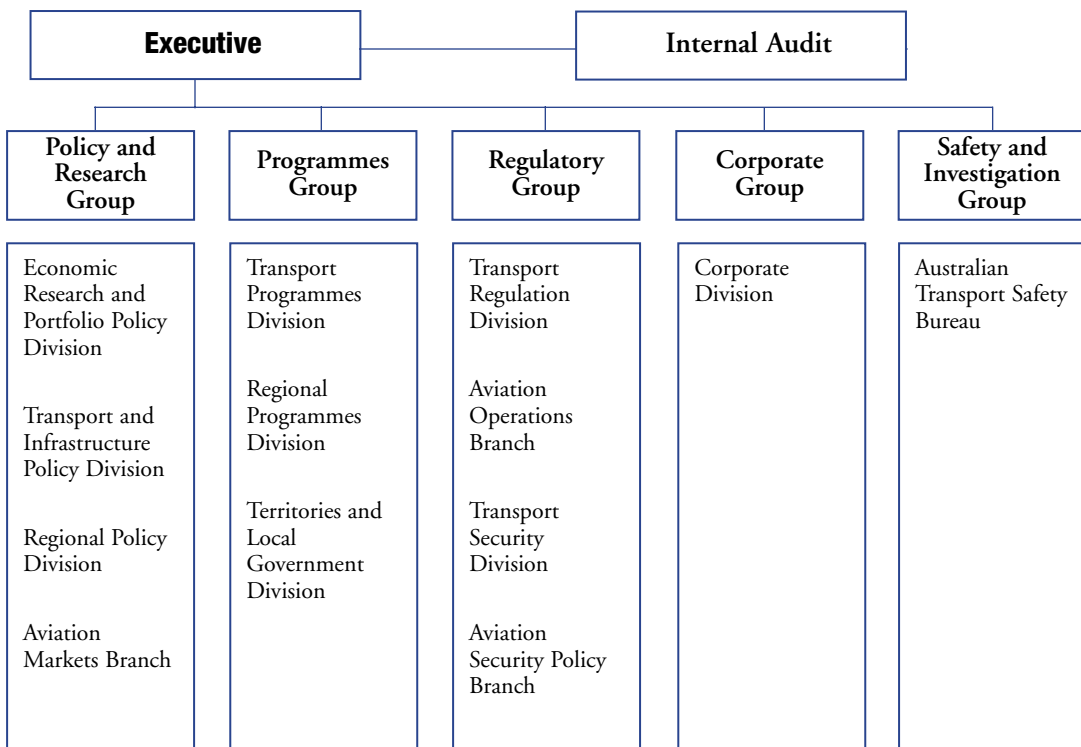
Structural change

For completeness, this annual report also reports on a package of important structural changes which come into effect on 1 July 2003. This will see the current organisation structure shift from three groups (based around transport, regional development and corporate governance) to five groups. Four of the new groups will be aligned with our outputs—policy and research, programmes, regulatory, and safety and investigation—and the fifth is a corporate group.

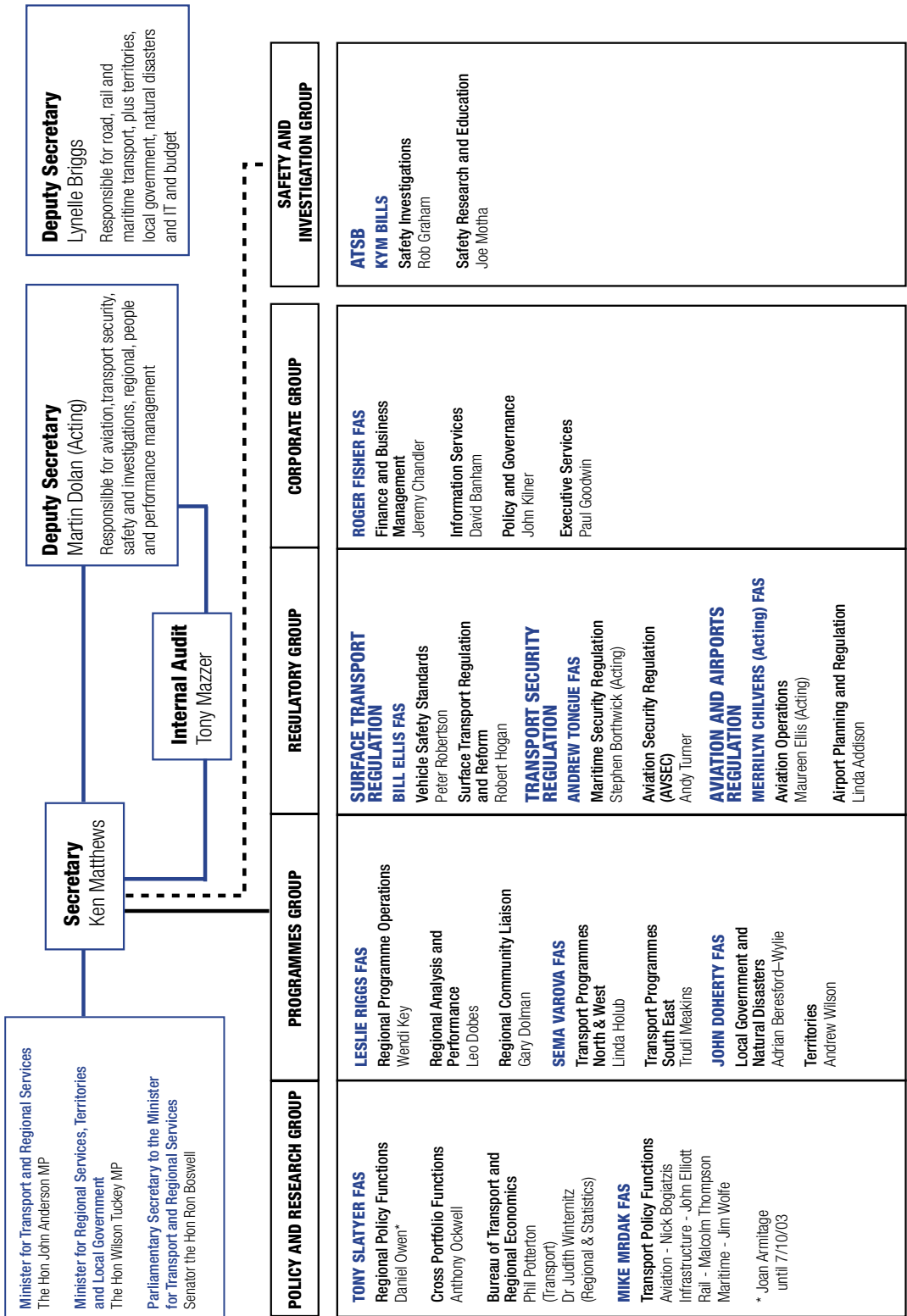
This restructure will pool divisional resources, enable wider flexibility, link similar functions and complete the link between the transport and regional development aspects of the portfolio.

Figure 3 maps the current divisions shown in Figure 2 to the new five-group structure. Figure 4 (p. 16) shows the new departmental structure from 1 July 2003 including new divisions and placement of senior executive service officers.

Figure 3: Department of Transport and Regional Services restructure from 1 July 2003



■ Figure 4: Department of Transport and Regional Services structure as at 1 July 2003



Corporate governance

The department's governance framework of systems, structures and processes assures that we achieve our objectives, deliver our services and that the department is managed and accountable in accordance with legislation and the APS and departmental values.

While we continue our focus on effective governance, we are committed to developing systems, structures and processes that allow for the flexibility to deal effectively with the changing requirements of government and the needs of our clients and stakeholders.

We have a set of key documents to encourage a broader understanding of the department's corporate governance framework. These are:

- *Chief Executive's Instructions*

The Chief Executive's Instructions and practical guides provide instructions and guidance respectively for accountability requirements under the *Financial Management and Accountability Act 1997*.

- *Corporate Plan*

The corporate plan provides guidance for people who work in the department and information for stakeholders through its high level statement of how we propose to go about our work over the next three years.

- *Client Service Charter*

The charter sets out our service commitments and standards for our clients and stakeholders.

- *Governance Compendium*

The compendium outlines the department's internal governance framework and senior level committees.

- *Catalogue of Portfolio Agencies and Legislation Directory*

The catalogue of portfolio agencies provides a profile of all transport and regional services portfolio agencies, including non-statutory bodies and committees that the department works with. The legislation directory details portfolio legislation currently being considered by parliament.

Internal audit and internal control systems, structures and processes assure accountability. These are reported on in Part 4: Management and accountability.

Whilst our formal and informal structures set the framework for an accountable and effective organisation, the means by which we achieve high performance requires sustained emphasis on:

- leadership at all levels
- an emphasis on people management
- effective knowledge creation and management mechanisms
- integration and alignment of our planning and reporting processes.

Senior management committees and their roles

During 2002–03 various committees and working groups have been integral to the governance framework as decision-making and consultative forums within and external to the department. The senior committees and working groups are listed below. Details of committee responsibilities and membership are included in Figure 5 (p. 19).

- Portfolio Business Meeting
- Portfolio Chief Executives' Forum
- Executive Board
- Audit Committee
- Group Executive Team
- People Management Committee
- Strategic Information Technology Committee
- Departmental Executive Meeting

The weekly *Departmental Executive Meeting* is a forum for regular communication and discussion of immediate issues that impact on the department. This is a non decision-making body. Membership includes the secretary (chair), deputy secretaries, all division heads, the Chief Finance Officer, Chief Information Officer, Assistant Secretary People and Performance and the Special Counsel.

New governance structure for 2003–04

An integral part of the package of important structural changes, which come into effect on 1 July 2003, is an improved governance committee structure aligned with the new organisational structure. Figure 6 (p. 20) shows the new committee structure.

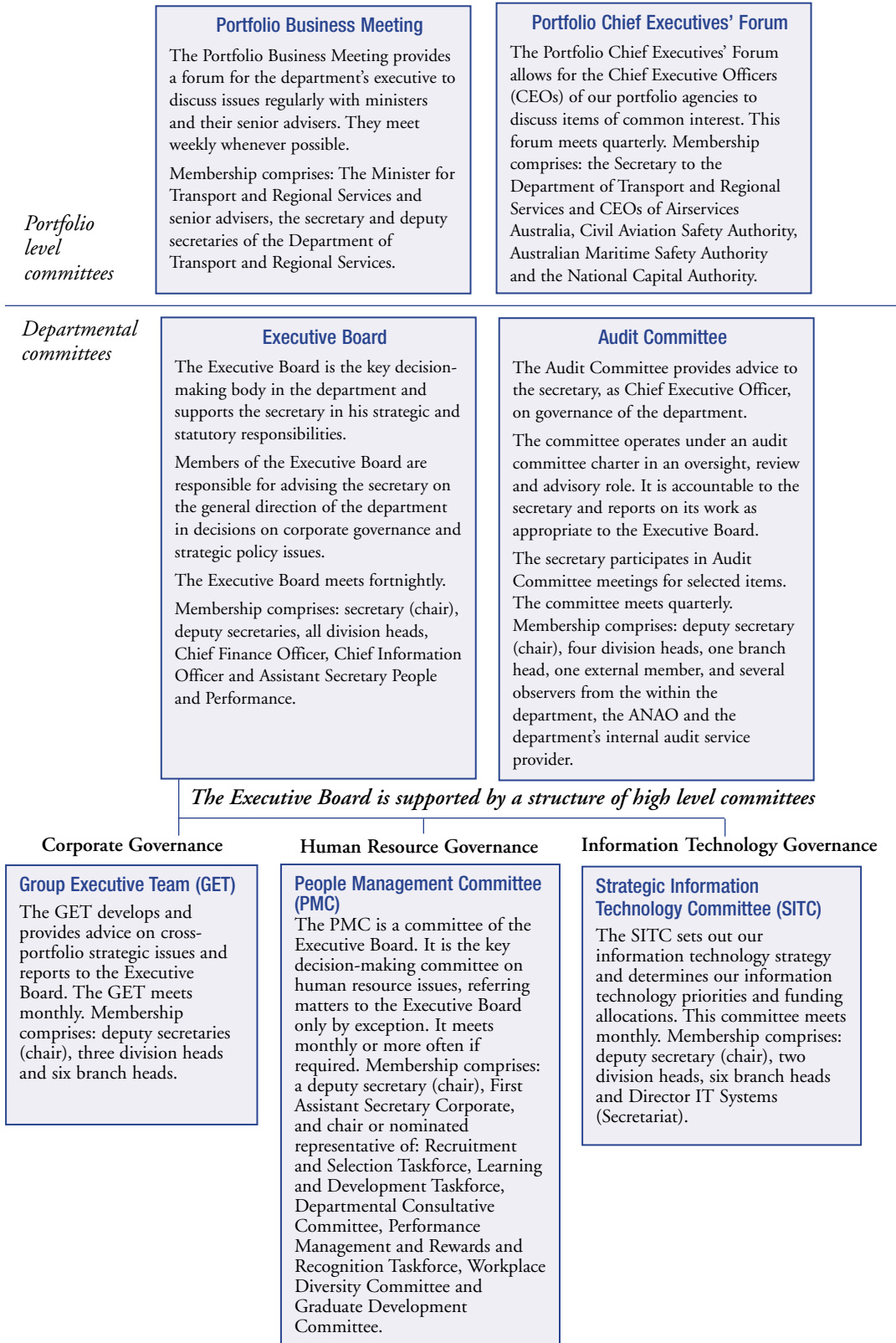
This structure will enhance support to the secretary who is responsible for managing the department and assisting the minister fulfil his accountability obligations to parliament in relation to the operation and administration of the department under the *Public Service Act 1999*.

There will be a clearer distinction between the roles of the Departmental Executive Team, comprising the secretary and deputy secretaries with First Assistant Secretary Corporate as corporate adviser, and the Executive Board. The Departmental Executive Team will be the key decision-making forum for issues that relate to the department as a whole or affect more than one group. In making decisions, it will draw as required on the work of other bodies.

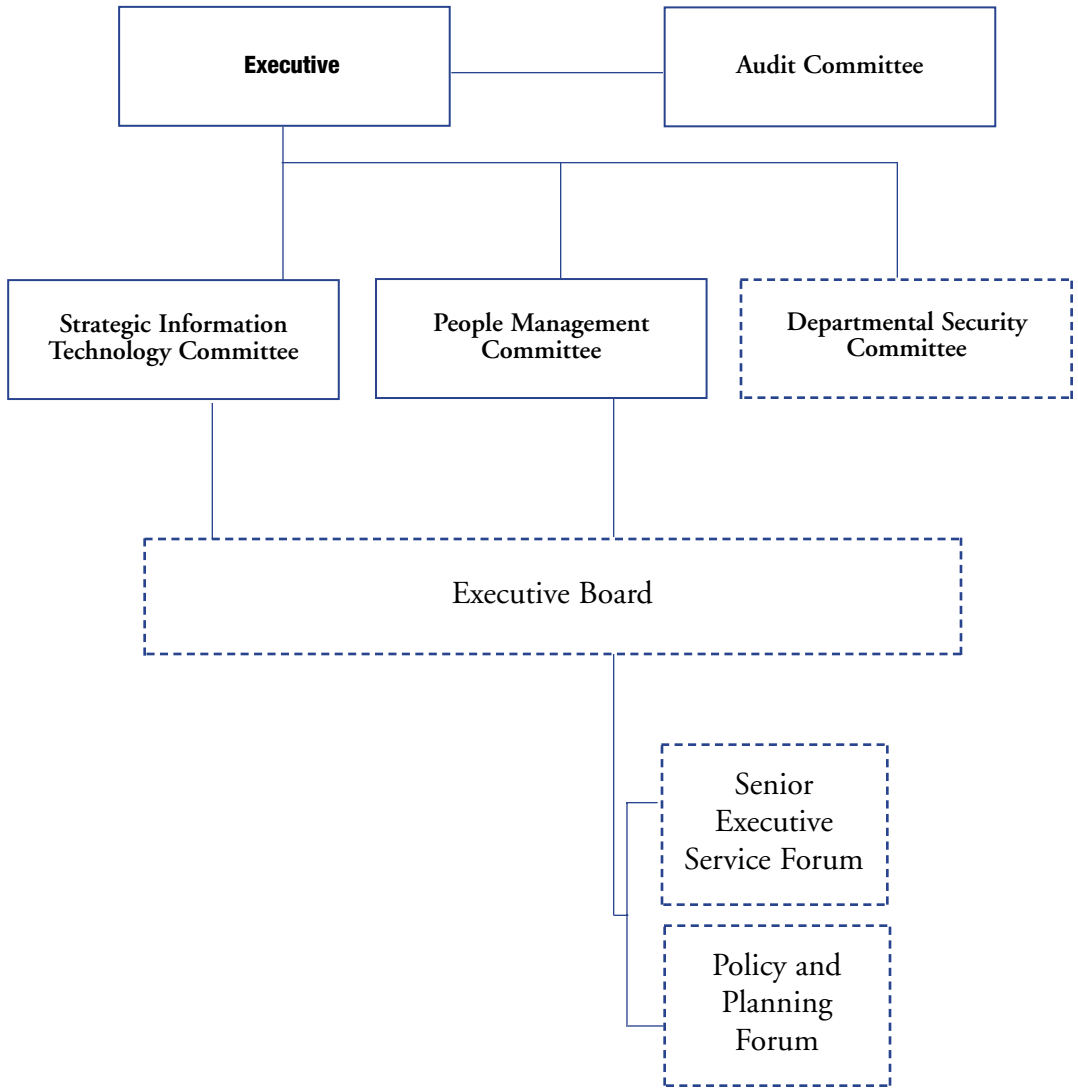
The Executive Board becomes the chief advisory body to the secretary, with membership comprising the Departmental Executive Team, all first assistant secretaries, the Chief Finance Officer, Chief Information Officer and Assistant Secretary Policy and Governance. Other advisory committees include the Departmental Security Committee, the Senior Executive Service Forum and the Policy and Planning Forum.

Three committees directly report to the Departmental Executive Team and would consult with the Executive Board as required—the Audit Committee, the Strategic Information Technology Committee and the People Management Committee.

Figure 5: Governance committees as at 30 June 2003



■ **Figure 6: New departmental committee framework for 2003–04**



KEY

Decision-making bodies



Non decision-making bodies





Part 3

Report on performance

Report on performance	page 22
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Outcome 1: A better transport system for Australia	page 24
- Outputs for Outcome 1	page 26
- Strategic objective: Transport systems which are safer and more secure	page 31
- Strategic objective: Transport systems which are more efficient and internationally competitive	page 48
- Strategic objective: Transport systems which are sustainable and accessible	page 63
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Outcome 2: Greater recognition and development opportunities for local, regional and territory communities	page 79
- Outputs for Outcome 2	page 81
- Strategic objective: Regional communities which have better access to economic opportunities and services, and which are able to take the lead in their own planning and development	page 86
- Strategic objective: Territories which provide for their residents the same opportunities and responsibilities as other Australians enjoy in comparable communities	page 107
- Strategic objective: Local governments which serve their communities more efficiently and effectively	page 115
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Report on performance

Part 3 focuses on performance reporting. We seek to do this by assessing our performance towards achieving our two outcomes, with particular reference to the efficiency and effectiveness of our outputs (services delivered), key strategies and administered programmes.

In Part 3, performance is primarily assessed by identifying the key achievements realised for Outcomes 1 and 2 in relation to each outcome's strategic objectives (identified as key results areas in the 2002–03 Portfolio Budget Statements). The outcomes and strategic objectives are:

Outcome 1: A better transport system for Australia

Strategic objective

Transport systems which are safer and more secure*, more efficient, internationally competitive, sustainable and accessible

Outcome 2: Greater recognition and development opportunities for local, regional and territory communities

Strategic objectives

Regional communities which have better access to economic opportunities and services, and which are able to take the lead in their own planning and development

Territories which provide for their residents the same opportunities and responsibilities as other Australians enjoy in comparable communities

Local governments which serve their communities more efficiently and effectively.

For each strategic objective, Part 3 provides an analysis of major achievements and assesses the effectiveness of the outputs in combination with key strategies and administered programmes.

To further enhance accountability and transparency in performance reporting, we have used a rating scale to indicate the level of progress towards achieving the key strategies and administered programmes as measured against the performance indicators in the PBS:

- achieved
- substantially achieved
- partially achieved
- not achieved.

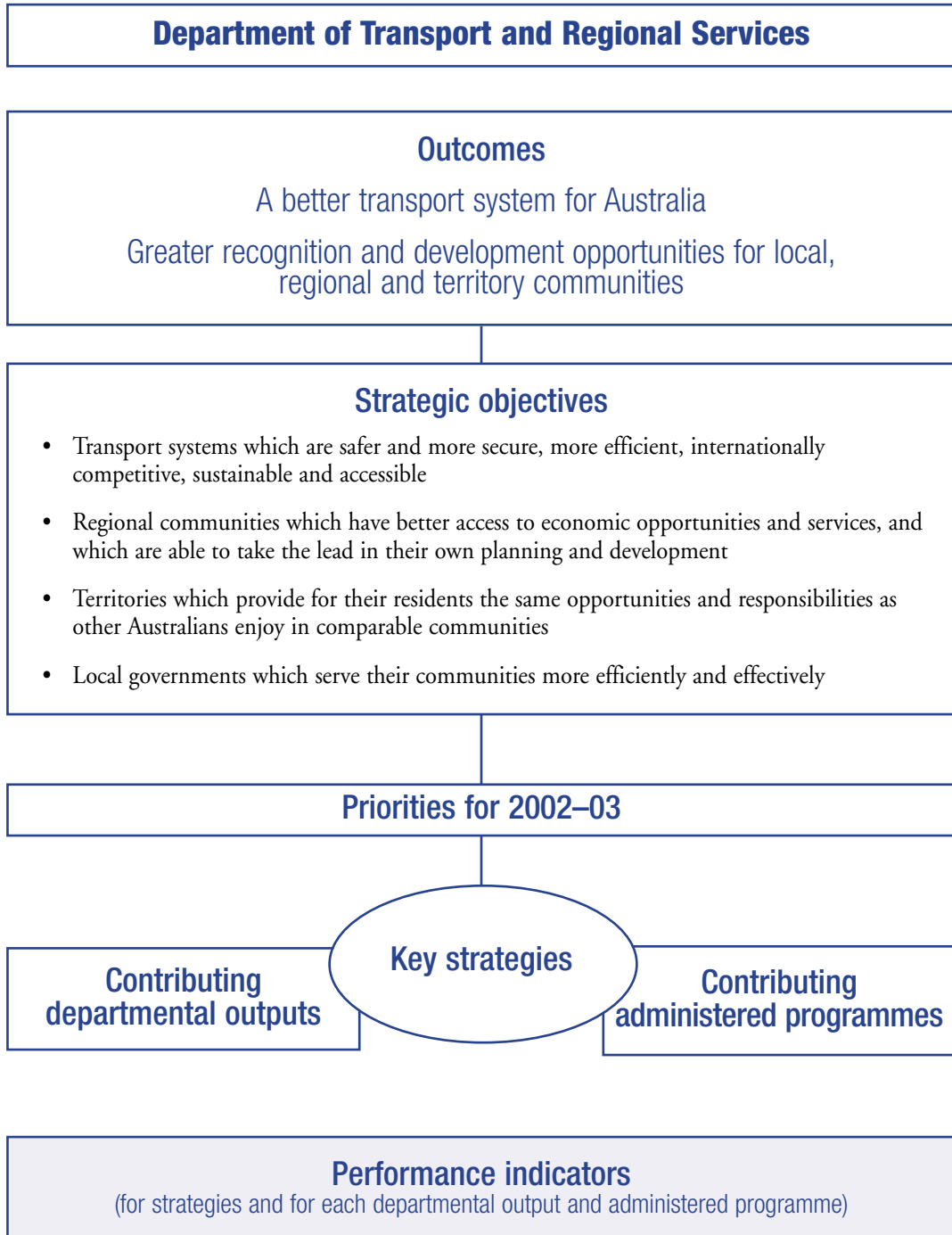
This comprehensive approach to performance evaluation ensures that performance is measured in terms of efficiency and effectiveness as well as achievement.

Part 3 is divided into two distinct sections: Outcome 1 and Outcome 2.

Figure 1 (p. 23) shows the cascaded linkages contributing to our two outcomes. It illustrates how the outputs, key strategies and administered programmes work together to help meet the strategic objectives as the pathway for achieving Outcomes 1 and 2.

* Security was included in the 2002–03 Portfolio Budget Statements (PBS) as a priority area but not in the strategic objectives. Due to the increased focus on security issues, and with the agreement of the minister, security has subsequently been included in the strategic objectives.

■ **Figure 1: Performance reporting structure**



Outcome 1

A better transport system for Australia

Outcome 1 seeks to achieve a better transport system for Australia across aviation, maritime, road and rail transport. We strive to do this through provision of policy advice and the delivery of programmes which contribute to a single strategic objective:

Transport systems which are safer and more secure, more efficient, internationally competitive, sustainable and accessible.

In 2002–03 our efforts were focused on six priority areas:

- aviation reform through work on issues such as Civil Aviation Safety Authority reform and airspace reform
- rail reform including work on revitalisation of the national rail freight network
- freight logistics reform
- transport infrastructure
- transport security
- transport safety, including implementation of the action plan for the National Road Safety Strategy and parliamentary consideration of the Transport Safety Investigation Bill.

A major challenge in working towards Outcome 1 in 2002–03 was the changing global security environment. An increasing worldwide focus on terrorism has heightened awareness of security issues generally and focused attention on the need to better secure our national transport network against the significant economic and social damage that could follow a terrorist attack.

In response we began an ongoing process to develop and reform legislation to ensure our critical transport infrastructure (including physical assets, control systems and people) is safe and more secure. This is essential to both our economic and social development, especially when one considers Australia's geography and location, which would see any threats to critical transport infrastructure impacting heavily upon the economy and the community.

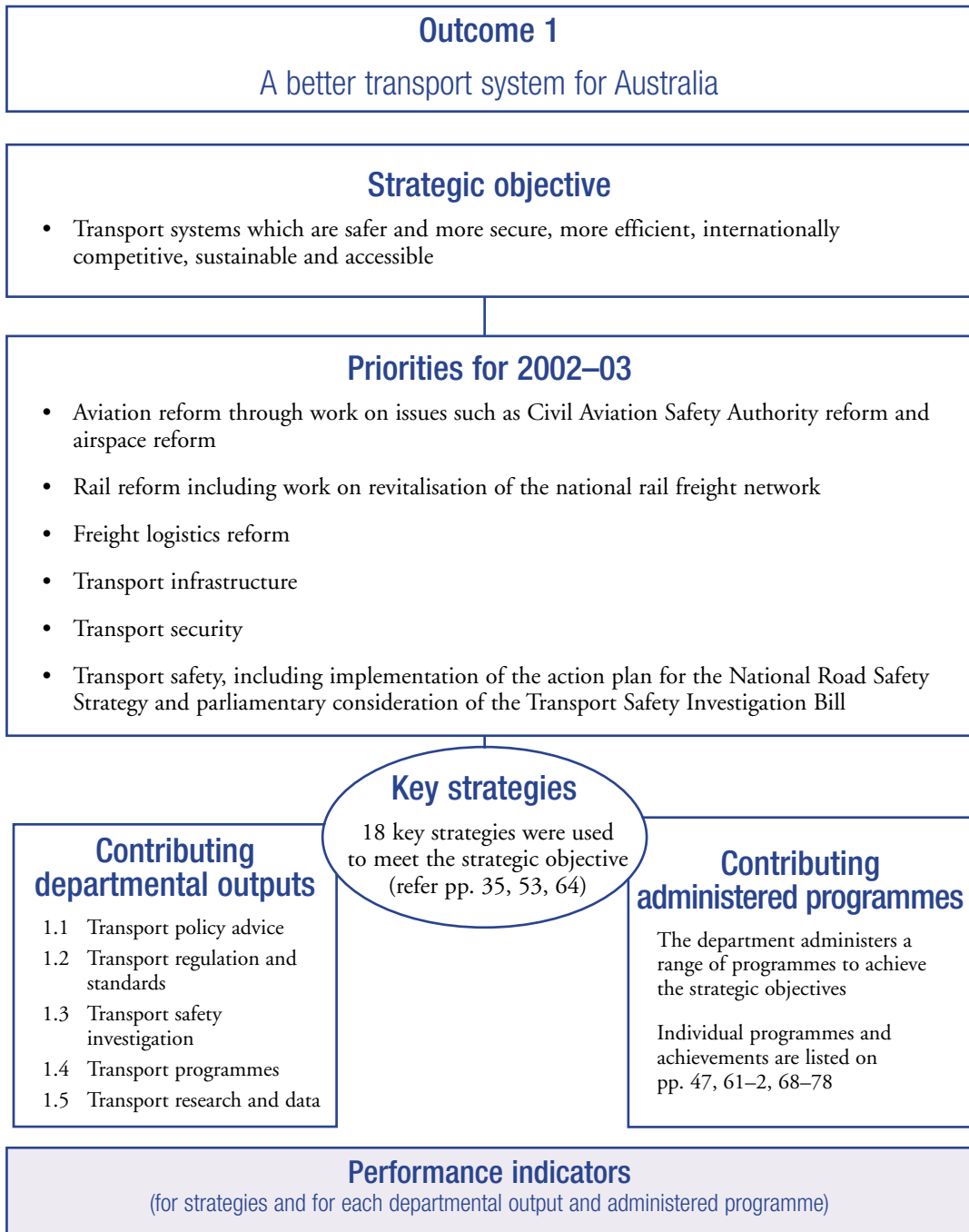
The Australian aviation industry experienced continuing volatility as a result of external factors such as the economic slowdown in global markets, the war on terror and SARS. This has had a significant impact on tourism growth and the slowdown in demand has resulted in the rationalisation of aviation services, particularly on international routes. Pressure remains on the aviation sector (both airlines and airports) to achieve profitability while delivering high quality services at reasonable costs in the longer term.

2002–03 also witnessed the successful undertaking of a number of major initiatives to develop a more efficient transport system. These included AusLink, the establishment of the Australian Logistics Council and work to establish the National Transport Commission.

Figure 2 (p. 25) shows the cascaded linkages contributing to Outcome 1, including strategic objectives and priorities. It illustrates how the five transport outputs (services delivered), 18 key strategies and 26 administered programmes work together to help meet the strategic objectives as the pathway to achieving Outcome 1. In reporting on transport performance in this chapter we have split the strategic transport objective into three parts and reported separately on each one in relation to the priorities, strategies and administered programmes:

- transport systems which are safe and more secure
- transport systems which are efficient and internationally competitive
- transport systems which are sustainable and accessible.

■ **Figure 2: Outcome 1 – Performance reporting structure**



Outputs for Outcome 1

The following table outlines the five outputs (services delivered) for Outcome 1 and provides a high level summary of achievement against performance indicators. Detailed performance reporting on the outputs is presented later in this section in the assessment of achievement against each of part of the strategic objective and the related key strategies.

■ Output 1.1 Transport Policy Advice

(Contributing divisions: Australian Transport Safety Bureau, Aviation and Airports Policy, Economic Research and Portfolio Policy, Transport and Infrastructure Policy, Transport Regulation, Transport Security)

Description	Performance indicators	Achievement
<p>The department provides policy advice and other services to its ministers in relation to:</p> <ul style="list-style-type: none"> • safety and security of transport infrastructure and operations • competitiveness of Australian international and domestic transport within, and between, all modes • access and sustainability of transport systems and the consideration of social, environmental and community impact. 	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Ministers and ministers' offices satisfied with the quality of policy advice and legislation development, and department meets standards for policy advice, legislation and ministerial services. <p><i>Target:</i> 90 per cent level of satisfaction.</p> <p><i>Price:</i> \$20.0 million*</p>	<p>Achieved 98 per cent satisfaction rating across all briefing and ministerial correspondence relating to Outcome 1. The department released the AusLink Green Paper. Eleven pieces of legislation were introduced or passed through parliament, including:</p> <ul style="list-style-type: none"> • Aviation Transport Security Bill 2003 • Aviation Transport Security (Consequential Amendments and Transitional Provisions) Bill 2003 • Civil Aviation Amendment Bill 2003 • Civil Aviation Legislation Amendment Bill 2003 • Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand and Other Matters) Bill 2003 • Maritime Legislation Amendment Bill 2003 • Maritime Legislation Amendment (Prevention of Pollution from Ships) Bill 2003 • National Transport Commission Bill 2003 • National Transport Commission (Consequential Amendments and Transitional Provisions) Bill 2003 • Transport Safety Investigation Bill 2003 • Transport Safety Investigation (Consequential Amendments) Bill 2003. <p><i>Expenses:</i> \$33.3 million</p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 34

■ Output 1.2 Transport Regulation and Standards		
<i>(Contributing divisions: Aviation and Airports Policy, Transport Regulation, Transport Security)</i>		
Description	Performance indicators	Achievement
<p>The department aims to be efficient, effective, responsive and ethical in administering the relevant legislation and regulations through:</p> <ul style="list-style-type: none"> • transparent identification of the contribution that regulatory activity makes to the achievement of the department's outcomes and outputs • identification of the costs and benefits of regulatory activity and a commitment to increasing the benefits and reducing the costs associated with these activities. 	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Compliance is in accordance with legislation, standards or agreements, as applicable. • Regulation is administered in accordance with applicable legislation and agreements, and departmental standards. • New and amended standards, regulations and agreements, are developed and reviewed in accordance with government policy and departmental standards. • Revenue collected and reported upon in an effective manner in accordance with legislation and departmental standards. <p><i>Price: \$28.5 million*</i></p>	<ul style="list-style-type: none"> • Compliance levels achieved. Motor vehicle imports: <ul style="list-style-type: none"> – 15 092 approvals issued covering 104 119 vehicles – 89 per cent of approvals issued within the 17 day service charter standards – 3302 identification plate approvals issued for vehicles meeting Australian Design Rules. • Regulation standards met. The department registered 21 new shipping conference agreements, 22 variations of existing agreements and 1 designated secondary shipper body. The department issued 803 single voyage permits, 105 continuing voyage permits and 56 licences for shipping. • Policy adheres to standards. The department reviewed the National Road Transport Commission (NRTC) and created the new National Transport Commission with a broader mandate. • \$8.5 million was collected in administered fees and \$0.69 million was collected in departmental revenue for the sale of goods and services to non-government entities this year in compliance with standards. <p><i>Expenses: \$22.9 million</i></p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 34

■ Output 1.3 Transport Safety Investigations

(Contributing divisions: Australian Transport Safety Bureau)

Description	Performance indicators	Achievement
<p>The department, through the Australian Transport Safety Bureau, contributes to the maintenance and improvement of transport safety and public confidence by undertaking:</p> <ul style="list-style-type: none"> • independent transport accident, incident and safety deficiency investigations • safety communication and education. 	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Stakeholder acceptance of safety messages, including consideration and implementation of recommendations, safety advisory notices and other safety actions. <p><i>Price: \$9.3 million*</i></p>	<ul style="list-style-type: none"> • ATSB released 96 investigation reports comprising 78 air, 13 marine and 5 rail investigations compared with the 2001–02 total of 127 reports comprising 118 air, 6 marine and 3 rail investigations. Median completion time for air investigations was 279 days compared with 317 days in 2001–02, and for marine investigations 399 days, 70 days less than 2001–02. • ATSB’s investigation reports were well accepted by stakeholders. The ATSB has received responses to all 2002–03 recommendations to Airservices Australia and CASA. Outstanding responses to other 2002–03 recommendations concern overseas bodies and the Bureau of Meteorology and Rottneest Island Authority which are not officially obliged to respond. CASA has not yet responded to the ATSB’s prior year avgas fuel contamination report; recommendations are pending a report by the Senate committee. • All investigation reports are published (hard copy) and all reports, recommendations and responses are available on the ATSB web site www.atsb.gov.au <p><i>Expenses: \$11.1 million</i></p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 34

■ Output 1.4 Transport Programmes

(Contributing divisions: Aviation and Airports Policy, Transport and Infrastructure Policy, Transport Programmes, Transport Regulation)

Description	Performance indicators	Achievement
<p>The department facilitates major transport infrastructure investment that serves the national interest and promotes a strong economy nationally and within regions by:</p> <ul style="list-style-type: none"> • administering transport initiatives that are nationally focused, safe, efficient, competitive and environmentally responsible • managing ongoing road, rail, aviation, maritime and industry programmes • collecting general taxes, levies, fees and loan repayments, both departmental in nature and on behalf of the Commonwealth. 	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Department ensures that funding recipients meet terms and conditions of funding. • Administration of programmes in accordance with legislation, government policy, and departmental standards. • Department ensures that industry interests are understood and represented in international forums and discussions. • Revenue collected and reported upon in an effective manner in accordance with legislation and departmental standards. <p><i>Price:</i> \$11.9 million*</p>	<ul style="list-style-type: none"> • Procedures are in place to ensure funding meets terms and conditions. • Programmes are administered in accordance with relevant policy and procedures. • The department undertakes consultation with industry and represents industry appropriately. • \$0.733 million was collected in revenue for the sale of goods and services to non-government entities this year in compliance with standards. <p><i>Expenses:</i> \$12.4 million</p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 34

■ Output 1.5 Transport Research and Data

(Contributing divisions: Australian Transport Safety Bureau, Economic Research and Portfolio Policy)

Description	Performance indicators	Achievement
<p>The department undertakes research and collects, maintains and disseminates relevant data including:</p> <ul style="list-style-type: none"> • transport safety statistical analysis and public interest research • dissemination of transport safety information to industry and the Australian public • research and data on current and emerging transport issues. 	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Research and analysis outputs increase and improve stakeholder knowledge and improve safety outcomes. • Research and analysis activities contribute to policy development and programme delivery. • Research and analysis activities are in accordance with departmental and appropriate peer and academic research standards. <p><i>Price:</i> \$11.9 million*</p>	<ul style="list-style-type: none"> • The ATSB released five major research reports including reports on community attitudes to speeding and the potential cost-effectiveness of seat belt reminder systems. The ATSB also released 13 road fatality statistical reports and seven special-issue statistical reports including reports on the Christmas holiday road toll. • All issues researched contribute to policy and programmes development. • Research and analysis is undertaken in accordance with relevant standards. The BTRE produced 10 research and statistical publications in 2002–03 contributing towards an improved understanding of economic and social factors influencing the efficiency and international competitiveness of transport systems. (Refer Part 3, Transport research p. 50) <p><i>Expenses:</i> \$13.6 million</p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 34

Strategic objective: Transport systems which are safer and more secure

This part of the strategic transport objective focuses on the protection of national transport infrastructure, transport operations and public safety. This is undertaken through the implementation of transport regulation and safety and security measures, conducting transport safety investigations and safety research and analysis.

Safety

A major milestone for transport safety was achieved this year when the *Transport Safety Investigation Act 2003* (TSI Act) and the *Transport Safety Investigation (Consequential Amendments) Act 2003* (TSI (CA) Act) received royal assent on 11 April 2003. Both Acts and accompanying regulations come into effect on 1 July 2003.

The TSI Act allows for rail safety investigations on the Defined Interstate Rail Network by the Australian Transport Safety Bureau (ATSB). In aviation, marine, and now rail, the TSI Act will allow the ATSB to contribute effectively to maintaining and improving transport safety through conducting independent, 'no-blame' investigations into transport safety accidents and incidents as well as industry and public education through communication of the results of those investigations.

In relation to this strategic objective, the department also focused on safe motor vehicles meeting uniform vehicle standards and airspace reform, with consideration to the future structure and functions of both the Civil Aviation Safety Authority (CASA) and Airservices Australia.

Safety was also enhanced through the regulatory work of the Vehicle Safety Standards Branch and through continuation of the National Black Spot Programme, which the department administers.

Security

In the 2002–03 Portfolio Budget Statements, security is not mentioned as part of the strategic objective. However, the changing global security environment has heightened awareness of security issues and focused attention on the need to better secure our nationally important transport network from the significant economic and social damage that could follow a terrorist attack. This has resonated at the community level with the public seeking increased safety in all modes of transport, in particular fare-paying passengers.

In response, a Transport Security Division was created in the department to provide policy advice on transport security (excluding aviation) and develop a National Transport Security Strategy.

Priority: Aviation reform through work on issues such as Civil Aviation Safety Authority reform and airspace reform

Aviation reform

The government announced its aviation reform programme in February 2002, comprising:

- corporatisation of Airservices Australia
- the future responsibility for aerodrome rescue and firefighting services (ARFFS) terminal navigation, and tower air traffic control (ATC) services
- establishment of an air standards task force to complete the reform of the aviation regulations
- a review of the structure and reporting arrangements for CASA
- national airspace reform.

In response legislated safety standards have been established to govern the provision of aviation safety services such as ATC and ARFFS.

The department is also leading a cooperative approach between relevant departments to determine how Airservices Australia is to be corporatised, and the regulatory environment in which Airservices Australia will operate.

Airspace Authority

The minister has announced his intention to establish an Airspace Authority, becoming Australia's airspace approval and regulatory authority. The principal object of the Airspace Authority will be to take over regulatory functions from a corporatised Airservices Australia.

On 13 May 2002, the government agreed to the Aviation Reform Group's (ARG) recommendation that the National Airspace System (NAS) be the preferred model for airspace reform in Australia and that the ARG establish an Implementation Group to assist it in implementing NAS. The Implementation Group has successfully implemented Stage 1 and Stage 2A.

\$2.1 million has been allocated to fund the implementation of NAS in a staged programme.

Priority: Transport security

Considering Australia's geography and location any threats to critical transport infrastructure will impact heavily upon the economy and the community.

Our focus in the past year has been to improve security measures by developing broad transport security policies and regulatory regimes, and implementing security measures appropriate to the new aviation and maritime security environment.

Aviation security

The priorities for effective management and oversight of Australia's aviation security environment, undertaken in consultation with other regulatory agencies and the aviation industry, are:

- policy advice to government and consequent implementation of security measures appropriate to the new aviation security environment arising from the US and Bali terrorist attacks
- establishment of fundamental regulatory standards on access control and passenger and baggage screening
- implementation of additional cargo security measures.

Priority: Transport security (continued)

As a part of the international aviation security environment, Australia closely consults and exchanges information with other countries, in particular New Zealand, United States and United Kingdom and through the International Civil Aviation Organization (ICAO). Opportunities for greater cooperation on aviation security issues may also arise through the Asia-Pacific Economic Cooperation (APEC) Aviation Security Group.

Maritime security

Australia is highly dependent on international shipping and must keep pace with global developments in maritime security to ensure that the Australian community is not vulnerable to terrorist attack and so we can continue to export products by sea.

Under the International Maritime Organization's (IMO) International Ship and Port Facility Security Code (ISPS) Code, the department will implement new international security measures from 1 July 2004, which apply to international trading ships and the port facilities that serve them. These new preventative security measures will apply both to international trading ships and terminal facilities that serve them and to Australian flagged ships on interstate voyages and the terminal facilities that serve them.

In preparation, the department has developed guidance materials including security assessment processes and model security plans for ports, terminal facilities and ships based on AS/NZS 43:60 risk management standards and conducted workshops to assist them meet compliance requirements. The department has also conducted extensive consultations with Commonwealth and state/territory agencies with responsibility for border control and counter terrorism response.

In our region APEC leaders have also committed to compliance with the code as well as other security initiatives through the Secure Trade in the APEC Region initiative. Australia will play an active leadership and capacity-building role in the region. The department is also involved in the provision of advice and guidance materials to developing APEC countries to assist them meet the requirements of the ISPS Code.

National Transport Security Strategy

Under the auspices of the Transport Ministers' Council, the department and state and territory governments and industry representatives have started to develop a National Transport Security Strategy. The strategy will address existing and emerging transport security issues.

Critical transport infrastructure protection

The department has been actively involved within the framework of the National Counter Terrorism Plan in ensuring appropriate protection for transport critical infrastructure. This has required extensive liaison with Commonwealth agencies, senior police in all jurisdictions and industry.

Priority: Transport safety, including implementation of the action plan for the National Road Safety Strategy and parliamentary consideration of the Transport Safety Investigation Bill

National Road Safety Strategy

The National Road Safety Strategy 2001–10 was adopted by the Australian Transport Council (ATC) in November 2000. The target of the strategy is to reduce the annual number of road transport deaths per 100 000 by 40 per cent. In approving the strategy, the ATC agreed that it should be supported by a series of two-year action plans setting out specific road safety measures.

During the period of the first action plan (2001 and 2002) Australia's annual fatality rate fell to 8.75 per 100 000 population, 6 per cent below the 1999 benchmark rate of 9.3. An even lower rate of about 8.1 was required to maintain steady progress toward the 2010 target of 5.6.

The new action plan for 2003 and 2004 was adopted by the ATC in November 2002 and identifies action items with potential to achieve a significant impact on road trauma within the next few years, and others that will lay the foundation for longer term gains. Priority areas include:

- more effective speed management
- expansion of road-based safety treatments
- enhanced drink-driving deterrence
- measures to reduce fatigue-related harm.

Transport Safety Investigation Bill

A major milestone for transport safety was achieved this year when the *Transport Safety Investigation Act 2003* (TSI Act) and the *Transport Safety Investigation (Consequential Amendments) Act 2003* (TSI (CA) Act) received royal assent on 11 April 2003. Both Acts and accompanying regulations come into effect on 1 July 2003.

The TSI Act enables the ATSB to undertake rail investigations on the defined interstate rail network and creates an updated legislative framework for aviation and marine investigations. In aviation, marine, and now rail the ATSB is able to contribute effectively to maintaining and improving transport safety through conducting independent, 'no-blame' investigations into transport safety accidents and incidents as well as industry and public education through communication of the results of those investigations.

Transport safety research

The ATSB undertook significant safety research in road safety and commenced work on several aviation safety research projects. The Bureau of Transport and Regional Economics (BTRE) economic safety research focuses on estimating the cost of transport accidents.

In 2002–03 the BTRE published a report entitled *Rail Accident Costs in Australia* (Report 108). This report examines the demographic distribution of rail accident victims and estimates the socio-economic cost to the Australian economy.

The report assists governments, rail organisations and households identify initiatives they can each employ to mitigate the losses associated with rail accidents. In particular, it provides the cost estimates necessary to evaluate rail infrastructure investment proposals.

Key strategies

Achievements linked to safer and more secure transport systems resulted from the implementation of a number of key strategies:

- support safer aviation, shipping and land transport services
- effective management and oversight of Australia's aviation security environment
- lead the development nationally of more consistency in road transport and rail regulatory arrangements
- administer the *Motor Vehicles Standards Act 1989* to ensure that uniform vehicle standards are applied to vehicles first entering the Australian market
- improve targeting and timeliness of air and marine safety investigations
- develop the Commonwealth's role in rail safety and investigation
- progress implementation of the Commonwealth's responsibilities under the National Road Safety Strategy and the new action plan
- deliver national transport, development and safety objectives through road funding programmes.

A more detailed analysis of specific achievements against each key strategy follows.

Key strategy	Performance indicators	Achievement
<p>Support safer aviation, shipping and land transport services. (Contributing divisions: Australian Transport Safety Bureau, Aviation and Airports Policy, Transport and Infrastructure Policy and Transport Regulation)</p>	An improvement in transport safety standards, practices, knowledge, and data.	Substantially achieved

Key achievements

Transport safety legislation and investigations

The introduction of the *Transport Safety Investigation (TSI) Act 2003* and associated regulations on 1 July 2003 is a major achievement for transport safety investigations.

With the introduction of the legislation the ATSB is able to undertake rail investigations on the defined interstate rail network and work within an updated legislative framework for aviation and marine investigations.

Other key transport safety achievements of the ATSB in 2002–03 include:

- Australian Transport Council (ATC) endorsement of the second National Road Safety Strategy Action Plan, for 2003 and 2004. (This is further reported under key strategy: Progress implementation of the Commonwealth's responsibilities under the National Road Safety Strategy and Action Plan on p. 44).
- Release of the high profile air safety investigation reports into Ansett 767 aircraft maintenance, the Mount Newman WA Police Airwing accident, and a microburst windshear serious 737 incident near Brisbane.
- Release of prominent marine and rail reports including the Nego Kim marine explosion accident and the Salisbury SA rail level crossing accident and Epping Victoria rail collision accident.
- Release of major road safety research reports on community attitudes to speeding and the potential cost effectiveness of seat belt reminder systems, and important statistical reports including on the Christmas holiday road toll.

Airservices Australia—future governance

The government announced its aviation reform programme in February 2002, comprising:

- corporatisation of Airservices Australia
- future responsibility for aerodrome rescue and firefighting services (ARFFS), terminal navigation, and tower ATC services
- establishment of an air standards task force to complete the reform of the aviation regulations
- a review of the structure and reporting arrangements for CASA
- national airspace reform.

The department is leading a cooperative approach between relevant departments to determine how Airservices Australia is to be corporatised, and the regulatory environment in which Airservices Australia will operate.

Corporatisation and the transfer of Airservices' regulatory functions is consistent with the 1995 *Competition Principles Agreement*, which committed all Australian governments to reviewing the structure of government monopolies with a view to introducing competition where possible.

National airspace reform

On 13 May 2002, the government agreed to the Aviation Reform Group's (ARG) recommendation that the National Airspace System (NAS) be the preferred model for airspace reform in Australia and that the ARG establish an implementation group to assist it in implementing NAS.

The implementation of NAS will occur in three stages. Stage 1 was completed on 20 March 2003. The Budget has allocated \$2.1 million to the department, which will be used to fund the implementation of NAS, including communication and education programmes critical to the success of NAS.

Civil Aviation Safety Authority (CASA) reform

The Civil Aviation Amendment Bill 2003 was introduced into the House of Representatives on 27 March 2003. In terms of the governance arrangements:

- The Bill proposes the abolition of the CASA Board and retention of CASA as a statutory authority, thereby giving the minister the necessary direct authority over CASA's policy directions and priorities, performance standards, reporting and consultation processes.
- The Director of Aviation Safety will become the chief executive officer and will have dual responsibility for managing CASA's governance and for its safety regulatory functions.

The Bill also introduces five new enforcement measures that strike the appropriate balance between enhancing natural justice and maintaining CASA's powers to take action on safety breaches, namely:

- Federal Court adjudication of CASA's decision to immediately suspend an authorisation in cases where it has reasonable grounds to believe there is a serious and imminent risk to air safety.
- An automatic stay of up to 90 days of CASA's decisions to suspend, vary or cancel a civil aviation authorisation in cases which do not involve a serious and imminent risk to air safety.
- A scheme linking demerit points to infringement notices, similar to the NSW demerit point system for motor vehicle drivers' licences.
- Protection from administrative action where an authorisation holder voluntarily self-reports a breach of the regulations, based on the United States system administered by the National Aeronautical and Space Administration on behalf of the Federal Aviation Administration.
- A scheme of enforceable voluntary undertakings that will allow CASA to accept a written undertaking from an authorisation holder in relation to compliance with civil aviation safety legislation.

It is anticipated that the Bill will be passed during the Winter 2003 sittings of parliament.

Other aviation reforms

The minister announced his intention to establish an Airspace Authority to take over regulatory functions from a corporatised Airservices Australia.

Mutual Recognition of Aviation Safety Related Certification between Australia and New Zealand is being formalised through the proposed Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand and Other Matters) Bill 2003. Subject to parliamentary approval, this means that aviation safety certificates issued to eligible aviation organisations in one country will be recognised for use in the other.

Key strategy	Performance indicators	Achievement
<p>Effective management and oversight of Australia's aviation security environment. (Contributing division: Aviation and Airports Policy)</p>	Implementation of effective aviation security measures by industry, including additional security measures in response to threat and intelligence advice.	Substantially achieved

Key achievements

Aviation Security Review

In December 2002 and January 2003, the government announced its decisions on the review of passenger and baggage screening arrangements at Australian airports and the review of access control and Aviation Security Identification Card (ASIC) arrangements.

The main points of the government's announcements were:

- introduction of 100 per cent Checked Bag Screening (CBS) for international flights by 31 December 2004
- a domestic CBS capacity to be introduced at major terminals by the same date
- development of a new and more comprehensive ASIC card for introduction in 2003–04
- the inclusion of a Politically Motivated Violence check for all ASIC applicants and card holders.

In the interim the department is working in consultation with industry towards checking and renewing all ASIC cards during the 2003–04 period.

ANAO Report on Aviation Security

The Australian National Audit Office (ANAO) *Audit Report No 26—Aviation Security in Australia, Department of Transport and Regional Services* was tabled out of session on 16 January 2003. It endorsed the department's response to the events of 11 September 2001 and noted that the regulatory framework for aviation security is comprehensive. It found that:

- the department's monitoring regime was essentially sound, but could be improved
- improvements could be made with regard to action taken by the department to correct non-compliance with aviation security standards.

The report made six recommendations covering air cargo, industry monitoring and compliance with aviation security standards, enhancement of the security management information system and development of performance indicators. The department accepted all six recommendations and implementation is being monitored by the department's Audit Committee.

The department's aim is to have addressed all six ANAO recommendations by the second half of 2004. Comprehensive responses are in some cases dependent on actions by other parties, including approval of regulations.

Air Security Officer (ASO) Programme

As part of the government's response to the threat of terrorism, the Prime Minister announced the deployment of ASOs on Australian domestic and international flights. The government subsequently endorsed this announcement with the Australian Protective Service being tasked to implement the operational aspects of the programme and the department given policy responsibility.

Key strategy	Performance indicators	Achievement
<p>Lead the development nationally of more consistency in road transport and rail regulatory arrangements. (Contributing division: Transport Regulation)</p>	<p>Rail and road transport industries operating within a framework of national regulation or codes of practice supporting continuous enhancement of efficiency and safety.</p>	<p>Substantially achieved</p>

Key achievements

Establishment of the National Transport Commission

In August 2002, the Australian Transport Council (ATC) considered a review of the *National Road Transport Commission (NRTC) Act 1991*, which is due to lapse on 14 January 2004. The ATC decided to replace the NRTC as a regulatory reform body with the National Transport Commission (NTC). Heads of government endorsed the decision.

The NTC will have a mandate for rail and intermodal regulatory and operations reform as well as road transport, as currently undertaken by the NRTC.

To enable the earliest possible focus on rail and intermodal reform, ATC agreed that in practice the NRTC would function as the NTC from 1 July 2003. At its meeting in May 2003, ATC agreed to the First National Transport Regulatory Reform Work Programme, an ambitious reform programme, to be undertaken by the NRTC/NTC in 2003–04. The NTC will formally assume the functions of the NRTC when the NTC legislation comes into force on 15 January 2004.

The department chaired and provided secretariat support to the Standing Committee on Transport NTC Implementation Working Group, responsible for developing transitional arrangements, legislation and an inter-governmental agreement (IGA) to establish the NTC. The department also made an active contribution to development of the work programme.

Other major steps for rail regulatory reform

Under an IGA with the states and territories, the Commonwealth established the Australian Rail Operations Unit (AROU) within the department in 2000. The unit was tasked to facilitate industry development and implementation of a code of practice for the rail. To assist with production and publication, the department assumed ownership of the code.

At its August 2002 meeting, the ATC agreed to recommendations from a review of the IGA for Rail Operations Uniformity and the AROU. This review built on the findings of the review of the NRTC Act in relation to rail. It recommended, among other things, that:

- ownership of the code be transferred to industry
- an agreement be developed for a cooperative approach to rail regulation between government and the rail industry.

A Memorandum of Understanding setting out this cooperative approach has been developed by the Standing Committee on Transport NTC Implementation Working Group and agreed by both ATC and the rail industry. The department has simultaneously negotiated transfer of the code to the rail sector and both the Memorandum of Understanding and the transfer agreement were signed in early July 2003. Together with the establishment of the NTC, this is a major step forward for the rail sector.

There is now full commitment by Australian governments to reform rail regulation so that it is uniform or consistent across all the states and territories, while industry has responsibility for developing its own nationally consistent standards within government requirements.

Key strategy	Performance indicators	Achievement
<p>Administer the <i>Motor Vehicles Standards Act 1989</i> to ensure that uniform vehicle standards are applied to vehicles first entering the Australian market.</p> <p><i>(Contributing division: Transport Regulation)</i></p>	Safe motor vehicles meeting uniform vehicle standards.	Achieved

Key achievements

Registered Automotive Workshop Scheme

The *Motor Vehicle Standards Amendment Act 2001* and the Motor Vehicle Standards Amendment Regulations 2001 commenced on 1 April 2002. They enabled the introduction of the Registered Automotive Workshop (RAW) Scheme. The RAW Scheme became mandatory on 8 May 2003 following a transition period of three years from the announcement of the changes to the arrangements for imported used vehicles on 8 May 2000.

The RAW Scheme requires used vehicles to be imported and modified by a RAW with approval to place a used import plate on a vehicle by vehicle basis. This will ensure that used vehicles meet the safety and other legislative requirements for supply to the Australian market.

Australian Design Rules

The department undertook a review of the Australian Design Rules (ADRs) the policy intent of which is to harmonise the ADRs as closely as possible with international regulations developed through the United Nations Economic Commission for Europe.

Two important packages of proposed ADR amendments completed the public comment phase during the year. These were the occupant protection package, which included the major crash test ADRs, and a package of deletions to a number of prescriptive rules that are obsolete. These packages will be considered by state and territory transport ministers with a view to gazettal during 2003–04.

Work also continued on draft regulation impact statements (RISs) for ADRs affecting heavy vehicles and a separate package covering structural ADRs, including seats, seatbelts and head restraints. These draft RISs will be submitted for public comment during 2003–04. Work also continued on a draft RIS covering underrun barriers for heavy vehicles and seatbelt reminders for passenger vehicles.

Certification and imports

The department issued 3302 identification plate approvals during the year. These approvals allow plates to be placed on vehicles to signify compliance with ADRs which then allows the vehicles to be supplied to the Australian market. The department also issued 15 092 import approvals covering 104 119 vehicles. Vehicle import approvals were issued within a 17-day service charter period in 89 per cent of cases. There were 69 887 telephone calls relating to vehicle imports.

Safety monitoring

The department monitored the effectiveness of 99 vehicle recalls in accordance with agreed procedures, which assist in ensuring that vehicles used in Australia continue to comply with the requirements of the *Motor Vehicle Standards Act 1989* and the product safety provisions of the *Trade Practices Act 1974*.

Weekly updates of vehicle recall activity and the status of vehicle recalls are provided to the Competition and Consumer Policy Division of the Commonwealth Treasury. This information is also updated regularly on the department's website dynamic.dotars.gov.au/recalls/index.asp

We conducted 26 overseas and 25 local conformity of production assessments and test facility inspections to ensure vehicle manufacturers met the national standards required under the Act for supply of new motor vehicles to the Australian market.

Transport safety research

Work also progressed on the following four major areas of research:

- vehicle compatibility in frontal crashes
- development of a Global Technical Register on side impact protection
- protection of pedestrians when struck by a vehicle
- protection of children in side impact crashes.

This was supported by publication of two papers with results of research work:

- *Australian Research to Support the IHRA Vehicle Compatibility Working Group*
- *Combining the Finite Element Models of the Ford Falcon and Subaru Legacy to Improve Vehicle Compatibility.*

The department also published a report on pedestrian safety, *Vehicle Safety Standards Report (VSSR) 1—Vehicle Design and Operation for Pedestrian Protection—Accident Simulations and Reconstructions.*

The publication of research reports provides information to industry and other researchers on the safety issues to be considered when future regulations are being developed.

Key strategy	Performance indicators	Achievement
<p>Improve targeting and timeliness of air and marine safety investigations. (Contributing division: Australian Transport Safety Bureau)</p>	<p>Categorisation of aviation occurrences is carefully reviewed, backlog of older aviation and marine investigations is reduced, and increased analysis of aviation safety data trends.</p>	<p>Substantially achieved</p>

Key achievements

In 2002–03 the ATSB reduced its aviation investigation report processing times and backlog, increased its marine report output, introduced an abbreviated format for less significant marine reports, and generated three well-received reports on aviation safety data trends. These achievements are reported below.

Air investigations

In 2002–03, the ATSB released 78 aviation investigation reports with a median time from occurrence date to report release of 279 days, down from 317 days the previous year. The backlog of uncompleted investigation reports declined from about 90 during 2001–02 to 66 as at 30 June 2003, and the number of investigations more than 12 months old declined slightly from 16 to 14.

This improvement reflects the reduction in investigations initiated. Also, categorisation has been simplified, and investigation processes now feature earlier analysis phases and greater direct team leader involvement.

Based on analysis of aviation data trends, an air safety study was drafted on runway incursions, and final safety studies were published on birdstrikes, mandatory broadcast zones and fuel starvation. The reports were well received and attracted constructive industry comment.

The report on birdstrikes prompted several interested parties to form a committee to promote best practice measures in reducing birdstrike incidents. The ATSB has followed up this report, commissioning a series of bird control information sheets to assist smaller aerodromes control problem species.

The ATSB's air safety activities attracted 26 compliments and there was one complaint involving a decision not to attend an accident site. The Ansett 767 Maintenance Investigation Report has received considerable Australian and international recognition from aviation stakeholders and has been nominated for an international air safety award.

Marine investigations and safety activity

In 2002–03 the ATSB's Marine Investigation Unit undertook 15 new investigations, of which 13 were in progress at 30 June 2003. The backlog of 19 uncompleted marine investigation reports as at 30 June was similar to the previous year.

The ATSB released 13 marine investigation reports in 2002–03, with a median completion time of 66.5 weeks, 10 weeks less than for the previous year. Seven of those reports were commenced in 2000–01, five in 2001–02 and one in 2002–03. Four further reports had reached the final stages of preparation by the end of 2002–03.

While the number of reports released improved markedly from six to 13 the median completion time for these reports was greater than targeted. Competing priorities that affected report completion times included:

- the utilisation of marine investigation capacity for rail accident investigations
- work on the transport safety investigation legislation, the Diploma of Transport Safety Investigation, the Certificate in Assessment and Workplace Training, and on a new marine incident database.

Future completion times will benefit from the marine unit introducing an abbreviated report format for investigations that are less significant. Incident reports can be found at www.atsb.gov.au

The unit maintained its proactive safety activities including: chairing the Marine Accident Investigators International Forum in Germany; participation in a working group at the 2003 meeting of the International Maritime Organization (IMO) Flag State Implementation Subcommittee; and contributing to a number of forums in Australia.

Significant international outcomes included support for voyage data recorders in accident investigations, appreciation of work done by Australia for the electronic input of casualty data into the International Maritime Organization database, and investigator training.

The ATSB Marine Unit received eight compliments including one from the World Maritime University in Sweden citing the excellence of ATSB's casualty and incident reports. There were no complaints.

Key strategy	Performance indicators	Achievement
<p>Develop the Commonwealth's role in rail and safety and investigation. (Contributing division: Australian Transport Safety Bureau)</p>	<ul style="list-style-type: none"> • The proposed Transport Safety Investigation Act and regulations are progressed to enable independent ATSB investigation on the interstate system. • Investigation of rail safety occurrences if commissioned by the states/NT. • Further development of a national rail safety occurrence database. 	Substantially achieved

Key achievements

Transport safety

A major milestone for transport safety was achieved this year when the *Transport Safety Investigation Act 2003* (TSI Act) and the *Transport Safety Investigation (Consequential Amendments) Act 2003* (TSI (CA) Act) received royal assent on 11 April 2003. Both Acts and accompanying regulations came into effect on 1 July 2003.

The TSI Act replaces Part 2A of the *Air Navigation Act 1920* for aviation safety investigations and the *Navigation (Marine Casualty) Regulations 1990* for marine safety investigations. The TSI Act allows for rail safety investigations on the Defined Interstate Rail Network by the ATSB.

In aviation, marine, and now rail, the TSI Act will allow the ATSB to contribute effectively to maintaining and improving transport safety through the conduct of independent, 'no-blame' investigations into transport safety accidents and incidents and industry and public education through communication of the results of those investigations.

Rail safety investigations

The ATSB led six rail safety investigations during 2002–03, undertaken at the request of state governments under state law. The ATSB also participated in two other rail safety investigations and assisted the Special Commission of Inquiry into the Waterfall Rail Accident in NSW.

All ATSB rail safety investigation reports released by state governments during 2002–03 contained recommendations that were endorsed by the appointing authority. These recommendations generally related to technical, management and organisational issues.

National Rail Occurrence Database

In accordance with a November 1999 decision of the Australian Transport Council, the ATSB continued to work on development of a National Rail Occurrence Database.

The database provides national safety statistics on the Australian railway system for the calendar years 2001 and 2002 based on input from state and Northern Territory rail regulators. While progress to broaden the database during 2002–03 was limited, the bureau will continue to work with rail safety regulators to seek to provide additional statistical information on Australian rail occurrences.

Two reports based on the database were released during the year, one on significant occurrences and one on rail transport activity in Australia.

Key strategy	Performance indicators	Achievement
<p>Progress implementation of the Commonwealth's responsibilities under the National Road Safety Strategy and the new action plan.</p> <p><i>(Contributing divisions: Australian Transport Safety Bureau, Transport Programmes, and Transport Regulation)</i></p>	Contribution to a demonstrable reduction in the road toll and other road crash costs. ATC agreement to a new National Road Safety Action Plan for 2003 and 2004.	Substantially achieved

Key achievements

National Road Safety Strategy and Action Plan

The National Road Safety Strategy 2001–10 came into effect from January 2001, with the aim of achieving a 40 per cent reduction in the road fatality rate over 10 years, from 9.3 to 5.6 fatalities per 100 000 population. In approving the strategy, the ATC agreed that it should be supported by a series of two-year action plans setting out specific road safety measures.

During the period of the first action plan (2001 and 2002) Australia's annual fatality rate fell to 8.75 per 100 000 population, 6 per cent below the benchmark rate of 9.3. An even lower rate of about 8.1 was required to maintain steady progress toward the 2010 target of 5.6.

A key challenge for all jurisdictions in 2002–03 was to address the need for more rapid progress on the road toll through production of a highly focused second action plan. The ATSB coordinated development of the plan for 2003 and 2004, and obtained ATC endorsement in November 2002.

The new plan identifies action items with potential to achieve a significant impact on road trauma within the next few years, and others that will lay the foundation for longer term gains. Priority areas include:

- more effective speed management
- expansion of road-based safety treatments
- enhanced drink-driving deterrence
- measures to reduce fatigue-related harm.

The National Road Safety Strategy and the Action Plan for 2003 and 2004 also address equity issues specific to indigenous road safety. In 2002–03 the ATSB supported continued collaboration among jurisdictions on indigenous road safety issues by:

- providing \$20 084 to reprint and distribute a video of road safety resources for use in indigenous communities
- commissioning the Australian Road Research Board to undertake a transport research scoping study of indigenous road safety, which examined current databases and research and identified priorities for action.

The ATSB's road safety activities attracted 36 compliments and no complaints.

Research reports

During the year, the ATSB released five major research reports including reports on community attitudes to speeding and the potential cost-effectiveness of seat belt reminder systems. The ATSB also released 13 road fatality statistical reports and seven special-issue statistical reports including a report on the Christmas holiday road toll.

Most of these reports attracted a considerable amount of public attention at the time of their release and helped to stimulate discussion on important road safety issues. As well as assisting the provision of informed road safety advice to the minister and parliamentary secretary this material made a positive contribution to policy deliberations in other jurisdictions.

National Heavy Vehicle Safety Strategy

The ATSB contributed to developing the National Heavy Vehicle Safety Strategy 2003–10 in partnership with the National Road Transport Commission (NRTC) and other stakeholders. The ATC approved the strategy in May 2003; the minister launched it the following month.

The strategy focuses on a range of key objectives including increased seatbelt usage by heavy vehicle drivers, construction of safer roads and more effective speed management.

Key strategy	Performance indicators	Achievement
Deliver national transport, development and safety objectives through road funding programmes. <i>(Contributing division: Transport Programmes)</i>	National transport, development and safety goals evident in planning and implementing roads programmes.	Achieved

Key achievements

Two areas of focus in 2002–03 in working towards improving national transport safety accessibility and sustainability in Australia were through:

- implementation of the Commonwealth's road funding programmes
- improving the development and safety goals in the delivery of its road funding programmes including the National Black Spot Programme and the Safety and Urgent Minor Works component of the National Highway Programme.

Funding programmes that contribute to transport safety include:

- National Highway and Roads of National Importance Programme and its Safety and Urgent Minor Works component
- National Black Spot Programme
- Roads to Recovery Programme.

National Highway and Roads of National Importance Programme

Performance of this programme is reported in more detail under transport accessibility and sustainability on (p. 73).

The National Highway Programme provides \$980.7 million funding this year to maintain national highway infrastructure. The national highway continues to provide a high standard of travel for motorists. Information provided by state and territory governments on 'smooth traffic exposure' on the national highway shows that more than 96 per cent of traffic on the national highway experiences smooth travel exposure. Smooth travel exposure is a measure of the roughness of and, therefore, the condition and safety of a road.

Under the Safety and Urgent Minor Works component of the programme, the Commonwealth also provided \$46 million to fund small-scale improvements to identified deficiencies on specific sections of the national highway. These safety improvement strategies and works included improvements such as the installation of audible tactile strips, upgrading of rest areas, replacement of narrow bridges and improvements to intersections.

Roads to Recovery Programme

Performance on this programme is reported in more detail under transport accessibility and sustainability on (p. 75).

The Roads to Recovery Programme provided \$202.2 million during 2002–03 to councils for road works. A review undertaken by the department and the Australian Local Government Association (ALGA) found that 23 per cent of the works undertaken as part of the Roads to Recovery Programme had a safety emphasis with transport efficiency and economic development also common emphases.

National Black Spot Programme

The National Black Spot Programme continues to advance national road safety objectives. The Bureau of Transport Economics evaluation of the programme estimated that Black Spot treatments have prevented at least 32 fatalities and more than 1500 serious crashes in the first three years of operation.

During 2002–03, a total of \$44.5 million was paid to the states and territories for expenditure on 384 approved Black Spot projects. A more detailed report on the programme's performance follows under administered programmes (p. 47).

Administered programme

One administered programme contributes specifically to progress towards the *transport systems which are safe and more secure* part of the strategic transport objective.

National Black Spot Programme

(Contributing division: Transport Programmes)

Achieved

Effectiveness: *Improved safety of Australia's roads and, thereby reduced cost to the community of road trauma*

Quality: *A reduction in the number of serious crashes at identified and treated sites with a consequent reduction in the cost to the community of road trauma*

Quantity: *Approximately 400 projects approved for funding*

Cost: *\$44.5 million*

Location: *50 per cent in rural and regional Australia*

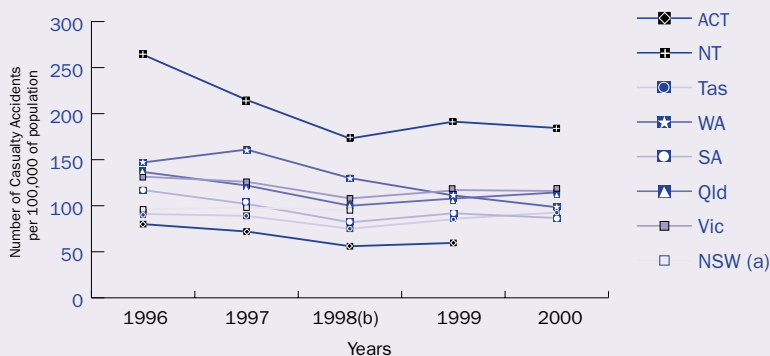
The National Black Spot Programme continued to contribute to national road safety objectives in 2002–03. The programme aims to reduce the social and economic costs of road trauma by identifying sites with a history of casualty crashes and funding cost-effective treatments—for example, installation of roundabouts, traffic signals, improved warning signs and edge sealing.

Originally intended to run for four years, the National Black Spot Programme has been extended twice as a result of its effectiveness. Commonwealth funding has been guaranteed to 2006. Black Spot projects are key to the success of the National Road Safety Strategy. Safer roads are estimated to contribute just under half of the targeted reduction in the national fatality rate. Black Spot projects are expected to contribute to over one-third of this reduction.

During 2002–03, programmes of works were approved for all states and territories, involving projects at 384 locations. A total of \$44.5 million was paid to the states and territories in 2002–03 for expenditure on Black Spot projects. One hundred and eighty three approved projects, valued at \$27.87 million, were in rural and regional Australia.

The National Black Spot Programme has been in operation with significant success since July 1996. In this period, \$272.3 million has been spent on improved safety of Australia's roads to reduce the social and economic cost of road trauma. States and territories experienced a reduction in the rate of serious road traffic accidents involving casualties per 100 000 of population from 1996 to 2000 (the latest year for which data is available) and the National Black Spot Programme has made a significant contribution to this reduction.

■ Road traffic Accidents involving casualties per 100,000 population by state and territory



The Bureau of Transport Economics evaluation of the National Black Spot Programme estimates that the treatments have prevented at least 32 fatalities and more than 1500 serious crashes in its first three years and returns an average \$14 in benefit for every \$1 invested. Prior to the programme's planned conclusion in June 2006, it will be evaluated again to determine both its effectiveness in reducing crashes and the economic benefits and costs.

Strategic objective: Transport systems which are more efficient and internationally competitive

This objective focuses on further developing competitive Australian international and domestic transport within and between transport modes and supporting flexible, efficient and reliable commerce between individuals and businesses at a reasonable cost.

Major projects

Over the last year, we have continued to work towards a more efficient intermodal transport system. Major projects in the development of this system include:

- Development of AusLink to help meet the challenges that lie ahead for Australia's land transport network. AusLink represents a new approach to land transport infrastructure planning and funding and aims to improve efficiency and maintain sustainable economic growth, development and connectivity at the national and regional levels.
- Establishment of the Australian Logistics Council to bring together the freight transport industry and non-transport logistics service providers to form a more effective logistics industry.
- Leading the establishment of the National Transport Commission to development nationally consistent road, rail and intermodal transport regulatory arrangements.
- Addressing developments in the aviation sector in relation to competition, such as the proposed Qantas-Air New Zealand commercial alliance, the Qantas-British Airways Joint Services Agreement and the *Qantas Sale Act 1992*.
- Implementation of principles for regional aviation policy.
- Continued to negotiate with the NSW Government on the proposal for the Australian Rail Track Corporation (ARTC) to lease the NSW mainline interstate track.

Policy advice

The department also provided advice in relation to a range of wider government policies including competition policy and tax policy. In this context, the department made submissions to the Productivity Commission's inquiry into automotive assistance, and the Dawson Review of the *Trade Practices Act 1974*. The department has also contributed to the Prime Minister's Energy Task Force process.

Aviation

Continuing volatility in the global aviation industry is the result of external factors such as the global economic market slowdown, the war on terror and SARS. This has had a significant impact on tourism growth and the slowdown in demand has resulted in the rationalisation of aviation services, particularly on international routes. Pressure remains on the aviation sector (both airlines and airports) to achieve profitability while delivering high quality services at reasonable costs in the longer term.

A major challenge for the recently privatised airports in Australia is to balance the operating requirements of the airport with community concerns in relation to the environment.

The department worked towards improving the aviation industry's ability to adjust to market conditions and reduce barriers to entry by:

- reviewing ownership and competition developments in relation to ACCC reviews of Qantas' commercial alliances with Air New Zealand and British Airways
- review of the *Qantas Sale Act 1992*
- achieving liberal outcomes from bilateral air service negotiations
- implementation of principles for regional aviation policy
- progressing the implementation of the mutual recognition of aviation-related safety certification with New Zealand
- addressing policy and regulatory issues associated with the sale of the Sydney Basin Airports.

The department provided policy and regulatory advice in support of the government's consideration of the sale of Bankstown, Camden and Hoxton Park Airports (known collectively as the Sydney Basin Airports).

Following the government's announcement in April 2003 to proceed with the sale of the Sydney Basin Airports, we provided extensive support to the Department of Finance and Administration to ensure that the sale process met the objectives and requirements of the *Airports Act 1996*.

The government's approach to aviation has been to minimise intervention and to maximise opportunities for greater competition within a sustainable international and domestic aviation sector.

International

The government is pursuing a liberalisation agenda for international air services through the system of bilateral agreements that govern access to international markets. Its aim is to negotiate greater access for international carriers into and out of Australia. The government is also seeking to open gateways in regional Australia through the regional airports access package, for all designated international airports other than Sydney, Melbourne, Brisbane and Perth. A longer term goal is to push for a broader and more liberal approach to international aviation access through multilateral forums such as APEC, General Agreement on Trade in Services (GATS) and ICAO.

Aligned with the liberalisation of air services with New Zealand, the Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand and Other Matters) Bill 2003 was introduced into parliament on 25 June 2003. The Bill will, if enacted, amend the *Civil Aviation Act 1988* and put into effect an historic joint Australian and New Zealand commitment to mutually recognise each other's aviation-related safety certification. This initiative would remove a regulatory barrier to airlines taking up commercial opportunities available under trans-Tasman air services arrangements without affecting safety.

The department also continued to administer the *Airports Act 1996* regulatory regime to protect the interests of airport users and the general public while promoting efficient economic development and operation of airports.

Transport research

The results of Bureau of Transport and Regional Economics research and information products underpin transport policy development and contribute to better-informed public debate on transport issues. The bureau produced 10 research and statistical publications in 2002–03 contributing toward an improved understanding of economic and social factors influencing the efficiency and international competitiveness of transport systems. These included:

- *Greenhouse Gas Emissions From Transport—Australian Trends To 2020* (Report 107)
- *Improving transport on the Warringah Peninsula—issues and options* (Working Paper 50)
- *Avline* (Issues 1 and 2), a biannual publication reporting key statistical information about aviation sector performance
- *Waterline* (Issues 32, 33 and 34), reporting on the efficiency and reliability of Australian waterfront and port operations
- *Transport Indicators*, monthly updated web statistics ranging across all transport modes—these products inform government policy on the various transport modes
- *Australian Transport Statistics* (June 2003), an annually updated booklet that provides basic information and key facts on the Australian transport sector
- *Australian Sea Freight, 2000–01, Information Paper 48*, an annually updated publication monitoring sea freight activity, including information on domestic and international sea freight, Australian port activity and the Australian Merchant Fleet
- *Freight Rates in Australia, Information Sheet 19*, presenting 30-year trends in Australian road, rail, sea and air non-bulk freight rates
- *Australia's seaborne containerised freight—forecasts to 2010–11* (Working Paper 50), which examines trends in international sea container trade and provides forecasts of the volume of this trade (in terms of the number of boxes coming into and out of Australia). The report is an important information base for the AusLink strategic planning process, the stevedoring levy scheme and the current review of seaport security.

The BTRE collected, maintained and published a large range of transport statistics on its website, offering regular monthly or quarterly updates on Australian aviation, maritime, road and rail transport. Many of these collections are unique and represent the sole source of data available for policy and programme development and research in Australia on particular transport modes.

For information about the BTRE's research programme and access to BTRE statistics and publications visit www.btre.gov.au or contact 02 6274 7210.

Priority: Rail reform including work on revitalisation of the national rail freight network

The government established the Australian Rail Track Corporation (ARTC) in 1998 to improve the efficiency and effectiveness of rail track management and infrastructure for the interstate rail network, and provide a 'one stop shop' arrangement for rail operators seeking access to the interstate rail network.

To date the ARTC manages rail infrastructure and/or access from Perth in Western Australia to Broken Hill and Albury in NSW. The government has also used the ARTC as a vehicle to implement its reforms on the interstate rail network.

The key to achieving significant and lasting improvement in track access arrangements on the eastern seaboard of Australia resides with the Commonwealth and ARTC's negotiations with NSW to lease NSW track related to the interstate rail network. The lease proposal would provide enormous opportunities to improve efficiency, reduce costs and increase rail's market share.

The Commonwealth has focused its efforts over the last 12 months on the lease negotiations and directly linked future investment in mainline track upgrades in NSW with ARTC efforts to negotiate satisfactory arrangements for the management of the interstate track in that state. Since submitting the proposal to NSW in mid 2002, the department and the ARTC have worked through the proposal carefully with NSW to address any NSW concerns.

In May 2003 the Commonwealth and NSW transport ministers announced a core set of negotiating principles that will determine the shape of the final agreement. The Commonwealth is hopeful of completing negotiations within a timeframe that would enable the ARTC to take up management of the leased network during the second quarter of 2004.

The department, through its role as a member on the Standing Committee on Transport's (SCOT) Rail Group, is developing performance targets for the interstate rail network that will help government identify infrastructure investment requirements. Rail Group is one of the transport modal groups established by SCOT to advise Australian transport ministers on cross-jurisdictional transport issues in Australia.

The department is facilitating development of the Melbourne to Darwin Inland Railway proposal by Australian Transport and Energy Corridor Limited and its commercial partners. The private sector is driving this significant infrastructure development project. The department has funded a number of pre-feasibility studies connected with the development of the proposal.

The department is also funding a study with the Victorian Department of Infrastructure into the feasibility of double stacking into the Melbourne Port precinct to be undertaken this coming year. Double stacking has the potential to significantly increase operator yields and improve the competitiveness of the industry. This study will provide a decisive insight into the feasibility of double stacking on key interstate rail corridors including into Sydney and on some regional corridors.

Priority: Freight logistics reform

Freight logistics is about the sourcing, purchasing, packaging, transporting, storage and delivery of goods across the entire supply chain from producer to consumer. It is a significant sector of the economy with conservative estimates indicating that it is worth about \$57 billion or 9 per cent of GDP (1999–00).

Freight logistics provides vital value-added services to the Australian business community and is essential to domestic and global trade. Given the anticipated doubling of Australia's freight task over the next 20 years, it is vital that we create a globally competitive and dynamic Australian logistics industry operating effectively across all transport modes to boost the nation's overall competitiveness and economic performance.

To achieve this, the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon John Anderson MP, and the Minister for Industry, Tourism and Resources, the Hon Ian Macfarlane MP, launched the Australian Logistics Industry Strategy on 17 July 2002.

The recommendations contained within the strategy cover five key priority areas: leadership, infrastructure, people, innovation through technology and knowledge, and sustainability. The strategy is world leading, developed jointly by industry and governments and provides a blueprint to create a responsive, dynamic, competitive and sustainable industry.

The Australian Logistics Council was established to guide the strategy's implementation and develop linkages with the broader industry. The council comprises over 20 industry leaders, representing providers and users of freight logistics services, and several high-level Commonwealth and state government officials.

Priority: Transport infrastructure

Development of AusLink, the government's new approach to land transport infrastructure planning and funding, was a major focus of relations with states and territories during 2002–03. Advice and comments were sought from a wide range of stakeholders including state, territory and local governments on key aspects of how AusLink might operate.

All levels of government contributed to development of a planning process and identification of a strategic national transport network. Advice was provided through the Australian Transport Council, working groups set up on specific AusLink components, and at bilateral meetings.

Major achievements in the development of AusLink over 2002–03 were:

- release of a Green Paper on 7 November 2002 for widespread public discussion and comment
- a consultation phase involving 143 meetings in 40 locations in regional and metropolitan Australia
- receipt and analysis of some 550 submissions—submissions can be accessed on the department's website www.dotars.gov.au or www.dotars.gov.au/transinfra/auslink.htm
- development of advice to the government on implementation of AusLink and the intended release of a White Paper on land transport infrastructure policy later in 2003.

Key strategies

The department's efforts to achieve transport systems which are more efficient and internationally competitive are guided by the implementation of a number of key strategies:

- lead the development nationally of interstate rail network investment and access arrangements
- sustain competition in domestic and international aviation services by negotiating more liberal air services arrangements, where this is in the national interest
- support improved international freight logistics and trade liberalisation in the region, through APEC and other bilateral forums
- work with the states and territories through the Australian Transport Council and National Transport Secretariat to improve national transport planning processes and strategic freight corridors
- lead the development of a National Transport Logistics Strategy which brings people in the industry together to find practical solutions to freight logistics inefficiencies
- increase private sector participation in the maintenance and development of transport infrastructure
- support competitive shipping services, and more efficient port and waterfront operations.

A more detailed analysis of specific achievements against each key strategy follows.

Key strategy	Performance indicators	Achievement
<p>Lead the development nationally of interstate rail network investment and access arrangements. (Contributing division: Transport and Infrastructure Policy)</p>	Governments and the rail industry operating a more efficient and commercial national rail network.	Achieved

Key achievements

Australian Rail Track Corporation

The department continued to represent the Commonwealth in negotiations with the NSW Government on the proposal for the Australian Rail Track Corporation (ARTC) to lease the NSW mainline interstate rail track. This included joint funding with NSW of a study to examine the safety capability of ARTC. Effective control by ARTC of the NSW mainline interstate rail track would greatly enhance the effective operation of the national rail network.

The department, in conjunction with the Department of Finance and Administration, has been responsible for the oversight of the ARTC in line with the Governance Arrangements for Commonwealth Government Business Enterprises. The department provided advice on matters such as board membership, corporate business plans and other statutory obligations, including *Commonwealth Authorities and Companies (CAC) Act 1997* obligations.

Since establishment of the ARTC in 1989 the rail industry has become more efficient and commercial. This has been aided by privatisation of certain rail operations. On the mainline interstate rail network from Western Australia through South Australia and Victoria the ARTC has lifted the performance of the network and implemented fairer and more transparent access arrangements.

SCOT Rail Group

The department is a member of the Standing Committee on Transport (SCOT) Rail Group. Two of the current SCOT Rail Group projects are:

- Developing a strategic approach to managing railway level crossing issues, following a request by the Australian Transport Council (ATC) at its August 2002 meeting. A strategy and action plan was endorsed by the ATC in May 2003 and SCOT Rail Group is considering ways to implement them.
- Developing the necessary collection, analysis and presentation regimes of statistics to measure performance of rail against the ATC targets. This follows the August 2002 ATC meeting at which transport ministers endorsed the introduction of performance targets and indicators for the Interstate Rail Network.

Funded studies

The department has a facilitating role in supporting the Australian Transport and Energy Corridor Limited (ATEC) and its commercial partners develop the Melbourne to Darwin Inland Railway proposal. This significant infrastructure development project is being driven by the private sector. As part of this, the department is funding a study into the next stage of the Inland Railway from Cloncurry to Tennant Creek.

The department is also funding a study with the Victorian Department of Infrastructure into the feasibility of double stacking into Dynon yards in Melbourne. Double stacking has the potential to offer better infrastructure utilisation and productivity gains for rail operations such as containers, trailer on flat car (piggy back), and triple deck car transport, enhancing rail competitiveness.

Key strategy

Sustain competition in domestic and international aviation services by negotiating more liberal air services arrangements, where this is in the national interest.

(Contributing division: Aviation and Airports Policy)

Performance indicators

Opportunities for airlines to provide services with reduced travel costs or improved growth, including in regions.

Achievement

Partially achieved

Key achievements

Domestic aviation

Volatility in the domestic aviation sector related in part to the demise of Ansett continued into 2002–03. Two of Ansett's subsidiary airlines, Kendell and Hazelton, were finally sold to Australiawide Airlines which established Regional Express as a major regional carrier with operations in South Australia, New South Wales, Victoria and Tasmania. Skywest, another former Ansett subsidiary, continued to improve its position as a major domestic carrier in Western Australia.

On the major trunk routes Virgin Blue Airlines has significantly increased its market share to the point where on the major trunk routes there are signs it has up to 30 per cent of the domestic market, signalling its presence as a strong competitor for Qantas.

The department has been closely involved in facilitating the improved performance of the aviation sector through removing barriers to competition and minimising government charges and intervention. Highlights included the announcement by the Minister for Transport and Regional Services of the cessation of the Ansett Ticket Levy from 30 June 2003.

Bilateral negotiations

The department continued to pursue Australia's air services objectives through bilateral negotiations.

Australia undertook bilateral negotiations to liberalise its air services arrangements with Poland, Malaysia, Switzerland, Indonesia, Hong Kong, Vietnam, Tonga, Bahrain and the United Arab Emirates (twice). There were also a number of informal meetings with our bilateral partners including China and Singapore. Australia also ratified its Open Skies agreement with New Zealand.

International forums

Australia has been pursuing liberalisation of air services in the following international forums.

- World Trade Organization: working to extend the coverage of the General Agreement on Trade in Services (GATS) in the air transport sector through building support to extend the coverage of the aviation sector under the agreement.
- International Civil Aviation Organization (ICAO): Australia presented a paper at the major ICAO World Wide Air Transport Conference in March 2003 developing options for coordinated action amongst ICAO member states to remove or reduce foreign ownership restrictions on international airlines. The paper built on a working group led by Australia. Australia also presented a paper on pursuing liberalisation in the aviation sector through the GATS at the seminar preceding the conference.
- Asia-Pacific Economic Cooperation (APEC): Australia was convener of APEC's Air Services Group (ASG), through which it continued to press for liberalisation of air services in the region.

International Air Services Commission

In relation to the International Air Services Commission, all determinations and decisions were made in accordance with the *International Air Services Commission Act 1992* and the minister's policy statement. The Commission produces its own annual report which is available from its website www.iasc.gov.au

Key strategy	Performance indicators	Achievement
<p>Support improved international freight logistics and trade liberalisation in the region, through APEC and other bilateral forums.</p> <p><i>(Contributing division: Transport and Infrastructure Policy)</i></p>	<p>Positive public benefits seen by industry as a direct result of our international efforts.</p>	<p>Achieved</p>

Key achievements

The department has participated in a number of international forums throughout the year to improve freight logistics internationally and trade liberalisation in the region.

APEC

The department hosted the 21st meeting of the APEC Transportation Working Group in Brisbane, 23–27 September 2002. The meeting, attended by transport officials from 19 APEC economies and representatives of Australian industry, allowed for discussion among senior government officials which progressed APEC's regional trade liberalisation and facilitation agenda.

Hosting the meeting also allowed Australia to showcase a range of local transport technologies and provided profile raising and potential export opportunities for Australian companies.

The department managed nine APEC-funded transport projects covering the interests of Australia, and the APEC region in liberalising and facilitating trade flows and building the human capacity. Work included:

- introducing electronic port manifests
- demonstrating the advantages of paperless trading
- developing a register of bilateral training initiatives
- investigating track and trace technologies appropriate for improving the logistics and security of supply chains
- identifying non-tariff measures in the transport sector
- improving the supply chain for perishable goods
- improving intra-port electronic documentation flows
- improving the welfare of international seafarers.

Beneficiaries of the department's APEC work include Australian shippers, importers and exporters, and the Australian transport and logistics industry.

China–Australia Joint Working Group on Transport

The department managed the China–Australia Joint Working Group on Transport (JWG-T). This group oversees a transport policy-based engagement with five Chinese transport-related agencies to advance Australian business opportunities in China.

Particular interests include exporting expertise in Olympics management, logistics and safety expertise, and air traffic control technology. Transport-related trade delegations from both the Chinese rail and the aviation sectors visited Australia in 2002–03 as a direct result of discussions held through the JWG-T.

Funded projects

The department has also conducted APEC and AusAID funded projects in Indonesia, Thailand and China to advance Australia's long-term trade interests in improving the performance of international supply chains through the improved use of technology, e-commerce, and logistics chain management practices.

In Indonesia, work focused on raising the level of competence in the handling and movement of perishable goods. The project in China focused on developing an electronic manifest for use in Chinese ports.

Key strategy	Performance indicators	Achievement
<p>Work with the states and territories through the Australian Transport Council and National Transport Secretariat to improve national transport planning processes and strategic freight corridors.</p> <p><i>(Contributing division: Transport and Infrastructure Policy)</i></p>	<p>More informed cross-jurisdictional decisions on major infrastructure projects and policy issues.</p>	<p>Achieved</p>

Key achievements

AusLink

The department actively engaged a wide range of stakeholders including the states and territories in the development of the government's new approach to land transport and infrastructure planning and funding, AusLink.

While the AusLink White Paper will be released in late 2003, its development has been assisted through special Australian Transport Council and Standing Committee on Transport meetings held during 2002–03.

More information on AusLink is provided under the Priority: Transport infrastructure (p. 52) and is available at www.dotars.gov.au or www.dotars.gov.au/transinfra/auslink.htm

ATC, SCOT and NTS

The department worked collaboratively with state and territory transport agencies to implement aspects of the Australian Transport Council (ATC) and Standing Committee on Transport (SCOT) work programme that addressed national planning and freight corridor issues.

Through ATC and SCOT, the department was also active in leading national initiatives to achieve improved social outcomes and boost national economic performance.

There were two regular and one special ATC meetings in 2002–03 and two regular and six special SCOT meetings. The special ATC and SCOT meetings were required to provide jurisdictions with the opportunity to provide comment and address issues relating to the Commonwealth's AusLink initiative.

Following the review of the *National Road Transport Commission Act 1991*, the ATC agreed in August 2002 to the establishment of the National Transport Commission (NTC) to continue to drive national land transport regulatory reform. The ATC also endorsed transitional arrangements that included establishing rail and intermodal regulatory reform capacity in the National Road Transport Commission prior to the commencement of the NTC.

In response to the review of the *National Road Transport Commission Act 1991*, the ATC also agreed to the cessation of the National Transport Secretariat (NTS) and the formation of the National Transport Advisory Council (NTAC). The NTAC will provide strategic analysis and advice to ministers on the long-term development of the national transport system. NTS ceased operations on the 8 May 2003.

The ATC and SCOT also endorsed the formation of the Australian Logistics Council by the Deputy Prime Minister and Minister Transport and Regional Services, the Hon John Anderson MP, as the industry leadership group responsible for driving implementation of the Australian Logistics Industry Strategy. To foster the necessary government–industry relationship required to implement the strategy, SCOT is represented on the Australian Logistics Council.

A key element of the strategy is greater transparency in government infrastructure planning and decision-making and a greater role for industry in that process. This is consistent with the Commonwealth's AusLink objectives (please see Priority: Transport infrastructure p. 52).

Through the ATC, SCOT and the NTS, the department was able to deliver progress on a number of the government's key policy objectives particularly those relating to improved infrastructure expenditure outcomes via new national transport and strategic freight corridor planning processes, regulatory reform and boosting Australia's logistics capability.

Key strategy	Performance indicators	Achievement
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Lead the development of a National Transport Logistics Strategy which brings people in the industry together to find practical solutions to freight logistics inefficiencies.

(Contributing division: Transport and Infrastructure Policy)

Users of transport services seeing improvements in the efficiency of Australian logistics and supply chain industries.

Partially achieved

Key achievements

Australian Logistics Council

The Australian Logistics Industry Strategy is a three to five-year strategy to improve the operation of Australia's freight logistics industry, the implementation of which is guided by the Australian Logistics Council (ALC).

The ALC has provided an effective forum for interaction between industry members and with governments. The council has made significant progress in implementing the strategy's 36 actions grouped around the five key priority areas: leadership, infrastructure, people, innovation through technology and knowledge, and sustainability. Security was added as a new priority area in the course of the year in light of international developments.

The council, in this its first year of implementing the strategy, has provided clear guidance on infrastructure issues including the AusLink Green Paper and rail regulation, and examined the impact of third party access and land transport pricing regimes on logistics.

The ALC agreed to resolutions encouraging the industry to adopt open global information standards (EAN.UCC) and environmental standards (ISO 14001). It adopted an education and training vision statement identifying the key issues facing improved education and training in the sector and is contributing to the implementation of the National Occupational Health and Safety Strategy 2002–12.

The council has provided input into security related issues including the transport of dangerous goods, container security and the draft National Transport Security Strategy. Through its cooperation with industry associations, the freight councils and the Integrated Logistics Network, the ALC has been steadily working at implementing the strategy and at improving the profile of and information about the sector.

The Australian Freight Councils Network

The Australian Freight Councils Network (AFCN), comprising sea and air freight councils of the states and the Northern Territory, undertake a range of activities including, information and training workshops, data collection and research into freight handling patterns and opportunities, and provision of advice to exporters.

The AFCN received funding from the *Australian Land Transport Development Act 1988* (ALTD Act) for the period 2002–03 to 2004–05, for research projects directed at improving the land side of the air/sea interface. The Commonwealth funding is matched by state and territory governments.

Some of the AFCN chairs are members of the ALC, providing a link between both groups. AFCN research activities have been aligned with the five priority areas of the Australian Logistics Industry Strategy, to further enhance its implementation.

The Victorian Sea Freight Council published the results of two projects: a freight corridor study and a container movement study. The results from most of the funded research will become available in 2003–04.

Integrated Logistics Network

The department has continued its involvement in the Integrated Logistics Network (ILN), which consists of senior Commonwealth, state and territory transport and non-transport government officials involved in the development of freight logistics policy.

The ILN, which reports to the Standing Committee on Transport (SCOT), continued its work on two strategic projects:

- pilot studies testing a proposed Australian Quality Logistics accreditation system designed to reduce shrinkage of perishable products during transport, including exports
- the pallet study to review Australian pallet sizes and its relationship to the wider international logistics market using the ISO pallet aimed at improving efficiency in the logistics sector.

The projects are funded jointly by the Commonwealth, the states and the Northern Territory. The SCOT coordinator for the ILN is a member of the ALC.

Key strategy	Performance indicators	Achievement
<p>Increase private sector participation in the maintenance and development of transport infrastructure. (Contributing division: Transport and Infrastructure Policy)</p>	<p>The use of private sector funds advancing national transport, development and safety objectives by bringing forward infrastructure projects.</p>	<p>Partially achieved</p>

Key achievements

Green Paper on land transport infrastructure

One objective of AusLink is to broaden opportunities for the private sector to participate in the planning of, and investment in, land transport infrastructure. The government's Green Paper on land transport infrastructure policy, released in November 2002, canvassed views on the potential for increasing the role and extent of private sector involvement in nationally significant transport infrastructure.

Submissions from key private sector stakeholders confirmed the government's view that private interests could play a larger role in the future. The government's policies will be articulated in the government's White Paper on land transport infrastructure policy to be released later in 2003. The White Paper will form the basis for the government's future policy and programme decisions on land transport infrastructure policy.

Infrastructure Borrowings Tax Offset Scheme

The Infrastructure Borrowings Tax Offset Scheme provides an incentive for private sector participation in public infrastructure. The department and the Australian Taxation Office jointly administer the scheme. Agreements under the scheme provide taxation offsets for income earned on loans to eligible projects. During the year, no new selection rounds were called and the department continued to maintain agreements under the scheme.

Key strategy	Performance indicators	Achievement
<p>Support competitive shipping services, and more efficient port and waterfront operations. (Contributing division: Transport and Infrastructure Policy and Transport Regulation)</p>	<p>Australian shippers seeing improvements across the combined areas of reliability, timeliness and cost of transport.</p>	<p>Achieved</p>

Key achievements

The department examined a range of issues associated with the shipping industry and provided the minister with policy advice as appropriate.

Enhanced efficiency

Australian shippers continued to benefit from improvements across reliability, timeliness and cost of transport. For example, a record average 26 container movements per hour was achieved by the five major ports, which also exceeded the government's benchmark of 25 container movements.

Also during the year the Australian Competition and Consumer Commission found that average prices for container movements across wharves by stevedoring services have decreased to their lowest level since monitoring began.

Administered programmes

Four administered programmes contribute to achievement of the *transport systems which are efficient and internationally competitive* part of the strategic transport objective.

<p>Contributions to support:</p> <ul style="list-style-type: none"> • International Civil Aviation Organization (ICAO) • International Maritime Organization (IMO) • OECD Road Transport • National Road Transport Commission (NRTC) <p><i>(Contributing divisions: Airports and Aviation Policy, Transport and Infrastructure Policy and Transport Regulation)</i></p>	<p>Achieved</p>
<p>Effectiveness:</p> <ul style="list-style-type: none"> • <i>ICAO—Ensure Australian contribution to issues affecting aviation development, in particular, drafting international safety and operational standards (Cost: \$1.6 million)</i> • <i>IMO—International agreements for shipping operators, ship safety and protection of the marine environment reflect Australia's interest (Cost: \$0.3 million)</i> • <i>OECD—Road Transport—Improved international cooperation to increase the efficiency, safety and environmental performance of road transport through research and inter-modal linkages reports and workshops (Cost: \$0.1 million)</i> • <i>NRTC—Improved efficiency, safety, and environmental performance of road transport through nationally harmonised regulations in areas such as compliance and enforcement, driving hours and fatigue management and performance based standards (Cost: \$1.2 million)</i> <p>Quantity for each contribution: <i>Payments made in accordance with agreed schedule</i></p> <ul style="list-style-type: none"> • ICAO—A contribution of \$1.5 million was made as Australia's contribution towards ICAO. The payment amount fluctuates with the exchange rate. • IMO—Australia's annual contribution was assessed and made in accordance with IMO guidelines. A contribution of \$0.3 million was made in January 2003. • OECD—Australia's contribution to OECD for 2002–03 was \$24 000, paid in June 2003. • NRTC—A contribution of 1.2 million was paid in accordance with the agreed schedule. 	

Infrastructure Borrowings Tax Offset Scheme <i>(Contributing division: Transport and Infrastructure Policy)</i>	Achieved
<p>Effectiveness: <i>Encourage private sector investment in the provision of public infrastructure</i></p> <p>The Infrastructure Borrowings Tax Offset Scheme provides an incentive for private sector participation in public infrastructure. It is jointly administered by the department and the Australian Taxation Office. During the year, no new selection rounds were called and the department continued to maintain agreements under the scheme.</p> <p>The Infrastructure Borrowings Tax Offset Scheme was listed in the 2002–03 Portfolio Budget Statements (PBS) as an administered programme. However, as it is unfunded it is not technically an administered programme.</p>	
Tamworth Australasian-Pacific Aeronautical College <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Provide additional aircraft maintenance engineering training in regional Australia</i></p> <p>Quantity: <i>Additional students complete aircraft maintenance engineering training</i></p> <p>Cost: <i>\$1.1 million</i></p> <p>Location: <i>Tamworth, NSW</i></p> <p>The programme enabled the Australasian-Pacific Aeronautical College Incorporated (APAC) to provide additional accredited aviation and related trade training and skills to students.</p> <p>In the first semester of 2003 APAC delivered the education of 14 trainees in stage one of the Licensed Aircraft Maintenance Engineer Program. The college also has 21 students continuing on into second year studies and 16 third year students, and also provides vocational educational delivery for schools in Tamworth. In addition, the revised Vocational and Educational Training program for TAFE commenced in March 2003 with 50 students enrolled, 16 of which were second year students continuing their studies.</p> <p>A total of \$856 000 was expensed on the programme in 2002–03. Approval will be sought from government to rephase the balance of funds to 2003–04.</p>	
Compensation payment to SACL for the sale of Sydney Airport <i>(Contributing division: Transport Regulation)</i>	Achieved
<p>Effectiveness: <i>Compensation to SACL for land sold to NSW Government to enable completion of the M5 motorway</i></p> <p>Cost: <i>\$2.5 million</i></p> <p>The land transfer to the NSW Government was completed and Sydney Airport Corporation Limited (SACL) was paid compensation of \$2.7 million.</p>	

Strategic objective: Transport systems which are sustainable and accessible

This part of the strategic transport objective is concerned with further developing sustainable and accessible national transport systems which take into account their social, environmental and community impact.

Policy

The year has again produced substantial changes in the aviation industry which has impacted on other transport modes. Access to markets and services has become an even more important challenge. A number of policies have been developed and implemented to address this issue. These include assisting the aviation industry in:

- developing and implementing an action plan for regional aviation
- establishing a price monitoring and access regime for airports
- managing adjustments to the sale or liquidation of Ansett subsidiaries
- improving access to air services through the Remote Air Services Subsidy Scheme.

An integrated transport policy focusing on more efficiently allocating funding for transport infrastructure for future requirements was also developed. This policy is built around AusLink, a new approach to land transport infrastructure planning and funding which aims to improve efficiency and maintain sustainable economic growth, development and connectivity at the national and regional levels.

Advice on measures to address the transport sector's greenhouse, air quality and noise emissions was also provided. This includes coordinating our input to the National Oceans Policy.

Accessible Public Transport National Advisory Committee

During 2002–03 the department established the Accessible Public Transport National Advisory Committee (APTNAC). The committee aims to provide a consultative framework to progress specific national accessible transport issues associated with the implementation of the Disability Standards for Accessible Public Transport 2002.

This committee has evolved from the Accessible Transport Standards Consultative Committee (ATSCC), which was established in March 2001 to progress the technical review of the Transport Standards.

Since then the role of ATSCC has broadened and the Standing Committee on Transport (SCOT) agreed that a new committee name and charter were required to better reflect the broadening role, resulting in the establishment of the APTNAC.

Programmes

The department has continued to focus attention on improving access in other transport modes through a range of funded programmes:

- Alice Springs—Darwin Rail Link
- Federation Fund—improving rail and road access in key areas
- Gold Coast Light Rail Project
- upgrading of mainline interstate rail track

- continuation of the National Highway and Roads of National Importance Programme
- continuation of the Roads to Recovery Programme
- Bass Strait Passenger Vehicle Equalisation Scheme
- Tasmanian Freight Equalisation Scheme.

Key Strategies

The key strategies implemented to help achieve sustainability and accessibility in transport systems were:

- encourage operation of airports for which the portfolio has responsibility in a way that balances commercial and public interests
- minimise the adverse environmental impacts of airport operations, especially on communities around airports
- support the development nationally of measures for addressing the greenhouse, health and amenity side effects of transport services.

A more detailed analysis of specific achievements against each key strategy follows.

Key strategy	Performance indicators	Achievement
<p>Encourage operation of airports for which the portfolio has responsibility in a way that balances commercial and public interests.</p> <p><i>(Contributing division: Transport Regulation)</i></p>	<p>Airports achieving long run profitability while delivering high quality services at a reasonable cost to users and meeting environmental and other regulatory requirements.</p>	<p>Substantially achieved</p>

Key achievements

The department develops and administers regulations on the operation of airports. In 2002–03 key achievements in working to balance commercial and public interests in the operation of airports included the following:

- *Minimising the adverse environmental impacts of airport operations, especially on communities around airports by ensuring airports continue to comply with the Airports Act and Environment Protection Regulations.*

- *Improving communications between airports and communities.*

The department is continuing to develop new aircraft noise communication concepts in an effort to facilitate the building of trust between airports and their communities. The use of these concepts is being promoted through the development of the Transparent Noise Information Package (TNIP) software package.

The department and Environment Australia jointly released a publication in June 2003 entitled *Guidance Material for Selecting and Providing Aircraft Noise Information*. The publication is designed to encourage the use of the new concepts in airport master planning and environmental impact assessment processes, with a view to facilitating greater transparency.

- *Monitoring the leased federal airports' compliance with legislative obligations including the economic (pricing practices and quality of service issues), ownership and on-airport activity provisions of the Airports Act 1996.*

Most airport lessee companies at the major airports continue to report positive earnings on operations, that is before interest and tax. Quality of service monitoring by the Australian Competition and Consumer Commission (ACCC) also indicates that airport users are generally satisfied with the quality of service provided by airport operators. This is pleasing in light of the local and global shocks that have affected the aviation industry in recent years and resulted in airports operating in a rapidly changing and demanding environment.

- *Monitoring the leased federal airports' compliance with contractual obligations to the Commonwealth pursuant to sale agreements and airport leases.*

The department conducted comprehensive lease review meetings with all major airport lessee companies, except for the Sydney Basin Airports. Through those meetings the department was able to ascertain that the airport lessee companies were compliant with all sale agreements and lease obligations.

- *Developing a new administrative regime for the calculation and remittance of ex-gratia payments in lieu of land tax paid by federal airport lessee companies.*

During the year, the department undertook a review of land tax arrangements with the leased federal airports. As a result of the review, revised guidelines were prepared for airport operators to enable them to remit ex-gratia payments in lieu of land tax to the Commonwealth in an efficient and effective manner pursuant to obligations under the airport leases.

- *In administering the Airports Act and regulatory regime:*

- dealt with all applications submitted by airport users for approval of airport subleases or licences
- provided advice to the minister on land-use planning issues affecting leased federal airports including advice on master plans and major development plans
- commenced the review of the *Airports Act 1996* with terms of reference announced in November 2002, including analysis of 60 submissions received from a broad range of stakeholders in preparation for a report to the minister.

- *Administering the Badgerys Creek properties effectively*

The department ensured all 245 properties remained in good condition as appropriate and were suitable for rental for commercial and residential purposes.

Key strategy	Performance indicators	Achievement
<p>Minimise the adverse environmental impacts of airport operations, especially on communities around airports.</p> <p><i>(Contributing divisions: Transport Programmes and Transport Regulation)</i></p>	<p>Measures to govern aircraft noise emissions and aircraft curfews are in place and observed.</p>	<p>Partially achieved</p>

Key achievements

A major achievement in 2002–03 was the successful insulation of over 320 residences and four public buildings in Adelaide and Sydney to reduce the impact of aircraft noise. On completion of noise insulation works, residents were surveyed to gauge the effectiveness of work undertaken. Eighty-eight per cent of homeowners surveyed in Adelaide and 80 per cent in Sydney rated the work as very good or excellent.

Achievements associated with the administration of regulations to minimise the adverse environmental impacts of airport operations are outlined below. The department administered:

- *Air Navigation (Aircraft Noise) Regulations 1984 to ensure compliance with the measures that are in place to manage the impact of aircraft noise on the community.*

Approximately 68 noise permits and dispensations were issued in 2002–03.

A new policy to regulate the operation of adventure flights was released for public comment in February 2002. Regulatory change to implement the policy is to be completed in 2003–04.

- *Air Navigation (Fuel Spillage) Regulations 1999 to ensure compliance with measures intended for controlling fuel venting by aircraft.*

The department investigated reports of aircraft dumping fuel to ensure that fuel venting is only resorted to for flight safety reasons, and only in accordance with Air Traffic Control clearance.

- *Curfew legislation and regulations for airports situated in heavily built-up areas (Sydney Curfew Act, Adelaide Curfew Act, Air Navigation (Essendon Airport) Regulations and Air Navigation (Coolangatta Airport Curfew) Regulations) in order to control aircraft noise impact.*

Designated curfew officers are on call 24 hours for 365 days a year to accept and decide on applications for curfew dispensation.

Key strategy	Performance indicators	Achievement
<p>Support the development nationally of measures for addressing the greenhouse, health and amenity side effects of transport services. (Contributing division: Economic Research and Portfolio Policy)</p>	<p>Measures being implemented by governments and the transport industry which are effective in meeting greenhouse emissions, smog and noise objectives.</p>	<p>Partially achieved</p>

Key achievements

Action the department undertook to address issues of greenhouse and air quality included:

- contributing to the development of the government's Climate Change Forward Strategy
- close involvement in developing the first national strategy and action plan to address emissions from urban transport (agreed by the ATC in August 2002)
- contributing to the work on fuel excise arrangements by the Prime Minister's Energy Task Force
- providing input on environmental strategies to the government's AusLink initiative
- contributing to the development of Australia's first Green Vehicle Guide for new car buyers.

The department also has responsibility for developing vehicle standards covering air quality and noise emissions. During 2002–03, a major effort went into the Vehicle Emissions and Fuel Standards Review (under the Motor Vehicle Environment Committee banner) which is examining the case for the further round of improved vehicle and fuel standards dealing with air quality and greenhouse emissions.

The Bureau of Transport and Regional Economics produced four research publications in 2002–03 contributing to an improved understanding of economic and social factors influencing the sustainability and accessibility of transport. These included *Greenhouse gas emissions from transport: Australian trends to 2020* (Report 107), which comprises a new and comprehensive set of emissions projections by transport mode and jurisdiction.

Projections from this report and from *Greenhouse gas emissions from Australian transport: a macro modelling approach* (Working Paper 52) have been used in meeting Australia's international climate change reporting obligations. Information Sheet 21 summarises the two publications. *Improving transport on the Warringah Peninsula—Issues and options* (Working Paper 53) analyses an urban traffic congestion problem in the Sydney region.

Key strategy	Performance indicators	Achievement
<p>Deliver national transport, development and safety objectives through road funding programmes. (Contributing division: Transport Programmes)</p>	National transport, development and safety goals evident in planning and implementing roads programmes.	Substantially achieved

Key achievements

Efforts in 2002–03 to work towards improving national transport, and contribute both to transport safety and transport accessibility and sustainability in Australia, were focused through:

- implementing the Commonwealth's road funding programmes
- improving the development and safety goals in the delivery of its road funding programmes including the National Black Spot Programme (see p. 47) for a more detailed report) and the Safety and Urgent Minor Works component of the National Highway Programme.

The funding programmes that contribute to transport accessibility and sustainability are:

- National Highway and Roads of National Importance Programme and its Safety and Urgent Minor Works component
- Roads to Recovery Programme.

National Highway and Roads of National Importance Programme

The Australian Government spent \$980.7 million in 2002–03 on the National Highway and Roads of National Importance programmes. Some of the key funding overseen by the department included \$68.9 million on the Western Sydney Orbital, \$43.9 million to convert the Bruce Highway to four lanes between Yandina and Cooroy in Queensland and \$10.3 million to widen Portrush Road in Adelaide.

The National Highway Programme also provided \$297.4 million funding to maintain national highway infrastructure. The national highway continues to provide a high standard of travel for motorists. Information provided by state and territory governments on 'smooth traffic exposure' on the national highway shows that more than 96 per cent of traffic on the national highway experiences smooth travel exposure. Smooth travel exposure is a measure of the roughness of and, therefore, the condition and safety of a road.

The Bureau of Transport and Regional Economics evaluation of the programme estimated that Black Spot treatments have prevented at least 32 fatalities and more than 1500 serious crashes in the first three years of operation.

Roads to Recovery Programme

The Roads to Recovery Programme provided \$202.2 million during 2002–03 to councils for road works. A review undertaken by the department and the Australian Local Government Association (ALGA) found that 23 per cent of the works undertaken as part of the Roads to Recovery Programme had a safety emphasis with transport efficiency and economic development also common emphases.

The programme also has provided economic stimulation to local economies across Australia and generated employment, particularly in rural and regional areas.

Administered programmes

Twenty-one administered programmes contribute to progress towards the *transport systems which are sustainable and accessible* part of the strategic transport objective.

Subsidy for transition to location specific pricing for air traffic control towers <i>(Contributing division: Airports and Aviation Policy)</i>	Achieved
<p>Effectiveness: <i>Air traffic control services at regional and general aviation airports are maintained at a reasonable cost to users</i></p> <p>Quantity: <i>Subsidisation of air traffic control services at 15 airports</i></p> <p>Cost: <i>\$7 million</i></p> <p>The department continued to administer the Location Specific Pricing subsidy, disbursing \$7 million to Airservices Australia in 2002–03 in equal monthly payments. The subsidy ensures affordable control tower services at 14 regional and general aviation airports.</p> <p>Prices for control tower services remained capped at \$7.42 per tonne at Albury, Archerfield, Bankstown, Camden, Coffs Harbour, Essendon, Jandakot, Launceston, Mackay, Maroochydore, Moorabbin, Parafield, Rockhampton and Tamworth airports throughout 2002–03.</p>	
Australia's response to foot and mouth disease and other quarantine risks— Airports Quarantine Infrastructure Programme <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Improved international airport infrastructure to facilitate increased quarantine intervention</i></p> <p>Quality: <i>Enable increase in quarantine intervention rates at international airports for arriving passengers and baggage</i></p> <p>Cost: <i>\$6.3 million</i></p> <p>Location: <i>Melbourne, Perth, Adelaide, Darwin, Cairns</i></p> <p>Infrastructure works were completed during 2002–03 to allow the Australian Quarantine Inspection Service to increase intervention levels in Perth, Adelaide, Darwin and Cairns. The scope of works for Melbourne was finalised, with additional funding provided in the 2003–04 Budget to allow work to proceed. \$6.2 million was expensed on the programme in 2002–03.</p>	
Implementation of noise amelioration for Adelaide Airport <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Agreed eligible public buildings and residences surrounding Adelaide Airport are insulated to assist the environmental sustainability of operations at the airport</i></p> <p>Quality: <i>Customer satisfaction with the insulation process within the framework of the programme</i></p> <p>Quantity: <i>Insulation of up to 250 residences and 2 public buildings</i></p> <p>Cost: <i>\$21.8 million</i></p> <p>Insulation of 208 residences and two public buildings was completed during 2002–03, with planning work continuing on the remaining public buildings. Over 88 per cent of homeowners who responded to a post insulation survey rated the insulation works on their home as excellent or very good.</p> <p>A total of \$13.2 million was expensed on the programme in 2002–03.</p>	

Implementation of noise amelioration for Sydney Airport <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Agreed eligible public buildings and residences surrounding Sydney Airport are insulated to assist the environmental sustainability of operations at the airport</i></p> <p>Quality: <i>Customer satisfaction with the insulation process within the framework of the programme</i></p> <p>Quantity: <i>Insulation of eligible residences and public buildings where owners wish to participate in the programme</i></p> <p>Cost: <i>\$9 million</i></p> <p>During 2002–03 the insulation of 119 residences and two public buildings was completed.</p> <p>Results of the post insulation survey completed by residents who have had their homes insulated as part of the programme show that over 80 per cent of residents rated the programme as very good or excellent.</p> <p>A total of \$7.7 million was expensed on the programme in 2002–03.</p>	
Payment Scheme for Airservices Australia's Enroute Charges <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Provide subsidised charges for low capacity regular public transport airlines on regional routes, and those providing aeromedical services</i></p> <p>Quantity: <i>Subsidy provided to approximately 40 operators</i></p> <p>Cost: <i>\$6 million</i></p> <p>Location: <i>Regional, rural and remote Australia</i></p> <p>The Payment Scheme for Airservices Australia's Enroute Charges was introduced as part of the government's Transport Action Plan Keeping Australia Moving. Under this scheme the government pays the enroute air traffic control charges imposed by Airservices Australia on regular public transport operators and aeromedical services aircraft with a maximum takeoff weight of 15 tonnes or less.</p> <p>The major beneficiaries of the programme are smaller operators who provide vital services to the seven million Australians who live outside the capital cities.</p> <p>The Payment Scheme commenced on 1 January 2002 and will conclude in June 2005. \$21 million was provided for this 3.5 year scheme and after 18 months of subsidising these charges, approximately \$6 million has been reimbursed to over 40 smaller airline operators. \$4.8 million has been reimbursed for the 2002–03 financial year.</p>	

Remote Air Services Subsidy Scheme (RASS) <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Provide subsidised air services, where there are no alternative forms of transport, to enable access to passenger transport, goods delivery and other transport needs</i></p> <p>Quantity: <i>Contracts with up to eight operators servicing up to 11 regions</i></p> <p>Cost: <i>\$3.2 million</i></p> <p>Location: <i>Queensland, Northern Territory, Western Australia, Tasmania and South Australia</i></p> <p>The Remote Air Services Subsidy (RASS) Scheme subsidises weekly air services to around 250 communities in very remote areas of Australia. The air services enable access to passenger transport and the delivery of essential supplies, such as fresh food, prescription medication and educational materials.</p> <p>Eight air operators are contracted to provide weekly air services to remote communities in the Northern Territory, Queensland, South Australia, Tasmania and Western Australia. A total of \$2.3 million was paid to these operators in 2002–03.</p>	
Alice Springs to Darwin Rail Link <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Improved productivity of transport activities to enhance access to this region.</i></p> <p>Quantity: <i>1420 km railway</i></p> <p>Cost: <i>\$5.1 million</i></p> <p>Location: <i>Northern Territory</i></p> <p>The Australian Government contributed \$13.9 million to the Alice Springs to Darwin Rail Link in 2002–03. Construction is progressing very well, with all clearing and bridges complete, and 1040 of 1420 kilometres of track laid. The rail link is expected to be completed by the end of 2003.</p> <p>In addition to the \$5.1 million already committed to the project, a further \$8.9 million contribution to the Alice Springs to Darwin Railway, originally scheduled for payment in 2003–04, was brought forward and provided in 2002–03. This was to assist in the renegotiation of the financial arrangements for the project.</p>	

Federation Fund Projects: Abt Railway, Murray River Bridges (NSW/Vic), Caboolture Motorway (Qld), Beaudesert Shire Railway (Qld)
(Contributing division: Transport Programmes)

Substantially achieved

Effectiveness: *Grants to Federation Fund projects will improve productivity of transport activities and enhance accessibility and economic prosperity and employment*

Cost: *Abt Railway—\$0.1 million*
Murray River Bridges—\$6 million
Caboolture Motorway—\$21 million
Beaudesert Shire Railway—\$2 million

Location: *Tasmania, Queensland, Victoria and New South Wales*

These Federation Fund programmes have been developed to improve transport productivity and access for communities to goods and services. They do this by improving roads, bridges and railways to enhance accessibility in regional communities, which in turn enhances economic prosperity and employment.

Abt Railway

On completion of the Abt Railway project in December 2002, the final \$50 000 Commonwealth contribution was provided in 2002–03. The Commonwealth contributed a total of \$20.45 million from the Federation Fund to the project, which involved re-opening the historic Abt Railway from Queenstown to Strahan on the west coast of Tasmania for a heritage railway operation.

Although originally scheduled for completion a year earlier, the Tasmanian Government and the private proponents of the project spent a year and considerable resources addressing some safety concerns raised during the construction phase of the project. The project (now named ‘The West Coast Wilderness Railway’) has been operating successfully since December 2002, and was officially opened by the Prime Minister on 3 April 2003.

Murray River Bridges

The Australian Government has committed \$44 million to assist the New South Wales and Victorian governments construct new bridges over the Murray River at Corowa, Echuca and Robinvale. The Commonwealth will contribute:

- \$12 million towards the \$21.5 million cost of the Corowa–Wahgunyah Bridge. The Deed of Grant was signed by the New South Wales Government in April 2003.
- \$17 million towards the \$40.5 million cost of the Robinvale–Euston Bridge. The Deed of Grant was signed by the New South Wales Government in June 2003.
- \$15 million towards the \$37 million crossing at Echuca–Moama. Australian Government funding for Echuca is awaiting signing of the Deed of Grant by the Victorian Government.

Due to the need for community consultations and longer than expected planning processes, there were delays in signing the Deeds of Grant and no money was spent this year. Funding has been extended to 2004–05. All bridges are expected to be completed by mid-2005.

Caboolture Motorway

The Australian Government is providing \$40 million from the Centenary of Federation Fund to widen the Caboolture Motorway (Bruce Highway) from four to six lanes from Dohles Rocks Road to Boundary Road. A Deed of Grant was signed with the Queensland government on 14 April 2003. A total of \$5.3 million was expensed in 2002–03.

Beaudesert Shire Railway

In 2002–03, the department provided the remaining \$2 million of a \$5 million Federation Fund contribution to the Beaudesert Shire Railway, which involved the establishment of a heritage railway operation from Beaudesert to Bethania in Queensland. ‘Beaudesert Rail’ has been operating since December 2002, although the organisation is experiencing some financial challenges.

Gold Coast Light Rail Project <i>(Contributing division: Transport Programmes)</i>	Substantially achieved
<p>Effectiveness: <i>Preparation of report to determine future government involvement in the proposed project</i></p> <p>Cost: <i>\$0.7 million</i></p> <p>Location: <i>Gold Coast, Queensland</i></p> <p>In 2002–03, the department provided \$273 000 of a \$650 000 contribution towards a feasibility study into a proposed light rail system for the Gold Coast. A private consulting firm, Parson Brinckerhoff, is doing the study which is being managed by Queensland Transport and the Gold Coast City Council. Two of the four stages of the study have been completed, and full results are expected by the end of 2003.</p>	
Management of residual issues of former Australian National Railways Commission (AN) <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Resolution of outstanding issues, including legal issues and completion of environmental remediation of affected properties, following the winding up of AN</i></p> <p>Quality: <i>Payments made in accordance with legal obligations and inter-governmental agreements</i></p> <p>Quantity: <i>Environmental programme comprises more than 600 sites</i></p> <p>Cost: <i>\$1.2 million</i></p> <p>Location: <i>South Australia and Tasmania</i></p> <p>The Commonwealth's \$50 million Environmental Remediation Programme, which sought to remediate railway land in several states that formerly belonged to Australian National (AN), was completed in 2002–03 with expenditure of \$1 million on the programme. All legal obligations were met and responsibility for the environmental management of such sites now rests with the relevant state governments.</p>	
Upgrade of Mainline Interstate Railway Track <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Improved quality of the interstate rail track and increased opportunities and incentives for appropriate private sector investment in transport facilities</i></p> <p>Quality: <i>Progress towards meeting Australian Transport Council agreed targets to improve the competitiveness of rail as a transport mode</i></p> <p>Cost: <i>\$15 million</i></p> <p>Location: <i>Victoria and New South Wales</i></p> <p>Most projects under this programme were undertaken in the period from 1998 to 2001. No works under this programme were completed in 2002–03.</p> <p>The Wodonga Rail Bypass is the only remaining project under this programme and has been postponed pending the finalisation of Victorian intrastate issues. It is now expected that the Commonwealth's entire \$20 million contribution towards the bypass will be provided in 2004–05.</p>	

National Highway and Roads of National Importance Programme*(Contributing division: Transport Programmes)***Achieved**

Effectiveness: *Improved standard and effectiveness of transport infrastructure to assist economic growth and provide access to communities, across Australia's regions by upgrading national highway and strategic freight routes in states and territories*

Quality: National Highway and Roads of National Importance

– *Payments made in accordance with legal obligations under the Australian Land Transport Development Act and intergovernmental agreements*

Target: Not less than 100 per cent of available funding provided to eligible projects

National Highway Maintenance

– *Percentage of smooth travel exposure on the National Highway (classified by percentage vehicle kilometres exposed to <110 NRM (NAASRA roughness measure)*

Target: Not less than 95 per cent.

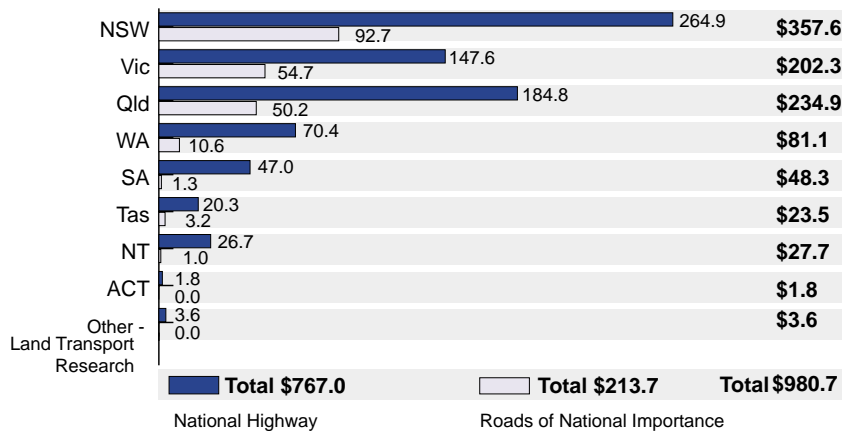
Cost: \$980.7 million

National Highway and Roads of National Importance

One hundred per cent of appropriated funding was paid to the states and territories and approved research organisations for eligible National Highway, Roads of National Importance (RONI) and eligible research projects under the *Australian Land Transport Development (ALTD) Act 1988*. This included an additional \$13 million provided in the Budget as part of \$137.6 million worth of new funding to meet the government's election commitments.

A total of \$980.7 million was paid to the states and territories for over 200 national highway and RONI projects under the ALTD programme during 2002–03. Some of the key projects funded in 2002–03 included:

- Stage 1 of F3 widening works
- Cairns Southern Access road
- Murchison East Deviation
- Barton Highway upgrade
- upgrade of the Pacific Highway at Yelgun-Chinderah
- Geelong Road upgrade
- Douglas Arterial upgrade
- Mt Morgan—Kabra Road
- Port of Brisbane Road.

■ Payments under the National Highway and Roads of National Importance Programme 2002-03

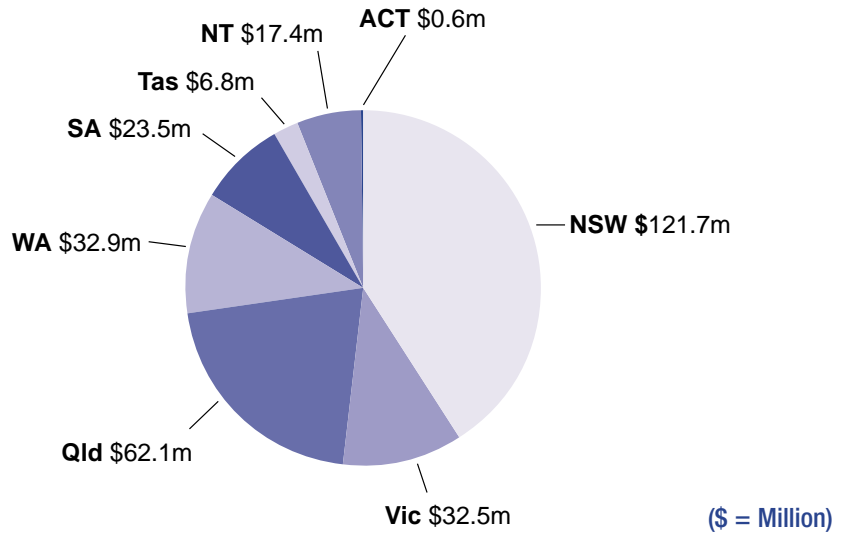
National Highway and Roads of National Importance Programme *continued*

National Highway Maintenance

Information provided by state and territory governments on 'smooth traffic exposure' on the national highway shows that 96 per cent of the network met or exceeded the target of less than 110 NRM (the NAASRA Roughness Measure (NRM) is the Australian standard measure for roughness) as a percent of vehicle kilometres travelled.

Roughness is the key indicator of overall pavement condition. Smooth travel exposure measures the amount of traffic on roads with a roughness count of less than 110 NRM. A total of \$297.4 million was paid to fund maintenance works on the national highway system.

■ Total National Highway Maintenance Payments 2002-03



Roads to Recovery Programme (Contributing division: Transport Programmes)	Achieved
<p>Effectiveness: <i>Improved access, through transportation, across Australia with particular emphasis on rural and regional areas</i></p> <p>Quality: <i>Percentage of recipients complying with all programme conditions who receive their entitled payments in full</i></p> <p>Target: <i>100 per cent</i></p> <p>Cost: <i>\$202.2 million</i></p> <p>Location: <i>Regional Australia and Indian Ocean Territories</i></p> <p>The Roads to Recovery Programme was reviewed during 2002–03 by a joint department and Australian Local Government Association (ALGA) team. The key finding of the review was that the Roads to Recovery funds have been well used to address the backlog of works on local roads.</p> <p>The works undertaken had a strong safety emphasis with transport efficiency and economic development the next most common objectives. Most of the expenditure was on existing roads. The review team calculated an average benefit cost ratio for a selection of projects at about 1.8.</p> <p>The programme provided economic stimulation to local economies across Australia and generated employment, particularly in rural and regional areas. \$851 million of the programme’s \$1.2 billion will go to rural and regional Australia. The programme has also encouraged local government to develop improved asset management practices.</p> <p>About 10 000 projects valued at over \$900 million are registered for funding under the programme. \$202.2 million was paid out of the programme in 2002–03, \$200 million to local governments and \$2.2 million to Indian Ocean Territories and unincorporated areas.</p>	

Bass Strait Passenger Vehicle Equalisation Scheme*(Contributing division: Transport Programmes)***Substantially achieved**

Effectiveness: *Reduced cost of travel, thereby leading to efficient and equitable access to Tasmania, for passengers accompanying their vehicles across Bass Strait*

Quality: *Levels of assistance are determined to reduce the costs of travel for passengers accompanying their vehicles across Bass Strait*

Quantity: *170 000 eligible passenger vehicles*

Cost: *\$26.6 million—additional funds were provided from funds made available from other programmes*

Location: *Tasmania*

The cost of travel across Bass Strait for passengers accompanying their vehicles has been reduced as a result of Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES), leading to more equitable access to Tasmania.

The number of passenger vehicles shipped across Bass Strait has more than tripled since the scheme began in 1996. The scheme provided \$31.7 million in rebates during 2002–03, slightly below the budgeted cost as rebates are uncapped and demand driven. The scheme provided \$31.8 million in rebates during 2002–03.

The scheme was expanded in 2002–03 to replace the seasonal rebate with a rebate of up to \$150 each way. The rebate for motorhomes and vehicles towing a caravan was also increased to up to \$300 each way. This doubled the rebate for these vehicles during the high season and tripled it during the low season.

In 2002–03, the scheme provided a rebate of:

- up to \$150 each way for eligible passenger vehicles
- up to \$300 each way for motorhomes and passenger vehicles towing a caravan
- up to \$75 each way for motorcycles
- \$21 each way for bicycles.

The rebates currently allow major vehicle types such as cars to travel for free for TT-Line's off and shoulder seasons (usually 45 weeks per year). The number of vehicles shipped across Bass Strait has increased from 63 000 a year before it was introduced to 219 000 in 2002–03.

The increased rebate for motorhomes and caravans has helped Tasmania benefit from the growing popularity of motoring holidays. The number of motorhomes and caravans shipped across Bass Strait has increased by more than 276 per cent between 2001–02 and 2002–03.

Tasmanian Freight Equalisation Scheme <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Provide Tasmanian industries with equal opportunities to compete in mainland Australian markets</i></p> <p>Quality: <i>Alleviate the comparative interstate freight cost disadvantage incurred by shippers of eligible non-bulk goods carried between Tasmania and mainland Australia</i></p> <p>Quantity: <i>5300 claims processed</i></p> <p>Cost: <i>\$71 million—additional funds were provided from funds made available from other programmes</i></p> <p>Location: <i>Tasmania</i></p> <p>The Tasmanian Freight Equalisation Scheme (TFES) provides Tasmanian industries with equal opportunities to compete in mainland Australian markets by alleviating the comparative interstate freight cost disadvantage incurred by shippers of eligible non-bulk goods carried between Tasmania and mainland Australia.</p> <p>TFES provided \$77.2 million in rebates during 2002–03, slightly below the budgeted cost as rebates are uncapped and demand driven. The scheme assists about 1350 shippers a year to obtain assistance for the movement of products such as frozen vegetables, newsprint and confectionery. In 2002–03, 5377 claims were processed and paid under the scheme.</p>	
Payments to Maritime Industry Finance Company Ltd (MIFCo) <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Contribution to government waterfront reform initiatives for improving stevedoring performance</i></p> <p>Quality: <i>Department ensures sufficient funding is provided for MIFCo to meet its financial obligations</i></p> <p>Cost: <i>\$0.2 million (\$33 million in cash payments)</i></p> <p>The Maritime Industry Finance Company Ltd (MIFCo), a wholly owned Commonwealth company limited by guarantee, was established with the authority of the Cabinet as the administrative means for making redundancy-related payments as part of achieving the government's objectives for waterfront reform.</p> <p>A total of \$34.2 million was paid to meet MIFCo's loan repayments in 2002–03. Administration costs of the company totalled \$0.2 million.</p>	
Interstate Road Transport Fees <i>(Contributing division: Transport Regulation)</i>	Partially achieved
<p>Effectiveness: <i>Contribution to the implementation of national road transport reform through the Federal Interstate Registration Scheme</i></p> <p>Cost: <i>\$38.1 million</i></p> <p>Being a budget neutral programme, \$37 million of Federal Interstate Registration Scheme fees were returned to the states and territories in line with the agreed formula. Adjustments to nationally agreed heavy vehicle registration charges were adopted for federal interstate vehicles to ensure uniformity across Australia.</p>	

Oil Pollution Compensation Fund <i>(Contributing division: Transport Regulation)</i>	Achieved
<p>Effectiveness: <i>Compensation, funded by contracting states including Australian oil companies, provided in the event of major oil spills</i></p> <p>Cost: <i>\$5.9 million</i></p> <p>Amounts received from the Australian oil companies have been paid into consolidated revenue and a corresponding amount paid to the fund. No expenses were reported in 2002–03.</p>	
Ansett—Rapid Route Recovery Scheme <i>(Contributing division: Transport Programmes)</i>	Achieved
<p>Effectiveness: <i>Continued air services to communities affected following the demise of the Ansett Group or an Ansett-related service</i></p> <p>Cost: <i>\$5 million</i></p> <p>Location: <i>Throughout Australia</i></p> <p>The scheme was to provide short-term, transitional support for the restoration of air services to communities affected by the collapse of the Ansett Group, targeted to help restore and maintain air services to regional communities. The provision of assistance has been in the form of a direct subsidy (grant) or loans.</p> <p>In 2002–03 the Commonwealth agreed to provide conditional grants to Australiawide and Skywest airlines to a total of \$5.9 million.</p>	
Sydney West Airport—land acquisition and works <i>(Contributing division: Transport Regulation)</i>	Substantially achieved
<p>Effectiveness: <i>Resolution of compensation claims related to the purchase of land at the possible Sydney West Airport site at Badgerys Creek</i></p> <p>Quantity: <i>Settlement of 3 properties</i></p> <p>Cost: <i>\$0.1 million (plus \$2.8 million equity injections)</i></p> <p>Two properties have been acquitted, the resolution of the third property is expected to occur early in 2003–04. Nil expenses were reported in 2002–03.</p>	
Sydney West Airport—rental properties <i>(Contributing division: Transport Regulation)</i>	Achieved
<p>Effectiveness: <i>Management of the rental properties at the Sydney West Airport site</i></p> <p>Quantity: <i>Management of approximately 254 properties</i></p> <p>Cost: <i>\$1.3 million</i></p> <p>The department employed a managing agent, selected through a public tender process, for a period of three years from 1 January 2003. A total of \$1.6 million was expended in 2002–03, with extra funding allocated through the minister's transfer of funds from savings identified in a number of other administered programmes.</p>	

Outcome 2

Greater recognition and development opportunities for local, regional and territory communities

Outcome 2 seeks to achieve greater recognition and development opportunities for local, regional and territory communities. We strive to do this by working towards three strategic objectives:

Regional communities which have better access to economic opportunities and services, and which are able to take the lead in their own planning and development

Territories which provide for their residents the same opportunities and responsibilities as other Australians enjoy in comparable communities

Local governments which serve their communities more efficiently and effectively.

During 2002–03, we focused our work on the government's three priority areas for Outcome 2:

- improvements in regional programme design and delivery and development of a framework of core indicators for the health of the regions and evaluation of regional programmes
- natural resource management
- supporting the government's unauthorised boat arrivals policy in the external territories, and facilitating the construction of a new detention centre on Christmas Island.

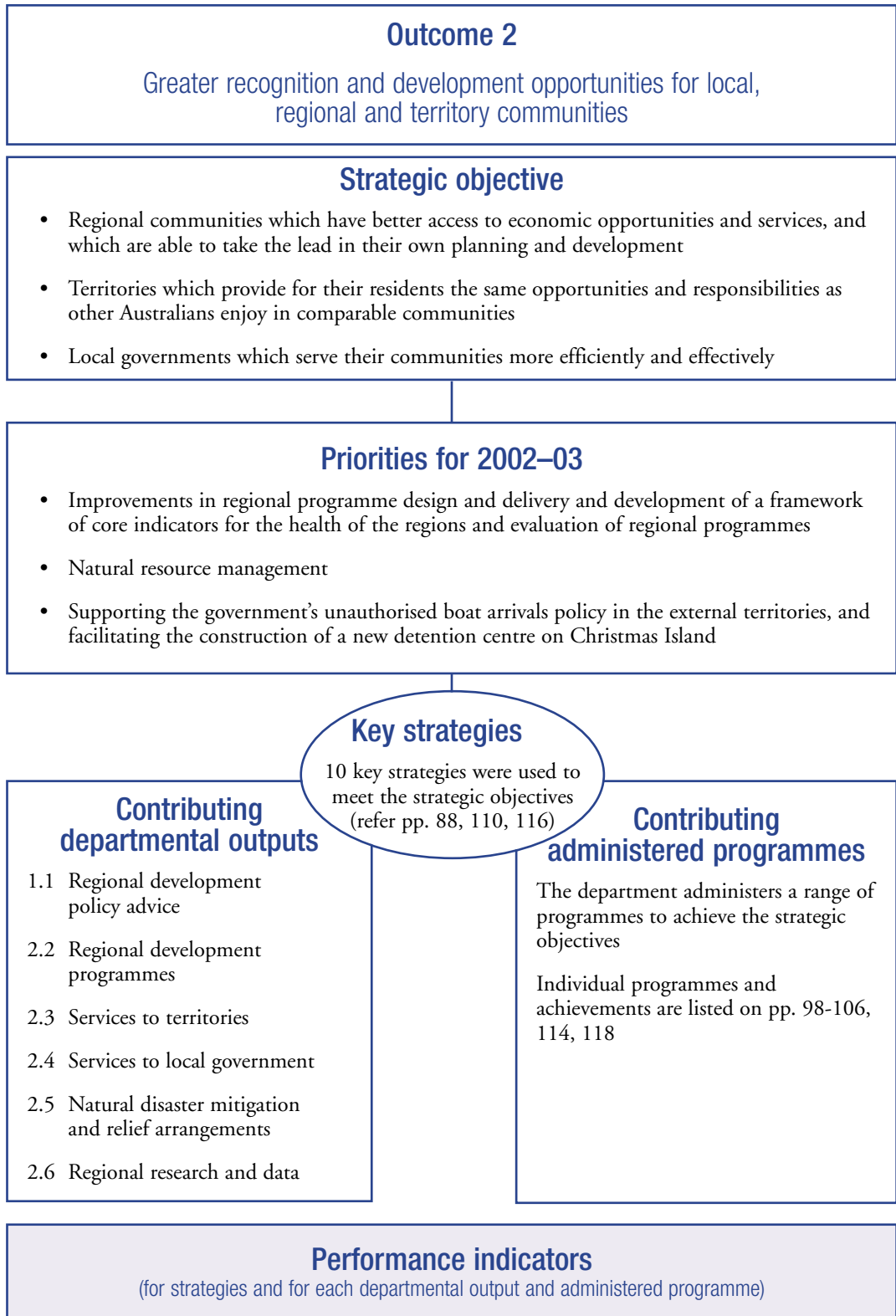
To support the ministers, the department provided briefings on a wide range of issues arising in other portfolios where regional aspects were involved. This requires a spread of understanding and networking across portfolios, and the flexibility to apply attention to new areas at short notice.

Major achievements for the year included:

- the new Regional Partnerships programme, combining nine existing regional programmes into one
- building on the *Stronger Regions, A Stronger Australia* initiative
- support for the Regional Business Development Analysis Panel and the Standing Committee on Regional Development
- progress on the Council of Australian Governments (COAG) indigenous trial in Tjurabalan, East Kimberley, Western Australia
- the establishment of the Deputy Secretaries Whole of Government Group
- construction of the Immigration Reception and Processing Centre on Christmas Island
- contribution to the parliamentary inquiry into local government finance.

Figure 3 (p. 80) shows the cascaded linkages contributing to Outcome 2, including strategic objectives and priority areas. It illustrates how the six regional outputs (services delivered), 10 key strategies and 20 administered programmes work together to help meet the strategic objectives as the pathway for achieving Outcome 2.

■ Figure 3: Outcome 2 – Performance reporting structure



Outputs for Outcome 2

The following table outlines the six outputs (services delivered) for Outcome 2 and provides a high level summary of achievement against the performance indicators. Detailed performance reporting on the outputs is presented later in this section in the assessment of achievement against each of the strategic objectives and the key strategies.

■ Output 2.1 Regional Development Policy Advice (Contributing divisions: Regional Policy and Territories and Local Government)		
Description	Performance indicators	Achievement
<p>The department provides policy advice and other services to its ministers in relation to:</p> <ul style="list-style-type: none"> • regional communities and their development • effective governance, economic and social development of Australian territories • local governments, including advice on local government financing. 	<p><i>Quality</i></p> <ul style="list-style-type: none"> • Ministers and ministers' offices satisfied with the quality of policy advice and legislation development, and department meets standards for policy advice, legislation and ministerial services. <i>Target: 90 per cent level of satisfaction.</i> • Improvement in cooperative work and action across agencies. <p><i>Price: \$14.0 million*</i></p>	<ul style="list-style-type: none"> • Achieved 96 per cent satisfaction rating across all briefing and ministerial correspondence relating to Outcome 2. The ACT Legislation Amendment Bill 2003 was passed. • The department participated in cross agency workshops and led the More Accessible Government Working Group, the Standing Committee on Regional Development and the Deputy Secretaries Regional Whole of Government Group. <p><i>Expenses: \$9.5 million</i></p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 40

■ Output 2.2 Regional Development Programmes

(Contributing division: Regional Programmes)

Description	Performance indicators	Achievement
<p>The department administers regional programmes and grants for communities, which includes:</p> <ul style="list-style-type: none"> working with local consultative/advisory structures to enable communities to build on capabilities and opportunities within their regions working with other agencies across all spheres of government in the delivery of non-grant programmes and activities to communities. 	<p><i>Quality</i></p> <ul style="list-style-type: none"> Department ensures that funding recipients meet terms and conditions of funding. Where appropriate, stakeholder satisfaction with the programme. Administration of programmes in accordance with legislation, government policy, and departmental standards. Improved cross portfolio and jurisdictional cooperation. <p><i>Price: \$22.8 million*</i></p>	<ul style="list-style-type: none"> Projects funded met terms and conditions of funding. While accountability is of primary focus, programmes are also responsive to grantees' evolving situations. Anecdotal evidence and evaluation processes suggest predominant general stakeholder satisfaction. Further evaluations are currently underway. Administration is in accordance with policy and standards. Across all programmes some 80 per cent of funded projects also received support from local or state government or private organisations. <p><i>Expenses: \$28.6 million</i></p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 40

■ Output 2.3 Services to Territories (Contributing division: Territories and Local Government)		
Description	Performance indicators	Achievement
<p>The department manages Commonwealth interests in the self-governing territories and provides federal and state equivalent services to the non self-governing territories. Key activities include:</p> <ul style="list-style-type: none"> • providing governance regimes, services and programmes • collecting general taxes, levies fees and loan repayments, both departmental in nature and on behalf of the Commonwealth. 	<p><i>Quality</i></p> <ul style="list-style-type: none"> • Department ensures that funding recipients meet terms and conditions of funding. • Administration of programmes in accordance with legislation, government policy, and departmental standards. • The extent to which equivalent mainland service standards for non self-governing territories are achieved. • Services to self-governing territories in accordance with Commonwealth responsibilities, and comply with departmental requirements. • Revenue collected and reported upon in an effective manner in accordance with legislation and departmental standards. <p><i>Price: \$122.3 million*</i></p>	<ul style="list-style-type: none"> • Procedures are in place to ensure recipients meet terms and conditions of funding. • Programmes are administered in accordance with relevant standards. • Progress towards mainland service standards achieved. • Commonwealth responsibilities are met. • \$7.01 million was collected in revenue for the sale of goods and services to non-government entities this year in compliance with standards. <p><i>Expenses: \$85.6 million</i></p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 40

■ Output 2.4 Services to Local Government

(Contributing division: Territories and Local Government)

Description	Performance indicators	Achievement
<p>The department provides Commonwealth assistance to develop and support local government and to support planning initiatives across all jurisdictions. Key activities include:</p> <ul style="list-style-type: none"> • payment of financial assistance grants to local governments • preparing the Local Government National Report • managing the National Awards for Local Government. 	<p><i>Quality</i></p> <ul style="list-style-type: none"> • Department ensures that funding recipients meet terms and conditions of funding. • Where appropriate, stakeholder satisfaction with programmes. • Administration of programmes in accordance with legislation, government policy, and departmental standards. • Improved cross portfolio and jurisdictional cooperation. <p><i>Price: \$1.8 million*</i></p>	<ul style="list-style-type: none"> • Procedures are in place to ensure recipients meet terms and conditions of funding. • Anecdotal evidence suggest that stakeholders are satisfied. • Programmes are administered in accordance with legislation. • The department attended and hosted various forums to discuss local government and planning issues. <p><i>Expenses: \$4.0 million</i></p>

■ Output 2.5 Natural Disaster Mitigation and Relief Arrangements

(Contributing division: Territories and Local Government)

Description	Performance indicators	Achievement
<p>The department facilitates continuing improvement in natural disaster risk assessment and provides cost-effective mitigation measures for communities while supporting disaster affected communities. Key activities include:</p> <ul style="list-style-type: none"> • administering programmes for natural disaster mitigation and relief and recovery for communities affected by declared natural disasters. 	<p><i>Quality</i></p> <ul style="list-style-type: none"> • Administration of programmes in accordance with legislation, government policy, and departmental standards. • Department ensures that funding recipients meet terms and conditions of funding. • Where appropriate, stakeholder satisfaction with programmes. • Improved cross portfolio and jurisdictional cooperation. <p><i>Price: \$1.5 million*</i></p>	<ul style="list-style-type: none"> • Programme administration standards are met. • Procedures are in place to ensure terms and conditions are met. • Anecdotal evidence indicates stakeholder satisfaction. • All funds distributed were negotiated with and matched by state government. <p><i>Expenses: \$3.3 million</i></p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 40

■ Output 2.6 Regional Research and Data

(Contributing divisions: Regional Policy and Economic Research and Portfolio Policy)

Description	Performance indicators	Achievement
<p>The department undertakes research on current and emerging regional policy issues, and collects, maintains and disseminates relevant data. Recent Bureau of Transport and Regional Economics publications include:</p> <ul style="list-style-type: none"> • <i>About Australia's Regions</i> • <i>Government Interventions in Pursuit of Regional Development: Learning From Experience.</i> 	<p><i>Quality</i></p> <ul style="list-style-type: none"> • Research and analysis activities contribute to policy development and programme delivery. • Research and analysis activities are in accordance with departmental and appropriate peer and academic research standards. • Research and analysis outputs increase and improve stakeholder knowledge. <p><i>Price: \$2.2 million*</i></p>	<ul style="list-style-type: none"> • All issues researched and analysed contribute to policy and programme development. • Research and analysis was undertaken in accordance with relevant standards. • Research outputs were published to improve stakeholder knowledge. <p><i>Expenses: \$2.3 million</i></p>

*Portfolio Additional Estimates Statements 2002–03, Transport and Regional Services Portfolio p. 40

Strategic objective: Regional communities which have better access to economic opportunities and services, and which are able to take the lead in their own planning and development

In seeking to meet this objective, activities in 2002–03 continued to be conducted in line with *Stronger Regions, A Stronger Australia*, the Australian Government's 10-year policy framework, launched in 2001, for developing Australia's regions. The framework has four distinct goals:

- strengthen regional economic and social opportunities
- sustain our productive natural resources and environment
- deliver better regional services
- adjust to economic, technological and government-induced change.

The department's ability to achieve better access to economic opportunities and services for regional communities and assist them to take the lead in planning and development also depends on the alignment of a number of factors, including:

- developing broad economic settings which minimise impediments and facilitate and encourage local leadership and endogenous growth in Australia's regions
- ensuring all Commonwealth agencies design mainstream policy and programmes which recognise locational differences
- empowering local communities in circumstances of limited capacity to help themselves.

The past year has seen the department make significant progress in these areas. For example:

- Whole of government arrangements were pursued so that issues impacting on different regions can be approached in a coordinated way. Key milestones included the establishment of the Deputy Secretaries Whole of Government Group, two meetings of the Standing Committee on Regional Development (SCORD) and the establishment of the Council of Australian Governments (COAG) indigenous trial in Tjurabalan, East Kimberley, Western Australia.
- Significant progress was made in implementing the Sustainable Regions Programme and in streamlining other programmes the department currently administers, particularly through the launch of Regional Partnerships.
- The department worked with a range of Commonwealth agencies to incorporate the needs of Australia's regions in mainstream policy.
- Considerable progress was made in delivering services to communities: the number of operational Rural Transaction Centres increased from 52 to 80 over the last year.

Priority: Improvements in regional programme design and delivery and development of a framework of core indicators for the health of the regions and evaluation of regional programmes

Regional Partnerships

A major change for regional programmes was the decision by government to combine nine existing regional programmes into a single programme called *Regional Partnerships*.

The decision followed the department's in-depth review of the range of regional programmes it administers. This included extensive consultation with stakeholders and analysis of programme outcomes and operations, including consultation with successful and unsuccessful applicants to determine key areas for improving programme delivery and design.

Launched on 26 June 2003, Regional Partnerships aims to deliver improved outcomes for communities including simplifying access to government support. The resulting one set of guidelines and one simple application process makes it easier for communities to access funding for local projects. Through the programme the Commonwealth will support projects that focus on strengthening growth opportunities, support planning and improve access to services. Projects which harness community support and engage other funding partners will be well regarded.

Regional Partnerships demonstrates the Commonwealth's approach to regional development of working in partnership with communities, other governments and the private sector to foster the development of self-reliant communities and regions.

Wellbeing indicators

The department commissioned the Bureau of Rural Sciences to develop a nationally consistent set of regional wellbeing indicators. The indicator framework will serve a number of purposes:

- a tool for policy analysis, to identify particular regions which meet or exceed a range of criteria
- a mechanism for monitoring the development of regions
- a platform for regional users to develop their own indicators and monitor the progress of their own region
- the basis to inform an assessment of regional policies and programmes across Commonwealth agencies and other spheres of government.

The indicator set was delivered in June 2003 and is being used to inform internal policy development and analysis. The department is currently exploring mechanisms for making the indicators available to communities and regional users.

Priority: Natural resource management

The use of natural resources is a cornerstone of economic activity in many of Australia's regions (directly and through flow-on effects), in particular agricultural and tourism activity. Natural resource management in Australia has undergone significant changes in the last 10 years with a move towards sustainability, particularly environmental sustainability.

These ongoing changes are impacting on the way that many regional businesses operate and this is flowing through to the broader regional community and towns. The department has worked with other Commonwealth departments and agencies to ensure that the Commonwealth's development and involvement in natural resource management policy encompasses consideration of the needs and abilities of regional communities in adjusting to new natural resource management regimes.

This work contributed to the government's decisions to negotiate new water reform arrangements with state and territory governments and the Productivity Commission Inquiry into the impacts of native vegetation and bio-diversity conservation regulation.

Key strategies

Achievements linked to regional communities having better access to economic opportunities and services, and being able to take the lead in their own planning and development, were a result of implementing a number of key strategies:

- lead the development nationally of an integrated, whole of government approach to regional development and regional services, which supports communities' own solutions
- encourage Commonwealth agencies to give priority to addressing issues facing regional Australia (such as education and skills development) when they develop and implement policies and programmes
- lead by example in making use of services and skills available in regional Australia
- improve the understanding of Commonwealth agencies and regions of the requirements of individual communities by improving how regional needs are analysed
- lead the development nationally of research into the cost of natural disasters and the benefits of mitigation.

A more detailed analysis of specific achievements against each key strategy follows.

Key strategy	Performance indicators	Achievement
<p>Lead the development nationally of an integrated, whole of government approach to regional development and regional services, which supports communities' own solutions.</p> <p><i>(Contributing divisions: Regional Policy and Regional Programmes*)</i></p> <p>*Not noted in 2002–03 PBS</p>	<p>Communities that have improved access to information, programmes and services which enables them to build on capabilities and opportunities within their regions.</p>	<p>Partially achieved</p>

Key achievements

Two potential impediments to regional development are inconsistent government services and agencies sending mixed signals to regions seeking assistance to facilitate their own growth strategies.

The activities of three groups were integral to limiting the development of such impediments through their promotion of an integrated whole of government approach to regional development and services. These three groups are: the More Accessible Government (MAG) Working Group, the Standing Committee on Regional Development (SCORD) and the Deputy Secretaries Regional Whole of Government Group.

More Accessible Government Working Group

The MAG initiative aims to improve access to Commonwealth funding programmes and streamline funding administration—with a particular focus on regional, rural and remote communities.

A major outcome under the MAG initiative this year was completion of a package of standardised funding agreements. These standardised agreements provide a model that all government departments can use to simplify and harmonise their approach to funding agreements with community organisations. This will make it easier for communities to manage funding from the Commonwealth.

Standing Committee on Regional Development

SCORD, established in 2002, facilitates cross-government coordination and cooperation on regional issues. It does this through a formal sharing of information about programmes and initiatives between Commonwealth, state, territory and local government jurisdictions.

Its membership comprises the chief executive officers of the state and territory development agencies and a representative of the Australian Local Government Association. It has held three meetings so far. Key achievements include:

- Under the Framework for Cooperation on Regional Development, a set of principles and actions identifying possible approaches to improving the way regional development organisations can work together better was developed. The aim is to reduce duplication, overlap and lack of coordination between the organisations.
- A practitioners' guide to good practice in the attraction and retention of professional and skilled people in regional Australia. This case study based publication will illustrate innovative and practical ways to inspire communities to address issues at a local level.

Deputy Secretaries Regional Whole of Government Group

This committee, made up of senior executives of Commonwealth departments, was established in late 2002. It facilitates whole of Commonwealth coordination and cooperation on regional issues and reports to Cabinet. It aims to identify and promote the cultural and systemic changes needed to facilitate agencies delivering community led and regionally focused Commonwealth interventions that have sustainable outcomes.

This partnership approach is consistent with the government's current regional policy focus. It fosters the development of self-reliant regions, where regional communities lead their own development in partnership with government, and with the private sector taking an active role. The group has met three times.

A major achievement has been the identification of a range of issues impacting on regional Australia drawn from a report on Commonwealth programmes and initiatives that the group coordinated. The issues fall into two main types, delivering sustainable community led programmes and evaluation. These form the basis of the forward work plan for this group.

Key strategy	Performance indicators	Achievement
<p>Encourage Commonwealth agencies to give priority to addressing issues facing regional Australia (such as education and skills development) when they develop and implement policies and programmes.</p>	<p>Policies and programmes implemented that acknowledge and provide for the needs of regional Australia.</p>	<p>Partially achieved</p>

(Contributing divisions: Regional Policy and Regional Programmes)

Key achievements

Encouraging Commonwealth agencies to give priority to addressing issues facing regional Australia is a key strategy shared by many government agencies, including the department.

From the department's perspective, implementation of this strategy has focused on the delivery of Regional Partnerships and close collaboration with a range of Commonwealth agencies to ensure the needs of regional Australia are identified and addressed.

Sustainable Regions Programme

The Sustainable Regions Programme announced in August 2001 offers a planned, integrated approach to structural adjustment in eight 'prototype' regions throughout Australia.

Advisory committees are now well established in all eight regions and over the last year the programme has funded 72 projects. These projects covered a broad range of areas including: export opportunities, new regional industries, capital works, technology-based projects, social inclusion and education related projects and the environment.

Working with other agencies

The department has also worked with a wide range of Commonwealth agencies to ensure that government policies, programmes and regulations better acknowledge and provide for the needs, interests and capabilities of regional communities.

By providing advice to other Commonwealth agencies about the preparation of Regional Impact Statements, the department helped ensure that the government was more aware of the likely positive and negative impacts of new policies, funding arrangements and changes to existing programmes on regional Australia. This was particularly so in relation to their impact on services, employment and investment.

Addressing regional issues

Departmental activities have resulted in acknowledgment of the telecommunications needs of the communities and people of regional, rural and remote Australia.

Consultations with councils, community groups and other stakeholders during a field visit to western Queensland enabled the department to gather data on telecommunications issues faced by people in remote areas of Australia. This data was incorporated with other information into a broader departmental submission to the government's independent Regional Telecommunications Inquiry (RTI).

The government responded to the RTI on 25 June 2003, accepting all 39 of the department's recommendations and announcing a further \$181 million investment in regional telecommunications. This will:

- help ensure all Australians have access to adequate telecommunications services
- enhance a range of existing services (such as mobile phone coverage)
- ensure that regional Australia continues to share equitably in the benefits of future technologies (such as faster internet services).

Indigenous communities

The department's secretary, Ken Matthews, has been involved in the Commonwealth Secretaries' Group in supporting the COAG initiative to work in a new way with up to 10 indigenous communities around the country to trial ways to improve services and living standards for indigenous peoples.

The department negotiated a trial site with a group of five communities in the East Kimberley (Western Australia) to progress a whole of government approach and shared responsibility between the Commonwealth, state and local governments and the indigenous community.

The indigenous communities involved in the trial are now working together with all levels of government to address the disadvantages they face. Through this process the capacity of these communities to work towards shared responsibility and a shared future has increased.

Other results

During 2002–03, the department achieved other results that contributed to this strategy:

- Ensuring that certain regional catchment plans include a commitment to assessing the socio-economic impacts of their implementation. This involved the department working closely with the departments of Agriculture Fisheries and Forestry—Australia and Environment and Heritage, with their state government counterparts, and with regional catchment bodies.
- Ensuring that the Tourism Green Paper developed by the Department of Industry, Tourism and Resources included a focus on the development of tourism in regional and rural Australia. The paper acknowledges that tourism can play a vital role in regional communities, providing increased opportunities for economic diversification and promoting social cohesion.
- The department also ensured that the Review of Settlement Services for Migrants and Humanitarian Entrants, conducted by the Department of Immigration and Multicultural and Indigenous Affairs, considered regional Australia's capacity to contribute to settlement planning and settlement services, and highlighted the potential benefits to regional Australia.
- Through its involvement in the Commonwealth/State Working Party on Skilled Migration, the department has identified mechanisms to facilitate a greater dispersal of migrants and humanitarian entrants throughout regional Australia. The implementation of these, utilising the SCORD working group on Attraction and Retention of Professionals, will help ensure regional Australia shares in the benefits of Australia's migration programme.
- The department is addressing pressing social issues faced by regional communities through its work ensuring that the government's welfare reform agenda takes account of the needs of regional communities.

Key strategy	Performance indicators	Achievement
<p>Lead by example in making use of services and skills available in regional Australia.</p> <p><i>(Contributing divisions: Regional Policy and Regional Programmes)</i></p>	<p>Providing opportunities directly to regional Australia.</p>	<p>Achieved</p>

Key achievements

In the spirit of helping regional Australia help themselves, as embodied in the government's *Stronger Regions, A Stronger Australia* statement, the department aims to lead by example in making use of the services and skills available in regional Australia.

The department's ongoing engagement within regional communities has provided greater opportunities for regional Australians to directly influence Commonwealth policy development and has improved policy outcomes.

Regional information service

The department provides the Commonwealth Regional Information Service. This service offers easy access to information on Commonwealth government services and programmes for regional, rural and remote Australians. This information is supplied through:

- a free-call telephone answer service that provides initial information and referrals to administering agencies on 1800 026 222
- a mobile shopfront that attends field days, country shows and community and industry events—the schedule can be accessed through our website at www.dotars.gov.au/cris/shopfront.htm
- community information stands located around Australia with community groups providing a local source of information
- the Commonwealth Regional Information Directory—a free and comprehensive directory of Commonwealth services and programmes. An electronic copy can be found at www.dotars.gov.au/regional/publications/crid/index.htm and hard copies can be obtained through telephoning the answering service on 1800 026 222.

Area Consultative Committees

The national network of Area Consultative Committees (ACCs) provides an important link between the Australian Government and rural and metropolitan Australia. As volunteer community based organisations, ACCs are uniquely placed to respond to issues in their regions and provide a vital conduit to government on local, social and economic conditions.

ACCs work in partnership with the department to identify opportunities, priorities and development strategies for their regions. In 2002–03 the ACC network adopted a new charter and ministerial statement of priorities identifying their key responsibilities as:

- being a key facilitator of change and development in their region
- being the link between government, business and the community
- facilitating whole of government responses to opportunities in their communities.

In addition to their role in endorsing projects under the Regional Assistance Programme, ACCs facilitated a range of community consultations in relation to tourism, AusLink and an analysis of regional business development, the Regional Business Development Analysis (RBDA).

Regional Business Development Analysis

An initiative of *Stronger Regions, A Stronger Australia*, the Regional Business Development Analysis (RBDA) aims to develop options that can reduce impediments to business growth and improve the environment in which regional businesses operate. A small independent panel, appointed by the Minister for Transport and Regional Services in June 2002, is undertaking the analysis.

The panel received 197 submissions, undertook extensive research and visited 50 regional centres, listening to the views of more than 1000 people. The panel will report to the minister in July 2003.

Newcastle Structural Adjustment Package

The \$10 million package was established in 1999 to support private sector investment in the Newcastle/Hunter region that would result in sustainable employment growth following the closure of BHP. Nineteen projects have been approved and all funding has been committed.

Albury-Wodonga Development Corporation

The department supports the statutory authority established under the *Albury-Wodonga Development Act 1973*, and advises the Minister for Regional Services, Territories and Local Government on his responsibilities under the Act (including his role as chair of the Albury-Wodonga Ministerial Council). In 2002–03 the department also provided the secretariat to a working group to provide options to the minister on the Albury-Wodonga Development Corporation Land Bank.

Regional Women's Advisory Council

The second Regional Women's Advisory Council was appointed in September 2002 to provide a women's perspective on issues that affect communities in regional Australia by directly advising the minister. The Council also provides the minister with a quarterly report, *Hot and Emerging Issues*, which outlines issues that are of concern to regional, rural and remote communities.

In the past year the council has achieved the following milestones:

- Development of a work plan for its two-year term that focuses on 'Building Stronger Communities'. The aim of the work plan is to encourage informed debate and influence decision-making.
- Completion of community consultation projects which provide a basis for promoting best practice in communities, and for advising the Australian Government on ways to encourage a positive response to managing change.
- Completion of a social issues report advising the minister on how effectively Australian Government programmes are addressing some of the pressing social issues faced by regional communities.

Other results

Other examples where the department has successfully engaged regional communities include:

- Convening a regional tourism roundtable, the outcomes of which fed into the development of the Tourism Green Paper. This resulted in a greater focus in the Green Paper on regional tourism issues.
- Providing comments and attending consultations on the 10-Year Plan for Tourism discussion paper being prepared by the Department of Industry, Tourism and Resources.
- Consultation for the development of the AusLink White Paper, which is a new national land transport infrastructure plan. Further information can be found under Outcome 1, Priority: Transport infrastructure p. 52.
- Providing input to the Senate Employment, Workplace Relations and Education References Committee Inquiry into Small Business Employment.

Key strategy	Performance indicators	Achievement
<p>Improve the understanding of Commonwealth agencies and regions of the requirements of individual communities by improving how regional needs are analysed.</p> <p><i>(Contributing divisions: Economic Research and Portfolio Policy, and Regional Policy)</i></p>	<p>More information and analysis published and available to assist regional development.</p>	<p>Achieved</p>

Key achievements

In 2002–03, the department made a significant contribution to the evidence base, which is crucial to developing effective regional policy.

Examples of research the department commissioned follow:

- The department's publication, *Community and Campus*, provides practical advice to communities and universities on how they can achieve great results by working together towards common goals. It provides real examples and case studies of how this engagement can occur, and of the sort of enhanced opportunities that can be generated in regional Australia.
- Regional research programmes have funded seven projects in 2002–03, with a total value of approximately \$220 000. One project resulted in the publication of the *Regional Business Development Analysis Literature Review*, which provides a better understanding of the needs of regional business and the environment in which regional business operates.
- The publication of a comprehensive statistical profile of each of the eight Sustainable Regions:
 - North-west and west coast of Tasmania
 - Gippsland (Vic)
 - Campbelltown/Camden (NSW)
 - Far north east New South Wales
 - Playford/Salisbury (SA)
 - Atherton Tablelands (Qld)
 - Kimberley (WA)
 - Wide Bay Burnett (Qld).

These profiles are based on a standard set of indicators including population growth and projections, employed persons by industry and regional environmental issues. The profiles will greatly assist regions identify opportunities and plan for future growth.

The Bureau of Transport and Regional Economics (BTRE) produced four research publications in 2002–03 contributing toward an improved understanding of economic and social factors influencing regional Australia:

- *Regional Public Transport in Australia: Long-distance services, trends and projections* (Working Paper 51), provides a set of information for policy makers on existing long-distance public transport services to regional areas and the likely impact of long-term demographic changes on the demand for future services.
- *Regional Public Transport in Australia: Economic Regulation and Assistance Measures* (Working Paper 54), provides a snapshot of the Commonwealth and state/territory governments' regulatory and assistance arrangements affecting long-distance regional public transport across Australia in 2001–02. This research, together with Working Paper 51 (above), was completed for the Australian Transport Council as an input to national policy development on regional public transport issues.
- *About Australia's Regions*, provides an informative introduction to the latest social, economic and environmental statistics for Australia's regions. The broad public dissemination of this booklet improves access to factual information about conditions in Australia's regions.

- *Government interventions in pursuit of regional development: LEARNING FROM EXPERIENCE* (Working Paper 55), reviews Australian and international government regional policy interventions, providing insights into what does and does not work in addressing regional development issues.

BTRE publications can be accessed through the BTRE website www.btre.gov.au or by contacting the department on 02 6274 7210.

To ensure that departmental staff are aware of current regional issues, in February 2003, the BTRE held a four-day regional economics course. The course was well attended by approximately 80 participants from the Commonwealth, state regional development agencies, local government and non-government regional development organisations. The course improved the understanding of participants of methods available for analysing regional economic issues.

Key strategy	Performance indicators	Achievement
<p>Lead the development nationally of research into the cost of natural disasters and the benefits of mitigation.</p> <p><i>(Contributing division: Territories and Local Government)</i></p>	<p>Governments agreeing to consistent approaches to reducing the impact of disasters on communities.</p>	<p>Partially achieved</p>

Key achievements

In 2002–03 the department worked to improve natural disaster management and disaster mitigation through reforms being developed under the aegis of the Council of Australian Governments (COAG), as well as through contributions to bushfire appeals and through administered programmes including:

- National Aerial Firefighting Strategy
- Regional Flood Mitigation Programme
- Natural Disaster Relief Arrangements, including the Natural Disaster Risk Management Studies Programme.

Council of Australian Governments

On 8 June 2001 COAG agreed to commission a wide-ranging review of natural disaster relief and mitigation arrangements in Australia. The secretary of the department chaired the high level group of senior Commonwealth, state, territory and local government officials that undertook the review.

The review report, entitled *Natural Disasters in Australia: Reforming Mitigation, Relief and Recovery Arrangements*, was completed in August 2002. COAG is expected to consider the recommendations of the report in the latter part of 2003.

In the 2003–04 Budget, the Commonwealth announced it would offer \$68.5 million over five years as a new Disaster Mitigation Australia Package. This is part of the Commonwealth's commitment to the recommendations in the COAG review report and implementation of the package depends on COAG acceptance of the report.

National Aerial Firefighting Strategy

In September 2002, following consideration of a report from the Australasian Fire Authorities Council (AFAC) on aerial firefighting, the government announced it would provide \$5.5 million to meet half the leasing and positioning costs of three Erickson Air-Crane helitankers. This funding was provided in recognition of the expected severity of the 2002–03 bushfire season.

At the same time the government announced it would work with the states and territories, through AFAC, to develop longer-term arrangements for a national aerial firefighting approach, including establishing joint management arrangements for sharing resources and costs.

In January 2003 the Prime Minister announced an additional \$2.1 million in Commonwealth funding to meet half the leasing and positioning costs of two extra Erickson Air-Crane helitankers. The Prime Minister also announced funding of \$550 000 to assist Western Australia and South Australia with costs for medium fixed-wing fire fighting aircraft for the 2002–03 season.

Regional Flood Mitigation Programme

Under the Regional Flood Mitigation Programme (RFMP), a further \$9.6 million was allocated to new and ongoing projects for a variety of mitigation measures including the construction of levees and retarding basins, the voluntary purchase of flood prone properties and flood warning systems.

Natural Disaster Relief Arrangements

In 2002–03 the Commonwealth provided \$87.5 million under the Natural Disaster Relief Arrangements to the states and territories to reimburse them for expenditure on natural disasters. A further \$2.6 million in funding was provided to the states and territories to fund 64 projects under the Natural Disaster Risk Management Studies Programme.

Bushfire appeals

In recognition of the severity of the damage and loss of life resulting from bushfires in New South Wales, Victoria and the Australian Capital Territory in the 2002–03 season, the Commonwealth provided a total of \$2.5 million to bushfire appeals in these jurisdictions. The Commonwealth also announced the provision of \$1 million to the ACT Government to assist sawmills in the region to recover from the bushfires.

Administered programmes

Seventeen administered programmes contribute to progress towards the regional development strategic objective.

Foundation for Rural and Regional Renewal <i>(Contributing division: Regional Policy)</i>	Achieved
<p>Effectiveness: <i>Contribution to the formation of stronger partnerships achieved between the public and private sector in delivering services to rural communities</i></p> <p>Cost: <i>\$0.4 million</i></p> <p>Location: <i>Regional, rural and remote Australia</i></p> <p>The foundation has:</p> <ul style="list-style-type: none"> • formed strong partnerships with organisations such as the ANZ Bank, the Pratt Foundation, the Myer Foundation and the Gardiner Foundation which has allowed the foundation to form various targeted grant programmes • allocated \$2.5 million since its inception to assist regional, rural and remote communities to respond to economic, social and cultural change • provided over \$420 000 to communities for seed funding for community foundations. <p>A contribution of \$45 000 was made to the foundation related to corporate donations.</p>	
Regional and Rural Development Grant <i>(Contributing division: Regional Policy)</i>	Achieved
<p>Effectiveness: <i>Improved stakeholder understanding of socio-economic change in regional Australia</i></p> <p>Cost: <i>\$0.2 million</i></p> <p>Location: <i>Regional, rural and remote Australia</i></p> <p>Regional research programmes funded seven projects in 2002–03, with a total value of approximately \$137 000. One of these projects, to collect and analyse data on regional business activity, supporting the Regional Business Development Analysis, has led to a better understanding of the needs of regional business and the environment in which regional business operates.</p>	

2002 Year of the Outback <i>(Contributing division: Regional Policy)</i>	Achieved
<p>Effectiveness: <i>Contribution to improved understanding of what the outback has meant to the nation's development and self-image</i></p> <p>Cost: <i>\$0.6 million</i></p> <p>Location: <i>Regional rural and remote Australia</i></p> <p>The department contributed to over 3000 events and activities held across Australia during 2002 Year of the Outback, showcasing the knowledge, culture and passion of the outback along with its traditional hospitality to international and domestic visitors.</p> <p>These events have provided economic benefits to regional communities and have promoted better awareness between regional and metropolitan Australia:</p> <ul style="list-style-type: none"> • The South Australian Tourism Commission reported that The Great Australian Cattle Drive attracted between 12 000 and 15 000 visitors who attended Cattle Drive events on the Birdsville Track. The Commission reported \$3–5 million in regional economic activity associated with the Drive and an estimated 25 000 visitor bed nights. • More than 140 000 people visited the official Year of the Outback Internet site in 2002. 	
Regional and Rural Research Information and Data <i>(Contributing division: Regional Policy)</i>	Achieved
<p>Effectiveness: <i>Improved availability to information for decision making in regional Australia</i></p> <p>Cost: <i>\$0.1 million</i></p> <p>Location: <i>Regional, rural and remote Australia</i></p> <p>The Regional and Rural Research Information and Data fund aims to provide information that supports the understanding of socio-economic change in rural communities. Three projects were funded in 2002–03, with a total value over \$54 000. Projects included the distribution of statistical profiles of regions, and focused on how best to evaluate the suite of Commonwealth programmes operating in regions.</p>	
Construction of the Bert Hinkler Hall of Aviation Museum <i>(Contributing division: Regional Programmes)</i>	Partially achieved
<p>Effectiveness: <i>Contribution to construction of the museum</i></p> <p>Cost: <i>\$1.5 million</i></p> <p>Location: <i>Bundaberg, Queensland</i></p> <p>The Commonwealth's contribution of \$1.5 million (GST exclusive) for the construction of the Bert Hinkler Hall of Aviation Museum in Bundaberg will provide an economic and employment boost for the Bundaberg region through increased tourism by providing the focus for future national and local aviation related events.</p> <p>A deed of agreement was signed in March 2003 between the Commonwealth and the Bundaberg City Council to conduct, as a first step, a detailed study and business plan for the Hall of Aviation. In 2002–03, \$50 000 of the \$1.5 million was paid.</p> <p>Following completion of the concept development and business plan, the council will need to make various decisions and approvals before the construction phase begins. As a result, project construction is unlikely to commence until 2003–04. Hence, in the 2003–04 Budget, the remaining funds of \$1.45 million were moved to 2003–04 (\$1.16 million) and 2004–05 (\$290 000).</p> <p>Stakeholders are satisfied with current developments.</p>	

Dairy Regional Assistance Programme
(Contributing division: Regional Programmes)

Achieved

Effectiveness: *Improved opportunities for sustainable employment and regional development in dairy regions impacted upon by dairy deregulation*

Quality: *Stakeholder satisfaction with programme*

Quantity: *Number and geographic spread of grants approved*

Cost: *\$33.2 million*

Location: *Dairy communities throughout Australia*

The Dairy Regional Assistance Programme (DRAP) has assisted dairy-dependent communities to adjust to dairy deregulation.

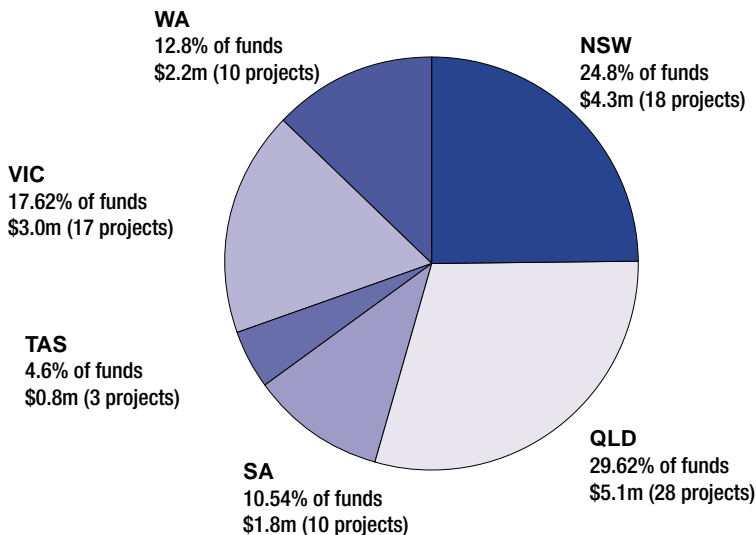
Funding has been made available for a wide range of projects, with a focus on creating sustainable employment and stimulating investment within dairy regions. In 2002–03, 86 projects were approved for local dairy communities across Australia. In 2002–03, the programme spent \$15.5 million; however, over \$17.3 million was committed. The diagram below identifies how this funding was allocated by state.

These projects have created a significant number of jobs and stimulated over \$79 million in cash co-funding contributions, most of which have come from private sector investment. This assists dairy affected communities to identify new opportunities or build on existing businesses within their region by drawing directly on the local knowledge and skills that already exist within these communities.

Projects that received funding under DRAP are endorsed by the relevant Area Consultative Committee (ACC) and are consistent with the local ACC's strategic plan for the region. In addition, in considering applications for funding, DRAP consults with relevant Commonwealth agencies seeking comment and industry knowledge on the project proposal.

Stakeholder satisfaction has not been formally assessed, but based on the low level of complaints received the DRAP has substantially satisfied this criterion.

■ **DRAP figure for 2002–03**



Regional Assistance Programme*(Contributing division: Regional Programmes)***Achieved**

Effectiveness: *Improved opportunities for sustainable employment, regional development and the enhancement of the skills base of regions including the Area Consultative Committee network*

Quality: *Stakeholder satisfaction with programme*

Quantity: *Number and geographic spread of grants approved*

Cost: *\$24.5 million*

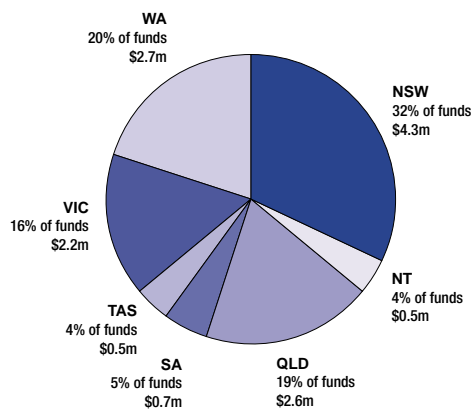
Location: *Regional, rural, remote and metropolitan regions*

A total of 218 projects were approved for funding in 2002–03 providing funding of \$14.2 million for community based projects across Australia. Projects in rural, regional and remote areas accounted for 76 per cent of approved funding, with the remaining 24 per cent allocated to metropolitan areas. The programme has expended \$21.9 million in 2002–03 with funds split between operational funding for the ACC network and specific community based projects. The diagram below displays the geographical spread of this funding.

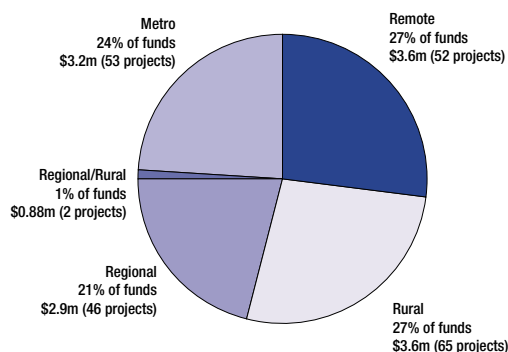
RAP funding (approx \$0.7 million in 2002–03) is also supporting the Namoi Valley Structural Adjustment Package which was established in August 2002 in response to the announcement of the NSW Government's Water Sharing Plan for the Namoi Groundwater sources. Over \$1.4 million has been approved in 2002–03 for proposals which promote future growth of the region, diversify industry and generate long-term employment.

Anecdotal evidence suggests stakeholder satisfaction, however evaluation of the programme is currently underway.

■ RAP projects approvals by location 2002–03



■ RAP projects approvals by remoteness 2002–03



Source: RAMIS 1 August 2003

- includes actual amounts contracted with proponents and approved amounts where contracts are outstanding

Regional Solutions Programme*(Contributing division: Regional Programmes)***Substantially achieved**

Effectiveness: *Regional, rural and remote areas of Australia develop local solutions to local problems and improve their sustainability*

Quality: *Stakeholder satisfaction with the programme
Improved cross portfolio and jurisdictional cooperation*

Quantity: *Number and geographical spread of grants approved*

Cost: *\$20.6 million*

Location: *Regional, rural and remote Australia*

The Regional Solutions Programme (RSP) targets communities in regional, rural and remote areas that:

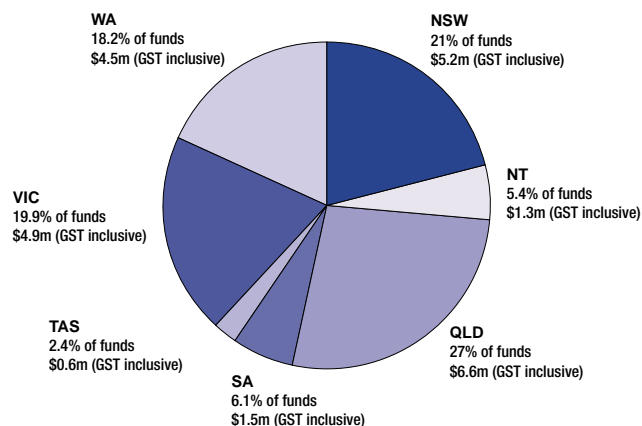
- are experiencing economic stagnation and/or population decline due to industry restructuring and/or lack of diversity of economic activities in the region
- are seeking to develop currently inadequate community infrastructure and/or services to cope with population or economic change
- can build on the opportunities available in their local communities or regions by undertaking appropriate projects.

In 2002–03, 13 per cent of RSP projects involved funding from both RSP and other Australian Government initiatives, and 28 per cent of RSP projects included funding from state government agencies. Funding relates to both cash and in-kind sources. The number and geographic spread of the 229 approved grants in 2002–03 are provided in the diagram below.

RSP is administered in accordance with the programme guidelines and the Australian National Audit Office Administration of Grants Best Practice Guide. During 2002–03, the programme:

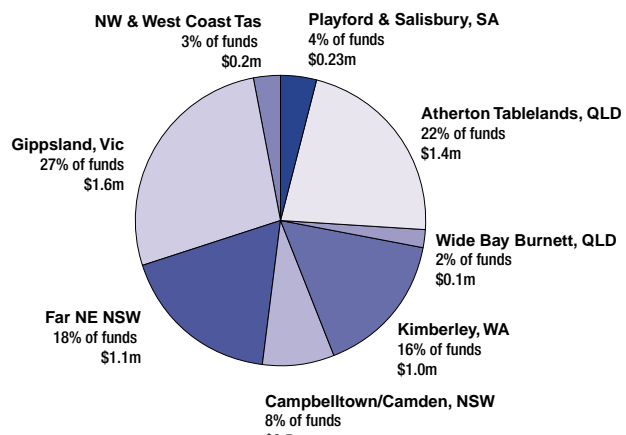
- received 340 applications for funding
- assessed and submitted 322 applications to the ministers for decision
- total approved funding for 2002–03 was \$24.65 million
- expended \$20.6 million on approved grants
- executed 207 grant contracts for approved projects.

■ **Total of approved RSP funding in 2002–03**



The Investment and Trade Package: The Australian Local Government Association (ALGA) was funded to deliver a package of two rounds of seminars throughout regional and rural Australia. A steering group to oversee delivery of the package was appointed, comprising ALGA, Austrade, Invest Australia, Agriculture, Fisheries and Forestry—Australia and state and territory government departments, with the department managing the package. In 2002–03, 108 seminars were held in 48 locations across Australia. The average attendance at these seminars was 29 people and 77 local partners were engaged in the process.

Rural Transaction Centres <i>(Contributing division: Regional Programmes)</i>	Substantially achieved
<p>Effectiveness: <i>Small communities develop their own centres providing services such as banking, postal, internet, phone and fax, Medicare claim services and access to appropriate federal, state and local government services</i></p> <p>Quality: <i>RTCs report satisfaction with the programme Meeting expressed community need</i></p> <p>Cost: <i>\$21.3 million</i></p> <p>Location: <i>Regional, rural and remote communities of less than 3000 residents</i></p> <p>The Rural Transaction Centres (RTC) Programme aims to meet the needs of communities for basic services which have been withdrawn from, or have never existed, in eligible rural towns. It generally funds projects in rural, regional and remote communities of up to 3000 people.</p> <p>In 2002–03, 67 new RTC sites were approved for operation across Australia and 21 new RTC Electronic Point of Sale (RTC EPOS) sites were approved. This brings the total number of approved RTCs to 164 and total RTC EPOS sites to 119. Of the approved RTCs, 80 are now operational supplying a range of services such as banking, Centrelink, <i>Medicare easyclaim</i>, business services and a range of government and private sector services. One hundred and one RTC EPOS are now operational.</p> <p>The RTC Post Implementation Review involved stakeholder feedback and indicates that the RTC Programme continues to meet its objective of improving access for small rural communities to basic government, financial and other services.</p> <p>Programme expenses for 2002–03 were \$13.1 million. Remaining funds will be used in 2003–04 to meet existing commitments and future commitments for Regional Partnerships commencing 1 July 2003.</p>	
Special Structural Adjustment Programme for the Wide Bay Burnett Region of Queensland <i>(Contributing division: Regional Programmes)</i>	Partially achieved
<p>Effectiveness: <i>Contribution to regional job creation and the economic diversification of the Wide Bay Burnett region</i></p> <p>Cost: <i>\$2.3 million</i></p> <p>Location: <i>Wide Bay Burnett Region of Queensland</i></p> <p>Four million dollars was provided under the package to improve the region's competitive advantage. Nineteen projects are being funded under the package and six projects have been completed. Programme expenses in 2002–03 were 1.2 million.</p> <p>So far approximately 100 direct and 100 indirect jobs have been created and the local economy is diversifying through the establishment or consolidation of the manufacturing, tourism, agricultural and horticultural industries.</p> <p>Wide Bay Burnett is also receiving government assistance under the Sustainable Regions Programme.</p>	

Structural Adjustment Package for the South West Forests Region of Western Australia <i>(Contributing division: Regional Programmes)</i>	Partially achieved																											
<p>Effectiveness: <i>Contribution to regional job creation and the economic diversification of the South West Forests region</i></p> <p>Cost: <i>\$3.9 million</i></p> <p>Location: <i>South West Forests Region of Western Australia</i></p> <p>Of the \$5 million originally allocated to the package \$865 003 remained unallocated at the start of the 2002–03 financial year. Programme expenses in 2002–03 were \$1.3 million.</p> <p>Six new projects were approved in 2002–03 bringing the total value of round two projects to \$670 410. Of the 18 projects approved in total, three were completed in 2002–03, three are no longer proceeding and 12 are continuing. \$160 000 of the up to \$5 million remains unallocated.</p> <p>Over 100 full time equivalent positions have been created. It is expected the package will have a strong diversifying effect on tourism and local industry as well as job creation.</p>																												
Sustainable Regions <i>(Contributing division: Regional Programmes)</i>	Partially achieved																											
<p>Effectiveness: <i>Local advisory committees in specific regions undergoing major economic, social or environmental change develop local strategies to enhance the sustainability of their regions</i></p> <p>Quality: <i>Stakeholder satisfaction with the programme</i> <i>Improved cross portfolio and jurisdictional cooperation in addressing regional priorities</i></p> <p>Cost: <i>\$40.2 million</i></p> <p>Location: <i>Throughout Australia</i></p> <p>Regional priorities have been determined by each of the eight local communities guided by their advisory committees comprising business, community and local government representatives.</p> <p>Advisory committees have begun considering projects. So far 72 projects have been approved across the eight regions, committing funding of over \$21.1 million. These funds have leveraged over \$59.7 million in investment from other partners in the regions. A total of \$6.2 million has been expensed in 2002–03. Stakeholder support has been overwhelmingly positive.</p>																												
<p>■ Summary of Sustainable Regions administered expenditure: July 2002 – June 2003</p>																												
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Natural Disaster Relief Arrangements <i>(Contributing division: Territories and Local Government)</i>	Achieved
<p>Effectiveness: <i>Reduction in financial burden on states and territories for eligible disaster relief measures</i></p> <p>Quality: <i>Stakeholder satisfaction and support of the arrangements</i></p> <p>Cost: <i>\$132 million</i></p> <p>Expenses under the Natural Disaster Relief Arrangements (NDRA) are dependent upon claims made by the states and territories as a result of natural disaster damage. A total of \$83 million was expended under the NDRA in 2002–03.</p> <p>In 2002–03 the Australian Government provided funding under the NDRA to Queensland, New South Wales, Australian Capital Territory, Victoria, Western Australia and the Northern Territory as a consequence of damage from bushfires, floods and storm activity.</p> <p>The Natural Disaster Risk Management Studies Programme is also funded under NDRA. In 2002–03 the Australian Government made available a further \$3 million under the Natural Disaster Risk Management Studies Programme. Sixty-four projects with a total value of almost \$2.6 million were approved.</p>	
<p>Two programmes were established and funded in 2002–03 in response to fires in January 2003. These programmes are not listed in the 2002–03 PBS or the PAES.</p>	
Bushfire Appeals—contributions to New South Wales, Victoria and the Australian National Territory	Partially achieved
<p>Effectiveness: <i>Contribution to the NSW, Victorian and ACT Bushfire Disaster Relief Appeals</i></p> <p>Quality: <i>Timely contributions and stakeholder satisfaction</i></p> <p>Cost: <i>\$2.5 million</i></p> <p>In 2002–03, the Commonwealth contributed \$1 million to the 2002 NSW Bushfire Appeal, \$1 million to the Victorian Bushfire Appeal and \$0.5 million to the Canberra Bushfire Recovery Appeal. These appeals were established by the respective state and territory governments to assist those affected by the severe 2002–03 bushfires.</p>	
Australian Capital Territory sawmills	Partially achieved
<p>Effectiveness: <i>Minimises the economic impact of the January 2003 bushfires on ACT sawmills</i></p> <p>Quality: <i>Stakeholder satisfaction</i></p> <p>Cost: <i>\$1 million</i></p> <p>The Australian Government announced a one-off payment of \$1 million to the ACT Government to assist bushfire-affected softwood sawmills in the region to upgrade equipment to enable the use of alternatively sourced logs for processing. It is anticipated that this amount will be paid to the ACT in early 2003–04.</p>	

Regional Flood Mitigation Programmes <i>(Contributing division: Territories and Local Government)</i>	Achieved
<p>Effectiveness: <i>Reduced loss and damage to communities and infrastructure from the effect of flooding—the programme will have the direct effect of improving safety, reducing losses and damage, and maintaining business and economic activity in regional areas</i></p> <p>Quality: <i>A reduction in the estimate of average annual damage</i></p> <p>Quantity: <i>Increased number of properties protected from major flooding Increased number of flood forecasting and warning systems for flood-prone areas Increased number of flood-prone areas with structural and other measures in place</i></p> <p>Cost: <i>\$15.1 million</i></p> <p>Location: <i>Rural and regional Australia, and outer metropolitan areas</i></p> <p>2002–03 was again a successful year for the Regional Flood Mitigation Programme with another \$8.8 million expensed on new and ongoing projects. Since its inception in 1999–00 the government has allocated over \$30 million to the programme.</p> <p>Funding was provided for a variety of flood mitigation measures ranging from multi-million dollar schemes in major regional centres through to smaller but equally important projects in rural Australian townships. Eligible projects included structural measures (such as channel improvements, retarding basins and levees), voluntary purchase of flood prone properties and flood warning systems.</p>	
National Aerial Firefighting Strategy <i>(Contributing division: Territories and Local Government)</i>	Achieved
<p>Effectiveness: <i>Improved state and territory aerial firefighting capability</i></p> <p>Cost: <i>\$5.5 million</i></p> <p>In September 2002, following consideration of the report of the Australasian Fire Authorities Council (AFAC) on aerial firefighting, the government announced it would provide \$5.5 million to meet half the leasing and positioning costs of three Erickson Air-Crane helitankers. This funding was provided in recognition of the expected severity of the 2002–03 bushfire season.</p> <p>In January 2003 the Prime Minister announced an additional \$2.1 million in Commonwealth funding to meet half the leasing and positioning costs of two extra Erickson Air-Crane helitankers. The Prime Minister also announced funding of \$550 000 to assist Western Australia and South Australia with costs for medium fixed-wing fire fighting aircraft for the 2002–03 season.</p> <p>On 6 June 2003 the AFAC commenced a tender process for high capacity aircraft requirements as part of a coordinated approach to aerial firefighting. The department is continuing to be involved in discussions with AFAC concerning the establishment of the management regime.</p> <p>A total of \$7.1 million was expensed in 2002–03.</p>	

Strategic objective: Territories which provide for their residents the same opportunities and responsibilities as other Australians enjoy in comparable communities

The department manages Commonwealth interests in, and provides advice to the Minister for Transport and Regional Services and the Minister for Regional Services, Territories and Local Government and a range of other stakeholders on the Australian territories.

The Australian territories operate in different geographical, historical and social contexts and their forms of governance reflect those differing situations:

- self-governing territories comprise Norfolk Island, the Australian Capital Territory and the Northern Territory
- non self-governing territories comprise the Indian Ocean Territories (Christmas Island and the Cocos (Keeling) Islands), the Jervis Bay Territory, the Coral Sea Islands Territory, and the Territories of Ashmore and Cartier Islands.

During 2002–03, the department continued to assist the territories establish and maintain effective and appropriate governance.

Self-governing territories

The Commonwealth retains a role in ensuring good governance of the self-governing territories through administration of the Acts relating to self-government arrangements. This includes appointing administrators to territories and some matters relating to the role of Canberra as the national capital.

Australian Capital Territory

In the 2002–03 financial year, the department managed two administered programmes and six departmental programmes to compensate the Australian Capital Territory Government for costs incurred as a result of Canberra being the National Capital.

Advice was also provided to the minister in relation to policy issues associated with the *Australian Capital Territory (Planning and Land Management) Act 1988*, including appointments to the National Capital Authority. Minor amendments to the Australian Capital Territory Self-Government Act 1988 and the *Australian Capital Territory (Planning and Land Management) Act 1988* were assented to by the Governor-General in February 2003.

Norfolk Island

The minister was advised on legislative matters associated with his responsibilities and on matters designed to improve governance structures and electoral reform in the territory and on the appointment of the next administrator. Norfolk Island governance was also assisted through funding and support initiatives.

Progress continued with the Commonwealth/Norfolk Island Crown Land Initiative, an initiative introduced in June 2000 to bring Norfolk Island land management arrangements closer to those prevailing in other Australian communities.

As part of the Land Initiative, in May 2003 the Governor-General assented to a number of Bills covering planning, environment and heritage and land use issues. The remaining Land Initiative prerequisites are still being progressed and it is expected that the transfer of selected Crown leasehold land to freehold title will commence in 2003–04.

The department provided \$0.52 million in funding towards the conservation, stabilisation, maintenance and interpretation of heritage buildings, and other heritage values, located within the Kingston and Arthur's Vale Historic Area (KAVHA). The department also continued to provide representation on the KAVHA Management Board. An ongoing programme of restoration for Norfolk Island Government House, the residence of the administrator, was also funded.

An agreement for a loan of \$5.8 million for runway resurfacing on Norfolk Island is being negotiated with the Norfolk Island Government. The terms of the loan are expected to be finalised early in 2003–04.

Northern Territory

The department administered a number of loans on behalf of the Commonwealth for assets transferred to the Northern Territory Government at the time of self-government.

Non self-governing territories

The Territories Minister has responsibility for state and local government matters in the non self-governing territories. In relation to the Indian Ocean Territories (IOTs) and the Jervis Bay Territory, the department administers arrangements for the provision of state and local government equivalent services and regulation. The other non self-governing territories, the Coral Sea Islands Territory and the Territory of Ashmore and Cartier Islands, are largely uninhabited.

The services and regulation provided range from health and education utilities, such as sewerage and water services, to the issuing of dog licences. The funding for many of these services would be the responsibility of state governments in most other areas of Australia. These services are provided through a mix of direct service provision, creation of local councils, contracting of state and territory authorities to provide services, or by contracting private companies and providers.

In 2002–03, the Commonwealth 'adopted' the West Australian (WA) legal regime for the IOTs to provide a body of state equivalent laws in Christmas Island and the Cocos (Keeling) Islands. These WA laws when applied in the territories are Commonwealth laws. In the Jervis Bay Territory the ACT's legal framework applies.

Jervis Bay Territory

The department delivered a wide range of state and local government type services to the Jervis Bay Territory community. These services ranged from health and education provision to the issuing of dog licences. Community and social issues in the Jervis Bay Territory are addressed through consultation between public officials and representatives of the Wreck Bay Aboriginal Community Council.

Indian Ocean Territories (IOTs)

The department delivered a wide range of services to the IOTs, including public utilities, education, health, and transport. The Australian Government is attempting to provide IOT communities with the same opportunities and responsibilities as enjoyed by comparable remote communities on the mainland.

The establishment of local government shires on the islands has provided the basis for the provision of local services to the communities and work continues to develop their capital structure and resources to allow them to take on the full range of local government services.

Significant progress was made in improving government services. Many of the services to the IOTs are delivered through service delivery agreements (SDAs) with WA state government agencies. The department has in place 29 SDAs with various WA Government agencies to provide state-type services (including regulatory services) to the IOTs. During the year a new SDA was agreed to increase the range of services delivered to the IOTs and further SDAs are under negotiation.

The day-to-day activities associated with service delivery and the provision of public utilities (such as water, electricity and sewerage) is provided by the on-island administrations. Review and market testing of these service provision arrangements is being progressively undertaken to ensure efficient and effective service provision.

In 2002–03 IOT operating expenses totalled \$69.8 million. In addition, approximately \$39.9 million was directed to capital projects.

Priority: Supporting the government's unauthorised boat arrivals policy in the external territories, and facilitating the construction of a new detention centre on Christmas Island

A key priority of the department has been supporting the government's unauthorised boat arrivals policy in the external territories. The government decided to build a purpose designed Immigration Reception and Processing Centre (IRPC) on Christmas Island in March 2002. The department was tasked with facilitating the construction of the centre.

Consultations with the local community, the Shire and the Chamber of Commerce were held. During these consultations the community indicated its overall support for the project and recognised the opportunity for local employment and economic development. Infrastructure upgrades associated with the IRPC were also welcomed.

The department resumed the 43 hectare site for the construction of the centre from Phosphate Resources Limited (PRL). The site is located on North West Point on land formerly under mining lease to PRL. Negotiations are proceeding with the company on the quantum of compensation that will be paid for the land.

The department was also responsible for the connection of trunk services (water, power and communication) to the site and for housing for workers and staff. Tenders were let for the provision of the trunk services and for the construction of 160 units and 12 houses for staff housing. These works are now largely complete.

To address the increased pressure on existing community infrastructure, the government approved funding for the construction of dedicated sports facilities for the community. Community consultation on the facilities to be developed has been undertaken and tenders for design and construction have closed.

The government also brought forward works on common-use infrastructure, including a much needed upgrade of the existing port facilities and the construction of an additional port to provide all weather seaport access. These works are also largely completed. Improvements to island water supplies are also planned. Environmental infrastructure to protect the island population of red crabs from increased road traffic is also under way.

Investments into the island economy from these measures will exceed \$80 million and, with the ongoing impact from staffing of the centre, represent a significant boost to the economy of the territory.

The government recently announced that the success of their unauthorised boat arrivals policy has enabled them to reduce the size of the planned detention facilities and to delay the constructions which had previously been fast tracked.

Key strategies

The key strategies implemented to help achieve the strategic objective of providing territory residents with the same opportunities and responsibilities as other Australians in comparable communities were:

- develop effective and appropriate governance for each territory
- implement or improve government services to bring them in line with those available in comparable mainland communities in order to meet non self-governing territory needs
- facilitate economic and infrastructure development in non self-governing territories.

A more detailed analysis of specific achievements against each key strategy follows.

Key strategy	Performance indicators	Achievement
<p>Develop effective and appropriate governance for each territory. (Contributing division: Territories and Local Government)</p>	Territory residents receiving appropriate and effective governance.	Substantially achieved

Key achievements

The department continued its role in overseeing governance in the territories. Governance-related activities in 2002–03 focused primarily on the territories of Norfolk Island, Jervis Bay Territory and the Indian Ocean Territories (IOTs).

Norfolk Island

Over the past year there has been extensive consultation with most other Commonwealth agencies to encourage an understanding of Norfolk Island's constitutional status as part of Australia, and its unique self-government arrangements. The department also aims for a supportive and cooperative approach in its dealings with the Norfolk Island authorities.

Advice was provided to the minister on Norfolk Island legislation requiring the Governor-General's assent, and on legislation and other matters associated with the minister's responsibilities, including the appointment of a new administrator. Electoral reform legislation was further developed and advice and support was provided to the minister on his visits to Norfolk Island in November 2002 and April–May 2003.

Norfolk Island governance was assisted through funding and support initiatives, including the following:

- Continued consultation with the Norfolk Island Government to progress the Land Initiative and bring Norfolk Island land management arrangements closer to those prevailing in other Australian communities.
- As part of the Land Initiative, the following Bills were assented to by the Governor-General in May 2003:
 - *Planning Act 2002*
 - *Norfolk Island Planning and Environment Board Act 2002*
 - *Subdivision Act 2002*
 - *Heritage Act 2002*
 - *Roads Act 2002*
 - *Land Titles Amendment Act 2002*
 - *Subdivision Moratorium Act 2003.*
- The remaining Land Initiative prerequisites are still being progressed and it is expected that the transfer of selected Crown leasehold land to freehold title will commence in 2003–04.

Jervis Bay Territory

Community and social justice issues in the Jervis Bay Territory associated with good governance as enjoyed by other Australians continued to be addressed through the Justice Issues Group. This group comprises both public officials and representatives of the Wreck Bay Aboriginal Community Council (WBACC).

The WBACC, established under the *Aboriginal Land Grant (Jervis Bay Territory) Act 1986*, performs a range of local government functions for the Wreck Bay community including maintenance of housing, capital works programmes, town planning and community land management. Approximately 92 per cent of the Jervis Bay Territory is held in freehold title by WBACC.

The department chairs quarterly meetings of the Justice Issues Group, which deal with issues of concern to the Wreck Bay Aboriginal Community. Over the last year the members considered a number of issues and suggested a number of administrative changes to improve social justice in the Jervis Bay Territory.

Indian Ocean Territories (IOTs)

The establishment of local government shires on the IOTs in the 1990s has provided the foundation for the provision of local services to the communities. Work continues to develop their capital structure and resources to allow the shires to take on the full range of local government services.

Key strategy	Performance indicators	Achievement
<p>Implement or improve government services to bring them in line with those available in comparable mainland communities in order to meet non self-governing territory needs.</p> <p><i>(Contributing Division: Territories and Local Government)</i></p>	<p>Relevant government services meeting acceptable standards of comparability.</p>	<p>Substantially achieved</p>

Key achievements

The department continued to work to advance Australian Government initiatives that align the administrative, legislative and institutional frameworks in the IOTs (Christmas Island and the Cocos (Keeling) Islands) and provide their communities with the same opportunities and responsibilities enjoyed by comparable remote communities on the mainland. Key achievements follow.

Public Housing

In 2002–03, the Commonwealth reviewed welfare-housing needs in the IOTs with the assistance of the WA Department of Housing and Works (Homeswest). The aim is to apply mainland public housing policies and practices to the territories.

In line with WA housing policy, the department implemented a Rental Sales Scheme that will provide tenants with the opportunity to purchase their property or another available property. Tenants are able to register their interest in purchasing a property from 1 April to 31 December 2003.

New disposal arrangements were also agreed to support the disposal of surplus housing properties. This will assist in promoting private sector growth in the territories, and give IOT residents access to normal asset accumulation opportunities available to comparable communities in the rest of Australia.

It is anticipated that the review of welfare housing and the implementation of the disposal arrangements will be concluded in 2003–04.

Health

A new general manager was appointed on 27 January 2003 to the Indian Ocean Territories Health Service. A key focus for the general manager is to reconfigure current services to a more integrated model of delivery, with greater emphasis on community health programmes tailored to the context and needs of Christmas Island and the Cocos (Keeling) Islands.

The department will ensure that this small, isolated health service has access to appropriate support and expertise in meeting the challenges faced by remote health care providers. The department has a service delivery arrangement with the WA Health Department for the provision of limited services advice.

Quarantine

Legislative amendments are currently before parliament in the area of quarantine. These will transfer quarantine functions from the department to the Australian Quarantine and Inspection Service (AQIS), which has the specialised expertise in this area. The department is also working with AQIS on establishing an export regime for the IOTs.

Fisheries

Legislative amendments have also been made in regard to fisheries, so that all waters surrounding the IOTs are managed under a single jurisdiction. This is more in line with mainland practices.

Renewal of territories infrastructure

During 2002–03 around \$39.9 million was spent on capital works in the IOTs. Projects undertaken during this time include the provision of demountable classrooms at the Christmas Island High School and the major infrastructure investments to support the government's construction of an Immigration Reception and Processing Centre on Christmas Island.

The department's five year strategic asset management plan 1999–00 to 2003–04 was also updated as part of the department's asset management planning process. Ninety-three per cent of departmental assets are for providing services to the non self-governing territories.

Service Delivery Agreements

The department has in place 29 Service Delivery Agreements (SDAs) with various Western Australian Government agencies to provide state-type services (including regulatory services) to the IOTs.

During the year the department also continued negotiations with the Western Australian Office of Energy and with the Western Australian Department of Planning and Infrastructure (formerly the Department of Transport) for future SDAs.

The department provided \$520 000 in funding towards the conservation, stabilisation, maintenance and interpretation of heritage buildings, and other heritage values, located within the Kingston and Arthur's Vale Historic Area (KAVHA) on Norfolk Island. The department also continued to provide representation on the KAVHA Management Board. In addition, funding was provided for an ongoing programme of restoration for Norfolk Island Government House, the residence of the Administrator.

The department delivered a wide range of state and local government type services to the Jervis Bay Territory community. Those services ranged from the provision of health and education to the issuing of dog licences.

Key strategy	Performance indicators	Achievement
<p>Facilitate economic and infrastructure development in non self-governing territories.</p> <p><i>(Contributing division: Territories and Local Government)</i></p>	<p>Improve employment levels and economic activity in the non self-governing territories.</p>	<p>Significant improvements achieved</p>

Key achievements

Improving employment levels and economic activity in the non self-governing territories is an ongoing project.

Work continued on Christmas Island towards the development of space launch facilities and the Immigration Reception and Processing Centre which created buoyant conditions for much of the 2002–03 financial year. In addition to these major projects, economic activity benefited from growth in tourism to the IOTs.

In 2002–03 employment levels and economic activity were improved in the following ways.

Economic development associations

The government established economic development committees in the IOTs to develop more sustainable economic futures. In February 2002 the committees became incorporated associations and the Commonwealth provided funding of \$75 000 to each committee.

The establishment of these committees is a key outcome of the Australian Government's response to the Northern Australia Forum, a public forum attended by over 200 people in the Northern Territory in October 2000 to address the issues facing communities in northern Australia.

Support for small business

Small business assistance is also available through Service Delivery Arrangements the department has in place with the WA Small Business Development Corporation (SBDC). The WA SBDC, through the Indian Ocean Group Training, provides independent guidance and information to existing and/or intending small business owners and innovative state-type programs to assist small business.

Market testing of service delivery

The department is in the process of market testing a range of services currently provided to the IOTs including aviation, airport management, cleaning, gardening and marine functions to determine the most effective and efficient provision mechanisms.

An appropriate way forward for each of these services is currently being determined by considering comparable mainland service levels and models, potential regulatory and policy obstacles and potential cost savings.

These changes will boost private sector activity in the territories and improve efficiency, enabling service standards to be maintained and expanded as the island populations increase.

Administered programmes

Two administered programmes contribute to progress towards the territories strategic objective.

<p>Payment to the ACT to assist in meeting the additional costs it bears arising from Canberra's role as the National Capital (Contributing division: Territories and Local Government)</p>	<p>Achieved</p>
<p><i>Effectiveness:</i> Reduced cost to the ACT of the National Capital influences on utility services</p> <p><i>Cost:</i> \$21.6 million</p> <p><i>Location:</i> ACT</p> <p>Payments of Commonwealth funds totalling \$21.6 million were made fortnightly during 2002–03 to the ACT Government (under a long standing agreement between the two governments) to offset additional costs incurred in providing water and sewerage facilities to the ACT arising from Canberra's role as the national capital.</p>	
<p>Payment to the ACT to compensate for the effects of National Capital influence on the costs of providing municipal services (Contributing division: Territories and Local Government)</p>	<p>Achieved</p>
<p><i>Effectiveness:</i> Reduced costs to the ACT of National Capital influences on municipal services</p> <p><i>Cost:</i> \$8.7 million</p> <p><i>Location:</i> ACT</p> <p>Payments of Commonwealth funds totalling \$8.7 million were made fortnightly during 2002–03 to the ACT Government (under a longstanding agreement between the two governments) to offset additional costs borne by the ACT in providing municipal services arising from Canberra's role as the national capital.</p>	

Strategic objective: Local governments which serve their communities more efficiently and effectively

The department administers the *Local Government (Financial Assistance) Act 1995*.

The Act requires funding to be provided through the states to local government for the purposes of improving:

- the financial capacity of local government
- the capacity of councils to provide their residents with an equitable level of services
- certainty of funding for local government
- efficiency and effectiveness of councils
- provision by councils of services to Aboriginal and Torres Strait Islander communities.

In 2002–03 under this Act the Commonwealth provided \$1.455 billion to local government in untied financial assistance grants to assist them serve their communities more efficiently and effectively. These grants comprise about 10 per cent of local government expenditure.

To increase the transparency and accountability of the states in respect of the allocation of these grants and to assess the performance of local government, the Act requires the Federal Local Government Minister to table in parliament an annual report on the operation of the Act. The 2001–02 report, prepared by the department, was tabled in March 2003.

The department manages and sponsors the National Awards for Local Government. These awards seek to foster and acknowledge innovation and continuous improvement in local government. The 2002 Awards attracted 373 entries across 11 categories and were announced in Alice Springs at the Australian Local Government Conference in November 2002.

In May 2002, the Minister for Regional Services, Territories and Local Government established a parliamentary inquiry into local government and cost shifting. The inquiry, being undertaken by the House of Representatives Standing Committee on Economics, Finance and Public Administration, sought submissions to the inquiry, issued a discussion paper, *At the Crossroads*, and held public hearings in relation to the inquiry in 2002–03. The department made six submissions to the inquiry and appeared at two public hearings.

The second Local Government Roundtable was convened in Melbourne on 29 April 2003. The meeting between the minister and the presidents of local government associations provides an opportunity for the minister to meet local government leaders face-to-face to hear about the challenges faced by councils and their communities. It aims to promote dialogue and to assist in developing policy initiatives. The roundtable demonstrated the value the Commonwealth places on a partnership with local government.

Key strategies

The two key strategies implemented as part of the process to ensure local governments serve their communities more efficiently and effectively were:

- ensure the Commonwealth assists in providing efficient and effective local government by reviewing the current local government financial assistance policies
- facilitate the development of leading practice in local governance.

A more detailed analysis of specific achievements against each key strategy follows.

Key strategy	Performance indicators	Achievement
<p>Ensure the Commonwealth assists in providing efficient and effective local government by reviewing the current local government financial assistance policies.</p> <p><i>(Contributing Division: Territories and Local Government)</i></p>	<p>Governments and community bodies endorsing future local government financial assistance arrangements.</p>	<p>Partially achieved</p>

Key achievements

The overriding aim in the implementation of this strategy is to ensure an equitable distribution of local government financial assistance grants between councils within a state.

Review of the Local Government Act

In June 2001, the Commonwealth Grants Commission provided a report on its review of the *Local Government (Financial Assistance) Act 1995*. This Act required that the review be completed by June 2001. The review found that, in broad terms, the government's intentions in providing financial assistance to local government were being achieved. The government has not yet responded to the review.

Inquiry into local government finance

The House of Representatives Standing Committee on Economics, Finance and Public Administration is conducting an inquiry into local government and cost shifting. The inquiry is examining local government finance. One of the terms of reference for this inquiry is to examine the findings of the Commonwealth Grants Commission review taking into account the views of interested parties.

The department prepared a detailed submission to the inquiry in July 2002 and, at the request of the Minister for Territories, Local Government and Regional Services, it was circulated to all local councils in Australia. The submission contained a comprehensive analysis of local government financial issues. Subsequently, the department has provided a further five submissions to the inquiry.

The inquiry released a discussion paper in February 2003 providing some options for improving Commonwealth–local government financial relations.

Annual reporting on grants

Following a review in 1994 of the *Local Government (Financial Assistance) Act 1986*, the Commonwealth enacted the *Local Government (Financial Assistance) Act 1995*. The 1995 Act requires that the minister report to parliament ‘as soon as practicable’ after 30 June each year on the operation of the Act. A copy of this report can be found at www.nolg.gov.au/publications

The annual report produced under the Act reports on the performance of local governing bodies and helps to assess whether two of the purposes of the Act are being achieved. These purposes are:

- to increase transparency and accountability of the states in the allocation of the Commonwealth’s grants to local governing bodies
- to promote consistency in the methods by which grants are allocated to achieve equitable levels of services by local governing bodies.

The annual report on the 2001–02 grants of \$1.4 billion was tabled in on 26 March 2003 in line with the requirements under the *Local Government (Financial Assistance) Act 1995*.

Key strategy	Performance indicators	Achievement
<p>Facilitate the development of leading practice in local governance. (Contributing division: Territories and Local Government)</p>	<p>Local governments providing additional benefits to people by instituting better practices, sharing information and being more innovative.</p>	<p>Partially achieved</p>

Key achievements

Two major initiatives contribute to facilitating development of leading practice in local governance:

- National Awards for Local Government
- Leading Practice Seminar Series.

National Awards for Local Government

The department sponsors the National Awards for Local Government to encourage local governments to develop leading practice in their administration and operations.

These awards are a flagship demonstration of leading practice in local government. They highlight innovative work being undertaken by local government in communities across Australia to improve business practice within councils and service delivery to communities. The awards recognise ingenuity, resourcefulness and self-reliance and identify and promote councils which are finding new ways of delivering services and developing local solutions to complex and challenging problems.

In 2002 the awards attracted 373 entries in 11 categories, an increase of 27 per cent over the previous year. The categories cover core council services, business and regional development, and community services aimed at building sustainable Australian communities.

The Awards for 2003 were launched at the Local Government Managers Conference in May 2003. Award winners will be announced on 23 November 2003 in conjunction with the Australian Local Government Association’s National General Assembly to be held in Canberra.

Leading Practice Seminars Series

The Leading Practice Seminars Series, launched in 2000, is a partnership initiative shared by the department, host councils, regional organisations of councils and local government associations.

The seminars run under the series provide an opportunity for an exchange of knowledge and expertise. In 2002–03 the seminars continued to be a popular forum for councils to come together to hear from their colleagues and discuss how specific case studies might apply to their own situations. Since its inception, well over 150 councils across Australia have benefited from this series.

Administered programme

One administered programme contributes to progress towards the local government strategic objective.

Local Government Financial Assistance Grants <i>(Contributing division: Territories and Local Government)</i>	Achieved
<p>Effectiveness: <i>Local governments enabled to provide services to communities to facilitate social and economic development, including local roads</i></p> <p>Cost: <i>\$1.449 billion</i></p> <p>Location: <i>Metropolitan, regional, rural and remote Australia</i></p> <p>\$1.455 billion in local government financial assistance grants were distributed through the states to 723 local governing bodies as untied grants. Distribution was on the basis of local road expenditure need (30 per cent), population (20 per cent) and relative needs of councils for assistance (50 per cent).</p>	



Part 4

Management and accountability

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Management and accountability

Through our corporate governance, management and accountability structures and effective people management we seek to achieve our business objectives and be a high performing organisation that is a great place to work.

We do this by working towards three organisation and people objectives:

Effective client and stakeholder relationships

We aim to engage and respect our clients and stakeholders by building sustainable and meaningful relationships with them in the delivery of our services.

Organisational and administrative excellence

We aim to improve and achieve consistency in our administration, business systems and processes across the department, increase our operational effectiveness and cost efficiency and be accountable to the government, our clients, stakeholders and the community.

Capable, committed and productive staff

We aim to build a diverse, capable and flexible workforce to deliver our business objectives and outcomes.

Following is an assessment of the performance of our management and accountability structures, processes and performance for 2002–03. It is divided into two sections—organisational management and accountability and people and workplace management and accountability, including the mandatory reporting element on human resource management.

Section A: Organisational management and accountability

Our corporate governance arrangements are outlined in Part 2: Overview of the department. In this section we provide an assessment of the performance of our underpinning organisational management and accountability systems:

- corporate governance priorities
- internal controls and compliance
- external scrutiny.

Corporate governance priorities

Key corporate governance priorities for action continue to be:

- performance monitoring and reporting against our outcomes and outputs framework
- continuous improvement of corporate governance
- financial management
- information technology and knowledge management
- stakeholder management
- managing communication flows.

Performance monitoring and reporting against our outcomes and outputs framework

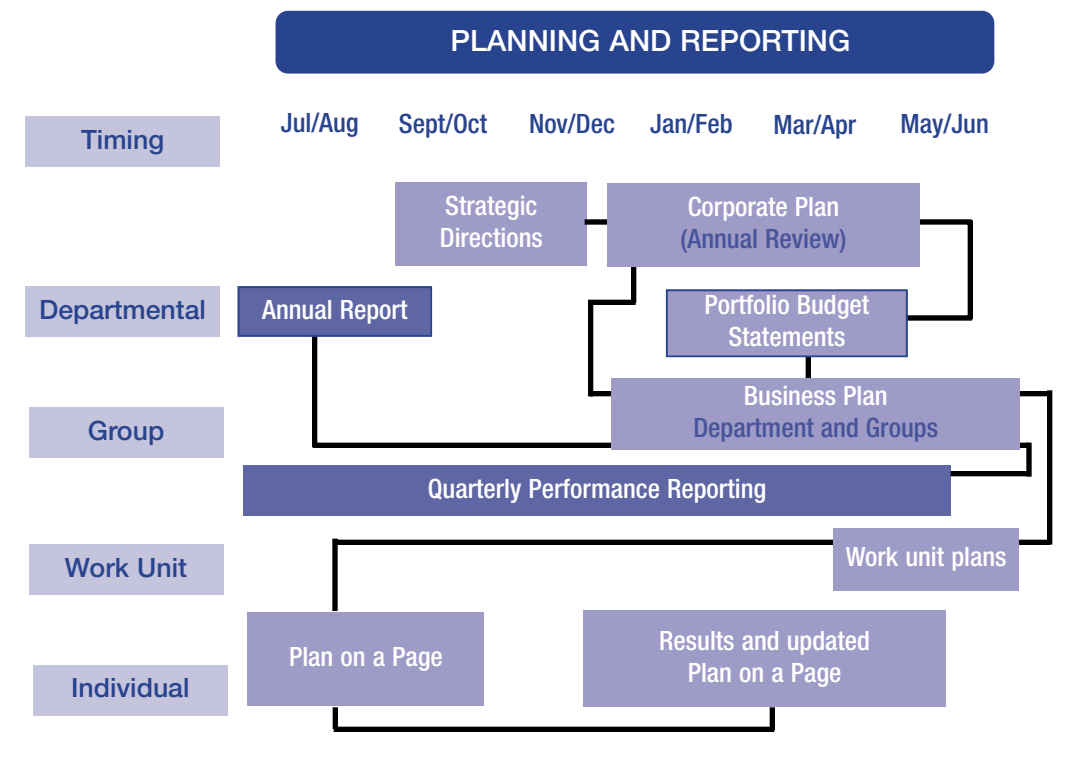
We are continuing to improve the alignment of our performance framework with improved planning and reporting mechanisms across the department using an integrated approach based on a cascaded and articulated system.

There is a clearer and more structured alignment of planning and reporting information in the primary accountability documents: the Portfolio Budget Statements, the Corporate Plan and Client Service Charter, business plans and the Annual Report. During 2003–04 emphasis will be on improving internal quarterly performance reporting, which will lead to strengthened performance reporting for future annual reports.

Continuous improvement of corporate governance

As outlined in Part 2 (pp. 17-20), we are continuing to improve the effectiveness of our governance and will adopt a new committee structure in 2003–04. We also continue to implement an integrated approach to planning and reporting. This is shown in Figure 1 below.

■ **Figure 1: Department of Transport and Regional Services planning and reporting**



Financial Management

During 2002–03 we focused on our future funding requirements, based on information developed in preparing our Financial Strategic Plan and our Strategic Asset Management Plan. Guiding our forward budget is the work out/work up strategy—implemented to establish a stable and sustainable funding base.

Work out/work up will strengthen our position to manage departmental activities within budget constraints. The work out/work up strategy is about taking responsible action now to meet necessary future financial pressures and providing capacity for investment in our people and new systems.

The work out/work up strategy will strengthen our financial position. Importantly, it aims also to improve the way the organisation does business. We aim to:

- strengthen our financial management and decision-making
- align our governance and structural arrangements with our business needs
- build agility and flexibility in structures, plans, processes and resource allocation
- reduce hierarchy, and encourage individual initiative and responsibility
- identify stronger work planning processes to determine the most important things to deliver
- embed continuous business process improvement and simplification
- introduce better performance reporting and performance management.

The work out/work up strategy is being implemented in close consultation with staff. The organisation is working closely together to develop and put in place solutions to improve our business practices. The work out/work up strategy will be a major focus for the department over the year ahead.

Information technology and knowledge management

During 2002–03 we established a new Strategic Information Technology Committee that will endorse a strategic IT plan for the next five years, determine IT funding arrangements within the allocated budget and set and review priorities for existing and proposed IT projects. The governance committees diagram (refer Part 2 p. 19) shows how the committee fits into the overall corporate governance structure.

Implementation of a content management system enhances our knowledge management capability by managing the creation, quality review, metadata tagging, publication and retirement of web materials. It allows standards for the 'look and feel' of the website to be established and maintained.

Stakeholder management

During the year the Group Executive Team developed a comprehensive approach to stakeholder relationship management. The overall objective is to be more proactive and responsive to stakeholder relationship management across the department through a set of principles and tools for managing stakeholder relationships.

Managing communication flows

The communications team has worked with all areas of the department to strongly promote the government's policies and programmes to our transport, regional Australia and local government stakeholders on a range of initiatives such as the Commonwealth Regional Information Service and the release of the AusLink Green Paper. The team provides specialist advice to the department on internal and external communication issues.

Internal controls and compliance

Internal audit

The internal audit function underpins and contributes to sound corporate governance across the department. It does this by examining and evaluating the adequacy, effectiveness and efficiency of governance assurance measures and the quality of management in an independent and professional manner. The function covers three distinct but related functions:

- *Internal audit*: delivers a targeted and risk-based internal audit programme that seeks to improve policy, programme and administrative performance and promote better practices across the department.
- *Risk management*: develops the department-wide risk management framework and oversees and improves risk management planning and monitoring across the department.
- *Fraud control*: develops the department-wide Fraud Control Plan and oversees and improves fraud control planning and monitoring across the department.

The 2002–03 Internal Audit Programme increased the linkage between the audit programme and the risks identified in the divisions' business plans. During 2002–03 Internal Audit finalised 10 audits. A number of these audits had commenced in the previous year. The audits covered: the Remote Air Services Subsidy scheme; purchasing and procurement arrangements; indemnities; air passenger ticket levy; salaries and allowances; Australian Government Credit Card administration; SAP upgrade; management of funding for freight councils; Dairy Regional Assistance Programme; and the use of corporate travel and purchasing cards.

The audits have resulted in improvements in: compliance, governance and control arrangements; record keeping practices such as documentation to support decision making; and grant administration practices and funding arrangements.

Internal Audit also conducted follow-ups on implementation of ANAO and internal audit recommendations, focusing on those of highest risk.

Risk management

To manage risk, the department has continued to implement its risk management framework and promote a risk management culture. Business planning processes ensure each division addresses risk management as an inherent part of their planning regime. We have recently reviewed our risk management framework and are actively working to further improve it.

Certification of fraud measures

In accordance with the Commonwealth Fraud Control Guidelines, we have revised our fraud risk assessments and an updated Fraud Control Plan will be released in September 2003. We currently have in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the department and comply with the guidelines.

Provision of internal audit services

The department issued a Request for Tender (RFT), prior to expiration of the contract for the provision of internal audit services. In December 2002 the department changed its internal audit service provider. The new provider continues to conduct internal audits as well as providing the department an investigative capability, an advisory service, and training and awareness on internal audit, risk management and fraud control.

Assets management

The total book value of the departmental assets is approximately \$250 million. The majority of this asset base is land, buildings and infrastructure located in the Indian Ocean Territories of Christmas Island and Cocos (Keeling) Islands. Information on specific asset management activities undertaken during 2002–03 can be found in Part 5: Financial performance report, on page 153.

Purchasing, contracting and consultancies

Purchasing arrangements

Each division is responsible for its own purchasing activities, which are subject to the provisions of the Chief Executive's Instructions (CEIs) on procurement and the Commonwealth Procurement Guidelines. CEIs ensure that our staff are able to follow a process that covers all core policies and principles.

The purchasing guidelines and procedures are available on our intranet. The intranet contains information on tender planning, developing specifications, advertising, evaluating tenders and contract preparation and monitoring. We are currently reviewing and updating this information to further improve the way we conduct our procurement activities.

The department encourages the participation of small to medium Australian and New Zealand enterprises (SMEs) in its purchasing activities. In December 1997 it became mandatory for Australian Government departments and agencies subject to the *Financial Management and Accountability Act 1997* to source at least 10 per cent of their purchases from small to medium enterprises.

In 2001–02, a survey on SME participation showed that from the total number of contracts, the department achieved a 61.8 per cent SME participation rate. The Department of Finance and Administration provided these figures in mid 2003.

Competitive tendering and contracting

Requests for Tender for the provision of property, accommodation and security services, office services, human resources and finance services were released during 2001–02. All were select or restricted tenders.

On 11 December 2002 the department contracted with United KFPW Pty Ltd to provide property, accommodation and security services. On 4 April 2003 the department contracted with Pickfords Pty Ltd for the provision of office services. The initial term of each contract is five years with ongoing two-year options.

The value of the contract with United KFPW Pty Ltd is \$3 515 000 and with Allied Pickfords Pty Ltd is \$8 228 000 over the term of each contract.

These contracts provide for the Auditor-General to have access to the contractors' premises.

Although savings identified were modest, the department considered a change of the service delivery model would provide a range of benefits to the organisation. Benefits included improved practices, more strategic approach to services, broader breadth of experience in the industries and greater capability to value add because of market position and influence.

The secretary decided to retain the provision of human resources and finance services in-house. As reported in the 2001–02 Annual Report, it was decided to retain the department's legal services in-house. On 6 June 2003 a select tender was initiated to source a panel of legal providers as a means of providing additional capacity when required, with the panel arrangement to commence in late July 2003.

Consultancies

Consultants continued to provide a range of specialised skills not available within the department or where staff or other in-house resources were limited.

The procedures and guidelines for engaging consultants are also available to staff through the department's intranet and through the CEIs relating to procurement. Proposals for consultancies are required to specify the requirements of the project, clearly justify the use of a consultant, identify the expected costs, recommend a procurement method and explain how the consultant's performance will be evaluated and monitored.

During the year, the department engaged 62 new consultancies valued over \$10 000. The total value of these is \$3.82 million. Details are provided in Appendix 1. Total expenditure on consultancies during 2002–03 is \$5.96 million.

External scrutiny

The department was subject to external checks and balances through the year from various sources. In all instances any recommendations or lessons to be learnt were evaluated and used as a basis for improving how we conduct our work. These are discussed in this section.

Significant legal action

Marra v the Department of Transport and Regional Services

In June 2002 Deputy President Hotop of the Administrative Appeals Tribunal held that the Administrator of Vehicle Safety Standards had power under the *Motor Vehicle Standards Act 1989* to retrospectively approve the importation of a vehicle which had already arrived in Australia. The Commonwealth is seeking a Federal Court declaration that the Act does not provide such a power.

The *Marra* decision was not followed in another case on point, *Bene v Department of Transport and Regional Services [2002] AATA 1288*.

Friends of Merri Creek Incorporated v Meakins and Minister for Transport and Regional Services

The Friends of Merri Creek Incorporated (FMCI) applied to the Federal Court for declaratory relief under the *Administrative Decisions (Judicial Review) Act 1977* against the decision to approve funding of \$38 million to VicRoads for pre-construction activities as part of the Craigieburn Bypass Project on the Hume Highway.

The Craigieburn Bypass Project is an approved project under the *Australian Land Transport Development Act 1988* and the decision on funding was made after a five-year consultation process. The FMCI allege that as the project adversely impacts on part of the national estate (Craigieburn Grasslands) the decision-maker was required, but failed, to take into account whether there were any feasible and prudent alternatives to the project as required under section 30 of the *Australian Heritage Commission Act 1975*.

The case was heard on 5–6 December 2002 and a decision had not been handed down by the end of the financial year.

Auditor-General reports

During 2002–03 the following Australian National Audit Office (ANAO) audit reports were tabled in parliament. These reports included recommendations relevant specifically to the operations of the department or general advice for departmental agencies more broadly:

- *Audit Report No. 8—Senate Order for Department and Agency Contracts (September 2002)*
- *Audit Report No. 25—Audits of the Financial Statements of Commonwealth Entities for the Period Ended 30 June 2002*
- *Audit Report No. 26—Aviation Security in Australia, Department of Transport and Regional Services*
- *Audit Report No. 27—Management of Commonwealth Guarantees, Warranties, Indemnities and Letters of Comfort*
- *Audit Report No. 32—Senate Order for Department and Agency Contracts (Spring 2002)*
- *Audit Report No. 38—Referrals, Assessments and Approvals under the Environment Protection and Biodiversity Conservation Act 1999*
- *Audit Report No. 43—The Sale of Sydney (Kingsford Smith) Airport*
- *Audit Report No. 49—Management of Navigation Aids Network—Australian Maritime Safety Authority.*

Summaries of these reports are provided below.

Audit Report No. 8—Senate Order for Department and Agency Contracts (September 2002)

This was a cross-agency audit. The Senate Order of 20 June 2001 requested the Auditor-General to undertake twice-yearly reviews of agency contracts over \$100 000 required to be listed on the Internet and report whether there had been any inappropriate use of confidentiality provisions.

The audit relates to the second audit under the Senate Order, namely the audit of contract information associated with the tabling of letters by ministers by the tenth day of the Autumn 2002 sitting (21 March 2002). The audit involved a desktop review of all agencies covered by the *Financial Management and Accountability Act 1997*. In addition, six agencies including the department were selected for a more detailed review.

Most agencies had reported their contracts of \$100 000 or more on the Internet and complied with most of the requirements of the Senate Order. In relation to the six agencies reviewed in detail, the Internet listings were generally complete in terms of the total number of contracts listed and accurate in terms of content. The department continues to improve on its procedures to reflect the requirements of the new accountability framework.

Audit Report No. 25—Audits of the Financial Statements of Commonwealth Entities for the Period Ended 30 June 2002

This was a cross-agency audit and summarised the final results of the audits of the financial statements of Commonwealth entities for the period ended 30 June 2002. During the interim audit the ANAO noted that the department's business continuity plan needed updating to take into account broader business resumption planning issues. This has now been addressed. There were no significant audit issues arising from the final audit phase.

Audit Report No. 26—*Aviation Security in Australia, Department of Transport and Regional Services*

This audit was tabled out of session on 16 January 2003. It endorsed the department's response to the events of 11 September 2001 and noted that the regulatory framework for aviation security was comprehensive. It found that the department's monitoring regime was essentially sound, but could be improved. It also found that improvements could be made with regard to action taken by the department to correct non-compliance with aviation security standards.

The report made six recommendations covering air cargo, industry monitoring and compliance with aviation security standards, enhancement of the security management information system and development of performance indicators. The department accepted all six recommendations, implementation of which is being monitored by the department's Audit Committee.

Audit Report No. 27—*Management of Commonwealth Guarantees, Warranties, Indemnities and Letters of Comfort*

This was a cross-agency audit by way of a questionnaire to all explicit Commonwealth guarantees, warranties, indemnities and letters of comfort on issue by departments and agencies. Based on this, detailed information was gathered from selected departments including this department. The audit assessed the extent of improvement in agencies' management and monitoring of the Commonwealth's exposure, changes in the size and nature of the Commonwealth's reported exposure since 30 June 1997, and the approach of agencies to effective risk management and control of Commonwealth exposures to these instruments.

There has been a continuing improvement since the 1998 audit in most agencies' management and administrative practices and improved public accountability through better reporting. There is scope for improvement in recording relevant information, application of effective risk management and control of exposures.

The report highlights the fact that the value of these contingent exposures has declined by almost 50 per cent since the last report to \$114.9 billion. Contrary to this trend, the department showed the largest increase in these liabilities (\$27.2 billion), although this is acknowledged as part of the government's response to the events of 11 September 2001.

Despite this increase, the report does not contain any adverse comment on the department. The department is favourably mentioned as an example of better practice for the retention and safe custody of documents.

Audit Report No. 32—*Senate Order for Department and Agency Contracts (Spring 2002)*

This audit follows from Audit Report No. 8. Again, this was a cross-agency audit. This audit relates to the third audit under the Senate Order, namely the audit of contract information associated with the tabling of letters by ministers by the tenth day of the Spring 2002 sitting (17 September 2002). As for Audit No. 8, the audit involved a desktop review of all agencies covered by the *Financial Management and Accountability Act 1997*. In addition six agencies, including the department, were selected for a more detailed review.

Most agencies had reported their contracts of \$100 000 or more on the Internet and complied with most of the requirements of the Order. This indicates an increased agency compliance with the listing requirements of the Senate Order.

In relation to the six agencies reviewed in detail, the ANAO concluded that the processes used to compile the Internet listing were likely to lead to the lists being complete in relation to the number of contracts. However, agencies should strengthen the quality assurance processes so that the confidentiality claims for contracts on the Internet reflect the existence of confidential contractual information.

The department continues to improve on its procedures to reflect the requirements of the accountability framework.

Audit Report No. 38—*Referrals, Assessments and Approvals under the Environment Protection and Biodiversity Conservation Act 1999*

ANAO examined how selected departments, including this department, referred matters to Environment Australia in accordance with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

The report includes a case study on survey work on Christmas Island. The department had responsibility for infrastructure development for the permanent Immigration Reception and Processing Centre (IPRC). In this instance, the department's contractor conducting survey work on the IPRC bulldozed a track through a rehabilitated area without obtaining environmental clearance. This occurred prior to receipt of the EPBC Act exemption. When Environment Australia advised the department of the use of the bulldozer, work immediately ceased.

The area bulldozed was approximately 0.1 hectares of rehabilitated rainforest (approximately 2–3 metres high). This has since all been cleared in accordance with the EPBC exemption and the government's intentions to construct the IPRC.

The report notes that this case study highlights the importance of providing essential information on the EPBC Act throughout the supply chain so that contractors are well aware on their obligations and responsibilities in regard to best practice environment management.

The report recommends that Environment Australia includes in guidance to Commonwealth agencies appropriate advice in regard to contractors and their obligation to comply with provisions of the EPBC Act. As well as ensuring that information is available to contractors, the department will include a provision in new contracts requiring contractors to comply with relevant provisions in the EPBC Act.

ANAO noted that following this incident, the department raised awareness in both the Christmas Island Administration and the Perth Office in charge of capital works of the importance of meeting EPBC Act requirements before work commences.

Audit Report No. 43—*The Sale of Sydney (Kingsford Smith) Airport*

The audit involved the planning for and conduct and completion of:

- the sale of Sydney (Kingsford Smith) airport
- the preparation and conduct of the sales process prior to the September 2001 deferral and the recommenced tender process that culminated in the June 2002 sale
- the receipt of sale proceeds and the application of the proceeds to reducing Commonwealth debt.

The Department of Finance and Administration and its advisers, in consultation with the department, managed the sale process effectively. The overall audit conclusions were positive. The ANAO concluded that the sale was a very good financial outcome for the Commonwealth and that the sale maximised financial returns on a risk-adjusted basis while achieving optimal returns in relation to the other sale objective. The report was complimentary of the management of the sale process in which the department played an integral role.

The audit report contains no recommendations. This would seem to confirm the soundness of the sale process.

Audit Report No. 49—*Management of Navigation Aids Network—Australian Maritime Safety Authority*

The audit examined whether the Australian Maritime Safety Authority's (AMSA) management of the Nav aids (navigation aids) network provides for the strategic needs of marine navigation in Australian waters, and whether AMSA efficiently and effectively manages the Nav aids network. This included the capital works programme for new aids and the ongoing maintenance of the network.

The ANAO found that AMSA demonstrated elements of better practice in the areas examined. AMSA demonstrated a sound and comprehensive approach to strategic planning that yielded clear objectives and a range of suitable strategies for their achievement. The strategic planning effort provided AMSA with an effective platform from which to deliver quality outcomes.

The audit compliments AMSA's management of the Nav aids function internally, as well as the outsourced components of ship operations and Nav aid maintenance. Overall the report approves of the processes adopted to maintain and enhance the Nav aid network. The ANAO made some suggestions for improvements to AMSA's administration, but did not make any recommendations.

The department was also involved in several cross-agency audits. These are listed below.

- *Audit Report No. 41—Annual Reporting on Ecologically Sustainable Development*
- *Audit Report No. 45—Reporting of Financial Statements and Audit Reports in Annual Reports*
- *Audit Report No. 50—Managing People for Business Outcomes, Year Two*
- *Audit Report No. 52—Absence Management in the Australian Public Service*
- *Audit Report No. 61—Control Structure as part of the Audit of Financial Statements of Major Commonwealth Entities for the Year Ending 30 June 2003.*

Joint Committee of Public Accounts and Audit (JCPAA) Reviews

The following ANAO reports were reviewed by the JCPAA.

No. 26—Aviation Security in Australia, Department of Transport and Regional Services.

Two departmental officers provided evidence to this committee on 21 May 2003. Following this, the committee announced that it would be conducting an inquiry regarding aviation security arrangements in Australia. This inquiry is still underway.

No. 27—Management of Commonwealth Guarantees, Warranties, Indemnities and Letters of Comfort.

Three departmental officers provided evidence to this committee as part of the review on 30 April 2003.

Reports tabled by parliamentary committees on matters relating to the department

The Joint Standing Committee on the National Capital and External Territories tabled the following reports:

- *Norfolk Island Electoral Matters*, tabled on 26 August 2002
- *Striking the Right Balance: Draft Amendment 39 National Capital Plan*, tabled on 21 October 2002.

The Transport and Regional Services (House, Standing) Committee tabled the report, *Moving on Intelligent Transport Systems*, on 9 December 2002.

The Joint Standing Committee on Public Works tabled the report, *Common use infrastructure on Christmas Island*, on 27 August 2002.

The Finance and Public Administration Committee (Senate) tabled the report, *A funding matter under the Dairy Regional Assistance Programme*, on 26 June 2003.

A copy of these reports and their current status is available at www.aph.gov.au/committee/index.htm

Complaints

Commonwealth Ombudsman

During 2002–03 the Ombudsman received 50 complaints concerning the department's actions. Forty-four complaints were addressed during the year with 52 separate issues identified. The Ombudsman's Office exercised its discretion not to investigate in 57.6 per cent of issues.

Of the issues investigated, the Ombudsman's Office found an arguable agency defect in 13.6 per cent of cases. There were no formal reports to the minister under the provisions of the *Ombudsman Act 1976*.

Privacy

During 2002–03 the Office of the Federal Privacy Commissioner received two complaints concerning the department's actions. The Office of the Federal Privacy Commissioner did not investigate either complaint, as it considered there was not enough evidence to support the claims.

Complaints to the department

Complaints are received through our client service feedback line and email address, directly through client contact with departmental staff, or through the Ombudsman.

The Client Service Officer records all client service feedback calls and emails and any feedback forms or other client service correspondence. In 2002–03 the client service officer received 304 calls and four emails. Of these, 211 calls (68.5 per cent) did not relate to this department and were referred to state transport agencies.

Inquiries, feedback or complaints relating to departmental business, received on the client service feedback line and email, are referred to the relevant division for response and a record maintained on the referral and when the response to the caller was completed. In 2002–03 two complaints were received relating to the department and were promptly resolved within the relevant division.

Clients and stakeholders often directly contact the area in question to resolve any issues or complaints and many are not recorded as they are minor or not formal complaints and resolved immediately.

Table 1 shows the number of formal complaints recorded by the department in 2002–03 and the method used to resolve the issue, these include:

- a. personal contact
- b. referral to the Ombudsman
- c. written response from the minister or the department.

Table 1: Complaints resolution

Nature of complaints	Number and resolution method
Transport related complaints	66a 1b 1c
Regional related complaints	2a 1c

Freedom of Information

Section 8 of the *Freedom of Information Act 1982* (the FOI Act) requires Australian Government agencies to make available information about their organisation, functions and operations, and about rules and practices used in making decisions that affect members of the public.

Information about the department

The department's organisation and functions are described in Part 2 and Part 4 of this report. Information about rules and practices in making decisions that affect members of the public is included in Part 4 of the report and in more detail on www.dotars.gov.au in documents such as the Client Service Charter.

How to lodge a Freedom of Information request

In accordance with section 15 of the FOI Act, any person is entitled to apply for access to documents that fall within its scope. If you need further information or to lodge a formal request under the FOI Act, please contact:

Freedom of Information Coordinator
 Department of Transport and Regional Services
 GPO Box 594
 CANBERRA ACT 2601

Telephone: (02) 6274 7844
 Fax: (02) 6274 6775
 Email: foi@dotars.gov.au

A request under the FOI Act must be in writing (email is acceptable), accompanied by a \$30 application fee, and stating an address in Australia to which notices under the FOI Act can be sent. In certain instances the fee is not required or can be remitted. For a quick response, please provide as much information as possible about the document(s) you are seeking. It is advisable to include a telephone number in case clarification of your request is necessary.

For the purposes of the FOI Act, the records of the Australian Transport Safety Bureau, the Bureau of Transport and Regional Economics and the administrations of Jervis Bay Territory, Christmas Island, the Cocos (Keeling) Islands and Norfolk Island are records of the department.

■ Table 2: Freedom of Information statistics 2002–03

Requests received	Number
On hand at 1 July 2002	20
Received 1 July 2002 – 30 June 2003	53
Response time (days)	
0–30	12
31–60	14
61–90	11
91+	6
Withdrawn	21
On hand at 30 June 2003	9

Further information on FOI reporting requirements is contained in Appendix 4.

Section B: People and workplace management and accountability

In Part 2: Overview of the department we introduced our organisation, our people and our values. This section provides an assessment of the performance of our underpinning people and workplace management and accountability systems.

To enable the department to achieve its business objectives and outcomes and to be a high performing organisation that is a great place to work, we seek to achieve our strategic people objective, that is:

A capable, committed and productive workforce

We seek to be a workplace where our people:

- understand their roles and responsibilities, and how their work contributes to the overall objectives of the organisation
- feel challenged, have meaningful work and enjoy it, and are able to realise their potential in the workplace
- feel respected, are rewarded and recognised for their efforts, and are treated decently.

A major part of our performance measurement activity has been our involvement in a cross-agency audit by the ANAO on Managing People for Business Outcomes (Audit Report No. 50). This was conducted as a benchmarking study into people management in the APS and reviewed the effectiveness and efficiency of people management and human resources management in agencies. The study examined how line managers plan for and manage their staff to help achieve agency and programme outcomes, and how the human resources function supports people management practices to achieve agency outcomes.

As a second year participant in the ANAO study, the department recognises the ongoing value of benchmarking against other APS agencies and considers this an opportunity to improve the department's performance and people management. In response to recommendations put forward by the ANAO and in line with results from the People and Workplace Survey, we established three people management task forces charged with identifying strategies for people management improvement. We anticipate that this will be an ongoing process and we expect to implement other strategies during the coming year.

Our central people and workplace governance committee is the People Management Committee (PMC). During 2002–03 an important part of its role has been to manage the work of task forces involved in performance management and rewards and recognition, learning and development and recruitment and selection. In addition to specific matters relating to these operational policies and processes, the PMC considered:

- issues in relation to organisational development that impact on the organisation's climate and the 'style' in which people work together to improve organisational effectiveness
- processes involved in shaping the workforce to ensure it is capable of delivering organisational objectives.

We measure and report our people and workplace performance in various ways:

- monthly reporting on key human resource and people and management indicators
- the biannual people and workplace survey
- annual evaluation for our Investors in People accreditation

- participation in the ANAO cross-agency benchmarking study on people management in the APS over three years
- in other cross agency evaluations such as in the Values in Agencies work, undertaken by the Australian Public Service Commission.

Survey results, human resources data and recommendations from these inform managers and staff of our people and workplace performance.

The report on people and workplace performance, incorporating human resource management practices and results, is presented through a framework (Figure 2 p. 135) which represents the people management processes and systems in place during 2002–03.

Applying our values

A statement of the department's values espousing the APS values and code of conduct is provided in our Corporate Plan and People Charter. While all employees are required under section 10 of the *Public Service Act 1999* to observe the APS Code of Conduct and uphold the APS values, the department's own values guide employees to be:

- honest and professional
- accountable for their actions
- responsive to the needs of government, business partners and colleagues.

Results of the 2002 People and Workplace Survey* indicate that the department's staff have successfully adopted and apply the values. In general, they believe that the department and their work colleagues behave in ways which reflect both APS and the department's published values.

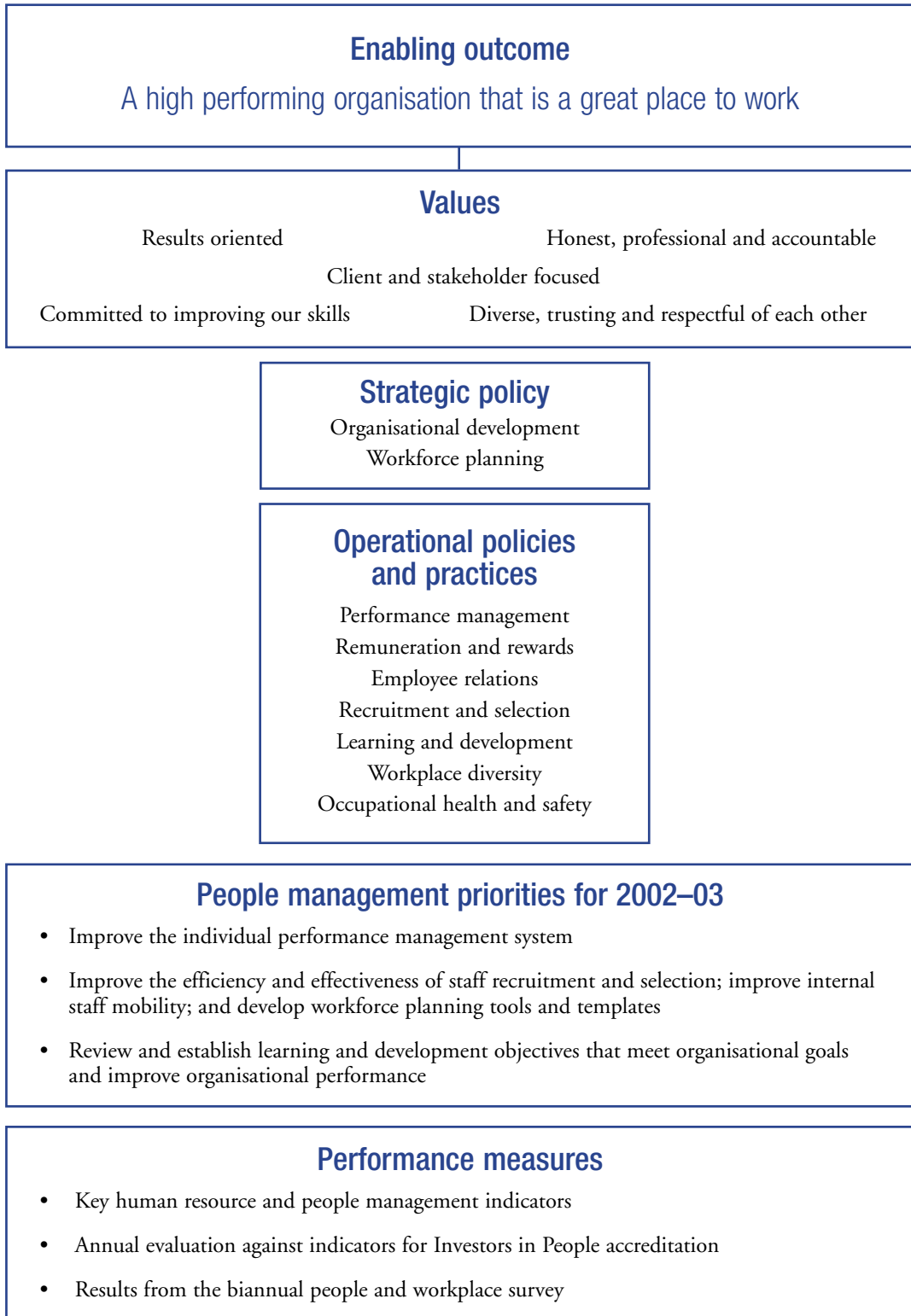
We believe that a safe, fair, diverse and flexible workplace, where people are trusted, is the best work environment. This trust is fostered by:

- communicating openly and regularly
- recognising people's contribution and investing in their potential
- leading by example and with clarity.

We have been recognised by the Australian Public Service Commission as displaying good practice in the embedding of values into the agency. Case studies covering commitment to values, serving ministers, learning and development and *Leading in DOTARS* are to be included in the *Values in Agencies: Good Practice* publication.

* Further information about the People and Workplace Survey can be found on p. 143

■ **Figure 2: People and workplace performance framework**



Strategic policy

Organisation development

Organisational Capability Framework

As stipulated by the Certified Agreement, we undertook a work level standards review and identified an organisational capability framework which will be finalised in 2003. A major component of this work was to bring to life the department's values by describing the behaviour expected at different levels of the department. We will emphasise this behaviour in our main people management practices during 2003–04.

By assessing our performance against the standards we will be in a better position to identify the key areas for organisation development in the coming years. This will include assessing the need for follow on development after the conclusion of the *Leading in DOTARS* development program.

The organisational capability framework will also provide a valuable basis for future workforce planning.

Workforce planning

The department's Corporate Plan 2002–03 to 2004–05 expresses the department's wish to anticipate change and mobilise and manage resources in flexible ways to better meet changing demands.

Workforce planning communicates to staff the need to anticipate change and mobilise and manage resources in flexible ways. The department investigated necessary processes and procedures in line with this need during 2002–03 and has developed a workforce planning template. In the 2003–04 planning process the new business groups have commenced using a shortened version of this template for assessing workforce transition requirements.

By aggregating the business group requirements as part of the overall plan, the department will better coordinate its overall workforce requirements. We anticipate that greater operational effectiveness and efficiency of human resources management will address the changing needs of the organisation. Managed attrition will feature in the policy and practices improvement process.

Operational policies and practices

Performance management

In 2002–03 we promoted performance improvement and achievement of organisational objectives by actively managing performance at both corporate and divisional levels. This was realised through planning, managing, reviewing and providing feedback about work performance and developmental needs.

At a divisional level, the department's performance management framework provided individual agreements that set and assessed performance goals in relation to corporate objectives while satisfying the performance measures stated in the Certified Agreement. Through the performance exchange system, using a *Plan on a Page* and *Results on a Page*, employees were encouraged to meet performance targets and in doing so facilitated broader departmental objectives.

As a result of feedback from the ANAO report on Managing People for Business Outcomes, the Performance Management, Rewards and Recognition task force was set up during 2002–03 to develop recommendations for the improved alignment of organisational, divisional, team and individual performance. The task force reported in June 2003 and its recommendations will be considered by the People Management Committee during 2003.

Remuneration and rewards

Non-salary benefits

The Certified Agreement and Australian Workplace Agreements (AWAs) provide a range of non-salary benefits to help balance the work and home life needs of employees and support workplace diversity principles. Non-salary benefits included:

- flexible and innovative working arrangements such as part-time work, home-based work and flexible working hours
- return-to-work assistance
- carers' room and nursing parents' room
- study assistance
- annual close-down during the Christmas-New Year period
- up to 187.5 hours (25 days) full pay personal circumstances leave and a further accrual of 187.5 hours on completion of each 12-month period of service for full-time employees and adjusted for part-time employees.

Performance pay

While there was no formal non-SES performance-based pay scheme in the department, the Certified Agreement defines a system of salary progression. After 12 months substantive employment at a salary point and subject to satisfactory performance, employees progress to the next salary point within the salary scale for each classification level, until the top salary point for that level is reached.

Many non-SES AWAs include additional salary payments, negotiated according to individual skills, work performance and experience. Additional salary payment recipients increased 76 per cent from 21 in 2001–02 to 37 in 2002–03. This is shown in Table 3 below.

■ Table 3: Additional salary payments made during 2002–03

Classification	Number	Aggregate amount	Average amount	Range per annum
		\$	\$	\$
APS3	1	386	386	386
APS6	2	24 531	12 266	7 000–17 531
EL1	2	20 220	10 110	10 000–10 220
EL2	32	239 122	7 473	3 500–40 100
Total	37	284 259	7 683	386–40 100

SES employees were also entitled to 'pay at risk' upon assessment of performance and contribution to corporate development during the year. Pay at risk payments for the 2002–03 year will be paid in 2003–04. The pay at risk payment for 2001–02 was paid on 6 June 2002.

Remuneration

The remuneration range, shown in table 4, provides the total available cash benefits received by APS employees during 2002–03. For SES, this includes salary, other remuneration benefits and actual pay at risk payments, but does not include superannuation contributions made by the department or non-salary benefits described earlier.

■ Table 4: Remuneration range for departmental employees by classification as at 30 June 2003

Classification	Minimum \$	Maximum \$
APS Level 1	28 557	31 455
APS Level 2	32 342	35 706
Graduate APS	34 412	34 412
APS Level 3	36 687	45 000
APS Level 4	40 884	48 926
APS Level 5	45 644	49 460
APS Level 6	49 488	72 612
Executive Level 1	63 110	78 369
Executive Level 2	72 826	150 000
SES Band 1	121 973	164 142
SES Band 2	141 916	161 482
SES Band 3	184 634	184 634

Employee relations

The Departmental Consultative Committee (DCC) monitors the implementation of the terms and conditions of employment contained in the Department of Transport and Regional Services Certified Agreement 2002–2004. This employment framework enables delivery of the organisation's requirements, encourages staff to commit to the organisation's goals, and promotes innovation and flexibility.

Certified Agreement

The Department of Transport and Regional Services Certified Agreement 2002–2004 presents the shared aspirations of our employees, outlines the character of the employment relationship and specifies terms and conditions of employment consistent with those aspirations and that relationship.

An electronic copy of the Certified Agreement 2002–2004 is available at www.dotars.gov.au/dept/cert.aspx

Key features of the agreement include:

- flexible remuneration packaging
- flexible working arrangements to enable employees to better balance their work and personal lives
- improving learning and development opportunities.

The Certified Agreement applies to staff employed under the *Public Service Act 1999*, other than Senior Executive Service (SES) employees and non-SES officers on Australian Workplace Agreements (AWAs). As at 30 June 2003, 840 staff were employed under the Certified Agreement.

Australian Workplace Agreements

Remuneration and conditions of all SES employees are specified in AWAs. All departmental AWAs are consistent with the government's policy parameters for agreement-making in the APS, as stated in the *Workplace Relations Act 1996*. At 30 June 2003, AWAs covered 41 SES employees.

AWAs also affect non-SES employees who negotiated an agreement with the department. In addition to any negotiated salary benefits, non-SES employees covered by AWAs may also benefit from provisions stated within the Certified Agreement.

As at 30 June 2003, 81 employees (including 40 non-SES employees) were employed under AWAs.

Recruitment and selection

Another practice identified for attention in the ANAO report, *Managing People for Business Outcomes*, was recruitment and selection. The Recruitment and Selection Task Force was set up to review recruitment and selection policies and procedures and to recommend changes that would improve the consistency and efficiency of selection decisions. The work of the task force included an assessment of how new work level standards and capabilities will be used in job design and recruitment. The task force reported in June 2003. The People Management Committee will consider the recommendations of the task force early in 2003–04.

Learning and development

An identified strategic people management objective for the department was 'to assign priority and resources to developing the skills and knowledge of its people'. Learning and development emerged in the 2002 People and Workplace Survey as an area valued by employees that required improvement. It was also highlighted in the ANAO report, *Managing People for Business Outcomes*.

The survey indicated that of the staff considering leaving the department, 56 per cent nominated their primary reason as career advancement, while 47 per cent reported their primary reason as furthering personal development.

Responding to this, the Learning and Development Task Force was set up to develop recommendations on the future of learning and development in the department. Their recommendations included:

- maintain our Investors in People accreditation
- implement a mentoring and coaching programme
- continue to encourage Plan on a Page, Results on a Page and 360-degree feedback
- promote the in-house Career Management Service.

Programmes

Mentoring programme pilot

A pilot mentoring programme, precipitated by feedback from the previous People and Workplace Survey, was administered in the Regional Programmes and Transport Programmes divisions in 2002. This contributed to the corporate priority of building a learning culture through improving knowledge exchange and communication, allowing the department to continue as a high performing organisation.

Participants responded favourably to the six-month pilot of 17 mentoring partnerships. We are currently considering future implementation of the programme in line with the greater learning and development framework.

Evaluation of the pilot gave encouraging results. The structure was perceived as highly suitable, enabling successful mentoring partnerships and contributing to the professional development of those being mentored. Participants were formally matched, provided with initial training, development and ongoing support via recall sessions and given the opportunity for 360-degree feedback.

While partnership selection is expected to become more collaborative, it is anticipated that future generations of the mentoring programme will resemble closely the structure used in the pilot.

Leading in DOTARS

The successful Leading in DOTARS programme concluded in May 2003. A total of 755 employees participated in the programme which commenced in June 2001. During 2002–03, 344 staff completed this three-day workshop programme to realise the corporate priority of:

Promoting leadership at all levels and improving our people development to enhance our individual, team and corporate capabilities.

The programme targeted leadership and citizenship, interpersonal relationships and skills, communication techniques such as feedback and listening, teamwork and team building.

Graduate Development Programme

We continued to place a strong emphasis on the Graduate Development Programme. Twenty-four employees completed the programme in 2002 and 19 graduates commenced employment in February 2003, including one internal recruit and one graduate who separated from the department in April. This represented a 21 per cent decrease from the previous year. Recruitment levels for 2004 are expected to reflect current workforce planning requirements.

Graduates undertook on-the-job learning including a series of rotations through various divisions of the department, regular meetings, workplace group projects, and off-the-job-development such as an industry tour and professional development coursework.

During the year, a programme evaluation was undertaken. Emerging recommendations from the evaluation, which was finalised in June 2003, will further strengthen the programme and assist in longer-term workforce planning.

Staff mobility

We recognise the value of increasing the career opportunities of employees. During the year and in line with the Certified Agreement, we made every effort to fill vacancies with existing ongoing employees. Vacancies longer than six weeks were generally first advertised internally as open to all ongoing employees. Feedback was also useful as a means to identify both organisational and individual requirements along with areas for skills development.

Workplace diversity

As stipulated in section 18 of the *Public Service Act 1999*, we maintained a Workplace Diversity Programme to assist in realising APS Values. The programme was designed to incorporate flexible working arrangements, attract and develop staff from diverse backgrounds, recognise and promote diverse contributions and raise awareness of workplace diversity. Included was a Workplace Diversity Advisory Team promoting an environment of workplace diversity awareness within the department and providing feedback and advice to the executive on workplace diversity matters. The Workplace Diversity Programme will be reviewed in 2005.

By encouraging workplace diversity we enrich organisational culture. Continuing the department's commitment to workplace diversity, the secretary and People Management Committee have endorsed an expansion of the Women's Network to become the Diversity and Equity Network as of 1 July 2003.

Occupational health and safety

We remain committed to ensuring the health and safety of staff in the workplace. Under guidance from the Occupational Health and Safety Committee, processes associated with the health, safety and welfare of employees at work were developed and implemented.

The Occupational Health and Safety Policy promotes a 'safe, supportive and professional workplace'. During the year the following strategies were employed:

- a health assessment programme which achieved a high response rate similar to that reported last year
- an employee assistance programme
- workstation assessments
- an annual influenza vaccination programme
- well-publicised intranet communiques promoting a safe, supportive and professional workplace.

Comcare premium

To meet the department's reporting requirements under section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, the 2002–03 Comcare premium paid was \$350 912, representing an increase from the 2001–02 figure of \$298 688. However, it is expected that this figure will be reviewed by Comcare in line with increases in salaries for the year 2002–03. Four incidents causing incapacity were reported for the period 2002–03. During the year, no incidents required investigation by Comcare and no notices were issued.

Assessment of our people management priorities for 2002–03

Results of the second year people management benchmarking audit

Early in 2003 the department's results from the ANAO people management benchmarking audit were received. The audit found that many of the department's people management practices were performing well. The audit highlighted the need for work in a number of areas and task forces were asked to recommend changes to improve our systems including:

- improving the efficiency of our recruitment process to improve business outcomes
- achieving better alignment in our performance management systems
- revising the secretary's statement of skills to help ensure organisation outcomes are better understood.

The audit also highlighted some issues about the adoption of workforce planning. The task forces have developed their recommendations and, after consideration by the People Management Committee, actions will be implemented during the second half of 2003.

Performance measurement

Results against key human resource and people management indicators

To measure the commitment of staff to the organisation we analyse key people performance indicators, in particular retention, separation and unscheduled absence rates. These provide a guide to our organisational health.

Retention and separation

Over 2002–03 the retention and separation rates achieved workforce planning targets with:

- 115 separations (compared with 88 in 2001–02)
- a separation rate of 12.5 per cent (compared with 10.5 per cent in 2001–02).

Unscheduled absences

A number of practices were in place to manage unscheduled absences such as monthly reporting and review of absence rates. We also participated in a survey on absence management in the public service conducted by the ANAO.

During the year, the overall unscheduled absence rate per full-time equivalent employee was 8.7 days (including IOTs), this is an increase from the 2001–02 result of 8.08 days per full-time equivalent employee. Irregular figures for the month of January were due to the Canberra bushfires which resulted in higher than usual absenteeism.

The department was involved in an ANAO cross-agency audit on *Absence Management in the APS* (Audit Report No. 52). This audit assessed the level and cost of unscheduled absence in the APS, the degree to which current absence management reflects better practice, and to identify areas for improvement. Various types of unscheduled absence including sick leave were examined. While we currently have in place a number of practices recommended by the ANAO, the report produced several additional recommendations suitable for consideration by the department and which will be further assessed in light of the department's wider workforce planning strategy in 2003–04.

During the year, a number of trends emerged as significant. A decline in corporate workforce numbers was accompanied by a decrease in regional programme workforce numbers. Recruitment (notably among temporary employees) decreased substantially while permanent separations rose. The age profile of the department remained relatively unchanged with over two thirds of staff aged 35 and over.

Results against the Investors in People audit

The department continues to meet the Investors in People standard. The auditors found evidence that the department had improved over the last 12 months in relation to the development and performance of its staff. The 'atmosphere' in the department was found to be generally positive notwithstanding the many structural changes that have occurred in recent times. The main area found to require continued effort is the integration of the regional staff into the department's culture and business.

The commitment demonstrated by the senior team was considered to be obvious to and well regarded by all of the staff. Ensuring that same level of commitment and skill amongst middle management will be necessary to maintain the current impetus for improvement. One of the most important targets will be improving understanding by middle managers that the strategy of developing people is directly related to improving business outcomes. This will include improving the quality of the performance exchange process, particularly the use of Plan on a Page as a tool for focused discussions.

Leading in DOTARS was found to have a significant positive impact on those who attend. Although staff were found to generally feel that opportunities for development were offered

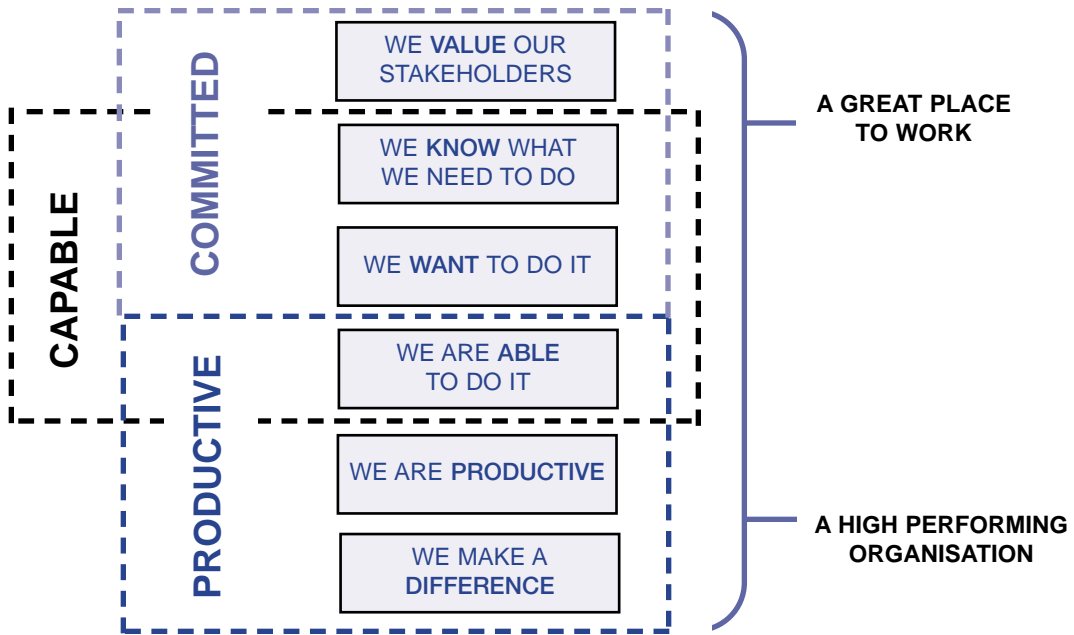
equally, there are some opportunities for improvement. The organisation could use the filling of vacant positions as developmental processes (and advertise them as such) and temporary staff could also be involved.

Results from the People and Workplace Survey

The model below at Figure 3 represents the six key elements of our people and workplace on which the 2002 People and Workplace Survey was developed. It was used as the framework to measure our progress towards achieving our organisation and people and workplace outcome and objectives and to measure our corporate health. The six elements of the People and Workplace Model overlap to give a broad definition of how *capable, committed and productive* our staff are.

The framework and structure of the model is based on key concepts being promoted within the department and is specifically aligned with the department’s business direction and unique working environment and culture. The model was also developed to provide a common definition of what corporate health means to staff and assist in developing findings that can be actioned.

■ **Figure 3: The six elements of the department’s people and workplace model**



The survey found that the management of the department was held in high regard by staff with 80 per cent of staff satisfied with their supervisors and around 70 per cent of staff satisfied with the performance of the secretary and other senior staff members. Individual and team morale was also very strong and staff have a high level of job satisfaction.

A cultural divide was identified between divisions which has since been addressed through the new group structure implemented on 1 July 2003.

The challenges from the survey arise in two main areas. The first is to focus initiatives on improving the productivity of staff, paying particular attention to staff perceptions of difficulties in procedures and processes. In this area there is also a need to address the performance feedback arrangements. The other challenge is to address the comparatively lower assessments of corporate health provided by middle management. Ratings by this group for most measures of corporate health are consistently lower than for other classification groups.

Employee demographics

As at 30 June 2003, we employed 923 staff. This represents 47 employees or 4.9 per cent less than for 2001–02. The following tables show the geographic location of employees by classification level and employment type by gender.

■ **Table 5: Employees by classification level and location in 2001–02 and 2002–03**

Location	APS 1–4		APS 5–6		EL1		EL2		SES/SEC		HPO*		Total	
	01-02	02-03	01-02	02-03	01-02	02-03	01-02	02-03	01-02	02-03	01-02	02-03	01-02	02-03
ACT	201	144	249	261	224	220	168	162	44	46	0	0	886	833
NSW	7	3	10	9	1	3	1	1	0	0	0	0	19	16
NT	0	0	0	0	1	1	0	0	0	0	1	1	2	2
Pacific Ocean Territories	0	0	0	0	1	1	0	0	0	0	1	1	2	2
QLD	2	3	9	10	4	4	4	4	0	0	0	0	19	21
SA	1	0	4	4	2	2	1	1	0	0	0	0	8	7
Tas	0	0	2	2	0	1	0	0	0	0	0	0	2	3
Vic	2	3	9	8	2	3	0	2	0	0	0	0	13	16
WA	3	4	7	9	6	7	3	3	0	0	0	0	19	23
Total	216	157	290	303	241	242	177	173	44	46	2	2	970	923

* Denotes Holder of Public Office

■ **Table 6: Ongoing and non-ongoing full-time and part-time employees (not including inoperative or Indian Ocean Territories staff) by gender in 2001–02 and 2002–03**

Employee	Female		Male		Total	
	2001–02	2002–03	2001–02	2002–03	2001–02	2002–03
Holder Public Office	0	0	2	2	2	2
Ongoing full-time	369	375	488	480	857	855
Ongoing part-time	41	39	11	15	52	54
Non-ongoing full-time	33	4	18	2	51	6
Non-ongoing part-time	8	4	2	2	10	6
Total	451	422	521	501	972	923

It is expected that changes to the organisational structure effective 1 July 2003 will be accompanied by a reassessment of staffing levels. This should result in the alignment of our new structure with current functions and deliver greater efficiency.

Indian Ocean Territories (IOTs) staff are employed under either the *Christmas Island Administrative Ordinance 1968* or the *Cocos (Keeling) Islands Administrative Ordinance 1975* (unless employed under the *Public Service Act 1999*).

Table 7: IOT employees* by classification level and location in 2001–02 and 2002–03

Location	APS 1–4 and equivalents		APS 5–6 and equivalents		EL1 and equivalents		EL2 and equivalents		Medical officers (SES equivalent)		HPO		Total	
	01-02	02-03	01-02	02-03	01-02	02-03	01-02	02-03	01-02	02-03	01-02	02-03	01-02	02-03
IOT	83	81	20	20	5	3	3	3	4	3	1	1	116	111
WA	1	0	1	0	0	0	0	0	0	0	0	0	2	0

* Excludes casual and inoperative staff

NB: Equivalents include auxiliary, trade, domestic, technical and professional staff.

Table 8: Ongoing and non-ongoing IOT full-time and part-time employees* by gender in 2001–02 and 2002–03

Employee	Female		Male		Total	
	2001–02	2002–03	2001–02	2002–03	2001–02	2002–03
Holder Public Office	0	0	1	1	1	1
Ongoing full-time	33	31	50	48	83	79
Ongoing part-time	6	7	0	0	6	7
Non-ongoing full-time	14	12	6	9	20	21
Non-ongoing part-time	6	3	2	0	8	3
Casual	4	2	1	0	5	2
Total	63	55	60	58	123	113

* Excludes inoperative staff



Part 5

Financial performance report

Departmental performance	page 148
Administered performance	page 152
Summary resource tables	page 155
Financial Statements	page 161

Financial performance report

An analysis of the department's departmental and administered financial statements for 2002–03 is provided below. The department's financial statements begin at page 161 and a resource summary of the department's price of outputs and administered programmes is provided at page 155.

Departmental performance

Financial performance

Increased operating surplus – up \$1.9 million from budget – due to reduced expenses.

The department achieved an operating surplus for 2002–03 of \$20.1 million before allowing for the \$24.6 million capital use charge for assets employed. This surplus was \$1.9 million greater than the budgeted surplus and is attributable to lower than projected expenses.

■ **Table 1: Summary of the 2002–03 result in comparison with the 2001–02 result and the 2002–03 budget**

	Result \$'000	Variation on 2001–02 %	Budget \$'000	Variation on budget %
Revenue from government	229 264	+8	239 172	-4
Own source revenue	17 556	-15	10 884	61
Total revenue	246 820	+6	250 056	-1
Employee expenses	83 938	+10	84 757	-1
Supplier expenses	110 245	+18	133 461	-17
Depreciation	12 803	+14	13 660	-6
Other expenses	19 746	+10	0	+100
Total expenses	226 732	+14	231 878	-2
Operating result	20 088	-42	18 178	11

Revenue increased by 6 per cent from 2001–02 due to new measures and estimates adjustments to existing activities.

Total revenue of \$246.8 million was up \$13 million from 2001–02 and down \$3.2 million from budget. This revenue consists of appropriations from government of \$229 million and own source revenue, comprising sales of goods and services, asset sales and interest of \$17.6 million.

Appropriations from government increased by \$16.3 million from 2001–02 primarily due to two factors.

- Funding for new measures associated with: strengthening air safety (\$2 million); the Immigration Reception and Processing Centre (IRPC) on Christmas Island (\$1.6 million); development of AusLink (\$1.1 million); war risk indemnities (\$0.6 million); the Black Spots Programme (\$0.5 million); and National Highways and Roads of National Importance (\$0.4 million). This was offset by savings from the Very High Speed Train Scoping Study (\$5 million).
- Estimates adjustments to existing activities including: reclassification of capital funds for the Asia Pacific Space Centre Project (APSC) (\$10 million); operational costs associated with the APSC and IRPC (\$1.6 million); and revised property arrangements for Sydney West Airport rental properties (\$0.5 million).

Own source revenue decreased by \$3.2 million from 2001–02 due to reduced bank account interest and a reduction in miscellaneous revenue.

Total expenses increased by 14 per cent from 2001–02, but were 2 per cent lower than budget due to the deferral of some activities.

Total operating expenses of \$226.7 million were up \$27.7 million or 14 per cent from 2001–02, but were \$5.1 million or 2 per cent lower than budgeted. This decrease is primarily attributable to the deferral of expenses in relation to the IRPC (\$20 million), which was partially offset by unbudgeted expenses for the write-down of assets (\$3 million) and other expenses (\$13.5 million).

The main items comprising total operating expenses are employee expenses (\$83.9 million, down 1 per cent from budget) and payments to suppliers (\$110.2 million, down 17 per cent from budget).

Financial position

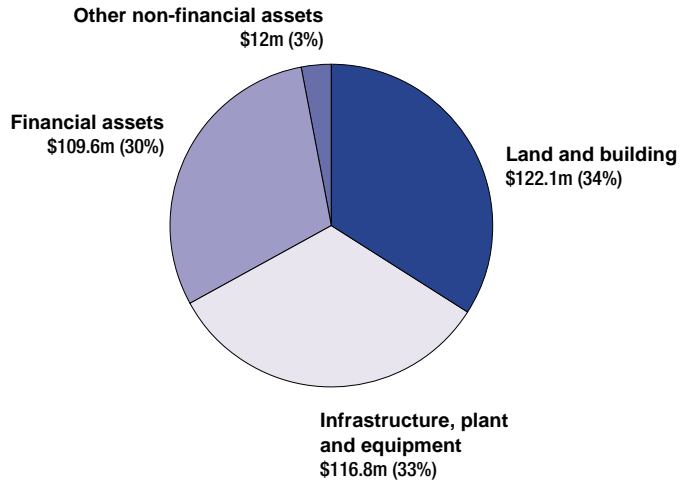
Net equity position increased by 40 per cent from 2001–02 due to increased assets.

The department's net equity position increased to \$312.1 million, representing an increase of \$88.6 million from 2001–02. The increase was as a result of an increase in assets.

Total assets increased by \$96.6 million.

Total assets were \$360.5 million, representing a \$96.6 million increase from 2001–02. The increase is primarily attributable to an increase in appropriation receivables (totalling \$105.1 million). These 'financial' assets compare to cash and investment holdings at 30 June 2002 of \$32.8 million. This large increase is due to the deferral in the timing of expenditure for a number of large projects on the Indian Ocean Territories (IOTs) totalling \$75.4 million. The change in the mix of 'financial' assets from cash and investments in 2001–02 to cash and appropriation receivables in 2002–03 reflects the fact that most of the cash reserves held by the department were returned to the Official Public Account in June 2003 following the government's decision to cease the agency banking incentive scheme.

Further, land and buildings (\$20 million) and infrastructure, plant and equipment (\$8.5 million) on the IOTs increased in value primarily in relation to capital works associated with the IRPC. It should be noted that some \$23.8 million in new housing assets for the IRPC were subsequently transferred to the Department of Immigration and Multicultural and Indigenous Affairs on 1 July 2003.

Figure 1: Departmental assets as at 30 June 2003

Primary liability, employee entitlements, increased by \$1.3 million to \$28.1 million.

Total liabilities increased by \$8 million from 2001–02 to \$48.3 million, due to an increase in unearned income of \$9.7 million. The department's primary liability continues to be employee provisions associated with accrued leave entitlements for staff. This liability increased by \$1.3 million to \$28.1 million. Supplier payables decreased by \$1.5 million to \$7.6 million.

Asset management

Non-financial assets total \$250.9 million, mostly attributable to the IOTs.

The total value of the department's non-financial assets is \$250.9 million. The majority of this asset base comprises land, buildings and infrastructure located in the IOTs.

Capital expenditure is in accordance with the department's strategic asset management plan.

Expenditure on capital works is in accordance with projects identified in the department's strategic asset management plan. This plan includes the programme of works proposed by the 1999 Commonwealth Grants Commission Report for the IOTs and subsequently agreed by the government as necessary to provide standards of services on the IOTs consistent with comparable mainland communities.

Asset management activities in 2002–03 include asset stocktake, annual asset revaluation, a review of work-in-progress and completion of IRPC housing project.

Specific asset management activities undertaken during the year included:

- Performance of the annual asset stocktake. The department's stocktake occurs on a three year cycle based on geographic location. The 2002–03 stocktake included Norfolk Island and the regional offices.
- Performance of the annual asset revaluation. Revaluations occur on the same cycle as stocktakes. This ensures that assets are revalued at least every three years, which complies with Australian Accounting Standards and the Finance Minister's Orders' requirements.

- A detailed review of the Work-In-Progress account was undertaken.
- The department successfully managed the completion of the IRPC housing project. Responsibility for the ongoing administration of the houses, as well as the assets, was transferred to the Department of Immigration and Multicultural and Indigenous Affairs as of 1 July 2003.

Cash flows

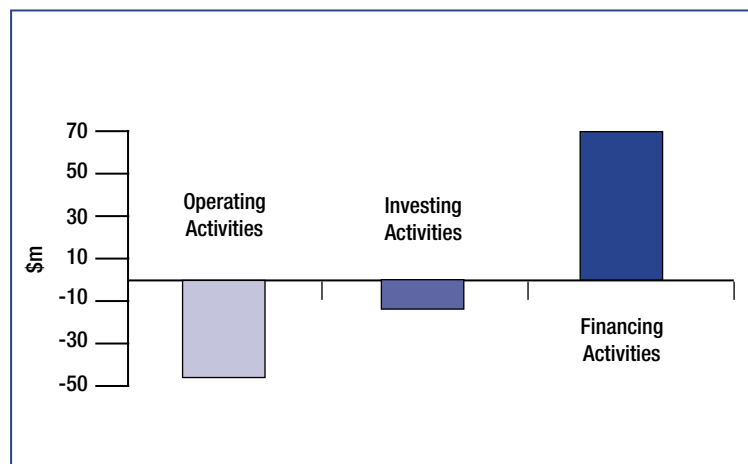
Cash held decreased to \$12.9 million.

The department decreased its cash balance by \$19.9 million to \$12.9 million during the year due to the cessation of the agency banking incentive scheme. This change involved the department returning the majority of its cash held, totaling \$92.2 million (an appropriation receivable), to the Official Public Account.

These cash reserves and appropriation receivables are held to cover employee leave liabilities accrued since the commencement of Commonwealth accrual budgeting arrangements on 1 July 1999 and to fund:

- asset replacement, in particular the purchase of property, plant and equipment for the delivery of services to the IOTs
- capital expenditure for the APSC
- the delivery of services for the IRPC
- creditors.

Figure 2: Departmental net cash flow



Administered performance

Revenue and expenses

The department administers programmes on behalf of its ministers with an expense budget of \$3 317.2 million in 2002–03.

■ **Table 2: Summary of actual expenses in comparison with the budget**

	Result \$'000	Budget \$'000	Variation on budget %
Non-appropriation revenue	427 286	423 051	+1
Grants	2 966 563	3 120 321	-5
Subsidies	147 945	145 301	+2
Other	38 684	51 572	-25
Total expenses	3 153 192	3 317 194	-5

Non-appropriation revenue was \$4.2 million above budget mostly due to increased collections of the Air Passenger Ticket Levy.

Total non-appropriation revenue for 2002–03 was \$427.3 million, an increase of \$4.2 million from budget. The increase is primarily due to increased collections of the Air Passenger Ticket Levy (\$31.5 million) and proceeds from the sale of assets (\$5.3 million).

The increase in revenue was partially offset by a reduction in reimbursements for the Dairy Regional Assistance Programme (\$21.8 million) and collections of the Aircraft Noise Levies at Adelaide and Sydney Airports (\$7.3million).

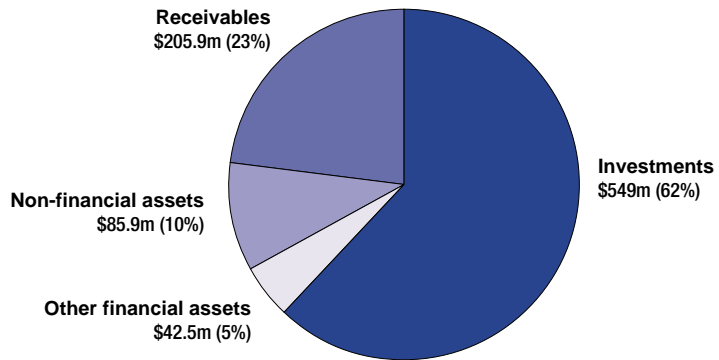
Total expenses were \$164 million below budget, primarily due to programme underspends.

Total expenses of \$3153.2 million represented a \$164 million decrease against budget due mainly to underspends in grant programmes (\$153.8 million). The underspends are primarily attributable to the Natural Disaster Relief Arrangements (\$49 million), Sustainable Regions (\$33.9 million), Federation Fund projects (\$21.7million), Dairy Regional Assistance (\$17.7 million), Rural Transaction Centres (\$17.5 million) and upgrade of the Mainline Interstate Railway Track (\$15 million) programmes.

Assets and liabilities

Total assets were \$232.2 million below budget due to a decrease in receivables and investments.

Total administered assets of \$883.4 million were \$232.2 million below budget. The decrease primarily reflects a change in the level of investments due to the deferral of an equity injection to the Australian Rail Track Corporation (\$111 million) and a decrease in receivables associated with a change in the accounting treatment of appropriation receivable.

Figure 3: Administered assets as at 30 June 2003

Total liabilities of \$114.1 million were marginally above budget.

Total administered liabilities were \$114.1 million, representing a marginal increase of \$0.9 million against budget. The liability continues to relate to payables for administered programmes.

Asset management

Total non-financial assets total \$85.9 million.

The total value of administered non-financial assets is \$85.9 million. The majority of the assets relate to land and buildings, held by the Commonwealth at Badgerys Creek as the proposed site of a second Sydney airport, and freehold land and heritage assets on Norfolk Island.

Specific asset management activities undertaken during the year included:

- performance of the annual asset stocktake
- performance of the annual asset revaluation.

Financial audits

Cross-agency financial audits.

The department was involved in two cross-agency financial audits, details of which follow.

Audit Report No. 45 – Reporting of financial statements and audit reports in annual reports – across APS

This report identified four errors in the publication of the department's financial statements on the internet and in the published statements. Two of these related to omission of pages on the internet and two related to insignificant numerical errors, one in the printed version of the statements and one on the internet. These errors arose during the transcription of information from the audited accounts to other media. New publishing arrangements will be introduced to avoid re-occurrence in 2002–03.

Audit Report No. 61 – Control structure as part of the audit of financial statements of major Commonwealth entities for the year ending 30 June 2003

This report identified one 'B' category finding by the ANAO for the department. A 'B' finding denotes a control weakness which in the ANAO's view poses a moderate financial or business risk.

At the time of audit a small number of staff had access privileges in the department's financial management system (SAP) in excess of those ANAO considered necessary to ensure segregation of duties. The controls were temporarily relaxed due to operational difficulties and alternate 'manual' segregation of duties procedures were implemented during these periods to manage the risk of unauthorised transactions. The SAP based segregation access regime was reinstated within a short period.

Summary resource tables

■ **Table 3: Summary of operating and capital resources**

	2002–03 Budget \$'000	2002–03 Actual Result \$'000
Outcome 1 - A better transport system for Australia		
<u>Operating</u>		
Departmental Outputs	85 304	93 782
Administered Programmes	1 526 569	1 484 466
<u>Capital</u>		
Departmental Capital Injections	0	0
Administered Capital Injections	113 799	0
Total Outcome 1	1 725 672	1 578 248
Outcome 2 - Greater recognition and development opportunities for local, regional and territory communities		
<u>Operating</u>		
Departmental Outputs	164 614	153 038
Administered Programmes	1 790 625	1 667 848
<u>Capital</u>		
Departmental Capital Injections	93 500	30 834
Administered Capital Injections	11 147	7 075
Total Outcome 2	2 059 886	1 858 795
Other		
Other Administered Expenses	0	878
Total Other	0	878
Total Operating and Capital Resources	3 785 558	3 437 921

Table 4: Departmental price of outputs

	2002–03 Budget \$'000	2002–03 Actual Result \$'000
Outcome 1 - A better transport system for Australia		
1.1 Transport Policy Advice	19 990	33 093
1.2 Transport Regulation and Standards	28 449	22 554
1.3 Transport Safety Investigations	9 302	11 339
1.4 Transport Programmes	15 624	12 963
1.5 Transport Research and Data	11 939	13 833
Total Departmental Outputs - Outcome 1	85 304	93 782
Outcome 2 - Greater recognition and development opportunities for local, regional and territory communities		
2.1 Regional Development Policy Advice	14 033	9 296
2.2 Regional Development Programmes	22 772	28 031
2.3 Services to Territories	122 315	106 220
2.4 Services to Local Governments	1 788	3 922
2.5 Natural Disaster Mitigation and Relief Arrangements	1 499	3 240
2.6 Regional Research and Data	2 207	2 329
Total Departmental Outputs - Outcome 2	164 614	153 038
Total Departmental Outputs	249 918	246 820

■ **Table 5: Administered programme operating expenses**

	2002–03 Budget \$'000	2002–03 Actual Result \$'000
Outcome 1 - A better transport system for Australia		
International Civil Aviation Organization - contribution	1 595	1 462
Subsidy for transition to location-specific pricing for airport control towers	7 000	7 000
International Maritime Organization - contribution	300	307
OECD Road Transport - contribution	40	24
Ansett - Rapid Route Recovery Scheme	5 000	5 900
Australia's response to foot and mouth disease and other quarantine risks	6 340	6 220
Implementation of Noise Amelioration for Adelaide Airport	21 815	13 231
Implementation of Noise Amelioration for Sydney Airport	9 000	7 736
Payment Scheme for Airservices Australia's Enroute Charges	6 000	4 787
Remote Air Services Subsidy Scheme	3 234	2 268
Tamworth Australasian-Pacific Aeronautical College	1 074	856
Alice Springs to Darwin Rail Link	5 050	13 900
Abt Railway - Federation Fund Project	50	50
Caboolture Motorway - Federation Fund Project	21 035	5 334
Beaudesert Shire Railway - Federation Fund Project	2 032	2 032
Murray River Bridges - Federation Fund Project	6 000	0
Gold Coast Light Rail Project	650	273
Management of residual issues of former Australian National Railway Commission	1 200	1 004
Upgrade of the Mainline Interstate Railway Track	15 000	0
National Highway and Roads of National Importance	980 747	980 747
Road Safety Black Spot Programme	44 500	44 500
Roads to Recovery Programme	200 000	200 000
Roads to Recovery Programme - Indian Ocean Territories and unincorporated areas	2 158	2 158
Bass Strait Passenger Vehicle Equalisation Scheme	26 550	31 774
Tasmanian Freight Equalisation Scheme	77 100	77 186
Payments to MIFCo (a)	32 617	32 137
Compensation payment to SACL for the sale of Sydney Airport land	2 500	2 747
Interstate Road Transport Fees	38 060	36 975
National Road Transport Commission	1 240	1 239
Oil Pollution Compensation Fund (b)	5 900	(471)
Sydney West Airports - Land Acquisition and Works	60	0
Sydney West Airports - Rental Properties	1 260	1 632
Act of Grace Payments	0	10
Depreciation	1 462	1 448
Total Outcome 1	1 526 569	1 484 466

■ **Table 5: Administered programme operating expenses *continued***

	2002–03 Budget \$'000	2002–03 Actual Result \$'000
Outcome 2 - Greater recognition and development opportunities for local, regional and territory communities		
Foundation for Rural and Regional Renewal	350	45
Regional and Rural Development Grant	160	137
Regional and Rural Research Information and Data	68	54
2002 - Year of the Outback	600	600
Construction of the Bert Hinkler Hall of Aviation Museum	1 500	50
Dairy Regional Assistance Programme	33 214	15 537
Regional Assistance Programme	24 533	21 918
Regional Solutions Programme	20 600	20 598
Rural Transactions Centres	30 619	13 098
Structural Adjustment Programme for the Wide Bay Burnett region of Queensland	2 346	1 178
Special Structural Adjustment Package for the South West Forests region of Western Australia	3 876	1 338
Sustainable Regions	40 180	6 242
Local Government Financial Assistance Grants	1 449 073	1 455 106
Payment to ACT - assistance for water and sewerage services	8 675	8 675
Payment to ACT - compensation for the effects of national capital influence on the costs of providing municipal services	21 571	21 571
National Aerial Firefighting Strategy	5 500	7 133
Natural Disaster Relief Arrangements	132 000	82 966
Regional Flood Mitigation Programme	15 125	8 754
Bushfire Appeals	0	2 500
Rural Communities (c)	0	(274)
Understanding Rural Australia (c)	0	(28)
Depreciation	635	650
Total Outcome 2	1 790 625	1 667 848
Net loss on sale of assets	0	442
Net write down of assets	0	430
Other	0	6
TOTAL ADMINISTERED EXPENSES	3 317 194	3 153 192

Notes:

- (a) The estimates represent expenses relating to the administration costs of the programme and interest charges associated with MIFCo's loan facility. Other expenses relating to the balance of actual Payments to MIFCo have been recognised in previous years, while the cash payments of around \$33m are recognised each year.
- (b) Negative expenses in 2002–03 are as a result of accrued revenues at 30 June 2002 (upon which accrued expenses are based) proving to be excessive. This estimate was based on the most recent receipts at that time, however, the value of oil pollution receipts received during 2002–03 were dramatically lower than those of recent years.
- (c) Negative expenses in 2002–03 are mainly due to the write-off of payables associated with section 8 appropriations.

■ **Table 6: Capital resources**

	2002–03 Budget \$'000	2002–03 Actual Result \$'000
Outcome 1 - A better transport system for Australia		
<u>Administered Capital</u>		
Australian Rail Track Corporation Equity Injection	111 000	0
Sydney West Airports - Land Acquisition and Works	2 799	0
Total	113 799	0
<u>Departmental Capital</u>	0	0
Total Capital Resources - Outcome 1	113 799	0
Outcome 2 - Greater recognition and development opportunities for local, regional and territory communities		
<u>Administered Capital</u>		
Loan to Norfolk Island Government - Cascade Cliff Safety Project	347	0
Loan to Norfolk Island Government - Norfolk Island Airport runway resurfacing	5 800	0
Natural Disaster Relief Arrangements (Loans)	5 000	7 075
Total	11 147	7 075
<u>Departmental Capital</u>		
Indian Ocean Territory Capital Programme	93 500	30 834
Total	93 500	30 834
Total Capital Resources - Outcome 2	104 647	37 909
TOTAL CAPITAL RESOURCES	218 446	37 909

2002–03 Financial Statements



INDEPENDENT AUDIT REPORT

To the Minister for Transport and Regional Services

Scope

I have audited the financial statements of Department of Transport and Regional Services for the year ended 30 June 2003. The financial statements comprise:

- Statement by the Chief Executive and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Contingencies and Commitments
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements.

The Department's Chief Executive is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Department's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of Department of Transport and Regional Services as at 30 June 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Darren Box
Executive Director

Delegate of the Auditor-General

Canberra
11 September 2003

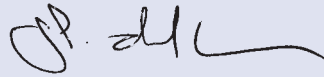
DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by the Finance Minister's Orders made under the Financial Management and Accountability Act 1997.



Ken Matthews
Chief Executive

11 September 2003



Jeremy Chandler
Chief Finance Officer

11 September 2003

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2003

Budget 2003 \$'000		Notes	Actual 2003 \$'000	Actual 2002 \$'000
Revenues from ordinary activities				
239 172	Revenues from Government	3A	229 264	213 008
10 076	Sales of goods and services	3B	10 720	10 203
808	Interest	3C	797	2 211
-	Sale of assets	3D	3 632	3 367
-	Other	3E	2 407	4 952
<u>250 056</u>	Revenues from ordinary activities		<u>246 820</u>	<u>233 741</u>
Expenses from ordinary activities (excluding borrowing costs expense)				
84 757	Employees	4A	83 938	76 597
133 461	Suppliers	4B	110 245	93 153
13 660	Depreciation and amortisation	4C	12 803	11 231
-	Write-down of assets	4D	2 960	1,366
-	Value of assets sold	3D	3 483	3,745
-	Other	4E	13 178	12,791
<u>231 878</u>	Expenses from ordinary activities (excluding borrowing costs expense)		<u>226 607</u>	<u>198 883</u>
	Borrowing costs expense	5	125	147
18 178	Net Operating surplus from ordinary activities		20 088	34 711
<u>18 178</u>	Net surplus		<u>20 088</u>	<u>34 711</u>
-	Net credit to asset revaluation reserve		16	146
<u>-</u>	Total revenues, expenses and valuation adjustments attributable to the Commonwealth and recognised directly in equity		<u>16</u>	<u>146</u>
<u>18 178</u>	Total changes in equity other than those resulting from transactions with owners as owners		<u>20 104</u>	<u>34 857</u>

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

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
STATEMENT OF FINANCIAL POSITION
as at 30 June 2003

Budget 2003 \$'000		Notes	Actual 2003 \$'000	Actual 2002 \$'000
Assets				
Financial assets				
9 094	Cash	6A	12 895	4 824
4 923	Receivables	6B	95 755	4 928
-	Investments	6C	-	28 000
1 049	Accrued Revenue	6D	909	1 049
<u>15 066</u>	Total financial assets		<u>109 559</u>	<u>38 801</u>
Non-financial assets				
112 858	Land and buildings	7A,D	122 112	102 058
203 047	Infrastructure, plant and equipment	7B,D	116 810	108 308
15 046	Intangibles	7C,D	9 027	10 338
2 158	Inventories	7E	1 945	2 158
2 176	Other	7F	1 008	2 176
<u>335 285</u>	Total non-financial assets		<u>250 902</u>	<u>225 038</u>
<u>350 351</u>	Total assets		<u>360 461</u>	<u>263 839</u>
Liabilities				
Interest Bearing Liabilities				
-	Lease Incentives	8	2 142	2 255
<u>-</u>	Total interest bearing liabilities		<u>2 142</u>	<u>2 255</u>
Provisions				
27 831	Employees	9B	28 108	26 814
-	Capital use charge	9A	-	1,289
<u>27 831</u>	Total provisions		<u>28 108</u>	<u>28 103</u>
Payables				
9 094	Suppliers	10A	7 552	9 099
2 827	Other	10B	10 547	875
<u>11 921</u>	Total payables		<u>18 099</u>	<u>9 974</u>
<u>39 752</u>	Total liabilities		<u>48 349</u>	<u>40 332</u>
Net Assets				
Equity				
171 672	Contributed equity	11	126 494	32 994
126 494	Retained surpluses or accumulated deficits	11	173 169	178 080
12 433	Reserves	11	12 449	12 433
<u>310 599</u>	Total equity interest	11	<u>312 112</u>	<u>223 507</u>
-	Current assets		112 512	43 135
-	Non-current assets		247 949	220 704
<u>-</u>	Total Assets		<u>360 461</u>	<u>263 839</u>
-	Current liabilities		27 018	17 716
-	Non-current liabilities		21 331	22 616
<u>-</u>	Total Liabilities		<u>48 349</u>	<u>40 332</u>

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

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
STATEMENT OF CASHFLOWS
for the year ended 30 June 2003

Budget 2003 \$'000		Notes	Actual 2003 \$'000	Actual 2002 \$'000
	OPERATING ACTIVITIES			
	Cash received			
239 034	Appropriations for outputs		239 034	212 793
10 082	Sales of goods and services		11 713	6 567
807	Interest received		807	2 221
218	Other		2 657	6 612
4 146	GST received from ATO		8 089	7 110
<u>254 287</u>	Total cash received		<u>262 300</u>	<u>235 303</u>
	Cash used			
83 602	Employees		82 679	74 060
133 443	Suppliers		123 423	95 518
303	Other		-	12 778
-	Cash transferred to the OPA		92 193	-
4 387	GST paid to ATO		8 154	7 209
<u>221 735</u>	Total cash used		<u>306 449</u>	<u>189 565</u>
<u>32 552</u>	Net cash from (used by) operating activities	13	<u>(44 149)</u>	<u>45 738</u>
	INVESTING ACTIVITIES			
	Cash received			
-	Proceeds from sales of property, plant and equipment		3 632	3 354
15 894	Proceeds from sale of financial instruments		342 000	327 690
<u>15 894</u>	Total cash received		<u>345 632</u>	<u>331 044</u>
	Cash used			
119 871	Purchase of property, plant and equipment and intangibles		46 624	30 870
-	Purchase of financial instruments		314 000	322 690
<u>119 871</u>	Total cash used		<u>360 624</u>	<u>353 560</u>
<u>(103 977)</u>	Net cash from (used by) investing activities		<u>(14 992)</u>	<u>(22 516)</u>
	FINANCING ACTIVITIES			
	Cash received			
93 500	Appropriations - contributed equity		93 500	355
<u>93 500</u>	Total cash received		<u>93 500</u>	<u>355</u>
	Cash used			
25 875	Capital use charge paid		25 875	22 534
-	Cash to the Official Public Account		413	-
<u>25 875</u>	Total cash used		<u>26 288</u>	<u>22 534</u>
<u>67 625</u>	Net cash from (used by) financing activities		<u>67 212</u>	<u>(22 179)</u>
<u>(3 800)</u>	Net increase (decrease) in cash held		<u>8 071</u>	<u>1 043</u>
4 824	Cash at the beginning of reporting period		4 824	3 781
<u>1 024</u>	Cash at the end of reporting period	6A	<u>12 895</u>	<u>4 824</u>

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

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF COMMITMENTS
as at 30 June 2003

	2003 \$'000	2002 \$'000
BY TYPE		
CAPITAL COMMITMENTS		
Land and buildings ¹	913	-
Infrastructure, plant and equipment ¹	6 337	5 865
Total capital commitments	7 250	5 865
OTHER COMMITMENTS		
Operating leases ²	63 474	53 737
Other commitments ³	23 200	35 309
Total other commitments	86 674	89 046
COMMITMENTS RECEIVABLE ⁴	6 243	6 068
Net commitments	87 681	88 843
BY MATURITY		
All net commitments		
One year or less	34 093	43 718
From one to five years	36 300	25 970
Over five years	17 288	19 155
Net commitments	87 681	88 843
Operating Lease Commitments		
One year or less	9 644	6 929
From one to five years	34 826	22 349
Over five years	19 004	19 155
Net operating lease commitments	63 474	48 433

Notes

¹ Land and Buildings and Infrastructure, plant and equipment were in respect of development on Christmas Island and Cocos (Keeling) Island.

² Operating leases are effectively non-cancellable and comprise leases for office accommodation and agreements for the provision of motor vehicles to senior executive officers.

³ Other commitments relates to the provision of goods and services to the Department.

⁴ Commitments receivable include GST recoveries in relation to the commitments payable.

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office accommodation	<ul style="list-style-type: none"> * The Department has entered into operating leases for office accommodation purposes. * Most Departmental leases contain a clause permitting market indexation, subject to agreement by both parties. In general the rent reviews take place at least once every two years.
Agreement for the provision of motor vehicles to senior executive officers	<ul style="list-style-type: none"> * Leaseplan is the new provider of vehicles for senior executive officers of the Department. However, some DASFleet contracts, set up under the previous provider, are being wound down and are included in this total. * Leases are for a minimum period of three months and typically extend two years. They may be extended for up to three months from the originally specified expiry date. * There are no existing contingent rental agreements between the Department and DASFleet or Leaseplan. * There are no renewal options available on the Agreement.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF UNQUANTIFIABLE COMMITMENTS
as at 30 June 2003

The following departmental commitments are not disclosed in monetary terms as the contracted costs are expected to vary each year and can only be determined at that point of time.

The operating lease with Telstra Enterprise Services (formerly Advantra Pty Ltd) for IT and other Communication support services is dependent on a number of variables. The contract will expire on 14 April 2004.

The contract with Australian Government Solicitor for the provision of Legal Services is based on time and materials and is terminable by either party, with 90 days notice.

The contract with Gaseng Petroleum Operations Pty Ltd for fuel arrangements on Christmas Island cannot be quantified with certainty as the contract price is based on supply. The contract expires on 3 February 2005.

The contract with Allan Burke Real Estate for the provision of Property Management and Auction Services on Christmas Island and Cocos (Keeling) Island cannot be quantified with certainty as it is based on a percentage of gross rental collection and auction commission. The contract expires on 11 March 2004.

**DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF CONTINGENCIES**

as at 30 June 2003

	2003	2002
	\$'000	\$'000
Contingent liabilities		
Claims for damages/costs ¹	155	1 751
Contingent assets		
Claims for damages/costs	-	-
<i>Net contingent liabilities</i>	<u>155</u>	<u>1 751</u>

Remote contingencies are disclosed in Note 14.

Details

¹ This amount represents an estimate of the Department's liability based on precedent cases. The Department is defending the claims.

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or considered remote, are disclosed in Note 14: Contingent Liabilities and Assets.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2003 \$'000	2002 \$'000
Revenues Administered on Behalf of Government <i>for the year ended 30 June 2003</i>			
Taxation Revenue			
Levies, Fees and Fines	20	294 878	231 597
Total Taxation Revenue		294 878	231 597
Non - Taxation Revenue			
Sales of Goods and Services	20	54 296	51 114
Interest	20	12 373	13 035
Dividends	20	41 625	33 510
Revenue from Sale of Assets	20	5 332	-
Other revenue	20	18 782	22 346
Total Non - Taxation Revenue		132 408	120 005
Total Revenues Administered on Behalf of Government		427 286	351 602
Expenses Administered on Behalf of Government <i>for the year ended 30 June 2003</i>			
Grants	21	2 966 563	3 365 959
Subsidies	21	147 945	92 281
Suppliers	21	33 310	52 714
Depreciation and Amortisation	21	2 098	660
Write-down of assets	21	430	8 055
Value of Assets Sold	21	442	-
Other	21	2 404	4 123
Total Expenses Administered on Behalf of Government		3 153 192	3 523 792

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES			
SCHEDULE OF ADMINISTERED ITEMS (continued)			
	Notes	2003 \$'000	2002 \$'000
Assets Administered on Behalf of Government			
<i>as at 30 June 2003</i>			
Financial Assets			
Cash	22	246	16
Receivables	22	205 886	201 474
Accrued Revenue	22	42 289	44 850
Investments	22	549 044	599 044
Total Financial Assets		797 465	845 384
Non Financial Assets			
Land and Buildings	22	68 162	72 425
Heritage Assets	22	13 360	13 349
Infrastructure, Plant and Equipment	22	2	-
Intangibles	22	4 387	4 671
Other	22	-	-
Total Non - Financial Assets		85 911	90 445
Total Assets Administered on Behalf of Government		883 376	935 829
Liabilities Administered on Behalf of Government			
<i>as at 30 June 2003</i>			
Payables			
Suppliers	23	1 165	8 899
Grants and Subsidies	23	112 958	128 642
Total Liabilities Administered on Behalf of Government		114 123	137 541
Net Assets Administered on Behalf of Government	24	769 253	798 288
Current Liabilities		25 628	44 495
Non Current Liabilities		88 495	93 046
Current Assets		55 658	47 975
Non Current Assets		827 718	887 854
This schedule should be read in conjunction with the accompanying notes.			

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2003	2002
	\$'000	\$'000
Administered Cash Flows		
<i>for the year ended 30 June 2003</i>		
Operating Activities		
Cash received		
Taxes fees and fines	299 028	205 734
Sales of Goods	8 546	6 484
Interest	12 391	12 879
Dividends	30 625	33 510
Cash from the Official Public Account		
Appropriations	3 146 432	3 187 181
Special Accounts	20 238	72 675
GST Received from the ATO	11 965	-
Other	26 381	22 346
Total cash received	3 555 606	3 540 809
Cash used		
Suppliers	36 505	60 284
Subsidies paid	149 962	118 899
Grant payments	2 989 995	3 082 896
Cash to Official Public Account	367 802	276 781
Other	10 609	4 240
Total cash used	3 554 873	3 543 100
Net cash from / (used in) operating activities	733	(2 291)
Investing Activities		
Cash received		
Equity repayments	50 000	-
Repayment of Advances	10 706	9 737
Sale of Property, Plant and Equipment	401	-
Total cash received	61 107	9 737
Cash used		
Advances and loans made	7 075	9 692
Cash to Official Public Account	61 107	-
Total cash used	68 182	9 692
Net cash from / (used in) investing activities	(7 075)	45
Financing Activities		
Cash received		
Cash from Official Public Account		
GST Appropriations	12 962	14 688
Capital injections	7 075	341
Total cash received	20 037	15 029
Cash used		
Cash to Official Public Account		
Return of GST Appropriations	13 465	13 296
Total cash used	13 465	13 296
Net cash from / (used in) financing activities	6 572	1 733
Net increase (decrease) in cash held	230	(513)
Cash at the beginning of the reporting period	16	529
Cash at the end of the reporting period	246	16

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES		
SCHEDULE OF ADMINISTERED ITEMS (continued)		
	2003	2002
	\$'000	\$'000
Administered Commitments		
<i>as at 30 June 2003</i>		
BY TYPE		
Capital Commitments		
Investments ⁽¹⁾	143 400	-
Total Capital Commitments	143 400	-
Other Commitments		
Project Commitments	2 719 191	3 318 768
Goods and Services	4 495	5 127
Other ⁽²⁾	11 532	41 246
Total Other Commitments	2 735 218	3 365 141
Commitments Receivable	3 464	1 538
Net Administered Commitments	2 875 154	3 363 603
BY MATURITY		
All net commitments		
One year or less	1 093 819	1 109 060
From one to five years	1 781 335	2 254 543
Over five years	-	-
Net Administered Commitments	2 875 154	3 363 603
NB: All 2002-03 commitments are GST inclusive where relevant.		
(1) Capital commitments relate to an Australian Rail Track Corporation equity injection.		
(2) Other commitments comprise grants and subsidies payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. It comprises mainly payments made under the Rural Transaction Centre Program and Location Specific Pricing Subsidy Scheme.		
This schedule should be read in conjunction with the accompanying notes.		

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES		
SCHEDULE OF ADMINISTERED ITEMS (continued)		
<i>as at 30 June 2003</i>		
	2003	2002
	\$'000	\$'000
Administered Contingencies		
<i>as at 30 June 2003</i>		
Administered Contingent liabilities		
Guarantee to Northern Territory Government ¹	12 500	-
Total contingent liabilities	<u>12 500</u>	<u>-</u>
Administered Contingent assets	<u>-</u>	<u>-</u>
Net Administered Contingent liabilities	<u>12 500</u>	<u>-</u>
(1) Guarantee given to underwrite the construction of the Alice Springs to Darwin railway		
Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified, or are considered remote are shown at Note 25.		
Statement of Activities Administered on Behalf of Government		
The major administered activities of Transport and Regional Services are directed toward achieving the two outcomes described in Note 1 to the Financial Statements. The major financial activities are the collection of levies charged to the airline industry and the administration of grants to assist the States and Territories improve Australia's transport system and develop opportunities for their local communities. Details of planned activities for the year can be found in Transport and Regional Services Portfolio Budget and Portfolio Additional Estimates Statements for 2002-03 which have been tabled in the Parliament.		
This schedule should be read in conjunction with the accompanying notes.		

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note	Description
1	Summary of Significant Accounting Policies
2	Events Occurring after Reporting Date
3	Operating Revenues
4	Operating Expenses
5	Borrowing Costs Expense
6	Financial Assets
7	Non-Financial Assets
8	Interest Bearing Liabilities
9	Provisions
10	Payables
11	Equity
12	Restructuring
13	Cash Flow Reconciliation
14	Contingent Liabilities and Assets
15	Executive Remuneration
16	Remuneration of Auditors
17	Average Staffing Levels
18	Act of Grace Payments, Waivers and Defective Administration Scheme
19	Financial Instruments
20	Revenues Administered on Behalf of Government
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24	Administered Reconciliation Table
25	Administered Contingent Liabilities and Assets
26	Administered Investments
27	Restructuring
28	Administered Financial Instruments
29	Appropriations
30	Assets held in Trust
31	Reporting of Outcomes

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of Department of Transport and Regional Services (DOTARS)

The Department contributes to the achievement of the Portfolio outcomes:

1. A better transport system for Australia; and
2. Greater recognition and opportunities for local, regional and territory communities.

DOTARS activities contributing towards these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by DOTARS in its own right. Administered activities involve the management or oversight by DOTARS on behalf of the Government of items controlled or incurred by the Government.

Departmental activities are identified under five headings for Outcome 1 and six for Outcome 2. The Outcome 1 Outputs are Transport Policy Advice, Transport Regulation and Standards, Transport Safety Investigations, Transport Programmes, and Transport Research and Data. And the Outcome 2 Outputs are Regional Development Policy Advice, Regional Development Programmes, Services to Territories, Services to Local Governments, Natural Disaster Mitigation and Relief Arrangements, and Regional Research and Data.

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general-purpose financial report.

The statements have been prepared in accordance with:

- The Finance Minister's Orders (or FMO's, being the *Financial Management and Accountability (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Boards; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets, which are unrecognised, are reported in the Schedule of Commitments and the Schedule of Contingencies (other than remote contingencies, which are reported at Note 14 and 25).

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The continued existence of DOTARS in its present form, and with its present outputs and programmes, is dependent on the Government's policy and on continuing appropriations by Parliament for the Department's administration and programmes.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Agency items, except where otherwise stated at Note 1.21.

1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2001-2002, except in respect of:

- The accounting for output appropriations (refer to Note 1.4);
- Recognition of equity injections (refer to Note 1.5);
- Measurement of certain employee benefits at nominal amounts (refer to Note 1.6).
- The initial revaluation of land and buildings and property, plant and equipment on a fair value basis (refer to Note 1.12)
- The imposition of an impairment test for non-current assets carried at cost (refer to Note 1.13)

Note 1 - Summary of Significant Accounting Policies (cont)

1.4 Revenue

Revenues from Government

Departmental outputs appropriations for the year (less any savings offered up at Additional Estimates) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

In 2002-03, DOTARS was undertaking two activities funded on a reciprocal basis. The recognition of certain output appropriation when earned is a change of accounting policy resulting from changed funding arrangements (Refer Note 6B).

Resources Received Free of Charge

Services received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (Refer to Note 1.5)

Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

1.5 Transactions with the Government as Owner

Equity injections

From 1 July 2002, the FMO's require that amounts of appropriations designated as 'equity injections' (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity as at 1 July or later date of effect of the appropriation.

This is a change of accounting policy from 2001-02 to the extent any part of an equity injection that was dependent on specific future events occurring was not recognised until the appropriation was drawn down.

The change in policy has had a \$3 800 000 effect in 2002-03.

Restructuring of Administered Arrangements

Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Capital Use Charge

A Capital Usage Charge of 11% (2002: 11%) is imposed by the Government on departmental net assets of DOTARS at year-end. The net assets figure is adjusted to take account of asset gifts and revaluation increments during the financial year. The Charge is accounted for as a dividend to Government.

In accordance with the recommendations of a review of Budget Estimates and Framework, the Government has decided that the Charge will not operate after 30 June 2003.

Other distributions to owners

The FMO's require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2002-03, DOTARS by agreement with Finance returned \$413,000 surplus Output Appropriation (or cash) to the Official Public Account.

Note 1 - Summary of Significant Accounting Policies (cont)

1.6 Employee Benefits

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

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required by initial application of a new Accounting Standard AASB 1028 from 1 July 2002. This change in policy had no financial effect at 1 July, however, it resulted in an increase of \$400,853 at 30 June 2003.

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

Leave

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

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

The liability for long service leave has been determined by reference to the work of an actuary in 2001-02. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is also made for separation and redundancy payments in circumstances where DOTARS has a detailed plan for terminations and has informed the employees affected that it will carry out terminations.

Superannuation

Staff of DOTARS are members of the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

DOTARS makes employer contributions to the Commonwealth at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the DOTARS employees.

The liability for superannuation recognised as at 30 June represent outstanding contributions for the final fortnight of the year.

1.7 Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are charged to the Statement of Financial Performance on a basis which is representative of the pattern of benefits derived from the leased assets. The lessor effectively retains the risks and benefits incidental to ownership. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

DOTARS entered into a sale and leaseback operating lease in 1999-2000 for IT equipment. The carrying amounts of relevant assets were written down to fair value with effect from 1 July 1999 with the consequent loss on sale of \$3.4m being amortised over the period of the lease.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability over the estimated useful life or the unexpired period of the lease.

Note 1 - Summary of Significant Accounting Policies (cont)

1.8 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

DOTARS had no qualifying assets for which funds were borrowed specifically in 2002-03.

1.9 Cash

Cash includes notes and coins held, and any deposits held at call with a bank or financial institution, and term deposits with a bank or financial institutions.

1.10 Financial Instruments

Accounting policies for financial instruments are summarised at Note 19 and Note 28.

1.11 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.12 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000. These are expensed in the year of acquisition, other than where they form part of a group of similar items, which are significant in total.

Items of plant and equipment acquired as part of a leasehold fitout are capitalised in the year of acquisition regardless of historical cost. Leasehold improvements are valued on a project basis and therefore include items of plant and equipment with a unit value of less than \$5,000.

Revaluations

Basis

Land, buildings, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*.

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

Asset Class	Fair value measured at:	Deprival value measured at:
Land	Market selling price or the best available market evidence	Current market buying price
Buildings on Freehold land	Market selling price or the best available market evidence	Depreciated replacement cost
Leasehold Improvements	Depreciated replacement cost	Depreciated replacement cost
Infrastructure, Plant & Equipment	Market selling price or the best available market evidence	Depreciated replacement cost
Heritage assets	Market selling price or the best available market evidence	Depreciated replacement cost

Under both deprival and fair value, assets that are surplus to requirements are measured at their net realisable value. At 30 June 2003, DOTARS had no such assets in this situation. (30 June 2002: \$0)

Note 1 - Summary of Significant Accounting Policies (cont)

The financial effect for 2002-03 of this change in policy relates to those assets recognised at fair value at 30 June 2003. The financial effect of the change is given by the difference between the carrying amounts at 30 June 2002 of these assets and their fair values as at 1 July 2002. The financial effect by class is as follows:

<i>Asset Class</i>	<i>Adjustment</i>	<i>Contra Account</i>
Infrastructure, Plant & Equipment	\$12 880 DR	Revaluation Reserve
Land Administered on Behalf of Government	\$3 091 335 CR	Accumulated Results
Buildings on Freehold land Administered on Behalf of Government	\$153 DR	Revaluation Reserve
Heritage assets Administered on Behalf of Government	\$1 283 162 DR	Revaluation Reserve

The total financial effect was to:

- Increase Departmental Infrastructure, Plant and Equipment by \$12 880 and increase the Departmental Asset Revaluation Reserve by \$12 880;
- Decrease Administered Land and Buildings by \$3 091 182 and increase Administered Heritage assets by \$1 283 162, decrease Administered accumulated results by \$3 091 335 and increase Administered Asset Revaluation Reserve by \$1 283 315;

Accounting Standard AAS 6 *Accounting Policies* requires, where practicable, presentation of the information that would have been disclosed in the 2001-02 had the new accounting policy always been applied. It is impracticable to present this information.

Frequency

Land, buildings on freehold land, leasehold improvements, infrastructure, plant and equipment are revalued progressively in successive three-year cycles. DOTARS is implementing this cyclical asset valuation on a geographical basis and in 2002-2003, valuations were completed for Norfolk Island and Regional Office assets.

Assets in each class acquired after the commencement of the progressive revaluation cycle will be reported on the basis of the value initially recognised on acquisition until the next revaluation for that asset class and location.

Conduct

All valuations are conducted by an independent qualified valuer.

Depreciation and Amortisation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives. In all cases, the straight-line method of depreciation is used by DOTARS. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in price only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are as follows:

	2002-2003	2001-2002
Buildings on freehold land	25 to 60 years	25 to 60 years
Leasehold improvements	Lease term	Lease term
Infrastructure, plant and equipment	3 to 80 years	3 to 80 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

Recoverable amount test

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

Note 1 - Summary of Significant Accounting Policies (cont)

No assets have been written down to recoverable amount per AAS 10, so this change in policy has had no financial effect.

1.13 Intangibles

DOTAR'S intangibles comprise purchased software configured for internal use. These assets are carried at cost.

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

However Schedule 1 now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

All software assets were assessed for impairment as at 1 July 2002 and 30 June 2003 and none were found to be impaired.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of DOTARS software is five years (2001-02: 5 years)

1.14 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventory not held for resale is valued at cost, unless it is no longer required, in which case it is valued at net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- stores - purchase cost on a 'First In First Out' basis; and
- finished goods - cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

1.15 Taxation

DOTARS is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

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

1.16 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency balances are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.17 Insurance

DOTARS has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

1.18 Comparative Figures

Comparative figures have been adjusted to conform with changes in presentation in these financial statements where required.

Note 1 - Summary of Significant Accounting Policies (cont)

1.19 Budget

To assist in meeting the responsibilities of the Government to public accountability, these financial statements present Budget comparatives as presented in the Portfolio Additional Estimates Statements (PAES). The PAES supplement the original Portfolio budget statements for the year to support the Parliament's consideration of DOTARS Budget.

1.20 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- remuneration of executives;
- remuneration of auditors; and
- act of grace payments and waivers.

1.21 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application to the greatest extent possible of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered appropriations received or receivable from the Official Public Account (OPA) are not reported as administered revenues or assets respectively. Similarly, administered receipts transferred or transferable to the OPA are not reported as administered expenses or payables. These transactions or balances are internal to the Administered entity.

These transfers of cash are reported as administered (operating) cash flows and in the administered reconciliation table in Note 24.

Accounting policies, which are relevant to, administered activities only of DOTARS are disclosed below.

Grants Liabilities and Commitments

DOTARS administers a number of grant programmes on behalf of the Commonwealth.

Grant liabilities are recognised to the extent that:

- (I) the services required to be performed, by the grantee have been performed, or
- (II) the grant eligibility criteria have been satisfied.

A commitment is recorded when the Commonwealth has a binding agreement to make the grants but services have not been performed, or criteria satisfied. Where grant moneys are paid in advance of performance or eligibility, a prepayment is recognised.

Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole-of-Government level.

The Commonwealth's investment in other controlled authorities and companies in this portfolio is valued at the aggregate of the Commonwealth's share of the net assets or net liabilities of each entity fixed at 30 June 1997, as adjusted for any subsequent capital injections or withdrawals.

Non-Financial Assets - Airport Land

The Department has not placed a monetary valuation on freehold land at airports leased by the Commonwealth to private sector interests. This policy takes account of the fact that land at the 20 civilian airports owned by the Commonwealth are subject to lease arrangements whereby the land is leased for 50 years with a 49 year extension option. Consideration consists of upfront payments from the lessors, without any subsequent annual lease payments. For the purpose of financial reporting the land at these airports is therefore assessed as having no deprival value because of the extended period before which any future revenue stream will accrue.

Infrastructure built on the freehold land is an asset of the lessor and is also not reflected in the accompanying financial statements.

Note 2: Events Occurring after Reporting Date

No material events have occurred after balance date.

	2003 \$'000	2002 \$'000
Note 3 - Operating Revenues		
<u>Note 3A - Revenues from Government</u>		
Appropriations for outputs	229 034	212 793
Resources received free of charge	230	215
Total revenues from government	<u>229 264</u>	<u>213 008</u>
<u>Note 3B - Goods and Services</u>		
Revenues from Services		
Airport/Marine	2 101	1 190
Electricity, water and sewerage	4 631	4 898
Health/Housing	1 179	855
Services provided to other government agencies	1 751	1 829
Other	1 058	1 431
Total sales of services	<u>10 720</u>	<u>10 203</u>
Rendering of services to:		
Related Entities	2 500	1 681
External Entities	8 220	8 522
Total rendering of services	<u>10 720</u>	<u>10 203</u>
<u>Note 3C - Interest Revenue</u>		
Interest on Deposits	797	2 211
	<u>797</u>	<u>2 211</u>
<u>Note 3D - Net Gain from Sale of Assets</u>		
Land and Buildings		
Proceeds from sale (Disposal)	3 489	3,138
Net book value of assets disposed	(2 957)	(3 445)
Net gain / (loss) from disposal of land and buildings	<u>532</u>	<u>(307)</u>
Infrastructure, plant and equipment		
Proceeds from sale (Disposal)	143	229
Net book value of assets disposed	(526)	(300)
Net gain / (loss) from disposal of infrastructure, plant and equipment	<u>(383)</u>	<u>(71)</u>
TOTAL proceeds from disposal	3 632	3 367
TOTAL value of assets disposed	(3 483)	(3 745)
TOTAL net gain / (loss) from disposal of assets	<u>149</u>	<u>(378)</u>
<u>Note 3E - Other Revenue</u>		
Insurance Recoveries	253	126
Rental Income	1 622	1 566
Other	532	3 260
Total	<u>2 407</u>	<u>4 952</u>
Note 4 - Operating Expenses		
<u>Note 4A - Employee Expenses</u>		
Wages and Salary	63 199	60 428
Superannuation	9 930	8 799
Leave and other entitlements	5 708	3 485
Separation and redundancies	1 695	1 664
Other employee expenses	3 004	1 973
Total employee benefits expense	<u>83 536</u>	<u>76 349</u>
Worker compensation premiums	402	248
Total employee expenses	<u>83 938</u>	<u>76 597</u>

	2003 \$'000	2002 \$'000
Note 4 - Operating Expenses (cont)		
<u>Note 4B - Suppliers Expenses</u>		
Goods from external entities	3 051	2 546
Services from related entities	23 372	18 509
Services from external entities	75 269	64 576
Operating lease rentals*	<u>8 553</u>	<u>7 523</u>
Total supplier expenses	<u>110 245</u>	<u>93 153</u>

* These comprise minimum lease payments only

Note 4C - Depreciation and Amortisation

Depreciation

Buildings	2 690	2 270
Infrastructure, property, plant and equipment	<u>7 098</u>	<u>7 011</u>
Total Depreciation	<u>9 788</u>	<u>9 281</u>

Amortisation

Leasehold improvements	1 050	839
Intangibles - Computer Software	<u>1 965</u>	<u>1 111</u>
Total Amortisation	<u>3 015</u>	<u>1 950</u>

Total depreciation and amortisation

<u>12 803</u>	<u>11 231</u>
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The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class

Buildings on freehold land	2 690	2 270
Leasehold improvements	1 050	839
Infrastructure, plant and equipment	<u>7 098</u>	<u>7 011</u>
Intangibles	<u>1 965</u>	<u>1 111</u>
Total	<u>12 803</u>	<u>11 231</u>

No depreciation/amortisation was allocated to the carrying amounts of other assets.

	2003 \$'000	2002 \$'000
Note 4 - Operating Expenses (cont)		
<u>Note 4D - Write Down of Assets</u>		
Non-financial assets		
Land & buildings	-	463
Land & buildings - revaluation decrement	-	364
Infrastructure, plant and equipment	11	406
Intangibles	2 949	133
Total write down of assets	2 960	1 366
<u>Note 4E - Other Expenses</u>		
Local Government	4 728	5 389
Rebates and subsidies	356	771
Insurance	3 262	1 440
Recognition of asset revaluation decrement	-	1 473
Compensation	411	59
Other operating expenses	4 421	3 659
Total	13 178	12 791
<u>Note 5 - Borrowing costs expense</u>		
Leases	125	147
Total borrowing costs expense	125	147
Note 6 - Financial Assets (see note 19)		
<u>Note 6A: Cash</u>		
Cash on hand:		
Departmental (other than special accounts)	12 895	4 824
Total cash	12 895	4 824
<u>Note 6B - Receivables</u>		
Goods and services	2 855	4 264
less: Provision for doubtful debts	(631)	(609)
	2 224	3 655
GST receivable from Australian Taxation Office	1 338	1 273
Appropriation receivable	92 193	-
Total receivables (net)	95 755	4 928
All receivables are current assets		
Receivables (Gross) are aged as follows:		
Not Overdue	95 091	3 511
Overdue by:		
less than 30 days	82	253
30 to 60 days	275	100
60 to 90 days	87	44
more than 90 days	851	1 630
Total receivable (gross)	96 386	5 537
The provision for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	631	609
Total provision for doubtful debts	631	609
<u>Note 6C - Investments</u>		
Term Deposits (Current)	-	28 000
<u>Note 6D - Accrued Revenue</u>		
Related entities	406	378
External entities	503	671
Total accrued revenue	909	1 049

	2003 \$'000	2002 \$'000
Note 7 - Non-Financial Assets		
<u>Note 7A - Land and Buildings</u>		
Freehold land		
- at valuation 30 April 2001 (deprival)	1 915	4 301
- at valuation 30 June 2001 (deprival)	<u>2 200</u>	<u>-</u>
Total freehold Land	<u>4 115</u>	<u>4 301</u>
Buildings on freehold land		
- at cost	24 508	11
Accumulated depreciation	<u>(194)</u>	<u>-</u>
	24,314	11
- at valuation (30 April 2001) (deprival)	77 046	72 575
Accumulated depreciation	<u>(4 453)</u>	<u>(2 351)</u>
	72 593	70 224
- at valuation (30 June 2001) (deprival)	11 684	11 684
Accumulated depreciation	<u>(424)</u>	<u>(233)</u>
	11 260	11 451
- work in progress (at cost)	<u>502</u>	<u>8 574</u>
Total Buildings on freehold land	<u>108 669</u>	<u>90 260</u>
Leasehold Improvements		
- at Cost	1 027	-
Accumulated amortisation	<u>(188)</u>	<u>-</u>
	839	-
- at valuation (30 June 2002)	7 638	7 497
Accumulated amortisation	<u>(907)</u>	<u>-</u>
	6 731	7 497
- work in progress (at cost)	<u>1,758</u>	<u>-</u>
Total leasehold improvements	<u>9 328</u>	<u>7 497</u>
Total Land and Buildings	<u>122 112</u>	<u>102 058</u>

	2003 \$'000	2002 \$'000
Note 7 - Non-Financial Assets (cont)		
<u>Note 7B - Infrastructure, Plant and Equipment</u>		
- at cost	21 732	15
Accumulated depreciation	<u>(1 117)</u>	<u>-</u>
	20 615	15
- at valuation (30 June 2000) (deprival)	35	167
Accumulated depreciation	<u>(33)</u>	<u>(93)</u>
	2	74
- at valuation (30 April 2001) (deprival)	84 843	86 884
Accumulated depreciation	<u>(11 735)</u>	<u>(6 968)</u>
	73 108	79 916
- at valuation (30 June 2001) (deprival)	9 077	9 077
Accumulated depreciation	<u>(1 013)</u>	<u>(606)</u>
	8 064	8 471
- at valuation (30 June 2002) (deprival)	2 278	2 540
Accumulated depreciation	<u>(348)</u>	<u>(13)</u>
	1 930	2 527
- at valuation (30 June 2003) (Fair Value)	107	-
Accumulated depreciation	<u>-</u>	<u>-</u>
	107	-
- work in progress (at cost)	<u>12 984</u>	<u>17 305</u>
Total infrastructure, plant and equipment	<u><u>116 810</u></u>	<u><u>108 308</u></u>

Note 7C - Intangibles

Purchased computer software - at cost (non-current)	12 194	6 040
Accumulated amortisation	<u>(4 306)</u>	<u>(2 341)</u>
	7 888	3 699
Purchased computer software - work in progress (non-current)	<u>1 139</u>	<u>6 639</u>
Total intangibles	<u><u>9 027</u></u>	<u><u>10 338</u></u>

Note 7E - Inventories

Finished goods (cost)	<u>120</u>	<u>8</u>
Inventories held for sale	120	8
Inventories not held for sale (cost)	<u>1 825</u>	<u>2 150</u>
Total inventories	<u><u>1 945</u></u>	<u><u>2 158</u></u>
Current	809	960
Non-current	1 136	1 198

Note 7 - Non-Financial Assets (cont)

Note 7D - Analysis of Property, Infrastructure, Plant, Equipment and Intangibles

TABLE A - Movement Summary 2002-2003 for all assets irrespective of valuation basis

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Total land and buildings \$'000	Infrastructure, plant and equipment \$'000	Intangibles \$'000	TOTAL \$'000
As at 1 July 2002							
Gross book value	4 301	92 844	7 497	104 642	115 989	12 679	233 310
Accumulated depreciation / amortisation	-	(2 584)	-	(2 584)	(7 681)	(2 341)	(12 606)
Net book value	4,301	90,260	7,497	102,058	108,308	10,338	220,704
Additions							
by purchase	-	23 839	2 881	26 720	16 164	3 590	46 474
by acquisition of operations	-	-	-	-	-	-	-
Asset Transferred In	-	31	-	31	-	13	44
Net revaluation increment / (decrement)	-	-	-	-	16	-	16
Depreciation / amortisation expense	-	(2 690)	(1 050)	(3 740)	(7 098)	(1 965)	(12 803)
Recoverable amount write-downs	-	-	-	-	-	-	-
Disposals							
from disposal of operations	-	-	-	-	-	-	-
other disposals	(186)	(2 771)	-	(2 957)	(526)	-	(3 483)
Asset Transferred Out	-	-	-	-	(43)	-	(43)
Write Offs	-	-	-	-	(11)	(2 949)	(2 960)
As at 30 June 2003							
Gross book value	4 115	113 740	10 423	128 278	131 056	13 333	272 667
Accumulated depreciation / amortisation	-	(5 071)	(1 095)	(6 166)	(14 246)	(4 306)	(24 718)
Net book value	4 115	108 669	9 328	122 112	116 810	9 027	247 949

TABLE B - Assets at Valuation

Item	Land \$'000	Buildings \$'000	Buildings- Leasehold Improvements \$'000	Total land and buildings \$'000	Infrastructure, plant and equipment \$'000	Computer Software Intangibles \$'000	TOTAL \$'000
As at 30 June 2003							
Gross value	4 115	88 730	7 638	100 483	96 894	-	197 377
Accumulated depreciation / amortisation	-	(4 877)	(907)	(5 784)	(13 275)	-	(19 059)
Net book value	4 115	83 853	6 731	94 699	83 619	-	178 318
As at 30 June 2002							
Gross value	4 301	84 259	7 498	96 058	98 668	-	194 726
Accumulated depreciation / amortisation	-	(2 584)	-	(2 584)	(7 680)	-	(10 264)
Net book value	4 301	81 675	7 498	93 474	90 988	-	184 462

TABLE C - Assets Under Construction

Item	Land \$'000	Buildings \$'000	Buildings- Leasehold Improvements \$'000	Total land and buildings \$'000	Infrastructure, plant and equipment \$'000	Computer Software Intangibles \$'000	TOTAL \$'000
As at 30 June 2003							
Gross value	-	502	1 758	2 260	12 984	1 139	16 383
Net book value	-	502	1 758	2 260	12 984	1 139	16 383
As at 30 June 2002							
Gross value	-	8 574	-	8 574	17 305	6 639	32 518
Net book value	-	8 574	-	8 574	17 305	6 639	32 518

	2003 \$'000	2002 \$'000
Note 7 - Non-Financial Assets (cont)		
<u>Note 7F - Other Non Financial Assets</u>		
Prepayments	1 008	2 176
All other non-financial assets are current assets		
Note 8 - Interest Bearing Liabilities		
<u>Note 8 - Lease Incentives</u>		
Lease incentives	2 142	2 255
Interest bearing liabilities are represented by:		
Current	411	358
Non-current	1 731	1 897
Total interest bearing liabilities	2 142	2 255
Note 9 - Provisions		
<u>Note 9A - Capital Use Charge Provision</u>		
Capital Use Charge	-	1 289
Balance owing 1 July	1 289	-
Capital Use Charge provided for during the period	24 586	24 614
Capital Use Charge paid	25 875	23 325
Balance Owing 30 June	-	1 289
The Capital Use Charge provision is a current liability		
<u>Note 9B - Employee Provisions</u>		
Salaries and wages	2 445	2 356
Annual leave	10 422	10 233
Long service leave	14 886	13 971
Superannuation	355	254
Aggregate employee entitlement liability	28 108	26 814
Current	8 508	6 095
Non-current	19 600	20 719
Note 10 - Payables		
<u>Note 10A - Supplier Payables</u>		
Trade creditors	3 440	2 189
Accrued expenses	4 052	6 794
Operating lease rentals	-	7
Other	60	109
Total supplier payables	7 552	9 099
Supplier payable are represented by:		
Current	7 552	9 099
Non-current	-	-
Total supplier payables	7 552	9 099
<u>Note 10B - Other Payables</u>		
Surplus Lease Space Liability (12 months or less)	-	71
Deferred Appropriation	10 000	-
Unearned Income	547	804
Total other payables	10 547	875
All other payables are current liabilities		

Note 11 - Equity

Analysis of Equity

Item	Accumulated Results		Asset Revaluation Reserves		Contributed Equity		TOTAL EQUITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Opening Balance as at 1 July	178 080	167 983	12 433	12 287	32 994	34 225	223 507	214 495
Net surplus/deficit	20 088	34 711	-	-	-	-	20 088	34 711
Net revaluation increment/(decrement)	-	-	16	146	-	-	16	146
Transactions with owner:								
Distributions to owner:								
Returns on Capital								
Dividends	-	-	-	-	-	-	-	-
Capital User Charge	(24 586)	(24 614)	-	-	-	-	(24 586)	(24 614)
Returns of Capital								
Restructuring	-	-	-	-	-	(1 231)	-	(1 231)
Returns of contributed equity	(413)	-	-	-	-	-	(413)	-
Contributions by owner:								
Appropriations (equity injections)	-	-	-	-	93 500	-	93 500	-
Restructuring	-	-	-	-	-	-	-	-
Transfers to/(from)/between reserves	-	-	-	-	-	-	-	-
Closing Balance as at 30 June	173 169	178 080	12 449	12 433	126 494	32 994	312 112	223 507
<i>Less: outside equity interests</i>	-	-	-	-	-	-	-	-
Total equity attributable to the Commonwealth	173 169	178 080	12 449	12 433	126 494	32 994	312 112	223 507

Note 12 - Restructuring

As a result of administrative arrangements, DOTARS assumed responsibility on 26 November 2001 for the following functions:

- The Area Consultative Committees and the Regional Assistance Programme from the Department of Employment and Workplace Relations; and
- Natural Disaster Relief Arrangements from the Department of Finance and Administration.

DOTARS relinquished its responsibility for the customs functions in the Indian Ocean Territories to the Australian Customs Service, in accordance with Customs Amendment Ordinance 2001 (No 1).

In respect of the functions assumed, the net book values of assets and liabilities transferred to DOTARS for no consideration and recognised as at the date of transfer were:

	2003 \$'000	2002 \$'000
Total assets recognised	-	659
Total liabilities recognised	-	(1 514)
Net assets assumed	<u>-</u>	<u>(855)</u>
In respect of functions relinquished, the following assets and liabilities were transferred by DOTARS:		
Total assets relinquished	-	(376)
Total liabilities relinquished	-	-
Net assets relinquished	<u>-</u>	<u>(376)</u>
Net contribution by Government as owner during the year	<u>-</u>	<u>(1 231)</u>
Area Consultative Committees & Regional Assistance Programme		
<i>Revenues</i>		
Recognised by the Department of Employment and Workplace Relations	-	5 579
Recognised by DOTARS	-	4 594
Total revenues	<u>-</u>	<u>10 173</u>
<i>Expenses</i>		
Recognised by the Department of Employment and Workplace Relations	-	5 576
Recognised by DOTARS	-	3 556
Total expenses	<u>-</u>	<u>9 132</u>
Natural Disaster Relief Arrangements		
<i>Revenues</i>		
Recognised by the Department of Finance	-	120
Recognised by DOTARS	-	1 515
Total revenues	<u>-</u>	<u>1 635</u>
<i>Expenses</i>		
Recognised by the Department of Finance	-	120
Recognised by DOTARS	-	825
Total expenses	<u>-</u>	<u>945</u>

	2003 \$'000	2002 \$'000
Note 13 - Cash Flow Reconciliation		
<u>Note 13 - Cash Flow Reconciliation</u>		
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	12 895	4 824
Statement of Financial Position items comprising above cash: 'Financial Asset - Cash'	12 895	4 824
Reconciliation of operating surplus (deficit) to net cash provided by operating activities:		
Net surplus (deficit)	20 088	34 711
Other revenue (Discovered Assets)	-	(620)
Depreciation/Amortisation	12 803	11 231
(Profit) Loss on sale of non-current assets	(149)	378
Net Write-Down of Non-Financial Assets	3 056	1 366
Increase in net assets from restructuring	-	-
<i>Changes in assets/liabilities:</i>		
Decrease (increase) in receivables	(90 926)	(1 779)
Decrease (increase) in accrued revenue	140	1 930
Decrease (increase) in inventories	213	(96)
Decrease (increase) in other assets	1 168	238
(Decrease) increase in other debt	(113)	(325)
(Decrease) increase in payables	(1 395)	(3 788)
(Decrease) increase in employee provisions	1 294	2 513
(Decrease) increase in unearned income	9 672	(21)
Net cash provided by operating activities	(44 149)	45 738

Note 14 - Contingent Liabilities & Assets*Quantifiable Contingencies*

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$155 000 (2002: \$1 751 000). The amount represents estimate of DOTARS liability based on precedent cases. The Department is defending the claims.

Unquantifiable Contingencies

The Department has two personal injury claims which it is defending in the courts. Costs that may arise from this claim cannot be determined and is therefore unquantifiable.

The Department has resumed 42.5 hectares of mining lease from Phosphate Resources Ltd (PRL) to build a detention centre on Christmas Island. The Department will compensate PRL for loss of phosphate mining capacity. The matter is currently in arbitration and the amount of compensation settlement is yet to be determined.

Remote Contingencies

The following claims against the Department have been reported as remote contingencies as there is a low likelihood of the matters being resolved against the Department.

Arcadia & Anor V Brown & Anors

The plaintiffs allege that Minister Brown and employees of the Department negligently made statements regarding the Motor Vehicle Standards Act and imposition of a \$12,000 import tariff on second hand vehicles. The amount being claimed is \$3.6m.

Ain bin Marsh V Commonwealth

A claim for \$1.5m is being made against the Commonwealth by ex-Christmas Island residents for unconscionable conduct.

AA Transport Projects P/L & Glennan V Commonwealth & NSW

The plaintiffs are claiming \$0.5m damages resulting from the operation of Sydney Airport.

McLaughlin & Anor V Commonwealth & Ors

The plaintiffs allege that they have a right of access over Commonwealth land and are seeking declaratory and injunctive relief, unspecified damages and compensation in relation to the alleged interference with their right of access plus costs.

	2003	2002
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Note 15 - Executive Remuneration

The number of executives who received or were due to receive total remuneration of \$100,000 or more:

\$100 000 to \$110 000	-	-
\$110 001 to \$120 000	-	1
\$120 001 to \$130 000	2	3
\$130 001 to \$140 000	3	9
\$140 001 to \$150 000	9	7
\$150 001 to \$160 000	7	5
\$160 001 to \$170 000	5	4
\$170 001 to \$180 000	5	4
\$180 001 to \$190 000	4	2
\$190 001 to \$200 000	5	1
\$200 001 to \$210 000	2	2
\$210 001 to \$220 000	1	1
\$220 001 to \$230 000	1	-
\$230 001 to \$240 000	1	-
\$330 001 to \$340 000	1	-
\$350 001 to \$360 000	-	1
	46	40

The aggregate amount of total remuneration of Executives shown above:	\$7 859 162	\$6 382 167
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The aggregate amount of separation and redundancy payments during the year to Executives shown above:	\$ 0	\$ 0
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A determination in respect of performance pay of the Chief Executive had not been made at the time of finalisation of these statements.

Note 16 - Remuneration of Auditors

Financial statement audit services are provided free of charge to the Department. The fair value of audit services provided was:

	\$ 230 000	\$ 215 000
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No other services were provided by the Auditor-General

Note 17 - Average Staffing Levels

Average staffing levels for the Agency during the year were:	1 058	1 045
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Note 18 - Act of Grace Payments, Waivers and Defective Administration Scheme

No 'Act of Grace' payments were made during the reporting period.	-	-
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No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-	-
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No payments were made under the Defective Administration Scheme during the reporting period.	-	-
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Note 19 - Financial InstrumentsNote 19A - Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
<i>Financial Assets</i>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	6A	Deposits are recorded at their nominal amounts. Interest is credited to revenue as it accrues.	The Department was in the practice of investing funds at call with a commercial bank. However the Department, as at year end 30 June 2003, no longer invests funds with the cessation of the Agency Banking Incentive Scheme.
Receivables for goods and services	6B	These receivables are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (2001-2002: 30 days).
Investments	6C	Term deposits are recorded at their nominal amounts. Interest is credited to revenue as it accrues.	The Department historically invested term deposits with a commercial bank. However, the Department no longer invests funds with the cessation of the Agency Banking Incentive Scheme during the financial year 30 June 2003.
Accrued revenue	6D	Revenues are recognised as the Department becomes entitled to the revenue.	When the entitlement is generated, revenue is recorded through the Accrued Revenue balance. Should the Department have issued an invoice then the revenue would be captured through the Receivables balance – Note 6B.

Note 19 - Financial Instruments (cont)

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial liabilities		Financial liabilities are recognised when a present obligation to another party arises and the amount of the liability can be reliably measured.	
Lease incentives	8	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and reduction of the liability for financial leases and against the rental expense for operating leases.	The Department has received the following lease incentives: <ul style="list-style-type: none"> a rent-free period on the transfer of a property operating lease to the Department in June 1999 and the recent establishment of the Adelaide, Melbourne and Brisbane Leases in September 2002, March 2003 and June 2003 respectively. contributions towards the cost of fitting-out two buildings, August and November 2000
Surplus lease Space Liability	10B	When a lease is non-cancellable and future payments are for surplus space, a liability and an expense shall be recognised.	At the reporting date 30 June 2002, the Department had surplus lease space liability with terms averaging 3 years and a maximum term of 5 years. The incremental borrowing rate used averaged 5.63%. The lease assets secure the lease liabilities. There is no surplus lease space liability as at 30 June 2003.
Trade creditors	10A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Unearned Income	10B	Unearned Income is recorded when the Department receives a revenue stream in advance of performing the services that generated that revenue.	This balance reflects a liability for the Department, as a responsibility to perform the services is assumed by the collection of the revenue stream.

Note 19 - Financial Instruments (cont)

Note 19B: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate								Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 year or less		1 to 2 years		2 to 5 years		> 5 years							
		02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 %	01-02 %		
Financial Assets																	
Cash	6A	-	-	12 895	4 824	-	-	-	-	-	-	-	-	12 895	4 824	2	2
Receivables (Gross)	6B	-	-	-	-	-	-	-	-	-	-	-	95 755	4 928	95 755	4 928	n/a n/a
Investments	6C	-	-	-	28 000	-	-	-	-	-	-	-	-	-	28 000	-	n/a 5
Accrued Revenue	6D	-	-	-	-	-	-	-	-	-	-	-	909	1 049	909	1 049	n/a n/a
Total Financial Assets (Recognised)		-	-	12 895	32 824	-	-	-	-	-	-	-	96 664	5 977	109 559	38 801	
Total Assets														360 461	263 839		
Financial Liabilities																	
Suppliers	10A	-	-	-	-	-	-	-	-	-	-	-	7 552	9 099	7 552	9 099	n/a n/a
Unearned income	10B	-	-	-	-	-	-	-	-	-	-	-	547	804	547	804	n/a n/a
Lease Incentives	8	-	-	-	-	-	-	-	-	-	-	-	2 142	2 255	2 142	2 255	n/a n/a
Total Financial Liabilities (Recognised)		-	-	-	-	-	-	-	-	-	-	-	10 241	12 158	10 241	12 158	
Total Liabilities														48 349	40 332		

Note 19 - Financial Instruments (cont)Note 19C - Net Fair Values of Financial Assets and Liabilities

	Note	2003		2002	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Financial Assets					
Cash at Bank	6A	12 895	12 895	4 824	4 824
Receivables for goods and services (net)	6B	95 755	95 755	4 928	4 928
Investments	6C	-	-	28 000	28 000
Accrued Revenue	6D	909	909	1 049	1 049
Total Financial Assets		109 559	109 559	38 801	38 801
Financial Liabilities					
Suppliers	10A	7 552	7 552	9 099	9 099
Unearned income (Other Payables)	10B	547	547	804	804
Lease Incentives	8	2 142	2 142	2 255	2 255
Total Financial Liabilities		10 241	10 241	12 158	12 158

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of the surplus lease space and lease incentive liabilities are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors are approximated by their carrying amounts.

Note 19D - Credit Risk Exposures

The Department's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Performance.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Note 20 - Revenues Administered on Behalf of Government			
	Note	2003 \$'000	2002 \$'000
Taxation Revenue			
Levies, Fees and Fines			
Levies	21A	252 384	195 934
Fees		37 980	32 479
Fines		3 484	2 736
Royalties		1 030	448
		<u>294 878</u>	<u>231 597</u>
Non - Taxation Revenue			
Goods and Services			
Marine Industry Fees		45 750	44 270
Motor Vehicle Compliance Plates		8 335	6 682
Other		211	162
		<u>54 296</u>	<u>51 114</u>
Interest			
Loans - State and Territories Governments		12 373	13 035
Loans - Commonwealth Entities		-	-
		<u>12 373</u>	<u>13 035</u>
Dividends			
Commonwealth entities		25 900	11 400
Associated companies		15 725	22 110
		<u>41 625</u>	<u>33 510</u>
Proceeds from Sale of Assets			
Land and Buildings	20A	5 332	-
		<u>5 332</u>	<u>-</u>
Other revenue			
Industry Contributions		14 462	16 090
Lease		2 567	1 545
Prior years' grants returned		1 316	4 591
Other		437	120
		<u>18 782</u>	<u>22 346</u>
Total Revenues Administered on Behalf of Government		<u><u>427 286</u></u>	<u><u>351 602</u></u>

Note 20A - Net Gains from Sale of Assets			
		2003 \$'000	2002 \$'000
Net Gains from Sale of Assets			
Land and Buildings			
Proceeds from disposal		5 332	-
Compensation payments related to the sale of airport land		(2 747)	-
Net book value of assets disposed		(442)	-
Net gain from disposal of land and buildings		<u><u>2 143</u></u>	<u><u>-</u></u>

Note 21 - Expenses Administered on Behalf of Government			
	Note	2003 \$'000	2002 \$'000
Grants			
Government			
State & Territory Government		2 667 296	2 815 465
Local Governments		203 237	419 852
Related Entities - Commonwealth Authorities		9 243	13 015
Non Government			
Private Sector Commercial Entities		43 136	60 870
Non-profit Organisations		41 858	54 435
Overseas Non-profit Organisations		1 793	2 322
		2 966 563	3 365 959
The nature of grants are as follows:			
Urban and Regional Development		60 300	67 831
Rural Assistance		-	3 524
Mining and Mineral Resources (other than fuels)		-	167
Rail Transport		17 259	69 776
Air Transport		15 219	32 045
Road Transport		1 267 413	1 696 987
Sea Transport		306	307
Labour Market Assistance to Job Seekers and Industry		36 789	38 753
Local Government Assistance		1 455 106	1 394 413
Assistance to Other Governments		21 571	24 372
Natural Disaster Relief		92 600	37 784
		2 966 563	3 365 959
Subsidies			
Payable to related entities		38 985	3 367
Tasmanian Freight Equalisation Scheme		77 186	71 860
Bass St Passenger Vehicle Equal Scheme		31 736	17 013
Other		38	41
		147 945	92 281
Suppliers			
Rendering of Services - External Entities		33 310	52 714
		33 310	52 714
Depreciation and Amortisation			
Depreciation			
Buildings		1 448	10
Heritage Assets		366	361
Plant and Equipment		-	1
Amortisation			
Intangibles		284	288
		2 098	660
Write-down of assets			
Financial Assets			
Receivables		148	6 908
Non Financial Assets			
Land and Buildings - stocktake adjustments		282	1 147
		430	8 055
Value of Assets Sold			
Land and Buildings	20A	442	-
		442	-
Other Expenses			
Compensation payments related to the sale of airport land	20A	2 747	-
Oil Pollution Compensation Fund	21A	(471)	2 478
Other - Related Entities		-	1 536
Other - External Entities		128	109
		2 404	4 123
Total Expenses Administered on Behalf of Government		3 153 192	3 523 792

Note 21 A - Revision of Accounting Estimate

At 30 June 2002, accrued revenues and corresponding accrued expenses related to contributions to the International Oil Pollution Compensation Fund were estimated at \$7.4m. These estimates were based on information available at balance date. Due to events beyond DOTARS' control, actual receipts for this period amounted to \$4.8m, which resulted in Administered recording a negative revenue and corresponding negative expense for Oil Pollution Compensation Fund payments of \$0.47m in 2002-03.

Note 21B - Administered Act of Grace Payments, Waivers and Defective Administration Scheme		
	2003	2 002
	\$	\$
One Act of Grace Payment was made during the reporting period	<u>10 000</u>	<u>30 774</u>
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	<u>-</u>	<u>-</u>
No payments were made under the Defective Administration Scheme during the reporting period.	<u>-</u>	<u>-</u>

Note 22 - Assets Administered on Behalf of Government		
	2003	2002
	\$'000	\$'000
Financial Assets		
Cash		
Administered Bank Accounts	246	16
Receivables		
Levies, Fees and Fines	11 314	431
Less: Provision for Doubtful Debt	(171)	(179)
	11 143	252
Loans		
State and Territory Governments	193 574	197 205
Other	6 500	8 100
Less: Provision for Waiving of Debts	(6 500)	(8 100)
	193 574	197 205
Other Receivables		
GST Receivable from the ATO	1 169	2 969
Other Receivables	98	3 820
Less: Provision for Doubtful Debt	(98)	(2 772)
	1 169	4 017
Total Receivables (net)	205 886	201 474
Receivables (gross) are aged as follows:		
Not overdue	205 655	200 368
Overdue by:		
Less than 30 days	-	11
30 to 60 days	93	-
60 to 90 days	-	-
more than 90 days	6 907	12 146
Total Receivables (gross)	212 655	212 525
The Provision for Doubtful Debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
more than 90 days	(6 769)	(11 051)
Total Provision for Doubtful Debts	(6 769)	(11 051)
Accrued Revenue		
Noise Levy	3 652	6 400
Airport Ticket Levy	18 458	14 500
IRT Act Registrations	3 579	3 394
Airport Land Tax	-	5 400
Interest	1 645	1 664
Dividends	11 000	-
Oil Pollution Fund	1 055	7 443
Stevedoring Levies	2 900	2 660
Dairy Regional Assistance Program	-	3 389
Total Accrued Revenue	42 289	44 850
Investments		
Shares in Commonwealth Companies		
National Road Transport Commission	200	200
Australian Maritime College	58 518	58 518
Shares in Commonwealth Authorities		
Airservices Australia	303 203	353 203
Albury Woodonga Development Corporation	99 783	99 783
Australian Maritime Safety Authority	54 617	54 617
Civil Aviation Safety Authorities	18 670	18 670
Stevedoring Industry Finance Committee	14 053	14 053
Australian Rail Track Corporation	-	-
Maritime Industry Finance Company	-	-
Total Investments	549 044	599 044
Total Financial Assets	797 465	845 384

Note 22 - Assets Administered on Behalf of Government (continued)**Non Financial Assets**

	2003 \$'000	2002 \$'000
Freehold land		
- Deprival valuation (30 June 2000)	-	11,919
- Deprival valuation (30 April 2001)	220	-
- Fair value (30 June 2003)	8,859	-
Total freehold land	<u>9,079</u>	<u>11,919</u>
Buildings on Freehold land		
- at cost	-	240
- Deprival valuation (30 June 2002)	60,270	60,270
Accumulated depreciation	(1 442)	(4)
	<u>58 828</u>	<u>60 266</u>
- Fair value (30 June 2003)	255	-
Total Buildings on Freehold land	<u>59 083</u>	<u>60 506</u>
Total Land and Buildings (non-current)	<u>68 162</u>	<u>72 425</u>

Land and buildings were revalued at 30 June 2003, in accordance with the progressive revaluation policy stated at note 2. The valuations were completed by an independent valuer, Chris Tuttle FAPI of the Australian Valuation Office. A revaluation decrement of \$3,035,628.09 was transferred to the asset revaluation reserve.

Heritage

- at cost	1	1
- at Deprival valuation (30 June 2000)	-	13,363
Accumulated depreciation	-	(698)
	<u>-</u>	<u>12,665</u>
- at Deprival valuation (30 April 2001)	19	691
Accumulated depreciation	-	(8)
	<u>19</u>	<u>683</u>
- at Fair value (30 June 2003)	13 341	-
Accumulated depreciation	(1)	-
	<u>13 340</u>	<u>-</u>
Total Heritage assets	<u>13 360</u>	<u>13 349</u>

Heritage assets were revalued at 30 June 2003, in accordance with the progressive revaluation policy stated at note 1. The valuations were completed by an independent valuer, Chris Tuttle FAPI of the Australian Valuation Office. A revaluation increment of \$1,321,424.55 was transferred to the asset revaluation reserve.

Infrastructure, Plant & Equipment

- at cost	-	11
Accumulated depreciation	-	(11)
	<u>-</u>	<u>-</u>
- at Fair value (30 June 2003)	2	-
Total Infrastructure, Plant & Equipment	<u>2</u>	<u>-</u>

Plant and Equipment was revalued at 30 June 2003, in accordance with the progressive revaluation policy stated at note 1. The valuations were completed by an independent valuer, Chris Tuttle FAPI of the Australian Valuation Office. A revaluation increment of \$1,799.31 was transferred to the asset revaluation reserve.

Intangibles

Phosphate mine licence		
- at Deprival valuation (30 April 2001)	5 000	5 000
Accumulated amortisation	(613)	(329)
Total intangibles	<u>4 387</u>	<u>4 671</u>

Other

Prepayments	-	-
Total Other	<u>-</u>	<u>-</u>

Total Non Financial Assets

Total Non Financial Assets	<u>85 911</u>	<u>90 445</u>
Total Assets Administered on Behalf of Government	<u>883 376</u>	<u>935 829</u>

Current Assets	55 658	47 975
Non Current Assets	827 718	887 854

Note 22 - Assets Administered on Behalf of Government (continued)							
TABLE A - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles							
Item	Land	Buildings	Total land and buildings	Heritage Assets	Infrastructure, plant and equipment	Intangibles	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2002							
Gross book value	11 919	60 510	72 429	14 055	11	5 000	91 495
Accumulated depreciation / amortisation	-	(4)	(4)	(706)	(11)	(329)	(1 050)
Net book value	11 919	60 506	72 425	13 349	-	4 671	90 445
Additions							
by purchase	-	-	-	-	-	-	-
by finance lease	-	-	-	-	-	-	-
by acquisition of entities or operations (including restructuring)	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	(3 050)	15	(3 035)	1 321	2	-	(1 712)
Reclassifications	210	10	220	(220)	-	-	-
Depreciation / amortisation expense	-	(1 448)	(1 448)	(366)	-	(284)	(2 098)
Recoverable amount write downs	-	-	-	-	-	-	-
Stocktake adjustment	-	-	-	(282)	-	-	(282)
Other movements (give details below)	-	-	-	-	-	-	-
Disposals							
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-
other disposals	-	-	-	(442)	-	-	(442)
As at 30 June 2003							
Gross book value	9 079	60 525	69 604	13 361	2	5 000	87 967
Accumulated depreciation / amortisation	-	(1 442)	(1 442)	(1)	-	(613)	(2 056)
Net book value	9 079	59 083	68 162	13 360	2	4 387	85 911

Note 22 - Assets Administered on Behalf of Government (continued)							
TABLE B - Assets at Valuation							
Item	Land	Buildings	Total land and buildings	Heritage Assets	Infrastructure, plant and equipment	Intangibles	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2003							
Gross book value	9 079	60 525	69 604	13 360	2	5 000	87 966
Accumulated depreciation / amortisation	-	(1 442)	(1 442)	(1)	-	(613)	(2 056)
Net book value	9 079	59 083	68 162	13 359	2	4 387	85 910
As at 30 June 2002							
Gross book value	11 919	60 270	72 189	14 054	-	5 000	91 243
Accumulated depreciation / amortisation	-	(4)	(4)	(706)	-	(329)	(1 039)
Net book value	11 919	60 266	72 185	13 348	-	4 671	90 204

Note 23 - Liabilities Administered on Behalf of Government		
	2003	2002
	\$'000	\$'000
Payables		
Suppliers		
Trade Creditors	1 165	8 899
Grants and Subsidies		
Public Sector		
Commonwealth Authorities	98 477	100 766
State and Territory Governments	9 611	19 522
Local Governments	-	-
Private Sector		
Non Profit Entities	1 590	4 916
Commercial Entities	3 280	3 438
	112 958	128 642
Total Liabilities Administered on Behalf of Government	114 123	137 541
Current Liabilities	25 628	44 495
Non Current Liabilities	88 495	93 046

Note 24 - Administered Reconciliation Table		
	2003	2002
	\$'000	\$'000
Administered Assets less Administered Liabilities as at 1 July	798 288	1 326 343
Plus Administered Revenues	427 286	351 602
Less Administered Expenses	(3 153 192)	(3 523 794)
Administered Transfers to / from Government		
Appropriation Transfers from OPA	3 186 707	3 274 885
Transfers to OPA	(488 124)	(335 606)
Restructuring	-	(296 662)
Administered Revaluations taken to / from Reserves	(1 712)	1 520
Administered Assets less Administered Liabilities as at 30 June	769 253	798 288

Note 25 - Administered Contingent Liabilities and Assets*Quantifiable Administered Contingencies*

Quantifiable administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

*Unquantifiable Administered Contingencies**Australian Capital Territory (ACT) funding agreements*

As at 30 June 2003 the Commonwealth is party to ongoing funding agreements with the Australian Capital Territory (assistance for water and sewerage, and compensation for national capital influences). The future liabilities of these agreements cannot be reliably measured.

Australian Maritime Safety Authority (AMSA) – incident costs

In the normal course of operation, AMSA is responsible for the provision of funds necessary to meet the clean up costs arising from ship-sourced marine pollution and in all circumstances, is responsible for making appropriate efforts to recover the costs of any such incidents. The Commonwealth meets costs that cannot be recovered from such incidents.

Deep Vein Thrombosis class action

The Civil Aviation Safety Authority (CASA) and the Commonwealth have been named in a number of writs, which allege that CASA was negligent in not making air travellers aware of the risks of Deep Vein Thrombosis during long periods of immobility. The Commonwealth's exposure is limited to claims for the years 1995 to 30 June 1998, as CASA was covered by a Commonwealth Deed of Indemnity in relation to the performance of its regulatory functions.

Sale Indemnities

Indemnities given to Australian National Sales in relation to the acquisition of SA Rail, PAXRAIL and TASRAIL from the Commonwealth.

Service Level Agreement Indemnities

Indemnities given to Western Australian agencies and employees against all actions, suits, demands, claims, verdicts, judgements, costs and expenses which may arise from the administration or operation of the agreed services to Christmas Island and Cocos Keeling Island.

Territory Insurance Office (TIP) Indemnity

Relates to the agreement with TIP to provide motor vehicle compulsory third party (personal injury) insurance services for Christmas and Cocos (Keeling) Islands.

*Remote Administered Contingencies**Aviation War Risk Insurance – indemnities for Australian carriers*

Following terrorist attacks in the United States on 11 September 2001, regular insurance cover for claims arising out of war and terrorism was withdrawn or significantly limited, placing global aviation operations at risk. In common with other countries, the Commonwealth has been providing temporary third party war and terrorist risk indemnity cover to air operators, airports and other aviation service providers.

With the return of insurance coverage to the aviation sector, only one carrier remains indemnified under the scheme and is indemnified for \$US 1 billion.

Tripartite Deed relating to the sale of Core Regulated Airports

Tripartite Deeds apply to the 12 Core Regulated Airports (Sydney, Melbourne, Brisbane, Perth, Canberra, Coolangatta, Townsville, Adelaide, Hobart, Launceston, Darwin and Alice Springs). The Tripartite Deeds between the Commonwealth, airport lessees and lessees' financiers provide for limited step-in rights for the financiers in circumstances where the Airport Lease is terminated. Assuming the financiers' step-in rights are not triggered, the potential liability of the Commonwealth can vary under the Tripartite Deed, depending on whether the Airport Lease is able to be sold on to a third party or not.

The Commonwealth's potential liability to the lessee's financiers is limited to the value received for the affected Airport Lease or the valuation of the airport site. Where the Commonwealth is able to sell on the Airport Lease, secured financiers have a limited ability to recover their loans from funds obtained by the Commonwealth from selling on the Airport Lease, subject to higher ranking claims being met first. Where the Airport Lease is not sold on, the Commonwealth is required to obtain a valuation of the airport site that will determine the limit for a repayment (or partial repayment) of financiers' loans, again subject to higher ranking claims being met. If the Commonwealth enters into possession of an Airport site, it would seek to recover its costs from a number of sources, including airport revenues and the airport lessee Company, in addition to funds obtained from selling on the Airport Lease.

Note 25 - Administered Contingent Liabilities and Assets*Maritime Industry Finance Company Limited – board members' indemnity*

Indemnities for MIFCo board members have been provided to protect against civil claims relating to employment and conduct as directors of MIFCo. These indemnities are unquantifiable and no expiry date has been set. As at 30 June 2003, no claims have been made.

Stevedoring Industry Finance Committee- members' indemnity

Indemnities for SIFC committee members have been provided to protect against civil claims relating to employment and conduct as committee members of SIFC. These indemnities are unquantifiable and no expiry date has been set. As at 30 June 2003, no claims have been made.

National Rail Corporation (NRC) Ltd – directors indemnity

The Commonwealth jointly indemnifies with other shareholders of the corporation the directors of NRC against claims and legal costs as a consequence of actions that relate to the sale of NRC.

Note 26 - Administered Investments

The principal activities of each of the investments of controlled entities are as follows:

National Road Transport Commission - provides advice to Australian governments on road transport issues and reform, including safety, uniformity and environmental policies.

Australian Maritime College - provides education and training for the shipping and fishing industries.

Airservices Australia - provides services to national air transport including air traffic control and navigation facilities, as well as airport firefighting services.

Albury Wodonga Development Corporation - facilitates an orderly sale of the corporation's assets, in particular land development holdings.

Australian Maritime Safety Authority - provides regulation and oversight of Australian shipping; maritime navigation facilities; and search and rescue services.

Civil Aviation Safety Authority - responsible for setting aviation safety standards, registration of aircraft, licensing, and compliance with safety regulations.

Stevedoring Industry Finance Committee - manages residual matters and obligations arising from its former functions to oversee and control the disposal of levies imposed on the stevedoring industry.

Australian Rail Track Corporation - manages access to the national interstate rail track and infrastructure network, as well as train control services.

Maritime Industry Finance Company Limited - provides financial assistance in connection with the reform and restructuring of the maritime (shipping and stevedoring) industry.

Note 27: Restructuring

As a result of restructuring of administrative arrangements, DOTARS assumed responsibility on 26 November 2001 for the following functions:

- The Area Consultative Committees and the Regional Assistance Programme from the Department of Employment and Workplace Relations; and
- Natural Disaster Relief Arrangements from the Department of Finance and Administration.

During 2001-02 DOTARS transferred its investments in the Australian River Company and the Australian Rail Corporation Limited to the Department of Finance and Administration. No restructurings affecting the administered accounts occurred during 2002-03.

	2003 \$'000	2002 \$'000
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In respect of the functions assumed, the net book values of assets and liabilities transferred to DOTARS for no consideration and recognised as at the date of transfer were:

Total assets recognised	-	18 939
Total liabilities recognised	-	-
Net assets assumed	<u>-</u>	<u>18 939</u>

In respect of functions relinquished, the following assets and liabilities were transferred by DOTARS:

Total assets relinquished	-	315 601
Total liabilities relinquished	-	-
Net assets relinquished	<u>-</u>	<u>315 601</u>

Net decrease in administered net assets during the year	<u>-</u>	<u>(296 662)</u>
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Administered revenues and expenses for the full year of the functions assumed by DOTARS are as follows:

Area Consultative Committees & Regional Assistance Programme*Revenues*

Recognised by the Department of Employment and Workplace Relations	-	1 913
Recognised by DOTARS	-	14 301
Total revenues	<u>-</u>	<u>16 214</u>

Expenses

Recognised by the Department of Employment and Workplace Relations	-	10 375
Recognised by DOTARS	-	38 753
Total expenses	<u>-</u>	<u>49 128</u>

Natural Disaster Relief Arrangements*Revenues*

Recognised by the Department of Finance	-	-
Recognised by DOTARS	-	4 821
Total revenues	<u>-</u>	<u>4 821</u>

Expenses

Recognised by the Department of Finance	-	47 985
Recognised by DOTARS	-	39 623
Total expenses	<u>-</u>	<u>87 608</u>

Note 28 – Administered Financial Instruments

a) Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	22	Deposits are recognised at their nominal amounts.	Balances of the administered bank accounts are non interest bearing.
Receivables for goods and services	22	These receivables are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	All receivables are with entities external to the Commonwealth. Credit terms are net 30 days (2000-01: 30 days).
Investments	22	Administered Investment in other Commonwealth agencies are valued at the aggregate of the Commonwealth's share of the net assets or net liabilities of each entity, fixed as at 30 June 1997, as adjusted for subsequent capital injections or withdrawals.	Dividends may be received from investments. Capital repayments are accounted for as a reduction in the carrying value of the investment.
Accrued revenue	22	Interest is credited to revenue as it accrues. Other revenues are recognised as the administered entity becomes entitled to the revenue.	The majority of interest payments are received annually, at the time that loan repayments are received.
Loans	22	Loans are recognised at the amounts lent. Collectability of amounts outstanding is reviewed at balance date. Provision is made for bad and doubtful loans where collection of the loan or part thereof is judged to be not likely. In rare circumstances, loan repayment may be waived. Interest is credited to revenue as it accrues.	Loans are made under contract. No security is generally required. Interest rates are fixed. The effective interest rate averaged 7% p.a. Loan repayments are generally made annually. Some loan repayments are required bi-annually and loan payments are split between principal and interest.
Financial liabilities	23	Financial liabilities are recognised when a present obligation to another party arises and the amount of the liability can be reliably measured.	
Trade creditors	23	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	All creditors are entities that are not part of the Commonwealth legal entity. Settlement is usually made net 30 days.
Grants Payable	23	Grant liabilities are measured at nominal value. Grant liabilities are recognised to the extent that: <ol style="list-style-type: none"> 1) the services required to be performed by the grantee have been performed; or 2) the grant eligibility criteria have been met. 	Grant payments are normally required to be made as specified by each individual grant agreement.

Note 28 (a) – Continued

Unrecognised Financial liabilities			
Guarantees	25	The maximum amount payable under guarantees given is disclosed in the Schedule of Contingencies. At the time of completion of the financial statements, there was no reason to believe that the guarantee would be called upon, and recognition of the liability was therefore not required.	A guarantee has been given by the Commonwealth to underwrite the construction of the Alice Springs to Darwin Railway.

Note 28 - Administered Financial Instruments (cont)

b) Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate								Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
				1 year or less		1 to 2 years		2 to 5 years		> 5 years								
		02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 \$'000	01-02 \$'000	02-03 %	01-02 %	
Financial Assets																		
Cash	22	-	-	-	-	-	-	-	-	-	-	-	246	16	246	16	n/a	n/a
Fees Receivables (gross)	22	-	-	-	-	-	-	-	-	-	-	-	11 314	431	11 314	431	n/a	n/a
Loans to State and Territory Govts	22	-	-	10 302	10 536	9 845	10 036	28 018	28 177	145 409	148 456	-	-	193 574	197 205	7	7	
Other loans	22	-	-	-	-	-	-	-	-	-	-	6 500	8 100	6 500	8 100	n/a	n/a	
Investments	22	-	-	-	-	-	-	-	-	-	-	549 044	599 044	549 044	599 044	n/a	n/a	
Accrued revenues	22	-	-	-	-	-	-	-	-	-	-	42 289	44 850	42 289	44 850	n/a	n/a	
Total Financial Assets (Recognised)		-	-	10 302	10 536	9 845	10 036	28 018	28 177	145 409	148 456	609 393	652 441	802 967	849 646			
Total Assets														883 376	935 829			
Financial Liabilities																		
Trade Creditors	23	-	-	-	-	-	-	-	-	-	-	1 165	8 899	1 165	8 899	n/a	n/a	
Grants and Subsidies Payable	23	-	-	-	-	-	-	-	-	-	-	112 958	128 642	112 958	128 642	n/a	n/a	
Total Financial Liabilities (Recognised)		-	-	-	-	-	-	-	-	-	-	114 123	137 540	114 123	137 541			
Total Liabilities														114 123	137 541			
Liabilities not recognised																		
Contingencies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Guarantee to authority		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Other guarantees		-	-	-	-	-	-	-	-	-	-	12 500	-	12 500	-	-	n/a	n/a
Indemnities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Total Financial Liabilities (Unrecognised)												12 500	-	12,500	-	-		
*Unquantifiable																		

Note 28 - Administered Financial Instruments (cont)

<u>c) Net Fair Values of Administered Financial Assets and Liabilities</u>					
		2003		2002	
		Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
		\$'000	\$'000	\$'000	\$'000
Financial Assets	Notes				
Cash	22	246	246	16	16
Fees Receivables (net)	22	11 143	11 143	252	252
Loans to State and Territory Govts	22	193 574	220 089	197 205	197 205
Investments	22	549 044	549 044	599 044	599 044
Accrued revenues	22	42 289	42 289	44 850	44 850
Total Financial Assets		796 296	822 811	841 367	841 367
Financial Liabilities (Recognised)					
Trade Creditors	23	1 165	1 165	8 899	8 899
Grants and Subsidies Payable	23	112 958	112 958	128 642	128 642
Total Financial Liabilities (Recognised)		114 123	114 123	137 541	137 541
Financial Liabilities (Unrecognised)					
Guarantees		12 500	-	-	-
Total Financial Liabilities (Unrecognised)		12 500	-	-	-
<i>Financial Assets</i>					
The net fair values of cash and non interest bearing monetary financial assets approximate their carrying amounts.					
Loans to State and Territory Governments are carried at cost which is below their net fair value. It is intended that these loans will be held to maturity. The net fair value of loans receivable are based on discounted cash flows using current interest rates for assets with similar risk profiles.					
The net fair values of investments in Commonwealth authorities approximate their carrying amounts.					
<i>Financial Liabilities</i>					
The net fair values of Trade Creditors and Grants and Subsidies Payable are approximated by their carrying value.					
The fair values of unrecognised guarantees are zero because the likelihood that they will be called upon has been assessed as remote.					

c) Credit Risk Exposure

The maximum exposure of Administered to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

Administered has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Note 29: Appropriations

Note 29A - Cash Basis Acquittal of Appropriations from Appropriation Acts 1 and 3

Particulars	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Outcome 2		
Year ended 30 June 2003				
	\$	\$	\$	\$
Balance carried from previous year	8 648 206	-	32 145 821	40 794 027
Appropriation for reporting period (Act 1)	167 880 000	116 002 000	224 620 000	508 502 000
Appropriation for reporting period (Act 3)	20 048 000	10 560 000	14 414 000	45 022 000
Adjustments determined by the Finance Minister	(12 147 000)	(55 015 000)	-	(67 162 000)
Amounts from Advance to the Finance Minister	-	-	-	-
Refunds credited (FMA s 30)	-	-	-	-
GST credits (FMA s 30A)	4 221 046	6 796 913	9 223 711	20 241 670
Annotations to 'net appropriations' (FMA s 31)	-	-	15 873 000	15 873 000
Transfer to/from other agencies (FMA s 32)	-	-	-	-
Administered appropriation lapsed	(9 124 138)	(3 110 916)	-	(12 235 054)
Available for payments	179 526 114	75 232 997	296 276 532	551 035 643
Payments made	(173 347 038)	(73 083 381)	(244 905 909)	(491 336 328)
Appropriations credited to Special Accounts	-	-	-	-
Balance carried to next year	6 179 076	2 149 616	51 370 623	59 699 315
Represented by:				
Cash	-	153 672	12 895 028	13 048 700
Add: Appropriations receivable	6 179 076	1 995 944	36 927 884	45 102 904
Add: Receivables - Goods and Services - GST receivable from customers	-	-	70 570	70 570
Add: Return of contributed equity	-	-	413 000	413 000
Add: Other - Net GST receivable to the ATO	-	-	1 338 290	1 338 290
Less: Payable - Suppliers - GST portion	-	-	(274 149)	(274 149)
Add: Savings in Portfolio Additional Estimates Statement	-	-	-	-
Total	6 179 076	2 149 616	51 370 623	59 699 315

Any amounts of administered appropriations for 2002-03 shown above as lapsed are estimates only as determinations are not made by the Finance Minister until after the completion of these statements.

Note 29A - Cash Basis Acquittal of Appropriations from Appropriation Acts 1 and 3 (Continued)

Particulars	Administered Expenses Outcome 1	Departmental Outputs	Total
Year ended 30 June 2002	\$	\$	\$
Balance carried from previous year	9 965 718	36 103 000	46 068 718
Total annual appropriation	329 227 000	218 390 000	547 617 000
Adjustments and annotations to appropriations	(32 635 430)	13 164 000	(19 471 430)
Transfer to/from other agencies (FMA s 32)	42 024 995	7 457 821	49 482 816
Administered expenses lapsed	(71 573 588)	-	(71 573 588)
Available for payments	277 008 695	275 114 821	552 123 516
Payments made during the year	(268 360 489)	(242 969 000)	(511 329 489)
Appropriations credited to special accounts	-	-	-
Balance carried to next year	8 648 206	32 145 821	40 794 027
Represented by:			
Cash	-	4 145 821	4 145 821
Add: Appropriations receivable	8 648 206	-	8 648 206
Add: Receivables - Goods and Services - GST receivable from customers	-	-	-
Add: Investment in term deposit	-	28 000 000	28 000 000
Add: Receivables - Net GST receivable from the ATO	-	-	-
Less: Payable - Suppliers - GST portion	-	-	-
Total	8 648 206	32 145 821	40 794 027

Note 29B - Cash Basis Acquital of Appropriations from Acts 2 and 4

Particulars	Administered				Non Operating				Total
	Outcome 1		Outcome 2		Admin Capital	Departmental			
	SPPs	New	SPPs	New		Equity	Loans	Carry-overs	
	\$	\$	\$	\$	\$	\$	\$	\$	
Year ended 30 June 2003									
Balance carried from previous year	-	-	-	-	8 162 896	4 478 000	-	-	12 640 896
Appropriation for reporting period (Act 2)	7 700 000	-	173 346 000	-	116 000 000	94 900 000	-	-	391 946 000
Appropriation for reporting period (Act 4)	-	-	11 025 000	-	5 800 000	-	-	-	16 825 000
Adjustments determined by the Finance Minister	(220 000)	-	(5 750 000)	-	-	-	-	-	(5 970 000)
Amounts from Advance to the Finance Minister	8 692 728	-	-	-	-	-	-	-	8 692 728
Refunds credited (FMA s 30)	-	-	-	-	-	-	-	-	-
GST credits (FMA s 30A)	27 273	-	648 371	-	-	-	-	-	675 644
Transfer to/from other agencies (FMA s 32)	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed	(1)	-	(48 019 694)	-	-	-	-	-	(48 019 695)
Available for payments	16 200 000	-	131 249 677	-	129 962 896	99 378 000	-	-	376 790 573
Payments made	(16 200 000)	-	(131 249 677)	-	(7 074 802)	(38 912 987)	-	-	(193 437 466)
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-
Balance carried to next year	-	-	-	-	122 888 094	60 465 013	-	-	183 353 107
Represented by:									
Cash	-	-	-	-	-	-	-	-	-
Appropriations Receivable	-	-	-	-	122 888 094	55 265 013	-	-	178 153 107
Add: Savings in Portfolio Additional Estimates Statement	-	-	-	-	-	5 200 000	-	-	5 200 000
Total	-	-	-	-	122 888 094	60 465 013	-	-	183 353 107

Any amounts of administered appropriations for 2002-03 shown above as lapsed are estimates only as determinations are not made by the Finance Minister until after the completion of these statements.

Under expenditure on equity injections in 2002-03 is primarily attributable to delays in the commencement of a range of projects on the Indian Ocean Territories.

Note 29B - Cash Basis Acquital of Appropriations from Acts 2 and 4 (Continued)

Particulars	Administered Outcome 1		Capital				Total
	SPPs	Other	Admin	Departmental			
			Capital	Equity	Loans	Carry-overs	
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2002							
Balance carried from previous year	557 479	-	3 940 719	678 000	-	-	5 176 198
Total annual appropriation	103 093 000	-	-	3 800 000	-	-	106 893 000
Adjustments and annotations to appropriations	-	-	-	-	-	-	-
Transfer to/from other agencies (FMA s 32)	63 722 801	-	4 563 517	-	-	-	68 286 318
Administered appropriation lapsed	(35 854 439)	-	-	-	-	-	(35 854 439)
Available for payments	131 518 841	-	8 504 236	4 478 000	-	-	144 501 077
Payments made during the year	(131 518 841)	-	(341 340)	-	-	-	(131 860 181)
Appropriations credited to special accounts	-	-	-	-	-	-	-
Balance carried to next year	-	-	8 162 896	4 478 000	-	-	12 640 896
Represented by:							
Appropriations Receivable	-	-	8 162 896	-	-	-	8 162 896
Total	-	-	8 162 896	-	-	-	8 162 896

Note 29: Appropriations (continued)

Note 29C - Cash Basis Acquittal of Special Appropriations (Unlimited Amount)

Particulars of legislation providing appropriation (including purpose)	2003	2002
	Outcome 1	
	\$	\$
<i>Legislation: Australian Land Transport Development Act 1988</i>		
<i>Purpose : to provide assistance to the States and Territories for land transport upgrading and maintenance, including funding for urban public transport and land transport research.</i>		
Budget estimate	1 025 247 000	1 063 269 000
Transfers to Special Accounts	(1 025 247 000)	(1 063 268 999)
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-
<i>Legislation: Interstate Road Transport Act 1985</i>		
<i>Purpose : to provide for payments to the States and Territories for maintenance and upkeep of roads from registration charges received from vehicles engaged in interstate trade and commerce.</i>		
Budget estimate	38 060 000	30 100 000
Transfers to Special Accounts	(35 995 918)	(31 340 964)
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-
<i>Legislation: Protection of the Sea (Oil Pollution Compensation Fund) Act 1993</i>		
<i>Purpose : to provide the International Oil Pollution Compensation Fund with contributions made by Australian companies who trade in large volumes of oil.</i>		
Budget estimate	5 900 000	4 742 745
Payments made	(5 917 173)	(4 742 745)
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-
<i>Legislation: Stevedoring Levy Collection Act 1998</i>		
<i>Purpose : To fund redundancy payments made by the Maritime Industry Finance Company (MIFCo) in connection with waterfront reforms.</i>		
Budget estimate	33 000 000	28 965 000
Payments made	(34 425 892)	(28 778 333)
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-
<i>Legislation: Roads to Recovery Act 2000</i>		
<i>Purpose : to provide funding to supplement expenditure on roads by local governments.</i>		
Budget estimate	200 000 000	300 000 000
Payments made	(200 000 000)	(300 000 000)
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-
Totals for unlimited special appropriations		
Budget estimate	2 770 802 518	2 809 214 848
Payments made	(2 770 182 187)	(2 810 269 144)
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-

Particulars of legislation providing appropriation (including purpose)	2003	2002
	Outcome 2	
	\$	\$
<i>Legislation: Local Government (Financial Assistance) Act 1995</i>		
<i>Purpose : to provide financial assistance to the states for the purposes of improving: the financial capacity of local governing bodies; the capacity of local governing bodies to provide their residents with an equitable level of services; the certainty of funding for local governing bodies; the efficiency and effectiveness of local governing bodies; and the provision by local governing bodies of services to Aboriginal and Torres Strait Islander communities.</i>		
Budget estimate	1 468 595 518	1 382 138 103
Payments made	(1 468 596 204)	(1 382 138 103)
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-

The Special Appropriations detailed in Note 29C are Administered in nature.

Note 29D Special Accounts

Account Name	2003	2002
	\$	\$

Australian Land Transport Development		
Legal Authority : Australian Land Transport Development Act 1988		
Purpose : to provide assistance to the States and Territories for land transport upgrading and maintenance, including funding for urban public transport and land transport research.		
Balance carried from previous year	-	-
Adjustment to balance brought forward	2 854 722	-
Appropriations for reporting period	1 022 392 278	1 063 268 999
GST credits (FMA s 30A)	-	-
Available for payments	1 025 247 000	1 063 268 999
Payments made	(1 025 247 000)	(1 063 268 999)
Balance carried to next year	-	-
Represented by:		
Cash on call held in the OPA	-	-
Total	-	-
The \$2 854 722 adjustment to the balance brought forward balance has not been previously reported. This outstanding balance was identified in the current year following a review of the appropriation charge rate. The review found that the rate used for calculation was expressed to multiple decimal places, whereas the actual determination was rounded to two decimal places. The intent in determining the charge rate is to create a zero balance each year, by equating the appropriation to actual expenditure. Therefore this year's determination will be adjusted to bring the the balance of the account back to zero. As in prior years the appropriation rate will be determined by the Minister retrospectively.		

Interstate Road Transport Charges		
Legal Authority : Interstate Road Transport Act 1985		
Purpose : to provide for payments to the States and Territories for maintenance and upkeep of roads from registration charges received from vehicles engaged in interstate trade and commerce.		
Balance carried from previous year	-	-
Appropriations for reporting period	35 995 918	31 340 964
GST credits (FMA s 30A)	-	-
Available for payments	35 995 918	31 340 964
Payments made	(35 995 918)	(31 340 964)
Balance carried to next year	-	-
Represented by:		
Cash on call held in the OPA	-	-
Total	-	-

Rural Transaction Centres		
Legal Authority : Telstra Corporation Act 1997		
Purpose : enabling people in rural areas to have access to services and technology that enable them to obtain information or carry out transactions.		
Balance carried from previous year	38 950 819	52 877 718
Adjustment to balance brought forward	8 343 000	-
Appropriations for reporting period	-	-
GST credits (FMA s 30A)	740 542	732 960
Available for payments	48 034 361	53 610 678
Payments made to suppliers	(13 562 828)	(14 659 859)
Balance carried to next year	34 471 533	38 950 819
Represented by:		
Cash on call held in the OPA	34 471 533	38 950 819
Total	34 471 533	38 950 819
The <i>Telstra Corporation Act 1999</i> (S47) required the \$70m 'Social Bonus' declared on 9 November 1999 arising from the second tranche sale of Telstra shares to be paid into the Rural Transaction Centres (RTC) Special Account. The credit applied to the account was \$61.657m, with the balance of \$8.343m being directly appropriated by way of annual appropriation to the Department to meet the costs of operating the programme. Departmental costs of \$6.666m for administering the RTC programme have subsequently been drawn down from that annual appropriation. Subsequent advice is that S47 had the effect of crediting the \$70m directly to the RTC Special Account, in addition to the \$8.343m directly appropriated to the Department. The \$8.343m understatement in the RTC Special Account was a breach of Section 47 of the <i>Telstra Corporation Act</i> , which has been corrected in the current year by increasing the Balance Brought forward on the Special Account by \$8.343m.		

Note 29D Special Accounts

Account Name	2003	2002
	\$	\$

Federation Fund Account		
Legal Authority : Financial Management and Accountability Act 1997; s20		
Purpose : to fund projects of national significance to mark the Centenary of Federation.		
Balance carried from previous year	86 081 783	144 830 040
Appropriations for reporting period	-	-
GST credits (FMA s 30A)	203 171	298 422
Available for payments	86 284 954	145 128 462
Payments made to suppliers	(7 618 878)	(59 046 679)
Balance carried to next year	78 666 076	86 081 783
Represented by:		
Cash on call held in the OPA	78 666 076	86 081 783
Total	78 666 076	86 081 783

Federal Office of Road Safety - Research and Public Education Program		
Legal Authority : Financial Management and Accountability Act 1997; s20		
Purpose : for expenditure towards the cost of projects under the Federal Office of Road Safety Research and Public Education Program.		
Balance carried from previous year	239 885	369 935
Appropriations for reporting period	-	-
GST credits (FMA s 30A)	-	-
Available for payments	239 885	369 935
Balance transferred to OTM on abolition	(239 885)	-
Payments made	-	(130 050)
Balance carried to next year	-	239 885
Represented by:		
Cash on call held in the OPA	-	239 885
Total	-	239 885

The Federal Office of Road Safety - Research and Public Education Program Account (FORS) was abolished on 25 June 2003 and the balance was transferred to Other Trust Monies (OTM).

Services for Other Government and Non-Agency Bodies		
Note: This account is neither administered or departmental for accrual reporting purposes		
Legal Authority : Financial Management and Accountability Act 1997; s20		
Purpose : for expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies which may be held in trust for third parties		
Balance carried from previous year	480 848	181 940
Appropriations for reporting period	-	-
Other receipts - goods and services	993 285	1 524 982
GST credits (FMA s 30A)	-	-
Available for payments	1 474 133	1 706 922
Payments made	(162 613)	(1 226 074)
Balance carried to next year	1 311 520	480 848
Represented by:		
Cash at bank	1 311 520	480 848
Total	1 311 520	480 848

Other Trust Monies Account		
Note: This account is neither administered or departmental for accrual reporting purposes		
Legal Authority : Financial Management and Accountability Act 1997; s20		
Purpose : expenditure of money temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth which may be held in trust.		
Balance carried from previous year	533 805	571 849
Appropriations for reporting period	-	-
Other receipts - goods and services	1 429 667	389 568
Balance transferred from FORS	239 885	-
GST credits (FMA s 30A)	-	-
Available for payments	2 203 357	961 417
Payments made	(565 734)	(427 612)
Balance carried to next year	1 637 623	533 805
Represented by:		
Cash at bank	1 637 623	533 805
Total	1 637 623	533 805

Christmas Island Community Benefit Fee Account		
There has been no activity on this account since 2000-01, when the balance was reduced to zero. The account was abolished on 25 June 2003.		

Note 30 - Assets Held in Trust

2003	2002
\$'000	\$'000

Comcare Trust Account

Purpose: moneys held in trust and advanced to DOTARS by Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*

Balance carried forward from previous year	954	844
Receipts during the year	144	216
Available funds for payments	1 098	1 060
Payments made	(190)	(106)
Balance carried forward to next year	908	954

Note 31: Reporting of Outcomes

Where possible actual usage of the service or resource is the basis for the attribution of shared costs. The basis of attribution in the below table is consistent with the basis used for the 2002-03 Budget.

Note 31A: Net Cost of Outcome Delivery

	2003		Total	
	Outcome 1 \$'000	Outcome 2	2003 \$'000	2002 \$'000
Administered Expenses	1 484 465	1 668 727	3 153 192	3 523 792
Departmental Expenses	93 398	133 334	226 732	195 663
Total Expenses	1 577 863	1 802 061	3 379 924	3 719 455
<i>Costs recovered from the provision of goods and services to the non-government sector</i>				
Administered	92 131	-	92 131	92 208
Departmental	1 755	7 214	8 969	8 374
<i>Other costs recovered from the non-government sector</i>				
Administered (industry contributions and lease revenue)	4 141	12 888	17 029	17 635
Departmental	-	-	-	-
Total Costs Recovered	98 027	20 102	118 129	118 217
<i>Other external revenues</i>				
Administered				
Levies, Fees and Fines	253 796	3 247	257 043	190 503
Interest on loans to State and Territory Governments	422	11 951	12 373	13 035
Dividends from Commonwealth entities and associated companies	33 625	8 000	41 625	33 510
Revenue from Sale of Assets	4 931	401	5 332	-
Other	902	851	1 753	4 711
Total Administered	293 676	24 450	318 126	241 759
Departmental				
Interest	286	511	797	2 211
Revenue from disposal of Assets	-	3 632	3 632	3 367
Rental income	-	1 622	1 622	1 566
Other	281	504	785	3 386
Goods and Services Revenue from Related Entities	343	1 408	1 751	1 829
Total Departmental	910	7 677	8 587	12 359
Total Other External Revenues	294 586	32 127	326 713	254 118
Net Cost/(contribution) of outcome	1 185 250	1 749 832	2 935 082	3 347 120

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome. The Capital Usage Charge is not included in any of the outcomes as it is not an operating expense in end-of-year financial reports.

Note 31B: Major Classes of Departmental Revenues and Expenses by Outputs

Outcome 1	Output 1.1	Output 1.2	Output 1.3	Output 1.4	Output 1.5	Output Group1	Outcome 1 Total	
	2002-03 \$'000	2002-03 \$'000	2002-03 \$'000	2002-03 \$'000	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000
Departmental Expenses								
Employees	12 877	8 828	4 234	4 774	5 219	37 667	35 932	37 667
Suppliers	19 328	13 250	6 355	7 165	7 833	34 806	53 931	34 806
Depreciation	512	432	346	197	336	1 566	1 823	1 566
Other expenses	614	420	202	228	249	5 800	1 712	5 800
Total departmental expenses	33 332	22 929	11 137	12 364	13 637	79 839	93 398	79 839
Funded by:								
Revenues from government	32 384	22 354	10 988	12 020	13 371	76 724	91 117	76 724
Sale of goods and services	527	82	291	876	322	2 338	2 098	2 338
Other non-taxation revenues	182	118	60	67	140	3 745	567	3 745
Total departmental revenues	33 093	22 554	11 339	12 963	13 833	82 807	93 782	82 807

Outcome 2	Output 2.1	Output 2.2	Output 2.3	Output 2.4	Output 2.5	Output 2.6	Output Group 2	Output Group 3	Output Group 4	Outcome 2 Total	
	2002-03 \$'000	2002-03 \$'000	2002-03 \$'000	2002-03 \$'000	2002-03 \$'000	2002-03 \$'000	2001-02 \$'000	2001-02 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000
Departmental Expenses											
Employees	3 691	11 077	29 520	1 559	1 288	871	22 698	1 265	14 967	48 006	38 930
Suppliers	5 541	16 626	44 309	2 340	1 933	1 308	11 669	1 007	45 671	72 057	58 347
Depreciation	120	365	10 353	49	40	53	639	8	9 018	10 981	9 665
Other expenses	176	528	1 408	74	61	42	3 554	198	5 130	2 290	8 882
Total departmental expenses	9 528	28 596	85 590	4 023	3 322	2 274	38 560	2 478	74 786	133 334	115 824
Funded by:											
Revenues from government	9 231	27 712	91 864	3 896	3 217	2 227	46 018	2 547	87 719	138 147	136 284
Sale of goods and services	7	173	8 378	0	0	63	304	-	7 561	8 622	7 865
Other non-taxation revenues	58	146	5 978	27	23	38	1 144	14	2 260	6 269	3 418
Total departmental revenues	9 296	28 031	106 220	3 922	3 240	2 329	47 466	2 561	97 540	153 038	147 567

Note:

1. The methodology adopted is consistent with the 2002-03 Portfolio Budget Statements and involves management estimates of percentage expenditure and revenue attributable to each output. Where possible, corporate overhead has been attributed to outputs based on actual usage.
2. The Capital Use Charge, although reflected in Revenue from Government, is not reflected in the Total Expenses in accordance with accounting policy.
3. For 2002-03 the Department moved to a new outcomes/output structure with two outcomes and removal of output groups. As the revised outputs do not have a one-to-one relationship to the former output groups, Outcome 2 comparison is on an aggregate basis.

Note 31C: Major Classes of Administered Revenues and Expenses by Outcomes

	2003		Total	
	Outcome 1 \$'000	Outcome 2 \$'000	2003 \$'000	2002 \$'000
Administered Revenues				
Levies, Fees and Fines	291 631	3 247	294 878	231 597
Sales of Goods and Services	54 296	-	54 296	51 114
Interest	422	11 951	12 373	13 035
Dividends	33 625	8 000	41 625	33 510
Revenue from Sale of Assets	4 931	401	5 332	-
Other	5 043	13 739	18 782	22 346
Total Administered Revenues	389 948	37 338	427 286	351 602
Administered Expenses				
Grants	1 300 198	1 666 365	2 966 563	3 365 959
Subsidies	147 945	-	147 945	92 281
Suppliers	32 477	833	33 310	52 714
Depreciation and Amortisation	1 448	650	2 098	660
Write-down of Assets	-	430	430	8 055
Value of Assets Sold	-	442	442	-
Other	2 397	7	2 404	4 123
Total Administered Expenses	1 484 465	1 668 727	3 153 192	3 523 792

Outcomes 1 and 2 are described in Note 1.1.

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.



Part 6

Appendices

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Appendix 1 Consultancy services

The list below details consultants engaged during the 2002–03 financial year with a contract price of \$10 000 or more. The contract price for consultancies includes goods and services tax (GST).

Method of selection

1. Advertised publicly
2. Selective tender process
3. Not advertised because a contract already existed
4. Direct selection/sole source
5. Joint venture
6. Consultants' register/panel

Reason for employment

- a. Specialist skills not available within the department are required
- b. They bring greater objectivity and independence to the task
- c. Rapid access to the latest technology and experience already existed in its application is needed
- d. Appropriate in-house resources do not exist
- e. The department benefits from their broader experience and practices
- f. Specialist skills can be transferred to departmental staff associated with the project

Consultant	Task undertaken/services provided	Value (\$)	Method/reason
ACIL Australia Pty Ltd	Review of aviation cabotage policy	19 370	4 a, e
Acumen Alliance Pty Ltd	IT security review	68 990	6 a
Acumen Alliance Pty Ltd	IT services market testing	61 951	6 a
Acumen Alliance Pty Ltd	IT audit services	18 843	3 b
Airbiz Pty Ltd	Advice associated with the Indian Ocean Territories air services procurement process	40 000	1 a, d
AON Holding Australia Limited	Assessment of insurance policies held by airport lessee companies	100 000	2 a, d
ARRB Transport Research Ltd	Review of the effectiveness and potential costs and benefits of daytime running of lights	25 000	2 a, d
ARRB Transport Research Ltd	A literature review of train conspicuity	23 320	4 a, d
Australian Peak Shippers Association	Assistance to small export shippers in dealing with liner shipping under Part X of the <i>Trade Practices Act 1974</i>	20 000	4 a, b, e
Australian Strategic Planning Pty Ltd	Support research for the Regional Business Development Analysis Panel on attracting finance for regional business	78 400*	2 a, b, d
Australian Strategic Planning Pty Ltd	Support research for the Regional Business Development Analysis Panel on attracting finance for regional business	33 531*	4 a, b, d
Booz Allen & Hamilton (Australia) Ltd	Development of a Rail Communications Strategic Direction	Total Value of Contract: 110 000**	2, 5 a, d, e
	This consultancy was undertaken in conjunction with the National Road Transport Commission (NRTC) and the Australian Rail Operation Unit Trust (contributed to by DOTARS)	(55 000 paid by NRTC 55 000 paid by Australian Rail Operation Unit Trust)	

Consultant	Task undertaken/services provided	Value (\$)	Method/reason
Centre for Developing Cities (University of Canberra)	Development of a Leading Practice Model for Development Assessment processes on behalf of the Development Assessment Forum	65 000	1 a, d
Coffey Geoscience Pty Ltd	Options costing analysis for Warringah Study	12 173	4 a
Courage Partners	Post-Implementation Review RTC Programme	99 741	3 b, d, e
DeakinKM Pty Ltd	IT documentation services	14 976	3 a
Decelor Pty Ltd	Provision of specialist advice on land and housing issues for the Indian Ocean Territories	15 452	2 a, d, e
Deloitte Consulting Pty Ltd	IT application support services	276 080	3 a
Deloitte Touch Tohmatsu Pty Ltd IT	Review of the department's contractual reporting obligations to parliament	25 000	2 c,d
DMR Consulting	Audit on the IT Programme Office to ensure all projects were being correctly documented	11 456	4 b
Ernst & Young	Support research for the Regional Business Development Analysis Panel on a range of taxation issues	138 752*	4 a, b, d
Ernst & Young	Review of finance and business management	47 265	4 b, e
Ronald P Fisher	Specialist training in investigative interviewing techniques and advice on ATSB investigative interviewing training	14 387	4 a,d
Forster & Gibson Pty Ltd	A study to assess the level of safety provided by the Snell B-95 standard for bicycle helmets	35 160	4 a, d
Forward Consulting Pty Ltd	IT application support services	10 909	4 a
Dr Steve Garlick	Review of good practice examples of effective community/university engagement	114 500	4 a, e
GBG Limited	Review of the financial and human resource management systems of the Indian Ocean Territories Health Service	57 879	2 a, d, e
Gerry Gilchrist & Associates Pty Ltd	Review of ex-gratia payments in lieu of land tax.	20 000	4 a, b, d
Gregory F Walsh & Associates Pty Ltd	Support research for the Regional Business Development Analysis Panel about regional infrastructure finance	23 100*	4 a, d
Institute of Transport Studies	Traffic and options analysis for Warringah study	31 130	4 a
Kings Schools Inc, USA	Review of the National Airspace System and how it relates to the US National Airspace System	22 631	4 a, b, e
KPMG	Independent evaluation of the GrantsLINK website in order to determine its effectiveness and areas for improvement	24 600	2 b
KPMG	Preparation of Fringe Benefits Tax return	25 223	4 a, f
KPMG	Support research for the Regional Business Development Analysis Panel on taxation issues	84 360*	4 a, b, d
L'Agence Pty Limited	Third party audit into financial aspects of the Scoresby Freeway Project	33 216	4 d, e

Consultant	Task undertaken/services provided	Value (\$)	Method/reason
Rob Loretan	Produce documentation for stage 1 of the National Airspace System implementation	19 800	2 a, e
Local Government Managers Australia Limited	Home Based Work for Local Government Project - aims to identify jobs in the local government sector that are suited to home based work, and also identify the key factors of successful home base work arrangements and suggest practical strategies to promote these arrangement	30 000	4 a
Barry McAdie	Manage major National Aviation Facilitation Committee meeting and develop draft future strategy for National Aviation Facilitation Committee	19 900	4 a, e, f
Minter Ellison Consulting (Canberra) Pty Ltd	IT services market testing	19 007	6 a
Monash University	Investigation of potential benefits and costs of speed limit changes on rural roads	18 100	4 a, d
National Centre for Social and Economic Modelling, University of Canberra	Support research for the Regional Business Development Analysis Panel on options for regional development	33 000*	4 a, d
National Institute for Governance, University of Canberra	Governance advice	20 000	4 a, b, d, e
Quantum Market Research (Aust) Pty Ltd	Market research for Commonwealth Regional Information Campaign	40 524*	3 a
Rosetta Consulting Pty Ltd	Mentoring pilot	34 350	4 a, b, d, e
Rosetta Consulting Pty Ltd	Review of graduate programme	19 600	4 a, b, d, e
SMEC Australia Pty Ltd	Engineering assessment of the Scoresby Freeway Business Case	54 973	4 d, e
STW Group Limited trading as Singelton, Ogilvy & Mather	Development of advertisements and other creative materials associated with the Commonwealth Regional Information Campaign	739 184*	2 a
Solutions Marketing and Research Group	To assess the attitudes and perceptions of regional and rural communities to the branding of a new approach to delivery of regional programmes administered by department	27 225*	2 a
Stenning and Associates Pty Ltd	Maintenance and update of Commonwealth Planning Instruments Database on behalf of the Development Assessment Forum	17 391	4 a, e
Tactics Consulting Pty Ltd	Information architecture strategic plan	22 218	4 a, b, d
The Social Research Centre	National surveys of community attitudes to road safety issues	227 205	2 a, d
Thompson Clarke Shipping Pty Ltd	To compare Australian crew qualifications with other flag states, to assist state and territory authorities establish criteria for assessing the qualifications of foreign super yacht crews	18 500	2 a, d, e
Travel Search	Assisting Travel Tender	33 636	2 a
Rick Wade	Review of location specific pricing subsidy for air traffic control services at 14 regional and general aviation airports	25 600	4 a, d, f

Consultant	Task undertaken/services provided	Value (\$)	Method/reason
Walter & Turnbull Pty Ltd	Financial evaluation of airport lessee companies and associated entities at leased airports	100 000	4 a, d
Walter Turnbull Pty Ltd	Develop and deliver the Air Passenger Ticket Levy audit program to cover the major and minor airlines in both the capital cities and regional areas	231 615	2 b, e
Walter Turnbull Pty Ltd	Develop and deliver the Stevedoring Levy Collection audit program to cover major and minor stevedores in capital cities and regional centres	139 922	2 b, e
Tony Wheelens	Review of international aviation policy	43 636	4 a, e, f
Wes Willoughby	Drafting of cost benefit analysis of the National Airspace System	25 004	2 b
Mark Wolff	Marketing and production of training documentation for National Airspace System implementation	29 153	2 a, e
Richard Woodward	Technical advice on the US National Airspace System	87 253	4 a, b, e
Workplace Research Associates	Work level standards/capability framework /behavioural framework	45 815	4 a, b, d, e

* Items also listed under Appendix 2 Advertising and market research

** This amount was not included in the total amount for new consultancies, as it was not directly funded by the department

Appendix 2 Advertising and market research

The particulars of payments of \$1500 or more that the department paid for market research and advertising in 2002–03 are detailed below. All amounts include goods and services tax (GST) and have been rounded to the nearest dollar.

No polling organisations were contracted by the department in 2002–03.

Agency	Service provided	Cost \$
Advertising agencies		
Crowther-Blayne & Associates	Marine industry advertising to promote the role of the Australian Transport Safety Bureau (ATSB)	5172
Starcom	Call for submissions on AusLink	25 407
Starcom	Request for proposals to implement the APEC TPT-WG Project - 'Sea and Air Container Track and Trace Technologies: Analysis and Case Study'	2 284
Market research organisations		
Australian Strategic Planning Pty Ltd	Support research for the Regional Business Development Analysis Panel on attracting finance for regional business	78 400*
Australian Strategic Planning Pty Ltd	Support research for the Regional Business Development Analysis Panel on attracting finance for regional business	33 531*
Ernst & Young	Support research for the Regional Business Development Analysis Panel on a range of taxation issues	138 752*
Gregory F Walsh & Associates Pty Ltd	Support research for the Regional Business Development Analysis Panel about regional infrastructure finance	23 100*
KPMG Lty Ltd	Support research for the Regional Business Development Analysis Panel on taxation issues	84 360*
National Centre for Social and Economic Modelling, University of Melbourne	Support research for the Regional Business Development Analysis Panel on options for regional development	33 000*
Quantum Market Research (Aust) Pty Ltd	Market research Commonwealth Regional Information Campaign	40 524*
Solutions Marketing and Research Group Pty Ltd	To assess the attitudes and perceptions of regional and rural communities to the branding of a new approach to delivery of regional programmes administered by DOTARS	27 225*

Agency	Service provided	Cost \$
Media advertising organisations		
ACP Publishing Pty Ltd	Advertising Ride On motorcycle training videos	1749
Australian Transport and Logistics Review	Advertising the role of the ATSB	2739
Baird Publications Pty Ltd	Marine industry advertising to promote the role of the ATSB	8657
Charter Pacific Publications	Advertisement in the Transport Operators Handbook promoting the role of the ATSB	2700
Chevron Publishing Group Pty Ltd	Advertising the role of the ATSB in association with the Avalon Airshow	2200
Executive Media Pty Ltd	Kidsafe advertising	1995
FPC Magazines	Advertising Ride On motorcycle training videos	10 208
Mitchell & Partners	Purchase of advertising space for the Commonwealth Regional Information Campaign	2 632 059
Starcom Worldwide (Aust) Pty Ltd	Personnel advertising for ATSB investigators	5798
STW Group Limited trading as Singelton, Ogilvy & Mather	Development of advertisements and other creative materials associated with the Commonwealth Regional Information Campaign	739 184*
Trader International Group	Advertising Ride On motorcycle training videos	1870
Direct mail organisations		
Australia Post	Direct bulk mail out for the Commonwealth Regional Information Campaign	464 617

* Items also listed under Appendix 1 Consultancy services

Appendix 3 Discretionary grants

Discretionary grants are payments where the portfolio minister/paying agency has the discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant.

Regional discretionary grant programmes

- Year of the Outback
- Dairy Regional Assistance Programme
- Regional Assistance Programme
- Regional Solutions Programme
- Regional and Rural Development Grant
- Regional and Rural Research Information and Data Fund
- Sustainable Regions Programme

Performance reports on these programmes can be found in Part 3. Further information on these programmes can be found at www.dotars.gov.au

A list of grant recipients for the programmes listed above can be found at http://dynamic.dotars.gov.au/regional/approved_grants/grants_all.cfm

Australian Transport Safety Bureau discretionary grants

- ATSB Road Safety Research Grants Programme recipients in 2002–03 include:
Dr Kryss McKenna of the Department of Occupational Therapy, University of Queensland.
- ATSB other research grant recipients in 2002–03 include:
Queensland Transport, PO Box 673 Fortitude Valley QLD 4006
Motorcycle Council of NSW Incorporated, 15 Huddleston St Colyton NSW 2760.

Appendix 4 Freedom of Information

Section 8 of the *Freedom of Information Act 1982* (the FOI Act) requires Commonwealth Government agencies to make available information about their organisation, functions and operations, and about rules and practices used in making decisions that affect members of the public.

How to lodge a Freedom of Information request

In accordance with section 15 of the FOI Act, any person is entitled to apply for access to documents that fall within its scope. If you need further information or to lodge a formal request under the FOI Act, please contact:

Freedom of Information Coordinator
Department of Transport and Regional Services
GPO Box 594
CANBERRA ACT 2601

Telephone: (02) 6274 7844
Fax: (02) 6274 6775
Email: foi@dotars.gov.au

A request under the FOI Act must be in writing (email is acceptable), accompanied by a \$30 application fee, and stating an address in Australia to which notices under the FOI Act can be sent. In certain instances the fee is not required or can be remitted. For a quick response, please provide as much information as possible about the document(s) you are seeking. It is advisable to include a telephone number in case clarification of your request is necessary.

For the purposes of the FOI Act, the records of the Australian Transport Safety Bureau, the Bureau of Transport and Regional Economics and the administrations of Jervis Bay Territory, Christmas Island, the Cocos (Keeling) Islands and Norfolk Island are records of the department.

Categories of documents

The following categories of documents are held by DOTARS:

- birth, death and marriage records (non self-governing territories only)
- briefing papers and submissions prepared for ministers, parliamentary secretary, Cabinet and Executive Council
- business papers, briefing notes and meeting records for committees and conferences which the department services or in which it participates
- codes of practice
- documents of the Australian Transport Council
- documents prepared by international agencies
- documents relating to the development of legislation
- environmental impact statements
- internal administration documents
- international treaties, memoranda of understanding and international conventions
- legal documents, including legislation, contracts, leases and court documents

- ministerial responses to parliamentary questions, interdepartmental and general correspondence and papers
- motor vehicle registry records (non self-governing territories only)
- policy documents, recommendations and decisions
- programme, fund and grant administration papers
- registers of documents, approvals, exemptions, permits and licences
- service delivery arrangements
- Standards Australia guidelines for road design, signage and technical benchmarks
- technical maps, charts, photographs, drawings and specifications, manuals, statistics, databases and geographical information systems
- vehicle safety recalls.

Functions and decision-making powers

The organisation and functions of the department are described in Part 2 of this report.

Certain officers exercise delegated decision-making powers and advise the minister on the exercise of powers in relation to the following:

- | | | |
|---|---|--|
| ■ air navigation | ■ financial management and accountability | ■ Road Safety Black Spots |
| ■ air navigation and fuel spillage | ■ freedom of information | ■ Roads of National Importance |
| ■ air passenger ticket levy | ■ investigation of air safety occurrences and safety deficiencies | ■ Roads to Recovery |
| ■ aircraft noise | ■ investigation of marine incidents | ■ Rural Transaction Centres Programme |
| ■ aircraft noise levy | ■ local government | ■ self-governing territories |
| ■ airport curfews | ■ maritime | ■ ships capital grants |
| ■ airports | ■ motor vehicle certification and imports | ■ stevedoring levy |
| ■ archives | ■ National Highways | ■ Tasmanian Freight Equalisation Scheme |
| ■ aviation security | ■ non self-governing territories | ■ third party war risk indemnities for the aviation industry |
| ■ Bass Strait Passenger Equalisation Scheme | ■ public service employment | ■ trade practices (Part X of the <i>Trade Practices Act 1974</i>) |
| ■ coastal trade | ■ Regional Assistance Programme including the Area Consultative Committee network | |
| ■ Commonwealth explosives | | |
| ■ Dairy Regional Assistance Programme | | |
| ■ Federal Interstate Registration Scheme | | |

A Section 9 Statement listing manuals and other documents used by departmental officers when making decisions or recommendations that affect the public is available on request from the FOI coordinator or any office of the Australian Archives.

Arrangements for outside participation

The department welcomes views and comments from members of the public and bodies outside the Commonwealth on its policy formulation and administration of portfolio legislation. Public consultation is widely practised at varying levels, across many fields of policy and output delivery. Formal participation and consultation are arranged through the following bodies.

Australian Transport Safety Bureau

- Aerial Agricultural Association of Australia
- Aircraft Owners and Pilots Association of Australia
- Australian Airports Association
- Australian Federation of Air Pilots
- Australian and International Pilots Association
- Australian Licenced Aircraft Engineers Association
- Australasian Traffic Policing Forum
- Australasian Flight Safety Council
- Australian Coroners Society Inc
- Australian Ultralight Federation
- Fatigue Management Pilot Working Group
- Flag State Implementation Subcommittee of the International Maritime Organization
- Flight Attendants Association of Australia
- Flight Safety Forums
- Gliding Federation of Australia
- Heavy Vehicle Driver Fatigue Advisory Panel and Regulation Reference Group
- Heavy Vehicle Safety Strategy Task Force
- Human Factors Advisory Group
- Indigenous Road Safety Working Group
- International Air Transport Association
- International Transportation Safety Association
- International Civil Aviation Organization
- Marine Accident Investigators International Forum

- Motorcycle Safety Consultative Committee
- National Road Safety Strategy Panel
- Regional Airlines Association of Australia
- Research Coordination Advisory Group
- Road Safety Marketing and Public Education Forum
- The Australian Research Council Key Centre for Human Factors and Applied Cognitive Psychology

Aviation and Airports Policy

- Aviation Stakeholders' Conference
- Aviation Working Group
- National Advisory Facilitation Committee

Transport and Infrastructure Policy

- Asia-Pacific Economic Cooperation Transportation Working Group
- Australian Bicycle Council (though this is not a consultation body)
- Australia-Indonesia Development Area Transport Working Group
- Australian Freight Council Network
- Australian Global Navigation Satellite System Coordination Committee
- Australian Logistics Council
- Australian Transport Council
- Standing Committee on Transport

Transport Regulation

- Airport Environment Consultative Committees
- Australian Motor Vehicle Certification Board
- Committee to Advise on Recall and Safety
- International Civil Aviation Organization
- Long-term Operating Plan Implementation Monitoring Committee
- Motor Vehicle Environment Committee
- Sydney Airport Community Forum
- Technical Liaison Group
- Transport Emissions Liaison Group

Transport Programmes

- Road Safety Black Spot Programme Consultative Panels

Regional Policy

- Regional Business Development Analysis Programme
- Regional Women's Advisory Council
- Understanding Rural Australia Advisory Committee

Regional Programmes

- Area Consultative Committees
- Collaboration Across the North Officers Group
- Regional Solutions Programme Advisory Committee
- Rural Transaction Centres Programme Advisory Committee
- South-West Forests Adjustment Package Advisory Committee
- Sustainable Regions Advisory Committees
- Wide Bay Burnett Structural Adjustment Package

Territories and Local Government

- Administrators Advisory Committees
- Australian Local Government Association
- Commonwealth/State Planning Officials Group
- Commonwealth/State/Local Government Officials Group
- Commonwealth/State/Local Government Regional Development Task Force
- Development Assessment Forum
- Justice Issues Group
- Kingston and Arthur's Vale Historic Area Board of Management
- National Awards for Innovation in Local Government - judging panel
- Wreck Bay Aboriginal Community Council

Appendix 5 Performance in implementing the Commonwealth Disability Strategy

The department commenced its implementation of the Commonwealth Disability Strategy in 2002–03. Through our policies and programmes we aim to ensure people with disabilities are able to participate fully in community life. Following is a qualitative report on performance against each of the performance indicators.

SECTION A—Role of policy adviser

Performance indicator No. 1	Performance measure	Current level of performance
New or revised programme/policy proposals assess impact on the lives of people with disabilities prior to decision.	Percentage of new or revised policy/programme proposals that document that the impact on the lives of people with disabilities was considered prior to decision making.	<p>Our policies and programmes encompass both transport and regional issues:</p> <ul style="list-style-type: none"> • We give consideration in all policy advice to issues relating to health, the aged and people with disabilities, particularly those residing in regional areas. • In developing the new Regional Partnerships programme, the department assessed the impact of the programme on people with disabilities. • Accessibility to the AusLink Green Paper was promoted through its availability on our Internet site, or by calling a 1800 number. The department also held face to face consultations in geographically diverse locations. <p>The department encourages airports and airlines to consider their obligations under the <i>Disability Discrimination Act 1992</i> and to work together to facilitate and promote compliance with the requirements of the Act. These activities were pursued through the National Advisory Facilitation Committee.</p>

SECTION A—Role of policy adviser *continued*

Performance indicator No. 2	Performance measure	Current level of performance
People with disabilities are included in consultations about new or revised policy/programme proposals.	Percentage of consultations about new or revised policy/programme proposals that are developed in consultation with people with disabilities.	<p>The department aims to ensure that all venues for public consultations and conferences are accessible to people with physical disabilities.</p> <p>In September 2002 the department completed the <i>Technical Review on Disability Standards for Accessible Public Transport 2002</i>, a technical review of the draft Disability Standards for Accessible Public Transport (Transport Standards). A widespread community consultation programme, which included people with disabilities, was a major component of the review. In March 2003 the Australian Transport Council agreed to the recommended amendments to the Transport Standards, resulting from the technical review and the associated Regulatory Impact Statement.</p>
Performance indicator No. 3	Performance measure	Current level of performance
Public announcements of new, revised or proposed policy/programme initiatives are available in accessible formats for people with disabilities in a timely manner.	<p>Percentage of new or revised policy/programme announcements available in a range of accessible formats.</p> <p>Time taken to provide announcements in accessible formats.</p>	<p>The department aims to ensure that all venues for policy or programme announcements are accessible to people with disabilities.</p> <p>Announcements of new policies and programmes and all departmental corporate publications, such as the Annual Report and Portfolio Budget Statements, are available on the department's website www.dotars.gov.au in hypertext mark up language (HTML). Where practical, no paper-based publications are released without an electronic equivalent.</p> <p>In line with the department's commitment to providing accessible information to all Australians, including people with disabilities, our websites are compliant with internationally recognised web publishing standards. We also use software recommended by the National Office of the Information Economy as an accessibility testing tool to ensure information is provided to our clients and stakeholders in the most appropriate format.</p> <p>During the first half of 2003, the department launched a new corporate website that provided an upgraded search engine and subject-based navigation to assist our clients and stakeholders locate the information they require more easily.</p>

SECTION B—Role of regulator

Performance indicator No. 1	Performance measure	Current level of performance
Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities.	<p>Percentage of publicly available information on regulations and quasi-regulations requested and provided in:</p> <ul style="list-style-type: none"> • accessible electronic formats • accessible formats other than electronic. <p>Average time taken to provide accessible material in:</p> <ul style="list-style-type: none"> • electronic format • formats other than electronic. 	<p>The department's policy and programme areas provide reports, regulations and requirements through our website www.dotars.gov.au</p> <p>We monitor all information placed on our website to ensure that it is accessible to people with a disability.</p> <p>The department has a range of freecall 1800 numbers to enable people throughout Australia to access information relating to a range of areas administered by the department. These include the provision of information on the importation of vehicles, and information relating to transport safety from the Australian Transport Safety Bureau (ATSB). The call service on 1800 011 034 also enables people to notify the ATSB of accidents and incidents.</p>

Performance indicator No. 2	Performance measure	Current level of performance
Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities.	As above	Regularly maintained information is available on the department's Internet relating to specific areas of regulation with appropriate links to other relevant websites.

SECTION C—Role of purchaser

Performance indicator No. 1	Performance measure	Current level of performance
Publicly available information on agreed purchasing specifications available in accessible formats for people with disabilities.	Percentage of publicly available purchasing specifications requested and the average time taken to provide materials in accessible electronic or other formats.	The department provides appropriate information through a range of channels including print, Internet and telephone. Compliance with the <i>Disability Discrimination Act 1992</i> where appropriate is a requirement for all regional programme funding recipients.

SECTION C—Role of purchaser *continued*

Performance indicator No. 2	Performance measure	Current level of performance
Processes for purchasing goods or services with a direct impact on the lives of people with disabilities are developed in consultation with people with disabilities.	Percentage of processes for purchasing goods or services that directly impact on the lives of people with disabilities that are developed in consultation with people with disabilities.	<p>The department ensures that people with disabilities are consulted about the purchase of any goods or services that affect their lives.</p> <p>Applicants applying for funding for the department's regional programmes are expected to show that their projects are supported by the local community and are developed in line with local community needs, including recognition of the needs of people with disabilities under the <i>Disability Discrimination Act 1992</i>.</p>
Performance indicator No. 3	Performance measure	Current level of performance
Purchasing specifications and contract requirements for the purchase of goods or services are consistent with the requirements of the <i>Disability Discrimination Act 1992</i> .	Percentage of purchasing specifications for goods and services that specify that tender organisations must comply with the <i>Disability Discrimination Act 1992</i> and the percentage of contracts for the purchase of goods and services that require the contractor to comply with the <i>Disability Discrimination Act 1992</i> .	<p>The department ensures that all successful tender organisations for the provision of goods and services comply with the <i>Disability Discrimination Act 1992</i>.</p> <p>In providing specifications for the purchase of goods and services for the Indian Ocean Territories, the department's territories office in Perth ensures that those specifications are checked for compliance with Commonwealth law including the <i>Disability Discrimination Act 1992</i>.</p>
Performance indicator No. 4	Performance measure	Current level of performance
Publicly available performance reporting against the purchase contract specifications requested in accessible formats for people with disabilities is provided.	Percentage of publicly available performance reports against the contract purchasing specification requested, and average time taken to provide in electronic and other accessible formats.	<p>The department's purchasing practices and procedures are subject to the provisions of the Chief Executive's Instruction relating to procurement and are consistent with the Commonwealth Procurement Guidelines and Best Practice Guidance.</p> <p>All relevant information on contracts let by the department is made publicly available through our annual report. This information is available on our website in accessible formats for all Australians, including those with disabilities.</p>

SECTION C—Role of purchaser *continued*

Performance indicator No. 5	Performance measure	Current level of performance
Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about the providers' performance.	Established complaints and grievance mechanisms, including access to external mechanisms, in operation.	The department's Client Service Charter includes mechanisms for the raising of complaints/grievances including access to the Ombudsman. Detailed information on the department's Client Service Charter is provided in Section D—Role of Provider of this report.

SECTION D—Role of provider

Performance indicator No. 1	Performance measure	Current level of performance
Providers have established mechanisms for quality improvement and assurance.	Evidence of quality improvement and assurance systems in operation, eg. annual assessment of quality improvement and assessment systems.	<p>During the first half of 2003, the department launched a new corporate website that provided an upgraded search engine and subject-based navigation to assist our clients and stakeholders locate the information they require more easily.</p> <p>Access to information on Commonwealth funding programmes is available through the Commonwealth Regional Information Service (CRIS). A free directory of Commonwealth programmes, the <i>Commonwealth Regional Information Directory</i>, is available through DOTARS and can be ordered through www.dotars.gov.au/cris or www.regionalaustralia.gov.au</p> <p>All departmental corporate publications such as annual reports, Portfolio Budget Statements, Corporate Plan and Client Service Charter are available on the department's website in HTML. Where practical, no paper-based publications are released without an electronic equivalent.</p>

SECTION D—Role of provider *continued*

Performance indicator No. 2	Performance measure	Current level of performance
<p>Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for people with disabilities.</p>	<p>Established service charter that adequately reflects the needs of people with disabilities in operation, eg. annual assessment of provider's service charter.</p>	<p>The department's Client Service Charter provides an overview of our services and service standards and states our commitment to provide a high level of service to all Australians. The Client Service Charter is written in clear language to guide our clients regarding their rights and responsibilities, and encourages them to provide feedback on the service we provide.</p> <p>The charter provides information on how to:</p> <ul style="list-style-type: none"> • contact the department • have decisions reviewed • raise complaints • have complaints or concerns referred to the Ombudsman. <p>The charter is written in a clear concise style and is available in accessible format through our Internet on www.dotars.gov.au/dept/charter.htm and in hard copy. We ensure that all clients can easily access information regarding our services through free-call lines and information available on our website www.dotars.gov.au</p> <p>Community members including people with disabilities can contact the department's client service officer to provide feedback on our service or make a complaint via:</p> <ul style="list-style-type: none"> • a toll free Client Service Feedback Line 1800 075 001 • email clientserv@dotars.gov.au • fax (02) 6257 2505 • a detachable reply paid postage feedback form attached to our Client Service Charter pamphlet • feedback form emailed directly from our the Client Service Charter available on our website. <p>As detailed in Section A—Role of the Policy Advisor of this report, the department is committed to providing accessible information to all Australians, including people with disabilities.</p> <p>The department uses standard versions of the HTML. We endeavour to avoid formatting/presentation gimmicks, reduce unnecessary graphic images and simplify those used, providing alternative ways to access graphically depicted information.</p>

SECTION D—Role of provider *continued*

Performance indicator No. 2	Performance measure	Current level of performance
		<p>Descriptive images include a text description or ALT information within the HTML tag. The department's Internet Publishing Standards are available to employees on our internal website and are aligned with the <i>Guidelines for Commonwealth Information Published in Electronic Formats</i>.</p> <p>The Client Service Charter is reviewed in line with the DOTARS Corporate Plan and is available at www.dotars.gov.au/dept/charter.htm</p>

Performance indicator No. 3	Performance measure	Current level of performance
Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised about performance.	Established complaints/grievance mechanisms, including access to external mechanisms, in operation.	<p>In addition to the wide range of complaints/grievance mechanisms using standard technologies detailed above, clients with disabilities may access the National Relay Service line.</p> <p>If clients are dissatisfied at any time with the handling of complaints/grievances by the department, our Client Service Charter provides a range of contact avenues for the Commonwealth Ombudsman, including a toll free contact number, email and postal addresses.</p> <p>Staff are made aware of the department's commitment to client service. An electronic copy of the Client Service Charter is available to all departmental employees and is located on the department's intranet.</p> <p>Our Client Service Charter is reviewed annually taking into consideration feedback from clients and stakeholders and ensuring consistency with the objectives and priorities of our Corporate Plan.</p>

SECTION E—Role of Employer

Performance indicator No. 1	Performance measure	Current level of performance
<p>Employment policies, procedures and practices comply with the requirements of the <i>Disability Discrimination Act 1992</i>.</p>	<p>Number of employment policies, procedures and practices that meet the requirements of the <i>Disability Discrimination Act 1992</i>, eg. annual assessment of employment policies, procedures and practices.</p>	<p>Compliance with requirements of the <i>Disability Discrimination Act 1992</i> underpins the department's employment policies and procedures. The concept of workplace diversity, encompassing gender, disability, indigenous, linguistic and cultural background guides our work and the ways in which we relate to each other, our stakeholders and our clients.</p> <p>We aim to attract, retain and develop a diverse group of people within the organisation, thus developing a workplace environment where diversity is valued. Diversity provides our department with a wide variety of skills, talents, experiences and approaches, enabling people to add value to the work of the department.</p> <p>Employment opportunities available to the Australian community are advertised on the department's external website and via other media, detailing all information necessary to submit an application. In addition, applicants are offered ways to cater for their particular needs in the selection process (such as audio applications and telephone interviews).</p> <p>The department actively facilitates workplace diversity awareness among staff through distribution of workplace diversity posters, by publicising the Workplace Diversity Programme on the department's intranet, and through creation of a Diversity and Equity network to be launched 1 July 2003, which is an expansion of the department's former Women's Network. Our revised work level standards and the department's values emphasise behaviour promoting workplace diversity.</p>

SECTION E—Role of Employer *continued*

Performance indicator No. 2	Performance measure	Current level of performance
Recruitment information for potential job applicants is available in accessible formats on request.	<p>Percentage of recruitment information requested and provided in:</p> <ul style="list-style-type: none"> • accessible electronic formats • accessible formats other than electronic. <p>Average time taken to provide accessible information in:</p> <ul style="list-style-type: none"> • electronic formats • formats other than electronic. 	<p>The department remains committed to electronic forms of communication. Employment opportunities available to the Australian community are advertised on the department's external website and via other media, detailing all information necessary to submit an application. In addition, applicants are offered ways to cater for their particular needs in the selection process (such as audio applications and telephone interviews).</p> <p>Our employment decisions encompass APS values that promote a workplace free from discrimination and which recognises and utilises the diversity of the Australian community it serves. The department's Workplace Diversity Programme states the organisation's objective to attract and retain a diverse range of employees. The department also endeavours to include people with disabilities on selection committees.</p>
Performance indicator No. 3	Performance measure	Current level of performance
Agency recruiters and managers apply the principle of 'reasonable adjustment'.	Percentage of recruiters and managers provided with information on 'reasonable adjustment', eg. annual sampling of information provided on 'reasonable adjustment'.	<p>Information pertaining to 'reasonable adjustment' is published on the department's intranet and is accessible by all staff including recruiters and managers. The department strives to include at least one session annually on workplace diversity in EL2/SES1 retreats.</p> <p>The department encourages collection of reports from divisional leaders on positive and negative workplace diversity outcomes (including disability issues) in their areas. A section on compliance with Commonwealth legislation including the <i>Disability Discrimination Act 1992</i> is incorporated in all departmental contracts.</p> <p>'Reasonable adjustment' is applied on a case-by-case basis and staff identifying as having a disability are consulted on practical measures that might be implemented to assist them perform their jobs and enable them to take advantage of development opportunities.</p>

SECTION E—Role of Employer *continued*

Performance indicator No. 4	Performance measure	Current level of performance
Training and development programmes consider the needs of staff with disabilities.	Percentage of training and development programmes that consider the needs of staff with disabilities, eg. annual sampling of training and development programmes.	The department provides training and development programmes through external providers who are required to meet the standards of the Commonwealth Disability Strategy and the requirements of the <i>Disability Discrimination Act 1992</i> . Employees with disabilities attending training and development programmes indicate those arrangements that are needed to meet their requirements. Training and development courses can be booked and paid on-line.
Performance indicator No. 5	Performance measure	Current level of performance
Training and development programmes include information on disability issues as they relate to the content of the programme.	Percentage of training and development programmes that include information on disability issues as they relate the programme.	Workshops included in annual EL2/SES1 retreats explore workplace diversity issues. Performance exchanges promote awareness of all areas of workplace diversity including those relating to people with disabilities and issues of disability discrimination.
Performance indicator No. 6	Performance measure	Current level of performance
Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised by staff.	Establish complaints and grievance mechanisms, including access to external mechanisms in operation.	<p>The department prides itself on being a safe, supportive and professional workplace and maintains policies regarding grievance resolution on employment matters which are available to all our people through the department's internal website. A range of formal and informal avenues are available for resolving complaints within the department.</p> <p>Internal processes, as defined in the Certified Agreement and in accordance with the <i>Public Service Act 1999</i>, may be accessed by employees dissatisfied with the manner in which an employment decision has been made.</p> <p>Under the Public Service Regulation 83, an employee may lodge a grievance with a supervisor or directly with the secretary and an inquiry will be held into the grievance. An employee with a complaint may also pursue the matter externally, including seeking legal advice.</p>

Appendix 6 Environmental performance reporting

This section reports on the incorporation of the principles of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) into the wide range of policies and programmes administered by the department.

The department's programmes and policies focus on national transport and logistics systems and regional services and development.

Ecologically Sustainable Development (ESD) is supported in the department's two outcomes:

- *A better transport system for Australia*

The department works collaboratively with state and territory governments to improve ecological awareness in the transport system.

- *Greater recognition and development opportunities for local, regional and territory communities*

The department works with local, regional and territory communities to achieve positive economic, environmental and social outcomes for all Australians.

Principle A: Decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations

Activity by division	Effect of this activity on the environment
<p>Australian Transport Safety Bureau (ATSB) The ATSB supports the National Road Safety Strategy through road safety research, data collection and statistical analysis.</p>	<p>One of the objectives of the National Road Safety Strategy is to encourage alternatives to motor vehicle use, with the aim of reducing exposure to road trauma, as well as achieving environmental and other benefits.</p>
<p>Aviation and Airports Exploring policy options for developing and implementing an appropriate land use planning regime to achieve the government's objectives. This approach includes developing policy options for attaining compatible land use around smaller and regional airports.</p>	<p>This approach is intended to lead to communities being exposed to lower aircraft noise levels and reduce restrictions on airport operations. This ensures long-term compatibility between economic imperatives (the need for airports) and environmental/health/social downsides (primarily aircraft noise).</p>

Principle A: Decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations (*continued*)

Activity by division	Effect of this activity on the environment
<p>Economic Research and Portfolio Policy</p> <p>A core focus of work in the following areas relates to consideration in practical policy terms of the balance between and achievement of environmental, social and economic goals:</p> <ul style="list-style-type: none"> • greenhouse policy • approaches to sustainable transport through the National Transport Secretariat • transport and regional research relevant to economic and environmental policy formation • natural resources and environmental policy development and advice • contributions to the National Water Initiative and Productivity Commission Inquiry into the impacts of native vegetation and bio-diversity conservation regulation • input to the Prime Minister's Energy Taskforce • contributions to the government's Climate Change Forward Strategy and National Greenhouse Strategy. 	<p>These activities result in better incorporation and consideration of ESD objectives and principles in policy development and subsequent decision making by governments.</p>
<p>Regional Programmes</p> <p>Ongoing administration and funding of the Sustainable Regions Programme.</p>	<p>The aims of the programme include assisting eight regions across Australia to undergo major economic, social and environmental change to build a viable foundation for the future. The Australian Government assists locally-based advisory committees established under the programme to, for example:</p> <ul style="list-style-type: none"> • formulate and test future development options for regions • identify and support specific activities to promote sustainable development • support community leadership in the development of local solutions • foster new ideas, community energy, drive and self-reliance • forge partnerships between the private sector and all three spheres of government. <p>A number of Sustainable Regions Advisory Committees have identified ESD issues as regional priorities.</p>
<p>Territories and Local Government</p> <p>In December 2002, the department established the Jervis Bay Territory Public Health and Environment Working Group.</p>	<p>The Jervis Bay Territory Public Health and Environment Working Group brings together relevant government agencies and stakeholders in the territory to discuss, liaise, coordinate, and advise on issues of public health and environment within the territory.</p> <p>The advice enables decision-makers to consider community, stakeholder, and expert views on environmental and public health issues therefore integrating key aspects of ESD.</p>

Principle A: Decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations (*continued*)

Activity by division	Effect of this activity on the environment
<p>Regional Flood Mitigation Programme Partnership Agreements with the states and territories.</p>	<p>Under the Regional Flood Mitigation Programme Partnership Agreements with the states and territories, the state/territory assessment committees assess and prioritise flood mitigation project applications. Project applications are required to describe economic, social and environmental objectives and these are taken into account in the assessment process.</p> <p>The programme recognises the fundamental importance of Australia's floodplains to the commercial, social and ecological wellbeing of the nation. Responsible and sustainable floodplain management aims to reduce the current flood damage bill and limit where possible future damage, while continuing to manage and enhance the social, economic and environmental values of floodplains.</p>
<p>The department is seeking proposals for the construction of new electricity and supply infrastructure for Home Island, Cocos (Keeling) Islands.</p>	<p>Proponents have been asked to allow for renewable energy to be integrated with the main source of energy in the future. This will give Home Island the capability to supplement and reduce the use of fossil fuels.</p>
<p>The department is responsible for obtaining land and constructing housing and infrastructure associated with the Immigration Reception and Processing Centre on Christmas Island.</p>	<p>The Minister for the Environment and Heritage granted exemptions under section 158 and 303A of the EPBC Act to proceed without the usual environmental impact assessment on the grounds that it is in the national interest to do so. Despite the EPBC Act exemption, processes were put in place to ensure the developments are carried out in a manner reflecting best practice environmental management. A number of measures were used to minimise negative environmental impacts. These included ensuring the submission of Environmental Management Plans by contractors and the appointment of an officer to provide environmental advice and oversight of the project.</p>

Principle A: Decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations (*continued*)

Activity by division	Effect of this activity on the environment
<p>Kingston and Arthur's Vale Heritage Area (KAVHA) Norfolk Island: For the financial year 2002–03 the Commonwealth contributed \$520 000 to the KAVHA Norfolk Island Trust Fund, which is administered by the Norfolk Island Government. This contribution is allocated from the department's operational budget and is dispensed in accordance with cyclical and non-cyclical works programmes that are underpinned by a cost-sharing formula specified in a Memorandum of Understanding between the Commonwealth and the Norfolk Island Government. The functions and objectives of the KAVHA Board relate to all ESD considerations.</p>	<p>KAVHA Board plans and strategies attempt to integrate objectives related to the national heritage values of the site and its significance to the Norfolk Island community as a place of residence, work, recreation, worship and government.</p>
<p>The Commonwealth Norfolk Island joint land initiative: In 2002–03 the following land bills were assented to by the Governor-General:</p> <ul style="list-style-type: none"> • <i>Planning Act 2002</i> • <i>Norfolk Island Planning and Environment Board Act 2002</i> • <i>Subdivision Act 2002</i> • <i>Heritage Act 2002</i> • <i>Roads Act 2002</i> • <i>Land Titles Act</i> • <i>Subdivision (Moratorium) Act 2003.</i> 	<p>The Commonwealth Norfolk Island joint land initiative continued to progress a number of prerequisites that will result in a more robust land management regime for Norfolk Island prior to the transfer of selected Crown land to existing lessees. As part of the prerequisites, plans of management have now been prepared for all Crown reserves on Norfolk Island.</p>
<p>Transport and Infrastructure Policy AusLink Green Paper.</p>	<p>AusLink is a national transport plan to integrate Australia's road and rail systems. It is designed to encourage, amongst other things, better planning, more responsible growth, more innovative solutions to infrastructure needs and continuous improvement.</p>
<p>Secretariat services for the Australian Bicycle Council.</p>	<p>Provision of secretariat services for the Australian Bicycle Council, established to coordinate implementation of the Australia Cycling National Cycling Strategy, 1999–2004. Australia Cycling has a vision of increased cycling for transport and recreation to enhance the well being of all Australians. Its goal is to double bicycle use by 2004. This will contribute to growth and improvements in transport, urban development, public health and the environment. In the 2002–03 financial year, the department provided sponsorship for the Connecting Cycling Conference to be held in November 2003 in Canberra and for a small amount of funding to enable completion of the Stage 1 Cycling Data and Indicators report.</p>

Principle A: Decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations (*continued*)

Activity by division	Effect of this activity on the environment
<p>The department supported the Australian Logistics Council in implementing the Australian Logistics Industry Strategy (previously known as the Freight Transport Logistics Industry Action Agenda).</p>	<p>The strategy, endorsed in March 2002 by the transport and logistics industry and in July 2002 by Cabinet, recommends actions that may impact on the environment and sustainability of the freight logistics sector, including:</p> <ul style="list-style-type: none"> • Action 17: the freight logistics industry and governments review solutions—including those identified under the <i>National Strategy for Intelligent Transport Systems (e-transport)</i>—for increasing efficiency and reducing congestion and greenhouse gas emissions associated with freight movements, and implement strategies to promote awareness and support take-up. • Action 18: the freight logistics industry, users of logistics services and government agencies to undertake a full life-cycle assessment of several representative freight logistic chains to examine opportunities for applying the principles of reverse logistics to achieve improved environmental outcomes. • Action 19: the freight logistics industry, users of logistics services and government agencies to establish an awareness program of the technologies available to eliminate packaging waste from freight logistics chains. • Action 20: The freight logistics industry, in conjunction with government agencies, aim to develop and implement a national freight logistics accreditation scheme that encourages Australian firms to adopt the Australian Standard/New Zealand Standard(AS/NZS) International Standards Organisation (ISO) 14000 series and improve environmental management within the freight logistics industry. The Australian Logistics Council endorsed a resolution recommending to all involved in the transport and logistics business that they examine the use of the ISO 14001 standard and endeavour to adopt this standard as part of their on-going business.
<p>Transport Programmes The National Highway and Roads of National Importance programmes provide funding to state and territory governments for construction, rehabilitation and maintenance of Australian roads.</p>	<p>The Commonwealth seeks to minimise environmental degradation associated with the construction, rehabilitation and maintenance of roads. Funding provided for projects is dependent on states and territories receiving appropriate environmental approvals under the EPBC Act and complying with any environmental conditions relating to those approvals.</p>

Principle A: Decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations (*continued*)

Activity by division	Effect of this activity on the environment
<p>The Commonwealth is providing up to \$191.4 million for construction of the Alice Springs to Darwin Railway.</p>	<p>It is anticipated that this will prevent unnecessary environmental degradation resulting from construction of the railway. An Environmental Management Plan (EMP) was developed for the projects in 1997. The Commonwealth has agreements in place to ensure project proponents comply with requirements of the EMP and recommendations the Minister for the Environment made regarding the project.</p>
<p>Transport Regulation The department's airport environment strategies provide the basis for airport lessees to manage the environmental impacts of their operations. The department and its airport environment officers work with airport operators and airport tenants to ensure a high level of compliance with the <i>Airports Act 1996</i> & Airports (Environment Protection) Regulations 1997.</p>	<p>Airport Environment Strategies encompass measures to prevent or minimise at the leased Federal airports:</p> <ul style="list-style-type: none"> • Environmental pollution at airport sites • Impact on biota or habitat • Interference with sites of heritage value or sites of significance to Aboriginal or Torres Strait Islander People.
<p>Airport environment officers monitor groundwater and stormwater quality. They also regulate on-airport noise and monitor any impact on local residents and on-site tenants.</p>	<p>Groundwater monitoring is an important benefit to the community, as groundwater flowing through the airport site is in some cases used for stock and irrigation off-site.</p>
<p>Regulate the operation of aircraft that do not meet noise standards specified in Annex 16 of the International Civil Aviation Organization.</p>	<p>The department has restricted the operation of non-compliant aircraft only to those that are solely in the public interest and aircraft of historical significance. The later may only be operated at airshows, and for adventure type flight operations, where there is evidence of community support. The implementation of the new policy regarding historical aircraft put an end to the operation of adventure flights over the Blue Mountains World Heritage Conservation Area.</p>

Principle B: If there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation (ie. the 'precautionary principle').

Activity by division	Effect of this activity on the environment
<p>Australian Transport Safety Bureau (ATSB) Conducts safety investigations and research.</p>	<p>The purpose of safety investigations and research is to reduce accidents and incidents that adversely impact on people and the environment.</p>
<p>Economic Research and Portfolio Policy Development of the First National Strategy and Action Plan to Address Emissions from Urban Transport which was agreed by the Australian Transport Council (ATC) in August 2002.</p>	<p>It is widely accepted that the implementation of vehicle emission standards has made a significant contribution to reductions in air pollution in Australia's major cities. Noise standards have also reduced the level of traffic noise. The fuel consumption labelling standard is relatively new, but is anticipated to lead to reductions in fuel consumption from the new vehicle fleet.</p>
<p>2002–03 Vehicle Emissions and Fuel Standards Review.</p>	<p>The department is responsible for developing the Australian Design Rules (ADR) for vehicle emissions, vehicle noise and fuel consumption labelling. The objective of these measures is to minimise adverse impacts of motor vehicles on the environment in terms of urban air quality, noise disturbance and greenhouse gas emissions.</p>
<p>Territories and Local Government Review of water supply and sewerage services in Jervis Bay Territory.</p>	<p>In 2002, the department initiated a review of water supply and sewerage services in Jervis Bay Territory. This review will provide guidance on a cohesive management strategy for the provision of these services, including measurable performance targets, in order to meet long-term management, development and environment protection needs of the Jervis Bay Territory.</p>
<p>Regional Flood Mitigation Programme Partnership Agreements with the states and territories.</p>	<p>Projects which identify community safety as the primary goal may opt for the introduction of mitigation measures which have an adverse impact on floodplain and riparian (pertaining to the bank of a river or other body of water) environmental values.</p>
<p>The department has begun to seek proposals for the operational and financial management of various business units in the Indian Ocean Territories by requesting proposals for the management of the airports in both territories.</p>	<p>Potential managers operate with due regard to the principles of ESD including through the development of Environmental Management Plans and Annual Environment Reports.</p>

Principle B: If there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation (ie. the 'precautionary principle') (*continued*)

Activity by division	Effect of this activity on the environment
<p>The department has prepared environmental assessment documentation for the proposed airport upgrade, additional port facility and upgrading of Linkwater Road on Christmas Island.</p>	<p>Preparation of the environmental assessment documentation will ensure that these projects are environmentally appropriate and that environmental impacts will be minimised. The Minister for Environment and Heritage subsequently approved these documents subject to conditions.</p>
<p>Commonwealth programmes in the Kingston and Arthur's Vale Historic Area (KAVHA) Norfolk Island.</p>	<p>The Commonwealth's involvement in KAVHA is for the conservation and enhancement of heritage values within the site. These are administered primarily through annual works programmes.</p>
<p>Transport Regulation The development of legislation to implement regulations for the 'Prevention of Pollution by Sewage from Ships' (Annex IV of the International Convention for the Prevention of Pollution from Ships 1973/78 (MARPOL 73/78).</p>	<p>A precautionary principle is applied to enable government to take action to prevent pollution based on grounds of concern that pollution to marine environment could occur.</p>
<p>The department is the Chair of the Shipping Management Group which is responsible for overseeing the implementation of the 41 recommendations contained in the Review of Great Barrier Reef Ship Safety and Pollution Prevention Measures. As part of this process, the department facilitated a submission to the International Maritime Organization to designate the Torres Strait region as a Particularly Sensitive Sea Area (PSSA).</p>	<p>Designating PSSA status to the Torres Strait region will help address the area's vulnerability to damage through shipping activities, increase marine safety and heighten awareness of the ecologically sensitive nature of the region.</p> <p>The implementation of the 41 recommendations, in particular, the development of a Shipping Management Plan and Shipping Impact Study, will assist in improving the marine environment and ship safety of the Great Barrier Reef and Torres Strait.</p>

Principle C: The principle of inter-generational equity—that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.

Activity by division	Effect of this activity on the environment
<p>Aviation and Airports Developing policy options for attaining compatible land use around smaller and regional airports.</p>	<p>Exploring policy options for developing and implementing an appropriate land use planning regime to achieve the government's objectives. This ensures long-term compatibility between economic imperatives (the need for airports) and environmental/health/social downsides (primarily aircraft noise).</p>

Principle C: The principle of inter-generational equity—that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations (*continued*)

Activity by division	Effect of this activity on the environment
<p>Developing ways to describe aircraft noise that are easily understandable by the non-expert.</p>	<p>The type of information produced allows, for example, noise sensitive persons to be aware of aircraft noise exposure before they consider whether to buy a house near a flight path. This approach is aimed at reducing tensions between airports and their surrounding communities, which can result from communication breakdowns over reporting of what constitutes aircraft noise. This ensures ongoing compatibility between economic imperatives (the need for airports) and the environmental/health/social downsides of aircraft noise.</p>
<p>Economic Research and Portfolio Policy Development and application of Australia's Oceans Policy.</p>	<p>The department contributes towards whole of government policy and process for ecologically sustainable development in Australia's marine jurisdiction.</p>
<p>Development of the <i>Green Vehicles Guide</i>.</p>	<p>The development of the <i>Green Vehicles Guide</i>, which aims to inform consumers of the environmental performance of new vehicle models in terms of urban air pollution and greenhouse gas impact, will enable new vehicle consumers to factor environmental considerations into their purchasing decisions and choose more environmentally friendly vehicles.</p>
<p>Regional Policy The department works in cooperation with Environment Australia and the Department of Agriculture, Fisheries and Forestry-Australia on programmes such as the National Action Plan for Salinity and Water Quality and the extension of the Natural Heritage Trust.</p>	<p>The department, in co-operation with other government departments, facilitates the use of natural resources without compromising the vital facilities and services the environment provides.</p>
<p>Regional Programmes Locally based advisory committees.</p>	<p>Locally based advisory committees reduce negative impacts on the environment through an increased awareness of these issues. Advisory committees assist in identifying and supporting specific activities to promote sustainable development. A number of projects have been funded that address local environmental priorities. A mandatory funding requirement is that all proposals must comply with relevant planning and environment laws. To measure effectiveness of outputs and outcomes of the programme, CSIRO Sustainable Ecosystems is developing an evaluation framework using performance measures and Regional Profiles produced by the Australian Bureau of Statistics for each region.</p>

Principle C: The principle of inter-generational equity—that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations (*continued*)

Activity by division	Effect of this activity on the environment
<p>Territories and Local Government</p>	
<p>The department commenced the installation of underground electrical cables running through the Booderee National Park.</p>	<p>This action will decrease erosion occurring in the vicinity of the existing cables, allow revegetation of the existing scar and reduce risk of fire danger caused by degradation of cables exposed to the elements. All projects are required to meet state and Commonwealth environmental, heritage and planning legislation.</p>
<p>Commonwealth involvement in the Kingston and Arthur's Vale Historic Area (KAVHA) Norfolk Island.</p>	<p>Cyclical works programmes operate on three-year and five-year bases. Non-cyclical programmes include stabilisation work to prevent further deterioration of a structure or the landscape.</p>
<p>The department has begun to seek proposals for the operational and financial management of various business units in the Indian Ocean Territories by requesting proposals for the management of the airports in both territories.</p>	<p>Potential managers are to operate with due regard to the principles of ESD including through the development of Environmental Management Plans and Annual Environment Reports.</p>
<p>Transport Regulation</p>	
<p>The International Convention on the Control of Harmful Anti-fouling Systems on Ships was tabled in both Houses of Parliament and considered by the Joint Standing Committee on Treaties as a prelude to Australian accession to the Convention and the development of implementing legislation.</p>	<p>Implementation of the Convention will prohibit the use on ships of anti-fouling systems which have an adverse effect on marine organisms.</p>
<p>Airport leases will be operated on a 49 year plus 50 year basis and allow for the preservation of heritage values and principles and the sustainable management of the environment.</p>	<p>Airport operators must consider the long term planning aspects of the airport against the heritage and environment qualities of the airport land.</p>

Principle D: The conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making.

Activity by division	Effect of this activity on the environment
<p>Transport Regulation</p>	
<p>The department has provided input into the activities of the International Maritime Organization (IMO), Marine Environment Protection Committee (MEPC), and the Asia-Pacific Economic Cooperation (APEC) Transportation Working Group.</p>	<p>These activities ensure that Australia's economic and social well being is recognised alongside the need for environmentally responsible, safe and cost effective maritime transport.</p>

Principle E: Improved valuation, pricing and incentive mechanisms should be promoted

Activity by division	Effect of this activity on the environment
<p>Territories and Local Government Planned charges for water use on Christmas Island.</p>	<p>The department, through its service provider, is phasing in charges for all water use on Christmas Island in line with current practises in Western Australia and with the ESD principle of externalising costs of natural resources.</p>
<p>Licences issued for facilities to operate in the Indian Ocean Territories under the <i>Environment Protection Act 1986 (WA)(CI)(CKI)</i>.</p>	<p>The department's contracted Island Environment Officer, has issued licences for facilities to operate in the Indian Ocean Territories under the <i>Environment Protection Act 1986 (WA)(CI)(CKI)</i>. These licences impose conditions of operation on the facilities that remove or decrease environmental impacts of their operations.</p>
<p>The department works closely with Environment Australia (EA) to ensure environmental considerations under the <i>Environmental Protection & Biodiversity & Conservation Act 1999</i> are preserved.</p>	<p>EA accredits the environmental processes under the <i>Airports Act 1996</i>.</p>

Additional departmental activity fostering environmental awareness

In its own office based activities the department has agreed, through its Certified Agreement, to develop and promote initiatives that result in reductions in energy usage, waste generation and the cost of consumables. These initiatives will form the basis of a Departmental Energy Plan.

The department runs a successful paper recycling programme and energy conservation programme. Staff are encouraged to participate in these programmes through electronic bulletins on the department's intranet.

Building management systems apply to lighting and air conditioning and daytime cleaning obviates the need for additional lighting at night.

These systems are revised and fine-tuned regularly to achieve maximum results.

The department, through a survey, participated in the ANAO audit on Commonwealth ESD and environmental performance reporting. The ANAO report can be found at www.anao.gov.au

Appendix 7 Corrections and amendments

There were some identified deficiencies in the 2001–02 Department of Transport and Regional Services Annual Report. Below is an explanation of those and the actions taken to remedy them in this report.

Senate Report: Rural and *Regional Affairs and Transport Legislation Committee Annual report (No. 1 of 2003)*

Certification of appropriate internal controls

The committee considered that the department's omission to certify that fraud measures are in place did not comply with the requirements contained in the Department of Prime Minister and Cabinet Requirements for Annual Reports (paragraphs 2.25 and 2.26)

This certification has now been inserted into the letter of transmittal of the 2002–03 Annual Report and included in Part 4: Management and accountability.

Service Charter

In the 2001–02 Annual Report no complaints data was provided. The committee suggested that a statistical table detailing any complaints received and how the department responded and resolved the issue would have been helpful.

This information is now provided in Part 4: Management and accountability.

ANAO Report No. 45 – *Reporting of Financial Statements and Audit Reports in Annual Reports*

Review of Financial Statements

The ANAO audit completed in January 2003 identified a number of omissions in the web version of the department's 2001–02 annual financial statements.

To ensure this does not occur in this report the financial statements have been inserted as signed off by the Auditor General in both the printed and the electronic versions. The printed annual report has the approved statements scanned and inserted. The electronic/Internet annual report has the same scanned financial statements. These are provided in HTML and PDF options to ensure we are providing the level of access required for the electronic version.

Other variations from 2001–02 annual report

- Appendix 4 Freedom of Information – information has been added on categories of documents, functions and decision-making powers and arrangements for outside participation.
- In the 2001–02 Annual Report the department reported on the status of transport safety recommendations and safety advisory notices issued by the Australian Transport Safety Bureau (ATSB). This information is not required in the department's annual report. It is published in the ATSB report which can be found at www.atsb.gov.au

Compliance index

Under subsections 63(2) and 70(2) of the *Public Service Act 1999*, departmental annual reports must be prepared in accordance with the set of requirements approved on behalf of the parliament by the Joint Committee of Public Accounts and Audit. The requirements stipulate a set of mandatory information that must be included in annual reports to ensure accountability requirements are met and to provide consistency for readers. There are also a number of other suggested items that may be included to make the annual report as informative as possible. The following table shows where mandatory and suggested information specified by the requirements may be found in this report.

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Consultants and competitive tendering and contracting

Number of consultancy services contracts let and total expenditure on consultancy services. (Additional information as in Attachment C to be available on request or published.)

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Appendix 4

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Appendix 6

Discretionary grants

Appendix 3

Correction of material errors in previous annual report

Appendix 7

Acronyms and abbreviations

ACC	Area Consultative Committee
ACCC	Australian Competition & Consumer Commission
ACT	Australian Capital Territory
ADRs	Australian Design Rules
AFAC	Australasian Fire Authorities Council
AFCN	Australian Freight Council Network
ALC	Australian Logistics Council
ALGA	Australian Local Government Association
ALTD	<i>Australian Land Transport Development Act</i>
AN	Australian National Railways Commission
ANAO	Australian National Audit Office
APAC	Australasian-Pacific Aeronautical College Incorporated
APEC	Asia–Pacific Economic Cooperation
APS	Australian Public Service
APSC	Asia Pacific Space Centre
APTNARC	Accessible Public Transport National Advisory Committee
AQUIS	Australian Quarantine and Inspection Service
ARFFS	Aerodrome Rescue and Firefighting Services
ARG	Aviation Reform Group
ASIC	Aviation Security Identification Card
AROU	Australian Rail Operations Unit
ARTC	Australian Rail Track Corporation
AS/NZS	Australian Standard/ New Zealand Standard
ASIC	Australian Security Identification Card
ASO	Australian Security Officer
ATC	Australian Transport Council
ATC	Air Ttraffic Ccontrol
ATEC	Australian Transport & Energy Corridor Ltd
ATSB	Australian Transport Safety Bureau
ATSCC	Accessible Transport Standards Consultative Committee
AWAs	by Australian Workplace Agreements
BSPVES	Bass Strait Passenger Vehicle Equalisation Scheme
BTE	Bureau of Transport Economics (now the BTRE)
BTRE	Bureau of Transport and Regional Economics
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CASA	Civil Aviation Safety Authority
CBS	Checked Bag Screening
CEIs	Chief Executive's Instructions
CEO	Chief Executive Officer
COAG	Council of Australian Governments
CRIS	Commonwealth Regional Information Service
DCC	Departmental Consultative Committee
DOTARS	Department of Transport and Regional Services
DRAP	Dairy Regional Assistance Programme
EA	Environment Australia
EL	Executive Level (officer)
EMP	Environmental Management Plan
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ESD	Ecologically Sustainable Development

FMECI	Friends of Merri Creek Incorporated
FOI	Freedom of Information
FRRR	Foundation for Rural and Regional Renewal
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Production
GET	Group Executive Team
GST	Goods and Services Tax
ICAO	International Civil Aviation Organization
IGA	Inter-Governmental Agreement
IHRA	International Harmonised Research Activities
ILN	Integrated Logistics Network
IMO	International Maritime Organization
IOT	Indian Ocean Territories
IRPC	Immigration Reception and Processing Centre
ISO	International Standards Organization
ISPS code	International Shipping and Port Security code
JCPAA	Joint Committee of Public Accounts and Audit
JWG-T	China-Australia Joint Working Group on Transport
KAVHA	Kingston and Arthur's Vale Historic Area [Norfolk Island]
MAG	More Accessible Government
MEPC	Marine Environment Protection Committee
MIFCo	Maritime Industry Finance Company Limited
MP	Member of Parliament
NAASRA	National Association of Australian State Roads Authorities
NAS	National Airspace System
Nav aids	Navigation Aids
NDRA	Natural Disaster Relief Arrangements
NDRMSP	Natural Disaster Risk Management Studies Programme
NRM	NAASRA Roughness Measure
NRTC	National Road Transport Commission
NSW	New South Wales
NT	Northern Territory
NTAC	National Transport Advisory Council
NTC	National Transport Commission
NTS	National Transport Secretariat
OECD	Organisation for Economic Cooperation and Development
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PMC	People Management Committee
PRL	Phosphate Resources Limited
PSSA	Particularly Sensitive Sea Area
Qld	Queensland
RAP	Regional Assistance Programme
RASS	Remote Air Service Subsidy
RAW	Registered Automotive Workshop Scheme
RBDA	Regional Business Development Analysis
RFMP	Regional Flood Mitigation Programme
RFT	Request for Tender
RISs	Regulation Impact Statements
RONI	Roads of National Importance
RSP	Regional Solutions Programme

RTC	Rural Transaction Centres
RTC EPOS	Rural Transaction Centres Electronic Point of Sale
RTI	Regional Telecommunications Inquiry
SA	South Australia
SACL	Sydney Airport Corporation Limited
SAP	SAP Departments financial management system
SARS	Sudden Severe Acute-illness Respiratory Syndrome
SBDC	Small Business Development Corporation
SCORD	Standing Committee on Regional Development
SCOT	Standing Committee on Transport
SDAs	Service Delivery Arrangements
SES	Senior Executive Service
SEVS	Specialist and Enthusiast Vehicle Scheme
SITC	Strategic Information Technology Committee
SME	Small to Medium Enterprise
TAFE	Technical and Further Education
Tas	Tasmania
TFES	Tasmanian Freight Equalisation Scheme
TNIP	Transparent Noise Information Package
TSI (CA) Act	<i>Transport Safety Investigation (Consequential Amendments) Act 2003</i>
TSI Act	<i>Transport Safety Investigation Act 2003</i>
Vic.	Victoria
VSSR	Vehicle Safety Standards Report
WA	Western Australia
WBACC	Wreck Bay Aboriginal Community Council

Glossary of terms

APEC is the Asia-Pacific Economic Cooperation. It promotes trade and economic cooperation between 21 countries that border the Pacific Ocean.

AusLink is the Australian Government's answer to the challenges that lie ahead for Australia's land transport network. Its principal objective is sustainable economic growth, development and connectivity at the national and regional levels.

Chief Executive's Instructions provide instructions and guidance for accountability requirements under the *Financial Management and Accountability Act 1997*.

Corporate Plan a document that provides guidance for people who work in the department and information for stakeholders through its high level statement of how we propose to go about our work over the next three years.

Client Service Charter sets out our service commitments and standards for our clients and stakeholders.

Governance Compendium outlines the department's internal governance framework and senior level committees.

Catalogue of Portfolio Agencies provides a profile of all transport and regional services portfolio agencies, including non-statutory bodies and committees that the department works with.

Legislation Directory details portfolio legislation currently being considered by parliament.

Competitive tendering and contracting (CTC) is the process of contracting out the delivery of government activities previously performed by a Commonwealth agency to another organisation.

Consultants are entities, whether individuals, partnerships or corporations, engaged to provide professional independent and expert advice or services.

Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed.

Discretionary grants are payments where the portfolio minister or paying agency has a discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant.

Intermodal means the interaction of operations between transport modes.

Organisational governance is the process by which agencies are directed and controlled.

Outcomes are the results, impacts or consequences of actions by the Commonwealth on the Australian community.

Outputs are the goods or services produced by agencies on behalf of the government for external organisations or individuals. Outputs include goods and services produced for other areas of government external to an agency.

Plan on a page is the department's individual performance management system.

Purchaser/provider arrangements are arrangements under which the outputs of one agency are purchased by another agency to contribute to outcomes.

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