



Australian Government

Department of Infrastructure, Transport,
Regional Development and Local Government



Annual Report 2008–09



Australian Government

Department of Infrastructure, Transport,
Regional Development and Local Government



Annual Report 2008–09

Acknowledgements

Specific acknowledgements for the use of data, photographs and other materials are included throughout this report. Where we do not do so, the Department is the source of the material.

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Australian Government

Department of Infrastructure, Transport, Regional Development and Local Government

Secretary

The Hon Anthony Albanese MP
Minister for Infrastructure, Transport, Regional Development and Local Government
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present the Annual Report of the Department of Infrastructure, Transport, Regional Development and Local Government for the year ended 30 June 2009.

This report has been prepared in accordance with section 63 of the *Public Service Act 1999* which also requires that you present this report to the Parliament.

The report summarises the Department's performance and includes the audited financial statements as required by section 57 of the *Financial Management and Accountability Act 1997*. It also includes information such as that required by:

- paragraph 5.15(2) of the Airports (Environment Protection) Regulations 1997;
- section 29 of the *Air Navigation Act 1920*;
- section 20 of the *Aircraft Noise Levy Collection Act 1995*;
- section 94 of the *Nation Building Program (National Land Transport) Act 2009*;
- section 26 of the *Infrastructure Australia Act 2008*; and
- various whole-of-government legislation as highlighted in the table of contents.

I also advise, under section 9 of Guideline 1 of the Commonwealth Fraud Control Guidelines, 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.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike Mrdak'.

Mike Mrdak
SECRETARY
19 October 2009

cc The Hon Maxine McKew MP
Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government

The Hon Gary Gray AO MP
Parliamentary Secretary for Western and Northern Australia

GUIDE TO THIS REPORT

What this report covers

The Department's annual report focuses on explaining how the resources entrusted to it have been used. Our report:

- takes into account the Requirements for Annual Reports approved by the Joint Committee of Public Accounts and Audit (JCPAA) in June 2009;
- uses data, photographs and other materials from a range of sources to put our activities and results into context; and
- tells you where you can obtain the other annual reports we are required to publish or contribute to.

As this report contains photos, it may contain images of deceased persons and of places that could cause sorrow.

How information is presented

Key terms and acronyms are explained as they are introduced, and are listed from page 275.

Tables throughout the report use notations as follows:

\$m \$ million – either zero or nil Est estimated n/a not applicable

Amounts are generally rounded to the nearest million dollars. All totals are the rounded sum of unrounded amounts and thus may not be the strict sum of the figures presented.

How to get copies of this report or more information

Reports are available in printed form from more than 40 libraries around Australia under the Australian Government library deposit and free issue scheme. For a list of these libraries, please contact the Australian Government Information Management Office, at <www.agimo.gov.au>.

This report is also available on our website, at <www.infrastructure.gov.au>. We publish it in a variety of digital formats to make it accessible to the largest possible audience, including people in regional areas and people with a disability. It is usually available online the day after it is tabled in the Parliament.

Before making decisions or acting on information in this report, you are advised to contact the Department. This report was up-to-date when it was tabled, but details do change over time due to legislative, policy and other developments.

Equally, if you have suggestions about how we could improve our annual report, please let us know.

To contact our annual report team:

annual.report@infrastructure.gov.au or 02 6274 7111 or write to:

Annual Report Coordinator
GPO Box 594
CANBERRA ACT 2601

Contact details for other parts of the Department can be found on our website, at <www.infrastructure.gov.au>.

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CHAPTER 1

Year in Review



YEAR IN REVIEW

Secretary report

It is a pleasure to deliver my first annual report as Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government. I would like to take this opportunity to pay tribute to the Department's former Secretary, Mr Michael Taylor AO. Mike provided outstanding leadership for the Department and initiated a number of key reform agendas. Through his leadership the Department was well placed to deliver on its outcomes, as detailed in this report.

The Department, through its three outcomes, is playing a key role in supporting the Australian Government in Nation Building including:

- building twenty-first century infrastructure;
- fostering efficient and secure transport systems; and
- entering into a new partnership with local government.

I have summarised below the Department's key accomplishments during 2008–09. Detailed reports on how the Department performed against performance indicators published in the 2008–09 Portfolio Budget Statements (PBS) appear in chapters 3, 4 and 5. Chapter 6 of this report is the annual report of the activities of Infrastructure Australia, an advisory council the Department assists by providing supporting staff, and which was reflected in the PBS as Output 1.1.2. Chapter 7 provides a report on the Department's management and accountability during 2008–09. A series of appendices and the Department's audited financial statements provide additional detail on particular facets of our performance.

Infrastructure investment

In delivering aspects of the Nation Building—Economic Stimulus Plan, the Department administered programs that provided more than \$5.2 billion in direct and indirect grants for the construction and maintenance of land transport infrastructure. This was a significant increase over the \$3.0 billion provided during 2007–08 and included supplementation of more than \$1.0 billion in additional appropriations as part of the government's economic stimulus plan.

Through the work of the Department, all states and territories have signed National Partnership agreements covering land transport infrastructure projects for the period 2008–09 to 2013–14.

Transport safety

The Australian Transport Safety Bureau (ATSB) completed 79 aviation, 10 marine and 10 rail accident investigations. As a result of this work, the ATSB facilitated 185 voluntary safety actions by stakeholders across all transport modes and issued 26 safety recommendations and 10 safety advisory notices.

On 2 December 2008, the government announced that the ATSB would become a separate statutory agency on 1 July 2009. This move to enhance the bureau's independence received strong industry support.

Transport security

The Department released the 2009 Aviation Security Risk Context Statement, which provides an updated assessment of threat and risk to the Australian aviation sector, based on current strategic intelligence.

The Department funded 22 regional airports to institute 100 per cent checked baggage screening capability, through the installation of x-ray equipment with explosive detection capabilities.

Surface transport policy and regulation

The Department played a leading role in developing and coordinating regulatory reform proposals to introduce single, national regulatory systems for heavy vehicles, maritime safety and rail safety as requested by the Australian Transport Council (ATC) and the Council of Australian Governments (COAG).

The Department, in close cooperation with the Australian Maritime Safety Authority (AMSA) and the Department of Climate Change, participated in the work of the Marine Environment Protection Committee of the International Maritime Organization.

The Department led the development of the *National Road Safety Action Plan 2009 and 2010*, which was approved and released by the ATC in November 2008. The action plan sets out a comprehensive two-year agenda for road safety improvement, addressing all parts of Australia's road transport system.

Aviation policy and legislation

The Department worked with stakeholders to progress the development of an Aviation White Paper as a comprehensive statement of national aviation policy. An Aviation Green Paper was released by the Minister in December 2008, proposing a range of initiatives to provide greater planning and investment certainty for the industry as well as clear commitments for users of aviation services and communities. The release of the Aviation White Paper is scheduled for the first half of 2009–10.

Regional development

Significant progress was made towards implementing the Regional Development Australia initiative with memorandums of understanding signed between the Australian Government and nearly all the state and territory governments, and arrangements to establish Regional Development Australia committees underway.

The Department also supported the Parliamentary Secretary for Western and Northern Australia, the Hon Gary Gray AO MP, to produce, with the Western Australian Government, the East Kimberley Development Package, to promote the social and economic development of the East Kimberley region of Western Australia.

Local government policy and programs

The Australian Council of Local Government was established to forge a new partnership between the Australian Government and local governments, and held its inaugural meeting in November 2008 and a second meeting in June 2009.

In June 2009, the Prime Minister announced that a consortium led by the University of Technology, Sydney, was the successful applicant to host the Centre of Excellence for Local Government, and funding of \$8 million was provided to establish the centre.

The Department delivered funding under the Regional and Local Community Infrastructure Program, including establishing the \$250 million direct allocation and the \$550 million competitive grants components of the program.

Strategic policy and research

The Bureau of Infrastructure, Transport and Regional Economics (BITRE) led Australia's engagement with the International Transport Forum (ITF), part of the Organisation for Economic Cooperation and Development. In May 2009, the Minister for Infrastructure, Transport, Regional Development and Local Government attended and participated in the ITF meeting of transport ministers, held in Leipzig, Germany, on the theme of 'Transport for a Global Economy'.

BITRE's Infrastructure Colloquium on the theme 'Infrastructure for the nation's future' was held in June 2009. Approximately 210 delegates took part in a program which covered topics such as infrastructure delivery, urban planning and transport, and local government issues.

Governance

Governance arrangements across the Department's program management operations were reviewed during 2008–09. As a result, the Department established a number of project boards to oversee and report on program planning and implementation.

In summary

The past year has been one of significantly increased activity for the Department as we assisted the government in addressing the effects of the global recession by delivering its economic stimulus plan. Since joining the Department as Secretary I have been pleased to observe that the Department is successfully meeting its objectives through the dedication and professionalism of staff at all levels.

I thank all departmental staff for their contributions over the year.



Mike Mrdak
SECRETARY

Summary of financial performance

This section should be read in conjunction with the Department's audited financial statements for 2008–09 which appear in the 'Financial Statements' section of this annual report.

'Departmental activities' involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. 'Administered activities' involve the management or oversight by the Department, on behalf of the Australian Government, of items controlled or incurred by the government.

Departmental finances

In 2008–09, the Department reported an operating deficit of \$3.0 million. This result was within the Department's approved operating deficit of \$3.5 million.

Total income available in 2008–09 increased by \$3.1 million, due mainly to funding for government measures announced in, and since, the 2008–09 Budget.

The operating deficit, along with an increase in liabilities, contributed to a decrease of \$4.1 million in the Department's net assets.

The Department's commitment to financial management continues to be reflected in its financial performance and unqualified financial statements. The government has expressed its commitment to ongoing management of public sector expenditure, and implemented savings measures in 2007–08 and 2008–09. The Department's 2008–09 operating result placed the Department in a strong position to manage its finances in a tighter fiscal environment.

The Department has continued its strong focus on compliance with the *Financial Management and Accountability Act 1997*, and has recently implemented systems to enhance its financial management and accountability compliance regime.

Table 1.1 summarises the departmental finances results over the past five reporting periods.

Table 1.1 Summary of departmental financial performance and position

		2004–05 \$m	2005–06 \$m	2006–07 \$m	2007–08 \$m	2008–09 \$m	Change last year
Revenue from government		197.1	217.4	213.3	239.8	242.5	1.1% ▲
Other revenue		40.1	5.1	4.1	4.5	4.6	1.7% ▲
Gains		0.0	1.0	1.1	0.6	0.9	44.8% ▲
Total income		237.2	223.5	218.5	244.9	248.0	1.3% ▲
Employee and supplier expenses		176.6	209.5	208.2	220.5	234.8	6.5% ▲
Depreciation		8.2	9.7	11.8	13.6	13.6	(0.2)% ▼
Other expenses		7.2	4.0	3.2	5.0	2.7	(46.3)% ▼
Total expenses		192.0	223.2	223.2	239.1	251.0	5.0% ▲
Operating result (loss)		45.2	0.3	(4.7)	5.8	(3.0)	(100)% ▼
Financial assets	A	93.0	105.0	92.2	98.6	100.9	2.4% ▲
Non-financial assets	B	46.8	63.9	57.7	64.9	71.8	10.7% ▲
Liabilities	C	74.1	51.1	55.1	54.7	68.9	25.9% ▲
Net assets = A + B – C		65.6	117.7	94.8	108.0	103.9	(4.5)% ▼

Note: Historical data prior to 2006–07 reflects the respective year's financial statements as signed off by the Australian National Audit Office at the time. As such, it may not reflect current accounting policies or comparative figures published in later statements. For comparative purposes, figures for 2006–07 have been amended to reflect current accounting policies. Where % is > or < 100, 100% has been used.

Asset management

The Department manages \$71.8 million of non-financial assets comprising several asset classes: land and buildings; infrastructure, plant and equipment; artworks; intangibles (software); inventories; and other non-financial assets. Of these, our major investments are in land and buildings (\$35.1 million) and intangibles (\$24.1 million).

The Department's capital program is underpinned by centralised approval processes. Business divisions submit proposals for the consideration of the Department's Strategic Information Technology and Security Committee (for projects related to information technology) and to the Executive (for all other proposals above \$50,000). The Chief Financial Officer can consider non-information technology project proposals below \$50,000. All decisions are informed by input from the Financial Services Branch.

Assets were independently revalued to market selling price (for leasehold improvements to depreciated replacement cost), with the exception of leasehold makegood assets which were revalued internally on a current market basis.

The Secretary has issued a Chief Executive's Instruction on asset management and the Department also has documented asset policies and procedures on the management and safeguarding of assets. Asset registers are maintained and annual stocktakes are undertaken to verify their accuracy.

Administered finances

The government provided appropriations totalling \$7.7 billion for grants, subsidies and other administered expenses in 2008–09, including additional appropriations of \$0.9 million provided in the two Portfolio Supplementary Additional Estimates Statements.

Expenses totalling \$8.6 billion were recognised during the year. The major contributors were:

- Nation Building Program (\$4.2 billion);
- Local Government Financial Assistance Grants (\$2.4 billion);
- Nation Building Plan for the Future (\$1.0 billion);
- Regional and Local Community Infrastructure Program (\$480.0 million);
- Payments to *Commonwealth Authorities and Companies Act 1997* bodies (\$242.3 million);
- Tasmanian Freight Equalisation Scheme (\$109.4 million); and
- Interstate Road Transport Fees (\$54.7 million).

In aggregate, the administered programs managed by the Department were underexpensed by \$27.0 million or 0.3 per cent, against the latest Budget published in the 2009–10 PBS.

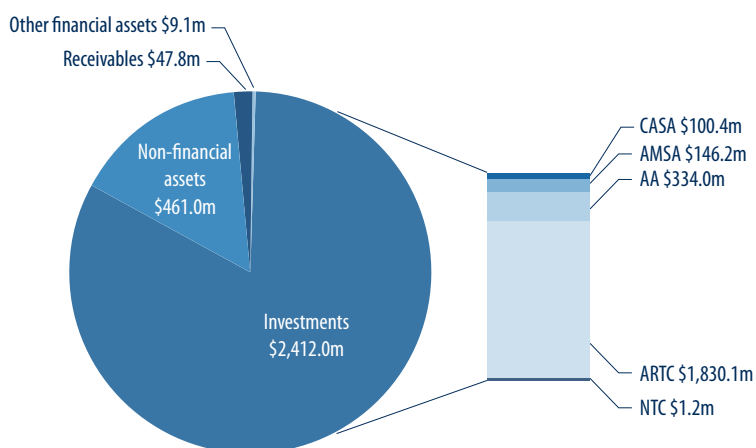
Taxation revenue collected on behalf of the government rose by \$3.3 million in 2008–09, largely due to increased revenue from the Oil Pollution Compensation Fund (\$3.8 million) and airport land tax equivalents (\$3.1 million), partially offset by decreased revenue from Airport Building Controllers (\$1.0 million) and the transfer of revenue items to the Attorney-General's Department in 2007–08 (\$1.5 million).

Non-taxation revenue increased by \$935.0 million overall, due mainly to the receipt of funds from the Building Australia Fund (\$1.0 billion) and an increase in AMSA levies (\$6.5 million), partially offset by reduced dividends from Airservices Australia (\$66.6 million), the transfer of revenue items to the Attorney-General's Department in 2007–08 (\$7.2 million) and reduced revenue from Motor Vehicle Standards Regulations Fees (\$2.4 million).

In 2008–09, administered net assets declined by \$490.6 million, due to the expensing of prepayments made in 2005–06 and 2006–07 (\$997.3 million), partially offset by an increase in investments due to an equity injection to the Australian Rail Track Corporation (\$422.0 million) and increases in the net asset value of administered investments in government authorities and companies (\$79.0 million).

Figure 1.1 illustrates the mix of administered assets at 30 June 2009. For more information, see the audited Financial Statements.

Table 1.2 summarises the administered finances results over the past five reporting periods.

Figure 1.1 Value of administered assets held at 30 June 2009


AA = Airservices Australia, AMSA = Australian Maritime Safety Authority, ARTC = Australian Rail Track Corporation, CASA = Civil Aviation Safety Authority, NTC = National Transport Commission

Table 1.2 Summary of administered financial performance and position

	2004–05 \$m	2005–06 \$m	2006–07 \$m	2007–08 \$m	2008–09 \$m	Change last year
Taxation revenue	151.6	150.1	77.1	80.7	84.0	4.1% ▲
Non-taxation revenue	138.4	135.7	168.3	154.1	1,089.1	100.0% ▲
Gains	0.0	36.7	0.6	7.7	0.0	(100.0%) ▼
Total income	290.1	322.5	246.0	242.5	1,173.1	100.0% ▲
Grants	3,620.9	3,841.7	4,319.8	4,966.6	8,465.5	70.4% ▲
Subsidies	138.8	136.3	128	142.4	155.2	9.0% ▲
Other expenses	113.7	88.9	117.6	123.8	22.2	(82.0%) ▼
Total expenses	3,873.5	4,066.9	4,565.5	5,232.8	8,642.7	65.2% ▲
Financial assets	719.5	2,118.3	1,937.3	1,974.1	2,468.9	25.1% ▲
Non-financial assets	289.2	2,494.7	2,459.4	1,459.5	461.0	(68.4%) ▼
Liabilities	70.6	25.2	31.5	30.3	17.2	(43.3%) ▼
Net assets	936.0	4,587.8	4,365.1	3,403.3	2,912.7	(14.4%) ▼

Note: Historical data prior to 2006–07 reflects the respective year's financial statements as signed off by the Australian National Audit Office at the time. As such, it may not reflect current accounting policies or comparative figures published in later statements. For comparative purposes, figures for 2006–07 have been amended to reflect current accounting policies. Where % is > or < 100, 100% has been used.

CHAPTER 2

About Us



ABOUT US

During 2008–09, the Infrastructure, Transport, Regional Development and Local Government portfolio contributed to the well-being of all Australians by delivering a range of outputs that supported the following three outcomes, which were approved in December 2008, revising those published in the 2008–09 Portfolio Budget Statements (PBS):

- Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure.
- An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations.
- Coordinated community infrastructure and services in rural, regional and local government areas through financial assistance.

Our Minister and Parliamentary Secretaries

The Department is accountable to the Minister for Infrastructure, Transport, Regional Development and Local Government, the Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government and the Parliamentary Secretary for Western and Northern Australia.

The Minister for Infrastructure, Transport, Regional Development and Local Government is the Hon Anthony Albanese MP.

On 9 June 2009, the Hon Maxine McKew MP was appointed Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government.

Also on 9 June 2009, the Hon Gary Gray AO MP was appointed Parliamentary Secretary for Western and Northern Australia. Prior to this date, Mr Gray held the position of Parliamentary Secretary for Regional Development and Northern Australia.



The Hon
Anthony Albanese MP
Minister for
Infrastructure,
Transport, Regional
Development and Local
Government



The Hon
Maxine McKew MP
Parliamentary Secretary
for Infrastructure,
Transport, Regional
Development and Local
Government



The Hon
Gary Gray AO MP
Parliamentary
Secretary for Western
and Northern Australia

About the portfolio

This annual report focuses on the Department of Infrastructure, Transport, Regional Development and Local Government. Information about other portfolio agencies can be obtained from their annual reports and websites. The main Commonwealth authorities and statutory advisory bodies in the portfolio as at 30 June 2009 were:

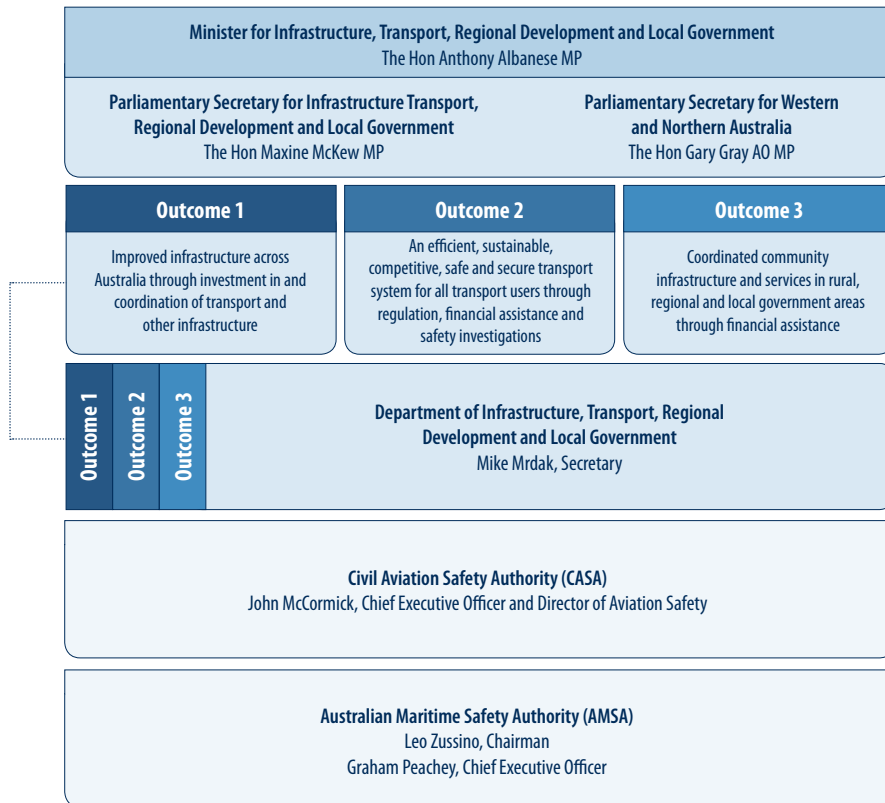
- Australian Maritime Safety Authority (AMSA) <www.amsa.gov.au>;
- Civil Aviation Safety Authority (CASA) <www.casa.gov.au>;
- Airservices Australia <www.airservicesaustralia.com>; and
- Infrastructure Australia <www.infrastructureaustralia.gov.au>.

Other bodies and corporations in the portfolio include:

- International Air Services Commission <www.iasc.gov.au>;
- National Transport Commission <www.ntc.gov.au>; and
- Australian Rail Track Corporation <www.artc.com.au>.

Three portfolio agencies, including the Department of Infrastructure, Transport, Regional Development and Local Government, belong to the general government sector. On 19 February 2009 agency-unique outcomes were approved for CASA and AMSA and these were subsequently published in the 2009–10 PBS. A complete list of portfolio bodies, including agencies which are outside the general government sector, appear at Appendix J.

Figure 2.1 Portfolio agencies in the general government sector, as at 30 June 2009



About the department

Who we are

The Department of Infrastructure, Transport, Regional Development and Local Government provides a range of infrastructure, transport, regional and local government services and information to, and in partnership with, government, industry and the broader community.

The Department operates under the *Financial Management and Accountability Act 1997*.

How we make a difference

The services and funding provided by the Australian Government through the Department affect every Australian household. Our policy advice, program delivery and regulatory work bears on decisions on infrastructure investment, the quality of our roads, the efficiency, safety and security of our transport systems, and our access to goods and services from interstate and overseas.

The Department administers approximately \$8.6 billion a year across a number of major business lines, as illustrated in Figure 2.2, noting that the Corporate Services division and the Bureau of Infrastructure, Transport and Regional Economics provide vital support to business divisions by delivering essential business services and research for all outputs. For more information about the results we have achieved against the performance indicators that were published in the 2008–09 PBS, see our report on performance (chapters 3, 4, 5 and 6).

Figure 2.2 Departmental outcome and output structure as at 30 June 2009

Outcome	Output Group	Output	Division or Office	More info	
Outcome 1 Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure	1.1 Infrastructure investment	1.1.1 Infrastructure investment policy and programs	Nation Building—Infrastructure Investment and Infrastructure and Surface Transport Policy	page 19	
		1.1.2 ¹ Infrastructure investment coordination	Office of the Infrastructure Coordinator and Nation Building – Infrastructure Investment	pages 33 and 105	
Outcome 2 An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations	2.1 Transport safety investigations	2.1.1 Transport safety investigations	Australian Transport Safety Bureau	page 37	
	2.2 Transport security	2.2.1 Transport security policy, programs and regulation	Office of Transport Security and Office of the Inspector of Transport Security	page 44	
		2.3 Transport systems	2.3.1 Surface transport policy, programs and regulation	Infrastructure and Surface Transport Policy and National Transport Strategy	page 57
			2.3.2 Road safety and vehicle policy, programs and regulation	Infrastructure and Surface Transport Policy	page 70
	2.3.3 Aviation and airports policy, programs and regulation	Aviation and Airports	page 78		
	Outcome 3 Coordinated community infrastructure and services in rural, regional and local government areas through financial assistance	3.1 Regional development	3.1.1 Regional development policy and programs	Local Government and Regional Development	page 89
3.2 Local government		3.2.1 Local government policy and programs	Local Government and Regional Development and Office of Northern Australia	page 95	

1 Output 1.1.2 is delivered through the work undertaken by the Office of the Infrastructure Coordinator in support of Infrastructure Australia and the Nation Building—Infrastructure Investment division.

Changes in the outcome and output structure since the last report

The three outcomes were revised during the 2008–09 reporting period.

The Department's three outcomes, as published in the 2008–09 Portfolio Budget Statements (PBS) were:

- Outcome 1:** *Assisting the Government to provide, evaluate, plan and invest in infrastructure across industry sectors.*
- Outcome 2:** *Fostering an efficient sustainable, competitive, safe and secure transport system.*
- Outcome 3:** *Assisting regions and local government to develop and manage their futures.*

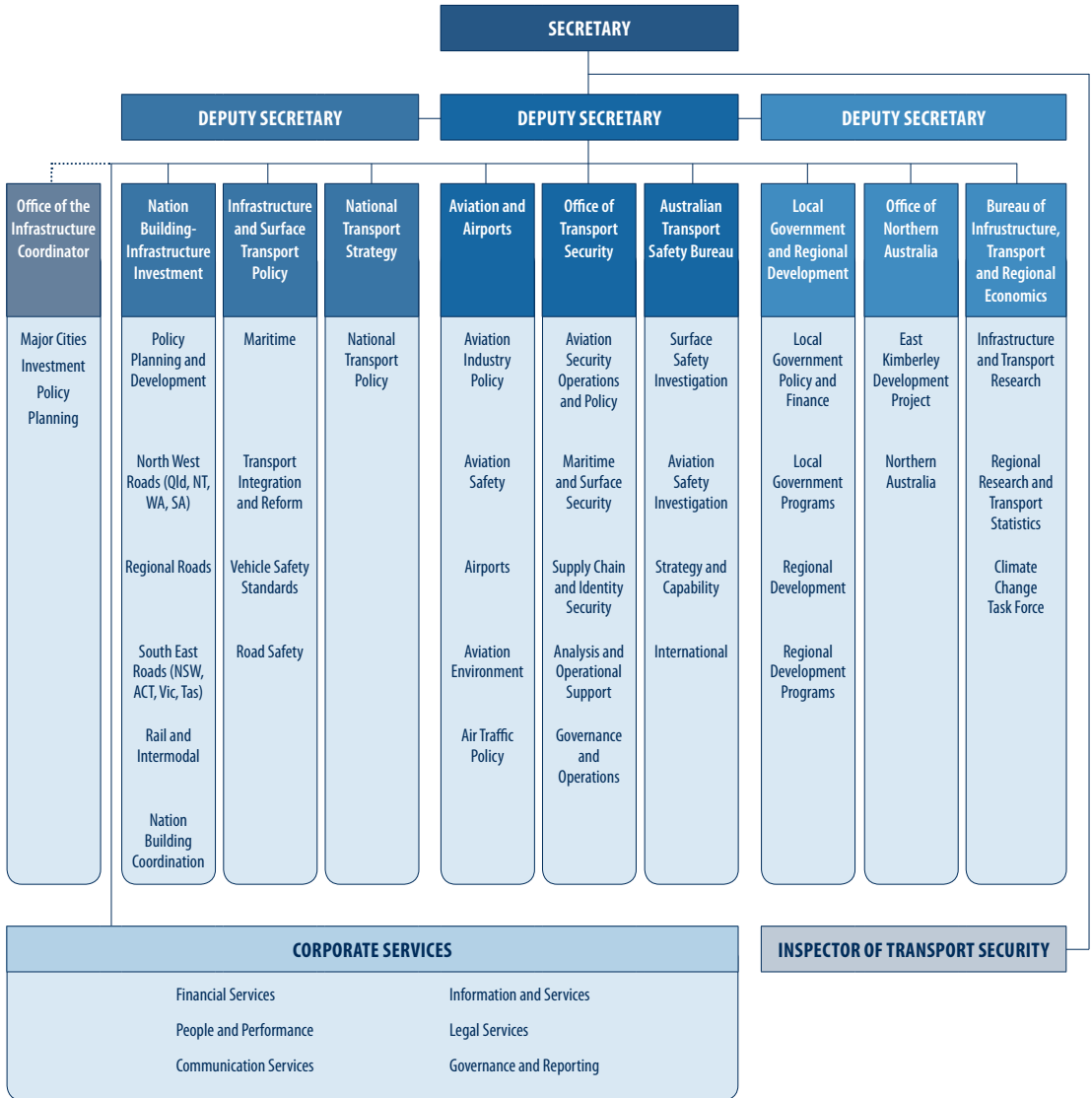
As a consequence of the Operation Sunlight Outcome Statement Review¹, the Department's Outcomes Statements were revised, and on 17 December 2008 the Minister for Finance and Deregulation, the Hon Lindsay Tanner MP approved the following outcomes for the Department:

- Outcome 1:** *Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure.*
- Outcome 2:** *An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations.*
- Outcome 3:** *Coordinated community infrastructure and services in rural, regional and local government areas through financial assistance.*

The revised outcomes were first published in the 2009–10 PBS. However, the underpinning output and program structure is otherwise unchanged from that published in the 2008–09 PBS with the exception of minor modifications to two key performance indicators (refer to Appendix K) and changes to a number of administered programs which have been footnoted where applicable throughout this report.

¹ Operation Sunlight is the government's reform agenda to improve the openness and transparency of public sector budgetary and financial management and to promote good governance practices.

Figure 2.3 Organisational structure as at 30 June 2009



Meet our executive team



Mike Mrdak

SECRETARY (from 29 June 2009)

Mike Mrdak returned to the Department as Secretary from the Commonwealth Infrastructure Coordinator General role in the Department of the Prime Minister and Cabinet. He has extensive prior experience in the Department, most recently as a Deputy Secretary. Mike leads and manages the Department in its policy development, regulatory and program implementation work. He has specific responsibilities as Secretary, many of which are set out in legislation.



Michael Taylor AO

SECRETARY (to 24 April 2009)

Until his retirement in April 2009, Michael Taylor AO was the Secretary, having served in that role since October 2004.



Lyn O'Connell

DEPUTY SECRETARY (from 10 November 2008)

Lyn O'Connell joined the Department as a Deputy Secretary from the Department of Immigration and Citizenship. Lyn is responsible for infrastructure investment and nation building, infrastructure and surface transport policy and the National Transport Strategy and chairs the Strategic Information Technology and Security Committee.



Stephanie Foster

DEPUTY SECRETARY (from 10 November 2008)

Stephanie Foster joined the Department as a Deputy Secretary from the Department of Defence. Stephanie is responsible for local government, regional development, the Office of Northern Australia and the Bureau of Infrastructure, Transport and Regional Economics, and chairs the Audit Committee and the People and Capability Committee.



Andrew Tongue

DEPUTY SECRETARY (to 17 July 2009)

Until his transfer to the Department of Families, Housing, Community Services and Indigenous Affairs, Andrew oversaw transport security investigation and safety issues including security regulation of the aviation and maritime sectors. He also represented the Department on several key security committees and chaired the Audit Committee, the People and Capability Committee, and the Departmental Consultative Committee.

Our governance arrangements

How we do business

As at 30 June 2009 the Department employed 1,244 people who are located throughout Australia. In accordance with our service charter, we aspire to be:

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

Governance framework and senior management committees

During 2008–09, senior management committees provided leadership in and coordination of the maintenance of sound governance standards in the Department. Supporting the Secretary in his role as agency head and decision-maker, senior management committees focused on:

- efficiently and effectively managing the Department in accordance with Australian Public Service legislative requirements;
- delivering outputs of a high quality, whilst being timely and contributing to the achievement of the Australian Government's desired outcomes; and
- being open and accountable to its stakeholders in meeting the Department's obligations.

There are three high-level departmental groups which meet regularly and assist the Secretary and senior management in the organisation's decision-making process. These are the:

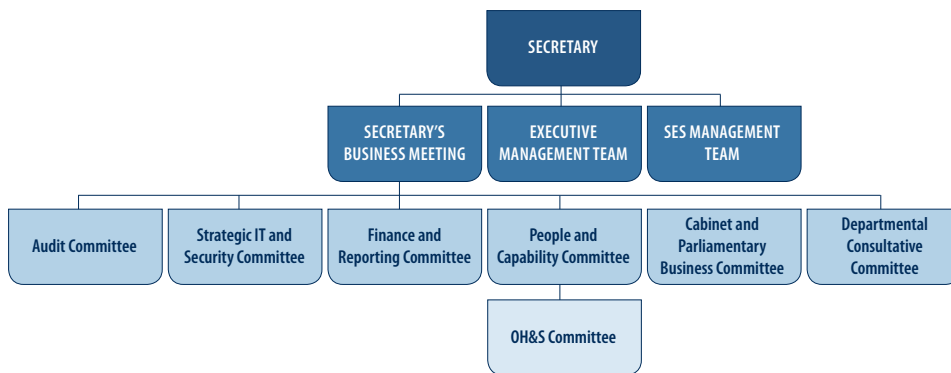
- Secretary's Business Meeting;
- Executive Management Team; and
- Senior Executive Service (SES) Management Team.

The supporting committees that focus on specific areas of organisational management and decision-making were reviewed in 2008–09. The resulting committee structure is as follows:

- Audit Committee;
- Strategic Information Technology and Security Committee;
- Finance and Reporting Committee;
- People and Capability Committee (includes the OH&S Committee);
- Cabinet and Parliamentary Business Committee; and
- Departmental Consultative Committee.

Additionally, a Financial Statements Sub-Committee of the Audit Committee meets to support the financial statements activity.

Figure 2.4 Governance committee framework in place during 2008–09



The most senior of the Department's committees is the Secretary's Business Meeting, comprised of the Secretary, Deputy Secretaries and the Chief Operating Officer. The meeting is held weekly to consider high-level policy and departmental resourcing and operational matters.

The Executive Management Team, which also meets weekly, is the key information-sharing forum. The team consists of the Secretary, Deputy Secretaries, the Chief Operating Officer and Executive Directors (heads of the Department's business divisions). Other employees, including the Chief Financial Officer, General Counsel, Chief Information Officer, General Manager People and Performance, Director Communication Services, and General Manager Governance and Reporting attend meetings in an advisory capacity. The Executive Management Team meets to:

- receive briefings from Executive Directors on key issues for each business division;
- consider proposals and receive updates on issues relevant to all areas of the Department, such as financial and human resource management;
- receive advice from the Secretary's Business meeting; and
- provide the Secretary with an opportunity to communicate key messages to Executive Directors.

All Senior Executive Service employees are required to demonstrate leadership in departmental governance and planning through participation in monthly Senior Executive Service Management Team meetings.

Audit Committee

The objective of the Audit Committee is to provide assurance and assistance to the Secretary on the Department's risk, control and compliance frameworks and its external accountability responsibilities.

In accordance with its charter, the committee:

- monitors the Department's risk management framework;
- endorses the internal audit work program and monitors its implementation;
- provides a forum for the Department and the Australian National Audit Office (ANAO) to exchange views on external audit findings and associated recommendations; and
- oversees preparation of the Department's financial statements in conjunction with the Financial Statements Sub-Committee.

Throughout 2008–09, the Chair of the Audit Committee was Deputy Secretary Andrew Tongue. Departmental representatives, John Angley and Carolyn McNally, were appointed as members on 26 September 2008 to ensure that the program delivery areas of the Department were represented on the committee. In order for the committee to consider the increasing and diverse range of issues that the Department had to manage during the year, the Secretary made further changes to its composition resulting in the appointment of Paul Retter and Michael Sutton, who brought a policy and regulatory perspective to the committee. This resulted in an increase from six to nine members.

Table 2.1 Audit Committee membership and meetings to 30 June 2009

Member	Role	Number of meetings eligible to attend	Number of meetings attended
Andrew Tongue	Chair	7	5
David Banham	Member	7	7
Leslie Riggs (to 26 September 2008)	Member	2	1
Carolyn McNally (from 26 September 2008)	Member	5	4
John Angley (from 26 September 2008)	Member	5	5
Paul Retter (from 17 December 2008)	Member	4	3
Michael Sutton (from 17 December 2008)	Member	4	4
Paul McGrath	Independent	7	6
Joh Barker	Independent	7	7
Jenny Morison	Independent	7	5
Paul Wood (for 4 July 2008 meeting)	Temporary appointment	1	1

The Audit Committee has a Financial Statements Sub-Committee whose primary role is to oversee financial statements reporting and processes on behalf of the Audit Committee. The committee membership consists of two independent members of the Audit Committee (one as Chair), the Chief Financial Officer and one General Manager. Several other observers contribute to the sub-committee meetings, including representatives from the ANAO, the Governance and Reporting Branch and various other members of the Financial Services Branch.

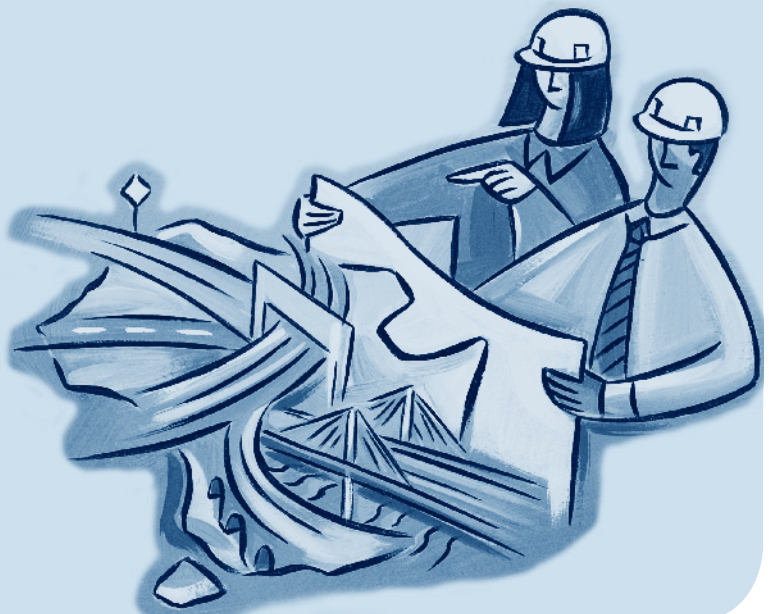
Other committees

The following is a brief description of the roles of the other committees that underpin governance in the Department.

- The Strategic Information Technology and Security Committee develops a common vision for the Department's information technology requirements; oversees the Department's data requirements and determines data collection priorities; recommends information technology and security funding priorities to the Secretary; recommends appropriate information and protective security policies to the Secretary; and provides a forum for information technology and security issues to be raised and discussed.
- The Finance and Reporting Committee oversees the Department's Budget process; considers the Department's monthly financial reports; recommends budget priorities to the Secretary; oversees the development of the Department's Annual Report; considers and recommends to the Secretary non-IT capital investment proposals; and provides a forum for finance and reporting issues to be raised and discussed.
- The People and Capability Committee considers strategic capability building issues and direction for the Department; provides a forum for people management issues to be raised and discussed; considers and recommends capability-building funding priorities to the Secretary; and fosters relationships between divisions achieving a cohesive, shared approach to enhancing people management in the Department.
- The Occupational Health and Safety (OH&S) Committee is a sub-committee of the People and Capability Committee. The OH&S committee considers OH&S strategy, policy and performance matters with the aim of continually improving the Department's health and safety environment.
- The Cabinet and Parliamentary Business Committee oversees the Department's parliamentary business; oversees the Department's Cabinet coordination; coordinates the Department's participation in, and responses to, Senate Estimates and other parliamentary committees; and considers and recommends legislation priorities to the Secretary.
- The Departmental Consultative Committee is the main forum for ensuring that the views of employees are taken into account in the operation and implementation of the Department's Collective Agreement 2006–09.

CHAPTER 3

Outcome 1—Infrastructure



INFRASTRUCTURE

What this chapter covers

This chapter describes the Department’s infrastructure outcome, Outcome 1, and its outputs and reports on performance for the individual outputs. Each report includes

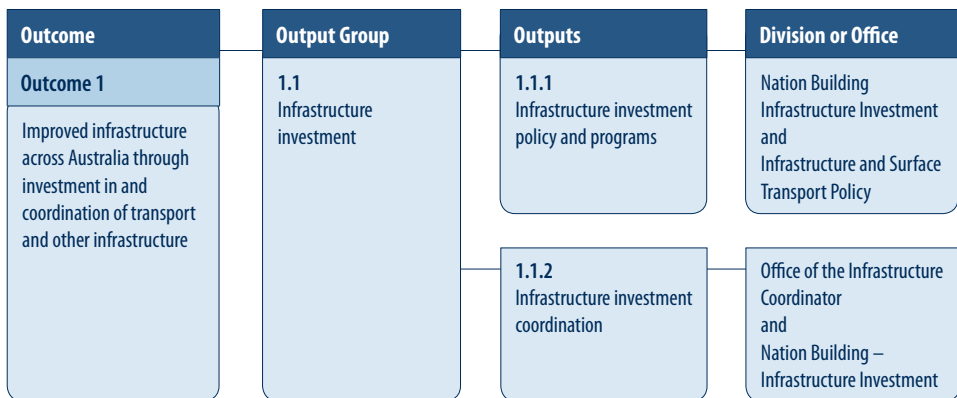
- an overview of the output’s functions and how it is delivered;
- a summary of the results for 2008–09 for the output and any associated administered programs against the key performance indicators and targets published in the 2008–09 Portfolio Budget Statements (PBS); and
- a detailed report on the performance of the output in 2008–09 against the applicable headings from the 2008–09 PBS.

Outcome and outputs

Figure 3.1 shows the relationships between Outcome 1 and its outputs, and identifies the business division of the Department or office responsible for delivering the outputs.

Outcome 1 was updated on 17 December 2008 from ‘Assisting the Government to provide, evaluate, plan and invest in infrastructure across industry sectors’ as appeared in the 2008–09 PBS.

Figure 3.1 Outcome 1 and outputs



OUTPUT 1.1.1—INFRASTRUCTURE INVESTMENT POLICY AND PROGRAMS

Highlights

During 2008–09, the Department administered programs that provided over \$5.2 billion in direct and indirect grants for the construction and maintenance of land transport infrastructure. This was a significant increase over the \$3 billion provided during 2007–08.

Funding in the 2008–09 Budget for land transport infrastructure was supplemented by over \$1 billion in additional appropriations as part of the Australian Government's economic stimulus plan, comprising:

- \$90 million additional funding for the road safety Black Spot Projects;
- \$150 million for repairing regional links on the national highway network;
- \$50 million for boom gates for rail crossings;
- \$328 million bring forward of investment to build better roads; and
- \$422 million as part of the \$1.2 billion equity injection in the Australian Rail Track Corporation which will be used to fund 17 rail projects.

The Department worked closely with Australian Government agencies, state and territory governments and the Australian Rail Track Corporation to administer this funding, and to implement other infrastructure initiatives announced as part of the Nation Building—Economic Stimulus Plan.

Funding for the Black Spot Projects increased significantly as a result of the economic stimulus plan. An increase from approximately \$54 million to \$145 million enabled an additional 456 projects to be approved in 2008–09. The additional funding for 2009–10 will result in 151 new projects. In total, 1,165 projects, including 607 additional projects, have been approved for funding across the two years.

The Department implemented a new \$150 million boom gates for rail crossings program to improve safety at 292 level crossings across Australia. At 30 June 2009, 30 projects were completed, 23 were undergoing construction and the remainder were in the planning and design stage.

The Department put in place arrangements for a \$1.2 billion equity investment in the Australian Rail Track Corporation for track upgrades and construction vital to boost the reliability and competitiveness of Australia's freight rail network. This covers 17 major projects, of which one was completed, nine were under construction and seven were in planning.

The Department received and assessed proposals for \$30 million worth of projects under the Heavy Vehicle Safety and Productivity program for 2008–09 and 2009–10. Projects were approved in all states and territories. The government expects to call for submissions for the remaining \$40 million of funding available under the program later in 2009.

All states and territories have signed National Partnership agreements covering land transport infrastructure projects for the period 2008–09 to 2013–14.

In the May 2009 Budget, the Australian Government announced that a further \$8.5 billion would be invested in nationally significant infrastructure projects on metropolitan rail networks, national road priorities and port infrastructure. Eleven of the 15 major infrastructure projects are being funded through the Building Australia Fund with all but four of the 15 projects receiving funding in 2008–09.

Overview

Output 1.1.1 is delivered through the work of the Nation Building Infrastructure Investment and Infrastructure and Surface Transport Policy business divisions to increase the efficiency and safety of Australia's land transport infrastructure and:

- advises government on matters such as infrastructure priorities and regulatory barriers;
- supports working groups and taskforces of the Council of Australian Governments (COAG); and
- administers programs to improve the productivity and safety of the national land transport network.

In 2008–09, the *AusLink (National Land Transport) Act 2005* was amended and became the *Nation Building Program (National Land Transport) Act 2009*. Programs previously administered under the name 'AusLink' were renamed as 'Nation Building' programs. The output included the following administered programs:

- Nation Building Program Investment;
- Nation Building Black Spot Projects;
- Nation Building boom gates for rail crossings;
- Nation Building Heavy Vehicle Safety and Productivity;¹
- Nation Building Roads to Recovery;
- Nation Building Off-Network Projects (formerly known as AusLink Strategic Regional);
- Nation Building Off-Network–Supplementary (formerly known as AusLink Strategic Regional–supplementary);
- Nation Building improving local roads;
- Nation Building improving the National Network;
- Nation Building Plan for the Future (Building Australia Fund);²
- Nation Building Plan for the Future (Investing in public transport links for our major cities);³
- Nation Building Funding for road projects other than under the *AusLink (National Land Transport) Act 2005*;
- Management of residual issues of former Australian National Railways Commission (ANR);
- Murray River Bridges–Federation Fund Project;⁴ and
- Upgrade of the Mainline Interstate Railway Track.⁵

The budget and actual expenditure for each administered program is listed in Appendix A.

Summary of performance

Table 3.1 summarises the Department's results in delivering Output 1.1.1, against the key performance indicators and targets published in the 2008–09 PBS.

- 1 Referred to previously as Nation Building Heavy Vehicle Safety.
- 2 This program was a new measure announced in the 2009–10 PBS.
- 3 This program was a new measure announced in the 2009–10 PBS with funding for 2008–09. Under the new Federal Financial Relations framework, effective 1 January 2009, the Treasury is responsible for payments to state and territory governments. Hence this program does not appear in Appendix A Table A.5 'Administered program expenses—Outcome 1'. Further information on this administered program can be found in the Treasury's PBS program information.
- 4 Under the new Federal Financial Relations framework, effective 1 January 2009, the Treasury is responsible for payments to state and territory governments. Hence this program does not appear in Appendix A Table A.5 'Administered program expenses—Outcome 1'. Further information on this administered program can be found in the Treasury's PBS program information.
- 5 This program was closed in 2008–09 and the budget of \$20 million was transferred to Nation Building Program Investment in the 2008–09 Portfolio Additional Estimates Statements.

Table 3.1 Summary of performance—Output 1.1.1

Key performance indicator	Target	Result
Outputs		
<i>Collaborate with state, territory and local governments to plan and evaluate land transport investments consistent with government priorities</i>	Establish the land transport infrastructure investment program between the Australian, state, territory and local governments for the 2009–10 to 2013–14 periods.	National Partnership agreements were negotiated and signed with the states and territories between February and April 2009. The agreements cover land transport infrastructure investment over the six years from 2008–09 to 2013–14.
<i>Coordinate the Road Reform Plan (Phase 1) report for COAG and the ATC</i>	By December 2008.	The Department coordinated cross-jurisdictional research into possible future reform of heavy vehicle charging arrangements. The research was used to draft a Phase 1 report in consultation with the states and territories. The report was considered by the Australian Transport Council (ATC) in May 2009 and by COAG in July 2009, and provided the basis for a COAG decision to proceed to Phase 2 of the COAG Road Reform Plan.

Table 3.2 provides a summary of the results achieved by each of the programs administered under Output 1.1.1 against the key performance indicators and targets published in the 2008–09 PBS.

Table 3.2 Summary of performance—Output 1.1.1 administered programs

Key performance indicators and targets	
Applicable administered program	Key performance indicator Target
All programs	<i>Efficient and effective management of administered programs</i> Programs are administered in accordance with relevant legislation, published guidelines and ANAO guidance.
Results	
Administered program	Results
Nation Building Program Investment ^a	The Department administered more than \$3 billion of funding to states and territories, resulting in the progress of over 180 major road projects across Australia.
Nation Building Black Spot Projects	The Department administered \$145 million in support for projects to improve road safety at identified crash sites. The program has reduced the risk of crashes through measures such as traffic lights, roundabouts, signage and edge sealing at dangerous locations on roads around Australia.
Nation Building boom gates for rail crossings	\$150 million was approved for the program, of which \$50 million was provided to the states and the Northern Territory for 2008–09, and 292 level crossing upgrade projects were approved for funding in 2008–09 and 2009–10. At 30 June 2009, 30 projects had been completed, 23 were under construction and the remainder were in the planning, design and tendering stages.

Table 3.2 continued.

Results	
Administered program	Results
Nation Building Heavy Vehicle Safety and Productivity	The \$70 million program was successfully established in line with relevant legislation for administered funds, as well as the ANAO <i>Administration of Grants: Better Practice Guide</i> . In 2008–09, \$10 million of funding was administered on 150 projects.
Nation Building Roads to Recovery	The Department administered funding for a range of purposes, including road work, bridge work and the installation of traffic lights. Councils were required to lodge audited financial statements stating how they spent the program funds.
Nation Building Off-Network Projects (formerly AusLink Strategic Regional)	The Department administered payments to state governments and local councils, totalling \$100 million, for the construction and planning of Off-Network projects; 38 projects were completed in 2008–09.
Nation Building Off-Network Projects – supplementary (formerly AusLink Strategic Regional – supplementary)	In 2006–07, the Department distributed \$250 million to state government and local councils. Total funding expended over life of program up to 30 June 2009 amounted to \$112 million. For the 2008–09 period, \$66 million was expended and 19 projects were completed.
Nation Building improving local roads	In June 2006, the Department distributed \$308 million to local councils, three state governments, the Northern Territory Government and the Indian Ocean Territories. Total funding expended over life of program up to 30 June 2009 amounted to \$302 million, with \$79 million expended in 2008–09. The councils are required to lodge reports on their use of the funds during 2008–09 by 31 October 2009.
Nation Building improving the National Network	In June 2006 the then Australian Government provided \$1.8 billion as prepayments to NSW, Qld, WA, SA, NT and Tas to accelerate works on various highways on the National Network under National Partnership agreements. The funding is administered under 10 separate project approvals, with the jurisdictions reporting each month on expenditure progress against approved funding. Total expenses raised over life to 30 June 2009 amounted to \$1.6 billion, with \$853 million expended in 2008–09.
Nation Building Plan for the Future (Building Australia Fund)	By July 2009 all relevant state and territory governments had agreed to amendments to the original National Partnership agreements signed in April 2009 that addressed the major infrastructure projects.
Nation Building Plan for the Future (Investing in public transport links for our major cities)	By July 2009 all relevant state and territory governments had agreed to amendments to the original National Partnership agreements signed in April 2009 that addressed the major infrastructure projects.
Nation Building Funding for road projects other than under the <i>AusLink (National Land Transport) Act 2005</i>	Under this program the Department funded a detailed feasibility study undertaken by the City of Whitehorse Council. The program closed in 2008–09.
Management of residual issues of former Australian National Railways Commission (AN)	The Department acquired intellectual property rights over the plans and other records in the AN Plan Room, in preparation for the archiving and sentencing process. Preliminary work associated with the proposed disposal of locomotive GM1 was undertaken in 2008–09. The tender process is expected to commence in late 2009.
Murray River Bridges – Federation Fund	The Australian Government committed \$1 million in 2008–09 to support further planning. The Federation Fund was closed on 23 February 2009.

a The former administered program Upgrade of the Mainline Interstate Railway Track was incorporated into Nation Building Program Investment in the 2008–09 Portfolio Additional Estimates Statements.

Note: Programs previously administered under the name 'AusLink' were renamed as Nation Building programs in 2008–09.

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 PBS. Please note that for this output, the section 'IX Major Infrastructure Projects' has been added to address the government's announcement in May 2009 of the investment in 15 nationally significant road, rail and port infrastructure projects.

I Infrastructure policy initiatives

Specific activities included:

- providing advice to government on land transport priorities and the establishment of Infrastructure Australia;
- drafting National Partnership agreements with state and territory governments to implement Nation Building projects;
- providing advice on amendments to the *AusLink (National Land Transport) Act 2005*, which is now the *Nation Building Program (National Land Transport) Act 2009*;
- contributing to the work of the COAG Infrastructure Working Group and subgroups; and
- contributing to the Australian Government's submission on the audit of nationally significant infrastructure conducted by Infrastructure Australia.

The work of Infrastructure Australia is described in more detail in the report on its performance in Chapter 6.

Land transport priorities

In the 2008–09 Budget, the government allocated \$559 million to fund an early start on 45 high-priority road and rail projects. The Department worked closely with state and territory governments to accelerate progress on these projects during 2008–09.

In December 2008, the government announced that \$711 million would be brought forward for financial years 2008–09 and 2009–10 to accelerate the commencement of 14 high-priority road projects (including seven of the projects funded to start early in the 2008–09 Budget).

The Department, through extensive consultation with state and territory governments, ensured that all projects were approved during 2008–09, with 13 of the 14 projects having commenced by 30 June 2009.

In the 2009–10 Budget, the government announced that a further \$8.5 billion would be invested in nationally significant infrastructure projects on metropolitan rail networks, national road priorities and port infrastructure. Funding for these projects will be drawn from monies set aside for Nation Building, including the Building Australia Fund. The Building Australia Fund was established in the 2008–09 Budget to fund critical transport, communications, broadband, water and energy infrastructure.

The major infrastructure projects were incorporated into the Nation Building Program National Partnership agreements, which provide the framework for administering the funds with states and territories.

Table 3.3 Infrastructure projects announced in the 2009-10 Budget

Building Australia Fund Projects	
Hunter Expressway ^a New South Wales	The government committed \$1.5 billion for the construction of a link road between the F3 near Newcastle and the New England Highway near Branxton. The 40 kilometre dual-carriageway will cut travel times between Newcastle and the Hunter Valley, reduce traffic congestion and meet the future freight requirements of the region. Construction will occur between 2010 and 2013 and directly support up to 800 local jobs.
Kempsey Bypass ^a New South Wales	The government committed \$618 million to the construction of the Kempsey Bypass on the Pacific Highway. Construction is scheduled to commence in 2010 and is expected to be completed by 2014.
West Metro ^a New South Wales	The government committed \$91 million to the West Metro for preconstruction, planning, design and engineering works.
Ipswich Motorway Queensland	The government committed \$884 million to the Ipswich Motorway in Brisbane. Of this, \$750 million was for extra works along the Dinmore to Goodna section of the motorway to increase road capacity, improve safety and congestion; \$124 million was provided to construct Stage 2 of the Wacol to Darra section of the project, which addresses safety and congestion issues; and \$10 million was committed to undertake planning for the Darra to Rocklea section.
Gold Coast Light Rail Queensland	The government committed \$365 million to the development of a 13 kilometre light rail transit system linking key activity centres from the Griffith University (Gold Coast Campus) to Broadbeach.
Regional Rail Express ^a Victoria	The government committed \$3.2 billion towards the provision of approximately 40 kilometres of dual track link from West Werribee to the Southern Cross Station in central Melbourne via Sunshine.
East–West Rail Tunnel Victoria	The government committed \$40 million towards pre-construction planning, design and engineering works for the East West Rail Tunnel in inner-city Melbourne.
Gawler Rail Line Modernisation ^a South Australia	The government committed \$294 million to the re-sleepering and electrification of 43 kilometres of the Gawler line.
Noarlunga to Seaford Rail Extension ^a South Australia	The government committed \$291 million to extend the passenger rail services from Noarlunga to Seaford with bus feeder services feeding into the Seaford district centre. The project provides for the construction of 5.5 kilometres of dual electrified rail track from Noarlunga to Seaford, with a single track viaduct (1.2 kilometre) across the Onkaparinga River, two stations (Seaford Meadows and Seaford terminus) and a rail depot at Seaford Meadows. Two rail bridges are proposed, the main one being over the Onkaparinga Valley and River Road, and the other over Old Honeypot Road. Three road bridges are proposed at Goldsmith Drive, Seaford Road and Lynton Avenue.
Oakajee Port ^b	The government committed \$339 million for the development of common user facilities at Oakajee Port subject to further consideration of the project by Infrastructure Australia.
Darwin Port ^b	The government committed \$50 million towards the development of Darwin Port to accommodate large ships suited to the transportation of bulk resources and commodities, subject to further consideration of the project by Infrastructure Australia.

Table 3.3 continued.

Investing in public transport links for our major cities	
Northbridge Rail Link (the Hub) ^a Western Australia	The government committed \$236 million for the sinking of 300 metres of the Fremantle passenger rail line along with consequential changes to platforms at Perth Station and additional track upgrades.
Brisbane Inner City Rail Feasibility Study ^a Queensland	Two new rail tunnel corridors — north to south and west to north — through inner city Brisbane have been identified to meet growing demand for rail services in Brisbane. The Government committed \$20 million towards a detailed feasibility and planning study to help determine the optimal rail route and develop a business case to support the project.
O–Bahn Track Extension ^a South Australia	The government committed \$61 million for a program of works that includes provision of on-road bus priority along Hackney Road and Dequetteville Terrace by providing a single reversible bus lane in the median, including traffic signal improvements, a two-way dedicated bus corridor along Rundle Road, and two-way dedicated bus lanes in Grenfell and Currie streets.
Investing in road safety	
Bruce Highway Queensland	The government committed \$488 million to upgrade the Bruce Highway between Cooroy and Curra in south-east Queensland.

a Indicates funding commenced in 2008–09.

b Indicates funding is subject to further consideration of the project by Infrastructure Australia.

National Partnership agreements for the Nation Building Program and Major Infrastructure Projects

The Department finalised National Partnership agreements for the government's land transport investment program for 2008–09 to 2013–14 which reflect the COAG financial arrangements for National Partnership payments. The agreements cover the project commitments for the six-year period from 2008–09 with the state and territory governments and outline the Australian Government's expectations for the delivery of projects.

By April 2009, all state and territory governments had signed the agreements setting out the arrangements for the implementation of the Nation Building Program. Relevant state and territory governments agreed to amendments incorporating the major infrastructure projects by July 2009.

Infrastructure Working Group

The COAG Infrastructure Working Group, chaired by the Minister for Infrastructure, Transport, Regional Development and Local Government and comprising representatives of the Australian Government and state and territory governments, met three times in 2008–09. The Department is represented on the group and provides secretariat services.

The Infrastructure Working Group actively supported the work of Infrastructure Australia by helping to coordinate state and territory input to the national infrastructure audit. It also worked with Infrastructure Australia on the development of public–private partnership guidelines, and formed subgroups to manage particular tasks and liaise with other COAG working groups. These include the Major Infrastructure Approvals Processes subgroup, which was set up to evaluate current planning approval processes and consider options for reform.

II Raising the standard of land transport infrastructure

In 2008–09, a total of 52 new land transport infrastructure projects commenced. They included 45 projects that received additional funding to accelerate their commencement in the 2008–09 Budget and/or the government's December 2008 decision to bring forward extra funds for 14 high-priority projects.

The rail projects completed in 2008–09 are listed in Table 3.4. The 22 road projects that were completed in 2008–09 are shown in Table 3.5.

Table 3.4 Rail projects completed in 2008–09

State	Project
Victoria	<ul style="list-style-type: none"> • Bi-Directional Rail Line between Tottenham Junction and West Footscray. • 22 rail level crossing projects
Queensland	<ul style="list-style-type: none"> • Eight rail level crossing projects
Western Australia	<ul style="list-style-type: none"> • WA Grain Freight Review
South Australia	<ul style="list-style-type: none"> • Eyre Peninsula Grain Rail Project

Table 3.5 Road projects completed in 2008–09

State	Project
New South Wales	<ul style="list-style-type: none"> • Pacific Highway , Bonville Deviation • F5 Widening (northbound) Brooks Road to Camden Valley Way • Hume Highway, Sheahan Bridge
Victoria	<ul style="list-style-type: none"> • Calder Highway, Between Kyneton to Ravenswood • Deer Park Bypass and upgraded intersection at Leakes Road • Hume Freeway, Donnybrook Road grade separation • Princes Freeway, Geelong Bypass (stages 1, 2 and 3)
Queensland	<ul style="list-style-type: none"> • Cunningham Highway, Eight Mile Intersection Bruce Highway , Gympie Four-laning and Upgrading Stage 2, Monkland Street to Channon Street • Strategic Corridor Program, Warrego Highway , Mitchell Township Rehabilitation Stage 1, Louisa Street to Ann Street • Accelerated Bruce Highway Package, Mulgrave River Bridge • Accelerated Bruce Highway Package, Tokalon to Lannercost Street • Toowoomba Bypass Public–Private Partnership Business Case Study • Townsville Ring Road (Shaw Road) • Accelerated Bruce Highway Package Tully Flood Immunity • Accelerated Bruce Highway Package, Woodlands to Veales Upgrade
Western Australia	<ul style="list-style-type: none"> • Great Northern Highway Accelerated Upgrade Package, Big Mabel Bridge • Great Eastern Highway Accelerated Upgrade Package, Tammin to Walgoolan Reconstruction and Widening • Great Northern Highway Accelerated Upgrade Package Upgrade of Walebing to Bindi Bindi section (part of the Muchea to Wubin Upgrade)

Table 3.5 continued.

State	Project
South Australia	<ul style="list-style-type: none"> Sturt Highway Accelerated Upgrade Package, Accommodation Hill Upgrade, Paringa Bridge Upgrade and Shoulder Sealing between Paringa and the Victorian border Port River Expressway Stages 2 and 3 Port Wakefield Road Upgrade (part of the Northern Expressway and Port Wakefield Road Upgrade project)
Northern Territory	<ul style="list-style-type: none"> Tiger Brennan Drive/Berrimah Road, Darwin East Arm Port Access Project Stage 1, Berrimah Road Duplication

III Remedial road projects to improve safety and productivity

To improve the safety and productivity of roads across Australia, the Department manages the Black Spot Projects and the Heavy Vehicle Safety and Productivity program components of the government's Nation Building Program. In 2008–09, the Department also administered targeted funding to improve safety at railway crossings.

Black Spot Projects

Black Spot Projects improve the safety of road sites which have been identified as high-risk areas for serious crashes. Most funding goes to projects to treat sites with a record of at least three accidents involving casualties over a five-year period that can demonstrate a robust benefit to cost ratio of at least 2:1.

In 2008–09, the Department continued to work with state and territory agencies to ensure that the program was administered efficiently and cost-effectively across all jurisdictions.

The number of Black Spot Projects approved varies each year depending on the cost of approved works. 1,165 black spot projects have been approved for treatment over the years 2008–09 and 2009–10; 607 of these projects were approved as a direct result of the economic stimulus plan. Payments for Black Spots in 2008–09 totalled \$145 million.

Heavy Vehicle Safety and Productivity

The Heavy Vehicle Safety and Productivity program was successfully established in 2008–09. The program has total funding of \$70 million; in 2008–09 the Department assessed 150 projects for the first round of funding, worth \$30 million.

A total of \$10 million of the funding was paid to state and territory governments in 2008–09, primarily to fund planning activities for approved projects that will directly improve the safety and productivity of heavy vehicles on Australian roads. Approved works included providing new rest areas and parking/decoupling bays, upgrading existing rest areas and parking/decoupling bays, and increasing the load-bearing capacity of bridges.

Boom gates for rail crossings

The government is investing \$150 million over 2008–09 and 2009–10 to install boom gates and other safety measures at 292 high-risk level crossings around Australia. The work will improve safety for road users, train drivers and pedestrians.

At 30 June 2009, 30 projects had been completed; 22 in Victoria and eight in Queensland. A further 23 projects were under construction and the remainder were in the planning, design and tendering stages.

IV Increasing the ability of local councils to improve land transport infrastructure

The Department administers the Nation Building Roads to Recovery program, which provides direct funding to assist local governments to improve transport infrastructure, and administers funding for specific projects to improve land transport infrastructure projects at the regional and local levels.

Nation Building Roads to Recovery

The Nation Building Roads to Recovery program provides funding for projects at a local level. In 2008–09, a total of \$355 million was paid under the program to local councils, three state governments, the Northern Territory Government and the Indian Ocean Territories. Each local authority across Australia is guaranteed a share of the program funding. Over the period 2009–10 to 2013–14, \$1.8 billion will be paid to councils.

Shares are determined by a formula, based on population and road length, set by the local government grants commission in each state and the Northern Territory. Money is paid directly by the Australian Government to each council. Decisions on projects to be funded are made locally and reported to the Australian Government.

Nation Building Off-Network Projects

Funds are provided under this program to improve regional and local transport infrastructure networks, improve safety, assist industry development and support job creation in local communities.

The Australian Government committed \$680.2 million to 41 Off-Network projects from 2008–09 to 2013–14. During 2008–09, the Department assessed a number of project proposals; at 30 June 2009, 17 projects had been approved. This includes projects such as the Mandurah Entrance Road project which will provide a safe and efficient link between the Kwinana Freeway Extension and Mandurah in Western Australia.

V Improving access, connections and railway track efficiency

The Department oversees the Australian Rail Track Corporation, manages a range of programs and provides policy advice to improve access and transport connections, including improving the efficiency and safety of rail infrastructure.

Rail infrastructure improvements

In 2008–09, the Department put in place arrangements for an equity investment of \$1.2 billion in the Australian Rail Track Corporation, to fund a capital works program of 17 projects that will improve its interstate track network and increase capacity in the Hunter Valley to move export coal. The achievements of the Australian Rail Track Corporation's investment program and programs managed by the Department in 2008–09 to improve track efficiency and rail safety included the following:

- in total, 1.2 million concrete sleepers were laid across interstate rail lines managed and operated by the Australian Rail Track Corporation; and
- the upgrade of the north coast line between Sydney and Brisbane was completed, reducing average transit times by up to 2 hours and 22 minutes for trains hauling steel between Morandoo in New South Wales and Acacia Ridge in Queensland. This major program of works included the installation of about 515,000 new concrete sleepers and 127,000 tonnes of ballast, a new Centralised Train Control signalling system and 12 new passing lanes and loops; and the re-laying of about 350 kilometres of track.

The Tasmanian Rail Rescue Package, which received funding of more than \$30 million, continued with vital upgrades and maintenance works on railway bridges and level crossings, as well as the replacement of degraded sleepers and rails. These measures will improve the efficiency and reliability of the Tasmanian rail network.

Under the Funding for Road Projects other than under the *Nation Building Program (National Land Transport) Act 2009* program, administered by the Department, the government is providing \$80 million for works to improve road safety, reduce traffic congestion and provide better access to public transport facilities at the intersection of Springvale Road and Whitehorse Road in Nunawading, Victoria. The project involves the grade separation of the railway crossing by lowering the tracks below Springvale Road; the installation of a new railway station and other major improvements to safety and access to public transport in the area.

Murray River Bridges – Federation Fund

This project was announced under the Federation Fund in 1998 to provide a new crossing of the Murray River between Echuca and Moama on the Victoria–New South Wales border. The project was significantly delayed as a result of negotiations with Indigenous land owners over corridor selection. In 2008–09, the government received a project proposal report and committed \$1 million to support the planning phase of the project. However, as a result of the significant delays the government took a decision to close the Special Account holding the Federation Fund monies on 23 February 2009. The remaining \$14 million committed to this project was returned to the Treasury. The government will consider a funding proposal in the future, when the project is ready to proceed.

Rail infrastructure research

The Department conducts and supports research to inform the development of infrastructure policy. In 2008–09, the Department engaged the Port Kembla Port Corporation to undertake a pre-feasibility study on the Maldon–Dombarton Rail Line. The purpose of the study was to inform the government of the value of conducting a further more detailed feasibility analysis for undertaking construction of this rail line. The final report of the study is available on the Department’s website. On 8 July 2009, the government announced funding for a complete feasibility study. This study is expected to commence in late 2009 and be completed in about 18 months.

During 2008–09, the government commissioned the Australian Rail Track Corporation to commence the \$15 million Inland Rail Alignment Study. The study commenced in September 2008 and will determine the optimal alignment of an inland railway between Melbourne and Brisbane, its likely cost, the expected market take-up and the potential level of private sector support for the project. Working papers from the study are available on the Australian Rail Track Corporation’s website, at <www.artc.com.au>. The study is expected to be completed by the end of 2009.

The Department commenced studies to determine ways to improve the effectiveness of the grain freight networks in New South Wales and Western Australia. The purpose of the studies is to identify and analyse improvements required to increase the efficiency of the grain freight network from farm consolidation points to port and to identify how best to ensure the most appropriate modes of transport are used to move grain efficiently through the supply chain to enhance its long term sustainability.

Two major forward-looking studies began in South Australia in 2008–09:

- in cooperation with the South Australian Government, the Department commenced a \$4 million study to analyse urban congestion to 2030 and identify improvements that need to be made to public transport networks, road networks, traffic management, land use and demand management; and
- the Department commenced a \$3 million study to analyse the capacity of Adelaide’s rail freight network to meet the forecast freight demand to 2037.

Rail safety policy

In 2008–09, the Department was represented on two Australian Transport Council (ATC) working groups which aim to facilitate and improve rail safety nationally: the Rail Level Crossing Group and the Rail Safety Policy and Regulation Group.

The Department reviewed the funding arrangements for the Rail Industry Safety and Standards Board. The board develops codes of practice, guidelines, standards and rules for the rail industry. The ATC has agreed to extend the funding arrangements and to renew the memorandum of understanding for the board to provide those services.

The Department assists the ATC to deliver effective progress on the COAG transport reform agenda for rail. This includes working with the National Transport Commission (NTC), an independent statutory body that advises Australian transport ministers on regulatory and operational reforms for transport. In 2008–09, this collaboration focused on putting appropriate mechanisms in place for a single national rail safety regulator by June 2011 to establish a fully operational national rail safety regulator by June 2012. The NTC prepared a regulation impact statement, which the Standing Committee on Transport and the ATC endorsed for COAG approval.

The Department continued to monitor the implementation of model legislation for rail safety that was developed by the NTC and approved by the ATC in 2006. At 30 June 2009, New South Wales, Victoria and South Australia had implemented the legislation; the legislation was being considered by the Queensland Parliament; and Western Australia, Tasmania and the Northern Territory planned to introduce the legislation as soon as possible.

Residual issues of the former Australian National Railways Commission

In 2008–09, the Department acquired the intellectual property rights over the plans and records of the defunct Australian National Railways Commission, kept at the Plan Room in Islington, South Australia. This is the first step in the formal archiving and sentencing process that will eventually wind down the last of the Australian Government's interest in the former commission.

Tender documents for the disposal of Australian National Railways Commission locomotive GM1 were prepared in 2008–09. The tender process is expected to commence in late 2009.

VI Major Projects Facilitation

The Major Project Facilitation (MPF) program is designed to encourage productive and sustainable private sector investment in infrastructure projects that will take advantage of Australia's scientific, technological and human capital, and foster long-term productivity growth in the Australian economy. The program is coordinated by the Department and is open to all industry sectors.

MPF is a service available to eligible projects. For projects awarded MPF status the service:

- assists in coordinating all necessary Australian Government approvals processes and ensures that these processes are coordinated with relevant state and territory government processes, so they occur simultaneously and with minimal duplication;
- provides links to appropriate Australian Government assistance programs, and liaison with national, state and territory industry development and investment agencies; and
- ensures other government agencies respond promptly to any issues that proponents raise during the approval process, so projects can proceed to development as quickly as possible.

Projects are currently being facilitated in the oil, gas and minerals; agribusiness; renewable energy; and advanced manufacturing sectors. They include the development of onshore and offshore gas fields and the construction of associated pipelines; solar cell development; coal, copper, cobalt and nickel mining and associated rail and port infrastructure; and wave power plant and wind farm construction.

In June 2009, the Department launched a website dedicated to the MPF, at <www.majorprojectfacilitation.gov.au>.

VII COAG Business Regulation and Competition Working Group and COAG Reform Council¹

COAG established a number of working groups, chaired by Australian Government ministers, to coordinate delivery of reforms that span ministerial councils. The Business Regulation and Competition Working Group, chaired by the Minister for Finance and Deregulation, was created to accelerate and broaden the regulation reduction agenda.

The COAG Reform Council is an independent body established by COAG in 2007 to evaluate and report to COAG on the performance of governments in delivering a number of agreed reforms under the National Reform Agenda.

Both of these bodies have a role in the delivery of a number of transport reforms, including the COAG Road Reform Plan and earlier agreed COAG road productivity initiatives.

1 This heading appeared in the 2008–09 PBS as 'COAG Infrastructure Working Group and COAG Business Regulation and Competition Working Group.'

The Department provided periodic reports to the Working Group and Reform Council on progress towards the achievement of the agreed road transport reforms. It also consulted with them on future reform milestones, options for building on measures agreed by COAG and the scope to accelerate reforms.

VIII COAG Road Reform Plan

In April 2007, COAG agreed to a Road Reform Plan to improve road freight productivity and more efficiently meet the forecast growth in the national freight task. Phase 1 of the plan includes a number of milestones, including early updating of existing heavy vehicle charges and research targeted at setting the foundations for later decisions by COAG on the merits of a move over the longer term towards more direct charging of heavy vehicles.

Heavy vehicle charges determination

In February 2008, the ATC agreed to implement new heavy vehicle charges to fully recover the proportion of government road spending that is attributable to the use of the road network by the sector. The new charges also remove cross-subsidies between certain heavy vehicle classes, reducing arrangements which financially disadvantaged smaller trucks. Attempts to implement the road user charge element of the determination during 2007–08 were unsuccessful in the Senate.

During 2008–09 the Department provided advice to the government on legislative options to deliver the new charges and assisted in preparing legislation that was passed by the Parliament. The new charges were a condition for the funding of the Nation Building Heavy Vehicle Safety and Productivity Program, and passage of the new charges allowed the program to be established by the Department in 2008–09.

Heavy vehicle charges research

Phase 1 of the Road Reform Plan includes milestones aimed at informing future government consideration of the next generation of heavy vehicle charges to better align road charges with the impact that individual vehicles have on the road network (a move towards heavy vehicle charges based on mass, distance and location). The Department provided secretariat services for the COAG Road Reform Taskforce, which was responsible for delivering these research milestones.

The Department coordinated cross-jurisdictional research into possible future elements of reformed heavy vehicle charging arrangements, and used the results to draft a Phase 1 report, in consultation with state and territory agencies. The report was considered by the ATC in May 2009. COAG considered the report in July 2009 and decided to proceed to Phase II.

The Department also participated in a cross-jurisdictional reference group to assist the NTC to prepare a report on the feasibility of applying incremental charges for heavy vehicles. This would provide the opportunity for heavy vehicle operators to negotiate greater network access for vehicles with a higher mass or volume, in return for an additional payment in recognition of the additional damage they impose on the road network. By enabling operators to use fewer, more productive vehicles, incremental charging has the potential to increase efficiency and safety.

IX Major Infrastructure Projects

In May 2009 the government announced that \$8.5 billion would be invested in 15 nationally significant infrastructure projects on metropolitan rail networks, national road priorities and port infrastructure. The Department moved quickly to implement governance arrangements and reporting frameworks for these projects.

The Department is working closely with the states on project planning, development and monitoring. A Project Board oversees progress of the projects and senior executives of the Department attend high-level project steering group meetings.

Case Study – South Australian Northern Expressway



An aerial view of the Curtis Road Interchange, part of the Northern Expressway Project.

In September 2008, construction commenced on the new 23 km Northern Expressway, from Port Wakefield Road to the Gawler Bypass, north of Adelaide. This project is the result of state and federal government cooperation under the Australian Government's Nation Building Program. The Northern Expressway, combined with the upgrade of Port Wakefield Road, is the largest road construction project in South Australia in more than half a century with a total investment of \$564 million. The Australian Government is providing \$451.2 million towards construction of this project and has to date contributed approximately \$250 million.

Due for completion in September 2010, the project entails:

- a new four-lane, two-way expressway with divided roadway;
- full-speed connection at Gawler, linking with the Gawler by pass;
- entry to the expressway via interchanges along the expressway;
- overpasses along the expressway;
- changes to the local roadwork;
- a recreational cycle and pedestrian pathway; and
- an upgrade of Port Wakefield Road.

The project has a minimum target of 10 per cent employment for young and Indigenous people and is the first project in South Australia to adopt this approach. In May 2009, young and Indigenous people performed 14 per cent of the labour hours on the job, the highest levels reached to date, and the Northern Expressway project has consistently exceeded its 10 per cent target for these two important demographics.

Various environmental and community concerns were addressed during the planning stage of the expressway, to protect the biodiversity of the region and local community interests:

- Plantings on the overpass embankments at the intersections situated near populated areas will help soften and screen the expressway from adjacent residential properties.
- A range of trees, including river red gums, river boxes and wattles, as well as shrubs, grasses, reeds and sedges will be planted to improve the biodiversity of this important riparian zone.
- The expressway will cross the Gawler River via two bridge structures, one of which is to allow for the 'one-in-100 years flood' mitigation.
- Large areas of land associated with the interchange ramps will provide space for the management of stormwater and the opportunity to reintroduce native vegetation to the area.

The benefits of the Northern Expressway include a reduction in travel time of up to 20 minutes between Adelaide and the northern regions, an improvement in traffic conditions for local residents and a safer and a more direct route for people travelling to Adelaide from the Riverland and Barossa regions. The expressway will also allow for a more direct connection to Port Adelaide for freight traffic, as well as a significant reduction in the amount of freight being carried on local roads.

This project will contribute to the Department's key objectives of assisting national economic and social development by improving the efficiency, safety and reliability of the National Land Transport Network.

OUTPUT 1.1.2—INFRASTRUCTURE INVESTMENT COORDINATION

Overview

Output 1.1.2. is delivered through the work undertaken by the Office of the Infrastructure Coordinator in support of Infrastructure Australia and the Nation Building Infrastructure Investment division.

Infrastructure Australia was established as a statutory advisory council. It advises governments, investors and infrastructure owners on a wide range of issues, including: Australia's current and future infrastructure needs; mechanisms for financing infrastructure investments; policy, pricing and regulatory issues that may affect the use of infrastructure; and impediments to the efficient use of national infrastructure networks. A complete report on the performance of Infrastructure Australia appears in Chapter 6.

The output had no administered programs.

The Major Cities Unit

The Major Cities Unit was established to provide coordinated action across all spheres of government, the private sector and the community to improve the prosperity, liveability and sustainability of our cities, and to assist in securing the nation's economic, social and environmental wellbeing.

The Major Cities Unit participates in planning bodies such as the Local Government and Planning Joint Committee and the associated Planning Officials Group, which supports the Local Government and Planning Ministers Council. The unit contributed to a submission to the April 2009 COAG meeting on micro-economic reforms to planning systems.

In 2008–09, the Major Cities Unit began preparing a 'national urban policy' to advance integrated governance structures and best practice planning, to provide clear direction for the development of Australia's cities and to set a geographic context for policy, planning and investment decisions. The policy, which will be completed in 2009–10, will articulate the responsibilities, expectations, strategies and actions required of governments, the private sector and the community.

Initial public input was sought through a series of focus group sessions conducted across the major cities of Australia. A Research Roundtable was held in June 2009, seeking input from prominent academics and research institutes. The Unit also worked in partnership with the Council of Capital City Lord Mayors to support the development of the May 2009 'State of the Cities: Unlocking the Data' conference. This conference provided input into the development of a regular reporting framework and research agenda, which will be incorporated into the national urban policy.

CHAPTER 3

CHAPTER 4

Outcome 2—Transport



TRANSPORT

What this chapter covers

This chapter describes the Department’s transport outcome, Outcome 2, and its outputs and reports on performance for the individual outputs. Each report includes

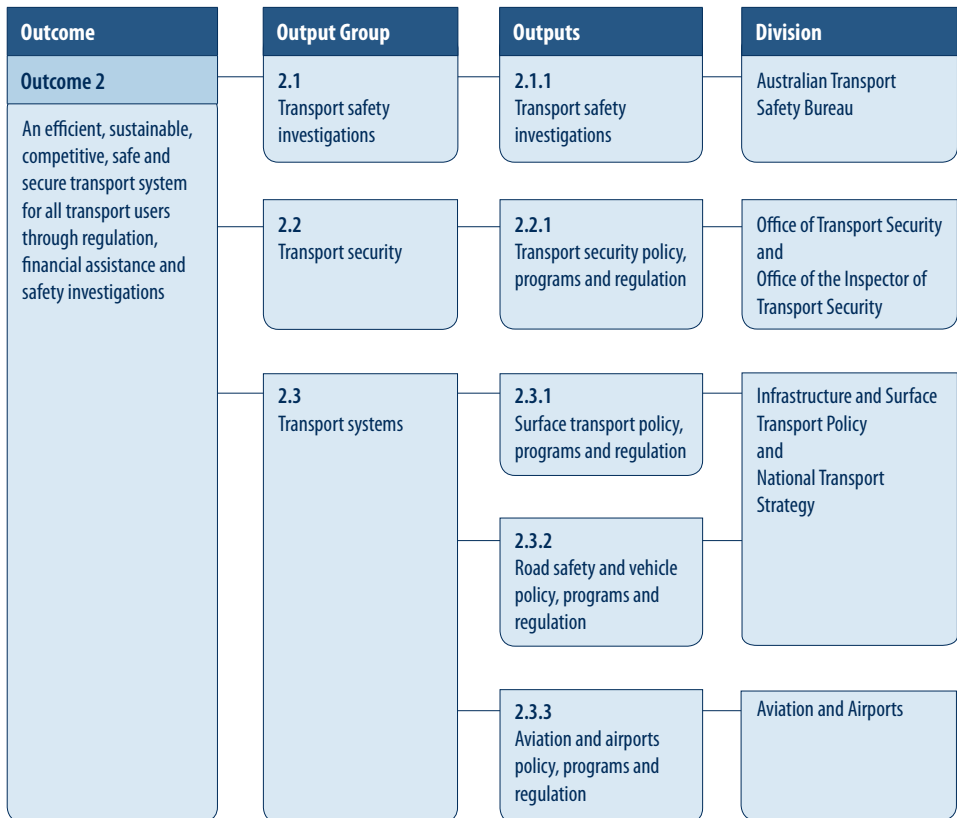
- an overview of the output’s functions and how it is delivered;
- a summary of the results for 2008–09 for the output and any associated administered programs against the key performance indicators and targets published in the 2008–09 Portfolio Budget Statements (PBS) or modified in the 2008–09 Portfolio Additional Estimates Statements;
- a detailed report on the performance of the output in 2008–09 against the applicable headings from the 2008–09 PBS.

Outcome and outputs

Figure 4.1 shows the relationships between Outcome 2 and its outputs, and identifies the business divisions responsible for delivering the outputs.

Outcome 2 was updated on 17 December 2008 from *Fostering an efficient, sustainable, competitive, safe and secure transport system* as appeared in the 2008–09 PBS.

Figure 4.1 Outcome 2 and outputs



OUTPUT 2.1.1—TRANSPORT SAFETY INVESTIGATIONS

Highlights

In 2008–09, the Australian Transport Safety Bureau (ATSB) assessed more than 15,000 occurrence notifications and completed 79 aviation, 10 marine and 10 rail accident investigations. As a result of this work, the ATSB facilitated 185 voluntary safety actions by stakeholders across all transport modes and issued 26 safety recommendations and 10 safety advisory notices.

The high-profile events investigated by the ATSB included:

- two events involving Qantas aircraft—a temporary loss of control on an Airbus A330 in flight over Western Australia, and a gas cylinder explosion which ruptured the fuselage and caused depressurisation on a Boeing 747 in flight near the Philippines;
- a maritime incident involving the loss of containers overboard, which resulted in a major oil spill from the *Pacific Adventurer* off the coast of southern Queensland; and
- level crossing collisions at Rungoo (north of Ingham) and Mundoo (near Innisfail), in Queensland—both accidents involved a heavy road vehicle colliding with a passenger train and both resulted in fatalities.

These investigations involved a significant initial response and required extensive national and international collaboration.

Representatives from the ATSB led the Australian delegation to the eighth International Civil Aviation Organization (ICAO) Accident Investigation and Prevention Divisional Meeting—the first such meeting in 10 years. Australia had a major influence on the outcomes of the meeting and further enhanced its reputation through submission of a number of papers and active participation during debate.

Through the Indonesia Transport Safety Assistance Package, the ATSB continued to help develop local capacity and underpin the development of a genuine safety culture in the Indonesian transport sector. This included assistance with accident investigation, and training of Indonesian transport investigators in Canberra.

On 2 December 2008, as part of the release of the Aviation Green Paper, the Australian Government announced that the ATSB would become a separate statutory agency on 1 July 2009. This move to enhance the bureau's independence received strong industry support. The ATSB worked with the Department to ensure that staffing, business systems and governance arrangements were in place to ensure a seamless transition.

Overview

Output 2.1.1 was delivered by the Australian Transport Safety Bureau (ATSB). The ATSB works with the aviation, marine and rail industries, transport regulators and governments at the state, national and international levels to improve transport safety standards for all Australians travelling within Australia and overseas.

In accordance with the *Transport Safety Investigation Act 2003*, the ATSB undertakes independent 'no blame' investigations of aviation, interstate rail and international and interstate marine accidents and incidents, seeking to uncover causal factors and encourage safety action to prevent future accidents. The ATSB also produces high-quality research reports promoting safety within the aviation industry.

The ATSB became an independent statutory agency on 1 July 2009 and will have a separate annual report in 2009–10.

The output had no administered programs.

Summary of performance

Table 4.1 summarises the Department's results in delivering Output 2.1.1, against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.1 Summary of performance—Output 2.1.1

Key performance indicator	Target	Result
Outputs		
<i>Proportion of accident and incident notifications and confidential reports received, assessed, classified and recorded (ATSB expects to receive around 12,000 potential accident and incident notifications and around 100 confidential reports in 2008–09)</i>	100 per cent.	The ATSB was notified of approximately 15,000 aviation, marine and rail safety accidents and incidents. Following assessment, 7,837 were classified as transport safety matters and entered into the ATSB's safety databases. The ATSB also received 133 confidential reports.
<i>Number of selective investigations of accidents and incidents based on safety priorities and guidelines</i>	Approximately 100 new investigations commenced. Approximately 100 investigations completed.	The ATSB initiated 64 aviation, 11 marine and 10 rail investigations, and completed 79 aviation, 10 marine and 10 rail investigation reports.
<i>Number of selective aviation research and analysis investigations based on safety priorities and trends</i>	Approximately 10 new investigations commenced. Approximately 10 investigations completed.	The ATSB commenced work on six research and analysis investigations, basing them on safety priorities and trends. Ten aviation safety research and analysis reports were released.
<i>Major accident investigation response capabilities are developed, reviewed and tested</i>	Each mode to participate in at least one major accident simulation either externally or ATSB-led.	The ATSB participated in six major accident response exercises, including three aviation exercises and two rail exercises. Members of the marine investigation team participated in other modal exercises.
<i>Safety action taken by stakeholders in response to:</i> <ul style="list-style-type: none"> <i>all identified safety issues; and</i> <i>identified critical and significant safety issues, including those for which formal safety recommendations have been made</i> 	Proactive implementation of safety action by stakeholders in the majority of relevant cases reducing the need to issue formal safety recommendations. Implementation of safety action by stakeholders in a large proportion of relevant cases.	Aviation safety stakeholders proactively undertook 132 safety actions and the ATSB issued three safety recommendations and three safety advisory notices. Marine safety stakeholders proactively undertook 35 safety actions and the ATSB issued 10 safety recommendations and seven safety advisory notices. Rail safety stakeholders proactively undertook 18 safety actions and the ATSB issued 13 safety recommendations.

Table 4.1 continued.

Key performance indicator	Target	Result
Outputs		
<i>Contribution to international working groups and major conferences</i>	Participate in ICAO Accident Investigation Group (AIG) workshop, and present at forums of Marine Accident Investigators International Forum (MAIIF), International Society of Air Safety Investigators (ISASI) and International Transport Safety Association (ITSA).	ATSB staff members attended or presented at 79 events, ranging from presentations to university students to lectures at international conferences and symposiums. This included the ICAO AIG workshop, and the forums of the MAIIF, ISASI, Australian and New Zealand Societies of Air Safety Investigators, and the ITSA.
<i>Compliance with international safety investigation obligations as assessed by the ICAO and IMO compliance audit regime based on the Australian legal and governance framework</i>	Maintain 100 per cent compliant status.	The ATSB was audited under the Universal Safety Oversight Audit Program in 2008, as part of a state safety oversight audit. Two findings were made in relation to ATSB responsibilities under ICAO Annex 13 'Aircraft Accident and Incident Investigation'. One finding remains extant and is subject to a current difference notified against the relevant standard; the second finding will be addressed by 31 December 2009. The ATSB achieved 100 per cent compliance with the Voluntary International Maritime Organization Member State Audit Scheme.
<i>Completion of endorsed ATSB projects under ITSAP for 2008–09</i>	100 per cent completion.	The ATSB completed 95 per cent of projects that had been planned for completion. Two projects were not completed because the Indonesian National Transportation Safety Committee was unable to commit necessary resources. A number of projects are ongoing.

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 PBS. Please note that for this output, the section 'IV Other activities' has been added to address the announcement on 2 December 2008 by the Minister for Infrastructure, Transport, Regional Development and Local Government of the transition of the ATSB to a separate statutory agency.

I 'No blame' safety investigation and research

The purpose of all ATSB investigations and research is to prevent the occurrence of accidents and incidents, rather than to apportion blame or provide a means for determining liability.

Notification, assessment and data management

In 2008–09, the ATSB assessed more than 15,000 occurrence notifications, of which 7,837 met the definition of a 'transport safety matter' and were consequently entered into modal safety databases. These comprised 7,681 aviation occurrences, 94 maritime occurrences and 62 rail occurrences.

Selective investigation

The ATSB investigates selectively, as do many equivalent international organisations. The aim is to concentrate resources on the in-depth investigations considered most likely to enhance transport safety. As many types of accidents are repetitive, investigating all accidents in detail is not justified, given the ATSB's limited resources. In such cases, the ATSB will not necessarily attend the scene, conduct an in-depth investigation or produce an extensive report.

In 2008–09, the ATSB initiated 64 aviation investigations, 11 marine investigations and 10 rail investigations. It completed 79 aviation, 10 marine and 10 rail investigation reports.

Aviation safety research and analysis

In 2008–09, the ATSB continued to analyse information held in its aviation safety accident and incident database as part of Australia's obligations to the International Civil Aviation Organization (ICAO) in determining whether or not preventative safety measures are needed. The ATSB engaged industry experts and stakeholders to ensure that the research was focused, timely and relevant.

The 10 aviation safety research and analysis reports released in 2008–09 covered a diverse range of topics. They included reviews of accident and incident trends, runway excursion accidents around the world and preventative and corrective risk controls for runway excursions; a survey of the owners and builders of amateur-built and experimental aircraft; and educational reports on human factors in aircraft maintenance, and staying safe during an in-flight depressurisation. Aviation safety research publications are available on the ATSB's website.

Major accident preparedness

The 2008–09 review and testing of the response capabilities of ATSB staff complemented previous testing of ATSB operational readiness. The ATSB's 2008–09 major accident response program included exercises in both the aviation and rail modes. The aviation reviews included a desktop exercise, a progress meeting simulation, and participation in the multiagency exercise 'Graphite' at Sydney Airport. The rail team took part in the desktop exercise 'Barton', which was run by the South Australia Police, and a review of a freight train derailment in Western Australia.

II Safety actions by stakeholders

Rather than releasing formal recommendations in a transport safety investigation, the ATSB prefers to encourage the relevant stakeholders to initiate safety action. However, depending on the level of risk associated with a safety issue and the extent of corrective action undertaken by the relevant organisation, a recommendation may be made either during or at the end of an investigation. The reports of the ATSB's investigations are available on its website.

In 2008–09:

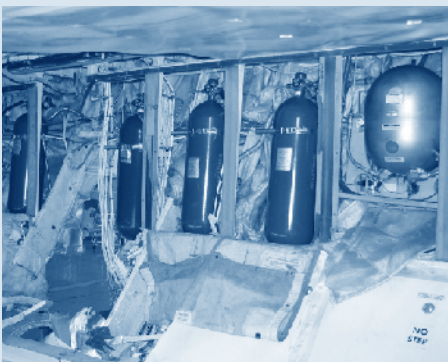
- aviation safety stakeholders proactively undertook 132 safety actions relating to safety issues identified during investigations, leading to strong gains in safety culture and practices. The ATSB released three safety recommendations and three safety advisory notices, arising from 46 investigations;
- marine safety stakeholders proactively undertook 35 safety actions relating to safety issues identified during investigations, leading to strong gains in safety culture and practices. The ATSB released 10 safety recommendations and three safety advisory notices, arising from 10 investigations; and
- rail safety stakeholders proactively undertook 18 safety actions relating to safety issues identified during investigations, leading to strong gains in safety culture and practices. The ATSB released 13 safety recommendations, arising from seven investigations.

Case Study – International collaboration on Qantas flight QF30

The Australian Transport Safety Bureau (ATSB) has a proven track record of highly developed capabilities in the technical and operational aspects of transport safety investigations. Many major investigations, however, are the product of collaboration with external parties. Under international standards and recommended practices, different organisations and agencies are able to share a wide variety of expertise, allowing for a far better understanding of the circumstances that led to accidents and incidents.

On 25 July 2008, a Boeing Company 747-438 aircraft operating as flight number QF30, with 365 persons on board, departed Hong Kong International Airport on a scheduled passenger transport flight to Melbourne, Australia. Approximately 55 minutes into the flight, while the aircraft was cruising at 29,000 ft, a loud bang was heard by passengers and crew, followed by rapid depressurisation of the cabin. Oxygen masks were deployed for the passengers and crew, and the aircraft commenced descent to a safe altitude where supplemental oxygen would no longer be necessary. The flight was then diverted to Ninoy Aquino International Airport, Manila, the Philippines, where an uneventful approach and landing was made. The subsequent ATSB investigation saw important contributions from a number of external parties, including international regulatory agencies, manufacturers and the operator, as well as investigative colleagues such as the Australian Federal Police and the Philippines National Bureau of Investigation.

The initial inspection of the aircraft by the operator's personnel and ATSB investigators revealed a rupture in the lower right side of the fuselage. Upon further inspection, it was discovered that an oxygen cylinder on board had sustained a sudden failure and the forceful discharge of its pressurised contents ruptured the fuselage. The subsequent investigation into the cause of this accident was extensive, and has involved more than 10 cooperating parties from several different countries. The first collaboration involved the Australian Federal Police and the Philippines' National Bureau of Investigation, which together screened the aircraft for explosives residue, confirming that a bomb had not caused the accident.



Damaged fuselage as a result of a malfunction involving an oxygen cylinder.

As the cylinder in question was ejected from the aircraft at the time of the incident, ATSB investigators worked with Qantas officials and other international operators to obtain 'sibling' cylinders from the same batch, with which to study. These cylinders were quickly and efficiently supplied to ATSB investigators, for testing and evaluation. Several cylinders that were filled at the same time as the failed item were also sent to the Defence Science and Technology Organisation for analysis of the oxygen contents. Further assistance has been received from Air Liquide, (an international manufacturer of gases and equipment), the US's National Transportation

Safety Board and Federal Aviation Administration, Airbus and Boeing, bringing about a more comprehensive analysis of the accident. As the investigation into flight QF30 progresses, this level of cooperation is proving increasingly valuable.

III International engagement

The ATSB has undertaken a significant level of cooperation with its regional counterparts over many years, assisting with investigations, conducting flight recorder replay and analysis, and conducting training workshops. This international engagement is extremely important to ensure that Australian citizens and travellers to and from Australia are afforded a high level of safety.

International organisations

The ATSB continued to liaise and collaborate with overseas organisations on international investigations. In 2008–09, this included providing an accredited representative to the French BEA (Bureau d'Enquêtes et d'Analyses) for an investigation involving an Australian-manufactured aero-engine. The bureau also collaborated with the Philippines and the United States on the investigation of an accident involving a Qantas Boeing 747, and with France on the investigation of an accident involving a Qantas Airbus A330.

The ATSB participated in the annual meeting of Directors General of Civil Aviation, Asia–Pacific Regions, held in Kuala Lumpur, Malaysia, in November 2008.

Representation at meetings of safety investigation organisations from around the world provided opportunities for the ATSB to share insights on best practice and solutions to emerging challenges in the field of no-blame safety investigation during 2008–09. These included meetings of the Marine Accident Investigators' International Forum, International Society of Air Safety Investigators, Australian and New Zealand Societies of Air Safety Investigators, and the International Transport Safety Association.

In October 2008, more than 200 safety experts, including delegates from 75 contracting states and 12 international organisations, met at ICAO headquarters in Montreal for the eighth ICAO Accident Investigation and Prevention (AIG) Divisional Meeting. The Australian delegation, which consisted of representatives from the ATSB, the Civil Aviation Safety Authority (CASA) and Australia's representative on the ICAO Air Navigation Commission, was led by the Executive Director of the ATSB.

The meeting was the first of its kind in 10 years. Attention centred on Annex 13 to the Chicago Convention on International Civil Aviation, which establishes international Standards and Recommended Practices for aircraft accident and incident investigation. The Australian delegation had a significant input, and many of the Australian proposals were accepted.

Australia also participated in the ICAO Regional Office Cooperative Development of Operational Safety and Continuing Airworthiness Programme, a significant program of review, assessment and assistance to regional states seeking to comply with ICAO Standards and Recommended Practices.

Regional engagement

The Indonesia Transport Safety Assistance Package continued to help develop local capacity and underpin the development of a genuine safety culture in the Indonesian transport sector. In 2008–09 the ATSB provided assistance to Indonesia with at least three significant aviation and marine accident investigations. In addition, the ATSB assisted with several flight recorder replay and analysis tasks. The ATSB also provided training to Indonesian transport investigators in Canberra, with investigators from all three transport modes engaged in the 12-month Transport Safety Investigation Diploma course.

The ATSB's regional cooperation and engagement also included participation in the delivery of training courses and safety seminars in Hong Kong, Malaysia, Pakistan and Singapore.

IV Other activities

On 2 December 2008, as part of the release of the Aviation Green Paper, the Minister for Infrastructure, Transport, Regional Development and Local Government announced that the ATSB would become a separate statutory agency, with a commission structure, on 1 July 2009.

This move to enhance the ATSB's independence received strong industry support. It will ensure that the ATSB continues to conduct the most thorough investigations possible, and to foster appropriate safety action. It will also enhance the quality of the bureau's relationship with industry and the aviation community.

In the months leading to the change of administrative arrangements, the ATSB worked with the Department to ensure that staffing, business systems and governance arrangements were in place to ensure a seamless transition.

OUTPUT 2.2.1—TRANSPORT SECURITY, POLICY, PROGRAMS AND REGULATION

Highlights

In 2008–09, the Department developed and released the Aviation Security Risk Context Statement, which provides an updated assessment of threat and risk to the Australian aviation sector, based on current strategic intelligence.

The Department delivered the second funding phase of the checked baggage screening initiative. Through this, 22 out of the 34 airports required to institute 100 per cent checked baggage screening received full or partial funding to purchase and install x-ray equipment with explosive detection system capability.

The Department conducted a review of aviation security screening, which examined issues such as the purpose of screening, service delivery and performance, national consistency, the passenger experience and workforce issues.

Government and industry continued to work together to develop a strategic directions paper which, when complete, will articulate a strategy for enhancing the security environment for oil and gas. The first part of the paper was finalised at the Oil and Gas Security Forum meeting in May 2009.

Overview

Output 2.2.1. is delivered through the work of:

- the Office of Transport Security, which delivers transport security policy, programs and regulation; and
- the Office of the Inspector of Transport Security which undertakes inquiries into transport security matters and offshore security matters as directed by the Minister.

In 2008–09, the output included the following administered programs:

- Aviation security enhancements—checked baggage screening;
- Aviation security enhancements—improving international aviation security;
- Aviation security enhancements—regional passenger screening; and
- Aviation security enhancements—screening for liquids, aerosols and gels.

The budget and actual expenditure for each administered program is listed in Appendix A.

Summary of performance

Table 4.2 summarises the Department’s results in delivering Output 2.2.1 against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.2 Summary of performance—Output 2.2.1

Key performance indicator	Target	Result
Outputs		
<i>Aviation security is addressed in the Government's Aviation Policy White Paper</i>	The security component of the Green Paper stimulates public and industry debate which informs transport security development and White Paper policy.	The Department conducted consultative forums in all Australian capital cities and a number of regional centres to facilitate debate; the forums were well attended and supported by industry and members of the public. The Department also made presentations to the Over The Horizon Forum, Aviation Security Advisory Forum and Regional Industry Consultative Meeting. All issues outlined in the Aviation Green Paper were presented and debated at each event.
<i>Any legislative or policy component of a transport security risk mitigation strategy is delivered efficiently and with the minimum impact on industry and the travelling public</i>	Legislation and regulation development complies with Office of Best Practice Regulation standards.	Legislation and regulation development fully complied with the standards.
<i>The number of last ports of call in the Asia Pacific subject to vulnerability assessments and measures to mitigate identified risks</i>	All 45 last ports of call subject to a LAGs targeted partial assessment. Eight full international last port of call assessments.	The Department established an Australian-based last port of call aviation security assessment team and commenced aviation security assessments of international airports with direct flights to Australia. 23 LAGs (liquids, aerosols and gels) assessments were conducted on a risk-assessed basis, focusing on higher priority locations, including return visits to non-compliant last ports of call. Nine last port of call aviation security assessments were conducted. These include a comprehensive assessment of airport and airline aviation security operations based on Annex 17 to the Chicago Convention on International Civil Aviation. The outcomes directly informed aviation security capacity-building activities with East Timor, Indonesia, the Philippines and Vietnam.
<i>Percentage of 'high risk' cases revisited for audit within 12 months (one year audit cycle)</i>	95 per cent.	99 per cent at 30 June 2009
<i>Percentage of 'medium risk' cases revisited for audit within 12 months (two year audit cycle)</i>	50 per cent.	65 per cent at 30 June 2009

Table 4.2 continued.

Key performance indicator	Target	Result
Outputs		
<i>The website incorporates passenger security advice</i>	Website implemented on schedule and budget. Web feedback survey shows traveller satisfaction.	The departmental website was implemented on schedule and budget; the survey will be conducted in the first quarter of 2009–10.
<i>Industry forums are consulted as required to inform policy and legislation development</i>	Consultation occurs at intervals not exceeding 12 months.	<p>The Aviation Security Advisory Forum and the Regional Industry Consultative Meeting each met four times to consult on a range of policy and legislation issues.</p> <p>The Maritime Industry Consultative Forum and the Oil and Offshore Gas Security Forum each met twice to consult on a range of policy and legislation issues.</p> <p>The Transport Security Working Group met three times and the Department continued to progress a range of surface transport security issues with state and territory government officials.</p> <p>The Trusted Information Sharing Network Transport Infrastructure Assurance Advisory Group, consisting of the sub sector groups of aviation, maritime and surface, each met twice to provide owners and operators of critical infrastructure to share information on threats and vulnerabilities and appropriate measures and strategies to mitigate risk within an all-hazards approach.</p>
<i>Transport sectors are covered by consultation</i>	All stakeholder industry sectors are consulted.	All relevant transport industry sectors were included in consultations in 2008–09.
<i>Sector specific risk context statements and transport security advisories reviewed and issued in a timely fashion to inform industry and Government preventative security measures</i>	<p>Risk Context Statements are produced and disseminated to industry within three months of receipt of a Threat Assessment.</p> <p>Transport Security Advisories are issued within 48 hours of receipt of significant intelligence.</p>	<p>A revised Aviation Security Risk Context Statement was developed and released.</p> <p>A revised Land and Water-based Mass Passenger Transport Security Risk Context Statement was developed and subsequently released in August 2009.</p> <p>Eleven Transport Security Advisories were produced and released.</p>

Table 4.3 provides a summary of the results achieved by each of the programs administered under Output 2.2.1 against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.3 Summary of performance—Output 2.2.1 administered programs

Key performance indicators and targets	
Applicable administered program	Key performance indicator Target
All programs	<i>Efficient and effective management of administered programs</i> Programs are administered in accordance with relevant legislation, published guidelines and ANAO guidance.
Results	
Administered program	Results
Aviation security enhancements—checked baggage screening	The checked baggage screening initiative was managed on time, within budget and in accordance with relevant legislation, published guidelines and ANAO guidance. Twenty-two regional airports received funding to assist with the costs of purchasing and installing equipment.
Aviation security enhancements—improving international aviation security	The Department assisted countries in the Asia–Pacific region to strengthen their aviation security standards, by providing a range of policy, training and capital equipment assistance. Highlights included: <ul style="list-style-type: none"> • assisting the Philippines Office for Transportation Security to review and develop aviation security training material and to deliver aviation security screener, aviation security manager and train-the-trainer courses; • sponsoring Filipino aviation security officials to attend ICAO training courses; • donating a range of capital equipment to the Philippines Office for Transportation Security to assist it to establish an international standard aviation security training facility in Manila; and • engaging with a range of Pacific Island countries to share best practice and technical advice on international aviation security standards and practices.
Aviation security enhancements—regional passenger screening	The regional passenger screening program was managed on time, within budget and in accordance with relevant legislation, published guidelines and ANAO guidance. Training in the use of hand wands took place at 40 centralised locations around Australia and was offered to staff from 146 airports.
Aviation security enhancements—screening for liquids, aerosols and gels	The Advanced Technology Trials were completed on schedule and on budget. The report is due to be submitted in late October 2009.

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 PBS. Please note that for this output, the section 'VII Other activities' has been added to address the activities of the Inspector of Transport Security.

I Security policy initiatives

The Department continued to enhance Australia's policies for aviation security, regional aviation and air freight security, maritime security, offshore oil and gas security, and surface transport security to create a transport system that is more secure against the threat of terrorism and unlawful acts.

Addressing aviation security

The Department conducted a wide-ranging Review of Aviation Security Screening, which examined issues such as the purpose of screening, service delivery and performance, national consistency, the passenger experience and screener workforce issues.

Arrangements for processing foreign visiting dignitaries at Australia's 11 major airports were improved by the introduction of a whole-of-government approach for aviation security, customs, immigration and quarantine. The Aviation Transport Security Regulations 2005 were amended to acknowledge the aviation security screening exemption status of heads of state, heads of government, and ministers responsible for foreign affairs.

Mitigating transport security vulnerabilities

The Department chairs the Aviation Security Advisory Forum Technology and Research Task Group, which comprises representatives of industry and government and focuses on prioritising aviation security vulnerabilities that may be mitigated through use of technology. The group met three times in 2008–09, developing desired capability documents for the areas of air cargo security, front-of-house security and verification and access control.

The Department completed an internal review of the Aviation Security Identification Card (ASIC) regime in 2008–09. The government is considering possible practical enhancements to the ASIC background checking scheme in the context of developing the Aviation White Paper. A post-implementation review of the Maritime Security Identification Card (MSIC) regime has also commenced and the Department expects to present the review's recommendations to the Minister in December 2009.

Developing a responsive legislation program

The successful passage of the *Transport Security Amendment (2008 Measures No. 1) Bill 2008* in November 2008 will assist the Australian transport sector by providing greater clarity and certainty about security obligations.

Specifically, the legislation:

- provides for the establishment of nationally consistent mapping standards for maritime security plans;
- clarifies the security obligations on foreign regulated ships visiting an external Australian territory;
- provides the government with greater flexibility to respond to changes in Australia's security environment and the operational requirements of industry, by allowing maritime and offshore security plans to be approved for a period of up to five years (but no less than 12 months); and
- recognises current approaches to the documentation of security planning with the aviation and maritime industries.

New legislation was drafted which amends the *Maritime Transport and Offshore Facilities Security Act 2003* and the *Aviation Transport Security Act 2004*.

The Maritime Transport and Offshore Facilities Security Amendment Regulations 2009 (No. 1) were made by the Governor General in Executive Council on 5 February 2009 and tabled in Parliament on 9 February 2009.

Specifically, the amendments:

- create a requirement for all ship security officers to meet specified international training standards;
- require all security officers to provide 24-hour contact details;
- allow offshore facility operators to request the Secretary of the Department to declare ship security zones around ships when in the vicinity of an offshore facility; and
- correct minor drafting anomalies.

Strengthening the air cargo supply chain

The Department completed a major project investigating the technical capability and potential industry impact of x-ray technology when used for screening air cargo. The project successfully identified the strengths and limitations of available technologies operating in relevant settings. The results of the trials will inform the Department's ongoing work to enhance security outcomes in the air cargo supply chain.

The Department undertook a scheduled review of the Regulated Air Cargo Agent (RACA) Security Training Framework, consulting extensively with industry, training providers and the quality assurance provider. The outcomes of the review will inform decisions about the future structure and funding arrangements of the training framework, which is a key aspect of the RACA scheme.

The Department significantly progressed the development and implementation of the Accredited Air Cargo Agent Scheme. The Aviation Transport Security Amendment Regulations 2008 (No. 2) commenced on 1 October 2008. Consultations on the detailed requirements of the scheme were concluded and a range of communications materials to assist industry uptake and compliance were designed and approved.

Applying 'over the horizon' forecasting

Twice in 2008–09, aviation industry participants met with senior departmental staff to discuss emerging issues likely to significantly impact on future aviation security settings and inform future policy work.

Exploring new technologies

As well as conducting the Advanced Technology Trials for liquids, aerosols and gels (LAGs) screening, the Department engaged with security technology communities in Australia and overseas to maintain awareness of emerging technologies that may have applications in transport security. The Department provided support for several Australian research projects.

The Department continued to engage with international partners in the ongoing development and harmonisation of performance criteria for security screening technology. Australia, Canada, the European Union and the United States reached agreement on a common threat and test list for LAGs. This is an important step in the continuing development of an Australian framework for the use of security screening technology in the transport security environment.

II International engagement

During 2008–09, the Department continued its international engagement through bilateral engagement, regional dialogues and transport security capacity-building activities in the Asia-Pacific region. Officers posted to Australian diplomatic missions in Indonesia, the Philippines and the United States worked collaboratively with departmental officers in Australia to assist with the delivery of these activities.

The Department also participated in the Department of Foreign Affairs and Trade International Counter Terrorism Coordination Group, established to help strengthen counter-terrorism cooperation and coordination in the region. Through the group, the Department supports and contributes to Australia's whole-of-government counter-terrorism agenda.

Engagement with multilateral institutions

The Department engaged with a number of international organisations dealing with transport security issues during 2008–09.

- The Department supported the conduct of the Asia–Pacific Economic Cooperation (APEC) Transportation Ministerial Meeting, held in the Philippines in April 2009 as chair.
- The Department continued as a member of the security sub group of the Aviation Experts Group of the APEC Transportation Working Group.
- The Department continued as vice-chair of the security subgroup of the Maritime Experts Group of the APEC Transportation Working Group. This included participating in the APEC Port Security Visit Program in South Korea and Japan in April 2009, and hosting port visits under the program, in Brisbane, Cairns, Darwin and Townsville, in May 2009.
- The Department was a member of the Pacific Maritime Association and provided maritime security technical assistance and advice on a range of port security issues to countries in the South Pacific.
- The Department worked in close cooperation with the Pacific Aviation Safety Office and the ICAO to deliver quality assurance training in the South Pacific.

Australia's engagement with Canada and the United States on transport security matters strengthened in 2008–09. The Department worked closely with the United States Transportation Security Administration (TSA) to harmonise transport security regulatory approaches, and to improve security outcomes across all transport modes. The Department also drove efforts to ensure compatibility between Australia and the TSA in capacity-building efforts in the Asia–Pacific region.

The Department continued to play a leading role in facilitating an informal mechanism for high-level discussions between Australia, Canada, the European Commission and the United States. These strategic discussions focused on global transport security issues and helped shape international transport security settings. These high-level discussions were recently expanded to include discussion on maritime security issues including matters relating to passenger screening. The Department is working with its international maritime transport security counterparts to identify, share and progress the development of good practice guidelines on aspects of passenger ship and ferry security screening procedures.

The Department participated in a range of other international meetings providing opportunities for significant knowledge sharing and collaborative projects, including cooperation with the United States Department of Homeland Security Science and Technology Organisation.

Cooperation in the region

During 2008–09, the Department continued to assist countries in the Asia–Pacific region to enhance their compliance with international transport security standards, including the International Maritime Organization (IMO) International Ship and Port Facility Security (ISPS) Code and the ICAO Annex 17 standards. Department officers posted to the Australian embassies in Jakarta and Manila played a significant role in facilitating the delivery of transport security capacity-building activities in the region.

In South-East Asia, the Department:

- continued to work collaboratively with Indonesia to strengthen transport security in the region—one of the main avenues for this cooperation was the third Australia–Indonesia Bilateral Aviation Security Forum, hosted by the Directorate General of Civil Aviation in Jakarta in February 2009;
- co-chaired the inaugural Asia–Pacific Aviation Security Regulator Forum held in Singapore in February 2009;
- contributed to three workshops of the Inter-Agency Border Strengthening Initiative, held in Indonesia, the Philippines and Thailand in 2009. These workshops provided exercises on border control and maritime security matters, and were aimed at fostering communication and cooperation between agencies charged with customs, immigration and transport security functions; and

- utilised Last Ports of Call (LPOC) inspections to inform aviation security capacity building and engagement activities in Indonesia, East Timor, Philippines, Thailand and Vietnam and will inform future capacity-building and regional engagement activities.

The very successful AusAID-funded Philippines Port Security Capacity Building Project concluded in April 2009, after a lifespan of almost five years. In 2008–09, project activities focused on assisting a range of Filipino agencies to improve their port security capacity, and delivered a range of international-standard training courses to build capacity in port security.

To assist its Philippines Government counterparts to build capacity, the Department delivered several complementary outcomes to the Philippines Office for Transportation Security, including:

- logistics support to the newly established ICAO aviation security training facility in Manila; and
- an intensive aviation security project for Philippines Government officials, conducted from February to June 2009 which included the delivery of a range of international standard aviation security courses.

In 2008–09, the Department delivered maritime security training to both Indonesian and Filipino counterparts as part of the Australian Government’s East ASEAN Initiative, which aims to promote cooperation in the countries of the Association of South East Asian Nations. This maritime security pilot project established the first cooperative working relationship between Indonesian and Filipino government counterparts on ship and port security. In the South Pacific, the Department continued to work closely with regional governments to enhance port security and aviation security capacity, including through an exchange program for regulatory staff with Tonga and assistance to Samoa and Vanuatu to develop aviation security capability.

The joint Australia–New Zealand aviation security capacity-building activity in Solomon Islands concluded in 2008–09. This cooperative project provided for the installation of security screening equipment and also for aviation security training to airport security staff at Honiara International Airport.

III Auditing and compliance

The Department undertakes regulatory activities to ensure compliance with Australia’s transport security legislation. The Department conducts audit and compliance activities based on risk assessments of the regulated industry sectors and their participants.

In 2008–09, the Department conducted:

- 1,788 compliance activities in the aviation industry—these activities focused on the regulatory compliance of Australia’s major international airports, screened airports, international airlines, Regulated Air Cargo Agents and major domestic airlines, and collectively comprised 66 per cent of overall compliance activity; and
- 931 compliance activities in the maritime industry—these activities focused on the regulatory compliance of Australia’s major sea ports, major providers of maritime facilities and Australian vessels.

To improve its regulatory approval processes, the Department has invested in the Transport Security Program Improvement project. The outputs of the project, which are expected to increase the efficiency of the Department’s regulatory approval activities, will be implemented in 2009–10. Key directions being adopted will include an increased emphasis on the quality of risk assessments together with improved guidance to assist industry participants to develop their transport security plans.

The Department issued two enforcement orders and an infringement notice during 2008–09, all in respect of the same matter. Subsequent to issuing these, the industry participants complied, and the enforcement orders were withdrawn.

IV Delivery of security-related projects

The Department contributes to the wellbeing of all Australians by making Australia's transport system more secure against the threat of terrorism and other unlawful acts. Significant enhancements to transport security were made in 2008–09.

Screening for liquids, aerosols and gels

The Advanced Technology Trials were designed to evaluate the technical and operational performance of screening technologies that are able to detect explosives in LAGs. The trials were successfully completed in 2008–09, by the Department in collaboration with the Defence Science Technology Organisation, the Australian Nuclear Science and Technology Organisation and the Centre for Intelligent Systems Research.

Twenty-four separate pieces of screening technology were technically evaluated, eight technologies were selected for operational trialling, and a sophisticated discrete event simulation model was developed and populated with real-time data to provide information on the impacts on passenger facilitation and costs related to deploying new technologies. The findings from these trials will be used to inform future decisions relating to the role of advanced screening technologies in the aviation passenger screening environment. The report will be finalised by 31 October 2009.

Checked baggage screening

Under the second phase of the checked baggage screening initiative announced in the 2007–08 Budget, screening of checked baggage through explosive detection system capable x-ray equipment commenced at all regional airports servicing regular public transport jet services from 1 December 2008.

During 2008–09, a total of \$10 million was provided to 22 regional airports to assist with the costs of purchasing and installing x-ray equipment.

Regional passenger screening

During 2008–09, the Department conducted a tender process to engage a service provider (Vast Academy) for the delivery of hand wand training at regional airports. Training took place at 40 centralised locations around Australia and was offered to staff at 146 airports.

V Effective communication strategies

The Department engages with key stakeholders, including representatives of the commercial sector, to explore a broad range of operational, policy and regulatory issues relating to transport security. Where appropriate, working groups are formed to address specific issues identified at the consultative forums.

Communication strategy

The effectiveness of security communications was reviewed in 2008–09, and an overarching communications strategy was developed. The strategy is expected to be implemented during 2009–10.

Web-based information

The Department's traveller-friendly website, TravelSECURE, was launched on 10 June 2009. TravelSECURE is an easy-to-use resource that consolidates traveller and transport security information, videos and fact sheets in one easy-to-find place. The site includes information about prohibited items, passenger and baggage screening and LAGs restrictions, as well as recommendations about travelling with children, laptops, medicines or sports equipment.

Key pages from TravelSECURE have been translated into Arabic, Chinese, Japanese and Spanish to enhance their accessibility.

Consultative forums

Consultation was achieved through industry consultative forums for all transport modes for which the Department has regulatory responsibility, the Intergovernmental Transport Security Working Group, and interdepartmental forums.

The Department took part in the meetings of major industry forums described in Table 4.4.

Table 4.4 Industry consultative forum meetings, 2008–09

Forum
<p>Maritime Industry Security Consultative Forum</p> <p>The Maritime Industry Consultative Forum provides an opportunity for the Department to outline security initiatives to industry, and for industry to provide feedback on these and other maritime security matters. Membership is drawn from maritime industry participants, industry associations, and employee representative organisations. The forum is supported by a number of working groups which advance detailed discussions on issues such as passenger ship security and maritime security guards.</p>
<p>Aviation Security Advisory Forum</p> <p>The Aviation Security Advisory Forum (ASAF) provides a forum for representatives of the commercial aviation sector to meet with government and explore a broad range of operational, legal, policy and regulatory issues relating to aviation security. The ASAF is a high-level forum, with most members representing major industry participants such as designated airports and large airlines. The ASAF has several working groups which include government and industry representatives and undertake detailed work on strategic issues.</p>
<p>Regional Industry Consultative Meeting</p> <p>The Regional Industry Consultative Meeting complements the ASAF by providing an opportunity for smaller aviation industry participants (such as regional airports and smaller airlines) to consult on aviation security matters.</p>
<p>Oil and Gas Security Forum</p> <p>The Oil and Gas Security Forum (OGSF) is a subgroup of the Energy Infrastructure Advisory Group under the Trusted Information Sharing Network for Critical Infrastructure Protection. Established in 2008, the forum brings together representatives from the Australian Government and state and territory governments, as well as industry participants from the Australian oil and gas sector, to improve the resilience of the sector. In 2008–09, the OGSF finalised the first part of a strategic directions paper which describes how oil and gas fits within Australia's economy and energy sector supply chain. It also provides information on risks and threats to Australia's oil and gas sector and the current mitigation arrangements. Representatives at the May 2009 forum also discussed security issues relevant to the offshore oil and gas sector.</p>
<p>Transport Infrastructure Assurance Advisory Group</p> <p>The Department supports the Transport Infrastructure Assurance Advisory Group, which encompasses aviation, maritime and surface subgroups. The group is part of the Trusted Information Sharing Network for Critical Infrastructure Protection, and enables industry and government to share 'all hazards' information and insights to build resilience within the transport sector.</p> <p>In 2008–09, the subgroups explored issues around pandemic planning and preparedness, including input into the Critical Infrastructure Provider Pandemic Key Statements and Guidelines.</p>

Under the Intergovernmental Agreement on Surface Transport Security, the Australian Government works closely with state and territory governments to develop consistent and coordinated approaches to surface transport security. The Department co-chairs the Transport Security Working Group, in which representatives from all jurisdictions work cooperatively to develop and coordinate transport policy responses to the threat of terrorism and unlawful acts which have been identified as security priorities in the Intergovernmental Agreement.

In 2008–09, the working group reviewed and updated the National Surface Transport Security Strategy for consideration by the Australian Transport Council in late 2009. The group conducted a discussion exercise aimed at strengthening communication arrangements in the case of a transport disruptive event.

VI Analysis of available intelligence

The Department continued to receive and analyse a wide range of information and intelligence relevant to transport security. This information forms the foundation of the Department's risk-based transport security regulatory framework.

The Department's 2009 Aviation Security Risk Context Statement was released in February 2009, providing an updated assessment of threat and risk in the aviation sector based on current strategic intelligence. During 2008–09, the Department produced four aviation security quarterly reports and 11 transport security advisories to assist industry to understand the threat and risk context of their sector and to develop and implement appropriate preventive security measures and priorities. The Department produced formal threat and security risk briefs to assist in issue-specific policy development, and incorporated intelligence advice into ongoing policy and business process development.

The Department collected, investigated and analysed maritime and aviation security event and incident reporting to assist in identifying and mitigating security vulnerabilities within the aviation and maritime transport sectors. The analysis of this information was used to support the development of appropriate preventive security measures.

The Department also provided briefings and presentations in various forums as part of an ongoing stakeholder engagement process to keep industry, other government agencies and foreign partners informed of strategic transport security threats, risks and vulnerabilities. The Department's participation in threat-related information sharing and policy development forums included supporting the:

- Airports Intelligence Joint Working Group;
- Australian Government Counter-Terrorism Committee;
- Australian Government Counter-Terrorism Policy Committee;
- Homeland and Border Security Policy Coordination Group;
- Heads of Commonwealth Operational Law Enforcement Agencies Serious and Organised Crime Working Group;
- Strategic Border Management Plan Working Group;
- Border Protection Working Group;
- Secretaries Transport Security Working Group;
- Australian Government Transport Security Policy Committee;
- National Counter-Terrorism Committee;
- National Security Committee;
- Secretaries Committee on National Security; and
- Threat and Risk Assessment Working Group.

The Department provided the secretariat for the Australian Government Transport Security Policy Committee and the Secretaries Transport Security Working Group.

The Department's Security Analysis Liaison Officer Network provided threat and risk context advice to industry stakeholders and support to the Department through strong engagement with local law enforcement, security and border control agencies. This included taking part in meetings of the Joint Airport Intelligence Group and regional counter-terrorism training initiatives such as the Regional Aviation Training and Exercise Program.

VII Other activities

The *Inspector of Transport Security Act 2006* allows the Inspector of Transport Security to conduct independent 'no blame' inquiries and make recommendations in relation to transport security and offshore security matters.

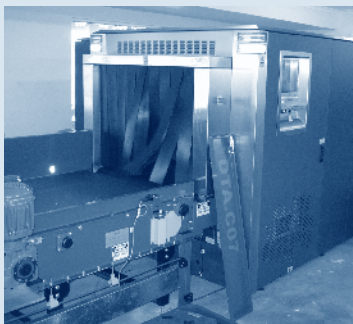
Under the Act, the Minister for Infrastructure, Transport, Regional Development and Local Government directs the Inspector of Transport Security to inquire into major transport security incidents, circumstances that suggest a systemic failure or weakness in transport security arrangements, or matters that may have implications for transport security arrangements in Australia.

The Inspector of Transport Security completed two inquiries in 2008–09.

- The inspector completed an inquiry into the security arrangements for intrastate, privately operated, large commercial passenger ferries, and submitted the report to the Minister on 3 November 2008. The report was presented to state and territory transport ministers at the Australian Transport Council meeting on 7 November 2008.
- On 15 December 2008, the Minister directed the inspector to conduct an internal inquiry into the document-handling procedures related to the Aviation Green Paper. The inspector completed the inquiry and handed the report to the Minister on 2 February 2009.

In January 2009, the Minister directed the Inspector of Transport Security to inquire into international maritime piracy and armed robbery at sea, and the potential impact of these activities on maritime shipping and trade to and from Australia, and on the safety and security of ships' crews and cargo. The inquiry is being conducted in cooperation with international agencies and industry and government stakeholders in Australia and overseas.

Case Study – Checked baggage screening at regional airports



An Explosive Detection System (EDS) capable x-ray machine situated at Broome International Airport as part of the Department's Checked Baggage Screening initiative.

During 2008 and 2009 the Department's Office of Transport Security worked closely with industry to deliver comprehensive checked baggage screening through explosive detection system (EDS) capable x-ray equipment at 29 regional airports across Australia. This initiative is the most recent in a series of projects aimed at achieving national uniformity in checked baggage screening within Australian jet airports.

The first stage of the process was implemented at the end of 2004 when checked baggage screening was introduced to all international flights departing Australian airports. By August 2007, as a priority within the Australian aviation security policy framework, checked baggage screening had been introduced to domestic flights at all 11 major airports around the nation.

In May 2007, having already mandated complete checked baggage screening for international and domestic services departing from these major airports, the Australian Government announced a \$15.4 million extension to the checked baggage screening framework. In order to achieve an increase in consistency and integrity in Australia's aviation security framework, checked baggage screening would now be implemented in relation to all baggage carried on regular public transport jet services departing from regional airports. The final phase of this extension, regarding the installation of fixed EDS-capable x-ray equipment, began on 1 December 2008.

The following airports were assisted through the delivery of this extension:

- the Ballina, Coffs Harbour, Newcastle, Norfolk Island airports in New South Wales;
- the Ayers Rock and Gove airports in the Northern Territory;
- the Launceston airport in Tasmania;
- the Hamilton Island, Hervey Bay, Mackay, Maroochydore, Mount Isa, Proserpine, Rockhampton and Townsville airports in Queensland;
- the Avalon airport in Victoria; and
- the Argyle, Broome, Christmas Island, Cocos Island, Derby, Kalgoorlie, Karratha, Kununurra, Learmonth, Newman, Paraburdoo, Port Hedland and Ravensthorpe airports in Western Australia.

The Department's delivery of the checked baggage screening program assisted the airports to meet their regulatory requirements while achieving better value for money through innovative funding and management initiatives.

- Airports were provided with desktop implementation reviews conducted by a checked baggage screening expert, suggesting possible implementation solutions and providing a basis for negotiations with equipment manufacturers.
- The Department offered bulk purchase price costs to the individual airports.

The program concluded on 30 June 2009. It was delivered by the Department on time and within budget, through strong stakeholder collaboration and sound program management practices.

OUTPUT 2.3.1—SURFACE TRANSPORT POLICY, PROGRAMS AND REGULATION

Highlights

In 2008–09, the Australian Transport Council (ATC) recommended to the Council of Australian Governments (COAG) that single, national regulatory systems should be implemented for heavy vehicles, maritime safety and rail safety. The Department played a strong role in developing and coordinating the regulatory reform proposals and will continue to work strongly with states and territories to further develop and implement all three national regulatory systems consistent with COAG's decisions of 2 July 2009.

On 1 August 2008, the Ministerial Guidelines for Granting Licences and Permits to Engage in Australia's Domestic Shipping were amended to provide for greater transparency, accountability and certainty.

In November 2008, the government reaffirmed its commitment to the Tasmanian Freight Equalisation Scheme. The scheme provided \$108.1 million of assistance, an increase of 8 per cent. A new IT system was launched in March 2009 and allows claimants to electronically lodge their claims.

In January 2009 an independent panel, appointed by the ATC, commenced the required legislative review of the effectiveness of the National Transport Commission. The Department played a key role in the review process by providing secretariat, research and analytical support to the panel. The Department also facilitated an extensive public consultation process, through which the panel received 39 submissions and interviewed 34 stakeholders.

The Department successfully co-chaired the Vehicle Fuel Efficiency Working Group, which provided its final report to COAG on potential measures to improve vehicle fuel efficiency and reduce greenhouse emissions from vehicles.

The Department, in close cooperation with the Australian Maritime Safety Authority (AMSA) and the Department of Climate Change, actively participates in the work of the Marine Environment Protection Committee of the International Maritime Organization. Ships engaged in international trade in 2007 contributed approximately 2.7 per cent of the world's CO₂ emissions caused by human activity and, if left unaddressed, this could increase by between 150 and 250 per cent by the year 2050 due to the expected continued growth in international seaborne trade.

In June 2009 the Minister announced a rewrite of the *Navigation Act 1912* with the aim of modernising the language and the content. The Department commenced the rewrite in close consultation with AMSA.

The Department continues to manage and improve the Green Vehicle Guide website, which provides comprehensive and current information to consumers on the environmental performance of new cars.

Overview

Output 2.3.1 is delivered through the work of the Infrastructure and Surface Transport Policy (ISTP) division and the National Transport Strategy division (which on 1 July 2009 was subsumed into the ISTP division). The output's activities seek to improve the performance of the surface transport industry for the benefit of all Australians.

Output 2.3.1 develops and reforms national transport policy and regulation, working closely with stakeholders such as industry groups, trade unions, international organisations, the Council of Australian Governments (COAG), the Australian Transport Council (ATC) and all levels of government in Australia. The output also implements surface transport policy, programs and regulation. The output included the following administered programs:

- Bass Strait Passenger Vehicle Equalisation Scheme;
- International Maritime Organization—contribution;
- Interstate Road Transport Fees;

- National Transport Commission;
- OECD Road Transport—contribution (delivered by the Bureau of Infrastructure, Transport and Regional Development);
- Oil Pollution Compensation Fund;
- Tasmanian Freight Equalisation Scheme; and
- Tasmanian Wheat Freight Scheme.

The budget and actual expenditure for each administered program is listed in Appendix A.

Summary of performance

Table 4.5 summarises the Department's results in delivering Output 2.3.1 against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.5 Summary of performance—Output 2.3.1

Key performance indicator	Target	Result
Outputs		
<i>Develop and implement international and domestic maritime safety and environment initiatives</i>	Meet COAG and ATC timeframes.	The Department participated in domestic and international decision-making forums to develop and implement maritime safety and environmental policy. On 22 May 2009, the ATC agreed to recommend to COAG the implementation of a single national system on maritime safety regulation.
<i>Develop and implement shipping policy, regulation and program reforms</i>	Meet government timeframes.	Amendments to the Ministerial Guidelines for administering coastal shipping permits commenced on 1 August 2008. The Department is developing policy options to change the policy and regulatory framework for coastal shipping in response to the House of Representatives Standing Committee Report <i>Rebuilding Australia's Coastal Shipping Industry</i> . The Department has commenced a rewrite of the <i>Navigation Act 1912</i> following the government's commitment to update the legislation.
<i>Maintain the GVG website as the principal place for information on the environmental performance of new light vehicles in the Australian market place</i>	Positive email feedback. Increase in web hits. Increased citation of GVG ratings in media.	The GVG website was up to date and operating effectively, with usage rates of more than 20,000 hits per month. It was recognised as the primary site for information on the environmental performance of new light vehicles in Australia. Additional information on fuel consumption and carbon dioxide emissions was displayed. The GVG was regularly quoted in the motoring press as the reference source for measuring the environmental performance of vehicles.

Table 4.5 continued.

Key performance indicator	Target	Result
Outputs		
<i>Provide a suite of vehicle fuel efficiency measures to ATC and Environment Protection and Heritage Council (EPHC) for consideration^a</i>	By early 2009.	The ATC and the EPHC considered the Vehicle Fuel Efficiency Working Group's final report on fuel efficiency measures in May 2009, and forwarded it to COAG for consideration.
<i>ATC is assisted to develop National Transport Policy arrangements by the end of 2008–09^a</i>	Papers for ATC meetings in 2008–09: <ul style="list-style-type: none"> • reflect the views of jurisdictions accurately; • reflect relevant COAG decisions; and • facilitate decision making by ATC ministers. 	The Department supported ATC working groups in developing national transport policy initiatives which reflected the views of jurisdictions, and were consistent with the ATC's agreed national vision and objectives for transport and with COAG decisions.

^a This performance indicator was modified in the 2008–09 Portfolio Additional Estimates Statements.

Table 4.6 provides a summary of the results achieved by each of the programs administered under Output 2.3.1 against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.6 Summary of performance—Output 2.3.1 administered programs

Key performance indicators and targets	
Applicable administered program	Key performance indicator Target
All programs	<i>Efficient and effective management of administered programs</i> Programs are administered in accordance with relevant legislation, published guidelines and ANAO guidance.
Results	
Administered program	Results
Bass Strait Passenger Vehicle Equalisation Scheme	The aims of the scheme were fully achieved and service operators were reimbursed in a timely manner.
International Maritime Organization—contribution	The Department administered the payment of Australia's annual membership fee to the International Maritime Organization (IMO), an agency of the United Nations, which promotes safe, secure and efficient shipping on clean oceans. Membership allows Australian Government officers to promote Australia's interests by participating in meetings of committees and subcommittees of the IMO.
Interstate Road Transport Fees	Fees were collected and dispersed to states and territories in line with an agreed formula based on meeting the cost of damage caused to roads by heavy vehicles.
National Transport Commission	Governments were assisted to increase transport productivity and sustainability through the National Transport Commission's work to develop consistent and effective model legislation for road and rail.

Table 4.5 continued.

Results	
Administered program	Results
OECD Road Transport—contribution (delivered by the Bureau of Infrastructure, Transport and Regional Development)	The Department administered the payment of Australia's annual membership contribution to the OECD/ITF Joint Transport Research Centre (JTRC) whose mandate is to promote economic development and contribute to structural improvements in JTRC member economies, through cooperative transport research programs. Membership of the JTRC's governing Transport Research Committee allows Australian Government officers to promote Australia's interests by having input into the forward research work program, and the opportunity to participate in meetings, working groups, round tables, and seminars.
Oil Pollution Compensation Fund	The Department efficiently managed Australia's obligations under the funds, which provide compensation to cover the damages resulting from an oil spill from an oil tanker if the costs exceed the tanker owner's liability or the owner's ability to pay. All persons (including oil companies) that received more than 150,000 tonnes of crude or heavy oil by sea made contributions in accordance with levies imposed by the International Oil Pollution Compensation Funds.
Tasmanian Freight Equalisation Scheme	There was a substantial increase in the number of claims and claimants accessing the scheme. This increase, along with the implementation of a new information technology system by the agency contracted to process the claims, led to lower claims processing performance than in previous years.
Tasmanian Wheat Freight Scheme	The aims of the scheme were fully achieved and assistance was paid in a timely manner.

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 PBS.

I Tasmanian transport programs

The Australian Government finalised a review of the Tasmanian freight schemes in November 2008, and agreed to retain the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme in their current forms.

Tasmanian Freight Equalisation Scheme

The Tasmanian Freight Equalisation Scheme aims to alleviate the costs for business of shipping eligible goods to the mainland for use or sale and to Tasmania as an input to a production process. Assistance of up to \$855 per twenty foot equivalent unit (TEU) is available, but the assistance paid cannot exceed the actual freight bill paid by the claimant.

From 1 July 2008, a new intrastate component of the scheme, for eligible shipments between King Island and the main island of Tasmania and between the Furneaux Group and the main island of Tasmania, was implemented.

After reviewing the Tasmanian Freight Equalisation Scheme, the Australian Government announced on 6 November 2008 that the scheme would be retained in its current form. The existing levels of assistance and the parameters which had been in place for the previous 10 years were retained.

The Department continued to make administrative changes to improve and strengthen the accountability of the scheme, including better auditing and compliance arrangements and upgraded information technology systems. These changes are important to safeguarding the integrity of the scheme.

Claims are processed by Centrelink's Hobart office through a purchaser–provider arrangement. Centrelink introduced a new information technology system in March 2009.

The training associated with the new information system and the significant increase in the number of claims led to lower claims processing performance than in previous years.

The scheme is demand-driven. A significant increase in the number of claims, from 7,991 in 2007–08 to 10,751 in 2008–09, caused the assistance delivered by the scheme to increase from \$101 million in 2007–08 to \$109 million in 2008–09. In total, 9,539 claims were paid and 1,621 claimants were assisted in 2008–09.

Tasmanian Wheat Freight Scheme

In 2008–09, the Tasmanian Wheat Freight Scheme provided assistance for eligible claimants collectively moving more than 15,459 tonnes of bulk wheat shipments across Bass Strait. Assistance of up to \$20.65 per tonne was available.

After reviewing the Tasmanian Wheat Freight Scheme, the Australian Government announced on 6 November 2008 that the scheme would be retained in its current form.

The Department is continuing to make administrative changes designed to improve and strengthen the accountability of the scheme, including better auditing and compliance arrangements and upgraded information systems. These changes are important to safeguarding the integrity of the Tasmanian Wheat Freight Scheme.

Claims are processed by Centrelink's Hobart office under a purchaser–provider arrangement; in 2008–09, 100 per cent of claims were processed within 30 days.

Demand for the scheme decreased in 2008–09. The assistance delivered by the scheme in 2008–09 was \$320,000.

Bass Strait Passenger Vehicle Equalisation Scheme

The Bass Strait Passenger Vehicle Equalisation scheme lessens the cost of seagoing travel for eligible passengers by reducing the cost disadvantage associated with transporting eligible passenger vehicles across Bass Strait.

The rebate payable for each crossing depends on the vehicle type. In 2008–09, rebates ranged from \$25 for a bicycle to \$360 for a motor home or a vehicle towing a caravan. Up to \$180 was payable for cars.

The rebate is provided as a reduction in the fare charged by service providers to the drivers of eligible passenger vehicles. Drivers who fly across Bass Strait but ship their vehicles may be eligible for a rebate if they:

- are unable to travel by sea because of a disability; or
- are travelling between Melbourne and King Island, as the service provider on this route does not provide passenger facilities.

The service provider is reimbursed for the total rebate provided to eligible passengers. In 2008–09, the major recipient was TT-Line, which operates the passenger ferries between Devonport and Melbourne.

Claims are processed by Centrelink's Hobart office under a purchaser–provider arrangement. In 2008–09, all claims were paid within seven days of receipt from the service operators. On average it took two days to process claims.

The scheme is demand-driven. Costs vary with the number and mix of vehicles shipped across Bass Strait. The assistance delivered by the scheme rose from \$30 million in 2007–08 to \$35 million in 2008–09. This was due to an increase in the rebate available from 1 July 2008.

II Maritime safety and environment

The Department actively participated in domestic and international maritime safety and environment decision-making forums, to develop and implement associated policy.

Australian policy development

The Department is leading the development of a national system of maritime safety regulation, in close collaboration with the Australian Maritime Safety Authority (AMSA).

In September 2008, COAG proposed that the ATC prepare a regulation impact statement on a national system for maritime safety regulation. The ATC agreed to report the outcome to COAG in the first half of 2009.

The Department participated in consultations led by AMSA on the national system in September 2008 and April 2009, involving 22 public meetings attended by more than 1,400 industry stakeholders. Stakeholders favoured a national system, and a cost–benefit analysis showed a significant net benefit from a national approach.

The ATC endorsed the regulation impact statement prepared by AMSA in consultation with the Department in May 2009. The ATC recommended that COAG implement a national system, through the broadened application of the *Navigation Act 1912*, with AMSA as the national regulator (Victoria's endorsement was limited to interstate maritime safety regulation). The ATC also recommended that the governance and financial arrangements should be resolved and embodied in a National Partnership agreement by mid-2010.

The Department participated in the National Introduced Marine Pests Coordination Group and related working groups to develop the national system for the prevention and management of marine pest incursions.

The Department also progressed the *Protection of the Sea Legislation Amendment Act 2008* and was the lead agency for progressing the following treaty actions:

- accession to the Protocol of 2003 to the International Convention on the establishment of an International Fund for Compensation for Oil Pollution Damage (the Supplementary Fund Protocol), which creates a third tier of compensation for damage resulting from spills of oil from an oil tanker, so that the maximum amount increases from approximately \$400 million to \$1.5 billion; and
- ratification of the International Convention on Civil Liability for Bunker Oil Pollution Damage, which makes ship owners liable for oil spill damage when oil is carried as fuel in a ship's bunker.

International Maritime Organization

In 2008–09, through its work with the International Maritime Organization (IMO), the Department contributed to:

- the development of the International Convention for the Safe and Environmentally Sound Recycling of Ships;
- negotiations on the text of a draft protocol to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea; and
- the development of a proposed international framework to address greenhouse gas emissions from international shipping.

The Department attended a number of IMO meetings, including two meetings that finalised key processes undertaken by the IMO.

- On 16 October 2008, the IMO's Marine Environment Protection Committee unanimously adopted an amendment to Annex VI of the International Convention for the Prevention of Pollution from Ships. The effect of the amendment is to progressively reduce the sulphur content of heavy fuel oil consumed by ships and further tighten the nitrogen oxide emissions from vessels in international operations. The Department is developing legislation to implement the provisions in Australia.
- On 15 May 2009, the IMO's International Conference on the Safe and Environmentally Sound Recycling of Ships adopted the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships.

Oil Pollution Compensation Funds

The Department attended two meetings of the International Oil Pollution Compensation Funds during the year.

The owners of oil tankers are required to be insured to cover the potential costs of compensation for damages resulting from any oil spilled from their tankers. However, owners do not have unlimited liability. Their liability depends on the size of the tanker—the larger the tanker, the greater the liability. The maximum liability for the biggest tanker is approximately \$170 million.

Where the compensation costs resulting from an oil spill exceed the tanker owner's liability or the tanker owner is unable to pay for some other reason, compensation is payable from the International Oil Pollution Compensation (IOPC) Funds.

Total compensation of an aggregate amount of up to approximately \$380 million would be payable by the tanker owner and the IOPC Funds in the event of a major spill. No payment has ever been made by the IOPC Funds for an incident in Australian waters as no spill in Australia has ever exceeded the tanker owner's liability/ability to pay.

Levies are payable to the IOPC Funds by all entities that receive more than 150,000 tonnes of crude or heavy fuel oil in a calendar year by sea. The amounts of the levies are determined by considering the expected costs of compensation and overheads of the IOPC Funds in the following year.

Eight companies—Alcan Gove Pty Ltd, BHP Billiton Ltd, BP Australia Ltd, Caltex Australia Pty Ltd, International Bunker Supplies, Mobil Oil Australia Ltd, Queensland Nickel Pty Ltd, and Shell Company of Australia Ltd—were levied and made contributions to the IOPC Funds in 2008–09. Those payments were made in line with Australia's obligations as a party to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage.

III Shipping policy and regulation

The Department plays a key role in the development and implementation of shipping policy and regulation on behalf of the government.

Australian shipping policy issues

The House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government finalised its inquiry into coastal shipping and tabled the report *Rebuilding Australia's Coastal Shipping Industry* in October 2008. The report makes 14 recommendations on ways to enhance the competitiveness and sustainability of the Australian coastal shipping sector.

The Department is coordinating the whole-of-government development of a government response to the complex issues raised by the committee inquiry. For example, the Department:

- consulted other agencies on the recommendations which fell within their portfolio jurisdiction;
- commissioned and managed consultants to provide an economic analysis of options available to assist the development of the Australian shipping industry;
- commissioned and managed consultants to provide an analysis of maritime skills and training options; and
- provided secretariat services for the Shipping Policy Advisory Group, which was appointed by the Minister for Infrastructure, Transport, Regional Development and Local Government to advise the government, from an industry perspective, on the initiatives necessary to revitalise the industry.

Regulation under the *Navigation Act 1912*

All vessels carrying cargo or passengers interstate are required to be licensed or to have a coastal permit under Part VI of the *Navigation Act 1912*. Permits to engage in the coastal trade may be granted where a licensed ship is not available or is not adequate for the task and granting a permit is in the public interest.

The Department administers the licence/permit system within Ministerial Guidelines. Amendments to the Ministerial Guidelines came into effect on 1 August 2008. Under the new guidelines:

- applications for single-voyage and continuing voyage permits are made available to all licensed ship operators, the Australian Shipowners Association and maritime unions to assist the Department to establish whether an Australian ship is available;
- details of permits issued, including the name of the ship, cargo, dates and ports of loading and discharge are published weekly on the Department's website; and
- permit holders who have carried cargoes that breached the terms of a permit have to provide a satisfactory explanation before being considered for further permits.

The guidelines were also amended to include the following preamble:

- The Australian Government's policy is to foster a viable coastal shipping industry in a competitive domestic transport sector. The House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government is conducting an inquiry into coastal shipping and regulation. The inquiry will make recommendations on ways to enhance the competitiveness and sustainability of the Australian coastal shipping sector.

The amendments to the Ministerial Guidelines have added transparency and accountability to the administrative process, creating greater certainty for coastal shipping stakeholders.

Regulation of liner cargo shipping

Liner cargo ships are those which regularly sail to predetermined and publicly advertised schedules between advertised ports of call, carrying mainly containerised (non-bulk) freight on shipping trade routes. Part X of the *Trade Practices Act 1974* (the TPA) allows liner shipping operators to form 'conferences' (which, generally speaking, involve agreements by members in relation to services and pricing) with protection from the competition safeguards (contained in section 45 and parts of section 47 of the TPA).

Part X, which is administered by the Department, was designed to be an effective, low-cost, limited intervention regulatory regime. Many of our trading nations also permit liner shipping to form conferences in order to ensure regular, reliable and competitive shipping services are available to shippers of exports and imports.

Part X recognises that it is often efficient for shipping carriers to also have Part X exemptions extended to inland terminals, generally to the location of intermodal hubs or other freight depots. On 20 November 2008, the Minister for Infrastructure, Transport, Regional Development and Local Government designated a revised list of inland terminals, under section 10.02A (1) of the TPA. The designation extends the exemptions inland to those terminals.

Australian Maritime College

The Australian Maritime College, the premier centre for maritime training, education and research in Australia, was integrated with the University of Tasmania in January 2008. As part of the integration process, in each of the five years after integration, the college is required to report that conditions under the *Maritime Legislation Amendment Act 2007* governing the college's operations have been met. In December 2008, the college reported on its first year of integration.

The *Maritime Legislation Amendment Act 2007* requires the Minister for Infrastructure, Transport, Regional Development and Local Government to decide whether he agrees that the conditions reflected in the Act have been met. On 22 February 2009, the Minister issued a certificate to the Minister for Education confirming that, under the Act, he was satisfied that all the required conditions had been met.

Case Study – Best Practice Regulation Reform for Single National Jurisdiction



The Australian Transport Council (ATC) met in Melbourne on 2 May 2008 to examine a range of significant national infrastructure and transport issues. The Council is chaired by the Hon Anthony Albanese MP, the Minister for Infrastructure, Transport, and Regional Development and Local Government. ATC's membership comprises state and territory transport Ministers, the New Zealand Minister for Transport Safety and the President of the Australian Local Government Association. The outcomes of the ATC meeting were then presented to the Council of Australian Governments (COAG) for response.

In September 2008, as a result of conclusions reached at the ATC meeting, COAG requested that the ATC prepare regulation impact statements considering options for single national systems for heavy vehicle regulation, maritime safety regulation, and national rail safety regulation and investigation.

On 22 May 2009 the ATC endorsed each of the three regulation impact statements for transmission to COAG. The ATC recommended that there be a single national regulator in place for each option. The ATC also recommended that COAG agree to direct the ATC to proceed with further development of arrangements so that by 2013:

- the Australian Maritime Safety Authority would become the national regulator of all commercial vessels operating in Australian waters;
- a new national heavy vehicle regulator would be responsible for regulating all vehicles over 4.5 tonnes gross, with a commitment to improving safety and preserving local productivity initiatives;
- a national rail safety regulator would provide a one-stop shop for all clients operating in and on our rail networks; and
- the Australian Safety Transport Bureau would become the preferred national rail safety incident investigator.

The ATC recognised that numerous issues would need to be addressed in order to deliver these national regulatory approaches. Accordingly, the ATC proposed to resolve certain key matters as a first priority, and report to COAG on those matters no later than mid 2010.

The key matters included:

- which jurisdiction would host each national regulator;
- what legislative changes would be required to implement the proposals for heavy vehicles and rail; and
- how the implementation costs and ongoing expenses of each national system would be met.

It is expected that the resulting governance and financial arrangements will be incorporated into National Partnership agreements with relevant stakeholders prior to the new national systems commencing in 2012. Full implementation of the systems is expected to be achieved by 2013.

IV Road transport policy

The Department continued developing policy to support the road transport reform agenda of the ATC and COAG. This included working with Transport Certification Australia (TCA) and the NTC.

Transport Certification Australia

The Australian Government, in partnership with the governments of the states and territories, funds TCA to provide cutting-edge expertise on the use of in-vehicle technologies for monitoring heavy vehicle operators' compliance with regulations. The Department administers TCA funding.

In 2008–09, the TCA implemented the Independent Access Program, under which heavy vehicle operators can access higher mass limits on some parts of the road network if they agree to the location of their vehicle being monitored remotely to ensure that it does not stray from that network onto roads that are likely to be damaged by, or are not able to safely accommodate, those vehicles. The program has led to the expansion of higher productivity road networks in New South Wales and Queensland, reducing the number of heavy vehicles needed to undertake the transport task.

The Department worked with TCA and the state governments to increase the functionality of in-vehicle technologies, to facilitate government consideration of the extent to which these technologies could and should be used to manage regulatory compliance. Research was undertaken to assess the accuracy and degree of tamper vulnerability of technology that remotely monitors vehicle mass. This technology can be used by operators to ensure that they comply with heavy vehicle axle mass limits.

Work commenced to develop specifications for electronic systems that drivers can choose to use to replace the log books required to be kept to demonstrate compliance with fatigue regulation. Electronic speed management applications are also being considered. These technologies may provide operators with opportunities for productivity gains, enable employers to better meet occupational health and safety obligations, and assist drivers to manage their compliance with speed and fatigue regulation.

National Transport Commission

The NTC is an independent statutory body, established under the *National Transport Commission Act 2003*. The NTC advises Australian transport ministers on uniform or nationally consistent regulatory and operational reforms for road, rail and intermodal transport, focusing on productivity, safety, efficiency and sustainability.

In 2008–09, the NTC collaborated with governments, industry bodies, regulators and police to develop practical national solutions and to monitor and maintain their implementation. Among other outputs, it delivered:

- the annual adjustment to calculate road access charges that is needed to ensure continued full recovery of costs of government spending that is attributable to the use of roads by heavy vehicles;
- the substance of the new national laws for heavy vehicle driver fatigue, implemented on 29 September 2008;
- a review of the Performance Based Standards Scheme to assess its effectiveness during its first year of operation, as requested by the ATC; and
- a regulation impact statement for the proposed national rail regulator, as part of ATC work on the national transport plan and policy framework.

The NTC also conducted a study of the feasibility of incremental charges for heavy vehicles. The study evaluated the merits of allowing higher productivity vehicles (for example, vehicles with a higher mass or volume) to have wider access to the road network in exchange for an additional road access charge based on the additional damage the vehicles cause to the roads. Increased use of higher productivity heavy vehicles has the potential to reduce the number of heavy vehicles needed to undertake the transport task, increasing road freight transport efficiency and safety.

Through the Department, the Australian Government contributes 35 per cent of the NTC's annual operating budget. The cost of this program in 2008–09 was \$3 million, which met the government's obligations under the *National Transport Commission Act 2003*. In 2008–09, the NTC received the full amount payable; payments were made quarterly in line with the government's obligations under the Act.

The *National Transport Commission Act 2003* requires that the ATC review the operations of the NTC no later than six years after the commencement of the Act. This review commenced in early 2009 by an independent panel appointed by the ATC. A report on the review's findings and recommendations will be presented to the ATC and COAG in 2009–10.

V National heavy vehicle regulation

The Department administers the Federal Interstate Registration Scheme (FIRS) and works with states and territories to improve the overall efficiency and safety of the heavy vehicle industry.

Reform agenda of the Australian Transport Council

The Department worked with the states and territories to prepare a regulation impact statement on a single national regulatory system for heavy vehicles. The statement was endorsed by the ATC on 22 May 2009. The recommended single national system would replace the eight existing state and territory frameworks. Subject to COAG approval early in the 2009–2010 reporting year, the regulation impact statement expected that a national regulatory system could be fully operational three years after a COAG decision to proceed.

Federal Interstate Registration Scheme

The Australian Government established the FIRS in 1987 to promote uniform charges and operating conditions for heavy vehicles operating interstate. It is an alternative to state or territory registration for heavy vehicles. In 2008–09, FIRS registrations totalling 20,000 vehicles (including trailers) represented around 3 per cent of Australia's heavy vehicle fleet.

The Department is working on proposed legislative amendments to improve the operation of the FIRS. In December 2008, the FIRS legislation was amended to implement the heavy vehicle registration components of the nationally endorsed 2007 Heavy Vehicle Charges Determination.

Revenue from FIRS heavy vehicle registration charges is collected by the states and territories and submitted to the government, through the Department, at the end of each month. The revenues collected in 2007–08 and 2008–09 are shown in Table 4.7.

Table 4.7 Federal Interstate Registration Scheme revenue, by state and territory, 2007–08 and 2008–09

	2007–08		2008–09	
	\$m	%	\$m	%
New South Wales	13.6	25.1	14.0	25.6
Victoria	27.9	51.5	27.3	50.0
Queensland	4.7	8.7	5.3	9.7
Western Australia	6.0	11.1	1.7	3.1
South Australia	1.4	2.6	5.7	10.4
Tasmania	0.04	0.1	0.037	0.1
Australian Capital Territory	0.5	0.9	0.5	0.9
Northern Territory	0.04	0.1	0.058	0.1
Total	54.18		54.595	

Note: The percentage quoted indicates the proportion of FIRS registered vehicles in each state and territory.

The Department redistributes the revenue to the states and territories, according to an agreed formula that reflects road damage as a result of FIRS registered heavy vehicles. The distribution percentages are: 46.1 per cent for New South Wales; 26.8 per cent for Victoria; 12.1 per cent for South Australia; 9.5 per cent for Queensland; 4.0 per cent for Western Australia; and 0.5 per cent each for Tasmania, the Australian Capital Territory and the Northern Territory. Up to and including March 2009, the revenue was returned quarterly; under new arrangements from April 2009, payments were made monthly.

VI Transport standards

In June 2009, the Department received the draft final report from the independent consultant engaged to conduct the first five-year review of the Disability Standards for Accessible Public Transport. The final report is expected to be provided to the Australian Government for consideration in the first quarter of 2009–10.

VII Logistics industry

Australian Logistics Council

In late 2008, the Australian Government announced a decision to phase out funding for the Australian Logistics Council during 2009 and discontinue funding from 2010. This decision reflects the government's view that the council has successfully implemented and developed the Australian Logistics Industry Strategy, and through this work has evolved into an industry body with national status and a capacity to fund its operations without the need for ongoing government support.

Australian Freight Councils

Freight councils operate in each state and collectively form the Australian Freight Council Network. The councils are jointly funded by the Australian Government and state governments, with support from the logistics industry, to identify and address constraints to the efficient operation of freight supply chains in Australia.

Following an independent review of the activities and funding of Australian Freight Councils, conducted in early 2008, the Australian Government extended its matching funding for the freight councils for one year (2008–09), and instructed the Department to consult with state officials about the future role and funding of the councils.

After considering the outcomes of the Department's consultations, the government extended funding for a further two years (2009–10 and 2010–11). Future funding will be reassessed in 2010–11.

VIII Environmental standards

The Department uses a mix of strategies to address greenhouse, air pollutant and noise emissions from road vehicles. Air pollution and noise emissions are addressed via minimum mandatory standards for new vehicles (Australian Design Rules). To date, consumer information measures, including mandatory fuel consumption labelling and the innovative Green Vehicle Guide website, have been the key measures in addressing greenhouse emissions. In 2008–09, a major investigation into fuel efficiency measures was undertaken.

Management of the Green Vehicle Guide website

The Department manages the GVG website, which provides comprehensive information to consumers on the environmental performance of new passenger vehicles sold in Australia. The Department:

- ensures that the website is kept up to date as new model vehicles enter the market;
- responds to online consumer enquiries;
- undertakes promotional activities; and
- provides information packs to individual consumers, community groups and educational institutions, on request.

The website was upgraded in June 2008, and now provides more information on fuel consumption and carbon dioxide emissions.

Participation in the Vehicle Fuel Efficiency Working Group

The Department successfully co-chaired the Vehicle Fuel Efficiency Working Group, with the Department of the Environment, Water, Heritage and the Arts, in 2008–09. In September 2008, the working group released a discussion paper on potential measures to improve vehicle fuel efficiency. The working group received more than 60 submissions in response to the discussion paper, and held consultations with stakeholders in Canberra, Sydney, Melbourne and Perth.

The working group's final report, which was forwarded to ministers of the ATC and the EPHC in May 2009, represents the working group's assessment of fuel efficiency measures in light of international experience and input from stakeholders. COAG considered the report in July 2009.

IX National transport policy

In May 2009, the Department supported the ATC by working with states, territories and industry to develop and/or implement national transport policy initiatives. Priorities included:

- managing planning and investment in infrastructure to better serve supply chains;
- improving the integration of passenger transport and land use planning; and
- improving Australia's congestion management capabilities.

The Department also progressed initiatives to encourage market operational efficiencies through the reform of regulatory arrangements in the maritime, rail and heavy vehicle sectors.

The Department proposed a streamlined structure of subcommittees to support the Standing Committee on Transport. The subcommittees will focus on the ATC's productivity, safety, environment, security, maritime and network performance agendas.

OUTPUT 2.3.2 — ROAD SAFETY AND VEHICLE POLICY, PROGRAMS AND REGULATION

Highlights

The Department undertook a major consultation and regulatory development process on electronic stability control (ESC). ESC is a computer-based system that helps drivers maintain better control of their vehicles through automatically applying individual brakes if there is a risk of skidding or overturning, with proven life-saving benefits. This process led to the Minister agreeing to amendments to the Australian Design Rules in June 2009, which mandates ESC in all new model light passenger vehicles from November 2011.

The Department led the development of the *National Road Safety Action Plan 2009 and 2010*, which was approved and released by the Australian Transport Council in November 2008. The Action Plan sets out a comprehensive two-year agenda for road safety improvement, addressing all parts of Australia's road transport system.

A National Partnership agreement establishing a National Road Safety Council was endorsed by the Council of Australian Governments on 30 April 2009.

The Department, in conjunction with Queensland Transport, convened the fourth Indigenous Road Safety Forum in Cairns from 29 to 31 October 2008.

Overview

Output 2.3.2 is delivered through the work of the Infrastructure and Surface Transport Policy division which fosters the development of a safer road transport system by:

- providing national policy advice;
- undertaking research, including the collection of national crash statistics;
- regulating vehicle safety standards; and
- developing and administering programs with specific road safety objectives.

The output included the following administered programs:

- keys2drive; and
- Seatbelts on Regional School Buses.

The budget and actual expenditure for each administered program is listed in Appendix A.

Summary of performance

Table 4.8 summarises the Department's results in delivering Output 2.3.2 against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.8 Summary of performance—Output 2.3.2

Key performance indicator	Target	Result
Outputs		
<p><i>Collection and dissemination of national road safety data:</i></p> <ul style="list-style-type: none"> <i>national road death statistics; and</i> <i>national survey of community attitudes to road safety</i> 	<p>Updated and released within two weeks of the end of each month.</p> <p>Results are released by end of September each year.</p>	<p>National road death statistics were updated within two weeks of the end of each month and published on the Department's website.</p> <p>National community survey findings were published in December 2008.</p>
<p><i>Coordinates national road safety stakeholder bodies and events:</i></p> <ul style="list-style-type: none"> <i>Fourth Indigenous Road Safety Forum</i> 	By 31 December 2008.	The forum was successfully convened in October, as planned.
<p><i>Novice Driver Program Trial commences in New South Wales and Victoria</i></p>	By 30 June 2009.	Work continued on the development of an innovative, best-practice curriculum and arrangements for the research trial and evaluation of a program for new drivers.
<p><i>Australia's motor vehicle safety standards are developed in accordance with government requirements for standards and regulation setting and are aligned with international standards</i></p>	Ongoing.	The Department completed one major and four minor Australian Design Rules (ADRs) amendments. The major amendment mandated electronic stability control, for new light passenger vehicles from November 2011.
<p><i>Vehicle certification arrangements:</i></p> <ul style="list-style-type: none"> <i>number of vehicle certification approvals;</i> <i>percentage of approvals within 32 days (service charter); and</i> <i>number of audits of vehicle production and/or test facilities</i> 	<p>3,400.</p> <p>100 per cent.</p> <p>50.</p>	<p>3,700.</p> <p>92 per cent.</p> <p>79.</p>
<p><i>Applications for inclusion on the Register of Specialist and Enthusiast Vehicles are assessed and concluded</i></p>	72.	73.
<p><i>RAWS is administered in accordance with legislative requirements:</i></p> <ul style="list-style-type: none"> <i>number of workshop inspections;</i> <i>proportion of workshop inspections completed in six weeks;</i> <i>proportion of evidence examinations completed within 20 working days; and</i> <i>number of used vehicle import plates issued</i> 	<p>155.</p> <p>85 per cent.</p> <p>85 per cent.</p> <p>9,000.</p>	<p>201.</p> <p>65 per cent. Average processing time was reduced to 38 days, a significant improvement on previous years.</p> <p>86 per cent.</p> <p>7,765. This figure reflected reduced levels of demand.</p>

Table 4.8 continued.

Key performance indicator	Target	Result
Outputs		
<i>Vehicle imports applications are processed efficiently and accurately:</i>		
<ul style="list-style-type: none"> number of applications processed; and 	16,000.	18,219 (includes vehicles imported under RAWs).
<ul style="list-style-type: none"> proportion processed within 17 working days (approvals/refusals) 	90 per cent.	80 per cent.
<i>Safety and investigations function is administered efficiently:</i>		
<ul style="list-style-type: none"> number of safety investigations; and 	100 safety investigations are conducted.	91. The number of investigations is demand-driven, depending on the number of safety defect reports received by the Department.
<ul style="list-style-type: none"> number of recalls monitored 	170 recalls monitored.	129 new voluntary recalls by vehicle suppliers were notified in 2008–09.

Table 4.9 provides a summary of the results achieved by each of the programs administered under Output 2.3.2 against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.9 Summary of performance—Output 2.3.2 administered programs

Key performance indicators and targets	
Applicable administered program	Key performance indicator Target
All programs	<i>Efficient and effective management of administered programs</i> Programs are administered in accordance with relevant legislation, published guidelines and ANAO guidance.
keys2drive	<i>Facilitate development and delivery of the keys2drive education program for learner drivers</i> By 30 June 2009.
Seatbelts on Regional School Buses	<i>Number of buses fitted or retrofitted with seat belts by 30 June 2009 as part of Seatbelts on Regional School Buses program</i> 375.
Results	
Administered program	Result
keys2drive	The Department successfully administered the funding agreement with the Australian Automobile Association for the development and implementation of the keys2drive education program. A pilot program commenced in Tasmania in June 2009.
Seatbelts on Regional School Buses	During 2008–09, 68 buses were fitted or retrofitted with seat belts, as part of the Seatbelts on Regional School Buses program. Two funding rounds were conducted and a further round commenced in 2008–09. Sixty-eight buses were fitted or retrofitted with seat belts. Due to the lack of demand, \$7.5 million of the program's funding was reallocated to Regional Partnerships in the 2008–09 Portfolio Additional Estimates Statements.

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 PBS. Please note for this output, the section ‘V Other activities’ has been added to address additional international activities relating to road safety.

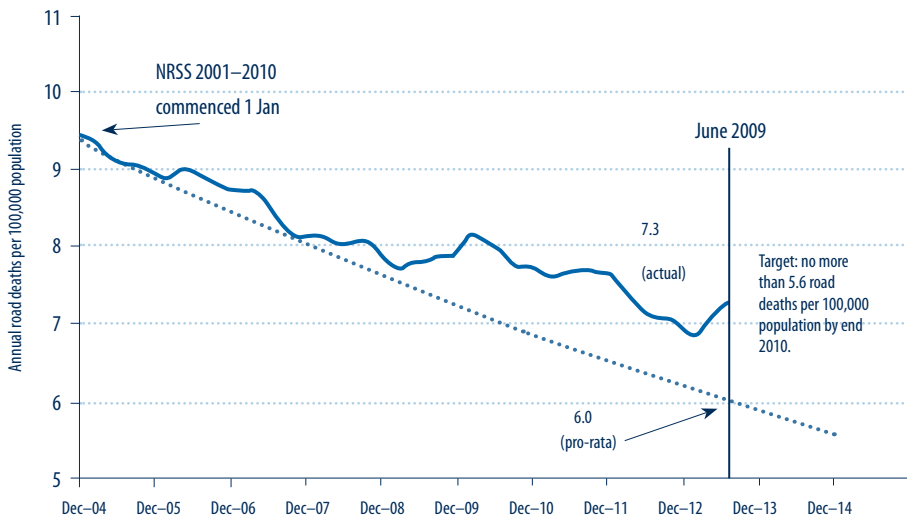
I National road safety leadership

In 2008–09, the Department led the development of the *National Road Safety Action Plan 2009 and 2010*, which was approved and released by the ATC in November 2008. The Department also contributed to the development and implementation of informed road safety policies by collecting and disseminating national road crash statistics, undertaking research and coordinating a range of national road safety activities.

Data collection

The Department maintained the Australian Road Deaths Database, updating it with fatal road crash data obtained every month from state and territory road safety authorities. The database enabled progress monitoring under the *National Road Safety Strategy 2001–2010* (see Figure 4.2) and provided the source information for the production and release of various statistical publications during the year, including: 12 monthly bulletins and two detailed annual reports on national road crash deaths; three bulletins on fatal heavy vehicle crashes; and a report comparing Australia’s road safety outcomes with those of other Organisation for Economic Cooperation and Development nations. The Department also provided direct public access to an online version of the database.

Figure 4.2 Trends in road safety outcomes – fatal crashes



NRSS = *National Road Safety Strategy 2001–2010*

The Department maintained its partnership arrangement with the Australian Institute of Health and Welfare to produce a series of national reports on road transport injuries. Four such publications were released in 2008–09, including a report on serious injuries among Indigenous people and a report on accidents involving trains.

In December 2008, the Department published detailed findings of its 2008 Survey of Community Attitudes to Road Safety. This annual survey involves interviewing 1,600 people across the nation about their road safety beliefs, attitudes and practices in relation to many road safety issues, including perceived crash factors; speeding; drink driving; seatbelt usage; traffic regulation and enforcement; driver fatigue; and mobile phone usage.

Research

During 2008–09, the Department funded a study that will underpin the development of a new national road safety strategy to follow the *National Road Safety Strategy 2001–2010*. The study, being undertaken by the Monash University Accident Research Centre, involves data modelling that will provide the basis for road safety target setting and performance monitoring over the next decade.

The Department provided road safety research grants to the Queensland University of Technology and the Australian National University for projects dealing with drink driving offenders and in-car driver distraction. It also published five reports produced by previous recipients of a road safety research grant, on topics such as the safety benefits of eco-driving (driving practices aimed at maximising fuel economy); the relationship between driver experience, fatigue and hazard perception; risk-taking among young drivers; factors influencing learner driver experiences; and Indigenous transport issues..

Coordination of national events

The *National Road Safety Strategy 2001–2010* and action plans identify the need to address Indigenous road safety issues and promote practical and locally relevant initiatives. The Department, in conjunction with the Queensland Department of Transport, successfully convened the fourth Indigenous Road Safety Forum in October 2008. A key objective of the forum was to make recommendations for practical and locally relevant initiatives. Over 70 people attended and represented a wide range of stakeholders, including community groups, government agencies in road safety, health and justice sectors, local government, the police, commercial organisations and academic institutions.

Establishment of a national road safety council

On 30 April 2009, COAG signed a National Partnership agreement to establish the National Road Safety Council. The primary role of the council will be to facilitate the implementation of key road safety measures set out in the *National Road Safety Strategy 2001–2010* and the supporting action plans. The council will also raise the profile of road safety as a major public health issue, across the government, industry, business and community sectors. The council is expected to commence operations in late 2009.

II Driver training programs

During 2008–09, the Department contributed to the development and implementation of two driver education programs aimed at reducing serious road crashes among young motorists.

keys2drive

The Department continued to administer the government's funding contribution to the keys2drive program for learner drivers, which is being developed and implemented by the Australian Automobile Association. In May 2008, the Australian Government announced that it would provide \$17.0 million over five years for this national initiative.

The program aims to improve the safety of young drivers by helping them to gain appropriate supervised driving experience before they graduate to a 'P-plate' licence. It provides access to a novel website that provides driver resources, including information and interactive games as well as a free lesson for both the learner driver and their supervisor—in many cases, a parent who has not had a refresher on road rules and driver training in many years. The innovative program elements are being refined after conclusion of a pilot program in Tasmania, with a phased national roll out planned from late 2009.

Further information about the program is available from the website, at <www.keys2drive.info>.

Novice driver trial

The National Novice Driver Program Trial will develop, implement and evaluate a pilot driver education program for young 'P-plate' drivers. It is one of the largest and most complex scientific studies undertaken in the area of driver education and the program's implementation and evaluation will be managed by Victoria. It incorporates extensive input from local and international experts on young drivers, to ensure the program will be effective in improving young driver safety and reducing serious crashes.

In 2008–09, the Department worked with the other stakeholders, including New South Wales and Victoria, the Federal Chamber of Automotive Industries, the Insurance Australia Group and the Royal Automobile Club of Victoria, to bring the program curriculum to an advanced stage of development.

As opposed to traditional skills-based training, this program will focus on helping novice drivers to gain an improved understanding of key risk factors and their own limitations as drivers.

The project was launched in December 2004 as a joint initiative by the Australian Government, Victoria and New South Wales and the first part of the study is expected to commence in 2010. The project will be delivered to new P-plate licence holders aged 17–21 years in New South Wales and 18–22 years in Victoria.

III Seatbelts on regional school buses

The Department administers funding for the installation of seatbelts on school buses in regional areas. Applicants (school bus operators) are eligible for funding of up to \$25,000 per bus, conditional on the bus meeting state or territory vehicle registration requirements. The funding may be used to purchase new buses or retrofit existing buses.

During 2008–09, funding of \$1.2 million was provided, covering 68 buses and 41 bus operators. The program is demand-driven and the level of funding provided reflected the number of applications received.

IV Vehicle safety

The Australian Government regulates vehicle standards applying to new vehicles (locally produced or imported) and used vehicle imports on first supply to the market in Australia. Vehicle standards (ADRs) are determined under the *Motor Vehicle Standards Act 1989* (the Act). Vehicle safety is a key focus of the ADRs, together with improving the environmental friendliness of vehicles.

New vehicles

Before they can supply vehicles to the Australian market, vehicle manufacturers and importers must meet all appropriate provisions of the Act and demonstrate that their vehicle types meet all applicable ADRs. There was a decrease of 10 per cent in the number of vehicle types approved for identification plates and supply to the Australian market, to 3,700 in 2008–09 from 4,096 in 2007–08. This reflected a decrease in applications for approval, as manufacturers delayed the introduction of new models because of a decline in demand.

The processes for compliance certification for all new vehicles have a target completion time of 32 working days from the receipt of the last piece of necessary compliance evidence. Overall, in 2008–09 approximately 92 per cent of new vehicle certification processes were completed within the target timeframe, an improvement compared to 84 per cent for 2007–08.

New vehicle regulations

The Department is progressively reviewing the ADRs to harmonise them, where possible, with international standards developed under the United Nations Economic Commission for Europe framework. Harmonisation will remove trade barriers and allow vehicles manufactured for world markets to be supplied to Australia without the need for extensive modifications. It will lead to lower costs and better access to safer, more environmentally friendly vehicles.

As part of this process, in 2008–09 the Department completed:

- one major amendment to the passenger car braking standard, to mandate electronic stability control for new vehicles from 1 November 2011 and all new vehicles from 1 November 2013;
- minor amendments to four ADRs covering standards for occupant protection, heavy vehicle braking and fuel consumption labelling;
- a majority of the consultation process for the review of the ADRs for omnibus construction requirements and occupant protection in omnibuses;
- the final stages of the determination process for minor amendments to three ADRs covering vehicle lighting, vehicle markings and general safety requirements; and
- a majority of the identified technical development of a new ADR for front under-run protection devices for heavy commercial vehicles to prevent smaller vehicles from sliding under them, thereby engaging the occupant protection features of the smaller vehicle.

The harmonisation process is being carried out in consultation with representatives of the state and territory governments, vehicle manufacturing and operating industries, and consumer groups. It has reached a stage where all major ADRs relating to specific components and systems are complete. The remaining ADRs cover a combination of general safety issues and vehicle dimensional requirements that will be dealt with as part of the ongoing development of the ADRs.

Imported vehicles

During 2008–09, the Department processed 18,219 applications to import vehicles. Applications may cover more than one vehicle. In 2008–09, the Department issued 18,878 vehicle import approval certificates.

The proportion of applications processed within the target timeframe of 17 working days increased slightly, to 80 per cent.

Specialist and enthusiast vehicles

The Specialist and Enthusiast Vehicles Scheme enables Australians to have access to some new or used vehicles that meet particular interests and are otherwise not available in Australia. The Department assesses vehicle models to determine their eligibility under the scheme, and eligible models are entered on the Register of Specialist and Enthusiast Vehicles. In 2008–09, the Department assessed 73 applications under the scheme; 68 were successful.

Registered automotive workshops

Most vehicle models that are supplied to the market in limited volumes in Australia are used imported vehicles processed through the Registered Automotive Workshop Scheme (RAWS). Each registered automotive workshop has a 'schedule of vehicles' that specifies the vehicle models that the workshop has been approved to import and modify. RAWS vehicle models (other than used motorcycles for which volumes are not restricted) must be listed on the Register of Specialist and Enthusiast Vehicles.

The inspection and evidence examination processes are resource intensive and closely scrutinise compliance with the RAWS requirements. Approximately 65 per cent of inspections during 2008–09 were conducted within the target timeframe of 42 days—the average inspection waiting time was 38 days. Approximately 86 per cent of revised evidence documents for RAWS were examined within the target timeframe of 20 working days.

In 2008–09, the Department assessed 285 new and amending RAWS workshop applications: 11 new RAWS workshops were approved and 71 existing RAWS workshops were renewed. The Department conducted 201 RAWS inspections. The decrease in the number of inspections, from 252 in 2007–08, was due to reduced demand.

Audit

In 2008–09, 79 vehicle production and/or test facilities were audited; a 13 per cent increase compared to 70 in 2007–08. The number of audits was increased to take into account the risks associated with the importation of trailers and vehicles from developing markets such as China and India.

The Department plans to conduct 70 production, design and/or test facility audits in 2009–10. A new procedure for finalising and classifying audits has been introduced to increase the effectiveness of the audits.

Safety investigations and recalls

The Department assists the Australian Competition and Consumer Commission (ACCC) on matters relating to the recall of automotive-related products under the provisions of the *Trade Practices Act 1974*. In 2008–09, the Department conducted 91 safety investigations and monitored 129 new voluntary recalls notified by vehicle suppliers (152 in 2007–08).

V Other activities

The Department was involved in several international activities to better understand and improve road safety, particularly in the Asia–Pacific region. For example, the Department:

- liaised with the Indonesian Ministry of Transport to develop a road safety training course for Indonesian Government officials, under the Indonesia Transport Safety Assistance Package; and
- participated in the APEC Transportation Working Group's Road Safety and Vehicle Standards Harmonisation subgroups. The Department led two projects in the Road Safety Subgroup: a matrix-based project to assist individual economies to share information on their road safety strategies, and a project to develop a compendium of best practices to improve motorcycle and scooter safety.

OUTPUT 2.3.3 — AVIATION AND AIRPORTS POLICY, PROGRAMS AND REGULATION

Highlights

In 2008–09, the Department worked with stakeholders to progress the development of an Aviation White Paper as a comprehensive statement of national aviation policy.

An Aviation Green Paper was released by the Minister in December 2008, proposing a range of initiatives to provide greater planning and investment certainty for the industry as well as clear commitments for users of aviation services and communities. The release of the Aviation White Paper is scheduled for the first half of 2009–10.

In accordance with initiatives announced in the Aviation Green Paper, the Department implemented important governance changes to the Civil Aviation Safety Authority (CASA) and the Australian Transport Safety Bureau (ATSB) through amendments to the *Civil Aviation Act 1988* and the *Transport Safety Investigation Act 2003*.

The new governance arrangements introduced a small strategic board for CASA and strengthened its enforcement powers across a number of areas. The ATSB was established as an independent statutory authority within the portfolio with a new commission-based structure. The new governance arrangements commenced on 1 July 2009.

The Department also provided advice to the Minister on a number of airport master plans and major development plans including the Sydney Airport Master Plan 2009, which was approved by the Minister on 19 June 2009.

The Department continued to successfully negotiate enhanced air services agreements with a number of countries, including Brazil, Japan, the Philippines, Thailand and Qatar.

Overview

Output 2.3.3 is delivered through the work of the Aviation and Airports division which:

- ensures that the Australian aviation industry operates in a clear and robust safety regulatory environment; and
- facilitates access to competitive international and domestic air services for Australian businesses and consumers.

The output included the following administered programs:

- Airport Lessee Companies—reimbursement of parking fines;
- Fort Street High School—noise insulation;
- Implementation of noise amelioration for Adelaide Airport;
- Implementation of noise amelioration for Sydney Airport;
- International Civil Aviation Organization—contribution;
- Payment scheme for Airservices Australia's en route charges;
- Remote Aerodrome Safety; and
- Sydney West Airport—rental properties.

The budget and actual expenditure for each administered program is listed in Appendix A.

Summary of performance

Table 4.10 summarises the Department's results in delivering Output 2.3.3 against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.10 Summary of performance—Output 2.3.3

Key performance indicator	Target	Result
Outputs		
<i>Aviation industry operates within a clear and robust safety regulatory framework</i>	New aviation safety agency governance arrangements agreed.	Amendments were made to the <i>Civil Aviation Act 1988</i> and <i>Transport Safety Investigation Act 2003</i> to implement agency governance arrangements. The new CASA Board and ATSB Commission were appointed.
<i>Businesses and consumers have access to competitive international and domestic air services</i>	Agreements which provide increased flexibility and capacity are established, consistent with government policy.	Updated air services agreements/arrangements were negotiated with 9 other bilateral partners. Aviation relations with the European Union, Australia's largest aviation market, continue to develop. The Department held two rounds of negotiations towards an Australia–European Union comprehensive air services agreement, which will encompass a range of priorities in relation to aviation safety, security and the environment.
<i>Leased airports are regulated in accordance with the Airports Act 1996</i>	Master Plans and Major Development Plans assessed in accordance with legislative requirements and advice provided to Minister.	In 2008–09 the Department assessed a number of airport statutory planning documents and provided advice to the Minister in accordance with the requirements of the <i>Airports Act 1996</i> . These included the new Sydney Airport Master Plan.

Table 4.11 provides a summary of the results achieved by each of the programs administered under Output 2.3.3 against the key performance indicators and targets published in the 2008–09 PBS.

Table 4.11 Summary of performance—Output 2.3.3 administered programs

Key performance indicators and targets	
Applicable administered program	Key performance indicator Target
All programs	<i>Efficient and effective management of administered programs</i> Programs are administered in accordance with relevant legislation, published guidelines and ANAO guidance.
Implementation of noise amelioration for Sydney and Adelaide Airports	<i>Community exposure to aircraft noise around Sydney and Adelaide Airports monitored regularly to identify any additional eligible buildings.</i> Noise contour maps produced for Sydney and Adelaide airports. Warranty claims finalised.
Payment scheme for Airservices Australia's en route charges and Remote Aerodrome Safety	<i>Air access to regional and remote communities is supported</i> Costs for airlines providing regular public and/or aeromedical services to regional areas reduced. Safety of airstrips improved.
Sydney West Airport—rental properties	<i>The Department effectively manages leases at Badgerys Creek</i> Approximately 250 leases managed.

Table 4.11 continued.

Results	
Administered program	Result
Airport Lessee Companies—reimbursement of parking fines	The Department reimbursed the regulated airports on the basis of parking fine revenues collected and paid to the Commonwealth. Streamlined reporting of infringements and revenues, and more appropriate banking periods.
Fort Street High School—noise insulation ^a	After an offer from the New South Wales Government to manage this project on behalf of the Commonwealth, negotiations commenced to enable this to occur early in 2009–10.
Implementation of noise amelioration for Adelaide Airport	Two additional eligible churches were identified and work is underway to commence insulation works in 2009–10. All other eligible insulation works are complete; only a few warranties are still current.
Implementation of noise amelioration for Sydney Airport	All insulation works were completed some time ago. Australian Noise Exposure Index monitoring is ongoing with no additional eligible buildings identified
International Civil Aviation Organization—contribution	Australia actively participated in the International Civil Aviation Organization (ICAO) Council during 2008–09, with two employees based in the Montreal office representing Australia in ICAO Council matters and on the ICAO Air Navigation Commission. The annual contribution was paid during January 2009.
Payment scheme for Airservices Australia's en route charges	Twenty-five airlines sought assistance during 2008–09. The Department paid invoices in a timely manner, conducting payment runs weekly
Remote Aerodrome Safety	Upgrades to a total of 47 aerodromes in remote locations across Australia were approved for funding under the program in 2008–09. These upgrades improved safety for aircraft operators and their passengers through a range of measures such as: <ul style="list-style-type: none"> • runway sealing, resealing and pavement repairs; • the installation of runway lighting to enable night operations, including medical evacuations; and • the installation of animal-proof perimeter fences.
Sydney West Airport—rental properties	The Department effectively administered the leases during 2008–09 to ensure the Australian Government met its obligations as a landlord. This included authorising maintenance to ensure properties remain in reasonable condition; and ensuring water and land rates have been paid.

- a Effective 1 January 2009 the Treasury is responsible for payments to state and territories for National Partnership payments. Hence this program does not appear in Appendix A Table A.6 'Administered program expenses - Outcome 2'. Further information on this administered program can be found in the Treasury's PBS program information.

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 PBS.

I Development of an Aviation Policy White Paper

The Department's release of the Aviation Green Paper in December 2008 was an important milestone in the development of the Aviation White Paper, which will be Australia's first comprehensive statement of a national aviation policy.

The Aviation Green Paper took into consideration 295 submissions made in response to an issues paper released by the Department on 10 April 2008. It outlined a range of proposed policy initiatives, guided by four key principles:

- safety is the number one priority for the aviation industry and the government;
- the aviation industry is a key driver of economic prosperity and a strategic approach is required to secure its future;
- a coordinated approach to airport infrastructure investment is required to allow the industry to reach its full potential; and
- a responsible approach is required to managing environmental impacts, including emissions and noise.

Interested parties were invited to provide submissions and comments on the proposed policy initiatives described in the Aviation Green Paper; the Department received more than 230 submissions in response.

Input for these submissions and consultations with stakeholders will inform the government's development of the Aviation White Paper, which is expected to be released in the second half of 2009.

II Maintaining aviation safety

The Department contributed to the international regulatory environment for aviation by participating in international forums and working with aviation regulators in the Asia–Pacific region to enable regional economies to collaborate on aviation safety and security oversight.

Participation in international forums

As part of Australia's responsibilities as a member of the ICAO, an audit of Australia's aviation safety regulatory oversight was conducted by a team of international experts in February 2008. The audit included scrutiny of Australian aviation agencies with responsibility for aviation safety oversight and service provision: the Department; Airservices Australia; the Australian Transport Safety Bureau; the Civil Aviation Safety Authority (CASA); the AMSA (in relation to search and rescue); and the Bureau of Meteorology (in relation to aviation meteorological services).

The final report, including Australia's Corrective Action Plan, was released in February 2009. The Australian Government and ICAO agreed that the report could be made public; it is now available on the websites of the Department and ICAO. The overall result was good, with Australia rated as achieving a high level of effective implementation in seven of eight critical element categories that form the basis of the assessment.

The audit team made a number of findings and recommendations for improvement. Many of the findings relate to the technical personnel and training criterion, under which Australia was assessed as achieving only a passable level of effective implementation of the relevant ICAO requirements.

All relevant agencies are undertaking corrective actions to address those findings, the details of which are in the published report. An interagency working group, chaired by the Department, is managing the implementation of Australia's Corrective Action Plan.

The Department administered Australia's ICAO annual contribution and hosted a visit of the ICAO President in October 2008.

Cooperation in the Asia–Pacific region

The Department took part in projects to assist Australia's neighbours to improve the safety, security and effectiveness of their air transport regulation. This included providing policy, safety and security advisers to Papua New Guinea through the Strongim Gavman Program, and assistance to the Pacific Aviation Safety Office through the Pacific Public Sector Linkages Program (formerly known as the Pacific Governance Support Program).

The Department continued to coordinate the Australian Government's Indonesian Transport Safety Assistance Package, which commenced in July 2007 and provides technical and training assistance to support Indonesia in addressing its aviation and maritime transport safety challenges. The assistance package was recently expanded to include road safety.

As well as the Department, the package involves Airservices Australia, AMSA, ATSB and CASA through agency agreements, with the agencies reporting to the Department against an agreed set of key performance indicators on a quarterly basis. Significant outcomes in 2008–09 included:

- the completion of the largest ever civil joint Australia–Indonesia search and rescue exercise;
- the delivery of staff training in procedures for air navigational services and human factors training for accident investigators; and
- the completion of aerodrome safety management systems workshops.

Aviation safety regulation

The Department worked closely with CASA and Airservices Australia to ensure the safety of the aviation sector, and provided advice to the Minister on strategic oversight of CASA and Airservices Australia.

In accordance with the priorities identified in the Australian Government's Aviation Green Paper, the Department implemented the governance changes to CASA and the ATSB, through amendments to the *Civil Aviation Act 1988* and the *Transport Safety Investigation Act 2003*. The Department was involved in the development of the new governance regime, appointment of the CASA Board and the ATSB, and advised the Minister throughout the process before the new changes were implemented on 1 July 2009.

The new governance arrangements:

- introduced a small strategic board for CASA, and strengthened CASA's enforcement powers across a number of areas; and
- introduced a governing commission for the ATSB, and made the ATSB an independent statutory authority within the Infrastructure, Transport, Regional Development and Local Government portfolio.

Air traffic management

The Department provides policy and governance advice to the government on air traffic management issues.

In conjunction with the release of the Aviation Green Paper, the Department publicly released a draft updated Australian Airspace Policy Statement for comment. The Department is considering responses from government aviation agencies and industry, and expects to provide an updated Australian Airspace Policy Statement to the Minister for consideration early in 2009–10.

The four major government agencies involved in aviation policy, regulation and service provision—the Department, Airservices Australia, CASA and the Royal Australian Air Force—continued to work together on a range of aviation policy issues which have cross-agency implications.

The Secretary of the Department is the Chair of the Aviation Policy Group; the group's other members are the chief executive officers of the three agencies. While the group offers a forum to maintain strong working relationships between the agencies and coordinate joint action where appropriate, each agency retains the individual authority and accountability for its own functions at all times.

The Aviation Policy Group met seven times in 2008–09, and discussed aviation issues such as input into the national aviation policy development process, civil operations at military airports, civil and military aviation harmonisation, airspace management, technology and ICAO-related issues.

The Aviation Implementation Group (AIG), also chaired by the Department and including senior officials from each of the three key government aviation agencies, is responsible for carrying forward issues identified by the Aviation Policy Group.

As foreshadowed in the Aviation Green Paper, the AIG is establishing a closer relationship with the reinvigorated Australian Strategic Air Traffic Management Group (ASTRA), the industry advisory group on air traffic management issues. This will be achieved through regular reports from the new independent ASTRA industry chair to AIG, and through clearer identification of the matters on which ASTRA can provide the most valuable advice.

III Expanding aviation markets

International air services arrangements

In 2008–09, the Department continued to negotiate towards a comprehensive Australia–European Union air services agreement, to improve connectivity and air services opportunities with Australia’s largest aviation market. The second round of negotiations with the European Union was held in June 2009. The new agreement is expected to encompass issues such as market access, protection of the environment, aviation safety and security, and will expand opportunities for airlines to provide a competitive network of air services. It will complement the ‘open skies’ arrangements settled with the United States in 2007–08.

The Department also conducted international air services consultations with nine other partners or potential partners.

- The Department established new or updated air services agreements and/or arrangements with Brazil, Japan, the Philippines, Thailand and Qatar, resulting in the expansion of commercial rights for airlines of both sides. These arrangements provide for additional capacity and traffic entitlements and are immediately available to be used by the airlines of these countries.
- The Department settled the texts for inaugural treaties with Bangladesh and Peru, and worked with its negotiation partners to refer the new treaties to their respective governments for consideration, with a view to entering the treaties into force and enabling the commencement of commercial operations.
- The Department held discussions with Canada and Chile that resulted in agreement to maintain existing commercial entitlements and continue consultations at a mutually agreed date in 2009–10.

The Department continued to regulate scheduled international air services in accordance with the requirements of the *Air Navigation Act 1920* and associated regulations, including new regulations introduced in March 2009. The Department granted 242 timetable approvals, 210 timetable variations, 10 non-scheduled flight approvals and nine approvals for International Airline Licences in 2008–09.

Current aviation market

The air services arrangements negotiated by the Department provide capacity entitlements exceeding current demand, giving airlines flexibility to deliver air services in a commercially viable way. Approximately 50 international airlines operated services to/from Australia in 2008–09, including five dedicated freight airlines. With the exception of a few markets, overall capacity in terms of seat numbers provided by the airlines increased, including on routes via China, India, Indonesia, Malaysia New Zealand, Singapore, Taiwan, and the United Arab Emirates.

In terms of market uptake, Australia’s aviation performance in 2008–09 was mixed. Data from BITRE shows, in the year ending March 2009, there were 23.5 million passenger movements into and out of Australia, representing growth of 1 per cent in the previous 12 months. Of the total international passenger movements, short-term resident

departures comprised 5.8 million passengers, an increase of 2.9 per cent on the previous year. Of those, 5.5 million were short-term visitor arrivals into Australia; this represents a decrease of 2.1 per cent over the number of visitors in the previous 12 months.

IV Managing airport infrastructure

Management of leased federal airports

The Department oversees the operation of the 22 federal airports that were privatised between 1997 and 2003 through long-term leases of 50 years with an option to renew for a further 49 years.

The lease granted over Hoxton Park airport was an exception. The lease expired on 27 October 2008, with the airport site converting to freehold title. The airport ceased operating with effect from 28 October 2008 and is no longer a Commonwealth site, reducing the number of leased federal airports to 21.

The Department is responsible for monitoring compliance with the airport leases, ensuring compliance with the *Airports Act 1996* (Airports Act) and associated regulations.

In 2008–09, the Department finalised various amendments to the regulations. These regulations were amended to ensure consistency with changes to the Airports Act that commenced in 2007, changes in the corporations legislation, and changes in the airport price and quality of service monitoring regime conducted by the ACCC. Amendments were also made to reflect the change in name of the Gold Coast Airport and to delete references to Hoxton Park Airport.

An overview of the Department's airport regulation program is provided in Appendix I.

Planning approvals

Under the Airports Act, a master plan must be prepared for every leased federal airport except for Mt Isa and Tennant Creek airports. The master plan represents the airport-lessee company's planning and development vision for the airport over a 20-year period. The master plan is reviewed every five years, and must be the subject of public consultation, and requires the Minister's approval.

In addition, a major development plan is required for each major development. Section 89 of the Airports Act defines major developments; generally, they include any significant building work or any development with a significant environmental impact on the airport site.

All airports other than Mt Isa and Tennant Creek must also prepare an airport environment strategy which provides for continuous improvement in the environmental management of the airport site. An airport environment strategy is submitted by an airport-lessee company after taking into account public comments, and is reviewed every five years.

The Minister may approve or refuse to approve any master plan, major development plan or environment strategy.

In 2008–09, the Department provided assessments to the Minister in accordance with the requirements of the Airports Act on:

- four airport master plans;
- seven major development plans; and
- one airport environment strategy.

A number of the major development plans were approved subject to conditions relating to the management of the impacts of the development and ongoing operational considerations. The conditions of ministerial approval attached to each major development plan are available from the Department's website.

Details on each of these statutory planning documents is provided in Appendix I.

Environmental management and building control

Management of the environment at the airport site is the responsibility of the airport lessee. Through the Airports Act and the Airports (Environment Protection) Regulations 1997, the Department monitors compliance and regulates activities that may have environmental impacts on the airports. Through the Airports Act and the Airports (Building Control) Regulations 1996, the Department monitors compliance and regulates development on the airports.

The Department has appointed Airport Environment Officers (AEOs) and Airport Building Controllers for each of the leased airports to monitor and ensure compliance with environmental and building standards.

Lease compliance reviews

The Department conducts annual lease reviews of the 21 leased federal airports to ensure compliance with the terms of their leases. In 2008–09, the Department continued to monitor compliance with obligations under the terms of the head lease, including the requirement to make payments in lieu of land taxes and rates, and assessing the adequacy of airport insurance cover each year with the assistance of a contracted insurance adviser.

Details of the annual airport lease review meetings and the insurance review for 2008–09 are in Appendix I.

Slot management at Sydney Airport

The Department oversees slot management at Sydney Airport under the *Sydney Airport Demand Management Act 1997*. The objectives of the regime are to:

- provide an effective means of administering the movement limit;
- alleviate delays caused by congestion;
- safeguard access for regional airlines;
- provide equal access to slots for new entrants; and
- spread aircraft movements more evenly within hours.

On 12 January 2009 the *Sydney Airport Demand Management Amendment Act 2008* commenced.

Key changes included clarification on the definition of a slot to ensure consistency with international practice by linking movements to the scheduled arrival and departure time of an aircraft at the gate, and ensuring allocations under the Slot Management Scheme are consistent with the maximum movement limit.

The Department also developed amendments to the Sydney Airport Demand Management Regulations 1998, which commenced on 4 May 2009. Key provisions include clarifying requirements relating to access and management of records of the slot manager, data collection, and reporting arrangements.

The Department is developing consequential amendments to the Slot Management Scheme 1998, and the Determination of Sydney Airport Compliance Scheme 1998.

Reimbursement of parking fines

At eight regulated federal airports (Brisbane, Gold Coast, Hobart, Launceston, Melbourne, Perth, Sydney and Townsville), the Department collects fines for parking offences in the airport precincts and reimburses the funds to the airport lessees. In 2008–09, the Department's service agreements with the airports were amended to improve the efficiency of this program. The changes included streamlined reporting of infringements and revenues and more appropriate banking periods.

Ameliorating the environmental impacts of aircraft movements

Noise amelioration programs

In 2008–09, the Department continued to assist Adelaide Airport and Sydney Airport and local communities to work together to minimise the impacts of aircraft noise. The noise amelioration programs for both airports are being wound down after having proven to be an effective tool to help reduce the impacts of aircraft noise for residents living near airports.

The programs include funding to install noise insulation for eligible residences and public buildings under major flight paths. Two new churches (eligible under the guidelines as public buildings) were identified in Adelaide in 2008–09; insulation work is expected to commence on the buildings early in 2009–10.

The Department's ongoing management of a limited number of warranty issues will continue in 2009–10. The Department will also continue to monitor and map the noise contours in Sydney and Adelaide on an annual basis.

The costs associated with the noise amelioration program at Adelaide Airport are recovered through a levy on jet aircraft landings at the airport, under the *Aircraft Noise Levy Act 1995*. (The equivalent levy at Sydney Airport ceased on 1 July 2006.) Airservices is authorised to collect the levy on behalf of the Department. Receipts totalling \$8.2 million collected under the *Aircraft Noise Levy Collection Act 1995* are reported in the Department's audited financial statements as required by the Act.

Curfews

To minimise the impact of night-time noise on nearby communities, restrictions on aircraft movements are applied, through legislated curfews, at the Adelaide, Essendon, Gold Coast and Sydney airports. The curfews, which operate between the hours of 11 pm and 6 am, limit the number and type of aircraft that can be operated and stipulate which runways can be used.

In 2008–09, the Department:

- assessed 93 applications for curfew dispensation—23 for Adelaide, one for Essendon, 10 for Gold Coast (Coolangatta) and 59 for Sydney airports; and
- approved 55 curfew dispensations—17 for Adelaide, five for Gold Coast and 33 for Sydney airports.

International cooperation

The Department represented Australia on the ICAO Group on International Aviation and Climate Change, which was established to recommend an aggressive program of action to address greenhouse gas emissions from international aviation. The program of action developed by the group will be considered at a high-level meeting of ICAO member states in October 2009. The Department also participated in international forums that are working to address the problems of aircraft noise, such as ICAO's Committee on Aviation Environmental Protection and APEC's Transportation Working Group.

Community resources

The Department continued to provide secretariat support to the Sydney Airport Community Forum. The forum is a consultative committee composed of federal, state and local government and community representatives, which considers aircraft noise issues affecting the community.

The Department also continued to refine its Transparent Noise Information Package, a software tool that enables the non-specialist to gain a better understanding of aircraft noise exposure patterns and aircraft carbon emissions. The package is available free of charge from the Department's website.

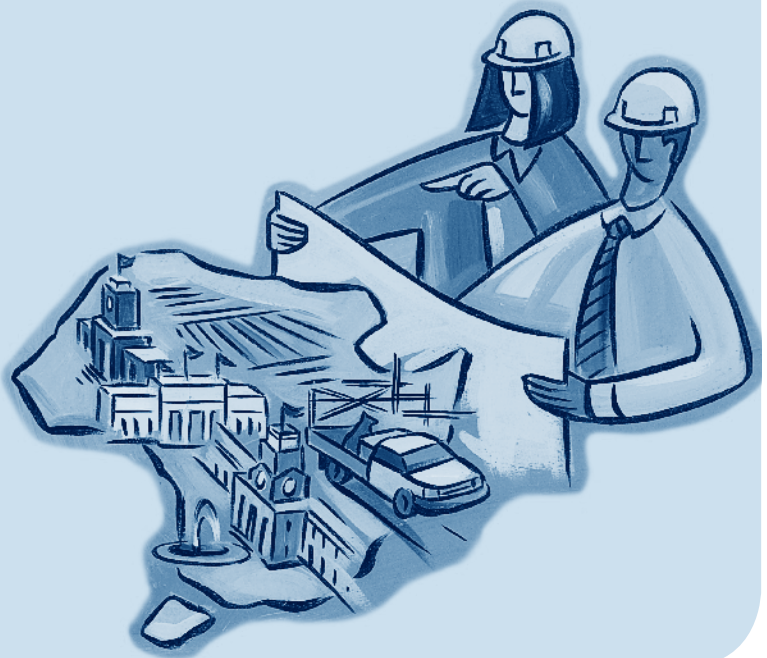
Management of properties at Badgerys Creek

The government owns and leases out commercial and residential properties on a site at Badgerys Creek, New South Wales, originally acquired for a proposed second major airport for Sydney. The Department administered the leases during 2008–09 to ensure that the government met its obligations as a landlord.

As part of the development of the Aviation White Paper, the government announced that the construction of an airport at Badgerys Creek is no longer an option. The future of the Badgerys Creek site will be considered as part of a joint Australian Government – New South Wales Government study to assess options for delivering additional airport capacity in the Sydney region.

CHAPTER 5

Outcome 3—Regional Development and Local Government



REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT

What this chapter covers

This chapter describes the Department’s regional development and local government outcome, Outcome 3, and its outputs and reports on performance for the individual outputs. Each report includes:

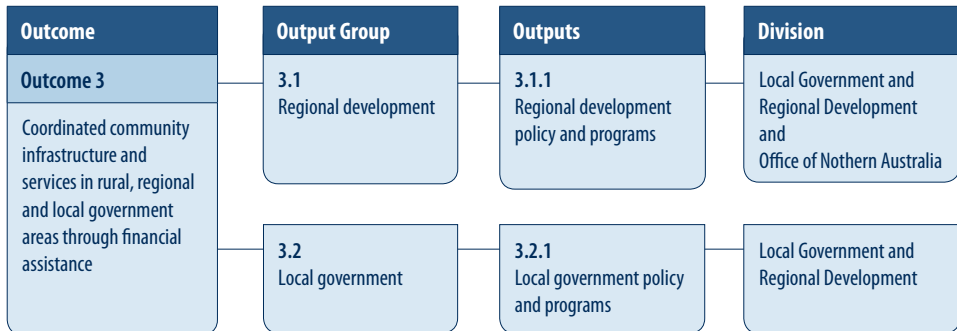
- an overview of the output’s functions and how it is delivered;
- a summary of the results for 2008–09 for the output and any associated administered programs against the key performance indicators and targets published in the 2008–09 Portfolio Budget Statements (PBS); and
- a detailed report on the performance of the output in 2008–09 against the applicable headings from the 2008–09 PBS.

Outcome and outputs

Figure 5.1 shows the relationships between Outcome 3 and its outputs, and identifies the business divisions responsible for delivering the outputs.

Outcome 3 was updated on 17 December 2008 from *Assisting regions and local government to develop and manage their futures* as appeared in the 2008–09 PBS.

Figure 5.1 Outcome 3 and outputs



OUTPUT 3.1.1 — REGIONAL DEVELOPMENT POLICY AND PROGRAMS

Highlights

In 2008–09, the Department supported the sustainable development of regional and rural communities by promoting a whole-of-government approach in regional policies and through major initiatives in community infrastructure.

The programs administered by the Department achieved strong results, for example:

- As at 30 June 2009, 39 projects had been contracted under the \$176 million Better Regions program to implement projects identified by local communities as priority investments for their regions; and
- the Remote Air Services Subsidy funded the carriage of 3,186 passengers, 38,752 kilograms of freight and 180,936 kilograms of mail to 242 communities in remote Australia.

Significant progress was made towards implementing the Regional Development Australia initiative. Memorandums of understanding were signed between the Australian Government and nearly all the state and territory governments, and arrangements to establish Regional Development Australia committees are well underway.

The Regional Development Council agreed to closer alignment and integration of regional development activities and structures between all three levels of government. The first fruits of this new approach are the new integrated regional development organisations being established in many states through Regional Development Australia.

The Department participated in Territorial Policy Development Meetings of the Organisation for Economic Cooperation and Development (OECD) to discuss international trends in regional policy, and contributed to OECD Rural Policy Reviews for Canada and China. The Department provided support to the Minister for Infrastructure, Transport, Regional Development and Local Government when he attended the OECD Ministerial Meeting in Paris in March 2009.

The Department also played a key role in supporting the Parliamentary Secretary for Western and Northern Australia, the Hon Gary Gray AO MP, to produce, with the Western Australian Government, a \$195 million East Kimberley Development Package, to promote the social and economic development of the East Kimberley region of Western Australia.

Overview

Output 3.1.1 is delivered through the work of the Local Government and Regional Development and Office of Northern Australia divisions which conduct activities with a regional focus, including stakeholder consultation and engagement, research, policy development and program delivery. The output included the following administered programs:

- Better Regions;
- East Kimberley Development Package¹;
- Foundation for Rural and Regional Renewal;
- Regional and Rural Research and Development Grants;
- Regional Development Australia committees;
- Regional Partnerships;
- Remote Air Services Subsidy Scheme; and
- Sustainable Regions.

The budget and actual expenditure for each administered program is listed in Appendix A.

1 This administered program was introduced in the 2008–09 Supplementary Additional Estimates Statements No. 2.

Summary of performance

Table 5.1 summarises the Department's results in delivering Output 3.1.1, against the key performance indicators and targets published in the 2008–09 PBS.

Table 5.1 Summary of performance—Output 3.1.1

Key performance indicator	Target	Result
Outputs		
<i>New operational funding contracts between the Department and RDA developed and executed</i>	31 December 2008.	Operational funding contracts between the Department and RDA are being developed. These contracts will be executed by the Department and RDA committees as they are established.
<i>RDA established and operational</i>	1 January 2009.	Memorandums of understanding (MOUs) have been signed by the Australian Government and state and territory governments except in Western Australia. Expression of interest processes for committee membership were undertaken; committee chairs and deputy chairs were announced in some states. Committee formation documents were developed, including incorporation association constitutions.
<i>Priority issues affecting major projects and sustainable development in Northern Australia identified through consultation</i>	30 June 2009. ¹	Ongoing task—including through the East Kimberley Development Package, the Northern Australia Land and Water Taskforce and extensive consultation with Northern Australia.
<i>First taskforce progress report delivered to Government</i>	By 30 September 2008. ²	The taskforce is an independent body for which the Department provides a secretariat. The mid term report was published in February 2009.
<i>Taskforce report on the investigation of further land and water development in Northern Australia delivered to Government</i>	By 30 June 2009. ³	The taskforce is an independent body for which the Department provides a secretariat.

1 This date was incorrectly reported in the 2008–09 PBS as 30 June 2008.

2 The original target for the Northern Australia Land and Water Taskforce was 30 September 2008. The government announced an overhaul of the taskforce terms of reference and membership on 26 September 2008, with a revised midterm target date of end 2008.

3 The original target was 30 June 2009. Following the September 2008 overhaul of the taskforce, the target was changed to December 2009.

Table 5.2 provides a summary of the results achieved by each of the programs administered under Output 3.1.1 against the key performance and targets published in the 2008–09 PBS.

Table 5.2 Summary of performance—Output 3.1.1 administered programs

Key performance indicators and targets	
Applicable administered program	Key performance indicator Target
All programs	<i>Efficient and effective management of administered programs</i> Programs are administered in accordance with relevant legislation, published guidelines and ANAO guidance.
All programs	<i>Programs support regional development including through:</i> <ul style="list-style-type: none"> • <i>funding for projects that partner with communities, government and business; and</i> • <i>continuation of air services to identified areas</i> Projects are completed. All identified partners have contributed as agreed. Projects are sustainable. Identified air services are maintained.
Results	
Administered program	Result
Better Regions	In 2008–09, the Department contracted 39 projects of which three were completed. At 30 June 2009, a total of 86 Better Regions projects had been approved for funding under the four-year program.
East Kimberley Development Package	National Partnership agreement was signed allocating funds to 27 social infrastructure projects.
Foundation for Rural and Regional Renewal	The Department assisted the foundation to provide small grants to community organisations in regional and rural Australia, in accordance with its deed of agreement.
Regional and Rural Research and Development Grants	The Regional and Rural Research and Development Grants program guidelines address three strategic priorities: Australian Government regional priorities; small local government and community support; and regional development conference support. In 2008–09, the program funded seven projects.
Regional Development Australia committees	The Department provided funding to 54 Area Consultative Committees in accordance with their Operational Funding Agreements (which sets out the performance and financial obligations) and the published Area Consultative Committee Handbook.

Table 5.2 continued.

Results	
Administered program	Result
Regional Partnerships	<p>Contracts were negotiated for 56 projects approved but not contracted at the time of the 2008–09 Budget decision to close the program. Of the 1,553 contracted projects the Department had finalised 1,427 projects by 30 June 2009.</p> <p>The Department has commenced winding down the program, which ends on 30 June 2010.</p>
Remote Air Services Subsidy Scheme	The Scheme provided 242 remote and isolated communities across ten geographical regions with access to a regular air service for the carriage of passengers and goods including medicines, fresh food and educational materials. Air operator arrangements were renewed to 2011, through an open tender process.
Sustainable Regions	The Sustainable Regions program, which assisted 10 regional communities to address issues they had identified, has closed. All 266 projects were finalised by 30 June 2009.

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 PBS. Please note that for this output, the section 'VI Other activities' has been added to address the provision of advice to government on regional issues and the introduction of the Jobs Fund.

I Supporting sustainable development

Through engagement with governments, industry and communities, the Department developed policy initiatives and implemented government programs tailored to support sustainable regional economic and social development.

Better Regions

The Department managed the Better Regions program to fund projects that had been identified by local communities across Regional Australia as priority investments for their region such as revitalised main streets, multipurpose community and resource centres and major sport and recreational venues.

At 30 June 2009, there were 86 Better Regions projects approved for release of funding by the government, of which the Department had contracted 38 projects and one project was complete.

Projects varied from providing a \$10 million contribution to the construction of temporary and permanent infrastructure, including pit facilities to support the establishment of the V8 supercar race in Townsville, to providing a \$125,000 contribution to the upgrade of the Grafton livestock saleyards.

In implementing the Better Regions program the Department developed processes and procedures consistent with the requirements of the *Financial Management and Accountability Act 1997* and the ANAO Better Practice Guide.

Successful applicants were required to enter into a legally enforceable funding agreement with the Australian Government. The funding agreement sets out the terms and conditions for the provision of funding and includes a negotiated schedule of payments dependent on the delivery of agreed milestones and reports.

Regional Partnerships

The Department continued to manage projects under the Regional Partnerships program. This included 1,497 projects that were contracted when the 2008–09 Budget announced that the program would close, and 56 projects that received funding through the government’s decision to support a number of projects, proposed by local government and not-for-profit organisations, that had been approved but not contracted when the program’s closure was announced. In 2008–09, the Department reviewed the remaining projects and developed a strategy to finalise the program by 30 June 2010.

Sustainable Regions

The Department successfully managed the finalisation of all remaining Sustainable Regions projects by 30 June 2009. The Sustainable Regions program, which commenced in August 2001 and was closed to new applications in May 2008, was designed to offer a planned and integrated approach to structural adjustment in identified regions. Over the life of the program, 280 projects were contracted at a total approved cost of \$111 million.

Foundation for Rural and Regional Renewal

In accordance with its deed of agreement, the Department assisted the Foundation for Rural and Regional Renewal to provide small grants to community organisations in regional and rural Australia. These grants included Back to School vouchers redeemable for items such as school uniforms, clothing, school bags and stationery, MeChange grant funding to help tackle obesity and build a healthier future for communities and Helping Hands grants to assist small rural communities to implement projects that will ensure their economic sustainability.

Remote Air Services Subsidy Scheme

The Department managed the Remote Air Services Subsidy scheme, to make passenger transport, goods delivery and other services accessible to Australians who live in remote areas and would otherwise have no regular access to transport.

Subsidised weekly passenger and freight services were provided to 242 remote communities in Queensland, Western Australia, South Australia, Tasmania and the Northern Territory. In total, 3,186 passengers travelled and 38,752 kilograms of freight and 180,936 kilograms of mail were delivered. An open tender process to renew air operator arrangements under the scheme was finalised; contracts for eight of the 10 subsidised regions were put in place until 2011.

II Research to inform policy development

The Department administered Regional and Rural Research and Development Grants to support research into the social and economic conditions and other issues affecting Australia’s regions, to inform policy development. The seven projects that received funding in 2008–09 included two nationally and one internationally recognised conferences, and research addressing regional priorities, such as a regional ports project, regional child health strategies and support for the Regional Partnerships program.

III Regional engagement: Regional Development Australia

Through a range of regional development and local government initiatives, the Department worked side-by-side with communities, regions and local government to deliver sustainable economic development and social participation, improve access to services, and plan for sustainable futures.

In particular, the Department was responsible for implementing Regional Development Australia (RDA), a new national network of regional communities that brings together all levels of government to improve the coordination of initiatives to enhance the development of regional Australia, ensuring that there is effective engagement with local communities. In 2008–09, the Department signed MOUs to implement the initiative with all state and territory governments except the Government of Western Australia, in consultation with the local government sector.

Expression of interest processes for committee membership were undertaken, and committee chairs and deputy chairs were announced in some states. Committee formation documents were developed, including incorporation association constitutions.

In early 2009, the Department of Broadband, Communications and the Digital Economy, sought assistance from the Department to implement the Backing Indigenous Ability Telephones Program. Under the program, the Australian Government is funding the installation of publicly accessible community telephone services to nominated remote Indigenous communities with populations below 50. The Department employed the Area Consultative Committee network to seek nominations for telephone locations.

IV Office of Northern Australia

The Department's Office of Northern Australia (ONA) played a key role in supporting the Hon Gary Gray AO MP, Parliamentary Secretary for Western and Northern Australia, in developing the \$195 million East Kimberley Development Package announced by the Prime Minister in December 2008. The Department prepared a comprehensive report proposing the detail of the package, drawing on extensive liaison with other Australian Government and Western Australian Government agencies and East Kimberley stakeholders. The office also coordinated arrangements to deliver the first payment to the Western Australian Government in June 2009 to enable the package to proceed.

The Department supports and advises the Northern Australia Land and Water Taskforce, a high-level group of independent experts from relevant backgrounds such as Indigenous business, science, conservation, agriculture, and the minerals and energy resource industries. The taskforce has been charged with providing the government with a final report, by December 2009, that provides a better understanding of:

- opportunities for new sustainable economic development in the north, based on water resource availability; and
- the potential impact of possible development on the underlying water balance and water quality, and on the natural environment, existing water users and the broader community.

V Regional and Local Community Infrastructure Program

The Regional and Local Community Infrastructure Program (RLCIP) was reported in the 2008–09 PBS as component V of Output 3.1.1. The funding for the program was announced at the Australian Council of Local Government in November 2008 with the funding detailed in Output 3.2.1 of the 2008–09 Portfolio Additional Estimates Statements (PAES).

VI Other activities

In 2008–09, the Department consulted widely, across Australia and overseas, to provide informed advice to the Australian Government on issues affecting Australia's regions. The Department's role in program delivery expanded during the year, with the introduction of the Jobs Fund.

The Department continued to provide advice to Australian Government agencies about the requirements for Regional Australia Statements for cabinet submissions.

Jobs Fund

The Department played a significant role in designing and establishing the Jobs Fund, a \$650 million initiative to create jobs and develop skills through projects that build infrastructure and social capital in local communities. The Department is responsible for two components of the Jobs Fund, the \$40 million National Bike Paths Projects and \$150 million Infrastructure Employment Projects, to be implemented in 2009–10 and 2010–11 respectively.

OUTPUT 3.2.1—LOCAL GOVERNMENT POLICY AND PROGRAMS

Highlights

In 2008–09, the Department established and began delivering funding under the Regional and Local Community Infrastructure Program. This included:

- establishing the \$250 million direct allocation and the \$550 million competitive grants components of the program;
- delivering payments to all eligible local government authorities for 3,220 projects under the direct allocation component; and
- finalising funding agreements and making first payments to 136 of the 137 successful local government authorities under the competitive grants component.

The Australian Council of Local Government was established to forge a new partnership between the Australian Government and local governments. The inaugural meeting was held in November 2008 and a second meeting in June 2009. In addition the council appointed a steering committee that held two meetings in 2009.

The National Awards for Local Government recognise, reward and promote the innovative work of local governments across Australia. The awards continue to be strongly supported. In 2008, 13 winners were selected for 10 categories; in 2009, 21 winners were selected for 11 categories.

The Department managed a competitive process to select a university to host the Centre of Excellence for Local Government. In June 2009, the Prime Minister announced that a consortium led by the University of Technology, Sydney, was the successful applicant, and funding of \$8 million was provided to establish the centre.

The Department provided ongoing:

- advice to Council of Australian Governments working groups on the issues of development assessment reform and land use planning; and
- policy development and secretariat support to the Local Government and Planning Ministers' Council and Development Assessment Forum.

To assist local government deal with the effects of the global financial crisis, the *Local Government (Financial Assistance) Act 1995* was amended to enable the Australian Government to bring forward \$480 million in financial assistance grants. The Department delivered the grants in June 2009.

Overview

Output 3.2.1 is delivered through the work of the Local Government and Regional Development division which advises the Australian Government on local government issues, and delivers funding and programs that assist local governments to serve their communities. In 2008–09 the output included the following administered programs:

- Establishment of a local government centre of excellence;¹
- Local Government Financial Assistance Grants;
- Regional and Local Community Infrastructure Program;¹ and
- Supplementary funding to South Australian councils for local roads.

The budget and actual expenditure for each administered program is listed in Appendix A.

Summary of performance

Table 5.3 summarises the Department's results in delivering Output 3.2.1 against the key performance indicators and targets published in the 2008–09 PBS.

Table 5.3 Summary of performance—Output 3.2.1

Key performance indicator	Target	Result
Outputs		
<i>The Council of Australian Local Governments is established</i>	By January 2009.	The inaugural meeting of the Australian Council of Local Government (ACLG) was held in Canberra on 18 November 2008.
<i>First two meetings of COALG</i>	By 30 June 2009.	The council met in November 2008 and June 2009. The Council's steering committee met in February 2009 and June 2009.
<i>COALG considers consultation process for the Constitutional recognition of local government</i>	By 30 June 2009.	The council affirmed its commitment to advancing constitutional recognition of local government, and is consulting widely to identify options for the Australian Government to consider.
<i>2008 National Awards for Local Government announced</i>	By 31 December 2008.	The 2008 National Awards for Local Government were presented in November 2008 and the 2009 Awards were presented in June 2009.
<i>Support for Local Government and Planning Ministers' Council meetings</i>	Efficient and effective manner.	Meetings were held in August 2008 (Hobart) and May 2009 (Sydney). The Development Assessment Reform Ministerial Subgroup was established to fast-track critical reforms, and met in August, September and March.

1 This program was introduced in the 2008–09 Portfolio Additional Estimates Statements.

Table 5.4 provides a summary of the results achieved by each of the programs administered under Output 3.2.1 against the key performance indicators and targets published in the 2008–09 PBS.

Table 5.4 Summary of performance—Output 3.2.1 administered programs

Key performance indicators and targets	
Applicable administered program	Key performance indicator Target
All programs	<i>Efficient and effective management of administered programs</i> Programs are administered in accordance with relevant legislation, published guidelines and ANAO guidance.
Results	
Administered program	Result
Establishment of a local government centre of excellence ^a	Following a competitive process, the successful body to establish the Centre of Excellence for Local Government was announced in June 2009.
Local Government Financial Assistance Grants	A total of \$2.4 billion in quarterly instalments was paid through the states and territories to 565 local government bodies and the ACT.
Regional and Local Community Infrastructure Program ^a	All funds in the \$250 million direct allocation component of the program were allocated. The funded projects commenced and presented their first reports to the Department. The Department assessed 484 applications for funding under the \$550 million competitive grants component, and 136 of the approved 137 projects received initial payments.
Supplementary funding to South Australian councils for local roads	A total of \$14 million in grants was paid to 73 local government bodies in South Australia.

a This program was introduced in the 2008–09 Portfolio Additional Estimates Statements.

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 PBS.

I Assisting local governments to provide residents with an equitable level of services

The Department administers financial assistance grants that assist councils to provide municipal services and infrastructure. In 2008–09, the Australian Government provided local government with \$2.4 billion in untied financial assistance grants, allowing local government bodies to spend the grants according to local priorities. The grants were distributed to 565 local governments and the ACT.

The Department also administers supplementary funding to South Australian councils to offset the disadvantage to these councils under the distribution of financial assistance grants identified for local roads. In 2008–09, grants totalling \$14 million were distributed to 73 local government bodies in South Australia.

In May 2009 the *Local Government (Financial Assistance) Act 1995* was amended to enable the government to bring forward \$480 million in financial assistance grants. These payments were made to jurisdictions in June 2009.

II Strengthening the role of local government

In 2008–09, the Department helped to establish two institutions that will strengthen the role of local government:

- the ACLG, which provides opportunities for dialogue between the Australian Government and local governments; and
- the Australian Centre of Excellence for Local Government, which promotes excellence and innovation in the local government sector.

The Department also provided support for ongoing activities to strengthen and promote local government, such as the work of the Local Government and Planning Ministers' Council and the National Awards for Local Government.

Establishing the Australian Council of Local Government

The inaugural plenary meeting of the ACLG was held on 18 November 2008, with more than 400 mayors and shire presidents in attendance. The meeting provided the opportunity to forge a new partnership between the Australian Government and local governments. The second plenary meeting was held in June 2009, focusing on challenges facing local government through the theme 'Building resilience in local communities'. The council appointed a steering committee that met twice in 2009.

Consulting on constitutional recognition of local government

The Australian Government has stated that it supports a debate on the issue of constitutional recognition of local government and that it is willing to receive local government recommendations on the development of a process to achieve such recognition.

The question of constitutional recognition was addressed at the first meeting of the ACLG in November 2008. Subsequently, the Australian Local Government Association Constitutional Summit held in December 2008 achieved an agreed position for discussion. The summit produced a statement on local governments' efforts to build support for constitutional recognition.

Promoting best practice through the National Awards for Local Government

The National Awards for Local Government recognise, reward and promote the innovative work of local governments across Australia, showcasing unique local solutions to common problems. Independent panels judge entries for category and national winners. The 2008 awards were presented in November 2008 and consisted of 13 winners for the 10 categories, with 15 commendations; 71 councils took part, submitting 114 entries.

The 2009 awards were presented in June 2009. The theme 'Local Government—Building Australian Communities' attracted 233 entries for the 11 award categories. A total of 12 large (greater than 15,000 rateable properties) and nine small local governments were recognised in the awards (some awards were presented to partnerships). A large and small National Winner was selected from the category winners:

- Newcastle City Council, New South Wales (Large National Winner)
Project: ClimateCam – International Test laboratory
The council developed the world's first greenhouse gas speedometer to measure and report progress on its local greenhouse action plan.
- Carpentaria Shire Council, Queensland (Small National Winner)
Project: Domestic Violence – it's not our game
The council partnered with the Normanton Stingers Rugby League Club on a community campaign designed to create positive local role models, reduce the prevalence of domestic violence and create a safer community.

Supporting the Local Government and Planning Ministers' Council

The Department provides policy development and secretariat support to the Local Government and Planning Ministers' Council. The Council is a forum for discussions between local government and planning ministers from across Australia and New Zealand, and the President of the ALGA.

The council held two meetings in 2008–09. It endorsed principles to improve local government's long-term financial sustainability, and took steps to lift the efficiency and effectiveness of development assessment systems.

In August 2008 the ministerial council agreed to establish a ministerial subgroup to expedite its development assessment reform agenda.

Creating the Centre of Excellence for Local Government

The Centre of Excellence for Local Government will enhance professionalism and showcase innovation and best practice in local government in Australia.

In 2008–09, the Department conducted a competitive process, within required timeframes and in accordance with legal and financial requirements, to select a university to house the centre. The opportunity generated strong interest within the university sector. A consortium led by the University of Technology, Sydney, was selected. A funding agreement was negotiated and a grant of \$8 million to establish the centre was paid to the university in June 2009.

Improving infrastructure through the Regional and Local Community Infrastructure Program

The Department administers the Regional and Local Community Infrastructure Program, which provides funding to local government authorities to fund construction and renewal of local infrastructure to stimulate growth and economic activity across Australia.

The program was announced in November 2008 and its funding was increased in February 2009 as part of the Nation Building—Economic Stimulus Plan. It consists of a \$250 million direct allocation component and a \$550 million national competitive grants component. On 25 June 2009 the Prime Minister announced an additional \$220 million for the Regional and Local Community Infrastructure Program, bringing the total value of this program to \$1 billion.

All of the direct allocation funding was paid to eligible local government authorities in 2008–09; projects are underway and the Department received the first progress reports from councils in May 2009. For the competitive grants component, 484 funding applications collectively seeking more than \$2.1 billion were received and assessed, and 137 projects were successful. At 30 June 2009, initial payments had been made to 136 of 137 projects.

On 25 June 2009, additional funding of \$220 million was announced, for expenditure in 2009–10.

The Regional and Local Community Infrastructure Program was reported in the 2008–09 PBS as component V of Output 3.1.1. The funding for the program was announced at the ACLG in November 2008 with the funding detailed under Output 3.2.1 in the 2008–09 PAES.

Case Study – Australian Council of Local Government



Minister Albanese at the opening session of the ACLG, June 2009.

On 18 September 2008, the Prime Minister, the Hon Kevin Rudd MP, and the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP, announced the establishment of the Australian Council of Local Government (ACLG) to forge a new cooperative engagement between the Australian and local governments giving a voice to local government on matters of national significance.

More than 400 mayors and shire presidents from across Australia attended the inaugural meeting of the ACLG on 18 November 2009, to begin a dialogue on issues of concern to both levels of government.

These included local, regional and national infrastructure; local government efficiency; the habitability of major cities; the need to strengthen regional economies; climate change; housing affordability; Indigenous disadvantage; and opportunities to improve community wellbeing.

The role of the council is to:

- provide a forum for the Australian Government and local government, including the Australian Local Government Association, to consider policies and initiatives in areas of mutual interest;
- provide advice to the Australian Government on matters relevant to local government and local communities;
- contribute to dialogue on issues of national significance that affect local government and local communities;
- promote collaboration between the Australian Government and local government, as well as between individual local governments to address emerging economic, social and environmental challenges;
- encourage innovation and best practice in local government; and
- improve the provision of information and data to support the long-term development of local government.

At the inaugural meeting, the council established a steering committee to continue engagement, policy coordination and close cooperation between annual plenary meetings. Two steering committee meetings were held during the reporting period, in February and June 2009. The topics discussed funding initiatives and financial reforms. The Hon Anthony Albanese MP, Minister for Infrastructure, Transport, Regional Development and Local Government, chairs the steering committee meetings.

At this meeting, the Prime Minister announced initial funding of \$300 million to councils and shires to build and improve community infrastructure and boost local economies through the new Regional and Local Community Infrastructure Program. On 25 June 2009, at the most recent ACLG plenary meeting, the Prime Minister announced additional funding of \$220 million for the 2009 Regional and Local Community Infrastructure Program allocations. The department provides comprehensive secretariat support to the Minister in these roles.

CHAPTER 6

Infrastructure Australia





Australian Government
Infrastructure Australia

29 September 2009

The Hon Anthony Albanese MP
Minister for Infrastructure, Transport,
Regional Development and Local Government
Parliament House
CANBERRA ACT 2600

Dear Anthony,


I am pleased to present the Infrastructure Australia Annual Report for the year ended 30 June 2009.

This report has been prepared in accordance with section 26 of the Infrastructure Australia Act 2008, which also requires that you table the report in the parliament. During the year, Infrastructure Australia fully achieved its targets as published in the Infrastructure, Transport, Regional Development and Local Government 2008–09 Portfolio Budget Statements. Nationally consistent public–private partnership guidelines were prepared for COAG endorsement; the National infrastructure audit was completed and the Infrastructure Priority List was also prepared for COAG endorsement. A detailed report on Infrastructure Australia’s performance appears as Chapter 6 of the Infrastructure, Transport, Regional Development and Local Government 2008–09 Annual Report. The Department’s Annual Report contains the information required under the Freedom of Information Act 1982.

There were no ministerial directions given to Infrastructure Australia under paragraph 5(2)(j) or subsection 6(1) of the Infrastructure Australia Act 2008 during the year. In December 2008, you gave a direction to the Infrastructure Coordinator under section 28(2) of the Infrastructure Australia Act 2008, to facilitate development of an intermodal terminal at Moorebank in Sydney’s south western suburbs.

I would like to take this opportunity to thank the staff of the Office of the Infrastructure Coordinator for their professionalism and dedication in assisting Infrastructure Australia to achieve these goals and the other activities that were performed by Infrastructure Australia this year.

Yours sincerely, *and many thanks for your support and encouragement for IA.*



ROD EDDINGTON
Chair
Infrastructure Australia

OUTPUT 1.1.2—INFRASTRUCTURE INVESTMENT COORDINATION

Highlights

In 2008–09:

- Audit of Nationally Significant Infrastructure completed;
- Infrastructure Priority List presented for the government's consideration;
- National Public Private Partnership Policy and Guidelines endorsed by the Council of Australian Governments; and
- nationally consistent approvals process for major infrastructure projects recommended to the Council of Australian Governments.

Overview

The Infrastructure Australia component of Output 1.1.2. is delivered through the work undertaken by the Office of the Infrastructure Coordinator (refer also to Output 1.1.2 in chapter 3). The output does not have administered programs.

Infrastructure Australia is a statutory body which advises governments, investors and infrastructure owners on a wide range of issues. These include Australia's current and future infrastructure needs; mechanisms for financing infrastructure investments; policy, pricing and regulation and their impact on investment and on the efficiency of the delivery, operation and use of national infrastructure networks. The Infrastructure Australia Council also advises on the development of regulative frameworks and the more efficient operation and delivery of infrastructure, to promote productivity improvements.

Infrastructure Australia has 12 members, formally appointed by the Federal Minister for Infrastructure, Transport, Regional Development and Local Government.

The Infrastructure Coordinator is a statutory office holder.

Summary of performance

Table 6.1 summarises Infrastructure Australia's results in delivering Output 1.1.2 against the key performance indicators and targets published in the 2008–09 Portfolio Budget Statements.

Table 6.1 Summary of performance—Output 1.1.2

Key performance indicator	Target	Result
Outputs		
<i>Nationally consistent public–private partnership guidelines prepared for COAG endorsement</i>	By October 2008.	Guidelines endorsed by COAG in November 2008.
<i>National infrastructure audit completed by Infrastructure Australia</i>	By December 2008.	Audit completed and report published in December 2008 as a report to COAG.
<i>Infrastructure priority list prepared for COAG endorsement</i>	By March 2009.	Priority list included in December 2008 report to COAG.



Sir Rod Eddington
Chairman



The Hon Mark Birrell



Professor Peter
Newman



Ms Heather Ridout



Mr Terry Moran AO



Mr Ross Rolfe AO



Mr Phil Hennessy



Mr Jim Hallion



Mr Garry Weaven



Mr Anthony Kannis



Dr Kerry Schott



Dr Ken Henry AC

Detailed report on performance

The following report is against the headings from the applicable output from the 2008–09 Portfolio Budget Statements. Please note that for this output, the section ‘II Other activities’ has been added to address the provision of advice on productivity improvements in relation to a number of areas including communications, energy and water.

I Infrastructure Australia

Audit of nationally significant infrastructure

Infrastructure Australia conducted an audit of significant transport, water, energy and communications infrastructure across Australia, to identify the problems and challenges Australia faces.

A discussion paper, *Australia's Future Infrastructure Requirements*, was released, calling for submissions on the nationally significant problems and potential solutions by 15 October 2008. Infrastructure Australia received more than 600 submissions, collectively suggesting more than 1,000 initiatives, in response to the discussion paper. Submissions were received from Australian Government agencies, the state and territory governments, industry representative organisations, individual companies, and members of the public.

The results of the audit were published as *A Report to the Council of Australian Governments* in December 2008. The report is available from Infrastructure Australia's website.

Figure 6.1 sets out the nine major infrastructure challenges identified by the audit.

Figure 6.1 The major infrastructure challenges facing Australia

1. Deliver better governance: inefficiencies and inconsistencies in governance adversely impact infrastructure operations and investment in Australia.
2. Create competitive markets: regulatory complexity and competitive anomalies impede the operation of efficient and competitive infrastructure markets, including the development of a nationwide, world-class communications network.
3. One nation, one set of rules: inconsistent rules, legislation and regulations governing markets impede productivity and create unnecessary costs.
4. Better use of existing infrastructure: changes in the operation, pricing or use of existing infrastructure to solve problems without the need for investment in additional capacity.
5. Climate change: in addition to requiring a shift to a low carbon economy, climate change is increasing the demand for improved infrastructure, such as efficient public transport systems and low carbon intensive methods of power generation.
6. Supporting our cities: improving the liveability, sustainability and productivity of Australia's major cities.
7. Boosting exports: Increasing the productivity of Australia's international gateways, making sure that they can meet the rapidly growing freight task without adverse impacts on community amenity.
8. Supporting indigenous communities: improving infrastructure in remote and regional indigenous communities, and closing the gap in essential infrastructure and services between these and non-indigenous communities.
9. Supporting rural communities: improving the quality of life and economic prosperity in rural and regional communities.

Source: Infrastructure Australia, *National Infrastructure Priorities*, May 2009

Infrastructure priority list

Infrastructure Australia's December 2008 report outlined an urgent need for action to boost productivity, protect the environment and enhance quality of life in Australia. The report described a framework for action to meet the gaps, deficiencies and bottlenecks in Australia's infrastructure, based on the seven themes summarised in Figure 6.2.

Figure 6.2 The seven themes for addressing infrastructure challenges in Australia

1. A national broadband network: developing a more extensive, globally competitive broadband system.
2. Creation of a true national energy market: more extensive national energy grids to enable greater flexibility and competition in the nation's electricity and gas systems, whilst creating opportunities for the development of renewable energy sources.
3. Competitive international gateways: developing more effective ports and associated land transport systems to more efficiently cope with imports and exports.
4. A national rail freight network: development of our rail networks so that more freight can be moved by rail.
5. Adaptable and secure water supplies: more adaptable and resilient water systems to cope with climate change.
6. Transforming our cities: increasing public transport capacity in our cities and making better use of existing transport infrastructure.
7. Providing essential Indigenous services: improved services for Indigenous communities.

Source: Infrastructure Australia, *National Infrastructure Priorities*, May 2009

Infrastructure Australia identified a list of priorities for action under each theme. In undertaking this significant task, Infrastructure Australia used a rigorous, objective and independent process to ensure that the best initiatives were identified. Clear assessment plans were developed and the prioritisation method was published and made available through Infrastructure Australia's website. Infrastructure Australia's detailed assessments were supported by external, independent experts.

For more than six months, Infrastructure Australia engaged in consultations with state and territory agencies and project proponents, to better understand, and in many cases to collaboratively improve, the evidence supporting proposed projects.

In its December 2008 report, Infrastructure Australia identified 94 projects for further consideration. Infrastructure Australia and the project proponents worked hard to ensure that the evidence base supporting the projects was robust and comprehensive. Infrastructure Australia then applied its assessment framework to evaluate the projects.

Infrastructure Australia identified nine projects as ready to proceed, and recommended that they be considered for funding. The assessment process also identified a further 28 projects which fit one or more of the seven themes, are of national significance, and have potential to make a clear and positive contribution to Australia's policy goals, but could not be assessed as ready to proceed. Infrastructure Australia recommended that these proposals remain in the project 'pipeline' and undergo more project development and analysis for future assessment. Infrastructure Australia advised that the Ipswich Motorway proposal would satisfy the Building Australia Fund evaluation criteria.

The results of the assessment process were published as *National Infrastructure Priorities* in May 2009. The report is available from Infrastructure Australia's website.

In the 2009–10 Budget, the government provided funding for seven initial priority projects recommended by Infrastructure Australia. These projects are:

Project	Investment
Regional Rail Express (Vic)	\$3,225m
East West Rail Tunnel- preconstruction work (Vic)	\$40m
Gold Coast light rail (Qld)	\$365m
Gawler rail line modernisation (SA)	\$294m
Noarlunga to Seaford rail extension (SA)	\$291m
Hunter Expressway (NSW)	\$1,451m
Pacific Highway–Kempsey Bypass (NSW)	\$618m

The government also announced funding for the Ipswich Motorway, and provided funding for a number of pipeline projects, including the Darwin Port Expansion and Oakajee Port, with provision for possible equity contributions pending recommendation by Infrastructure Australia that the project meets the Building Australia Fund evaluation criteria, negotiations with the project proponents and the establishment of an appropriate equity vehicle.

Public–private partnership guidelines

In March 2008, the Australian Government gave Infrastructure Australia the task of developing nationally consistent guidelines for public–private partnerships. A public–private partnership is a long-term contract between the public and private sectors, under which governments pay the private sector to deliver infrastructure-related services.

Infrastructure Australia designed a framework, comprising policy and guidelines to:

- encourage private sector investment in public infrastructure and related services where value for money for government can be clearly demonstrated;
- encourage innovation in the provision of infrastructure and related service delivery;
- ensure rigorous governance over the selection of projects for public–private partnerships and the competition for and awarding of contracts;

- provide a framework and streamlined procedures for applying public–private partnerships across Australia; and
- clearly articulate accountability for outcomes.

The framework requires jurisdictions to apply the National Public Private Partnership Policy and Guidelines to the procurement of public–private partnership projects.

Following extensive consultation with state and territory governments and industry stakeholders, COAG endorsed the National Public Private Partnership Policy and Guidelines on 29 November 2008. The National Public Private Partnership Policy and Guidelines replace previously existing policy and guidelines in all states and territories. The policy does not apply to the local government sector; however, local governments may consider the benefits of applying this national policy when developing any public–private project.

The National Public Private Partnership Policy and Guidelines consist of a suite of documents which can be accessed online through Infrastructure Australia’s website.

II Other activities

The Infrastructure Australia council also advises on the development of regulative frameworks and the more efficient operation and delivery of infrastructure, to promote productivity improvements, particularly in relation to communications, energy, water and transport.

Communications

As part of its national infrastructure audit, Infrastructure Australia identified a number of policy issues in the communications sector, such as the need for a national broadband network, the discrepancies between metropolitan and regional pricing and service standards, and the future regulatory environment.

Given the importance of telecommunications in an increasingly knowledge-based economy, Infrastructure Australia noted that a world-class telecommunications network, including a national broadband network, is essential to Australia’s future prosperity and productivity.

The Australian Government’s announcement of its intention to implement a national broadband network has increased the imperative to review the sector’s regulatory settings with particular regard to the competition framework.

Energy

In its infrastructure audit, Infrastructure Australia observed that the existing national electricity transmission grid has developed from individual, state-based transmission grids supplying energy from predominately coal-fired power stations located near coal mines.

While it is true that the National Electricity Market now operates across an interconnected grid, the capacity of interconnecting transmission lines limits the physical flow of electricity between regions and contributes to price separation within the National Electricity Market. Infrastructure Australia is keen to explore how higher levels of interconnection might be achieved to assist in improving the reliability and economic efficiency of supply.

The proposed changes to the Renewable Energy Target will require significant expansions in renewable energy generation. As a result, there will need to be significant new investment in the electricity transmission grid if the most promising sources of renewable energy are to be commercialised and connected to major areas of demand. In addition, this situation is likely to result in a higher demand for gas, both as a fuel source in its own right and as a generation source to complement the intermittent nature of many renewable sources. This is likely to mean that augmentation of gas transmission networks will also be needed.

Infrastructure Australia supports the creation of economically efficient transmission systems to support the mineral-rich zones, especially in north-west Queensland and the Pilbara. Connecting those regions to transmission networks is likely to increase productive capacity and productivity and facilitate the development of new mines, the extension of existing mine life and an increase in local processing.

Infrastructure Australia will work closely with the Department of Resources and Energy in identifying how new investment in energy transmission grids can be encouraged so as to meet the challenges of the future.

Water

In its infrastructure audit, Infrastructure Australia observed that water quality in regional towns might not be meeting world health standards and that water security is still a major challenge. It also noted that while water security in urban areas is largely being addressed through diversification of supply sources, there was inconsistent application of best practice pricing and regulation. Such practices can provide effective incentives for efficient use and for new investment.

In 2009–10, Infrastructure Australia will identify the priorities for addressing water quality and security in regional towns. It will also identify where action is required, particularly in pricing and regulation, to ensure water security in urban areas.

Ports

A substantial number of submissions to Infrastructure Australia's national infrastructure audit process concerned infrastructure used by port-related logistics chains. Similarly, work undertaken in 2008–09 by the National Transport Commission on freight logistics highlighted the significance of the capacity and effective use of ports. In this research, the potential benefits of a consistent national approach became evident.

During 2008–09, the Office of the Infrastructure Coordinator worked with the National Transport Commission and industry stakeholders to identify issues that a national ports policy might address. The intention is to devise a nationally coordinated approach to the future development and planning of Australia's port and freight infrastructure, which takes into account regulatory and governance frameworks; land planning and corridor preservation; and future infrastructure requirements including road and rail links.

In the 2009–10 Budget, the Government announced that it would provide equity investments to support the development of the Darwin and Oakajee ports, subject to the outcomes of a number of feasibility studies and advice from Infrastructure Australia. A focus of Infrastructure Australia's work in 2009–10 will be providing considered advice to the government on this matter.

National freight network

One of the themes identified in Infrastructure Australia's reports to the Government in 2008–09 was the need to develop a national freight network. The critical importance of this is underlined by projections of much faster growth in freight than in other facets of the economy.

In 2008–09 the Office of Infrastructure Coordinator began identifying national freight issues, including issues in general rail freight. The office intends to complete an overview of existing freight plans and national issues in 2009–10. In particular it aims to identify any gaps which governments need to address in order to deliver an effective national freight network.

Roads

Many submissions to the national infrastructure audit identified concerns about roads, including congestion in urban areas and road conditions in regional and rural areas. The Office of Infrastructure Coordinator's initial work on ports also showed that metropolitan road transport related costs, in terms of absolute levels and increases over the last decade, are a very significant issue for national productivity.

In 2008–09, the Office of the Infrastructure Coordinator began to examine the positioning of roads within a national freight network. This included aspects of the origin of the former national highway network and current arrangements for the control of local roads.

The office also considered the reforms arising out of the National Transport Commission's work program and national transport strategy. These include road reforms agreed by the Australian Transport Council and by COAG, such as the move towards a single national heavy vehicle regulator.

Urban Rail

Urban rail forms some of Australia's largest and most important transport systems, and is critical to the functioning of Australia's major cities. Rail has potential to significantly add to national productivity.

Among the suggestions for urban rail projects submitted to Infrastructure Australia's audit were major expansions of urban rail systems in Melbourne, Sydney and Adelaide. A study for a project proposal was suggested for Brisbane, while for Perth a proposal was put forward for a land bridge over the rail line in the centre of the city.

In the 2009–10 Budget, the government provided funding for expansions of the Melbourne and Adelaide rail systems; and funding for feasibility studies to be undertaken for the Sydney and Brisbane projects.

Superannuation

In some countries, infrastructure development is financed by superannuation funds, which invest in infrastructure with an expectation of an appropriate financial return. Some such investment occurs in Australia, through direct investment in projects by the funds or by investments in stock exchange-listed infrastructure trusts.

In 2008–09, the Office of the Infrastructure Coordinator began research into the potential for the voluntary use of superannuation finances to develop Australian infrastructure. A baseline for this research is that any contribution from superannuation finances would be made at the discretion of the fund. Given the fiduciary responsibility of fund managers, an implication is that investment would be limited to infrastructure which could generate 'commercial returns' for investors.

In 2009–10, the office will be considering which infrastructure and projects could be appropriate for seeking to attract superannuation finances.

Review of major infrastructure approval processes

In late 2008, the COAG Infrastructure Working Group identified a need to review the efficiency and efficacy of processes for the environmental assessment and approval of major infrastructure projects. In initiating the review, the working group was mindful of the efforts of Australian governments to expand their infrastructure programs, both to meet long-term national needs, and to provide a stimulus in the difficult economic environment currently facing the nation.

The Office of the Infrastructure Coordinator was given responsibility to undertake this review, working with officials from various jurisdictions. The review focused on major, nationally significant infrastructure in the areas of transport, energy, water, and telecommunications.

A range of evidence, including literature from Australia and overseas, case studies, and stakeholder interviews informed the review. The office presented the recommendations from the review to the Infrastructure Working Group in June 2009.

Moorebank intermodal terminal project

In December 2008, the Minister for Infrastructure, Transport, Regional Development, and Local Government gave a direction to the Infrastructure Coordinator under section 28(2) of the *Infrastructure Australia Act 2008*, to facilitate development of an intermodal terminal at Moorebank in Sydney's south-western suburbs.

The Office of the Infrastructure Coordinator pursued various investigations and negotiations to achieve this. In particular, the Office consulted the Department of Defence and other Australian government agencies about the

timing, scope and cost of relocating various Defence facilities from Moorebank. Discussions were also held with the Australian Rail Track Corporation about a potential rail connection between an intermodal terminal and the Southern Sydney Freight Line. Some initial technical work to consider potential economic issues associated with development of the terminal, and potential options for the configuration of an intermodal terminal, were undertaken.

In line with the 2009–10 Budget announcement of the intention to develop an intermodal terminal at Moorebank, further work on the project will be undertaken in 2009–10.

CHAPTER 7

Management and Accountability



MANAGEMENT AND ACCOUNTABILITY

The Department efficiently, effectively and ethically manages the resources entrusted to it, consistent with the Australian Public Service (APS) Values, the *Public Service Act 1999*, the *Financial Management and Accountability Act 1997* and other relevant legislation.

This chapter describes how, in accordance with the Department's client service charter (available online, at <www.infrastructure.gov.au/department/about/charter.aspx>), we are:

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

This chapter should be read in conjunction with appendices D, E and F, which respectively report on the Department's implementation of:

- the Commonwealth Disability Strategy;
- ecologically sustainable development principles as set out in the *Environment Protection and Biodiversity Conservation Act 1999*; and
- the *Freedom of Information Act 1982*.

Planning and reporting framework

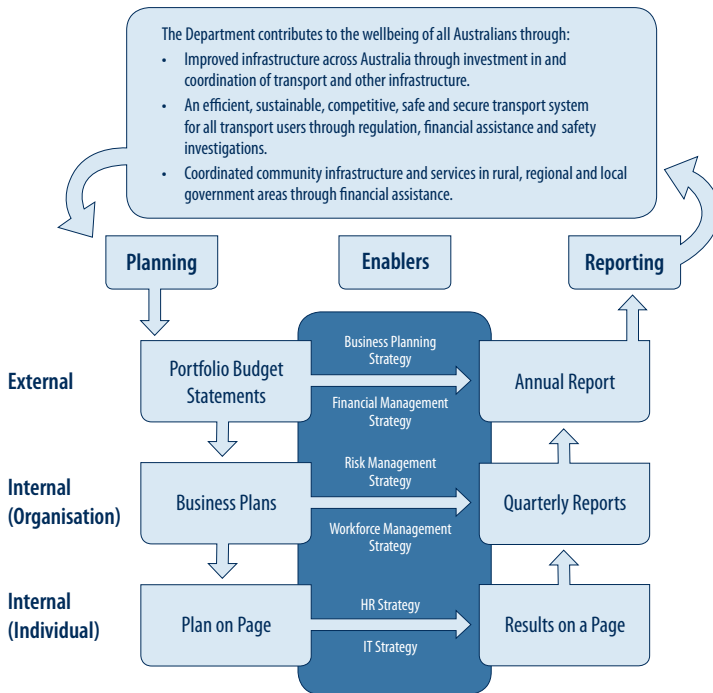
The Department publishes detailed plans in May, in its Portfolio Budget Statements (PBS), as part of the Commonwealth Budget papers. The PBS:

- describe the departmental outcomes, outputs and administered programs for which the Department will receive funding in the coming financial year;
- set the financial and other targets that will apply to each output and program;
- detail the programs and priorities that the Australian Government has asked the Department to deliver in the budget year; and
- present the Department's budgeted Financial Statements for the budget year and three out-years.

These plans are updated in the Portfolio Additional Estimates Statements (PAES), which for financial year 2008–09 were published in December 2009, and in the Portfolio Supplementary Additional Estimates Statements, which for 2008–09 were published in February and March 2009.

The following diagram shows the alignment of the Department's internal planning and reporting processes with its external planning and reporting obligations.

Figure 7.1 Planning and reporting framework



Individual performance management is a key element in helping to achieve high-quality outcomes; this is reflected in the Department’s collective agreement for 2006–09. The Department’s individual performance management arrangements are discussed in more detail later in this chapter.

Leadership, decision making and consultation

The Secretary of the Department has specific responsibilities set out in legislation, including those described in the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*. The Secretary is also responsible for ensuring the Department is able to deliver its planned outcomes.

The Department’s business divisions, the Office of the Inspector of Transport Security and the Office of the Infrastructure Coordinator, supported by a Corporate Services Division and the Bureau of Infrastructure, Transport and Regional Economics, are responsible for delivering the outcomes.

As discussed in Chapter 2, the three Deputy Secretaries, the Chief Operating Officer and several senior management committees support the Secretary in determining how the Department can best achieve specified results. The leadership structure of the Department is summarised in Figure 2.3 in Chapter 2.

Chapter 2 also provides an overview of the Department’s governance structure and details of the management committees and their activities in 2008–09.

Governance framework

The governance framework is designed to ensure that the Department applies the principles of good governance and maintains high standards of performance, conformance and accountability. In 2008–09, the Department reviewed aspects of its governance arrangements to improve oversight, efficiency and effectiveness in direction setting, decision making, risk management and accountability.

Governance arrangements across the Department's program management operations were reviewed during 2008–09. As a result, the Department established a number of project boards to oversee and report on program planning and implementation. The project boards are designed to support program governance in terms of strategy and direction, to manage risks associated with decision making, and to focus on ensuring the programs achieve their goals.

The scope of a number of existing governance committees was modified in 2008–09, and two new governance committees were established.

- The former Strategic IT Committee and Security Committee were combined to create the Strategic IT and Security Committee. This committee provides a forum to discuss information and protective security policies and recommend priorities.
- The People and Management Committee became the People and Capability Committee, to place emphasis on building the strategic capability of the Department.
- The Finance and Reporting Committee was created to oversee and consider the Department's Budget and financial processes and recommend priorities.
- The Cabinet and Parliamentary Business Committee was established to oversee and coordinate the Department's parliamentary and Cabinet-related business practices and recommend priorities.

Through its governance framework the Department promotes ethics, integrity, transparency and accountability to maintain high standards of governance and instil confidence in all those who deal with the Department.

Enterprise-wide risk management

In 2008–09, the Department developed and introduced an overarching risk management policy which provides a formal framework for managing and monitoring identified risks. This involved:

- facilitating a strategic risk assessment workshop with the Department's executive directors to ensure the currency of the Department's risks;
- conducting risk assessment workshops with all business divisions in the Department, to ensure that divisional risks are identified and mitigated; and
- developing the departmental risk profile which formed the basis of the Department's 2008–09 internal audit work plan.

Disclosure of major risks

As required, the Department continued to disclose in the Budget papers fiscal risks and contingent liabilities with a large potential impact. The enterprise-wide fiscal risks disclosed for 2008–09 were managed without significant impacts. They related to:

- compensation for Airservices Australia in the event that it experiences any financial detriment as a result of complying with government directions about airspace control services;
- indemnities for Maritime Industry Finance Company Limited board members;

- tripartite deeds applying to 12 leased federal airports—these provide financiers with limited step-in rights when an airport lease is terminated, to enable them to correct the circumstances that triggered termination of the lease;
- an indemnity issued to Code Management Company against any loss or expense that occurred prior to the transfer of ownership from the Commonwealth relating to the correct use or application of the Code of Practice for the Defined Interstate Rail Network;
- assumed residual liabilities of the Australian National Railways Commission; and
- clean-up costs, arising from ship-sourced marine pollution incidents, that cannot be recovered.

Protective security and fraud control

Since its 2007–08 audit of physical security risk management planning, the Department has continued to monitor risk factors in order to ensure an appropriate level of assurance for the Executive. The Department’s risk profile remains at a ‘low’ status.

The Department’s Fraud Control Plan was updated during the year, following a fraud risk assessment conducted early in 2009. The Fraud Control Plan and the Department’s processes for controlling, investigating and reporting on fraud all comply with the Commonwealth Fraud Control Guidelines, as certified by the Secretary in the letter of transmittal of this Annual Report.

Internal audit

The 2008–09 internal audit work program applied 78 per cent of available audit resources on compliance-related activity, 11 per cent on performance aspects and 11 per cent on administration/management.

Following implementation of the enterprise-wide risk management framework, the internal audit work plan was designed to mitigate the risks identified through the risk assessment processes.

The following audits were included in the 2008–09 internal audit work program:

- Contract Management;
- SAP/AusLink Program Management System Reconciliation;
- Airports Branch Legislative Compliance;
- Grants Administration;
- Administration of Regulation;
- Better Regions Program;
- Credit Cards Usage; and
- IT Problem and Change Management.

Ethical decision making

In 2008–09, the Department delivered the training program Working Ethically and Professionally in the APS, which is specifically aimed at building capability in ethical decision making.

The program, which is compulsory for all staff, features case studies and activities that are underpinned by the APS Values and Code of Conduct and relevant legislation.

Information regarding the APS Values and Code of Conduct was included in the induction program for all new staff, and made available to other staff and managers on request.

Services to the Minister and Parliamentary Secretaries

The Department provides a range of support services to parliamentary offices, including four full-time departmental liaison officers: two for the Minister for Infrastructure, Transport, Regional Development and Local Government, and one each for the Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government and the Parliamentary Secretary for Western and Northern Australia.

In 2008–09, the Department:

- participated in regular meetings with other portfolio agencies, in support of the Minister's broader portfolio responsibilities;
- delivered an average of 192 items of correspondence to the Minister and the Parliamentary Secretaries each week; and
- established the Cabinet and Parliamentary Business Committee, to provide a strategic framework and develop protocols to enhance the delivery of services to the parliamentary offices.

Communications

Communicating the Portfolio's achievements, funding decisions and policies to the community made up an important part of the Department's responsibilities in 2008–09.

This included support for the Department's major projects, including:

- the launch of the Aviation Green Paper;
- the inaugural meeting of the Australian Council of Local Government, in November 2008, and its second meeting, in June 2009;
- the launch of the Nation Building Program in December 2008;
- the announcement of the 2009–10 Budget in May 2009; and
- the rollout of the Regional and Local Community Infrastructure Program.

The Department delivered a range of activities to communicate the importance and the relevance of the Department's programs to the community. The trials of new screening technology in Australian airports were a good example of an important transport security message being delivered to the community, and to airline passengers in particular. The trials were supported by a carefully structured and well-targeted communication campaign.

Client feedback

The Department is committed to providing its clients with a high level of service and welcomes feedback on its results. The Department's client service charter sets out its service standards and explains how clients can provide feedback or lodge a complaint if they are not satisfied with the service they have received. The client service charter is available on the Department's website, at <www.infrastructure.gov.au/department/about/charter.aspx>.

A specific service charter for the motor vehicle compliance services that the Department provides to the public can also be found online, at <www.infrastructure.gov.au/roads/vehicle_regulation/bulletin/importing_vehicles/general/ServiceCharter.aspx>.

Complaints made through external bodies

Clients can make a complaint about the Department to the Office of the Commonwealth Ombudsman. The Department appreciates having an opportunity to resolve clients' concerns before they contact the Ombudsman. Details about the role of the Ombudsman and how the Office can be contacted are available online, at <www.comb.gov.au>.

In 2008–09, the Ombudsman received 22 approaches about the Department, representing a 37 per cent decrease on the result for the previous year. The Ombudsman’s Office elected to investigate five of the matters raised.

Clients also have rights of complaint to the Privacy Commissioner and the Australian Human Rights Commission. In 2008–09, one complaint about the Department was lodged with and resolved by the Privacy Commissioner, and the Australian Human Rights Commission did not receive any complaints about the Department.

Table 7.1 gives trend information for external complaints and scrutiny.

Table 7.1 Trends in external complaints and scrutiny, 2004–05 to 2008–09

	2004–05	2005–06	2006–07	2007–08	2008–09
Complaints recorded by the Commonwealth Ombudsman					
Complaints received	35	53	41	35	22
Finding of defective administration	0	0	0	1	1
Formal reports to the Minister under the <i>Ombudsman Act 1976</i>	0	0	0	0	0
Complaints recorded by other external bodies					
Complaints to the Australian Human Rights Commission	0	2	0	0	0
Complaints to the Privacy Commissioner	0	0	0	0	1

Other forms of scrutiny

The Department recognises and respects the rights that other parties have to scrutinise its actions and records. Such parties include:

- people and organisations seeking to access specific documents under the *Freedom of Information Act 1982* (FOI Act);
- courts and tribunals;
- the Auditor-General; and
- the Parliament of Australia.

Freedom of information requests

The FOI Act gives members of the Australian community a general right of access to documents held by the Department. The majority of departmental activities and records relate to business rather than personal matters. Details on the records the Department holds, how to make an FOI request, the functions and decision-making powers of the Department and its arrangements for outside participation are provided at Appendix F.

In summary, 45 FOI requests were received in 2008–09, representing a 30 per cent increase in number compared to the previous year. Requests continued to be for access to documents concerning business rather than personal information.

Details regarding the operation of the FOI Act are reported in detail in a whole-of-government annual report published by the Department of the Prime Minister and Cabinet, which is available online, at <www.pmc.gov.au/foi/annual_reports.cfm>.

Decisions of courts and tribunals

A significant matter which concluded during the year was the matter of The Department of Infrastructure, Transport, Regional Development and Local Government v Jetstar Airways Pty Ltd in which Jetstar was successfully prosecuted under the *Sydney Airport Curfew Act 1995* for a breach of the curfew at Sydney Airport. Jetstar pleaded guilty and was fined the sum of \$148,500.

Audit office and parliamentary scrutiny

Each year the Department's Financial Statements are required to be audited by the Australian National Audit Office (ANAO), which reports the results of the audit to Parliament and thereby provides independent assurance on financial reporting, administration and accountability. The auditor's report and Financial Statements for 2008–09 are published after the appendices in this annual report.

Other reports on matters relating to the Department are released by the ANAO, parliamentary committees or other public bodies from time to time. Reports of that kind released in 2008–09 are listed in Appendix L.

Senior Executive Service (SES) level employees of the Department, in addition to attending specific parliamentary inquiries, also attend Senate estimates committee hearings to respond to questions about the Department's activities. In 2008–09, a total of 877 Senate estimates questions on notice were received, a significant increase compared to 366 in 2007–08. Most of these questions, more than 540, were taken during the Budget estimates hearings held in May 2009.

The Department tabled 78 parliamentary questions on notice in 2008–09, 43 from the Senate and 35 from the House of Representatives. Table 7.2 provides a summary of trends in parliamentary questions on notice.

Table 7.2 Trends in parliamentary questions on notice, 2004–05 to 2008–09

	2004–05	2005–06	2006–07	2007–08	2008–09
Questions tabled in the House of Representatives or the Senate	252	222	532	71	78
Questions from the Senate estimates committee hearings	591	1,032	573	366	877
Total questions received	843	1,254	1,105	437	955

Records management

In 2008–09, the management of departmental records continued to be undertaken through contracted services. All records management operations were conducted on the Department's premises rather than off-site.

Human resource strategy

The Department places a high priority on its people, and remains focused on people management to ensure that it has the necessary capacity to deliver outcomes for the government.

The Department seeks to be regarded as a public sector employer that is professional, has integrity and offers a rewarding place to work. The Human Resource Strategy for 2007 to 2010 acknowledges that people are critical to helping the organisation to achieve its goals. It also outlines strategies to underpin the development of a program of people management initiatives around four elements: recruit; retain; manage; and develop.

During 2008–09, human resource reporting was reviewed to ensure that human resource metrics were available to managers to assist in the achievement of both business outcomes and human resource objectives. These reports enable evidence-based discussion on emerging and identified human resource issues and assist in holding managers accountable for their human resource management responsibilities.

The Department pursues retention strategies that focus on the ongoing development of individual capabilities, including through the Department's leadership program, as well as appropriate rewards and recognition initiatives. The leadership program includes opportunities to participate in 360-degree feedback, peer workshops and executive coaching programs to increase leadership capability and grow talent within the organisation.

The Department has been accredited as an Investor in People (IiP) since April 1999, and is currently accredited until the end of 2009. The IiP accreditation confirms the Department's commitment to achieving excellence in business outcomes through employee development and engagement.

Learning and development

The Department's learning and development program includes a range of staff development activities shaped by the Department's business priorities, the broader public service direction and employees' individual development plans.

The Department delivers a set of corporate learning and development activities that build individual and organisational capability, and are aligned with the Department's capability framework.

To meet the government's call for greater policy development capability across the APS, the Department supported 28 middle managers to undertake a graduate unit in Policy, Process and Analysis as part of the Australian National University's Graduate Studies Select program.

An internal policy skills development team was established. A policy resource site was developed for the Department's intranet, including definitions, key articles, a skills register, skills development programs and links to key public policy sites.

To improve understanding of the legislative process, two new training programs—Know your Legislation, and Legislative and Parliamentary training—were introduced. The first program covers the processes that turn policy into law, and the second program covers the sources of law, including common law, the Constitution and legislation.

Graduate development program

In January 2009, 29 new graduates commenced working for the Department, in a range of positions across all business divisions.

As in previous years, graduates were drawn from a variety of academic disciplines, reflecting the Department's need for specialist skills and qualifications in, for example, engineering and public policy, as well as general analytical skills and a capacity for critical thinking.

In 2009, the 10-month formal learning and development program, which previously consisted of a combination of internal and external training programs, was replaced with the Diploma of Government course conducted by the Australian Public Service Commission. This formal program is supplemented with on-the-job experience facilitated by rotations through three different business divisions.

Performance management

The Department's performance management framework provides an effective means for managers and employees to share and develop a common understanding of, and agree on, the deliverables and performance levels required of each employee.

With their manager, each employee develops a personal 'Plan on a Page' then assesses their performance against that plan at least twice a year through their 'Results on a Page'. The assessment focuses on recognising what has been achieved and what lessons have been learned, and is complemented by the personal 'Development on a Page', which identifies individual capability needs and how capabilities will be developed.

The Department also implements a framework for rewarding and recognising the contributions made by individuals and teams, across the Department and within each division.

The two formal departmental awards, the Australia Day Achievement Awards and the Awards for Excellence, highlight and celebrate the achievements of individuals and teams that contribute to meeting the Department's business objectives.

- The Awards for Excellence announced in August 2008 recognised the contributions of four teams and four individuals.
- The Australia Day Achievement Awards 2009 recognised the contributions of eight teams and 12 individuals.

Flexible working arrangements

The Department values the contribution of its employees, and recognises its responsibility to provide a safe and supportive work environment that enables employees to balance work and personal commitments.

The Department provides generous leave entitlements and flexible working arrangements. These include access to adoption leave, consistent with paid maternity leave arrangements in the APS, as well as an additional two weeks of parental leave for new parents (including those who are not the primary care provider). The Department also supports its employees through provisions for employees to work from home or to work on a part-time basis.

In 2008–09, the Department offered determinations under section 24 of the *Public Service Act 1999*, and a flexible remuneration clause in the collective agreement for 2006–09, to attract or retain staff with particular skills.

Remuneration policies

The Department's remuneration policies encourage and reward high performance.

SES remuneration included performance pay for exceptional performance for part of 2008–09. In 2008–09, performance payments totalling \$269,184 were made to 38 SES staff. In January 2009 access to SES performance bonuses was withdrawn.

In 2008–09, one non-SES staff member on an Australian Workplace Agreement (AWA) received a total of \$4,041 in performance pay.

Non-SES staff who are covered by the collective agreement progress to the next salary point that applies to their substantive position until they reach the top salary point payable, provided they have performed at a satisfactory level for 12 months. More than 53 per cent of all staff were at the top salary point at 30 June 2009.

The nature and amount of remuneration for SES staff are determined through a process of negotiation with successful candidates for vacancies, subject to approval by the Secretary. When applying the Department's SES Remuneration Policy, each case is determined on its merits, taking into account the demands of the position and the skills and experience of the candidate.

Employment agreements

In line with government policy, the Department has provided for conditions of employment for non-SES employees to be determined through its collective agreement for 2006–09. Negotiation of the next collective agreement began in March 2009 and was ongoing at 30 June 2009.

Table 7.3 gives statistics for types of employment agreements active in 2008–09 and previous reporting periods.

Table 7.3 Trends in nature of employment agreements with staff at 30 June, 2004–05 to 2008–09

	2004–05	2005–06	2006–07	2007–08	2008–09
Australian Workplace Agreements					
SES (all)	35	40	44	39	0
Non-SES	97	104	102	87	23
Section 24(1) Determinations under the <i>Public Service Act 1999</i>					
SES	0	0	0	1	49
Non-SES	0	0	0	0	0
Collective agreement					
SES	0	0	0	0	0
Non-SES	1,022	1,141	1,143	1,120	1,172
Total staff	1,154	1,285	1,289	1,247	1,244

SES = Senior Executive Service

Staffing statistics

At 30 June 2009:

- the Department employed 1,244 staff, a decrease of 0.2 per cent since 30 June 2008;
- the Office of Transport Security continued to be the single largest business division of the Department, with 309 staff (a decrease from 339 in June 2008); and
- the Department's graduate intake had decreased to 29 (from 30 in 2008).

Table 7.4 shows trends in staffing statistics. For more information about the Department's staff profile, including the number of staff by location and by hours of work, see Appendix H.

Table 7.4 Trends in staff recruitment and retention at 30 June, 2004–05 to 2008–09

	2004–05	2005–06	2006–07	2007–08	2008–09
Recruitment^a					
Graduates recruited externally	31	37	31	30	29
Other external recruits	427	369	309	311	243
Total external recruits	458	406	340	341	272
Retention^b					
Retention rate (%)	85.8	83.6	81.0	78.0	77.4
Separations of ongoing staff					
Transfers/promotions to another APS agency	58	91	127	164 ^c	74
Resignations and retirements	61	71	106	157	94
Retrenchments ^d	4	9	10	3	55
Other ^e	0	4	6	4	2
Total separations	123	175	249	328	225

APS = Australian Public Service

- a Non-ongoing staff are included in recruitment numbers but excluded from retention and separations data.
- b Retention statistics refer to ongoing operative staff only. Separations of inoperative staff, who have been on leave without pay for more than three months, are not included in this calculation.
- c This figure included 65 staff transferred to Attorney-General's Department as part of a machinery-of-government change.
- d Retrenchments include not only redundancies but also dismissals. Reasons for dismissal may include unsatisfactory conduct, unsatisfactory performance and non-compliance with conditions of employment.
- e Other reasons for separation may include invalidity, death and termination.

Workplace diversity

The Department respects and values the diversity of its workforce. In 2008–09, the Department:

- focused on activities to increase the numbers of Indigenous employees and harness the capabilities and perspectives of Indigenous employees;
- offered flexible working conditions to help attract and retain employees;
- celebrated the National Aboriginal and Islander Day Observance Committee (NAIDOC) Week;
- launched its Disability Support Strategy, in conjunction with the celebration of the International Day of People with Disability on 3 December 2008; and
- continued to support the internal Diversity and Equity Network and activities to promote awareness of diversity and equity issues across the Department.

A report on the Department's implementation of the Commonwealth Disability Strategy in 2008–09 is at Appendix D.

The Department's commitment to recruiting and retaining Indigenous employees is outlined in its Indigenous Employment Strategy and Indigenous Workforce Action Plan. The Indigenous Employment Strategy aims to offer more employment opportunities for Indigenous people and to retain Indigenous employees who have been recruited. Both the Employment Strategy and the Workforce Action Plan will be reviewed in 2009–10.

In 2008–09, the Department continued to recruit entry-level Indigenous employees through initiatives of the Australian Public Service Commission and the Department of Education, Employment and Workplace Relations, recruiting one trainee, two cadets and one graduate.

The Department supported, for the fourth year, the Indigenous Professional Development Network, which provides a forum for the Department's Indigenous employees to contribute to agency directions, particularly in relation to the Indigenous Employment Strategy, and to support Indigenous employees in achieving personal and organisational goals.

Table 7.5 summarises trends in the diversity profile of the Department's workforce.

Table 7.5 Trends in workforce diversity, 2004–05 to 2008–09

	2004–05	2005–06	2006–07	2007–08	2008–09
Women	527	584	582	555	566
People from non-English speaking backgrounds	119	156	168	175	172
People with a disability	21	23	30	21	22
Indigenous people ^a	4	11	12	11	15
All employees	1,154	1,285	1,289	1,247	1,244
Proportion of staff volunteering diversity information (%)	95	96	99	98	98

^a During their trainee year, the Department's Indigenous trainees are Department of Education, Employment and Workplace Relations employees who have been placed with the Department and, therefore, they are not included in these figures.

Resolution of workplace problems

The Department has a network of trained workplace harassment contact officers, located in Canberra and regional offices, who provide support to employees in regard to harassment and bullying. The network meets every three months and is supported by a senior executive sponsor.

Incidents of alleged harassment and bullying can be reported using the intranet-based reporting tool iReport. The Department also has appropriate mechanisms in place to address breaches of the APS Code of Conduct.

Occupational health and safety

The Department is committed to promoting strategies that improve the health, safety and wellbeing of its employees, particularly through effective and timely incident investigation and injury management.

A range of health and wellbeing initiatives were implemented or continued in 2008–09, including:

- Health Week, held in September and May, which involved employees participating in health assessments and/or receiving influenza vaccinations;
- Weight Watchers at Work, which involved 32 employees;
- 10,000 Steps, which involved 242 employees, based in offices around Australia and in Manila, Philippines, participating in a virtual walking challenge;
- support to quit smoking, provided to four employees;
- lunchtime fitness classes, which involved 24 employees completing user-pays classes in the workplace; and
- health and wellbeing seminars, which were held monthly and provided information on a variety of subjects, including sleep, happiness and understanding depression.

To ensure ongoing compliance with the *Occupational Health and Safety Act 1991* (OH&S Act) and the *Safety Rehabilitation and Compensation Act 1988* (SRC Act), the Department's Health and Safety Management Arrangements were introduced in September. Three new policies were also developed, covering safe use of vehicles; drugs and alcohol; and fitness for duty.

During 2008–09, a total of 13 reports were submitted by staff who reported workplace hazards (anything with the potential to cause injury) and 57 reports were submitted following workplace health and safety incidents. Four notifiable incidents were reported to Comcare. A total of eight reported incidents eventuated in accepted workers' compensation claims. An additional three reported incidents were denied liability by Comcare. Although the number of accepted claims reduced this year, the total time lost from new claims increased by 29.46 weeks (primarily due to one claim which required a significant amount of time off work).

The Department's Comcare premium reduced to 0.87 per cent, well below the APS average of 1.36 per cent.

OH&S information and advice are available to all employees through the Department's intranet. Additionally, Protecting Your Best Asset: OH&S for Managers and Supervisors training has been introduced to provide managers and supervisors with the information they need to ensure the health and safety of their staff.

Table 7.6 summarises trends in OH&S measures, indicators and incidents in the Department.

Table 7.6 Workplace health and safety trends, 2004–05 to 2008–09

	2004–05	2005–06	2006–07	2007–08	2008–09
Proactive measures					
Workplace assessments	> 150	> 250	>150	133	127
Staff health assessments	200	329	201	264	304
Staff influenza vaccinations	341	331	298	345	512
Wellbeing indicators					
Staff using employee assistance (%)	8.2	7.34	8.33	5.51	9.04
Days of unscheduled absence per full-time equivalent employee ^a	8.95	9.74	10.51	10.72	10.11
Incident management^b					
New claims accepted by Comcare	18	20	23	14	8
Total weeks lost from new claims through incapacity	22.65	46.13	49.34	8.04	35.35
Average time off work per injury (weeks)	1.25	2.31	2.15	0.73	5.89
Special or serious incident requiring Comcare investigation	0	0	0	0	4
Directions or notices issued to the Department under the <i>Occupational Health and Safety Act 1991</i>	0	0	0	0	0

a Unscheduled absence includes sick leave, carers' leave and bereavement leave. Workers' compensation leave is not included in unscheduled absence.

b These figures are as advised by Comcare.

APPENDICES



APPENDIX A—AGENCY RESOURCE STATEMENTS AND RESOURCES FOR OUTCOMES

The Agency Resource Statement (Table A.1) represents a reconciliation of the Department's final usage of all resources in cash terms, calculated by declaring the actual available appropriation for 2008–09 (including carried forward cash balances and further adjustments such as section 32 transfers under the *Financial Management and Accountability Act 1997* and advances to the Finance Minister), and comparing this to the actual payments made. Additionally, for departmental appropriations and special accounts, information about any remaining balance to be carried over to the 2009–10 financial year is reported.

The resources for outcomes tables (A.2, A.3 and A.4) are presented by appropriation source and correspond to the Total Resources for Outcome tables in the 2008–09 Portfolio Budget Statements.

Table A.1 Agency resource statement

	Actual available appropriations for 2008–09 \$'000	Payments made 2008–09 \$'000	Balance remaining \$'000
Ordinary annual services^a			
Departmental outputs			
Departmental outputs ^b	350,673	252,137	98,536
Section 31 relevant agency receipts	2,623	2,623	0
Total	353,296	254,760	98,536
Administered expenses			
Outcome 1	102,297	90,195	
Outcome 2 ^c	194,032	176,209	
Outcome 3 ^c	159,728	101,046	
Payments to portfolio CAC Act bodies non-operating	96,623	96,623	
Total	552,680	464,073	
Total ordinary annual services	905,976	718,833	
Other services^d			
Administered expenses			
Specific payments to states, ACT, NT and local government			
Outcome 1 ^c	3,125,303	3,125,303	
Outcome 2	0	0	
Outcome 3	564,267	494,257	
Total	3,689,570	3,619,560	

Table A.1 continued.

	Actual available appropriations for 2008–09 \$'000	Payments made 2008–09 \$'000	Balance remaining \$'000
Administered non-operating			
Administered assets and liabilities ^c	1,196,801	422,000	
Total	1,196,801	422,000	
Total other services	4,886,371	4,041,560	
Special Appropriations			
Special Appropriations limited by criteria/entitlement			
<i>Australian Maritime Safety Authority Act 1990</i>	67,400	67,400	
<i>Aviation Fuel Revenues (Special Appropriation) Act 1988 – Section 4</i>	78,253	78,253	
<i>Interstate Road Transport Act 1985</i>	54,309	54,309	
<i>Local Government (Financial Assistance) Act 1995</i>	2,370,863	2,370,863	
<i>Protection of the Sea (Oil Pollution Compensation Fund) Act 1996</i>	2,632	2,632	
Total Special Appropriations	2,573,457	2,573,457	
Less payments into special accounts		(54,309)	
Total Appropriations excluding Special Accounts		2,519,148	
Special Accounts			
Opening balance	15,326		
Appropriation receipts	54,309		
Non appropriation receipts to Special Accounts	1,005,000		
Adjustments	(15,000)		
Payments made		1,054,879	
Closing balance			4,756
Total resourcing and payments	9,425,439	8,334,420	

CAC Act = Commonwealth Authorities and Companies Act 1997

- a *Appropriation Act (No. 1) 2008–09, Appropriation Act (No. 3) 2008–09, Appropriation Act (No. 5) 2008–09 and Section 32 transfers. Refer to Note 26A of the Financial Statements for amounts appropriated under these Acts.*
- b *Actual Available Appropriations for 2008–09 includes prior year amounts which represent funding for future liabilities and future asset replacement.*
- c *Actual Available Appropriations for 2008–09 includes retained administered funds from prior years.*
- d *Appropriation Act (No. 2) 2008–09, Appropriation Act (No. 4) 2008–09, Appropriation Act (No. 6) 2008–09, Appropriation (Nation Building and Jobs) Act (No. 2) 2008–09 and Advances to the Finance Minister. Refer to Note 26B of the Financial Statements for amounts appropriated under these Acts.*

Table A.2 Resources for Outcome 1: Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure

	Budget ^a 2008–09 \$'000	Actual Expenses 2008–09 \$'000	Variation \$'000
Output Group 1.1: Infrastructure investment			
Administered items			
Annual Appropriations	4,211,038	4,210,394	(644)
Special Accounts			
Building Australia Fund Infrastructure Portfolio Special Account	1,005,000	1,005,000	0
Total Administered items	5,216,038	5,215,394	(644)
Departmental Outputs			
Output 1.1.1: Infrastructure investment policy and programs	21,220	22,759	1,539
Output 1.1.2: Infrastructure investment coordination	10,091	8,096	(1,995)
Total Departmental Outputs	31,311	30,855	(456)
Subtotal for Output Group 1.1	5,247,349	5,246,249	(1,100)
Total for Outcome 1	5,247,349	5,246,249	(1,100)
Total Departmental	31,311	30,855	(456)
Total Administered	5,216,038	5,215,394	(644)
Average staffing level (number)		141	

a Full-year budget, including any subsequent adjustments made to the 2008–09 Budget.

Table A.3 Resources for Outcome 2: An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations

	Budget ^a 2008–09 \$'000	Actual Expenses 2008–09 \$'000	Variation \$'000
Output Group 2.1: Transport safety investigations			
Administered items			
Annual Appropriations	0	0	0
Total Administered items	0	0	0
Departmental Outputs			
Output 2.1.1: Transport safety investigations	22,197	23,996	1,799
Total Departmental Outputs	22,197	23,996	1,799
Subtotal for Output Group 2.1	22,197	23,996	1,799

Table A.3 continued.

	Budget ^a 2008–09 \$'000	Actual Expenses 2008–09 \$'000	Variation \$'000
Output Group 2.2: Transport security			
Administered items			
Annual Appropriations	14,789	13,876	(913)
Total Administered items	14,789	13,876	(913)
Departmental Outputs			
Output 2.2.1: Transport security policy, programs and regulation	77,957	79,399	1,442
Total Departmental Outputs	77,957	79,399	1,442
Subtotal for Output Group 2.2	92,746	93,275	529
Output Group 2.3: Transport systems			
Administered items			
Annual Appropriations	268,502	262,290	(6,212)
Special Appropriations			
<i>Australian Maritime Safety Authority Act 1990</i>	64,097	67,400	3,303
<i>Aviation Fuel Revenues (Special Appropriation) Act 1999</i>	78,112	78,253	141
<i>Protection of the Sea (Oil Pollution Compensation Fund) Act 1993</i>	3,856	3,921	65
Special Accounts			
Interstate Road Transport Special Account	55,030	54,741	(289)
Total Administered items	469,597	466,605	(2,992)
Departmental Outputs			
Output 2.3.1: Surface transport policy, programs and regulation	22,550	19,551	(2,999)
Output 2.3.2: Road safety and vehicle policy, programs and regulation	15,886	16,890	1,004
Output 2.3.3: Aviation and airports policy, programs and regulation	37,614	37,862	248
Total Departmental Outputs	76,050	74,303	(1,747)
Subtotal for Output Group 2.3	545,647	540,908	(4,739)
Total for Outcome 2	660,590	658,179	(2,411)
Total Departmental	176,204	177,698	1,494
Total Administered	484,386	480,481	(3,905)
Average staffing level (number)		872	

^a Full-year budget, including any subsequent adjustments made to the 2008–09 Budget.

Table A.4 Resources for Outcome 3: Coordinated community infrastructure and services in rural, regional and local government areas through financial assistance

	Budget ^a 2008–09 \$'000	Actual Expenses 2008–09 \$'000	Variation \$'000
Output Group 3.1: Regional development			
Administered items			
Annual Appropriations	104,941	93,243	(11,698)
Total Administered items	104,941	93,243	(11,698)
Departmental Outputs			
Output 3.1.1: Regional development policy and programs	31,924	27,264	(4,660)
Total Departmental Outputs	31,924	27,264	(4,660)
Subtotal for Output Group 3.1	136,865	120,507	(16,358)
Output Group 3.2: Local government			
Administered items			
Annual Appropriations	512,267	502,257	(10,010)
Special Appropriations <i>Local Government (Financial Assistance) Act 1995</i>	2,351,298	2,351,297	(1)
Total Administered items	2,863,565	2,853,554	(10,011)
Departmental Outputs			
Output 3.2.1: Local government policy and programs	11,934	15,189	3,255
Total Departmental Outputs	11,934	15,189	3,255
Subtotal for Output Group 3.2	2,875,499	2,868,743	(6,756)
Total for Outcome 3	3,012,364	2,989,250	(23,114)
Total Departmental	43,858	42,453	(1,405)
Total Administered	2,968,506	2,946,797	(21,709)
Average staffing level (number)		206	

a Full-year budget, including any subsequent adjustments made to the 2008–09 Budget.

Table A.5 Administered program expenses – Outcome 1

	Budget ^a 2008–09 \$'000	Actual Expenses 2008–09 \$'000	Variation \$'000
Output Group 1.1: Infrastructure investment			
Output 1.1.1: Infrastructure investment policy and programs			
Annual administered expenses			
Nation Building Program ^b	4,210,896	4,210,331	(565)
Nation Building Program Investment	2,553,347	2,553,347	0
Nation Building Black Spot Projects	144,728	144,728	0
Nation Building boom gates for rail crossings	50,000	50,000	0
Nation Building Heavy Vehicle Safety and Productivity ^c	10,000	10,000	0
Nation Building Roads to Recovery	355,579	354,986	(593)
Nation Building Off-Network Projects	99,718	99,719	1
Nation Building Off-Network Projects supplementary	79,088	65,881	(13,207)
Nation Building improving local roads	83,752	78,681	(5,071)
Nation Building improving the National Network	834,464	852,770	18,306
Nation Building funding for road projects other than under the <i>AusLink (National Land Transport) Act 2005</i>	220	219	(1)
Management of residual issues of former Australian National Railway Commission	142	63	(79)
Special Account expenses			
Nation Building Plan for the Future (<i>Building Australia Fund Infrastructure Portfolio Special Account</i>)	1,005,000	1,005,000	0
Total Output 1.1.1	5,216,038	5,215,394	(644)
Total Output Group 1.1	5,216,038	5,215,394	(644)
Total Outcome 1	5,216,038	5,215,394	(644)

a Full-year budget, including any subsequent adjustments made to the 2008–09 Budget.

b Effective 1 January 2009 the Treasury is responsible for payments to state and territories for national partnership payments. Further information on these administered programs can be found in the Treasury's Portfolio Budget Statements program information.

c Previously known as Nation Building Heavy Vehicle Safety.

Notes The Nation Building Plan for the Future (Investing in public transport links for our major cities) program was a new measure announced in the 2009–10 PBS with funding for 2008–09 and does not appear in this table because, under the new Federal Financial Relations framework, effective 1 January 2009, the Treasury is responsible for payments to state and territory governments. Further information on this administered program can be found in the Treasury's PBS program information.

The Murray River Bridges–Federation Fund Project does not appear in this table because, under the new Federal Financial Relations framework, effective 1 January 2009, the Treasury is responsible for payments to state and territory governments. Further information on this administered program can be found in the Treasury's PBS program information.

Table A.6 Administered program expenses – Outcome 2

	Budget ^a 2008–09 \$'000	Actual Expenses 2008–09 \$'000	Variation \$'000
Output Group 2.2: Transport security			
Output 2.2.1: Transport security policy, programs and regulation			
Annual administered expenses			
Aviation security enhancements	14,789	13,876	(913)
Checked baggage screening	10,048	9,632	(416)
Increased air cargo inspections	0	3	3
Improving international aviation security	414	311	(103)
Regional passenger screening	870	742	(128)
Screening for liquids, aerosols and gels	3,457	3,188	(269)
Total Output 2.2.1	14,789	13,876	(913)
Total Output Group 2.2	14,789	13,876	(913)
Output Group 2.3: Transport systems			
Output 2.3.1: Surface transport policy, programs and regulation			
Annual administered expenses			
Bass Strait Passenger Vehicle Equalisation Scheme	34,436	35,060	624
International Maritime Organization – contribution	271	271	0
National Transport Commission	2,769	2,743	(26)
OECD Road Transport – contribution	43	40	(3)
Tasmanian Freight Equalisation Scheme	111,300	109,419	(1,881)
Tasmanian Wheat Freight Scheme	1,050	319	(731)
Payments to CAC Act bodies – AMSA (Annual) ^b	49,394	50,742	1,348
Special Appropriation expenses			
<i>Australian Maritime Safety Authority Act 1990^b</i>	64,097	67,400	3,303
<i>Protection of the Sea (Oil Pollution Compensation Fund) Act 1996</i>	3,856	3,921	65
Special Account expenses			
Interstate Road Transport fees – (<i>Interstate Road Transport Special Account</i>)	55,030	54,741	(289)
Total Output 2.3.1	322,246	324,656	2,410

Table A.6 continued.

	Budget ^a 2008–09 \$'000	Actual Expenses 2008–09 \$'000	Variation \$'000
Output 2.3.2: Road safety and vehicle policy, programs and regulation			
Annual administered expenses			
keys2drive	1,500	1,500	0
Seatbelts on regional school buses	1,875	1,194	(681)
Total Output 2.3.2	3,375	2,694	(681)
Output 2.3.3: Aviation and airports policy, programs and regulation			
Annual administered expenses			
Airport Lessee Companies – reimbursement of parking fines	1,500	277	(1,223)
Implementation of noise amelioration	1,245	276	(969)
- Adelaide Airport	300	248	(52)
- Sydney Airport	945	28	(917)
International Civil Aviation Organization – contribution	1,525	1,525	0
Payment scheme for Airservices Australia's en route charges	6,157	4,664	(1,493)
Remote Aerodrome Safety	6,218	5,049	(1,169)
Sydney West Airport – rental properties	2,284	2,268	(16)
Payments to CAC Act bodies – CASA (Annual) ^b	45,881	45,881	0
Depreciation and amortisation	1,054	1,062	8
Special Appropriation expenses			
<i>Aviation Fuel Revenues (Special Appropriation) Act 1988^c</i>	78,112	78,253	141
Total Output 2.3.3	143,976	139,255	(4,721)
Total Output Group 2.3	469,597	466,605	(2,992)
Total Outcome 2	484,386	480,481	(3,905)

a Full-year budget, including any subsequent adjustments made to the 2008–09 Budget.

b This relates to appropriation for portfolio CAC Act bodies which is provided through the Department.

c Relates to payments to CAC Act bodies.

Table A.7 Administered program expenses – Outcome 3

	Budget ^a 2008-09 \$'000	Actual Expenses 2008-09 \$'000	Variation \$'000
Output Group 3.1: Regional development			
Output 3.1.1: Regional development policy and programs			
Annual administered expenses			
Better Regions	19,000	23,104	4,104
East Kimberley Development Package ^b	16,400	0	(16,400)
Foundation for Rural and Regional Renewal	500	500	0
Regional and Rural Research and Development Grants	128	125	(3)
Regional Development Australia committees	17,361	17,437	76
Regional Partnerships	42,547	45,411	2,864
Remote Air Services Subsidy Scheme	8,300	5,726	(2,574)
Sustainable Regions	705	940	235
Total Output 3.1.1	104,941	93,243	(11,698)
Total Output Group 3.1	104,941	93,243	(11,698)
Output Group 3.2: Local government			
Output 3.2.1: Local government policy and programs			
Annual administered expenses			
Establishment of a local government centre of excellence	8,000	8,000	0
Regional and Local Community Infrastructure Program	490,000	479,990	(10,010)
Supplementary funding to South Australian councils for local roads	14,267	14,267	0
Special Appropriation expenses			
<i>Local Government (Financial Assistance) Act 1995</i>	2,351,298	2,351,297	(1)
Total Output 3.2	2,863,565	2,853,554	(10,011)
Total Outcome 3	2,968,506	2,946,797	(21,709)

a Full-year budget, including any subsequent adjustments made to the 2008-09 Budget.

b Effective 1 January 2009 the Treasury is responsible for payments to state and territories for national partnership payments. Further information on these administered programs can be found in the Treasury's Portfolio Budget Statements program information.

APPENDIX B—ACTIVITIES OF THE BUREAU OF INFRASTRUCTURE, TRANSPORT AND REGIONAL ECONOMICS

This appendix provides an overview of the activities of the Bureau of Infrastructure, Transport and Regional Economics (BITRE) in 2008–09.

Overview

BITRE provides economic analysis, research and statistics on infrastructure, transport, local government and regional development issues, for the purposes of informing both Australian Government policy development and wider community understanding. Dissemination of the results of BITRE research and analysis contributes to better informed public debate on portfolio issues.

BITRE's research, analysis and statistics program is developed in the Department's business planning cycle and is available from the BITRE website, at www.bitre.gov.au.

BITRE also includes the Department's Climate Change Task Force, which coordinates departmental involvement in engagement with the government's climate change policy agenda.

Research

Among its major research activities in 2008–09, BITRE:

- released detailed forecasts, to 2030, of traffic on the non-urban national road network;
- conducted and released research into urban transport trends in Australian cities;
- participated in the Treasury's modelling of the economic impact of emissions-trading scenarios;
- produced a paper for the Australian Council of Local Government on the regional impacts of the economic downturn;
- progressed a range of projects, including:
 - » evaluating the Nation Building Black Spot Projects program;
 - » estimating the cost of road crashes;
 - » projecting traffic on the National Network urban corridors; and
 - » researching the spatial distribution of income support payments, and the cost of living in Australia's regions;
- undertook analysis in areas including transport regulatory reform and local government growth pressures to inform policy and program development; and
- provided advice to other departments, drawing on expertise in areas such as small area income, wealth and social capital measurement.

Statistics

BITRE holds unique collections of data on aviation, maritime and land transport, which are made available in a number of regular publication series.

BITRE's *Waterline* series provides information on the performance of Australia's container ports. During 2008–09 BITRE commenced investigation of the inclusion of bulk port performance information as outlined in the April 2009 issue of *Waterline*.

In 2008–09, BITRE released the second transport statistics yearbook, an annual compendium of transport statistics and trends. BITRE commenced developing an expanded yearbook, to include statistics in infrastructure sectors other than transport.

BITRE also released the *Northern Australian Statistical Compendium*, which will inform the work of the Department's Office of Northern Australia.

Publications

Table B.1 provides a comprehensive listing of BITRE's major 2008–09 publications, all of which are available as free downloads from the BITRE website.

Table B.1 Bureau of Infrastructure, Transport and Regional Economics publications, 2008–09

	Issue	Title
Reports	115	<i>Air transport services in regional Australia: trends and access</i>
	116	<i>A regional economy—a case study of Tasmania</i>
Working papers	74	<i>Moving urban Australia: can congestion charging unplug our roads?</i>
	75	<i>National road network intercity traffic projections to 2030</i>
Information paper	63	<i>Household wealth</i>
Briefing paper	1	<i>How do fuel use and emissions respond to price changes?</i>
Information sheets	28	Freight rates in Australia 1964–65 to 2007–08
	29	Public road-related expenditure and revenue in Australia 2008 update
	31	Urban passenger transport: how people move about in Australian cities
	32	Changes in Australia's industry structure: main cities 2001–06
Aviation statistics	Monthly	Airline on-time performance
		International scheduled air transport
		Australian domestic airline activity
	Annual	Airline on-time performance
		International scheduled air transport
		Australian domestic airline activity
		Airport traffic data 1997–98 to 2006–07
		General aviation 2007
Other major publications	12, 13	<i>Avline</i>
	44, 45	<i>Waterline</i>
		<i>Economic wellbeing of Australia's regions</i> (staff paper)
		<i>Northern Australia statistical compendium 2009</i>
		<i>Australian transport statistics yearbook 2009</i>
		'Modelling the road transport sector', BITRE–CSIRO appendix to the Treasury's <i>Australia's low pollution future: the economics of climate change mitigation</i>
		<i>Tasmanian freight schemes parameter review</i>
		<i>Regional economic growth database update 2005–06</i>
		<i>The global economic downturn: some implications for Australian local governments</i>

Conferences and workshops

BITRE's Infrastructure Colloquium on the theme 'Infrastructure for the nation's future' was held in June 2009. Approximately 210 delegates took part in a program, which covered topics such as infrastructure delivery, urban planning and transport, and local government issues. Speaker presentations can be downloaded from the BITRE website.

During 2008–09 BITRE convened a number of other workshops and seminars, as part of its role in promoting policy discussion. In October 2008, BITRE hosted a City Issues and Data workshop in Canberra, involving participants from the Council of Capital City Lord Mayors and various Australian Government departments. In April 2009, BITRE hosted a seminar with transport planner Todd Litman, Director of the Victoria Transport Policy Institute, British Columbia, Canada, on the future of urban transport. In June 2009, BITRE convened a seminar with Professor Kjell Aleklett from the Global Energy Systems Group at Uppsala University in Sweden, on oil depletion and transport energy issues.

BITRE staff members delivered 23 external presentations at a range of other seminars, conferences and government and community meetings.

International engagement

BITRE leads Australia's engagement with the International Transport Forum (ITF), part of the Organisation for Economic Cooperation and Development (OECD) family of organisations, and a global platform for transport, logistics and mobility issues.

In May 2009, the Minister for Infrastructure, Transport, Regional Development and Local Government attended and participated in the ITF meeting of transport ministers, held in Leipzig, Germany, on the theme of 'Transport for a Global Economy: Challenges and Opportunities in the Downturn'. In total, almost 900 participants, representing 53 countries, attended the forum. The Australian delegation included 12 leaders from industry, government and the university sector.

As part of the preparation for the ITF meeting, Australia hosted a seminar in Sydney in January 2009. The participants included ITF representatives as well as international and Australian researchers and industry representatives. Australia and the United Kingdom co-chaired a task force which led the development of the forum program.

BITRE collaborates with the Joint OECD–ITF Transport Research Centre (JTRC) and with other JTRC members on research relevant to transport and infrastructure policy in Australia. In 2008–09, a senior BITRE researcher worked with the JTRC and specialists from other member countries to draft a report on options for managing transport reliability. An outline of the study is available from the ITF website, at <www.internationaltransportforum.org>.

Climate Change Task Force

The Climate Change Task Force coordinated the Infrastructure, Transport, Regional Development and Local Government portfolio's involvement in the Australian Government's climate change policy agenda. In particular, the taskforce participated in whole-of-government development of the legislative package for the Carbon Pollution Reduction Scheme, which was led by the Department of Climate Change.

Case Study – International Transport Forum 2009 Leipzig, Germany, 26-29 May 2009

From 26–29 May 2009, Australia took part in the International Transport Forum in Leipzig, Germany. The forum brought together transport ministers, industry stakeholders and research representatives from more than 50 countries to discuss key issues relating to the discussion topic, 'Transport for a Global Economy: Challenges and Opportunities in the Downturn.' Australia and the United Kingdom co-chaired the task force which developed the program for the forum.

The Hon Anthony Albanese MP, the Minister for Infrastructure, Transport, Regional Development and Local Government, led the Australian delegation, meeting with various international counterparts during the three-day event.

The issues arising from the ministerial discussion underlined the value of:

- **Efficient global transport systems and sound investments** – In maintaining a successful economy and social well being, and the way that investment in transport, if properly prioritised and designed, can contribute to sustainability objectives.
- **Maintaining progress towards open markets** – It was noted that where markets have been opened to international patronage, there have been numerous gains to both the economies and the citizens of those markets. Delegates considered that this process should be continued, while ensuring equity for all parties involved and increasing quality, safety and environmental standards.
- **Addressing unintended environmental and social consequences of globalisation** – Delegates concurred that agreement at the United Nations Climate Change Conference to be held in Copenhagen in December 2009 and within organisations such as the International Civil Aviation Organization had the potential to promote economically viable, sustainable, low-carbon transport.
- **Finding adequate funds for transport and prioritising scarce resources** – While appreciating governments' responsibility in planning and financing aspects of transport infrastructure, the delegates also acknowledged the importance of private investment and public–private partnerships.
- **Reliable and secure supply chains** – Delegates agreed that it was necessary to uphold coordinated and risk-based regulation so as to ensure that both economic and security benefits are accomplished in an equitable and fiscally viable way. An improvement in regulation of the crossing of borders has significant potential to increase efficiency and facilitate trade.



Minister Albanese at the Ministerial Session of the International Transport Forum 2009.

The ministers considered that the International Transport Forum provided an important forum to encourage more international cooperation, and that the current economic climate provided a unique opportunity to re assess existing strategies in order to stimulate development with the aim of creating a sustainable and more effective global transport system. It was also agreed that innovation was a key to success in this area and that as such it should be the central topic for the 2010 forum.

APPENDIX C — DEPARTMENTAL PROCUREMENT PRACTICES AND OUTCOMES

This appendix focuses on the department's procurement practices and outcomes, with attention to:

- procurement policies and practices;
- competitive tendering and contracting arrangements;
- use of consultancies; and
- payments for market research and advertising.

Procurement policies and practices

The Department's approach to the procurement of all goods and services, including consultancies, is consistent with the requirements of the *Commonwealth Procurement Guidelines – December 2008 – Financial Management Guidance No.1* (CPGs). The CPGs are applied to procurement activities through the Chief Executive's Instructions (CEIs) and supporting practical guidelines. The Department's procurement policies and processes have been developed to help ensure that it undertakes competitive, non-discriminatory procurement processes; uses resources efficiently, effectively and ethically; and makes decisions in an accountable and transparent manner.

The Department supports procurement by providing information and training on procurement policies and procedures to all staff, and maintaining a single point of contact for staff to seek advice on the CPGs, CEIs and tendering processes. Standard tendering and contracting documentation has also been developed to ensure that consistent procurement practices are undertaken.

As part of these arrangements, in 2008–09 the Department published the following on AusTender :

- a procurement plan providing details of expected procurements for 2008–09 <www.tenders.gov.au>;
- details of publicly available procurement opportunities with a value of \$10,000 or more <www.tenders.gov.au>; and
- details of all contracts, standing offers and consultancies awarded with a value of \$10,000 or more <www.tenders.gov.au>.

The Department also publishes on its website, at <www.infrastructure.gov.au/department/contracts>, details of all contracts with a value of \$100,000 or more entered into or active during the previous 12 months.

Australian National Audit Office access clauses

All contracts valued at \$100,000 or more include a requirement for access to the contractor's premises by the Auditor-General.

Exempt contracts

In 2008–09, no contracts were exempted from publication on AusTender on public interest grounds.

Services delivered on behalf of the Australian Government

The Department delivers a number of services on behalf of the Australian Government. Services that have been contracted out relate to:

- transport safety research and information services;
- management of leased airports;

- management of properties at Sydney West airport site;
- aerodrome inspection services for remote Indigenous communities; and
- the Australian Government Regional Information Service (AGRIS).

Transport safety research and information services

Contracts relating to collection and analysis of road safety fatality and injury data, and road safety information storage and distribution, continued in 2008–2009.

Management of leased airports

Private contractors provide airport building control and parking control services at federal airports. After an open tender in 2004–05, eight contracts for building control services were let for an initial term of four years from 1 July 2005. In 2008–09, the Department exercised its options under the terms of the contracts to extend the arrangements in place to 30 June 2011. Parking control services are contracted out to airport lessee companies annually for parking at eight airports. Contracts cannot be offered to bodies other than airport lessee companies under the Airports (Control of On-airport Activities) Regulations 1997.

Management of properties at Sydney West airport site

Management of properties owned on the previous Sydney West airport site (Badgerys Creek) was contracted out to Zeckendorf Holdings Pty Ltd following an open tender process. This contract was signed on 1 January 2003 for an initial term of three years with an option to extend for two years. The option was exercised from 1 January 2006 and has since been extended further until 30 June 2010.

Aerodrome inspection services for remote Indigenous communities

The Remote Aerodrome Inspection Program funds annual aerodrome inspection services and technical advice (via consultants engaged by the Department) to 59 remote northern Australia Indigenous communities in the NT, WA and Qld. Communities were chosen on the basis of advice provided by the Aboriginal and Torres Strait Islander Commission (ATSIC). These communities rely on air services, however they lack the technical expertise and resources necessary to conduct their own safety inspections, as required of aerodrome owners, in accordance with Civil Aviation Safety Authority (CASA) standards.

In February 2009 the Department used an open tender process to identify a new service provider for the program.

Australian Government Regional Information Service

The freecall 1800 call centre for the Australian Government Regional Information Service (AGRIS) is contracted to Cooma Monaro Technology Centre Ltd. A 30-month contract commenced on 1 June 2007 and will run until 30 November 2009. The Department has the option to negotiate an extension to the contract if desired.

Corporate activities

The Department has conducted detailed analyses of its corporate activities in line with government requirements for market testing of those activities. Corporate activities that have been contracted fall into three broad areas:

- information and communication technology (ICT) services;
- professional services; and
- property and office services.

Like most organisations, the Department has a range of contracts and standing offers in place for the supply of professional services, energy, office equipment and other consumables.

ICT services

Following the transition to a new information technology (IT) services provider on 1 July 2008, the Department has improved its IT services by completing a refresh of all desktop computers. This refresh included the development of a new standard operating environment and upgrade to current Office productivity software based on Microsoft products. The project included training on the new software and was completed on time and under budget.

The Department also undertook a project refresh its corporate IT server systems and associated software. The majority of this Project was successfully implemented in the 2008–09 financial year and the remainder is scheduled to be completed early in the 2009–10 financial year.

Professional services

The Department has established several panels of professional services providers. The panels are subject to regular review.

Panels cover:

- communication services;
- legal services;
- financial advisory services and accountancy services;
- SAP services;
- recruitment services; and
- audit services.

Consultancy contracts

The Department engages consultants to carry out research or to provide professional or technical advice that cannot be provided by departmental staff. Consultants are procured as required and in accordance with the CPGs, the Department's Chief Executive's Instructions and the *Infrastructure Procurement Manual*.

During 2008–09, 121 new consultancy contracts were entered into involving total actual expenditure of \$10.5 million. In addition, 26 ongoing consultancy contracts were active during the 2008–09 year, involving total actual expenditure of \$0.8 million.

As per section 12(6) of the JCPAA Requirements for Annual Reports (June 2009), agencies are required to provide specific details on consultancy contracts and any competitive tendering and contracting undertaken. Details of consultancies valued at \$10,000 or more let in 2008–09 are available as a supplement to the online version of this annual report, at <www.infrastructure.gov.au/department/annual_report/index.aspx>.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website, at <www.tenders.gov.au>.

Table C.1 Trends in procurement

	2004–05	2005–06	2006–07	2007–08	2008–09
Purchasing outcomes					
Invoices paid within 30 days	96.7%	97.0%	97.0%	97.5%	98.4%
Consultancies					
All consultancies, including consultancies let in previous years					
Total expenditure	\$7.6m	\$10.9m	\$8.3m	\$6.3m	\$11.3m

Table C.1 continued.

	2004–05	2005–06	2006–07	2007–08	2008–09
New consultancies valued at \$10,000 or more					
Number let	129	113	92	68	113
Total value over the life of these contracts	\$8.5m	\$8.9m	\$6.9m	\$4.8m	\$12.9m
Advertising and market research payments^a					
Creative advertising	\$0.6m	\$0.15m	\$0.1m	\$0.3m	\$0.02m
Market research/polling	\$0.2m	\$0.02m	\$0.3m	\$0.1m	\$0.25m
Direct mail	\$0.4m	\$0.02m	\$0.1m	\$0.0m	\$0.00m
Media advertising, recruitment ^b	\$3.1m	\$1.07m	\$0.8m	\$1.1m	\$0.27m
Media advertising, non-recruitment	–	\$0.71m	\$1.2m	\$0.1m	\$0.35m

a Payments have been rounded to \$0.0 where payments were less than \$50,000. Discrepancies in table between totals and sums of components are due to rounding. For previous years, this total did not include payments below the reportable threshold, which for 2005–06 was \$1500.

b In previous years, all media recruitment and non-recruitment was reported as a combined figure.

Payments for advertising and market research

In 2008–09, the Department paid \$0.9 million for market research and advertising. Table C.2 lists payments of \$10,900 or more made during the financial year, as required by section 311A of the *Commonwealth Electoral Act 1918*.

Table C.2 Detail of advertising and market research payments of \$10,900 or more

Creative advertising agencies^a		
Firm	Service provided	Payment made in 2008-09 (\$)
2B Advertising and Design	Design of advertisements	15,370
Total creative advertising		15,370
Market research/polling^a		
Firm	Service provided	Payment made in 2008-09 (\$)
Colmar Brunton Social Research Pty Ltd	Research into the trial introduction of liquids, aerosols and gels explosive detection technology	125,266
Colmar Brunton Social Research Pty Ltd	Aviation Security Screening Review	88,663
Other	Various	38,688
Total market research		252,617

Table C.2 continued.

Media advertising organisations^a		
Firm	Service provided	Payment made in 2008–09 (\$)
Recruitment advertising		
hma Blaze	Advertisements for staff vacancies	56,280
hma Blaze	Advertisements for staff vacancies	34,710
hma Blaze	Advertisements for staff vacancies	34,063
hma Blaze	Advertisements for staff vacancies	23,955
hma Blaze	Advertisements for staff vacancies	20,591
hma Blaze	Advertisements for staff vacancies	20,444
hma Blaze	Advertisements for staff vacancies	11,869
Esaress Pty Ltd T/A SpencerStuart	Recruitment of CEO for the Civil Aviation Safety Authority	15,597
hma Blaze	Advertisements for staff vacancies	15,033
Other	Various	36,703
Total recruitment advertising		269,246
Media advertising organisations^a		
Firm	Service provided	Payment made in 2008–09 (\$)
Non-recruitment advertising		
Sensis Whitepages	Whitepages listing for the Department	180,000
hma Blaze	Expressions of Interest for Appointment to a New South Wales RDA Committee	45,222
hma Blaze	Call for submissions National Aviation Policy Statement White Paper	37,907
hma Blaze	Further applications or submissions about capacity	23,168
Dept of Industry, Innovation and Regional Development, Victoria ^b	Expressions of interest for appointment to a Victorian RDA Committee	20,140
hma Blaze	Expressions of interest for appointment to a Queensland RDA committee	14,678
Other	Various	28,120
Total recruitment advertising		349,235
Total media advertising organisations		618,481
Total advertising		886,468

a Where payments did not reach the \$10,900 reporting threshold for 2008–09, those payments have been included under the category 'Other'.

b The Department of Industry, Innovation and Regional Development, Victoria (RDV) placed and paid for the cost of advertisements seeking Expressions of Interest to be appointed to a Victorian RDA Committee, in various regional newspapers. The Department reimbursed RDV for 50 per cent of this cost.

APPENDIX D—REPORT UNDER THE COMMONWEALTH DISABILITY STRATEGY

The Department is required to report on its performance against the *Commonwealth Disability Strategy* (CDS) framework. The Department's progress in implementing the CDS in 2008–09 is summarised in this appendix.

The Australian Government's desired outcome for people with disabilities is full inclusion in all aspects of community life. Nearly one in five Australians has a disability, and the government is committed to widening their opportunities for independence, access and participation.

The CDS was introduced in 1994 to assist Australian Government agencies to meet their obligations under the *Disability Discrimination Act 1992*, by providing a framework to assist in the development and delivery of policies, programs and services accessible to people with disabilities. It was the product of consultation with people with disabilities, their supporters, representatives of the wider community and Australian Government organisations.

More information about the strategy and the reporting framework is available from the website of the Department of Families, Housing, Community Services and Indigenous Affairs, at www.facsia.gov.au/disability/cds/index.htm.

The tables in this appendix describe the Department's performance in 2008–09 in relation to the performance indicators set out in the strategy for the roles of policy adviser, regulator, purchaser and provider.

Table D.1 Commonwealth Disability Strategy policy adviser role

Description	Departmental perspective
<p><i>Policy advisers initiate and develop policy for Australian Government programs and services.</i></p> <p><i>In doing this, they consider the needs of different groups and sectors and the desired impacts and outcomes to be achieved for the community.</i></p>	<p>The Department undertook and published high-quality research and analysis and provided policy advice to ministers on a range of infrastructure, transport and regional issues, addressing disability issues where they applied.</p>
Performance indicator	Results for 2008–09 and goals and actions for 2009–10
<p><i>New or revised policy/program proposals assess impact on the lives of people with disabilities prior to decision.</i></p>	<p>Results</p> <p>The Department seeks to consult directly with clients, their representatives and other stakeholders when developing its policies and programs.</p> <p>Consultation offers members of the community the opportunity to express their views in a safe and confidential manner and is an essential part of the process of developing legislation and government policy, programs and services.</p> <p>During 2008–09, the Minister for Infrastructure, Transport, Regional Development and Local Government, in cooperation with the Parliamentary Secretary for Disabilities and Children's Services, established the Aviation Access Working Group to provide advice to government on disability access policy, the relevant legislative framework and practical measures that can be taken to improve the access to air services for people with a disability.</p>

Table D.1 continued.

Performance indicator	Results for 2008–09 and goals and actions for 2009–10
	<p>The first five-year review of the efficiency and effectiveness of the Disability Standards for Accessible Public Transport 2002 progressed in 2008–09. Following consultations with people with disabilities, their representatives and other stakeholders, a draft final report was provided to the Department by the independent consultant in June 2009. The consultant also maintained a dedicated, accessible website, at <www.ddatransportreview.com.au>.</p> <p>Goals and actions</p> <p>The Aviation Access Working Group will contribute positively to the Aviation Policy White Paper process. This will include implementing a scheme asking airlines that offer regular passenger transport services to submit 'disability access facilitation plans' detailing their efforts to improve access to air travel. Information on the AAWG's individual projects and terms of reference is available from the Department's website, at <www.infrastructure.gov.au/aviation/aawg>.</p> <p>The Department expects to finalise the review of the Disability Standards for Accessible Public Transport 2002 in early 2009–10, and to implement any actions arising from the government's response to the review.</p>
<p><i>People with disabilities are included in consultation about new or revised policy/program proposals</i></p>	<p>Results</p> <p>The Department supports consultation forums through which the impact of proposals on the specific needs of people with disabilities are considered, such as:</p> <ul style="list-style-type: none"> • the Accessible Public Transport National Advisory Committee (APTNAC); • the Accessible Public Transport Jurisdictional Committee, which coordinates government positions on issues raised by the Disability Standards for Accessible Public Transport 2002 and APTNAC; and • the Aviation Access Working Group, which provides advice to government on disability access policy, the relevant legislative framework and practical measures that can be taken to improve access to air services for people with disabilities. <p>The Aviation Access Working Group comprises representatives from the aviation industry, Australian Government agencies (including the Department of Families, Housing, Community Services and Indigenous Affairs) and a number of disability advocacy groups, including:</p> <ul style="list-style-type: none"> • the Australian Federation of Disability Organisations; • the Deafness Forum of Australia; • National Disability Services; and • Physical Disability Australia. <p>Goals and actions</p> <p>Disability advocates will continue to make a valuable contribution as members of the Aviation Access Working Group, particularly in their provision of ongoing feedback and advice to government and the aviation industry. The working group will also consult with other disability advocacy groups as necessary.</p> <p>The Department will continue to consult widely with interested groups in formulating or revising policy and programs.</p>

Table D.1 continued.

Performance indicator	Results for 2008–09 and goals and actions for 2009–10
<p><i>Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats for people with disabilities in a timely manner.</i></p>	<p>Results</p> <p>In 2008–09, the Department communicated the progress of the Aviation Access Working Group through a page on the Department’s website, with all documents in accessible formats.</p> <p>The Department also communicated new government policies and programs, including those that addressed disability issues, by:</p> <ul style="list-style-type: none"> • providing information on how community groups could access government grants, through a dedicated website, GrantsLINK, at <www.grantslink.gov.au>. GrantsLINK promoted over 250 Australian Government grants programs and received more than 9 million hits during 2008–09; • answering more than 19,000 enquiries from people seeking information about government services through telephone calls made to the Australian Government Regional Information Service (AGRIS) toll-free call centre. The call centre operators assisted vision-impaired clients by reading the requested information aloud, or by providing the information on CD or cassette. Clients with hearing impairments were assisted through teletype services; • promptly posting announcements of new programs and policies on its websites, usually within 24 hours of release; • providing information about regional government programs and services through the Regional Entry Point website, which received more than 2.5 million hits, at <www.regionalaustralia.gov.au>; and • using plain English in its guidance materials. <p>Goals and actions</p> <p>The progress of the Aviation Access Working Group will continue to be conveyed through the Department’s website, and email contact is also available online, at <aawg-secretariat@infrastructure.gov.au>. Airlines that submit a disability access facilitation plan will be encouraged to provide the plan in a range of accessible formats, in addition to website publication.</p> <p>The Department will maintain and improve access to accurate and timely program information, through its websites and documentation.</p>

Table D.2 Commonwealth Disability Strategy regulator role

Description	Departmental perspective
<p><i>Regulators are usually involved with the enforcement of legislation or other government rules that influence the way people behave.</i></p> <p><i>These are not limited to primary or delegated legislation.</i></p> <p><i>They also include quasi-regulation such as codes of conduct, advisory instruments or notes which involve compliance.</i></p> <p><i>Authority for independent decision making and administration may accompany this function to support the separation of certain powers from the Executive.</i></p>	<p>In 2008–09, the Department administered regulations and standards in accordance with more than 70 Commonwealth Acts, while working closely with other regulators, on matters concerning:</p> <ul style="list-style-type: none"> • infrastructure investment, maintenance and development; • maritime and land transport, and aviation and airports; • transport safety and security; • regional services and development; and • local government.
Performance indicators	Results for 2008–09 and goals and actions for 2009–10
<p><i>Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities.</i></p> <p><i>Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities.</i></p>	<p>Results</p> <p>Regulations administered by the Department are published by the Attorney-General's Department on the Federal Register of Legislative Instruments. Guidance material on the legislative process is published on the Department's website in accordance with departmental publishing standards.</p> <p>The Department ensured that information on regulations and quasi-regulations, and regulatory compliance, was available and accessible by:</p> <ul style="list-style-type: none"> • using plain English in preparing guidance materials and regulation impact statements; • providing toll-free telephone numbers for enquiries in key areas such as motor vehicle imports; • maintaining links to legislation through the departmental website; and • including compliance reporting in the annual report, which is publicly available in hard copy upon request and through the departmental website. <p>During 2008–09, the Department continued making improvements to its main website that will enhance accessibility for a range of users, including clients with disabilities. The improvements include smaller page sizes with greater flexibility to adjust font sizes for clients with vision impairments. The improvements will also allow access by various assistive technologies used by people with disabilities.</p> <p>Goals and actions</p> <p>The Department will continue to provide information in accessible formats and through a range of channels.</p>

Table D.3 Commonwealth Disability Strategy purchaser role

Description	Departmental perspective
<p><i>Purchasers act as agents of the policy adviser.</i></p> <p><i>Having been advised of the outcomes sought by the policy adviser, purchasers determine the precise outputs to be purchased in terms of price, volume and quality and nominate the providers.</i></p> <p><i>Service providers may be public, private or not-for-profit organisations.</i></p>	<p>In 2008–09, on behalf of the Australian Government, the Department administered grants, subsidies and other payments totalling \$8.7 billion. These payments mainly related to:</p> <ul style="list-style-type: none"> • national road and rail infrastructure; • maritime and land transport; • regional services; and • services to local government, including a number of Indigenous councils. <p>In its day-to-day operations, the Department also purchased a range of goods and services costing \$106.5 million in supplier expenses.</p>
Performance indicator	Results for 2008–09 and goals and actions for 2009–10
<p><i>Publicly available information on agreed purchasing specifications is available in accessible formats for people with disabilities</i></p>	<p>Results</p> <p>The Department follows the Australian Government purchasing and procurement guidelines, which are published by the Department of Finance and Deregulation and made available online, through <www.finance.gov.au> and <www.tenders.gov.au></p>
<p><i>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.</i></p>	<p>Results</p> <p>The Department consulted with stakeholders, including, where applicable, people with disabilities, when managing tenders, contracts and grants.</p> <p>Goals and actions</p> <p>The Department will continue to adopt a consultative approach when purchasing goods and services that have a direct impact on the lives of people with disabilities.</p>
<p><i>Purchasing specifications and contract requirements for the purchase of goods and services are consistent with the requirements of the Disability Discrimination Act 1992.</i></p>	<p>Results</p> <p>All departmental contracts issued in 2008–09 were based on templates which included standard clauses relating to people with disabilities.</p> <p>All suppliers who received payments from the Department were required to comply with relevant state and Commonwealth laws, including the <i>Disability Discrimination Act 1992</i>, the <i>Racial Discrimination Act 1975</i> and the <i>Sex Discrimination Act 1984</i>.</p> <p>Goals and actions</p> <p>The Department will continue to ensure that the requirements of the <i>Disability Discrimination Act 1992</i> are reflected in its purchasing specifications and contracts.</p>

Table D.3 continued.

Performance indicator	Results for 2008–09 and goals and actions for 2009–10
<p><i>Publicly available performance reporting against the purchase contract specifications requested in accessible formats for people with disabilities is provided.</i></p>	<p>Results</p> <p>Publicly available specifications, guidelines and performance reports related to the Department's support for infrastructure and regional development projects were available online, through the departmental website and/or the Regional Entry Point website, and through the Australian Government Regional Information Directory. A toll-free call centre (1800 026 222) also provided information and a referral service.</p> <p>The Department's annual report, which includes information on purchasing and the use of contracts, was made available for download from the website and provided in hard copy on request.</p> <p>Goals and actions</p> <p>The Department will continue to make all publicly available specifications and performance information accessible online, and to provide an information and referral service through the toll-free call centre. Improvements to the Department's website will make the online information more accessible by allowing the use of assistive technologies.</p>
<p><i>Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about the providers' performance.</i></p>	<p>Results</p> <p>The Department recognises that, regardless of whether its services are delivered directly by the Department or through a third party, clients have the right to provide feedback about its services.</p> <p>People wishing to make a complaint are advised by the Department's client service charter to first explain their concern to staff in the area they have been dealing with, and ask them to address it. If the complaint is not resolved at that level, the client can contact the Governance and Reporting Branch, where the matter will be investigated.</p> <p>Clients are able to access external mechanisms, in particular the Commonwealth Ombudsman, if they are not satisfied with the Department's handling of a matter.</p> <p>The report on the Department's provider role includes more information on complaints resolution in 2008–09.</p> <p>Goals and actions</p> <p>The Department will continue to uphold its client charter and seek to resolve concerns about its performance quickly and responsively.</p>

Table D.4 Commonwealth Disability Strategy provider role

Description	Departmental perspective
<p><i>Providers deliver the services they have been contracted to provide under specified conditions.</i></p>	<p>During 2008–09, the Department delivered services and information to and in partnership with government, industry and the wider community. Several grants administered by the Department assisted people with disabilities to enter the workforce.</p> <p>During 2008–09, the Regional Partnerships program had seven projects under management that were specifically targeted to people with disabilities. Many of these involved projects designed to improve employment and recreational opportunities. An additional 18 projects had various provisions to assist people with disabilities—for example, improved physical access to community facilities. Also during the period, the Better Regions program had three projects under management that sought to provide assistance to people with disabilities.</p>
Performance indicator	Results for 2008–09 and goals and actions for 2009–10
<p><i>Providers have established mechanisms for quality improvement and assurance.</i></p>	<p>Results</p> <p>The Department reviews its guidelines and procedure manuals regularly, and uses a client service charter to explain how feedback can be provided.</p> <p>The Department gathers feedback regarding its activities through the following main mechanisms:</p> <ul style="list-style-type: none"> • client surveys, where the service recipient could be identified, such as surveys involving households affected by airport noise amelioration programs; • formal evaluations of programs, usually conducted on a three-year to five-year cycle; and • reports submitted by the parties receiving funding, either on an agreed regular basis or when projects pass key milestones. <p>Goals and actions</p> <p>The Department will continue to seek feedback from its clients and to use that feedback, combined with the analysis of formal program evaluations, as a basis for continuous improvement.</p>
<p><i>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.</i></p>	<p>Results</p> <p>During 2008–09, the Department's client service charter was available in printed format and available online through the Department's website, at www.infrastructure.gov.au/departments/about/charter.aspx. The charter sets out the Department's service standards, including standards of accessibility, and encourages clients to provide feedback on how well the Department is meeting those standards.</p> <p>Goals and actions</p> <p>The client service charter will be reviewed in 2009–10 to ensure that it remains current and effective.</p>

Table D.4 continued.

Performance indicator	Results for 2008–09 and goals and actions for 2009–10
<p><i>Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised about performance.</i></p>	<p>Results</p> <p>Through the client service charter, clients are encouraged to provide feedback on the Department's performance, and advised of the best process for making a complaint. Clients are encouraged to initially seek resolution of a complaint from staff in the area where the concern arose. If the complaint is not resolved at that level, clients have the option of submitting complaints and grievances to the Department's Governance and Reporting Branch, including:</p> <ul style="list-style-type: none"> • by post, to the address provided in the charter; • by phone, through the toll-free call centre (1800 075 001); and • by email, to clientservice@infrastructure.gov.au. <p>Clients are able to access external mechanisms, such as the Commonwealth Ombudsman, the Australian Human Rights Commission or the Administrative Appeals Tribunal, if they are not satisfied with the Department's handling of a matter.</p> <p>During 2008–09, there were no complaints about the Department made to the Australian Human Rights Commission. The downward trend in complaints to the Commonwealth Ombudsman continued, with a 37 per cent decrease from 35 in 2007–08 to 22 in 2008–09.</p> <p>Goals and actions</p> <p>The client service charter will be reviewed in 2009–10 to ensure that it remains current and directs people with concerns about the work of the Department, or the level of service the Department has provided, to the most appropriate area for a quick response.</p>

APPENDIX E—REPORT ON ECOLOGICALLY SUSTAINABLE DEVELOPMENT

This appendix reports on the Department's commitment to the principles of ecologically sustainable development (ESD) set out in the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). The goal of ESD is to maintain ecological processes while improving total life quality, in the short term and the long term.

Under section 516A of the EPBC Act, the Department is required to report on:

- how its activities accord with the five principles of ESD identified in the Act (the integration, precautionary, intergenerational, biodiversity and valuation principles);
- how it administers legislation in accordance with the ESD principles;
- how the outcomes the Department works towards, and is appropriated resources against, contribute to ESD;
- how the Department's activities affect the environment; and
- how the Department minimises harm to the environment, and reviews and increases the effectiveness of measures to minimise harm.

How the Department's activities accord with ESD principles

The Department undertakes all its activities, from corporate initiatives to departmental policies, programs and procedures, in accordance with five principles set out in the EPBC Act.

The integration principle

The Department worked in partnership with state and territory transport agencies to implement the Australian Government's Nation Building—Economic Stimulus Plan. State and territory project proponents were required to prepare project proposals that considered environmental, congestion, safety and amenity issues, as well as economic, market and infrastructure considerations.

The Department assessed the environmental, social, and economic impacts of all master plans, major development plans and airport environment strategies which airport lessee companies were required, by the *Airports Act 1996*, to prepare and submit to the Minister for Infrastructure, Transport, Regional Development and Local Government for approval. The Department provided advice to the Minister on the extent to which these documents met the requirements of legislation, including assessments of environmental impacts and plans for dealing with them.

The Department continued to review the Airports (Environment Protection) Regulations 1997 to enhance their focus on ESD. The Department also continued to develop software to assist airports and communities to monitor and manage the environmental impacts of aircraft noise and emissions. The Transparent Noise Information Package software is available for free download via the Department's website.

As part of its work to ensure the sustainability of the Australian maritime industry, the Department:

- led the development of six pieces of Australian legislation enacted during 2008–09 to protect the marine environment and give effect to international conventions for the protection of the marine environment;
- provided oversight of the Australian Maritime Safety Authority, which has the primary role in ensuring maritime safety and protection of the marine environment; and
- contributed to:
 - » the development of a draft Protocol to the International Convention for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea,
 - » the adoption of the Hong Kong International Convention on the Safe and Environmentally Sound Recycling of Ships,

- » the implementation of the International Convention on Civil Liability for Bunker Oil Pollution Damage, which came into force for Australia on 16 June 2009, and
- » the adoption of stringent new provisions to limit the amount of sulphur in marine fuel oil, consistent with Australia's obligations under Annex VI of the International Convention for the Prevention of Pollution from Ships.

The Department administered funding for programs to benefit the Australian environment at the local level, including:

- commencing administration of the National Bike Path Program, which is expected to have positive impacts on the environment through reduced reliance on cars and improved urban amenity; and
- ongoing delivery of community infrastructure and regional development programs that deliver positive environmental impacts through improved infrastructure and street scaping.

The Department provided substantial secretariat, financial and other support to the Northern Australia Land and Water Taskforce. The taskforce is preparing a report on the sustainable development of the north and the potential impact of development on water quality, the environment, existing water users and the broader community. The report, which is due to be presented to the government in December 2009, will take account of water and soil resources, infrastructure, economic, social, cultural and ecological considerations.

The Department also assisted the Parliamentary Secretary for Western and Northern Australia, the Hon Gary Gray AO MP, in framing the East Kimberley Development Package, a major investment in social infrastructure in the East Kimberley region. In tandem with Western Australian Government investments, the package will promote the sustainable and integrated development of the East Kimberley region.

The precautionary principle

The Department applies the precautionary principle in its role as a regulator: for example, the Department ensured that the precautionary principle was embodied in the Airport Environmental Strategy for each of the leased federal airports; and participated in International Maritime Organization discussions of regulatory principles to address greenhouse gas emissions from international shipping.

The Department also participates in Australian and international efforts to improve understanding of how activities in the portfolio's areas of responsibility may affect the environment. For example, in 2008–09, the Department continued to represent Australia on the International Civil Aviation Organization (ICAO) Group on International Aviation and Climate Change, which is developing a program of action to recommend to a high-level meeting of ICAO in October 2009.

In its role as a policy adviser, the Department:

- undertook research and provided policy advice on the regional implications of environmental issues such as the efficient use of water resources, the effects of drought and the adoption of alternative energy sources;
- advised other government agencies on their analysis of social, economic, governance and environmental factors for the purposes of completing Regional Australia Impact Statements for proposed projects; and
- participated in the development of the Carbon Pollution Reduction Scheme and related legislative packages, creating opportunities for the portfolio to strongly contribute to the climate change policy debate.

The intergenerational principle

The Department played a key role in protecting the marine environment for future generations, by administering the annual Australian contribution to the International Maritime Organization and the International Oil Pollution Compensation Funds, as well as contributing to the development of international standards and instruments in the areas of marine pollution and air quality.

The Department updated and expanded the information on the popular Green Vehicle Guide website, at <www.greenvehicleguide.gov.au>, which provides environmental performance ratings on all new light vehicle models. The ratings include information on the models' fuel consumption, greenhouse gas emissions and air pollution emissions. Together with the website's fuel consumption calculator, this information enables consumers to better estimate their annual fuel consumption and carbon dioxide equivalent emissions and make informed decisions about their personal impacts on the environment.

The Department's approval processes for funding for regional development projects included environment and heritage considerations that significantly reduced the risk that approved projects may threaten or damage the environment for future generations.

The Department also supported constructive debate on the immediate and long-term health, diversity and productivity of the environment through the work of the Bureau of Infrastructure Transport and Regional Economics (incorporating the Climate Change Task Force). The bureau continued to publish high-quality research, including findings on economic, environmental and social equity costs and benefits, to inform decision-making processes and increase the knowledge base available to government and other stakeholders.

The biodiversity principle

The Department includes the conservation of biodiversity and ecological integrity issues as fundamental considerations in its decision-making and the way it approaches its work. For example:

- The Australian Transport Safety Bureau (ATSB) requires investigators to make the relevant authorities aware of any hazards (including known environmental hazards) identified during the on-site phase of an accident investigation. The ATSB's officers are always mindful of the environmental and health implications related to the unintentional release of chemicals and hazardous materials at accident sites.
- In its oversight of the leased federal airports, the Department assesses the extent to which master plans, major development plans and environmental strategies take into account biodiversity and ecological integrity issues, and works with airports to ensure that the biodiversity principle is respected.

The valuation principle

Continuing to improve its valuation, pricing and incentive mechanisms to ensure that the true cost of activities, including environmental, social and economic costs, are recognised, the Department participated in the analysis and development of policy options for domestic emissions trading for the maritime industry, as well as international debate on possible global economic measures.

How the Department administers legislation in accordance with ESD principles

While administering legislation in 2008–09, the Department:

- required states and territories to minimise negative environmental impacts and implement mitigation measures, in instances where the environmental impacts of the Nation Building—Economic Stimulus Plan and Nation Building Program projects were subject to both national and state/territory environmental legislation;
- was involved in developing international instruments to protect the marine environment from any potential negative environmental effects resulting from domestic and international sea transport activities, and developed and implemented corresponding Australian legislation; and
- continued to monitor compliance with the *Airports Act 1996* and the *Airports (Environment Protection) Regulations 1997*, and to encourage continuous improvement of environmental management practices at leased federal airports.

How the Department's outcomes contribute to ESD

ESD was integral to the Department's three outcomes—infrastructure, transport and regional development and local government—and to the Department's work throughout 2008–09.

- By linking transport performance outcomes to projected economic growth and sustainable development, the Department transformed the way the development and maintenance of major road and rail system infrastructure is funded in Australia. For more information on how the Department achieved this in 2008–09, see Chapter 3.
- On behalf of the Australian Government, the Department advised on and led national efforts to ensure that Australian transport systems are sustainable and efficient, as well as competitive, safe and secure. For more information on how the Department achieved this in 2008–09, see Chapter 4.
- In delivering programs and providing policy advice to support the sustainable development of self-reliant, resilient regional communities, the Department placed high priority on sustainable development. For more information on how the Department achieved this in 2008–09, see Chapter 5.

How the Department minimises harm to the environment

During 2008–09, the Department continued to seek ways to minimise the environmental impact of its day-to-day activities, including by:

- maintaining staff environmental awareness, through information sessions held as part of the Department's induction program;
- contributing to the Online System for Comprehensive Reporting, a tool designed to report energy use under the Energy Efficiency in Government Operations policy;
- contributing to an annual report on the government's implementation of environment protection measures, in accordance with the *National Environment Protection Measures (Implementation) Act 1998*; and
- participating in Earth Hour in March 2009, by shutting down power for an hour in the Canberra and interstate offices.

No breaches of environmental laws or licences by the Department were reported during 2008–09.

How the Department ensures the effectiveness of environmental measures

The Department contributed to the detailed annual report on energy use in Australian Government operations published by the Australian Greenhouse Office (available online, at <www.greenhouse.gov.au>). Because of a difference between reporting timeframes for the energy use data and the Department's annual report, energy consumption data for the Department for 2008–09 will be provided in the annual report for 2009–10. Data for 2007–08 and previous years appear in this year's report, in Table E1.

In 2007–08:

- There was a 3 per cent decrease in overall staff numbers and a 4 per cent increase in floor area. Despite this, the energy consumption in office buildings decreased by 5 per cent to 13,857 gigajoules. The energy usage intensity (EUI) decreased by 2 per cent to 8,253 megajoules per person.
- Departmental passenger vehicle energy consumption decreased by 8 per cent to 3,418 gigajoules, with distance travelled decreasing by 14 per cent to 840,820 kilometres. This reduction was, in part, due to the Department using vehicles with greater fuel efficiencies and increasing the proportion of pool vehicles which meet the Green Vehicle Guide rating of 10.5 or greater.

The Department's environmental management system is compliant with ISO14001:2004, the international standard for environmental management systems. The system is focused on the Department's office-based activities in Canberra; initiatives are applied at territory and state premises where appropriate.

Table E.1 Trends in departmental energy consumption, 2003–04 to 2007–08

	2003–04	2004–05	2005–06	2006–07	2007–08
Buildings and electricity					
Office buildings					
Area occupied (m ²)	25,864	28,235	30,080	34,273	35,515
Occupants ^a	1,114	1,326	1,531	1,734	1,679
Area per person (m ²)	23.2	21.3	19.7	18.9	21.15
Electricity used (GJ)	11,041	12,259	14,887 ^b	14,662	13,857
Electricity used per person (MJ) ^c	9,911	9,254	9,723	8,455	8,253
Electricity used by area (MJ/m ²)	427	434	495	428	390
Electricity sourced from renewable sources (%)	not reported	3.50	3.00	8.00	6.13
Other buildings					
Area occupied (m ²)	1,306	1,306	1,306	1,306	1,306
Electricity used (GJ)	91	118	68	72.5	96
Electricity used by area (MJ/m ²)	69.7	90	51.8	55.23	73
Transport					
Passenger vehicles^d					
Total petrol used (L)	135,269	124,425	126,999	109,191	81,691
Average fuel economy (L/100 km)	8.8	11.1	11.0 ^e	11.0	10.36
Total fuel used (GJ)	4,657	4,267	4,598	3,710	3,418
Vehicle fleet compliance with green vehicle guide (%)	n/a	35	20	18.5	58
Total of the above					
Direct energy consumed (GJ)	15,789	16,644	19,553	20,018	17,371
Greenhouse gas emissions (tonnes of carbon dioxide equivalent)	not reported	3,777	4,736	5,000	4,700

a Occupants may include contractors and employees of contracted service providers as well as staff.

b Includes green power.

c The Australian Government's energy consumption target is no more than 10,000 megajoules per person per year.

d Transport statistics include senior executive and other departmental vehicles, but do not include vehicles that staff receive in lieu of remuneration under salary packaging.

e Diesel and petrol.

APPENDIX F—REPORT UNDER THE *FREEDOM OF INFORMATION ACT 1982*

Under section 15 of the *Freedom of Information Act 1982* (FOI Act), any person is entitled to apply for access to Australian Government documents created after 1970. The Department holds documents relating to its roles of:

- developing and providing national policy advice to enhance transport safety and security and to strengthen social and economic opportunities for Australia's regions and local governments;
- investing in infrastructure and administering programs to enhance the safety of the road transport system, develop Australia's regions and support local governments;
- conducting research and investigations to improve the performance, safety and security of Australian transport systems, support policy development and inform the wider community;
- providing regulatory frameworks to ensure a clear and robust transport environment; and
- working with other levels of government and engaging domestically and internationally with stakeholders to facilitate outcomes for all Australians.

This appendix explains how to request access to documents held by the Department under the FOI Act, what records the Department holds, and what arrangements the Department has in place for outside participation.

Detailed information about the FOI Act is available via the website of the Department of the Prime Minister and Cabinet, at <www.pmc.gov.au/foi/annual_reports.cfm>.

Table F.1 gives trend information for FOI Act requests received and handled by the Department.

Table F.1 Trends in freedom of information requests, 2004–05 to 2008–09

	2004–05	2005–06	2006–07	2007–08	2008–09
Volume of requests handled					
Requests on hand at 1 July (A)	15	13	11	12	5
New requests received (B)	69	74	39	34	45
Requests withdrawn or transferred in full (C)	21	38	11	15	15
Requests on hand at 30 June (D)	13	11	12	5	12
Total requests resolved (A+B–C–D)	50	38	27	26	23
Timeliness of responses to requests^a					
Resolved in < 30 days	10	15	10	15	12
Resolved in 31–60 days	27	13	6	4	8
Resolved in 61–90 days	8	5	5	4	2
Resolved in > 90 days	5	5	6	3	1

^a These statistics cannot be compared with the deadlines set in the *Freedom of Information Act 1982* as the Act allows for extensions of time to allow for consultation with third parties, negotiation of fees and other issues. Resolved requests include transfers to other agencies.

How to lodge a request for information

A request for access to documents made under the FOI Act must:

- be made in writing (this can be transmitted by email or fax);
- be accompanied by the \$30 application fee (this can be waived or refunded in some cases);
- include an address in Australia to which replies and notices can be sent; and
- provide enough information for the Department to identify the documents you wish to access.

It may not be possible to obtain access to all of the documents sought in an FOI request. Access is limited by exemptions that protect essential public interests and private and business affairs of other parties.

If you need more information or wish to discuss making an FOI request, you can contact the Department by:

email: foi@infrastructure.gov.au;
 fax: 02 6275 1347;
 phone: 02 6274 7531; or
 post: Freedom of Information Coordinator
 Department of Infrastructure, Transport, Regional Development and Local Government
 GPO Box 594
 CANBERRA ACT 2601.

The Department usually imposes additional processing charges. The Schedule of Fees and Charges to the FOI Regulations sets out rates for the time spent searching for and retrieving relevant documents, decision-making time, photocopying and other costs. Where charges are imposed, the Department provides an estimate of the processing charges to the applicant and seeks their agreement before continuing to process the request.

Records the Department holds

The Department holds records such as:

- briefing papers and submissions prepared for ministers, parliamentary secretaries, the Cabinet and the Executive Council (most of these are classified documents);
- business papers, briefing notes and meeting records for committees and conferences which the Department services or takes part in;
- codes of practice;
- documents prepared by international agencies;
- documents relating to the development of legislation;
- environmental impact statements;
- internal administration documents;
- international treaties, memorandums of understanding and international conventions;
- legal documents, including legislation, contracts, leases and court documents;
- maps and other geographical information;
- ministerial responses to parliamentary questions, interdepartmental and general correspondence and papers;
- policy documents, recommendations and decisions;
- program, fund and grant administration papers;
- registers of documents, agreements, approvals, exemptions, permits and licences;
- service delivery agreements;
- statistics and databases; and
- technical standards, guidelines, specifications, charts, photographs, drawings and manuals.

A digest of the personal information the Department holds is available via the Office of the Privacy Commissioner's website, at www.privacy.gov.au/government/digests. This information is updated annually.

Functions and decision-making powers

The Department's functions are described throughout this report.

Certain officers exercise decision-making powers and advise the ministers on the exercise of their powers under portfolio legislation and other matters. These responsibilities are as set out in the Administrative Arrangements Orders (AAO) for the Commonwealth of Australia and relate to:

- infrastructure planning and coordination;
- transport safety, including investigations;
- land transport;
- civil aviation and airports;
- transport security;
- delivery of regional and rural specific services;
- maritime transport including shipping;
- regional development;
- matters relating to local government; and
- major projects facilitation.

For a complete and up-to-date copy of the AAO, visit <www.pmc.gov.au>.

To assist departmental employees in exercising their powers appropriately and enabling access to their decision-making authorities, the Department uses an online delegations management system called i-Delegate. The system allows employees to check information about the powers and authorities assigned under the legislation set out in the AAO relating to the subject matters listed above and laws such as the *Financial Management and Accountability Act 1997* and the *Public Service Act 1999*.

To review a list of the manuals and other documents the Department uses when making decisions or recommendations that affect the public, contact any office of the National Archives of Australia, or visit <www.naa.gov.au>.

Arrangements for outside participation

The Department consults widely to gain the views of its stakeholders and clients about future policy directions and program delivery. This includes consulting with other Australian state and territory government departments and agencies as appropriate and with foreign governments, particularly in the context of transport security, safety and aviation policy. For particular policy issues, the Department may also contact a very broad range of stakeholders.

APPENDIX G — LIST OF GRANTS PROGRAMS

This appendix addresses the requirement for the Department to report details of the grants programs it administers.

Discretionary grants 1 July 2008 – 31 December 2008

A discretionary grant is a payment where a minister or agency has discretion in determining whether a particular applicant receives funding and what, if any, conditions are imposed on the payment.

Table G.1 Discretionary grants programs

Program name	More information	Details of grant recipients
Outcome 1—Infrastructure		
Nil		
Outcome 2—Transport		
Road Safety Research Grants	page 74	For information about grants recipients, see < www.infrastructure.gov.au/roads/safety/road_research_analysis.aspx >
ATSB Aviation Safety Research Grants		For information about grants recipients, see < www.infrastructure.gov.au/transport/programs/aviation/rasp/index.aspx >
Remote Aerodrome Safety	page 142	
Seatbelts on Regional School Buses	page 75	
Outcome 3—Regional Development and Local Government		
Regional Partnerships	page 93	For information about grants recipients, see < www.regionalpartnerships.gov.au/partnerships/index.aspx >
Sustainable Regions	page 93	For information about grants recipients, see < www.sustainableregions.gov.au/index.aspx >
Regional and Rural Research and Development Grants	page 93	

All grants programs¹ 1 January 2009 – 30 June 2009

Table G.2 Grants programs

Program name	More information
Outcome 1—Infrastructure	
<i>Nation Building Program</i>	For information about grants recipients, see < www.nationbuildingprogram.gov.au >
<i>Nation Building Program Investment</i>	page 20
<i>Nation Building Black Spot Projects</i>	page 19
<i>Nation Building boom gates for rail crossings</i>	page 19
<i>Nation Building Heavy Vehicle Safety</i>	page 19
<i>Nation Building Roads to Recovery</i>	page 29
<i>Nation Building Strategic Regional</i>	page 20
<i>Nation Building Funding for road projects other than under the AusLink (National Land Transport) Act 2005</i>	page 30
Management of residual issues of former Australian National Railways Commission	page 30
Outcome 2—Transport	
International Civil Aviation Organization – contribution	page 80
International Maritime Organization – contribution	page 62
National Road Safety Council – contribution	page 74
National Transport Commission	page 66–67
OECD Road Transport – contribution	page 60
Remote Aerodrome Safety	page 142
Seatbelts on Regional School Buses	page 75
Outcome 3—Regional Development and Local Government	
Better Regions	page 92
East Kimberley Development Package	page 94 and 155
Establishment of a local government centre of excellence	page 97
Foundation for Rural and Regional Renewal	page 93
Regional Partnerships	page 93
Regional and Rural Research and Development Grants	page 93–94
Regional Development Australia Committees	page 94
Regional and Local Community Infrastructure Program -Strategic Projects	page 93
Sustainable Regions	page 93

Note: Information on grants awarded by the Department of Infrastructure, Transport, Regional Development and Local Government since 1 January 2009 is available online, at <www.infrastructure.gov.au>

1 As per the Commonwealth Grant Guidelines published by the Department of Finance and Deregulation which are available online, at <www.finance.gov.au/financial-framework/financial-management-policy-guidance/grants.html>

APPENDIX H—ADDITIONAL HUMAN RESOURCE STATISTICS

This appendix addresses the requirement for the Department to publish a range of human resource statistics. It includes details of the Department's:

- workforce profile by classification and location;
- workforce profile by gender, tenure and hours of work;
- salary scales available, by classification; and
- extra salary payments made to non-Senior Executive Service staff on Australian Workplace Agreements in 2008–09.

These statistics include non-ongoing staff as at 30 June 2008 and 2009, but exclude inoperative and casual staff unless noted otherwise.

Table H.1 Workforce profile by classification and location

	APS 1-4 and equivalent		APS 5-6 and equivalent		EL1 and equivalent		EL2 and equivalent		SES/SEC and equivalent		Holder of public office		Total	
	07-08	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08	08-09
Employees and public office holders														
ACT	177	174	337	366	291	292	175	181	40	46	3	1	1023	1060
NSW	6	10	38	32	10	11	1	4	–	4	–	1	55	62
Vic.	3	1	32	16	8	4	2	1	–	–	–	–	45	22
Qld	3	1	35	23	12	8	6	4	–	–	–	–	56	36
SA	–	–	14	12	6	6	4	5	–	–	–	–	24	23
WA	3	2	17	16	10	8	3	3	–	–	–	–	33	29
Tas.	–	–	3	1	1	1	–	–	–	–	–	–	4	2
NT	–	–	5	8	2	2	–	–	–	–	–	–	7	10
Total	192	188	481	474	340	332	191	198	40	50	3	2	1247	1244

APS = Australian Public Service EL = Executive level SEC = Secretary

Note: 'Equivalent' staff include employees performing legal, public affairs, transport safety investigation or other specialist duties.

Table H.2 Workforce gender profile by tenure and hours of work

	Female		Male		Total	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Employees						
Holder of public office	1	–	2	2	3	2
Ongoing full-time	471	477	651	644	1122	1121
Ongoing part-time	60	66	14	16	74	82
Non-ongoing full-time	18	22	18	11	36	33
Non-ongoing part-time	5	1	7	5	12	6
Total	555	566	692	678	1247	1244

Table H.3 Salary ranges for departmental employees by classification (\$)

	30 June 2006 (\$)	30 June 2007 (\$)	30 June 2008 (\$)	30 June 2009 (\$)
APS1	33,748-37,174	33,748-37,174	35,098-38,661	36,502-40,207
APS2	38,221-42,197	38,221-42,197	39,750-43,885	41,340-45,640
Graduate	43,608-43,608	43,608-43,608	45,353-45,353	47,167-47,167
APS3	43,608-63,257	43,608-47,086	45,353-48,969	47,167-50,928
APS4	48,316-54,996	48,316-52,502	50,249-54,602	52,259-56,787
APS5	53,941-64,337	53,941-64,099	56,098-59,850	58,342-61,863
APS6	58,484-89,052	58,484-80,902	60,824-84,138	63,257-84,138
EL1	74,920-97,746	74,920-112,975	77,916-117,494	81,033-122,194
EL2	86,064-150,000	86,064-156,000	89,507-162,240	93,087-168,730
SES1	130,977-175,000	130,000-175,500	135,200-182,520	152,941-205,096
SES2	152,246-185,000	170,000-200,000	156,000-208,000	211,218-231,000
SES3	182,471-195,000	186,000-210,000	187,200-218,400	240,000-266,400
Secretary	The Secretary's remuneration is as determined by the Prime Minister after taking into account the recommendations of the Remuneration Tribunal.			

Notes: Salary includes allowance and 'at-risk' pay, but excludes employer superannuation contributions and other non-salary benefits payable to staff in the Department.

Different pay scales may apply to specialist staff, junior staff and non-ongoing employees engaged in intermittent or irregular duties. For more information, see the Department of Transport and Regional Services Collective Agreement 2006-2009 <www.infrastructure.gov.au/department/about/agreement.aspx>

Table H.4 Details of performance pay for non-SES staff on AWAs in 2008-09

Classification	Number of people paid	Total cost of payments (\$)	Average payment (\$)	Range of payments (\$)
EL2 and equivalent	1	\$4,041	\$4,041	\$4,041

Notes: The table shows the actual performance pay paid in the 2008-09 financial year.

'Equivalent' staff may include employees performing legal, public affairs, transport safety investigation or other specialist duties.

APPENDIX I—AIRPORT PERFORMANCE DATA

The information in this appendix supplements the performance reporting in the body of the annual report, particularly the summary information on airport performance for Output 2.3.3.

Airport lease review meetings

The Department conducts annual lease reviews of the 21 leased federal airports to ensure compliance with the terms of their leases.

Table I.1 Airport lease review meetings, 2005 to 2009

Airport	2005 lease review meeting held	2006 lease review meeting held	2007 lease review meeting held	2008 lease review meeting held	2009 lease review meeting held
Adelaide	1-Jun-05	22-Jun-06	25-May-07	21-May-08	23-Apr-09
Alice Springs	29-Jul-05	24-Aug-06	20-Jul-07	23-Jul-08	5-May-09
Archerfield	30-Jun-05	19-Jul-06	27-Jun-07	30-May-08	15-Jun-09
Bankstown	12-May-05	29-Mar-06	9-May-07	21-May-08	11-Jun-09
Brisbane	11-Jul-05	23-May-06	31-May-07	28-May-08	16-Jun-09
Camden	12-May-05	29-Mar-06	9-May-07	21-May-08	11-Jun-09
Canberra	28-Jun-05	16-Jun-06	1-Jun-07	13-May-08	7-May-09
Darwin	29-Jul-05	24-Aug-06	20-Jul-07	23-Jul-08	5-May-09
Essendon	9-Jun-05	5-May-06	17-May-07	29-May-08	3-May-09
Gold Coast	27-Jul-05	18-Jul-06	1-Jun-07	8-May-08	20-May-09
Hobart	16-Mar-05	5-Apr-06	4-Jul-07	12-Jun-08	30-Apr-09
Hoxton Park	12-May-05	29-Mar-06	9-May-07	21-May-08	n/a
Jandakot	21-Apr-05	26-Sep-06	9-Jul-07	19-May-08	13-May-09
Launceston	5-Apr-05	28-Jun-06	16-May-07	26-May-08	29-Apr-09
Melbourne	23-Aug-05	22-Aug-06	15-Jun-07	27-May-08	28-May-09
Moorabbin	8-Jun-05	4-May-06	18-May-07	24-Apr-08	2-May-09
Mount Isa	1-Nov-05	18-Jul-06	1-Jun-07	8-May-08	20-May-09
Parafield	1-Jun-05	22-Jun-06	25-May-07	21-May-08	23-Apr-09
Perth	22-Apr-05	25-Sep-06	10-Jun-07	20-May-08	14-May-09
Sydney	11-May-05	29-Mar-06	25-Jun-07	16-May-08	5-Jun-09
Tennant Creek	29-Jul-05	24-Aug-06	20-Jul-07	23-Jul-08	5-May-09
Townsville	27-Jul-05	18-Jul-06	1-Jun-07	8-May-08	20-May-09

Airport insurance reviews

Through the airport lease and sale agreements, airport lessee companies have obligations to the Commonwealth in relation to maintaining a range of insurances. With a view to establishing more effective and appropriate insurance arrangements, the Department has appointed an insurance consultant to advise it on matters relating to the insurance requirements of the airport leases and the levels of cover held by airport lessee companies.

Table I.2 Airport insurance reviews

Airport	Adviser's report received by department	Date of Department's first follow-up with airport	Date final documents received from airport	Date of final letter to airport
Adelaide/Parafield	10-Mar-09	n/a	13-Jan-09	10-Mar-09
Archerfield	23-Oct-08	n/a	15-Sep-08	30-Oct-08
Bankstown/Camden	21-Oct-08	n/a	18-Mar-09	22-Oct-08
Brisbane	2-Jan-09	10-Mar-09	8-Apr-09	14-Apr-09
Canberra	12-Dec-08	16-Dec-08	21-Jan-09	13-Feb-09
Darwin/Alice Springs/Tennant Creek	12-Dec-08	15-Dec-08	12-Jan-09	28-Jan-09
Essendon	7-Oct-08	8-Oct-08	9-Oct-08	21-Oct-08
Gold Coast/Townsville/Mt Isa	4-Mar-09	5-Mar-09	6-Mar-09	16-Mar-09
Hobart	4-Sep-08	4-Sep-08	10-Nov-08	24-Nov-08
Jandakot	17-Sep-08	22-Sep-08	22-Sep-08	29-Sep-08
Melbourne/Launceston	3-Dec-08	5-Dec-08	10-Dec-08	16-Dec-08
Moorabbin	17-Sep-08	n/a	4-Aug-08	2-Oct-08
Perth	2-Jan-09	5-Jan-09	6-Jan-09	8-Jan-09
Sydney	11-Mar-09	13-Mar-09	20-May-09	25-Jun-09

Notes: The renewal periods of insurance policies vary across airports. Therefore, the information reflected above may not necessarily reflect financial year outcomes.

For the purpose of this table, the period under review is July 2008–June 2009.

Environmental authorisations

The Department may authorise an airport to undertake an action that may result in environmental emissions limits being exceeded where the emissions will be no more damaging to the environment than if the limits were met.

Table I.3 Environmental authorisations

Airport	AEO	Authorisation holder	Date approved	Period of validity	Nature of authorisation	Gazetted? (date/issue)
No authorisations were issued during 2008–09						

Timeliness of airport expenditure plans and audit reports

The sale agreements for 10 of the leased federal airports (Adelaide, Alice Springs, Brisbane, Canberra, Gold Coast, Darwin, Hobart, Launceston, Melbourne and Perth airports) included binding obligations for aeronautical infrastructure development to be completed during the first 10 years of privatised operation. This period has expired, with all the airports having discharged their obligations.

Approved major development plans

A major development plan is required for each 'major development' at an airport, as defined in s. 89 of the *Airports Act 1996*.

Table I.4 Approved major development plans

Airport	Development	Approval date
2009		
Darwin	Home and Lifestyle Super Centre	18-May-09
Darwin	Expansion of domestic terminal	5-Feb-09
Brisbane	Domestic terminal extension	5-Feb-09
Brisbane	Roadwork upgrades to Airport Drive/Gateway Motorway	7-Jan-09
2008		
Adelaide	Hotel complex	15-Oct-08
Brisbane	Domestic terminal multi-level carpark	14-Oct-08
Sydney	Runway End Safety Area Project (RESA)	15-Aug-08
Canberra	15 Lancaster Place Office Development	18-Apr-08
2007		
Hobart	Outlet centre and bulky goods/homemaker centre	8-Oct-07
Brisbane	Federal Office building	28-Sep-07
Brisbane	Hotel Precinct—No.1 Airport Drive	28-Sep-08
Brisbane	Parallel runway	18-Sep-07
Gold Coast	Terminal expansion	10-Sep-07
Perth	Linfox warehouse and distribution centre	8-Aug-07
Melbourne	DHL Danzas freight facility (MDP minor variation)	25-Jul-07
Melbourne	Mixed use development	13-Jul-07
Canberra	Southern office complex	26-May-07
Brisbane	Convenience centre	27-Mar-07
Hobart	Checked baggage screening facility	12-Feb-07

Table I.4 continued.

Airport	Development	Approval date
2006		
Brisbane	Northern access roads project	27-Sep-06
Brisbane	Gateway upgrade project	13-Sep-06
Brisbane	International terminal/concourse extension	5-Sep-06
Perth	Clay manufacturing plant	15-Aug-06
Perth	Coles Myer distribution centre	24-Jul-06
Brisbane	Multi-level car park	20-Jun-06
Canberra	Factory outlet centre	26-Apr-06
Canberra	Runway extension, minor variation	4-Apr-06
Melbourne	Reject Shop distribution centre	1-Mar-06
Melbourne	DHL Danzas air and ocean freight facility	1-Mar-06
Gold Coast	Tugun bypass	20-Feb-06
2005		
Essendon	Bulla Road, minor variation	13-Oct-05
Sydney KSA	Car park—international precinct	13-Apr-05
Adelaide	IKEA store	1-Feb-05
Parafield	Cross Keys works	19-Jan-05
2004		
Essendon	Bulla Road commercial—retail development	16-Dec-04
Melbourne	Office development	12-Nov-04
Gold Coast	Runway works	8-Nov-04
Canberra	Runway works	25-Aug-04
Brisbane	Direct factory outlet	25-Jun-04
Melbourne	International mail sorting facility	16-Jun-04
Brisbane	Virgin Blue hangar	11-May-04
2003		
Perth	Woolworths warehousing and distribution park	14-Nov-03
Canberra	Terminal expansion	4-Nov-03

Notes: Major development plans currently under development or consideration by the Minister:

Melbourne – Distribution Centre

Melbourne – Restricted retail and warehouse office facility

Melbourne – Investor Office Park, Melrose Drive

APPENDIX J—INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT PORTFOLIO BODIES

The Infrastructure, Transport, Regional Development and Local Government portfolio includes the bodies listed in Table J.1, in addition to the Department and the portfolio agencies described in Chapter 2.

Table J.1 Infrastructure, Transport, Regional Development and Local Government portfolio bodies

Type	Name	Website
<i>Ministerial councils</i>	Australian Transport Council	www.atcouncil.gov.au
	Local Government and Planning Ministers' Council	www.lgpmcouncil.gov.au
	Regional Development Council	www.rdcouncil.gov.au
	Standing Committee on Regional Development	
<i>Joint Commonwealth –state bodies</i>	National Marine Safety Committee	www.nmsc.gov.au
<i>International bodies</i>	Australian Motor Vehicle Certification Board	
<i>Advisory bodies</i>	Area Consultative Committees/Regional Development Australia Committees ^a	www.rda.gov.au
	Australian Bicycle Council	www.austroroads.com.au/abc/
	Regional Women's Advisory Council	www.infrastructure.gov.au/regional/councils/rwac/index.aspx
	Tasmanian Freight Equalisation Scheme Review Authority	
	Technical Liaison Group	
<i>Statutory authorities, statutory committees and royal commissions</i>	Australian Transport Safety Bureau ^b	www.atsb.gov.au
	Infrastructure Australia	www.infrastructureaustralia.gov.au
	International Air Services Commission	www.iasc.gov.au
	Marine Council	
	Motor Vehicle Standards Review Panel	

Table J.1 continued.

Type	Name	Website
<i>Statutory office holders</i>	Administrator of Vehicle Standards	
	Associate Administrators of Vehicle Standards	
	Infrastructure Coordinator	www.infrastructureaustralia.gov.au
	Inspector of Transport Security	
	Registrar of Liner Shipping	
<i>Commonwealth authorities under the CAC Act</i>	Airservices Australia	www.airservicesaustralia.com
	Australian Maritime Safety Authority	www.amsa.gov.au
	Civil Aviation Safety Authority	www.casa.gov.au
<i>Statutory corporations that are not CAC Act bodies</i>	National Transport Commission	www.ntc.gov.au
<i>Commonwealth companies under the CAC Act (limited by shares)</i>	Australian Rail Track Corporation	www.artc.com.au
<i>Other companies (limited by guarantee)</i>	Australian Road Research Board (ARRB) Group Ltd	www.arrb.org.au
	Transport Certification Australia Ltd	www.tca.gov.au
<i>Incorporated associations</i>	Austrroads Incorporated (New South Wales)	www.austrroads.com.au

CAC Act = *Commonwealth Authorities and Companies Act 1997*

- a On 20 March 2008, the Minister for Infrastructure, Transport, Regional Development and Local Government announced that Area Consultative Committees would transition to become Regional Development Australia committees from 1 January 2009.
- b The Australian Transport Safety Bureau was established as an independent statutory authority on 1 July 2009, following amendment of the *Transport Safety Investigation Act 2003*.

APPENDIX K—CHANGES TO KEY PERFORMANCE INDICATORS SINCE THE 2008–09 PORTFOLIO BUDGET STATEMENTS

The following key performance indicators, originally published in the 2008–09 Portfolio Budget Statements (PBS), were slightly modified in the 2008–09 Portfolio Additional Estimates Statements (PAES). No new Key Performance Indicators were published subsequent to the 2008–09 PBS.

Table K.1 Key performance indicators modified in PAES 2008–09

Output	Key performance indicators	2008–09 Targets
2.3.1	Provide a suite of vehicle fuel efficiency measures to ATC and Environment Protection and Heritage Council (EPHC) for consideration.	By early 2009
2.3.1	ATC is assisted to develop National Transport Policy arrangements by the end of 2008–09.	Papers for ATC meetings in 2008–09: <ul style="list-style-type: none"> • reflect the views of jurisdictions accurately; • reflect relevant COAG decisions; and • facilitate decision making by ATC Ministers.

Table K.2 Key performance indicators as originally published in PBS 2008–09

Output	Key performance indicators	2008–09 Targets
2.3.1	Provide suite of vehicle fuel efficiency measures to ATC and Environment Protection and Heritage Council (EPHC) for consideration.	By end 2008
2.3.1	ATC is assisted to develop a National Transport Policy by the end of 2008.	Papers for ATC meetings in 2008 provide for a National Transport Policy which: <ul style="list-style-type: none"> • reflects the views of jurisdictions accurately; • reflects relevant COAG decisions; and • facilitates decision making by ATC Ministers.

APPENDIX L— AUDIT OFFICE AND PARLIAMENTARY SCRUTINY

Reports on matters relating to the Department are released by the Australian National Audit Office (ANAO), parliamentary committees or other public bodies from time to time.

The Department formally responds to ANAO reports in writing, and the ANAO includes the Department's responses in its reports. The ANAO makes its reports available online, at <www.anao.gov.au>.

Details of the reports of parliamentary committee inquiries are available online, at <www.aph.gov.au/committee/index.htm>. The Australian Government tables its responses to parliamentary inquiries and other reports in the parliament.

This appendix lists reports relating to the Department released in 2008–09.

Table L.1 External reports relating to the Department in 2008–09

Inquiry type	Title	Tabled
Australian National Audit Office		
Performance audits	Delivery of Projects on the AusLink National Network	23 April 2009
Cross-portfolio audits	Audit of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2008	17 December 2008
	Green Office Procurement and Sustainable Office Management	11 March 2009
	Online Availability of Government Entities' Documents Tabled in the Australian Parliament	25 May 2009
	Interim Phase of the Audit Statements of General Government Sector Agencies for the Year ending 30 June 2009	22 June 2009
	Construction of the Christmas Island Immigration Detention Centre	23 June 2009
Parliamentary committees		
House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government	Inquiry into Coastal Shipping Policy and Regulation	20 October 2008
	Inquiry into a New Regional Development Funding Program—Interim Report	5 November 2008
	Inquiry into a New Regional Development Funding Program—Final Report	1 June 2009
Senate Standing Committee on Rural and Regional Affairs and Transport	Inquiry into the Administration of the Civil Aviation Safety Authority (CASA) and related matters	18 September 2008

Table L.1 continued.

Inquiry type	Title	Tabled
Parliamentary committees		
	Inquiry into the Nation Building Program (National Land Transport) Amendment Bill 2009	15 June 2009
	Budget Estimates 2009–10 (May 2009)	23 June 2009
Senate Standing Committee on Foreign Affairs, Defence and Trade	Inquiry into the economic and security challenges facing Papua New Guinea and the island states of the southwest Pacific—interim report	29 May 2009
Senate Select Committee on Regional and Remote Indigenous Communities	Second report 2009	25 June 2009

FINANCIAL STATEMENTS

For the Year Ended 30 June 2009





INDEPENDENT AUDITOR'S REPORT

**To the Minister for Infrastructure, Transport,
Regional Development and Local Government**

Scope

I have audited the accompanying financial statements of the Department of Infrastructure, Transport, Regional Development and Local Government for the year ended 30 June 2009, which comprise: a Statement by the Secretary and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Administered Items and Notes to and forming part of the Financial Statements including a Summary of Significant Accounting Policies.

The Responsibility of the Secretary for the Financial Statements

The Department's Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation

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of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department's Secretary, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Auditor's Opinion

In my opinion, the financial statements of the Department of Infrastructure, Transport, Regional Development and Local Government:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Interpretations; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Infrastructure, Transport, Regional Development and Local Government's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Alana Foster
Executive Director
Delegate of the Auditor-General
Canberra
13 August 2009



Australian Government

**Department of Infrastructure, Transport,
Regional Development and Local Government**

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2009 are based on properly maintained financial records and 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*, as amended.

Handwritten signature of Mike Mrdak in blue ink.

Mike Mrdak
Secretary

12 August 2009

Handwritten signature of Paul Wood in blue ink.

Paul Wood
Chief Financial Officer

12 August 2009

Department of Infrastructure, Transport, Regional Development and Local Government

INCOME STATEMENT

for the period ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
INCOME			
Revenue			
Revenue from Government	3A	242,521	239,773
Sale of goods and rendering of services	3B	4,149	4,175
Rental income	3C	429	367
Total revenue		247,099	244,315
Gains			
Resources received free of charge	3D	506	520
Reversals of previous write-downs	3D	141	48
Cost recoveries and refunds	3D	222	37
Total gains		869	605
Total Income		247,968	244,920
EXPENSES			
Employee benefits	4A	127,963	121,421
Suppliers	4B	106,789	99,046
Grants	4C	1,959	1,404
Depreciation and amortisation	4D	13,567	13,576
Finance costs	4E	288	269
Write-down and impairment of assets	4F	440	3,375
Total Expenses		251,006	239,091
Surplus/(deficit) attributable to the Australian Government		(3,038)	5,829

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

Department of Infrastructure, Transport, Regional Development and Local Government

BALANCE SHEET

as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	3,472	3,926
Trade and other receivables	5B	96,922	94,216
Accrued revenue	5C	555	419
Total financial assets		100,949	98,561
Non-Financial Assets			
Land and buildings	6A/6C	35,059	32,689
Infrastructure, plant and equipment	6B/6C	7,542	2,826
Intangibles	6D	24,107	22,378
Inventories	6E	1	5
Other non-financial assets	6F	5,120	6,983
Total non-financial assets		71,829	64,881
Total Assets		172,778	163,442
LIABILITIES			
Payables			
Suppliers	7A	13,209	2,614
Other payables	7B	17,424	16,455
Total payables		30,633	19,069
Interest Bearing Liabilities			
Leases	8A	351	373
Total interest bearing liabilities		351	373
Provisions			
Employee provisions	9A	32,722	31,267
Other provisions	9B	5,166	3,965
Total provisions		37,888	35,232
Total Liabilities		68,872	54,674
Net Assets		103,906	108,768
EQUITY			
Contributed equity		(121,520)	(121,520)
Asset revaluation reserve		14,607	16,431
Retained earnings		210,819	213,857
Total Equity		103,906	108,768
Current Assets		103,139	102,618
Non-Current Assets		69,639	60,824
Current Liabilities		51,168	40,271
Non-Current Liabilities		17,704	14,403

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

Department of Infrastructure, Transport, Regional Development and Local Government

STATEMENT OF CHANGES IN EQUITY

as at 30 June 2009

	Retained Earnings		Asset Revaluation Reserve		Contributed Equity/ Capital		Total Equity	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance								
Balance carried forward from previous period	213,857	209,023	16,431	13,479	(121,520)	(127,735)	108,768	94,767
Adjusted Opening Balance	213,857	209,023	16,431	13,479	(121,520)	(127,735)	108,768	94,767
Income and Expense								
Revaluation adjustment	–	–	(1,895)	3,401	–	–	(1,895)	3,401
Revaluation adjustment – provision	–	–	71	(449)	–	–	71	(449)
Sub-total income and expenses recognised directly in equity	–	–	(1,824)	2,952	–	–	(1,824)	2,952
Surplus / (Deficit) for the period	(3,038)	5,829	–	–	–	–	(3,038)	5,829
Total Income and Expense	(3,038)	5,829	(1,824)	2,952	–	–	(4,862)	8,781
Transactions with Owners								
<i>Distributions to owners</i>								
Restructuring (Note 10)	–	(899)	–	–	–	–	–	(899)
<i>Contributions by owners</i>								
Appropriation (equity injection)	–	–	–	–	–	6,215	–	6,215
Restructuring (Note 10)	–	(96)	–	–	–	–	–	(96)
Sub-total transactions with owners	–	(995)	–	–	–	6,215	–	5,220
Closing balance as at 30 June	210,819	213,857	14,607	16,431	(121,520)	(121,520)	103,906	108,768

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

Department of Infrastructure, Transport, Regional Development and Local Government

CASH FLOW STATEMENT

for the period ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		240,884	227,979
Goods and services		2,517	5,090
Rents		429	367
Net GST received		10,291	9,776
Other cash received		188	34
Total cash received		254,309	243,246
Cash used			
Employees		125,788	120,201
Suppliers		106,871	113,327
Total cash used		232,659	233,528
Net cash from operating activities	11	21,650	9,718
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment and intangibles		22,104	18,204
Total cash used		22,104	18,204
Net cash used by investing activities		(22,104)	(18,204)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		–	6,215
Total cash received		–	6,215
Net cash from financing activities		–	6,215
Net decrease in cash held		(454)	(2,271)
Cash and cash equivalents at the beginning of the reporting period		3,926	6,197
Cash and cash equivalents at the end of the reporting period	5A	3,472	3,926

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

Department of Infrastructure, Transport, Regional Development and Local Government

SCHEDULE OF COMMITMENTS

as at 30 June 2009

	2009	2008
	\$'000	\$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	(14,535)	(17,236)
Total commitments receivable	(14,535)	(17,236)
Capital commitments		
Land and buildings ¹	165	11,288
Intangibles ²	415	78
Total capital commitments	580	11,366
Other commitments		
Operating leases ³	127,380	136,458
Project commitments	507	155
Goods and services commitments ⁴	32,113	41,613
Total other commitments	160,000	178,226
Net commitments by type	146,045	172,356
BY MATURITY		
Commitments receivable		
GST recoverable on commitments		
One year or less	(3,412)	(4,524)
From one to five years	(6,964)	(7,428)
Over five years	(4,159)	(5,284)
Total commitments receivable	(14,535)	(17,236)
Commitments payable		
Capital commitments		
One year or less	580	11,366
From one to five years	-	-
Over five years	-	-
Total capital commitments	580	11,366
Operating lease commitments		
One year or less	18,497	18,646
From one to five years	63,129	59,691
Over five years	45,754	58,121
Total operating lease commitments	127,380	136,458
Project and goods and services commitments		
One year or less	19,233	19,753
From one to five years	13,387	22,015
Over five years	-	-
Total other commitments	32,620	41,768
Net commitments by maturity	146,045	172,356

This schedule should be read in conjunction with the accompanying notes.

Note: Commitments are GST inclusive where relevant.

Department of Infrastructure, Transport, Regional Development and Local Government

SCHEDULE OF COMMITMENTS (continued)

as at 30 June 2009

- ¹ Land and buildings commitments include leasehold improvements.
- ² Intangibles commitments relate to contracted payments for software.
- ³ Operating leases are effectively non-cancellable and comprise:

Nature of Lease	General description of leasing arrangement
Leases for office accommodation	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.	Lease Plan is the provider of vehicles to the Department. Leases are for a minimum period of three months and typically extend for two years. The leases may be extended for up to three months from the original specified expiry date. There are no existing contingent rental agreements between the Department and Lease Plan. There are no renewal options available on the agreement.

- ⁴ Goods and services commitments include commitments for the provision of services related to the Department.

The contracts with United KFPW and Pickfords for the provision of office related services are not disclosed in monetary terms as the contracted costs vary each year and are dependent upon usage.

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

Department of Infrastructure, Transport, Regional Development and Local Government

SCHEDULE OF CONTINGENCIES

as at 30 June 2009

Contingent Assets	Claims for damages/costs		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance from previous period	–	–	–	–
New	–	–	–	–
Re-measurement	–	–	–	–
Assets recognised	–	–	–	–
Expired	–	–	–	–
Total Contingent Assets	–	–	–	–
Contingent Liabilities	Claims for damages/costs		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance from previous period	20,000	20,000	20,000	20,000
New	500	–	500	–
Re-measurement	5,000	–	5,000	–
Liabilities recognised	–	–	–	–
Obligations expired	–	–	–	–
Total Contingent Liabilities	25,500	20,000	25,500	20,000
Net Contingent Liabilities (Assets)	25,500	20,000	25,500	20,000

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 12: Contingent Liabilities and Assets.

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

Department of Infrastructure, Transport, Regional Development and Local Government

SCHEDULE OF ADMINISTERED ITEMS

	Notes	2009 \$'000	2008 \$'000
Income administered on behalf of Government			
for the period ended 30 June 2009			
Revenue			
Taxation revenue			
Levies, fees and fines	16A	84,019	80,728
Total taxation revenue		84,019	80,728
Non-taxation revenue			
Rendering of services	16B	74,453	74,366
Interest	16C	4,634	5,119
Dividends	16D	–	66,600
Contributions	16E	2,202	2,967
Royalties	16F	–	643
Rental income	16G	2,796	4,134
Other revenue	16H	1,005,005	241
Total non-taxation revenue		1,089,090	154,070
Total revenues administered on behalf of Government		1,173,109	234,798
Gains			
Sale of assets	16I	–	148
Other gains	16J	–	7,597
Total gains administered on behalf of Government		–	7,745
Total income administered on behalf of Government		1,173,109	242,543
Expenses administered on behalf of Government			
for the period ended 30 June 2009			
Grants	17A	8,222,969	4,966,632
Subsidies	17B	155,188	142,369
Employee benefits	17C	–	4,556
Suppliers	17D	17,256	38,192
Depreciation and amortisation	17E	1,062	13,499
Write-down and impairment of assets	17F	–	80
Sale of assets	17G	–	66,513
Payments to CAC Act bodies	17H	242,276	–
Other expenses	17I	3,921	944
Total expenses administered on behalf of Government		8,642,672	5,232,785

This schedule should be read in conjunction with the accompanying notes.

Department of Infrastructure, Transport, Regional Development and Local Government

SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2009 \$'000	2008 \$'000
Assets administered on behalf of Government as at 30 June 2009			
Financial assets			
Cash and cash equivalents	18A	1,296	125
Receivables	18B	47,820	55,806
Investments accounted for using the equity method	18C	2,411,970	1,910,954
Accrued revenues	18D	7,793	7,196
Total financial assets		2,468,879	1,974,081
Non-financial assets			
Land and buildings	18E	62,938	64,000
Infrastructure, plant and equipment	18F	7,550	7,550
Prepayments	18G	390,554	1,387,967
Total non-financial assets		461,042	1,459,517
Total assets administered on behalf of Government		2,929,921	3,433,598
Liabilities administered on behalf of Government as at 30 June 2009			
Payables			
Suppliers	19A	1,669	994
Subsidies	19B	4,637	1,379
Grants	19C	10,887	27,966
Total payables		17,193	30,339
Total liabilities administered on behalf of Government		17,193	30,339
Current Assets		447,463	999,011
Non-Current Assets		2,482,458	2,434,587
Current Liabilities		17,193	30,339
Non-Current Liabilities		–	–

This schedule should be read in conjunction with the accompanying notes.

Department of Infrastructure, Transport, Regional Development and Local Government

SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2009 \$'000	2008 \$'000
Administered Cash Flows for the period ended 30 June 2009			
OPERATING ACTIVITIES			
Cash received			
Levies, fees and fines		88,458	81,448
Rendering of services		10,374	21,623
Interest		4,757	5,218
Dividends		–	66,600
Net GST received		10,732	13,369
Other		1,006,531	5,631
Total cash received		1,120,852	193,889
Cash used			
Grant payments		7,249,020	4,283,108
Subsidies paid		152,735	142,155
Suppliers		18,072	50,734
Employees		–	4,431
Payments to CAC Act bodies			
Annual	26A	96,623	–
Special (unlimited) - AMSA	26C	67,400	–
Special (unlimited) - CASA	26C	78,253	–
Other		7,842	1,191
Total cash used		7,669,945	4,481,619
Net cash flows used by operating activities		(6,549,093)	(4,287,730)
INVESTING ACTIVITIES			
Cash received			
Repayments of loans		5,248	4,871
Proceeds from sale of infrastructure, plant and equipment		–	451
Total cash received		5,248	5,322
Cash used			
Purchase of infrastructure, plant and equipment		–	1,950
Investments		422,000	–
Total cash used		422,000	1,950
Net cash flows from (used by) investing activities		(416,752)	3,372
Net decrease in cash held		(6,965,845)	(4,284,358)
Cash and cash equivalents at the beginning of the reporting period		125	240
Cash from Official Public Account for:			
– Appropriations			
Annual		4,083,815	2,653,986
Assets and liabilities		422,000	3
Special		2,516,516	1,767,644
– GST		11,692	12,740
– Special Accounts		1,054,879	54,496
		8,088,902	4,488,869
Cash to Official Public Account for:			
– Appropriations		(62,577)	(149,369)
– Special Accounts		(1,059,309)	(55,257)
		(1,121,886)	(204,626)
Cash and cash equivalents at the end of the reporting period	18A	1,296	125

This schedule should be read in conjunction with the accompanying notes.

Department of Infrastructure, Transport, Regional Development and Local Government

SCHEDULE OF ADMINISTERED ITEMS (continued)

	2009	2008
	\$'000	\$'000
Administered Commitments		
as at 30 June 2009		
BY TYPE		
Commitments receivable¹		
Other commitments	(18,260)	(10,800)
Project commitments	–	(1,730)
Operating leases	(9,412)	(9,343)
GST recoverable on commitments	(9,025)	(5,183)
Total commitments receivable	(36,697)	(27,056)
Other commitments		
Project commitments ²	2,950,972	2,815,273
Other commitments ³	83,370	52,406
Total other commitments	3,034,342	2,867,679
Net commitments by type	2,997,645	2,840,623
BY MATURITY		
Commitments receivable		
One year or less	(17,700)	(9,744)
From one to five years	(18,997)	(17,312)
Over five years	–	–
Total commitments receivable	(36,697)	(27,056)
Project commitments		
One year or less	2,940,512	1,800,684
From one to five years	10,460	1,014,589
Over five years	–	–
Total project commitments	2,950,972	2,815,273
Other commitments		
One year or less	31,890	11,596
From one to five years	51,480	40,810
Over five years	–	–
Total other commitments	83,370	52,406
Net administered commitments by maturity	2,997,645	2,840,623

This schedule should be read in conjunction with the accompanying notes.

Note: All commitments are GST inclusive where relevant.

Department of Infrastructure, Transport, Regional Development and Local Government

SCHEDULE OF ADMINISTERED ITEMS (continued)

- ¹ Commitments receivable include GST recoveries in relation to project commitments.
- ² Project commitments relate to contracts undertaken in relation to various Administered programs, including those related to the Nation Building program.
- ³ Other commitments in the prior year included service delivery arrangements.

SCHEDULE OF ADMINISTERED CONTINGENCIES

There are no quantifiable administered contingencies that are not remote. Details of other administered contingencies are disclosed at Note 22.

This schedule should be read in conjunction with the accompanying notes.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1:	Summary of Significant Accounting Policies
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Note 4:	Expenses
Note 5:	Financial Assets
Note 6:	Non-Financial Assets
Note 7:	Payables
Note 8:	Interest Bearing Liabilities
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Note 24:	Administered Investments
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Note 26:	Appropriations
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Note 29:	Reporting of Outcomes

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies**1.1 Objectives of Department of Infrastructure, Transport, Regional Development and Local Government**

The Department of Infrastructure, Transport, Regional Development and Local Government (the Department) works to achieve three outcomes specified by the Australian Government:

- Outcome 1 – Assisting the Government to provide, evaluate, plan and invest in infrastructure across industry sectors.
- Outcome 2 – Fostering an efficient, sustainable, competitive, safe and secure transport system.
- Outcome 3 – Assisting regions and local government to develop and manage their futures.

Department 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 the Department in its own right. Administered activities involve the management or oversight by the Department on behalf of the Australian Government, of items controlled or incurred by the Australian Government.

Departmental activities are identified under one output group for Outcome 1, three output groups for Outcome 2 and two output groups for Outcome 3. The one output group within Outcome 1 are: Infrastructure Investment (1.1). The three output groups within Outcome 2 are Transport Safety Investigations (2.1), Transport Security (2.2) and Transport Systems (2.3). The two output groups within Outcome 3 are: Regional Development (3.1) and Local Government (3.2).

The continued existence of the Department in its present form, and with its present programs, is dependent on Australian Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

1.2 Basis of Preparation of the Financial Statements

The financial statements are required by Section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Financial Management and Accountability Orders*) (*Financial Statements for reporting periods ending on or after 1 July 2008*) (FMOs); and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured.

Notes to and forming part of the Financial Statements

However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 12).

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

Administered revenues, expenses, assets and 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 Department items, except where otherwise stated at Note 1.21.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land at Badgerys Creek was determined using a Residual Value Approach as determined by an independent valuer in 2007-2008. Included in Note 18E.
- The fair value of administered investments has been taken to be the net assets of the entities at balance date. Confirmation of net asset balances has been obtained from all entities. Included in Note 18C.
- The fair value of artwork owned by the Department was determined using indicative market rates as determined by an independent valuer in 2007-2008. Included in Note 6C.

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

1.4 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

Future Australian Accounting Standard Requirements

No new standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable for future periods have a material effect on the Department.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

No appropriations are received on a reciprocal basis.

Appropriations receivable are recognised at their nominal amounts.

Notes to and forming part of the Financial Statements

Other types of revenue

Revenue from the sale of goods is recognised when:

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

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits associated with the transaction will flow to the Department.

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

Receivables for goods and services, that have 30-day terms, are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed on an ongoing basis. Individual debts that are known to be uncollectable are written off when identified. A provision is recognised when there is objective evidence that the Department will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

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

1.6 Gains

Other Resources received free of charge

Resources received free of charge are recognised as gains 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 these resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of assets

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

1.7 Transactions with the Australian Government as Owners

Equity injections

Amounts appropriated that are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Restructuring of administrative arrangements

Net assets received from or relinquished to another Australian Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Notes to and forming part of the Financial Statements

Other distribution to Owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.8 Employee Benefits

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

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

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

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

Leave

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that applied at the time the leave is taken, including the Department'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 the Australian Government Actuary (AGA) in March 2009. 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 made for separation and redundancy benefit payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

The Department made separation and redundancy payments in 2008-09 of \$2,312,000 (2007-08: \$1,623,000) – refer to Note 4A Employee Benefits.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The Department makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Department's employees. The Department accounts for the contribution as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

Notes to and forming part of the Financial Statements

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of a contract and a liability is recognised at the same time and for the same amount.

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

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

Where applicable, the minimum lease payment and contingent rent payment component are separately recognised and disclosed.

Contingent rent is defined as that portion of the lease payment that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time. Contingent rent payments are recognised as an expense in the period in which agreement is reached as to the amount of the change to be applied.

Lease incentives taking the form of 'free' leasehold improvement 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 life of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line basis unless another systematic basis is more reflective of the time pattern of the lessee's benefit.

1.10 Borrowing Costs

Borrowing costs are expensed as incurred.

1.11 Cash and Cash Equivalents

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

1.12 Financial assets

The Department classifies its financial assets in the following categories:

- financial assets at fair value through the income statement;
- held-to-maturity investments;
- available-for-sale financial assets; and
- loans and receivables.

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

Financial assets are recognised and derecognised upon trade date.

Notes to and forming part of the Financial Statements

Effective Interest Method

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through the income statement.

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

Financial assets at fair value through the income statement

Financial assets are classified as financial assets at fair value through the income statement where the financial assets:

- have been acquired principally for the purpose of selling in the near future;
- are part of an identified portfolio of financial instruments that the agency manages together and has a recent actual pattern of short-term profit-taking; or
- are a derivative that is not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through the income statement are stated at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest earned on the financial asset.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in the income statement. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments cost is used. The Department has no such instruments.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Department has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

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

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

Notes to and forming part of the Financial Statements

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

- **Financial assets held at amortised cost** – If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.
- **Available- for- sale financial assets** – If there is objective evidence that an impairment loss on an available- for- sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.
- **Available- for- sale financial assets (held at cost)** – If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through the income statement' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through the income statement

Financial liabilities at fair value through the income statement are initially measured at fair value. Subsequent fair value adjustments are recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments.

Supplier and other payables

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

1.14 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes.

They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset in respect of which the amount cannot be reliably measured.

Contingent assets are reported when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Notes to and forming part of the Financial Statements

1.15 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of 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.

1.17 Property, Plant and Equipment (PP&E)

Asset recognition threshold

Purchases of PP&E are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'makegood' recognised.

Items of plant and equipment acquired as part of leasehold fit out 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

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

Asset Class	Fair value measured at:
Land	Market selling price
Buildings	Market selling price
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price
Heritage and cultural assets	Market selling price

Following initial recognition at cost, PP&E are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the asset's fair value as at the reporting date.

The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Assets purchased after the valuation date are deemed to be at fair value.

Notes to and forming part of the Financial Statements

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

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

Depreciation

Depreciable PP&E assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

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

	2009	2008
Buildings on freehold land	15 to 60 years	15 to 60 years
Leasehold improvements	Shorter of lease term or expected useful economic life	Shorter of lease term or expected useful economic life
Plant and equipment	3 to 80 years	3 to 80 years
Artworks	50 years	50 years
Heritage and cultural assets	Indefinite	Indefinite

The aggregate amount of depreciation expense allocated for each class of asset during the reporting period is disclosed in Note 4D and 17E.

Impairment

All assets were assessed for impairment as at 30 June 2009. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its *fair value less costs to sell* and its *value in use*. *Value in use* is the present value of the future cash flows expected to be derived from the asset.

Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its *value in use* is taken to be its depreciated replacement cost.

1.18 Intangibles

The Department's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Notes to and forming part of the Financial Statements

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Department's software are 2 to 8 years (2007-08: 2 to 7 years).

All software assets were assessed for indications of impairment as at 30 June 2009.

1.19 Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

1.20 Taxation

The Department is exempt from all taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). Revenues, expenses, assets and liabilities 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.

1.21 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 for Departmental items, including the application of Australian Accounting Standards.

Administered cash transfers to and from the Official Public Account

Revenue collected by the Department for use by the Government, rather than the Department, is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash balance held by the Department on behalf of the Government and reported as such in the Statement of Administered Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 20. Thus, the Schedule of Administered Items largely reflects the Government's transactions, through the Department, with parties outside the Government.

Administered revenue

All administered revenues are revenues relating to the course of operating activities performed by the Department on behalf of the Australian Government. Levies, fees and fines revenue is recognised when it is probable that the economic benefit comprising the consideration will flow to the Government. Revenue from the rendering of service is recognised on delivery of that service to customers.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

Dividend revenue is recognised when the right to receive a dividend has been established.

Receivables for goods and services are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less, rather than more likely.

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

Administered investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 2009. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at balance date.

Notes to and forming part of the Financial Statements

Administered loans and receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment derecognition and amortisation are recognised through surplus and deficit.

Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137.

Guarantee to Subsidiaries, Joint ventures and Associates

The amounts guaranteed by the Commonwealth have been disclosed in the Schedule of Commitments. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required. The guarantees are in relation to lease obligations and are measured at the present value of future lease payments.

Other Guarantees

As for guarantees to controlled entities.

Indemnities

The maximum amounts payable under the indemnities given is disclosed in the Schedule of Administered Items-Contingencies. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

Grants and subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy 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, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

Payments to CAC Act Bodies

From 2008-09, payments to CAC Act bodies from amounts appropriated for that purpose are classified as administered expenses of the relevant portfolio department. The appropriation to the department is disclosed in Tables A, B, or C in Note 26.

Payments from the Building Australia Fund

Payments from the Building Australia Fund are reported as Other Revenue: Grants received from related entities (Note 16H) and Grants Expense (Note 17A). Payments are made through the Building Australia Fund Infrastructure Portfolio Special Account (Note 27).

Airport land

Freehold land at the 22 civilian airports owned by the Australian Government and leased to private sector interests 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 fair value because of the extended period before any future revenue stream will accrue and the fact that the land cannot currently be sold or transferred.

Infrastructure built on the freehold land is an asset of the lessor and not the Australian Government and is, therefore, not reflected in the accompanying financial statements.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Events after the Balance Sheet Date

The Australian Transport Safety Bureau (ATSB), a division of the Department as at 30 June 2009, was established on 1 July 2009 as an independent Statutory Agency with a Commission structure operating under the *Financial Management and Accountability Act 1997*.

The establishment of the ATSB as a separate agency will result in the following transfers of assets and liabilities from the Department:

	2009 \$'000
Net Assets To Be Relinquished	
ASSETS	
Financial Assets	
Receivables	187
Total financial assets	<u>187</u>
Non-financial Assets	
Infrastructure, plant and equipment	1,263
Intangibles	3,791
Other non-financial assets	89
Total non-financial assets	<u>5,143</u>
Total assets to be relinquished	<u>5,330</u>
Net Liabilities To Be Relinquished	
LIABILITIES	
Payables	
Suppliers	136
Other payables	182
Total payables	<u>318</u>
Provisions	
Employee provisions	3,023
Total provisions	<u>3,023</u>
Total liabilities to be relinquished	<u>3,341</u>

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 2: Events after the Balance Sheet Date (continued)**

The Council of Australian Governments has agreed to a new framework for federal financial relations that is being implemented in a staged manner from 1 January 2009. Under these arrangements specific purpose payments (SPPs) will now be made through combined monthly payments from the Commonwealth Treasury to and through State and Territory Treasuries.

The following assets will transfer to the Department of the Treasury on 1 July 2009:

	2009
	\$'000
Net Assets To Be Relinquished	
ASSETS	
Non-financial Assets	
Prepayments	247,148
<i>Total non-financial assets</i>	<i>247,148</i>
Total assets to be relinquished	247,148
The following project commitments will be paid by the Treasury from 1 July 2009. These commitments will be reported in the Treasury's financial statements from 2009-10.	
COMMITMENTS	
Other Commitments	
Project commitments	2,823,468
<i>Total other commitments</i>	<i>2,823,468</i>
Total commitments to be relinquished	2,823,468

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 3: Income		
Note 3A: Revenue from Government		
Appropriation:		
Departmental outputs	242,521	239,773
Total revenue from Government	242,521	239,773
Note 3B: Sale of Goods and Rendering of Services		
Provisions of goods - related entities	18	6
Provisions of goods - external entities	49	58
Total sale of goods	67	64
Rendering of services - related entities	2,595	2,552
Rendering of services - external entities	1,487	1,559
Total rendering of services	4,082	4,111
Total sale of goods and rendering of services	4,149	4,175
Note 3C: Rental Income		
Operating lease:		
Housing rental	-	1
Commercial premises rental	429	366
Total rental income	429	367
Note 3D: Gains		
Resources received free of charge	506	520
Reversals of previous write-downs	141	48
Cost recoveries and refunds	222	37
Total other gains	869	605

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 4: Expenses		
Note 4A: Employee Benefits		
Wages and salaries	90,494	87,219
Superannuation:		
Defined contribution plans	3,682	3,209
Defined benefit plans	13,567	13,749
Leave and other entitlements	16,791	15,026
Separations and redundancies	2,312	1,623
Other employee expenses	1,117	595
Total employee benefits	127,963	121,421
Note 4B: Suppliers		
Provision of goods – related entities	5	10
Provision of goods – external entities	2,639	2,412
Rendering of services – related entities	4,889	9,565
Rendering of services – external entities	82,200	73,019
Operating lease rentals:		
Minimum lease payments	16,006	12,522
Workers compensation premiums	733	866
Other supplier expenses	317	652
Total supplier expenses	106,789	99,046
Note 4C: Grants		
Public sector:		
Australian Government entities (related entities)	1,315	223
State and Territory Governments	171	494
Local Governments	39	-
Private sector:		
Non-profit organisations	366	550
Other	68	137
Total grants	1,959	1,404

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 4D: Depreciation and Amortisation		
Depreciation:		
Infrastructure, plant and equipment	1,378	461
Artwork	4	–
Total depreciation	1,382	461
Amortisation:		
Leasehold improvements	5,068	3,970
Leasehold makegood	468	664
Assets held under finance leases	425	2,370
Intangibles – computer software	6,224	6,111
Total amortisation	12,185	13,115
Total depreciation and amortisation	13,567	13,576

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Leasehold improvements	5,068	3,970
Leasehold makegood	468	664
Infrastructure, plant and equipment	1,378	461
Assets held under finance leases	425	2,370
Artwork	4	–
Computer software	6,224	6,111
Total depreciation and amortisation	13,567	13,576

Note 4E: Finance Costs

Finance leases	33	88
Unwinding of discount	255	181
Total finance costs expense	288	269

Note 4F: Write-Down and Impairment of Assets

Impairment of financial assets	–	11
Impairment of plant and equipment	34	17
Impairment of intangible assets	–	3,136
Impairment of leasehold improvements	406	211
Total write-down and impairment of assets	440	3,375

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 \$'000	2008 \$'000
Note 5: Financial Assets		
Note 5A: Cash and Cash Equivalents		
Departmental bank accounts	3,360	3,926
Other	112	–
Total cash and cash equivalents	3,472	3,926
Note 5B: Trade and Other Receivables		
Goods and services – related entities	964	463
Goods and services – external parties	879	72
Total receivables for goods and services	1,843	535
Appropriations receivable		
for existing outputs	93,381	91,745
GST receivable from the Australian Taxation Office	1,683	1,915
Other receivables	16	30
Total other receivables	95,080	93,690
Total trade and other receivables (gross)	96,923	94,225
Less impairment allowance account:		
Goods and services	–	–
Other receivables	(1)	(9)
Total trade and other receivables (net)	96,922	94,216
Receivables balance are represented by:		
Current	96,922	94,216
Non-current	–	–
Total trade and other receivables (net)	96,922	94,216
Receivables (gross) are aged as follows:		
Not overdue	96,568	94,030
Overdue by:		
Less than 30 days	92	123
30 to 60 days	2	9
61 to 90 days	205	4
More than 90 days	56	59
Total receivables (gross)	96,923	94,225
The impairment allowance account is aged as follows:		
Not overdue	–	–
Overdue by:		
Less than 30 days	–	–
30 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	(1)	(9)
Total impairment allowance account	(1)	(9)

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the impairment allowance account:

Movements in relation to 2009

	Goods and services	Other receivables	Total
	2009	2009	2009
	\$'000	\$'000	\$'000
Opening balance	–	9	9
Amounts written off	–	(1)	(1)
Amounts recovered and reversed	–	(8)	(8)
Increase/decrease recognised in net surplus	1	–	1
Closing balance	1	–	1

Movements in relation to 2008

	Goods and services	Other receivables	Total
	2008	2008	2008
	\$'000	\$'000	\$'000
Opening balance	116	14	130
Amounts written off	(116)	(1)	(117)
Amounts recovered and reversed	–	(13)	(13)
Increase/decrease recognised in net surplus	–	9	9
Closing balance	–	9	9

Note 5C: Accrued Revenue

Related entities

Total accrued revenue

	2009	2008
	\$'000	\$'000
Related entities	555	419
Total accrued revenue	555	419

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 6: Non-Financial Assets		
Note 6A: Land and Buildings		
Leasehold improvements:		
– work in progress	–	9,458
– gross carrying value (at fair value)	34,848	20,912
– accumulated amortisation	(2,658)	(1,392)
Total leasehold improvements	32,190	28,978
Leasehold make good		
– gross carrying value (at fair value)	3,487	3,946
– accumulated amortisation	(618)	(235)
Total leasehold make good	2,869	3,711
Total land and buildings (non-current)	35,059	32,689
No indicators of impairment were found for land and buildings.		
Note 6B: Infrastructure, plant and equipment		
Infrastructure, plant and equipment		
– gross carrying value (at fair value)	9,652	11,345
– accumulated depreciation	(2,285)	(8,698)
Total infrastructure, plant and equipment	7,367	2,647
Artworks - at fair value		
– gross carrying value (at fair value)	179	179
– accumulated depreciation	(4)	–
Total artworks	175	179
Total Infrastructure, plant and equipment (non-current)	7,542	2,826

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

In 2008-09, an independent valuer PrestonRowePaterson NSW Pty Ltd conducted valuations on the leasehold improvement assets. This resulted in a revaluation increment in leasehold improvement assets of \$263,105 (2008: \$1,234,386).

Revaluation increments for the makegood provision of \$70,739 (2008: decrements of \$449,870) and a revaluation decrement for the makegood assets of \$2,157,770 (2008: increments of \$2,183,674) were recognised in the asset revaluation reserve and included in the equity section of the Balance Sheet. Artworks and plant and equipment assets were not required to be revalued in 2008-09. In 2008 an increment of \$11,136 were recognised for artworks and a decrement of \$27,190 were recognised for plant and equipment assets.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 6C: Analysis of Property, Plant and Equipment**

Table A – Reconciliation of the opening and closing balances of property, plant and equipment – (2008–09)

	Buildings – Leasehold Improvements	Buildings – Leasehold Make good	Buildings Total	Infrastructure, Plant & Equipment	Artworks	Infrastructure, Plant & Equipment Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2008							
Gross book value	30,370	3,946	34,316	11,345	179	11,524	45,840
Accumulated depreciation/ amortisation and impairment	(1,392)	(235)	(1,627)	(8,698)	–	(8,698)	(10,325)
Net book value 1 July 2008	28,978	3,711	32,689	2,647	179	2,826	35,515
Additions:							
by purchase	8,444	1,888	10,332	6,137	–	6,137	16,469
by finance lease	–	–	–	295	–	295	295
Revaluations and impairments through equity							
Revaluations and impairments through equity	263	(2,158)	(1,895)	–	–	–	(1,895)
Depreciation/amortisation expense	(5,068)	(468)	(5,536)	(1,803)	(4)	(1,807)	(7,343)
Impairments recognised in the operating result	(302)	(104)	(406)	(34)	–	(34)	(440)
Other Movements							
Reclassifications	(125)	–	(125)	125	–	125	–
Disposals:							
From disposal of entities or operations (including restructuring)	–	–	–	–	–	–	–
Other disposals	–	–	–	–	–	–	–
Net book value 30 June 2009							
	32,190	2,869	35,059	7,367	175	7,542	42,601
Net book value as of 30 June 2009 represented by:							
Gross book value	34,848	3,487	38,335	9,652	179	9,831	48,166
Accumulated depreciation/ amortisation and impairment	(2,658)	(618)	(3,276)	(2,285)	(4)	(2,289)	(5,565)
	32,190	2,869	35,059	7,367	175	7,542	42,601

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 6C: Analysis of Property, Plant and Equipment (Continued)**

Table A – Reconciliation of the opening and closing balances of property, plant and equipment – (2007–08)

	Buildings – Leasehold Improvements	Buildings – Leasehold Make good	Buildings Total	Infrastructure, Plant & Equipment	Artworks	Infrastructure, Plant & Equipment Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007							
Gross book value	23,517	3,246	26,763	11,367	162	11,529	38,292
Accumulated depreciation/ amortisation and impairment	(2,617)	(1,165)	(3,782)	(6,374)	–	(6,374)	(10,156)
Net book value 1 July 2007	20,900	2,081	22,981	4,993	162	5,155	28,136
Additions:							
by purchase	11,001	135	11,136	441	6	447	11,583
by finance lease	–	–	–	88	–	88	88
Revaluations and impairments through equity	1,234	2,183	3,417	(27)	11	(16)	3,401
Depreciation/amortisation expense	(3,970)	(664)	(4,634)	(2,831)	–	(2,831)	(7,465)
Impairments recognised in the operating result	(187)	(24)	(211)	(17)	–	(17)	(228)
Other Movements							
Reclassifications	–	–	–	–	–	–	–
Disposals:							
From disposal of entities or operations (including restructuring)	–	–	–	–	–	–	–
Other disposals	–	–	–	–	–	–	–
Net book value 30 June 2008	28,978	3,711	32,689	2,647	179	2,826	35,515
Net book value as of 30 June 2008 represented by:							
Gross book value	30,370	3,946	34,316	11,345	179	11,524	45,840
Accumulated depreciation/ amortisation and impairment	(1,392)	(235)	(1,627)	(8,698)	–	(8,698)	(10,325)
	28,978	3,711	32,689	2,647	179	2,826	35,515

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 \$'000	2008 \$'000
Note 6D: Intangibles		
Computer software at cost:		
Internally developed – in progress (non-current)	7,926	4,323
Internally developed – in use (non-current)	33,737	29,941
Accumulated amortisation	(17,489)	(11,964)
Accumulated impairment write-down	(425)	(425)
Total computer software internally developed	23,749	21,875
Externally acquired - in use (non-current)	1,106	1,155
Accumulated amortisation	(748)	(652)
Total computer software purchased	358	503
Total Intangibles	24,107	22,378

Table A - Reconciliation of opening and closing balances of intangibles – (2008-09)

Item	Computer software internally developed \$'000	Computer software purchased \$'000
As at 1 July 2008		
Gross book value	34,264	1,155
Accumulated amortisation and impairment	(12,389)	(652)
Net book value 1 July 2008	21,875	503
Additions:		
by purchase or internally developed	7,924	29
Reclassifications	–	–
Amortisation	(6,050)	(174)
Impairments recognised due to change in useful lives	–	–
Other movements	–	–
Disposals		
from disposals of entities or operations (including restructuring)	–	–
other disposals	–	–
Net book value 30 June 2009	23,749	358
Net book value as of 30 June 2009 represented by:		
Gross book value	41,663	1,106
Accumulated amortisation and impairment	(17,914)	(748)
	23,749	358

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Table A - Reconciliation of opening and closing balances of intangibles (2007-08)

Item	Computer software internally developed \$'000	Computer software purchased \$'000
As at 1 July 2007		
Gross book value	30,780	997
Accumulated amortisation and impairment	(7,332)	(491)
Net book value 1 July 2007	23,448	506
Additions:		
by purchase or internally developed	7,545	126
Reclassifications	(32)	32
Amortisation	(5,950)	(161)
Impairments recognised in the operating result	(3,136)	–
Other movements	–	–
Disposals		
from disposals of entities or operations (including restructuring)	–	–
other disposals	–	–
Net book value 30 June 2008	21,875	503
Net book value as of 30 June 2008 represented by:		
Gross book value	34,264	1,155
Accumulated amortisation and impairment	(12,389)	(652)
	21,875	503

	2009 \$'000	2008 \$'000
Note 6E: Inventories		
Inventories held for sale		
Finished goods	1	5
Total inventories held for sale	1	5
Total inventories	1	5

During 2008-09, no inventories held for sale were recognised as an expense (2007-08: \$9,055). All inventories are current assets. No inventory is recognised at fair value less costs to sell.

Note 6F: Other Non-Financial Assets

Prepayments	2,178	2,057
Lease incentive asset	2,942	4,926
Total other non-financial assets	5,120	6,983

Other non-financial assets are represented by:

Current	2,190	4,053
Non-current	2,930	2,930
Total other non-financial assets	5,120	6,983

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors	9,638	293
Operating lease rentals	3,571	2,321
Total supplier payables	13,209	2,614
Supplier payables - related entities are represented by:		
Current	1,724	–
Non-current	–	–
Supplier payables - external parties are represented by:		
Current	8,070	416
Non-current	3,415	2,198
Total supplier payables	13,209	2,614
Note 7B: Other Payables		
Unearned revenue	2,076	251
Accrued expenses	6,262	7,805
Lease incentives	5,445	5,570
Salaries and wages	1,533	1,061
Superannuation	272	292
Separations and redundancies	1,596	1,331
Other	240	145
Total other payables	17,424	16,455
Other payables are represented by:		
Current	12,689	11,640
Non-current	4,735	4,815
Total other payables	17,424	16,455

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 8: Interest Bearing Liabilities		
Note 8A: Leases		
Finance leases	351	373
Total finance leases	351	373
Payable:		
Within one year		
Minimum lease payments	202	239
Deduct: future finance charges	(15)	(16)
	187	223
In one to five years		
Minimum lease payments	171	157
Deduct: future finance charges	(7)	(7)
	164	150
Finance leases recognised on the balance sheet	351	373
Finance leases exist in relation to certain office equipment assets. The office equipment leases are non-cancellable and for fixed terms between 3 and 5 years. The interest rate implicit in the leases averaged 6.10% (2008: 6.10%). There are no contingent rentals.		
Lease liability is represented by:		
Current	187	223
Non-current	164	150
Net lease liability	351	373

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000

Note 9: Provisions

Note 9A: Employee Provisions

Leave	32,722	31,267
Total employee provisions	32,722	31,267

Employee provisions are recognised by:

Current	28,253	27,535
Non-current	4,469	3,732
Total employee provisions	32,722	31,267

The classification of current employee provisions includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date is \$10,774,000 (2008: \$10,753,000), in excess of one year \$21,948,000 (2008: \$20,514,000). These estimations were based on historical leave taken over a period of three years.

Note 9B: Other Provisions

Provision for makegood	5,166	3,965
Total other provisions	5,166	3,965

Other provisions are recognised by:

Current	245	457
Non-current	4,921	3,508
Total other provisions	5,166	3,965

	Makegood provision
	\$'000
Carrying amount at beginning of period	3,965
Additional provisions made	1,864
Amounts used	(872)
Amounts reversed	–
Unwinding of discount or change in discount rate	209
Amount owing at end of period	5,166

Provision for makegood

The Department currently has 21 agreements (2008: 21) for the leasing of premises that have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.

In 2008-09, the Department revalued the makegood provision. Revaluation increments of \$70,739 (2008: decrements of \$449,870) was recognised in the asset revaluation reserve and included in the equity section of the Balance Sheet.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 10: Restructuring****Note 10A: Departmental Restructuring****Current year restructuring**

There were no restructures in 2008–09.

Prior year restructuring

As a result of a restructuring of Administrative Arrangements Orders of 3 December 2007, the Department of Infrastructure, Transport, Regional Development and Local Government relinquished its responsibility for the Territories and Natural Disaster Relief programs to the Attorney-General's Department. The transfer took effect from 31 January 2008.

The net book value of the assets and liabilities relinquished were:

	2008
Notes	\$'000
Net Assets Relinquished	
Financial Assets	
Cash	58
Total financial assets	<u>58</u>
Total assets relinquished	<u>58</u>
Net Liabilities Relinquished	
Provisions	
Employee provisions	1,560
Total provisions	<u>1,560</u>
Total liabilities relinquished	<u>1,560</u>
Net liabilities relinquished	10C <u>1,502</u>

As a result of a restructuring of Administrative Arrangements Orders of 3 December 2007, the Department of Infrastructure, Transport, Regional Development and Local Government assumed responsibility for the Major Projects Facilitation from the former Department of Industry, Tourism and Resources. The transfer took effect from 14 January 2008.

The net book value of the assets and liabilities recognised were:

Total net assets recognised	<u>—</u>
Net Liabilities recognised	
Employee provisions	96
Total liabilities recognised	<u>96</u>
Net liabilities recognised	10C <u>96</u>

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2008
	\$'000
Note 10A: Departmental Restructuring (continued)	
Major Projects Facilitation	
Expenses	
Recognised by the Department of Innovation, Industry, Science and Research	164
Recognised by the Department of Infrastructure, Transport, Regional Development and Local Government	138
Total Expenses	<u>302</u>

The Department of Infrastructure, Transport, Regional Development and Local Government assumed responsibility for the Northern Australia Futures Taskforce from the Department of the Environment, Water, Heritage and the Arts as a result of a Government decision made 4 March 2008.

The net book value of the assets and liabilities recognised were:

	2008
	\$'000
Net assets recognised	–
Net liabilities recognised	–
Net assets/liabilities recognised	<u>–</u>

Northern Australia Futures Taskforce

Revenues	
Recognised by the Department of the Environment, Water, Heritage and the Arts	596
Recognised by the Department of Infrastructure, Transport, Regional Development and Local Government	130
Total Revenues	<u>726</u>
Expenses	
Recognised by the Department of the Environment, Water, Heritage and the Arts	467
Recognised by the Department of Infrastructure, Transport, Regional Development and Local Government	84
Total Expenses	<u>551</u>

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 10B: Reduction of appropriations as a result of restructuring**

At the time of the transfer of the Territories and Natural Disaster Relief functions, the Department had an appropriation receivable representing prior years' unspent appropriations. Under the FMOs, the Department was required to account for the transfer of prior year appropriations against equity.

	2008
	<u>\$'000</u>
Appropriation receivable	<u>2,401</u>

Note 10C: Transactions with owners as a result of restructuring

		2008
	Notes	<u>\$'000</u>
Distributions to owners		
Net assets relinquished to Attorney-General's Department	10A	1,502
Prior year appropriation receivable	10B	<u>(2,401)</u>
Total distribution to owners		<u>(899)</u>
Contributions by owners		
Liabilities acquired from the Department of Innovation, Industry, Science and Research	10A	96
Total contributions to owners		<u>96</u>

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 11: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	3,472	3,926
Balance Sheet	3,472	3,926
Reconciliation of operating result to net cash from operating activities:		
Operating result	(3,038)	5,829
Depreciation and amortisation	13,567	13,576
Net write-down of non-financial assets	440	3,363
Restructuring	–	(995)
	<u>10,969</u>	<u>21,773</u>
Change in operating assets and liabilities resulting from operating activities (net of restructuring)		
(Increase)/decrease in net receivables	(2,704)	(8,498)
(Increase)/decrease in accrued revenue	(136)	(121)
(Increase)/decrease in inventories	4	(1)
(Increase)/decrease in other assets	1,863	(1,425)
Increase/(decrease) in employee provisions	1,455	(222)
Increase/(decrease) in supplier payables	10,595	(1,386)
Increase/(decrease) in unearned revenue	1,825	(124)
Increase/(decrease) in accrued expenses	(3,861)	11
Increase/(decrease) in finance leases	(316)	(1,994)
Increase/(decrease) in other provisions	1,251	267
Increase/(decrease) in other payables	705	1,438
Net cash from operating activities	<u>21,650</u>	<u>9,718</u>

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Contingent Liabilities and Assets

Quantifiable Contingencies

Contingent Liabilities

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$25.5m (2008: \$20m).

Contingent Assets

The Schedule of Contingencies reports contingent assets in respect of monies claimed for damages/costs of nil in 2009 (2008: nil).

Unquantifiable Contingencies

McLaughlin & Anor v The Commonwealth & Ors - The plaintiffs allege that they have the right of access over Commonwealth land and are seeking declaratory and injunctive relief orders for specific performance, unspecified damages and compensation in relation to the alleged interference with their right of access plus interest and costs.

Remote Contingencies

The Department has no remote contingencies.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
Note 13: Senior Executive Remuneration		
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130 000 to \$144 999	1	1
\$145 000 to \$159 999	1	1
\$160 000 to \$174 999	3	3
\$175 000 to \$189 999	1	2
\$190 000 to \$204 999	5	4
\$205 000 to \$219 999	7	9
\$220 000 to \$234 999	6	6
\$235 000 to \$249 999	4	4
\$250 000 to \$264 999	5	2
\$265 000 to \$279 999	4	1
\$280 000 to \$294 999	1	1
\$295 000 to \$309 999	3	1
\$310 000 to \$324 999	1	–
\$325 000 to \$339 999	1	–
\$340 000 to \$354 999	1	–
\$370 000 to \$384 999	1	–
\$460 000 to \$474 999	–	1
\$475 000 to \$489 999	1	–
Total	46	36

The number of senior executives shown above has increased in comparison to the prior year as a result of organisational changes and increases in leave liabilities.

The aggregate amount of total remuneration of senior executives shown above.	\$11,197,912	\$9,254,865
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The aggregate amount of separation and redundancy/termination benefit payments during the year to senior executives shown above.	–	\$105,328
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	2009	2008
	\$'000	\$'000

Note 14: Remuneration of Auditors

Financial statement audit services are provided free of charge to the Department.

The fair value of the services provided was:

Department of Infrastructure, Transport, Regional Development and Local Government	506	520
	506	520

No other services were provided by the Auditor-General.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 15: Financial Instruments****Note 15A: Categories of Financial Instruments**

	Notes	2009 \$'000	2008 \$'000
Financial Assets			
Cash and cash equivalents			
Departmental bank accounts	5A	3,472	3,926
		<u>3,472</u>	<u>3,926</u>
Loans and receivables financial assets			
Trade receivables	5B	1,843	535
Other receivables	5B	16	30
Accrued revenue	5C	555	419
		<u>2,414</u>	<u>984</u>
		<u>5,886</u>	<u>4,910</u>
Carrying amount of financial assets			
Financial Liabilities			
At amortised cost			
Trade creditors	7A	13,209	2,614
Other payables	7B	240	145
Finance lease	8A	351	373
		<u>13,800</u>	<u>3,132</u>
Carrying amount of financial liabilities			

Note 15B: Fair Values of Financial Instruments

	Notes	2009 Carrying Amount \$'000	2009 Fair Value \$'000	2008 Carrying Amount \$'000	2008 Fair Value \$'000
Departmental Financial Assets					
Cash and cash equivalents	5A	3,472	3,472	3,926	3,926
Trade receivables	5B	1,843	1,843	535	535
Other receivables	5B	16	16	30	30
Accrued revenue	5C	555	555	419	419
Total financial assets		<u>5,886</u>	<u>5,886</u>	<u>4,910</u>	<u>4,910</u>
Financial Liabilities (Recognised)					
Trade creditors	7A	(13,209)	(13,209)	(2,614)	(2,614)
Other payables	7B	(240)	(240)	(145)	(145)
Finance lease	8A	(351)	(351)	(373)	(373)
Total financial liabilities (recognised)		<u>(13,800)</u>	<u>(13,800)</u>	<u>(3,132)</u>	<u>(3,132)</u>

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15C: Credit Risk Exposures

The Department is exposed to minimal credit risk as loans and receivables are cash, trade receivables and accrued revenue. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2009: \$1,843,000 and 2008: \$535,000). The Department assessed the risk of default on payment and has allocated \$1,000 in 2009 (2008: \$9,000) to an impairment allowance account.

The Department manages its credit risk by ensuring that the Department has policies and procedures in relation to debt management.

The Department holds no collateral to mitigate against credit risk.

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

	2009 Not Past Due Nor Impaired \$'000	2008 Not Past Due Nor Impaired \$'000	2009 Past Due or Impaired \$'000	2008 Past Due or Impaired \$'000
Loans and Receivables				
Cash	3,472	3,926	–	–
Trade and other receivables	1,504	370	355	195
Accrued revenue	555	419	–	–
Total	5,531	4,715	355	195

Ageing of financial assets that are past due but not impaired for 2009

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and Receivables					
Trade and other receivables	92	2	205	56	355
Total	92	2	205	56	355

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

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and Receivables					
Trade and other receivables	123	9	4	59	195
Total	123	9	4	59	195

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 15D: Liquidity Risk**

The Department's financial liabilities are payables, finance leases and other interest bearing liabilities. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrate the maturities for financial liabilities

	2009 On demand \$'000	2009 within 1 year \$'000	2009 1 to 5 years \$'000	2009 > 5 years \$'000	Total \$'000
Other Liabilities					
Trade creditors	–	9,638	–	–	9,638
Accrued expenses	–	6,262	–	–	6,262
Finance lease	–	187	164	–	351
Total other liabilities	–	16,087	164	–	16,251

	2008 On demand \$'000	2008 within 1 year \$'000	2008 1 to 5 years \$'000	2008 > 5 years \$'000	Total \$'000
Other Liabilities					
Trade creditors	–	293	–	–	293
Accrued expenses	–	7,805	–	–	7,805
Finance lease	–	223	150	–	373
Total other liabilities	–	8,321	150	–	8,471

The Department is appropriated funding from the Australian Government. The Department manages its budgeted funds to ensure that it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payments are made when due and has no past experience of default.

Note 15E: Market Risk

The Department holds basic financial instruments that do not expose the Department to certain market risks. The Department is not exposed to 'Currency risk' or 'Other price risk'.

Interest rate risk

The only interest-bearing item on the balance sheet are the 'Finance leases' which bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 16: Income administered on behalf of Government		
Revenue		
Taxation revenue		
Note 16A: Levies, Fees and Fines		
Levies	11,353	7,971
Fees	71,724	71,441
Fines	942	1,316
Total levies, fees and fines	84,019	80,728
Non-taxation revenue		
Note 16B: Rendering of Services		
Rendering of services - external entities	7,453	14,846
Marine Industry fees	67,000	59,520
Total rendering of services	74,453	74,366
Note 16C: Interest		
Loans – State and Territory Governments	4,634	5,119
Total interest	4,634	5,119
Note 16D: Dividends		
Australian Government entities	–	66,600
Total dividends	–	66,600
Note 16E: Contributions		
Dairy regional assistance program reimbursements	–	76
Airport environment officers contribution	869	939
Refund previous years payments	1,299	1,813
Reimbursement of prior years' levies	34	139
- International Oil Pollution Compensation Fund		
Total contributions	2,202	2,967
Note 16F: Royalties		
Mining royalties	–	579
Lotteries	–	64
Total royalties	–	643

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 16: Income administered on behalf of Government (Continued)		
Note 16G: Rental Income		
Operating lease:		
Housing rental	2,796	3,855
Land rent	–	35
Commercial rent	–	244
Total rental income	2,796	4,134
Note 16H: Other Revenue		
Other revenue	5	241
Grants received from related entities ¹	1,005,000	–
Total other revenue	1,005,005	241
Total revenues administered on behalf of Government	1,173,109	234,798
Gains		
Note 16I: Sale of Assets		
Land and buildings		
Proceeds from sale	–	10,676
Carrying value of asset sold	–	(303)
Selling expense	–	(10,225)
Total net gain from disposal of assets	–	148
Note 16J: Other Gains		
Write-back of doubtful debts provision	–	47
Assets first recognised	–	7,550
Total other gains	–	7,597
Total gains administered on behalf of Government	–	7,745
Total income administered on behalf of Government	1,173,109	242,543

¹ Refer to Note 1.21

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 17: Expenses administered on behalf of Government		
Note 17A: Grants		
Public sector:		
Australian Government entities (related entities)	76,999	39,148
State and Territory Governments	7,015,278	4,376,933
Local Governments	1,010,126	444,129
Private sector:		
Non-profit organisations	118,419	104,577
Overseas	2,147	1,845
Total grants	8,222,969	4,966,632
Note 17B: Subsidies		
Tasmanian Freight Equalisation Scheme	109,418	101,252
Bass Straight Passenger Vehicle Equalisation Scheme	35,060	30,103
Other	10,710	11,014
Total subsidies	155,188	142,369
Note 17C: Employee Benefits		
Wages and Salaries	–	2,233
Superannuation		
Defined contribution plans	–	289
Defined benefit plans	–	32
Leave and other entitlements	–	646
Separations and redundancies	–	3
Other employee expenses	–	1,353
Total employee benefits expense	–	4,556
Note 17D: Suppliers		
Workers compensation premiums	–	60
Rendering of services - related entities	–	3,235
Rendering of services - external entities	17,256	34,581
Operating lease rentals:		
Minimum lease payments	–	316
Total suppliers	17,256	38,192

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 \$'000	2008 \$'000
Note 17: Expenses administered on behalf of Government (Continued)		
Note 17E: Depreciation and Amortisation		
Depreciation		
Buildings	1,062	7,408
Infrastructure, plant and equipment	-	6,005
Total depreciation	1,062	13,413
Amortisation		
Intangibles – phosphate mine lease	-	86
Total amortisation	-	86
Total depreciation and amortisation	1,062	13,499
Note 17F: Write-down and impairment of assets		
Impairment of financial assets	-	72
Impairment of infrastructure, plant and equipment	-	8
Total write-down and impairment of assets	-	80
Note 17G: Sale of Assets		
Investments		
Proceeds from sale	-	-
Net book value of assets sale	-	66,513
Net loss from sale of investments	-	66,513
Total proceeds from sale	-	-
Total value of assets sale and selling expenses	-	66,513
Total net loss from sale of assets	-	66,513
Note 17H: Payments to CAC Act Bodies		
Australian Maritime Safety Authority	118,142	-
Civil Aviation Safety Authority	124,134	-
Total payments to CAC Act bodies	242,276	-
Payments to CAC Act bodies include annual appropriations (Note 26A) and special appropriations (Note 26C).		
Note 17I: Other Expenses		
Reimbursement of previous years' levies	34	139
Other	3,887	805
Total other expenses	3,921	944
Total expenses administered on behalf of Government	8,642,672	5,232,785

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 18: Assets administered on behalf of Government		
Financial assets		
Note 18A: Cash and Cash Equivalents		
Administered bank accounts	1,296	125
Total cash and cash equivalents	1,296	125
Note 18B: Receivables		
Loans:		
State and Territory Governments	45,584	50,832
Total loans	45,584	50,832
Goods and services receivable - external parties	237	3,772
Less: impairment allowance account	-	-
Total goods and services	237	3,772
Other – GST receivable from Australian Taxation Office	1,999	1,202
Total receivables (net)	47,820	55,806

Loans are made under financial assistance legislation for periods up to 100 years. No security is generally required. Principal is repaid in full at maturity. Interest rates are fixed. Effective interest rates average 8.10% (2008: 8.10%). Interest payments are due on the last day of each quarter.

Receivables are aged as follows:

Not overdue	47,616	55,592
Overdue by:		
Less than 30 days	-	214
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	204	-
Total receivables (gross)	47,820	55,806

The impairment allowance account is aged as follows:

Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	-	-
Total impairment allowance account	-	-

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Reconciliation of the impairment allowance account:**

Movements in relation to 2009

	Goods and services	Other receivables	Total
	2009	2009	2009
	\$'000	\$'000	\$'000
Opening balance	–	–	–
Amounts written off	–	–	–
Amounts recovered and reversed	–	–	–
Increase/decrease recognised in net surplus	–	–	–
Closing Balance	–	–	–

Movements in relation to 2008

	Goods and services	Other receivables	Total
	2008	2008	2008
	\$'000	\$'000	\$'000
Opening balance	84	–	84
Amounts written off	(3)	–	(3)
Amounts transferred to Attorney-General's Department	(34)	–	(34)
Amounts recovered and reversed	–	–	–
Increase/decrease recognised in net surplus	(47)	–	(47)
Closing Balance	–	–	–

2009	2008
\$'000	\$'000

Note 18C: Investments Accounted for Using the Equity Method

Australian Government authorities:

National Road Transport Commission	1,225	620
Airservices Australia	334,000	361,000
Australian Maritime Safety Authority	146,242	106,720
Civil Aviation Safety Authority	100,403	61,414

Australian Government companies:

Australian Rail Track Corporation Limited	1,830,100	1,381,200
Total equity accounted investments	2,411,970	1,910,954

The principal activities of each of the controlled activities are disclosed at Note 24.

The increase of \$501,016,000 in investments from the prior year has been recognised as a revaluation taken to the investment reserve. Refer to Note 20.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$'000	\$'000
Note 18: Assets administered on behalf of Government (continued)		
Note 18D: Accrued Revenue		
Levies, fees and fines	5,916	5,218
Rendering of services - external entities	855	834
Interest	1,022	1,144
Total accrued revenue	7,793	7,196
Total Financial Assets	2,468,879	1,974,081
Non-financial assets		
Note 18E: Land and Buildings		
Land – at fair value	49,200	49,200
Total land	49,200	49,200
Buildings – at fair value	15,151	15,151
Accumulated depreciation	(1,413)	(351)
Total buildings	13,738	14,800
Total land and buildings (non-current)	62,938	64,000
Note 18F: Infrastructure, Plant and Equipment		
Heritage and cultural:		
Historical aircraft	7,550	7,550
Accumulated depreciation	–	–
Total infrastructure, plant and equipment	7,550	7,550

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

In 2007-08, independent valuers PrestonRowePaterson NSW Pty Ltd conducted the valuations.

Revaluation decrements for land 2009: nil (2008: \$800,000) were debited to the asset revaluation reserve by asset class, and decrements for buildings on freehold land 2009: nil (2008: \$140,130) were debited to the asset revaluation reserve by asset class; no decrements were expensed.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 18: Assets administered on behalf of Government (continued)**

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

	Land	Buildings on Freehold Land	Land & Buildings – Total	Infrastructure, Plant & Equipment	Heritage & Cultural	Infrastructure, Plant & Equipment – Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2008							
Gross book value	49,200	15,151	64,351	–	7,550	7,550	71,901
Accumulated depreciation/ amortisation and impairment	–	(351)	(351)	–	–	–	(351)
Net book value 1 July 2008	49,200	14,800	64,000	–	7,550	7,550	71,550
Additions:							
by purchase	–	–	–	–	–	–	–
from acquisition of operations (including restructuring)	–	–	–	–	–	–	–
Revaluations and impairments through equity	–	–	–	–	–	–	–
Depreciation/amortisation expense	–	(1,062)	(1,062)	–	–	–	(1,062)
Impairments recognised in the operating result	–	–	–	–	–	–	–
Other movements							
Reclassifications	–	–	–	–	–	–	–
Assets first recognised	–	–	–	–	–	–	–
Disposals:							
from disposal of operations (including restructuring)	–	–	–	–	–	–	–
other disposals	–	–	–	–	–	–	–
Net book value 30 June 2009	49,200	13,738	62,938	–	7,550	7,550	70,488
Net book value as of 30 June 2009 represented by:							
Gross book value	49,200	15,151	64,351	–	7,550	7,550	71,901
Accumulated depreciation/ amortisation and impairment	–	(1,413)	(1,413)	–	–	–	(1,413)
	49,200	13,738	62,938	–	7,550	7,550	70,488

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.17.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment (2007-08)

	Land	Buildings on Freehold Land	Land & Buildings – Total	Infrastructure, Plant & Equipment	Heritage & Cultural	Infrastructure, Plant & Equipment – Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007							
Gross book value	99,567	96,196	195,763	150,528	53,852	204,380	400,143
Accumulated depreciation/amortisation and impairment	–	(8,287)	(8,287)	(5,409)	(237)	(5,646)	(13,933)
Net book value 1 July 2007	99,567	87,909	187,476	145,119	53,615	198,734	386,210
Additions:							
by purchase	–	211	211	1,739	–	1,739	1,950
from acquisition of operations (including restructuring)	–	–	–	–	–	–	–
Revaluations and impairments through equity	(800)	140	(660)	–	–	–	(660)
Depreciation/amortisation expense	–	(7,408)	(7,408)	(5,682)	(323)	(6,005)	(13,413)
Impairments recognised in the operating result	–	–	–	(3)	(5)	(8)	(8)
Other movements							
Reclassifications	148	(577)	(429)	429	–	429	–
Assets first recognised	–	–	–	–	7,550	7,550	7,550
Disposals:							
from disposal of operations (including restructuring)	(49,565)	(65,322)	(114,887)	(141,555)	(53,287)	(194,842)	(309,729)
other disposals	(150)	(153)	(303)	(47)	–	(47)	(350)
Net book value 30 June 2008	49,200	14,800	64,000	–	7,550	7,550	71,550
Net book value as of 30 June 2008 represented by:							
Gross book value	49,200	15,151	64,351	–	7,550	7,550	71,901
Accumulated depreciation/amortisation and impairment	–	(351)	(351)	–	–	–	(351)
	49,200	14,800	64,000	–	7,550	7,550	71,550

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009 \$'000	2008 \$'000
Note 18: Assets administered on behalf of Government (continued)		
Note 18G: Prepayments		
Grant prepayments	390,554	1,387,967
Total prepayments	390,554	1,387,967
Total non-financial assets	461,042	1,459,517
Total assets administered on behalf of Government	2,929,921	3,433,598
Note 19: Liabilities administered on behalf of Government		
Payables		
Note 19A: Suppliers		
Trade creditors	1,669	994
Total suppliers	1,669	994
All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.		
Note 19B: Subsidies		
Payable to external parties	4,637	1,379
Total subsidies	4,637	1,379
Note 19C: Grants		
Public sector:		
State and Territory Governments	9,356	27,065
Total public sector	9,356	27,065
Private sector:		
Non-profit organisations	1,531	901
Total private sector	1,531	901
Total grants	10,887	27,966
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility. All grants are to entities that are not part of the Australian Government.		
Total payables	17,193	30,339
Total liabilities administered on behalf of Government	17,193	30,339
All liabilities are expected to be settled within 12 months of balance date except where otherwise stated.		

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	2009 \$'000	2008 \$'000
Note 20: Administered Reconciliation Table			
Opening administered assets less administered liabilities as at 1 July		3,403,259	4,365,119
Plus: Administered income		1,173,109	242,543
Less: Administered expenses (non CAC)		(8,400,396)	(5,232,785)
Payments to CAC Act bodies		(242,276)	–
		(4,066,304)	(625,123)
Administered transfers to/from Australian Government:			
Appropriation transfers from OPA:			
Annual appropriations for administered expenses (non CAC)		3,987,192	2,653,985
Administered assets and liabilities appropriations		422,000	3
Annual appropriations for payment to CAC Act bodies		96,623	–
GST		11,692	12,740
Special appropriations (limited) (non CAC)		–	683
Special appropriations (unlimited) (non CAC)		2,373,495	1,766,962
Special appropriations (unlimited) paid to CAC Act bodies		145,653	–
Special Accounts		1,054,885	54,496
Transfers to OPA		(1,121,886)	(204,626)
Transfers to OPA non-cash		(69,638)	(59,520)
Restructuring		–	(437,609)
Administered revaluations taken from reserves		–	(660)
Administered investments - revaluations taken to reserves		79,016	241,928
Closing administered assets less administered liabilities as at 30 June		2,912,728	3,403,259

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 21: Administered Restructuring****Note 21A: Administered Restructuring****Current year restructuring**

There were no restructures in 2008–09.

Prior year restructuring

As a result of a restructuring of Administrative Arrangements Orders of 3 December 2007, the Department relinquished its responsibility for the Territories and Natural Disaster Relief programs to the Attorney-General's Department. The transfer took effect from 24 January 2008.

In respect of the functions relinquished, the following assets and liabilities were transferred by the Department:

	2008 \$'000
Assets Relinquished	
Financial Assets	
Receivables	135,307
Total financial assets	<u>135,307</u>
Non-Financial Assets	
Land and buildings ¹	114,886
Infrastructure, plant and equipment ²	141,555
Heritage and cultural ³	53,288
Intangibles	1,685
Inventories	2,061
Prepayments	451
Total non-financial assets	<u>313,926</u>
Total Assets Relinquished	<u>449,233</u>
Liabilities Relinquished	
Provisions	
Employee provisions	1,313
Asbestos removal provision	7,276
Phosphate mine rehabilitation provision	3,034
Total provisions	<u>11,623</u>
Payables	
Suppliers	1
Total payables	<u>1</u>
Total liabilities relinquished	<u>11,624</u>
Net increase / (decrease) in net assets during the year	<u>437,609</u>

1 The transfer of land and buildings also included the transfer of the associated asset revaluation reserve of \$50,796,869.

2 The transfer of infrastructure, plant and equipment also included the transfer of the associated asset revaluation reserve of \$45,095,091.

3 The transfer of heritage and cultural assets also included the transfer of the associated asset revaluation reserve of \$15,441,911.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21B: Administered Restructuring – derecognised through the income statement

On 24 September 2007 the *Maritime Legislation Amendment Act 2007* (the integration act) received Royal Assent. This legislation integrated the operations of the Australian Maritime College into the University of Tasmania as at 1 January 2008. From January 2008 the Australian Maritime College (AMC) will operate as an institute within the University of Tasmania.

As at 1 January 2008, all assets and liabilities vested in the AMC became vested in the University of Tasmania. The assets included not only actual, contingent or prospective legal or equitable interests in real or personal property, but also rights, powers, privileges or immunities whether actual, contingent or prospective. The rights and liabilities include rights and liabilities under contracts or the common law.

The Finance Minister's Orders for Financial Reporting (requirements and guidance for the preparation of financial statements of Australian Government Entities for reporting periods on or after 1 July 2007), s92.5 require that all transfers of assets and liabilities from one Entity to another must be treated as giving rise to income or expenses in the financial period the transfer occurs. Accordingly the transfer of the AMC was recognised as a loss on disposal of investment (refer to Note 17G).

The assets transferred to the University of Tasmania at the date of transfer were:

	2008
	\$'000
	<hr/>
Total assets relinquished	<hr/> 66,513 <hr/>

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 22: Administered Contingent Liabilities****Quantifiable Administered Contingencies**

Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

Code Management Company – Indemnity for the Code of Practice for the Defined Interstate Rail Network

The Code Management Company (CMC), is a company owned by the Australasian Railway Association whose members include all of Australia's major rail operators and track owners and representatives from smaller companies. The Australian Government has provided an indemnity to CMC against all loss or expense that occurred prior to the transfer of ownership from the Commonwealth relating to the correct use or application of Code of Practice for the Defined Interstate Rail Network. The Code sets out a national approach to operational and engineering practices, including uniform standards for safe working, train operations and freight loading specifications. The indemnity is limited to an aggregate of \$50 million for a period of six years from the date of transfer of ownership and expires on 15 July 2009.

Unquantifiable Administered Contingencies**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 costs of any such incidents. AMSA's liability is capped at \$10 million. The Australian Government meets costs that cannot be recovered from such incidents. It is not possible to estimate the amounts of any eventual payments that maybe required in relation to these incident costs.

Sales Indemnities:

Indemnities given to Australian National Sales in relation to the acquisition of SA Rail, PAXRAIL and TASRAIL from the Australian Government.

Civil Aviation Safety Authority:

Indemnity in relation to safety regulation activities.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Administered Contingent Liabilities (continued)

Remote Administered Contingencies

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 Australian Government, 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 Australian Government 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 Australian Government's potential liability to the lessees' financiers is limited to the value received for the affected airport lease or the valuation of the airport site. Where the Australian Government is able to sell on the airport lease, secured financiers have a limited ability to recover their loans from funds obtained by the Australian Government from selling on the airport lease, subject to higher ranking claims being met first. Where the airport lease is not sold on, the Australian Government 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 Australian Government 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 the airport lease.

Assumed Residual Liabilities of the Australian National Railways Commission:

The Australian Government under Schedule 3 of the *Australian National Railways Commission Sale Act 1997* assumed the residual liabilities of the Australian National Railways Commission. A writ of summons was filed in the High Court of Australia on 20 August 2004 and a statement of claim on behalf of 24 other plaintiffs was filed in District Court of South Australia on 22 September 2005. The writ sought unspecified damages for personal injuries as a result of exposure to lead and other particles from trains carrying lead and zinc ore.

National Rail Corporation (NRC) Ltd Directors' Indemnity:

The Australian Government 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.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Administered Contingent Liabilities (continued)

Remote Administered Contingencies (continued)

Adelaide Aircraft Noise Insulation Program – Air-conditioning unit warrantie

The Australian Government has provided Warranties in relation to the maintenance of air-conditioning units installed as part of the program. As at 30 June 2009 there are 3 warranties remaining, they are all due to expire in the 2009-10 financial year.

Aircraft Technical Publishers (ATP)

Indemnity protecting ATP against misuse of their aircraft library products and services by the ATSB.

TNT Australia Pty Ltd

Indemnity contained in TNT standard freight consignment notes.

Note 23: Administered Contingent Assets

The Department has no Administered contingent assets at 30 June 2009 (30 June 2008: nil).

Note 24: Administered Investments

The principal activities of each of the controlled entities are as follows:

- * National Transport Commission – provides advice to Australian Governments on road transport.
- * Airservices Australia – provides services to national air transport, including air traffic control and navigation facilities, as well as airport fire fighting services.
- * 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 standards.
- * Australian Rail Track Corporation – manages access to the national interstate rail track and infrastructure network, as well as train control services.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 25: Administered Financial Instruments****Note 25A: Categories of Administered Financial Instruments**

	Notes	2009 \$'000	2008 \$'000
Financial Assets			
Cash and cash equivalents			
Administered bank accounts	18A	1,296	125
		<u>1,296</u>	<u>125</u>
Loans and receivables financial assets			
Loans to State and Territory Governments	18B	45,584	50,832
Trade receivables	18B	237	3,772
Accrued revenue	18D	7,793	7,196
		<u>53,614</u>	<u>61,800</u>
Available-for-sale financial assets			
Investments	18C	2,411,970	1,910,954
		<u>2,411,970</u>	<u>1,910,954</u>
Carrying amount of financial assets		<u>2,466,880</u>	<u>1,972,879</u>
Financial Liabilities			
At amortised cost			
Trade creditors	19A	1,669	994
Subsidies payable	19B	4,637	1,379
Grants payable	19C	10,887	27,966
		<u>17,193</u>	<u>30,339</u>
Carrying amount of financial liabilities		<u>17,193</u>	<u>30,339</u>
Note 25B: Net Income and Expenses from Financial Assets			
Loans and receivables financial assets			
Interest revenue	16C	4,634	5,119
Net gain loans and receivables		<u>4,634</u>	<u>5,119</u>
Available-for-sale assets			
Dividend revenue	16D	–	66,600
Administered investments taken to/(from) reserves	20	79,016	241,928
Net gain/(loss) available for sale		<u>79,016</u>	<u>308,528</u>
Net gain/(loss) from financial assets		<u>83,650</u>	<u>313,647</u>

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 25C: Fair Values of Financial Instruments**

		2009 Carrying Amount \$'000	2009 Fair Value \$'000	2008 Carrying Amount \$'000	2008 Fair Value \$'000
	Notes				
Administered					
Financial Assets					
Cash and cash equivalents	18A	1,296	1,296	125	125
Loans to State and Territory Governments	18B	45,584	45,584	50,832	50,832
Trade receivables	18B	237	237	3,772	3,772
Accrued revenue	18D	7,793	7,793	7,196	7,196
Investments	18C	2,411,970	2,411,970	1,910,954	1,910,954
Total financial assets		2,466,880	2,466,880	1,972,879	1,972,879
Financial Liabilities (Recognised)					
Trade creditors	19A	(1,669)	(1,669)	(994)	(994)
Subsidies payable	19B	(4,637)	(4,637)	(1,379)	(1,379)
Grants payable	19C	(10,887)	(10,887)	(27,966)	(27,966)
Total financial liabilities (recognised)		(17,193)	(17,193)	(30,339)	(30,339)

Valuation method used for determining the fair value of financial instruments

The following table identifies for those assets and liabilities (those at fair value through profit and loss or available-for-sale) carried at fair value (above) whether fair value was obtained by reference to market prices or by a valuation technique that employs observable market transactions, or one that uses non-observable market inputs to determine a fair value.

		Valuation technique utilising			Total
		Market values \$'000	Market inputs \$'000	Non-market inputs \$'000	Total \$'000
Administered					
Financial assets at fair value					
Held to maturity financial assets					
Investments	18C	–	–	2,411,970	2,411,970
Total financial assets at fair value		–	–	2,411,970	2,411,970

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 25D: Credit Risk Exposures**

The administered activities of the Department are not exposed to a high level of credit risk as the majority of financial assets are trade receivables, loans to State and Territory Governments and shares in government controlled and funded entities.

The Department manages its credit risk by ensuring that the Department has policies and procedures in relation to debt management.

The maximum exposure to credit risk is outlined in the table below.

	Notes	2009 \$'000	2008 \$'000
Administered			
Financial assets			
Loans and receivables			
Loans to State and Territory Governments	18B	45,584	50,832
Trade receivables	18B	237	3,772
Held to maturity assets			
Investments	18C	2,411,970	1,910,954
Total financial assets		2,457,791	1,965,558

The Department has assessed the risk of default on payment and has allocated the following amounts to an allowance for doubtful debts account:

Goods and services receivables	nil in 2009 (2008:nil)
Loans to State and Territory Governments	nil in 2009 (2008:nil)
Loans to other governments	nil in 2009 (2008:nil)

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

	Notes	2009 Not Past Due Nor Impaired \$'000	2008 Not Past Due Nor Impaired \$'000	2009 Past Due or Impaired \$'000	2008 Past Due or Impaired \$'000
Loans and Receivables					
Trade receivables	18B	33	3,558	204	214
Loans to State and Territory Governments	18B	45,584	50,832	–	–
Held to maturity assets					
Investments	18C	2,411,970	1,910,954	–	–
Total loans and receivables		2,457,587	1,965,344	204	214

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 25D: Credit Risk Exposures (continued)**

Ageing of financial assets that are past due but not impaired for 2009

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and Receivables					
Trade receivables	–	–	–	204	204
Total loans and receivables	–	–	–	204	204

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

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and Receivables					
Trade receivables	214	–	–	–	214
Total loans and receivables	214	–	–	–	214

Note 25E: Liquidity Risk

The Department's administered financial liabilities are trade creditors, grants and subsidies payable. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities

	2009 On demand \$'000	2009 within 1 year \$'000	2009 1 to 5 years \$'000	2009 > 5 years \$'000	Total \$'000
Other Liabilities					
Trade creditors	–	1,669	–	–	1,669
Subsidies payable	–	4,637	–	–	4,637
Grants payable	–	10,887	–	–	10,887
Total other liabilities	–	17,193	–	–	17,193

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25E: Liquidity Risk (continued)

	2008 On demand \$'000	2008 within 1 year \$'000	2008 1 to 5 years \$'000	2008 > 5 years \$'000	Total \$'000
Other Liabilities					
Trade creditors	–	994	–	–	994
Subsidies payable	–	1,379	–	–	1,379
Grants payable	–	27,966	–	–	27,966
Total other liabilities	–	30,339	–	–	30,339

The Department's administered activities are appropriated funding from the Australian Government. The Department manages its budgeted administered funds to ensure that it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payments are made when due and has no past experience of default.

Note 25F: Market Risk

The Department holds basic financial instruments that do not expose the Department to certain market risks. The Department is not exposed to currency risk or commodity and equity securities price risk.

Interest rate risk

The only interest-bearing item on the balance sheet is the Loans to State and Territory Governments which bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 26: Appropriations****Note 26A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations**

Particulars	Administered Expenses			
	Outcome 1		Outcome 2	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	43,298	–	27,753	75,692
Balance brought forward from CAC Act bodies	–	–	–	–
Adjustment of prior year overstatement of receivable	–	–	–	–
Adjustment for overstatement of prior periods section 8 determination	–	–	–	172
Adjusted balance brought forward from previous period	43,298	–	27,753	75,864
Appropriation Act:				
Appropriation Act (No.1)	102,186	91,719	182,440	173,004
Appropriation Act (No.3)	111	(2,133)	3,866	17,691
Appropriation Act (No.5)	–	–	–	–
Other annual appropriation acts	–	–	–	–
Departmental appropriations reduced (Appropriation Act s10)	–	–	–	–
Administered appropriations reduced (non CAC) (Appropriation Act s11) ¹	(43,298)	–	(20,027)	(67,108)
Comcover receipts (Appropriation Act s12)	–	–	–	–
Advance to the Finance Minister (Appropriation Act s14)	–	–	–	–
Appropriation reduced by section 9 determinations (prior year)	–	–	–	–
FMA Act:				
Appropriations to take account of recoverable GST (FMA Act s30A)	732	690	1,732	2,468
Relevant agency receipts (FMA Act s31)	–	–	–	–
Adjustment of appropriations on change of agency function (FMA Act s32)	–	–	–	(1,905)
Total appropriation available for payments	103,029	90,276	195,764	200,014
Cash payments made during the year (GST inclusive)	90,927	46,978	177,941	172,261
Appropriations credited to special accounts (GST exclusive)	–	–	–	–
Balance of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations	12,102	43,298	17,823	27,753

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 26A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations (continued)**

Administered Expenses				Departmental Outputs		Total	
Outcome 3		Payments to CAC Act bodies					
2009	2008	2009	2008	2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
40,899	93,298	–	–	97,586	90,380	209,536	259,370
–	–	2,778	–	–	–	2,778	–
–	–	–	–	–	(408)	–	(408)
–	–	–	–	–	–	–	172
40,899	93,298	2,778	–	97,586	89,972	212,314	259,134
106,733	213,036	95,275	–	229,964	242,947	716,598	720,706
35,734	20,016	–	–	8,183	3,844	47,894	39,418
16,400	–	–	–	3,666	–	20,066	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
(40,039)	(44,139)	(1,430)	–	–	–	(104,794)	(111,247)
–	–	–	–	–	5	–	5
–	–	–	–	–	–	–	–
–	–	–	–	–	(2,000)	–	(2,000)
9,208	9,418	–	–	10,566	10,463	22,238	23,039
–	6,804	–	–	2,623	5,291	2,623	12,095
–	(114,208)	–	–	708	(7,419)	708	(123,532)
168,935	184,225	96,623	–	353,296	343,103	917,647	817,618
110,254	143,326	96,623	–	254,760	245,517	730,505	608,082
–	–	–	–	–	–	–	–
58,681	40,899	–	–	98,536	97,586	187,142	209,536

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 26A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations (continued)**

Particulars	Administered Expenses			
	Outcome 1		Outcome 2	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Represented by:				
Cash at bank and on hand	–	–	–	–
Receivable - departmental appropriations	–	–	–	–
Receivables - GST receivable from ATO	–	–	–	–
Undrawn, unlapsd administered appropriations	12,102	43,298	17,823	27,753
Total	12,102	43,298	17,823	27,753

Particulars	Administered Expenses			
	Outcome 1		Outcome 2	
	2009	2008	2009	2008
	\$	\$	\$	\$
Reduction in administered items²				
Total administered items appropriated	102,297,000.00	–	186,306,000.00	–
Less administered items required by the agency per Appropriation Act s11 ³ :				
Appropriation Act (No.1) 2008-2009	90,199,596.71	–	176,037,315.83	–
Appropriation Act (No.3) 2008-2009	–	–	3,735,183.71	–
Appropriation Act (No.5) 2008-2009	–	–	–	–
Other annual appropriation acts	–	–	–	–
Total administered items required by the agency	90,199,596.71	–	179,772,499.54	–
Total reduction in administered items – effective 2009-2010	12,097,403.29	–	6,533,500.46	–

¹ In 2008-2009 (and the comparative figure for 2007-2008), this represents the amount calculated under the relevant Appropriation Acts section 8 determination, during the year, in respect of the previous year's administered items.

² This is the first year of administered items being reduced under section 11. Numbers in this section of the table are not rounded.

³ Administered items for 2008-2009 were reduced to these amounts when these financial statements were tabled in the Parliament as part of the Department's 2008-2009 annual report. This reduction is effective in 2009-2010 and the amounts in the Total Reduction row will be reflected in the top section of Table A in the 2009-2010 financial statements in the row 'Administered appropriations reduced (non CAC)'.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 26A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations (continued)**

Administered Expenses				Departmental Outputs		Total	
Outcome 3		Payments to CAC Act bodies					
2009	2008	2009	2008	2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
–	–	–	–	3,472	3,926	3,472	3,926
–	–	–	–	93,381	91,745	93,381	91,745
–	–	–	–	1,683	1,915	1,683	1,915
58,681	40,899	–	–	–	–	88,606	111,950
58,681	40,899	–	–	98,536	97,586	187,142	209,536

Administered Expenses				Departmental Outputs		Total	
Outcome 3		Payments to CAC Act bodies					
2009	2008	2009	2008	2009	2008	2009	2008
\$	\$	\$	\$	\$	\$	\$	\$
158,867,000.00	–	–	–	–	–	447,470,000.00	–
93,069,138.21	–	–	–	–	–	359,306,050.75	–
8,181,783.77	–	–	–	–	–	11,916,967.48	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
101,250,921.98	–	–	–	–	–	371,223,018.23	–
57,616,078.02	–	–	–	–	–	76,246,981.77	–

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 26B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations**

	Operating									
	Outcome 1				Outcome 2				Outcome 3	
	Special Purpose Payments		New Additional Estimates		Special Purpose Payments		New Additional Estimates		Special Purpose Payments	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance carried from previous period	31,684	698	–	–	–	–	–	–	2,637	–
Appropriation Act:										
Appropriation Act (No.2)	2,471,297	2,178,830	–	–	–	–	–	–	14,200	188,857
Appropriation Act (No.4)	–	30,532	–	–	–	–	–	–	300,067	–
Appropriation Act (No.6)	391,989	75,000	–	–	–	–	–	–	–	–
Other annual appropriation acts	230,000	–	–	–	–	–	–	–	250,000	–
Administered appropriations reduced (non CAC) (Appropriation Act s12 & 13) ¹	(28,684)	(698)	–	–	–	–	–	–	(2,637)	–
Departmental appropriations reduced (Appropriation Act s13)	–	–	–	–	–	–	–	–	–	–
CAC Act body payment items reduced (Appropriation Act s14)	–	–	–	–	–	–	–	–	–	–
Advance to the Finance Minister (Appropriation Act s15)	29,017	–	–	–	–	–	–	–	–	–
Advance to the Finance Minister recovered (2007–2008 only)	–	–	–	–	–	–	–	–	–	–
FMA Act:										
Repayments to the Commonwealth (FMA Act s30)	5	–	–	–	–	–	–	–	–	–
Appropriations to take account of recoverable GST (FMA Act s30A)	–	–	–	–	–	–	–	–	–	145
Adjustment of appropriations on change of equity function (FMA Act s32)	–	–	–	–	–	–	–	–	–	(133,870)
Total appropriations available for payments	3,125,308	2,284,362	–	–	–	–	–	–	564,267	55,132
Cash payments made during the year (GST inclusive)	3,125,308	2,252,678	–	–	–	–	–	–	494,257	52,495
Appropriations credited to Special Accounts (GST exclusive)	–	–	–	–	–	–	–	–	–	–
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	–	31,684	–	–	–	–	–	–	70,010	2,637
Represented by:										
Cash at bank and on hand	–	–	–	–	–	–	–	–	–	–
Appropriation receivable	–	–	–	–	–	–	–	–	–	–
GST receivable from the ATO	–	–	–	–	–	–	–	–	–	–
Formal reductions of appropriation revenue	–	–	–	–	–	–	–	–	–	–
Departmental appropriation receivable (appropriation for additional outputs)	–	–	–	–	–	–	–	–	–	–
Undrawn, unlapsd administered appropriations	–	31,684	–	–	–	–	–	–	70,010	2,637
Total	–	31,684	–	–	–	–	–	–	70,010	2,637

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations (continued)

Operating Outcome 3		Non-Operating								Total	
New Additional Estimates		Payments to CAC Act bodies		Equity		Previous Years' Outputs		Admin assets and Liabilities			
2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
-	-	-	-	-	-	-	-	7,900	144,404	42,221	145,102
-	-	-	-	-	6,215	-	-	-	6,158	2,485,497	2,380,060
-	-	-	-	-	-	-	-	-	-	300,067	30,532
-	-	-	-	-	-	-	-	1,188,900	-	1,580,889	75,000
-	-	-	-	-	-	-	-	-	-	480,000	-
-	-	-	-	-	-	-	-	-	-	(31,321)	(698)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	29,017	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	5	-
-	-	-	-	-	-	-	-	-	-	-	145
-	-	-	-	-	-	-	-	-	(142,659)	-	(276,529)
-	-	-	-	-	6,215	-	-	1,196,800	7,903	4,886,375	2,353,612
-	-	-	-	-	6,215	-	-	422,000	3	4,041,565	2,311,391
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	774,800	7,900	844,810	42,221
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	774,800	7,900	844,810	42,221
-	-	-	-	-	-	-	-	774,800	7,900	844,810	42,221

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Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 26B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations (continued)**

	Operating									
	Outcome 1				Outcome 2				Outcome 3	
	Special Purpose Payments		New Additional Estimates		Special Purpose Payments		New Additional Estimates		Special Purpose Payments	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Reduction in administered items²										
Total administered items appropriated	3,122,302,740.00	–	–	–	–	–	–	–	564,267,000.00	–
Less administered items required by the agency per Appropriation Act s12 ³ :	–	–	–	–	–	–	–	–	–	–
Appropriation Act (No.2) 2008-2009	2,500,313,740.00	–	–	–	–	–	–	–	220,700,247.00	–
Appropriation (Nation Building and Jobs) Act (No.2) 2008-2009	229,999,999.89	–	–	–	–	–	–	–	179,990,056.00	–
Appropriation Act (No.4) 2008-2009	–	–	–	–	–	–	–	–	93,566,753.00	–
Appropriation Act (No.6) 2008-2009	391,989,000.00	–	–	–	–	–	–	–	–	–
Other annual appropriation acts	–	–	–	–	–	–	–	–	–	–
Total administered items required by the agency	3,122,302,739.89	–	–	–	–	–	–	–	494,257,056.00	–
Total reduction in administered items – effective 2009-2010	0.11	–	–	–	–	–	–	–	70,009,944.00	–

¹ In 2008-2009 (and the comparative figure for 2007-2008), this represents the amount calculated under the relevant Appropriation Acts section 7 and 8 determination, during the year, in respect of the previous year's administered items.

² This is the first year of administered items being reduced under section 12. Numbers in this section of the table are not rounded.

³ Administered items for 2008-2009 were reduced to these amounts when these financial statements were tabled in the Parliament as part of the Department's 2008-2009 annual report. This reduction is effective in 2009-2010 and the amounts in the Total Reduction row will be reflected in the top section of Table B in the 2009-2010 financial statements in the row 'Administered appropriations reduced (non CAC)'.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations (continued)

Operating		Non-Operating								Total	
Outcome 3		Payments to CAC Act bodies		Equity		Previous Years' Outputs		Admin assets and Liabilities			
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

FINANCIAL STATEMENTS

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 26C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund
– Special Appropriations (Unlimited Amount)**

Local Government (Financial Assistance) Act 1995 – section 19	Outcome 3	
	2009 \$'000	2008 \$'000
Purpose: For payments to States, the ACT and the NT for local government purposes.		
All transactions under this act are recognised as administered items.		
Cash payments made during the year	2,370,863	1,765,848
Appropriations credited to Special Accounts	–	–
Repayments to the Commonwealth (FMA Act section 30)	–	–
Total charged to appropriation	–	–
Revised budget	2,351,298	1,777,769
Protection of the Sea (Oil Pollution Compensation Fund) Act 1993 – section 40(4)	Outcome 2	
	2009 \$'000	2008 \$'000
Purpose: For payments of contributions and late payment penalties relating to oil compensation from CRF into the International Oil Compensation Fund 1992		
All transactions under this act are recognised as administered items.		
Cash payments made during the year	2,632	123
Appropriations credited to Special Accounts	–	–
Repayments to the Commonwealth (FMA Act section 30)	–	–
Total charged to appropriation	–	–
Revised budget	3,856	500
Interstate Road Transport Act 1985 – section 14	Outcome 1	
	2009 \$'000	2008 \$'000
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.		
All transactions under this act are recognised as administered items.		
Cash payments made during the year	54,309	54,529
Appropriations credited to Special Accounts	54,309	54,529
Repayments to the Commonwealth (FMA Act section 30)	–	–
Total charged to appropriation	–	–
Revised budget	55,030	57,530
Australian Maritime Safety Authority Act 1990, section 48	Outcome 2	
	2009 \$'000	2008 \$'000
Purpose: To establish the Australian Maritime Safety Authority to perform the function in accordance with section 48.		
All transactions under this act are recognised as administered items.		
Cash payments made during the year	67,400	–
Appropriations credited to Special Accounts	–	–
Repayments to the Commonwealth (FMA Act section 30)	–	–
Total charged to appropriation	–	–
Revised budget	64,097	–
Payments to CAC Act bodies are now made by the Department from 2008-09. As such, the comparative figures for 2007-08 can be found in the Australian Maritime Safety Authority Annual Report 2007-08.		

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations (Unlimited Amount) (continued)

Aviation Fuel Revenues (Special Appropriation) Act 1999	Outcome 2	
	2009 \$'000	2008 \$'000
Purpose: Payment to CASA for entitled share of aviation fuel excise collected. All transactions under this act are recognised as administered items.		
Cash payments made during the year	78,253	–
Appropriations credited to Special Accounts	–	–
Repayments to the Commonwealth (FMA Act section 30)	–	–
Total charged to appropriation	–	–
Revised budget	78,112	–
Payments to CAC Act bodies are now made by the Department from 2008-09. As such, the comparative figures for 2007-08 can be found in the Civil Aviation Safety Authority Annual Report 2007-08.		
Totals for unlimited special appropriations		
Estimated actual	2,552,393	1,835,799
Cash payments made during the year	2,573,457	1,820,500

Note 26D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations (Refund Provisions)

Section 28(2) of the <i>Financial Management and Accountability Act 1997</i>	Outcome 2	
	2009 \$'000	2008 \$'000
Purpose: For payments required or permitted by law. All transactions under this act are recognised as administered items.		
Cash payments made during the year	208	991
Appropriations credited to Special Accounts	–	–
Repayments to the Commonwealth (FMA Act section 30)	–	–
Total charged to special appropriation	–	–
Budget estimate (listing each other legislative provision that refunds have been made under)	–	–
Additional estimate (FMA Act section 28)	–	–

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 26E: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund
– Special Appropriations (Limited Amount)**

Stevedoring Levy (Collection) Act 1998 – section 18(3) and 19(2)	Outcome 1	
	2009 \$'000	2008 \$'000
Purpose: For payments in connection with stevedoring industry reform		
All transactions under this act are recognised as administered items.		
Amount available brought forward from previous period	45,235	45,918
Appropriation for reporting period	–	–
Appropriations to take account of recoverable GST (FMA Act s30A)	–	–
Available for payments	45,235	45,918
Cash payments made during the year (GST Inclusive)	–	(683)
Appropriations credited to Special Accounts	–	–
Appropriations lapsed	–	–
Amount available carried to the next period and as represented by:	45,235	45,235
Cash	–	–
Departmental appropriation receivable	–	–
Undrawn, unexpired administered appropriations	45,235	45,235
Total	45,235	45,235

Totals for Limited Special Appropriations	Outcome 1	
	2009 \$'000	2008 \$'000
Amount available brought forward from previous period	47,154	47,837
Appropriation for reporting period	–	–
Appropriations to take account of recoverable GST (FMA Act s30A)	–	–
Available for payments	47,154	47,837
Cash payments made during the year (GST Inclusive)	–	(683)
Appropriations credited to Special Accounts	–	–
Appropriations lapsed	–	–
Amount available carried to the next period and as represented by:	47,154	47,154
Cash	–	–
Departmental appropriation receivable	–	–
Undrawn, unexpired administered appropriations	47,154	47,154
Total	47,154	47,154

The Department also has responsibility for a range of Special Appropriations which are current but have had no funds appropriated or payments made. These special appropriations include:

Section 6(3) of the *Roads to Recovery Act 2000* – the balance of this appropriation is \$1,919,000

Section 27(4) of the *Sydney Airport Demand Management Act 1997* – this appropriation has a nil balance

Section 23(2) of the *Air Passenger Ticket Levy (Collection) Act 2001* – this appropriation has a nil balance

Section 67AH(4) of the *Australian National Railways Commission Sale Act 1997* – this appropriation has a nil balance.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 27: Special Accounts**

	2009 \$'000	2008 \$'000
Interstate Road Transport		
<i>Legal Authority: Interstate Road Transport Act 1985 (Administered); s21.</i>		
<i>Appropriation: Financial Management and Accountability Act 1997; s21.</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>		
<i>This account is non interest bearing.</i>		
Balance carried from previous year	326	–
Appropriation for reporting period	54,309	54,529
GST credits (FMA Act section 30A)	–	–
Available for payments	54,635	54,529
Payments made	(49,879)	(54,203)
Balance carried to next year and as represented by:	4,756	326
Cash transferred to the OPA	4,756	326
Total balance carried to the next year	4,756	326
Federation Fund		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20.</i>		
<i>Purpose: to fund projects of national significance to mark the Centenary of Federation</i>		
<i>This account is non interest bearing.</i>		
Balance carried from previous year	15,000	15,000
Appropriation for reporting period	–	–
GST credits (FMA Act section 30A)	–	–
Available for payments	15,000	15,000
Special Account abolished – funds transferred to OPA	(15,000)	–
Balance carried to next year and as represented by:	–	15,000
Cash transferred to the OPA	–	15,000
Total balance carried to the next year	–	15,000
The Federation Fund was abolished by <i>Financial Management and Accountability Determination 2009/06 – Special Accounts Abolition 2009</i> on 3 March 2009.		
BAF Infrastructure Portfolio Special Account		
<i>Legal Authority: Nation-building Funds Bill 2008; s61.</i>		
<i>Purpose: to make payments in relation to the creation or development of transport infrastructure.</i>		
Balance carried from previous year	–	–
Appropriation for reporting period	–	–
GST credits (FMA Act section 30A)	–	–
Other receipts	1,005,000	–
Available for payments	1,005,000	–
Payments made	(1,005,000)	–
Balance carried to next year and as represented by:	–	–
Cash transferred to the OPA	–	–
Total balance carried to the next year	–	–

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Special Accounts (continued)

	2009 \$'000	2008 \$'000
Christmas Island Phosphate Mining Rehabilitation Special Account		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20.</i>		
<i>Purpose: to manage funding provided for the rehabilitation of phosphate mine sites on Christmas Island.</i>		
This account is non interest bearing		
Balance carried from previous year	–	2,599
Appropriation for reporting period	–	728
GST credits (FMA Act section 30A)	–	–
Other receipts	–	–
Available for payments	–	3,327
Payments made	–	(293)
Restructure – Transferred	–	(3,034)
Balance carried to next year and as represented by:	–	–
Cash transferred to the OPA	–	–
Total balance carried to the next year	–	–

Responsibility for this Special Account was transferred to Attorney-General's Department as a result of the updated Australian Administrative Order (AAO) released on 3 December 2007.

	2009 \$'000	2008 \$'000
Services for Other Government and Non-Agency Bodies (Trust)		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20.</i>		
<i>Purpose: For expenditure in connection with services performed on behalf of other governments and bodies that are not FMA agencies</i>		
This account is non interest bearing.		
Balance carried from previous year	93	200
Other receipts – goods and services	–	–
Available for payments	93	200
Payments made	–	(69)
Restructure – transferred	–	(38)
Balance carried to next year and as represented by:	93	93
Cash held by DITRD LG	93	93
Total	93	93

	2009 \$'000	2008 \$'000
Other Trust Monies Account (Trust)		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20.</i>		
<i>Purpose: Expenditure of money temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>		
This account is non interest bearing.		
Balance carried from previous year	335	804
Other receipts – goods and services	13	89
Available for payments	348	893
Payments made	(29)	(69)
Restructure – transferred	–	(489)
Balance carried to next year and as represented by:	319	335
Cash held by DITRD LG	319	335
Total	319	335

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2009	2008
	\$	\$
Note 28: Compensation and Debt Relief		
Administered		
No 'Act of Grace' expenses were made during the reporting period, and there were no amounts owing as at year end. (2008: no payments)	—	—
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2008: no waivers)	—	—
No ex-gratia payments were provided for during the reporting period (2008: no payments).	—	—
Departmental		
No 'Act of Grace' expenses were made during the reporting period, and there were no amounts owing as at year end (2008: no payments).	—	—
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2008: no waivers).	—	—
No ex-gratia payments were provided for during the reporting period (2008: no payments).	—	—
No payments were made under the 'Defective Administration Scheme' during the reporting period (2008: no payments).	—	—
No payments were made under 573 of the <i>Public Service Act 1999</i> during the reporting period (2008: no payments).	—	—

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 29: Reporting of Outcomes****Note 29A: Net Cost of Outcome Delivery**

Period From 1 July 2008 to 30 June 2009

	Outcome 1		Outcome 2	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Expenses				
Administered	5,215,394	2,979,836	238,204	282,197
Departmental	30,855	20,526	177,699	166,959
Total expenses	5,246,249	3,000,362	415,903	449,156
Costs recovered from provision of goods and services to the non-government sector				
Administered	–	–	74,453	69,322
Departmental	44	11	1,246	1,522
Total costs recovered	44	11	75,699	70,844
Other external revenue				
Administered revenues				
Levies, fees and fines	–	–	84,019	79,267
Goods and services revenue from related entities	–	–	–	–
Interest	232	–	1	264
Dividends	–	–	–	66,600
Contributions	33	–	1,490	1,947
Royalties	–	–	–	–
Rental income	–	–	2,796	2,843
Other revenue	1,005,000	–	5	–
Gains	–	–	–	7,698
Total administered	1,005,265	–	88,311	158,619
Departmental revenues				
Goods and services revenue from related entities	2	30	2,496	2,213
Rents	45	32	314	246
Gains	88	52	614	412
Total departmental	135	114	3,424	2,871
Total other external revenues	1,005,400	114	91,735	161,490
Net cost/(contribution) of outcome	4,240,805	3,000,237	248,469	216,822

Outcomes 1, 2 and 3 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

Costs have been allocated on the structure that existed at the time of the Department's Portfolio Additional Estimates Statements.

Where possible revenue and expense items have been allocated directly to the output which they relate. For corporate overhead related activities revenue and expenses have been allocated on a per capita basis, which most closely reflects actual usage. Departmental overheads are not allocated to Administered expenses.

* Payments to CAC Act bodies are not related to outcomes. They are included here so the total can agree to the resourcing table.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 29A: Net Cost of Outcome Delivery (continued)**

Period From 1 July 2008 to 30 June 2009

Outcome 3		Payments to CAC Act bodies *		Total	
2009	2008	2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2,946,798	1,970,752	242,276	–	8,642,672	5,232,785
42,453	51,606	–	–	251,006	239,091
2,989,251	2,022,358	242,276	–	8,893,679	5,471,876
–	5,044	–	–	74,453	74,366
246	84	–	–	1,536	1,617
246	5,128	–	–	75,989	75,983
–	1,461	–	–	84,019	80,728
–	–	–	–	–	–
4,401	4,855	–	–	4,634	5,119
–	–	–	–	–	66,600
679	1,020	–	–	2,202	2,967
–	643	–	–	–	643
–	1,291	–	–	2,796	4,134
–	241	–	–	1,005,005	241
–	47	–	–	–	7,745
5,080	9,558	–	–	1,098,656	168,177
115	316	–	–	2,613	2,559
70	89	–	–	429	367
167	141	–	–	869	605
352	546	–	–	3,911	3,531
5,432	10,104	–	–	1,102,567	171,708
2,983,573	2,007,126	242,276	–	7,715,123	5,224,185

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 29B: Major Classes of Departmental Income and Expenses by Output Groups and Outputs**

Period From 1 July 2008 to 30 June 2009

Outcome 1	Output Group 1				Outcome 1 Total	
	Output 1.1.1		Output 1.1.2		2009 \$'000	2008 \$'000
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		
Departmental expenses						
Employees	12,787	10,569	2,061	504	14,848	11,073
Suppliers	7,812	7,081	5,995	529	13,807	7,610
Depreciation and amortisation	2,034	1,418	36	48	2,070	1,466
Write-down and impairment of assets	44	175	2	4	46	179
Finance costs	28	22	2	1	30	23
Grants	54	175	–	–	54	175
Total departmental expenses	22,759	19,440	8,096	1,086	30,855	20,526
Funded by:						
Revenues from government	21,598	19,062	8,228	1,531	29,826	20,593
Goods and services revenue	38	34	8	6	46	40
Rents	43	30	2	2	45	32
Other Gains	85	49	3	3	88	52
Total departmental income	21,764	19,175	8,241	1,542	30,005	20,717

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 29B: Major Classes of Departmental Income and Expenses by Output Groups and Outputs (continued)**

Outcome 2	Output Group 2										Outcome 2 Total	
	Output 2.1.1		Output 2.2.1		Output 2.3.1		Output 2.3.2		Output 2.3.3		2009 \$'000	2008 \$'000
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		
Departmental expenses												
Employees	13,544	12,902	42,860	37,240	8,950	7,780	9,439	7,833	18,084	17,425	92,877	83,180
Suppliers	8,078	8,937	32,490	35,382	6,828	7,520	8,128	5,727	18,388	14,929	73,912	72,495
Depreciation and amortisation	2,286	2,255	3,748	3,739	704	620	729	872	1,270	1,312	8,737	8,798
Write-down and impairment of assets	45	126	155	815	32	90	32	125	60	111	324	1,267
Finance costs	25	25	103	83	22	17	22	19	41	38	213	182
Grants	18	40	43	381	1,236	69	319	547	19	–	1,635	1,037
Total departmental expenses	23,996	24,285	79,399	77,640	17,772	16,096	18,669	15,123	37,862	33,815	177,698	166,959
Funded by:												
Revenues from government	22,636	25,172	75,751	75,960	19,432	14,801	17,665	17,073	36,359	34,693	171,843	167,699
Goods and services revenue	474	151	1,639	2,076	162	74	124	87	1,343	1,347	3,742	3,735
Rents	39	34	149	113	32	23	33	25	61	52	314	247
Other Gains	77	49	293	183	62	42	63	53	119	85	614	412
Total departmental income	23,226	25,406	77,832	78,332	19,688	14,940	17,885	17,238	37,882	36,177	176,513	172,093

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 29B: Major Classes of Departmental Income and Expenses by Output Groups and Outputs**
(continued)

Outcome 3	Output Group 3				Outcome 3 Total	
	Output 3.1.1		Output 3.2.1		2009 \$'000	2008 \$'000
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		
Departmental expenses						
Employees	15,556	25,325	4,682	1,843	20,238	27,168
Suppliers	9,299	17,039	9,771	1,902	19,070	18,941
Depreciation and amortisation	2,085	3,117	675	195	2,760	3,312
Write-down and impairment of assets	42	1,913	28	16	70	1,929
Finance costs	32	58	13	6	45	64
Grants	250	192	20	–	270	192
Total departmental expenses	27,264	47,644	15,189	3,962	42,453	51,606
Funded by:						
Revenues from government	29,954	47,112	10,898	4,369	40,852	51,481
Goods and services revenue	116	152	245	248	361	400
Rents	47	80	23	8	70	88
Other Gains	112	129	55	12	167	141
Total departmental income	30,229	47,473	11,221	4,637	41,450	52,110

Outcomes 1, 2 and 3 are described in Note 1.1. Net costs include intra-government costs that are eliminated in calculating the actual Budget outcome.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 29C: Major Classes of Departmental Assets and Liabilities by Outcomes**

Period From 1 July 2008 to 30 June 2009

	Outcome 1		Outcome 2		Outcome 3		Not attributed *		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Departmental assets										
Cash and cash equivalents	–	–	–	–	–	–	3,472	3,926	3,472	3,926
Trade and other receivables	347	382	1,957	1,371	1,233	167	93,385	92,296	96,922	94,216
Accrued Revenue	13	43	500	304	42	72	–	–	555	419
Land and buildings	3,506	3,269	25,593	23,863	5,960	5,557	–	–	35,059	32,689
Infrastructure, plant and equipment	747	268	5,602	2,111	1,193	447	–	–	7,542	2,826
Intangibles	4,734	1,690	16,693	17,323	2,680	3,365	–	–	24,107	22,378
Inventories	–	–	1	5	–	–	–	–	1	5
Other non-financial assets	460	813	3,878	5,088	782	1,082	–	–	5,120	6,983
Total departmental assets	9,807	6,465	54,224	50,065	11,890	10,690	96,857	96,222	172,778	163,442
Departmental liabilities										
Suppliers	1,230	270	8,656	1,897	3,323	447	–	–	13,209	2,614
Other payables	1,631	1,279	12,020	11,090	3,773	4,086	–	–	17,424	16,455
Leases	35	37	256	272	60	64	–	–	351	373
Employee provisions	4,077	3,584	23,104	21,653	5,541	6,030	–	–	32,722	31,267
Other provisions	517	408	3,771	2,876	878	681	–	–	5,166	3,965
Total departmental liabilities	7,490	5,578	47,807	37,788	13,575	11,308	–	–	68,872	54,674

Outcomes 1, 2 and 3 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.

Revenue and Expense items have been allocated directly to the Outcome that they represent. Departmental overheads are not allocated to Administered expenses.

* Assets and liabilities that cannot be reliably attributed to outcomes.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 29D: Major Classes of Administered Income, Expenses, Assets and Liabilities by Outcomes**

Period From 1 July 2008 to 30 June 2009

	Outcome 1		Outcome 2		Outcome 3	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Administered expenses						
Employee expenses	–	–	–	–	–	4,556
Grants	5,202,459	2,972,734	79,438	70,262	2,941,072	1,923,636
Subsidies	–	–	149,462	138,109	5,726	4,260
Suppliers	12,935	7,102	4,321	5,322	–	25,768
Depreciation and amortisation	–	–	1,062	1,062	–	12,437
Write-down and impairment of assets	–	–	–	–	–	80
Net loss on disposal of assets	–	–	–	66,513	–	–
Payments to CAC bodies	–	–	–	–	–	–
Other expenses	–	–	3,921	929	–	15
Total administered expenses	5,215,394	2,979,836	238,204	282,197	2,946,798	1,970,752
Administered income						
Levies, fees and fines	–	–	84,019	79,267	–	1,461
Rendering of services	–	–	74,453	69,322	–	5,044
Interest	232	–	1	264	4,401	4,855
Dividends	–	–	–	66,600	–	–
Other Revenue	1,005,033	–	4,291	4,790	679	3,195
Other Gains	–	–	–	7,745	–	–
Total administered income	1,005,265	–	162,764	227,988	5,080	14,555
Administered assets						
Cash and cash equivalents	–	–	–	–	–	–
Receivables	3,480	7,608	198	102	42,143	46,894
Investments accounted for using the equity method	1,830,100	1,381,200	581,870	529,754	–	–
Accrued revenue	–	–	6,771	6,052	1,022	1,144
Land and buildings	–	–	62,938	64,000	–	–
Infrastructure, plant and equipment	–	–	7,550	7,550	–	–
Prepayments	390,554	1,387,887	–	80	–	–
Total administered assets	2,224,134	2,776,695	659,327	607,538	43,165	48,038
Administered liabilities						
Suppliers	–	–	1,669	994	–	–
Subsidies	–	–	3,860	976	777	403
Grants	6	3,000	9,963	4,941	918	20,025
Total administered liabilities	6	3,000	15,492	6,911	1,695	20,428

Outcomes 1, 2 and 3 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.

Revenue and Expense items have been allocated directly to the Outcome that they represent. Departmental overheads are not allocated to Administered expenses.

* Assets and liabilities that can not be reliably attributed to outcomes.

Department of Infrastructure, Transport, Regional Development and Local Government

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**Note 29D: Major Classes of Administered Income, Expenses, Assets and Liabilities by Outcomes (continued)**

Period From 1 July 2008 to 30 June 2009

Payments to CAC Act bodies		Not attributed *		Total	
2009	2008	2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
–	–	–	–	–	4,556
–	–	–	–	8,222,969	4,966,632
–	–	–	–	155,188	142,369
–	–	–	–	17,256	38,192
–	–	–	–	1,062	13,499
–	–	–	–	–	80
–	–	–	–	–	66,513
242,276	–	–	–	242,276	–
–	–	–	–	3,921	944
242,276	–	–	–	8,642,672	5,232,785
–	–	–	–	84,019	80,728
–	–	–	–	74,453	74,366
–	–	–	–	4,634	5,119
–	–	–	–	–	66,600
–	–	–	–	1,010,003	7,985
–	–	–	–	–	7,745
–	–	–	–	1,173,109	242,543
–	–	1,296	125	1,296	125
–	–	1,999	1,202	47,820	55,806
–	–	–	–	2,411,970	1,910,954
–	–	–	–	7,793	7,196
–	–	–	–	62,938	64,000
–	–	–	–	7,550	7,550
–	–	–	–	390,554	1,387,967
–	–	3,295	1,327	2,929,921	3,433,598
–	–	–	–	1,669	994
–	–	–	–	4,637	1,379
–	–	–	–	10,887	27,966
–	–	–	–	17,193	30,339

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- a In line with section 12(6) of the *Requirements for Annual Reports* approved by the Joint Committee of Public Accounts and Audit in June 2009, details of consultancies valued at \$10,000 or more let in 2008–09 are available as a supplement to the online version of this annual report, at <www.infrastructure.gov.au/department/annual_report/index.aspx>.

GLOSSARY

Accident An incident where a person suffers serious or fatal injuries or where property is seriously damaged.

Administrative Arrangements Order (AAO) An order issued from time to time by the government and signed by the Governor-General which establishes the matters or outcomes to be dealt with by each department of state, and the Acts of Parliament to be administered by each minister.

Administered items Revenues, expenses, assets and liabilities that the government controls, but which an agency or authority manages on the government's behalf.

Australian Workplace Agreement (AWA) An agreement between an employer and an employee about the terms and conditions of employment, made under the *Workplace Relations Act 1996*.

Business division An organisational unit within the Department, which is managed by an executive director and reports to the secretary of the Department.

Collective Agreement (CA) A written agreement, made between the employer and the employees, which sets out terms and conditions of employment.

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

Competitive tendering and contracting (CTC) The process of contracting out the delivery of government activities previously performed by an Australian Government agency to another organisation.

Equity Also known as net assets, it is the residual interest in the assets of an entity after deduction of its liabilities.

Incident An occurrence that affected, or could have affected, the safety or security of an activity such as the operation of aviation and shipping. More specific definitions are set out in various Acts of Parliament.

Intermodal The interaction of operations between transport modes (road, rail, air and sea).

Non-ongoing employee An Australian Public Service (APS) employee who is not an ongoing APS employee.

Ongoing employee A person engaged as an ongoing APS employee as mentioned in paragraph 22(2) (a) of the *Public Service Act 1999*.

Outcomes and output structure This structure reflects an agency's business and enables sound performance reporting to Parliament. Outcomes are the results, impacts or consequences of actions by the Australian Government on the Australian community. Outputs contribute to outcomes. They are the goods and services produced by agencies on behalf of the government and are specified by price, quantity and quality.

Portfolio Budget Statements (PBS) These statements explain the provisions of the Appropriation Bills (Budget Bills), that is, where the appropriate funds are going to spend.

Portfolio agencies The different government agencies which are accountable to the Minister for Infrastructure, Transport, Regional Development and Local Government under the AAO.

Price of outputs The government's contribution to the department's direct costs in producing required outputs and associated indirect costs, such as corporate overheads. It does not include, for example, revenue from independent sources.

Slot A slot allocated under the Slot Management Scheme permits a specified aircraft movement at a specified time, on a specified day.

ACRONYMS AND ABBREVIATIONS

AAO	Administrative Arrangements Order
ACCC	Australian Competition and Consumer Commission
ACLG	Australian Council of Local Government
ACT	Australian Capital Territory
ADRs	Australian Design Rules
AEO	Airport Environment Officers
AGRIS	Australian Government Regional Information Service
AIG	Aviation Implementation Group
Airports Act	<i>Airports Act 1996</i>
AMSA	Australian Maritime Safety Authority
AN	Australian National Railways Commission
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation
APS	Australian Public Service
APSC	Australian Public Service Commission
APTNAC	Accessible Public Transport National Advisory Committee
ARTC	Australian Rail Track Corporation
ASAF	Aviation Security Advisory Forum
ASIC	Aviation Security Identification Card
ATC	Australian Transport Council
ATSB	Australian Transport Safety Bureau
AWA	Australian Workplace Agreement
BITRE	Bureau of Infrastructure, Transport and Regional Economics
CASA	Civil Aviation Safety Authority
COAG	Council of Australian Governments
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ESC	electronic stability control
ESD	ecologically sustainable development
FCAI	Federal Chamber of Automotive Industries
FIRS	Federal Interstate Registration Scheme
FOI	freedom of information
FOI Act	<i>Freedom of Information Act 1982</i>
GJ	gigajoule (of energy)

GVG	Green Vehicle Guide
ICAO	International Civil Aviation Organization
ICAO AIG	International Civil Aviation Organization Accident Investigation Group
ICT	information and communication technology
IiP	Investor in People
IMO	International Maritime Organization
IOPC	International Oil Pollution Compensation
IT	information technology
ISASI	International Society of Air Safety Investigators
ITSAP	Indonesian Transport Safety Assistance Package
JTRC	Joint Transport Research Centre
LAGs	liquids, aerosols and gels
MAIIF	Marine Accident Investigators International Forum
MJ	megajoule (of energy)
MOU	memorandum of understanding
MP	Member of Parliament
MPF	Major Project Facilitation
NSW	New South Wales
NT	Northern Territory
NTC	National Transport Commission
OECD	Organisation for Economic Cooperation and Development
OGSF	Oil and Gas Security Forum
OH&S	occupational health and safety
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
Qld.	Queensland
RACA	Regulated Air Cargo Agent
RAWS	Registered Automotive Workshop Scheme
RDA	Regional Development Australia
SA	South Australia
SES	Senior Executive Service
Tas.	Tasmania
TCA	Transport Certification Australia
Vic.	Victoria
WA	Western Australia

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