



Australian Government

Department of Transport and Regional Services

Annual Report 2006-07



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.

Design and Artwork Design Direction

Editing WordsWorth Writing

Printing National Capital Printing

Photographs Photographs of the executive on pages 1 and 29 were taken on behalf of the Department by Geoff Comfort.

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ISSN 1443-3389

ISBN 978-1-921095-62-7

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Australian Government

Department of Transport and Regional Services

Secretary

The Hon Mark Vaile MP
Deputy Prime Minister and Minister for Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Deputy Prime Minister

I am pleased to present the Annual Report of the Department of Transport and Regional Services for the year ended 30 June 2007.

This report has been prepared in accordance with section 63 of the *Public Service Act 1999*, which also requires that you table the report in the parliament.

The report summarises the Department's performance and includes our audited financial statements as required by section 57 of the *Financial Management and Accountability Act 1997*. It includes other 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*; and
- various whole of government Acts as highlighted in the table of contents.

I also advise that the Department has in place appropriate fraud detection, investigation, reporting and data collection procedures and processes; and has prepared fraud risk assessments and fraud control plans that meet the Department's needs and comply with the Australian Government Fraud Control Guidelines.

Yours sincerely

A handwritten signature in blue ink that reads "Michael J. Taylor".

Michael J. Taylor
SECRETARY
17 October 2007

cc The Hon Jim Lloyd MP
Minister for Local Government, Territories and Roads
The Hon De-Anne Kelly MP
Parliamentary Secretary

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 Departmental Annual Reports issued by the Joint Committee of Public Accounts and Audit (JCPAA) in June 2007;
- 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 409.

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 www.agimo.gov.au

This report is also available on our website www.dotars.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:

 annualreport@dotars.gov.au or  02 6274 7111 or write (no stamp required) to:
DOTARS Annual Report Coordinator
Reply Paid 594
CANBERRA ACT 2601

Contact details for other parts of the Department are on the inside back cover of this report.

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We are results oriented · We are honest, professional and accountable · We are client and stakeholder focused · We are committed to improving our skills · We are diverse, trusting and respecting of each other

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CHAPTER 1

Year in Review



SECRETARY REPORTS

I have much pleasure in delivering my third report as Secretary of the Department of Transport and Regional Services.

Our operating environment

The services and funding the Department provides affect every Australian household in one form or another. The Department's responsibilities cover the safety and security of our transport, the quality of the roads and local council services, access to goods and services from interstate and overseas, and the ability of communities to mitigate and recover from natural disasters. Programmes delivered on behalf of the Australian Government include services to territories and to local governments.

Transport infrastructure connects Australia with domestic markets and the global economy and is a key determinant of our economic growth. With increasing globalisation and reliance on international trade, Australia's prosperity depends on having a transport system that is safe and secure, efficient, competitive and sustainable.

The people living in regional, rural and remote Australia account for over one-third of Australia's total population and two-thirds of Australia's export income. Australia's regions have made, and continue to make a major contribution to Australia's economy and way of life. Australia's future prosperity and well-being depends to a significant degree on the strength of its regions.

The past year has been a productive one for the Department in addressing key Government priorities and implementing programmes to deliver on its legislative, regulatory and government policy undertakings, all focused around the core responsibilities of fostering a safe, secure and sustainable transport system and assisting regions to manage their own futures.

Our key achievements during 2006-07 are summarised below under thematic headings with more detail provided by business division, along with reports on financial, environmental and social performance during the year. Detailed reports on performance against published performance indicators appear in Chapters 3 and 4 while Chapter 5 provides a detailed report on management and accountability.

Strengthened regional programmes

In addition to continuing the regional programmes process improvements during 2006-07, the Department facilitated a national conference of Area Consultative Committee (ACC) chairs, and implemented changes to ACC boundaries. Work also continued on the National Regional Evaluation Framework and the Department's role as the lead agency for the East Kimberly Indigenous communities Council of Australian Governments (COAG) trial.

Support for territories and disaster relief

A new collective agreement for Indian Ocean Territory (IOT) staff was successfully negotiated, market testing of IOT Health Services completed and relief assistance to victims of natural disasters in many parts of Australia was provided.

Transport safety

Through the Australian Transport Safety Bureau the final report into the 15-fatality Lockhart River aviation accident was completed. Indonesia was assisted with investigation of the March 2007 Garuda 737 aircraft fatal accident, and the Safety Investigation Information Management System for aviation was launched.

Transport security

In March 2007, the Department successfully managed the introduction of liquid, aerosols and gels (LAGs) aviation security measures, with minimal disruption to the travelling public, and on 1 January 2007 implemented, the Maritime Security Identification Card (MSIC) scheme.

Aviation and airport developments

A number of significant international air services agreements were progressed, particularly for the United Kingdom and the Middle East, and a substantial rationalisation of the framework for domestic airspace management was completed. In addition the Department increased its international engagement on transport issues including assuming the chair of the APEC Transportation Working Group and supporting the March 2007 meeting of APEC Transport Ministers in Adelaide (see Case Study).

Infrastructure planning and investment - AusLink

The Australian Government spent \$2.77 billion on land transport infrastructure during 2006-07. Corridor Strategies, which establish the AusLink national network priorities, were developed for each of the 24 National Corridors, and will form a basis for future AusLink funding decisions. The success of AusLink 1 was recognised by the government's May 2007 budget announcement of the commitment of over \$22 billion for AusLink 2.

Maritime and land transport

The Department provided advice to government in regard to Productivity Commission inquiries into Part X of the *Trade Practices Act*, the Tasmanian Freight Subsidy arrangements and into Road and Rail infrastructure charges. In addition the Department, through the Australian Transport Council, supported COAG transport reform objectives, and was the lead agency for developing legislation to reduce the impact of shipping on the marine environment.

Portfolio strategic policy and research projects

The Bureau of Transport and Regional Economics, including the Strategic Projects team, supported the work of the Department and portfolio during 2006-07 through the provision of advice and published economic analysis and information on transport issues and issues affecting regional Australia.

Management and accountability initiatives

Significant advances were made in improving accountability with the introduction of an electronic system *i-Delegate* that allows employees to readily check their powers and decision making authority under approximately 120 pieces of legislation. A new strategy to build leadership capability (see LEADS Case Study) was developed and launched, and communications were enhanced through the development of a communications framework and the introduction of a quarterly magazine and a DVD for use with stakeholders. Accommodation lease extensions that reflected the government's new energy efficiency policies were negotiated and the Department's central and regional offices were refurbished. Performance management also received considerable emphasis with implementation of the Collective Agreement that came into effect on 30 June 2006.

In summary

2006-07 represents a year of significant achievement by departmental staff in addressing and implementing the Government's policy and programme initiatives, and in enhancing our capability to continue to do this. Our success this year was as a consequence of the dedication and professionalism demonstrated by staff of all levels across the organisation both in our central office in Canberra and in our regional offices.

I thank all departmental staff for their contribution over the past year.



Michael J Taylor
SECRETARY

BUSINESS DIVISION SIGNIFICANT ACTIVITIES 2006-07

REGIONAL SERVICES

In 2006-07 the Department of Transport and Regional Services continued to work with Area Consultative Committees, Sustainable Regions Advisory Committees, the Regional Women's Advisory Council, Indigenous communities in the East Kimberley and in partnership with state, territory and local governments, the private sector and regional communities to assist regional Australia to respond to change.

The government provided grants for 338 projects under the Regional Partnerships Programme and 13 projects under the Sustainable Regions Programme.

The Department continued to improve its processes for improving the administration of the Regional Partnerships Programme. Changes were also made to the programme aimed at improving the timeframe within which projects are approved.

The Sustainable Regions Programme completed the majority of projects funded under the initial eight Sustainable Regions and the Darling Matilda Way Sustainable Regions Advisory Committee provided final project funding recommendations to the Minister for Transport and Regional Services for consideration.

In May 2007 the Department facilitated an annual national conference of Area Consultative Committee (ACC) Chairs and Executive Officers at Old Parliament House in Canberra with the theme of "Enhancing Our Regions Through Leadership and Excellence." The Department also implemented changes to ACC boundaries following a government review in November 2006 in order to better reflect areas of common interest, and improve the overall effectiveness of the ACC Network.

The government continued to provide air subsidies for 235 remote communities supporting transfer of goods, services and passengers through the Remote Air Services Subsidy Scheme.

The Growing Regions Conference was held in July 2006 which attracted more than 300 delegates from Australia and overseas.

The Department's international engagement on rural policy was further increased by two representatives attending the Organisation for Economic Cooperation and Development meetings in Edinburgh, and its involvement in an international rural policy review for Finland.

A report of the inquiry into Women's Representation on regional and rural bodies of influence was launched by Senator the Hon Judith Troeth and the third Regional Women's Advisory Council was appointed.

Work continued on the National Regional Evaluation Framework (NREF), a whole-of-of-government approach to analysing the conditions of Australia's regions, providing an improved empirical basis for place-based policy development and better targeting of regional programmes.

As lead agency for the East Kimberley Indigenous communities COAG trial, the Department successfully hosted a regional Women's Leadership course for 25 local women and worked with the Yirriman Group to provide development and cultural opportunities for young Indigenous people.

TERRITORIES AND LOCAL GOVERNMENT

Local government supported to deliver essential services

The Australian Government's commitments made in response to the House of Representatives Standing Committee on Economics, Finance and Public Administration report *Rates and taxes: a fair share for responsible local government* (also known as the Hawker report) continued to be implemented.

Advice was provided to the Government in relation to a parliamentary resolution on local government which was passed in October 2006. The Department developed the terms of reference for a study by the Productivity Commission into local government revenue raising which were issued by the Treasurer in April 2007.

The Commonwealth Grants Commission reported on the distribution of local road grant funding through the Financial Assistance Grants, recommending an interim redistribution. The government did not accept the recommendations and agreed to extend the supplementary road grant for local governments in South Australia.

Territory services on target and governance improving

The government spent a total of \$62.9 million through the Services to Indian Ocean Territories (IOT) Administered Programme. A range of services was provided to Christmas Island and the Cocos (Keeling) Islands, either directly or through service delivery arrangements with the Western Australian Government or through contracted service providers.

This financial year saw the completion of the review and evaluation of market-testing outcomes for the Indian Ocean Territories Health Services. The resulting recommendation to retain responsibility for the services within the Australian Government was agreed by the Minister for Local Government, Territories and Roads.

The Department successfully progressed the negotiation of a new collective agreement for IOT employees with the Union of Christmas Island Workers.

Following consideration of changes to Norfolk Island's governance arrangements, the Australian Government announced its decision not to proceed with proposed changes.

Support for disaster relief, recovery and mitigation

Through its role in managing the Government's Natural Disaster Relief and Recovery Arrangements, the Department helped to provide prompt relief assistance for the victims of a range of natural disasters, including flooding in the Hunter and central coast regions of New South Wales and the Gippsland region of Victoria, and fires in Victoria and Tasmania.

AUSTRALIAN TRANSPORT SAFETY BUREAU

Safety enhanced

The Australian Transport Safety Bureau (ATSB) continued to initiate aviation, marine and rail accident investigations and release important investigation reports, including a final 500-page report on the Fairchild Metroliner aircraft fatal accident at Lockhart River. In April, the ATSB launched the new Safety Investigation Information Management System (SIIMS) on time and within the \$6.1 million budget set by the Government. The Bureau assisted Indonesia with investigation of the 7 March 2007 Garuda 737 fatal accident in which five Australians died and two were seriously injured. The ATSB facilitated stakeholders' initiation of 205 aviation safety actions, and made 19 aviation, 38 marine and 39 rail safety recommendations.

ATSB aviation and road safety research and statistical reports were well received by stakeholders.

The ATSB safety website <www.atsb.gov.au> had almost 800,000 new users and received over 30 million hits.

OFFICE OF TRANSPORT SECURITY

Transport security enhanced

On 31 March 2007, the Department managed the introduction of new aviation security measures restricting the quantity of liquids, aerosols and gels that can be carried on board aircraft flying to and from Australia. This major initiative was achieved with minimal disruption to the travelling public and is consistent with international arrangements. The success of the introduction was the culmination of months of hard work by departmental staff along with major airlines, airports, foreign governments, regulators, duty-free retailers and travel agents.

The Maritime Security Identification Card (MSIC) scheme commenced in Australia on 1 January 2007. The scheme requires that anyone who needs to enter a maritime security zone unescorted must have a background check and must hold and display a valid MSIC. Across Australia, the MSIC scheme covers 73 ports and 364 related facilities, 59 ships and 76 offshore oil and gas facilities and service providers. Currently approximately 80,000 people working in the maritime and offshore oil and gas industries hold MSICs.

The MSIC scheme is part of the Australian Government's investment to secure the maritime industry from threats of terrorism and other unlawful acts that would disrupt maritime operations. The background checking process is just one element of how transport security is being strengthened across Australia. Security identification cards, issued subject to a background check, deliver some assurance that people who hold such a card are not a security risk.

In March the Department completed a significant task of assessing over 900 transport security programmes covering major airports, airlines and regulated air cargo agents. Following the budget announcements in May 2008, the Department will be responsible for implementing a range of additional initiatives including the extension of checked bag screening to an additional 26 Australian airports and further improvements to existing air cargo security regimes.

International cooperation

In May 2007, Australia, Japan and the United States conducted a trilateral 'Port Needs Assessment' in the Philippine ports of Davao and General Santos City. This assessment will allow for better coordination of counter-terrorism capacity building activities and inform a joint capacity building project to be undertaken in these ports.

The Joint Indonesia-Australia Aviation Security Project was completed in April 2007 and was a \$1.1 million, 18-month project focussed on improving the skills and training of Indonesian aviation security personnel. It also enhanced the Department's Jakarta-based officers' relationships with their Indonesian counterparts.

AVIATION AND AIRPORTS

Aviation and airport developments

In aviation, the Department responded to continued growth in the industry.

Growth was reflected in the increasing number and scale of airport development proposals, calling for a balanced approach which supports the development of airports as important national infrastructure but also takes full account of planning and environmental considerations. The scheme for regulating developments on the major airports was reinforced by amendments to the *Airports Act 1996* passed in 2006–07. Additionally, the Department participated in the Productivity Commission (PC) review of airport pricing and assisted in the development of the government's response to the PC's recommendations.

In relation to international air services, support for liberalisation of air services agreements continued. A highlight was the agreement to a substantial growth of capacity on routes to the Middle East and beyond, opening additional options for travel to major hubs in the Middle East or beyond to destinations such as North Africa and Eastern Europe.

In the domestic airline industry, passenger numbers increased on both regional and capital city routes. However the situation in the general aviation sector is more mixed. The Department supported the work of the General Aviation Strategic Industry Leaders Group appointed by the Deputy Prime Minister to develop an Industry Action Agenda. The primary purpose of Action Agendas is to promote industry leadership, help industries develop strategies for growth, agree on priorities and make commitments to change. The Leaders Group will report back to government in April 2008.

A substantial rationalisation of the framework for airspace management occurred to provide an effective regulatory framework for the aviation industry, with new arrangements coming into effect from 1 July 2007. The main regulatory functions for airspace were transferred by legislation from Airservices Australia to CASA. An Australian Airspace Policy Statement was prepared and issued by the Minister to set clear directions for airspace management.

Recognising the key roles played by CASA and Airservices in the aviation industry, comprehensive Statements of Expectations were developed to guide their work within the legislative framework. The statements were issued by the Deputy Prime Minister in March 2007. The Department continues to take a lead role in ensuring coordination across the portfolio agencies and with the Department of Defence on aviation issues.

There was a focused engagement on regional and global transport issues. From 1 July 2006, the Department took over the chair of the APEC Transportation Working Group, and managed preparations for the successful meeting of APEC Transport Ministers in Adelaide in March 2007 (see Case Study). The Department continues to play an active role in the International Civil Aviation Organisation, including in work of the management on the environmental impacts of aviation.

CASE STUDY: APEC 2007 TRANSPORT MINISTERS WORKING GROUP

In March 2007, the Minister for Transport and Regional Services hosted the fifth Asia-Pacific Economic Cooperation (APEC) Transport Ministers Meeting in Adelaide. The meeting demonstrated how the international community can work cooperatively through such forums and achieve practical solutions to transport issues.

The meeting was attended by delegates from the 21 APEC economies—representing more than one-third of the world's population—and the official APEC Observer groups, involving some 250 participants in total.

The discussion focused on three themes: transport safety, transport security and the transport sector's contribution to liberalisation and facilitation of trade.

Worldwide, an estimated 1.2 million people are killed and 50 million are injured in road accidents each year, a large proportion of them in APEC nations. It is predicted that without remedial action, these figures could rise by 65 per cent over the next 20 years, increasing the social and economic burden across the Asia-Pacific region. Recognising this, APEC ministers supported aggressive road safety strategies, tailored to the special circumstances of each economy and including realistic but challenging fatality and injury reduction objectives.

The APEC ministers noted that differences in security processes across the region have implications for both passengers and industry. Recognising a strong need to balance security actions with efficient and effective flows of goods and people, the ministers agreed to give priority to harmonising security measures to promote consistency and minimise duplication.

Transport is a key enabler of trade, growth and economic integration in the region. As trade flows increase and economies grow, the demand for transport infrastructure and services also expands. It was recognised as important that regulatory and governance frameworks evolve in a way which does not impede efficiency and growth.

In particular, the APEC ministers made a commitment to develop timetables and strategies to work towards further liberalisation of air services. They acknowledged the importance of efficient supply chains, and noted that there would be continuing challenges to balance security, safety and environmental requirements with trade facilitation.

The key outcomes of the transport meeting were included in a joint ministerial statement which provides direction to member nations and the Transportation Working Group for future work.

The successful meeting demonstrates the benefit of the Department's participation in international forums as a way of agreeing on future directions for transport policies that affect all Australians, and ensuring that safe, secure and efficient transport underpins the successful trade relationships that Australia enjoys with its neighbours.



Deputy Prime Minister and Minister for Transport and Regional Services, the Hon Mark Vaile, speaking at the APEC 2007 Transport Minister's Working Group. (Photo DOTARS)

AUSLINK

Infrastructure planning and investment-AusLink

Strong progress was made on the continued implementation of the National Land Transport Plan under AusLink 1.

A number of national projects were completed, including a \$116 million programme of works along the Barkly Highway in far western Queensland and the opening of the \$524 million Albury-Wodonga Bypass by the Prime Minister in March 2007.

After assessment of the 495 applications received by May 2006 for the Strategic Regional Programme, the Government announced funding for 86 projects in late 2006, then another 102 in May 2007. As at 30 June 2007, this meant that 209 projects at a value of \$304.8 million are being funded under this programme. Additionally, more than \$345.9 million was provided to local communities during the year through the Black Spot and Roads to Recovery Programmes.

Overall, \$2.77 billion was spent by the Australian Government in 2006–07 on land transport infrastructure. Of this, approximately \$1.5 billion was spent on road projects, \$312 million of which was on maintenance. Around \$11 million was spent on research and transport innovation projects.

During the year, the Department also successfully developed Corridor Strategies with each state and territory, for each of the 24 National Network corridors. These key planning documents establish the National Network priorities and will form a basis for future AusLink funding decisions.

Additionally, the Department has been working closely with the Queensland Government on the implementation of the Australian Government's decision to fund the \$2.3 billion Goodna Bypass project in south-east Queensland. As the largest single road infrastructure project funded by the Government, the bypass will assist in relieving the growth pressures being experienced in the region.


The Department finalised a memorandum of understanding with the Australian Rail Track Corporation (ARTC) to facilitate progress of rail programmes funded under the AusLink programme. Significant progress has been made by the ARTC on major rail projects particularly in the main north-south corridor. These include completion of the \$80 million Sandgate Flyover, \$16 million Wagga Wagga rail bridge, \$5.3 million Nammoona Crossing Loop and \$7.7 million Leeville Viaduct on the north coast.

The success of the AusLink programme was recognised in the Australian Government's announcement of AusLink 2 in the May budget. This commitment of over \$22 billion, around a 40% increase on previous funding, will take the AusLink national transport framework forward to 2015, and will build on the strong performance of the programme since its commencement.

MARITIME AND LAND TRANSPORT

Council of Australian Governments transport reforms

The Department continued to support the role of the Australian Transport Council (ATC) in delivering the transport reform objectives of COAG, including providing secretariat services to the ATC. During 2006–07 the focus of ATC work was in developing COAG's response, in conjunction with Commonwealth, state and territory COAG and transport officials, to the recommendations of the Productivity Commission's review of road and rail freight infrastructure pricing. Departmental officials are involved in progressing key research work in support of the task allocated to the ATC by COAG of overseeing a new Road Reform Plan that takes a phased approach to the reform of road pricing aimed at promoting a more efficient, productive and sustainable provision and use of freight infrastructure.



Further significant COAG work in which the department was involved during the year included progressing heavy vehicle regulatory reforms (such as the heavy vehicle driver fatigue reform package), developing and trialling of performance-based standards, creating high productivity road networks including a national network for B-triples and delivering a national policy for the increased use of quad-axle trailers on heavy vehicle combinations.

Tasmanian freight subsidy arrangements

Advice was provided to the government on its response to the Productivity Commission's Inquiry Report on Tasmanian Freight Subsidy Arrangements. The response establishes a framework for introducing reforms to the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme from 1 July 2008.

Liner shipping regulation

The Department also played a major role in the development of the Government's response, during 2006–07 to a Productivity Commission review of Part X (International liner cargo shipping) of the *Trade Practices Act 1974*. The government's proposed reforms will enhance competition between shipping lines within the Part X regulatory framework and are aimed at ensuring Australian exporters and importers in all states and territories have stable access to high quality liner cargo shipping services of adequate capacity, frequency and reliability.

Australian Maritime College

During the year the government agreed to a proposal to integrate the Australian Maritime College with the University of Tasmania with the Department playing a lead role in negotiating the details of the integration and in developing associated legislation to allow the integration to proceed on 1 January 2008.

Maritime environmental legislation

The Department had lead responsibility for developing three pieces of legislation passed by the Parliament during 2006–07 to reduce the impact of shipping on the marine environment. The legislation regulates the use of harmful anti-fouling substances on ship's hulls; updates the regulation of discharges of oils and noxious substances; and limits emissions of sulphur oxides and nitrogen oxides from ship exhausts.

BUREAU OF TRANSPORT AND REGIONAL ECONOMICS

In 2006–07 the Bureau of Transport and Regional Economics (BTRE) released 18 major research and statistical publications in areas of portfolio interest. These included *Australian rail freight performance indicators 2005–06*, commencing a new series developed in partnership with the Australasian Railway Association and *Estimating urban traffic and congestion cost trends for Australian cities*, a report which informed the Council of Australian Governments (COAG) review of urban congestion trends, impacts and solutions.

BTRE provided a secretariat both for this review and for the second edition of the *National Guidelines for Transport System Management in Australia*. These guidelines have been adopted by all jurisdictions for evaluating new public road and rail infrastructure projects.

The BTRE Transport Colloquium was held in June at Old Parliament House, Canberra, with the theme *Australian Transport – Policy Challenges for Future Growth*. Some 200 participants engaged with topics including road and rail regulation, transport infrastructure investment, future road safety strategies and the climate change challenge for transport. BTRE's Regional Perspectives conference was held in Beechworth, Victoria in September, with the theme of 'Regions are Big Business'. Participants from major firms, communities, academia and government discussed the potential regional economic development benefits flowing from the investment decisions of large enterprises.

During 2006–07, the Strategic Projects unit provided advice on a range of issues affecting the longer term interests of the portfolio. These included telecommunications services in regional Australia, water reform and natural resource management. From July 2007 the unit will be subsumed within the BTRE.

MANAGEMENT AND ACCOUNTABILITY SIGNIFICANT ACTIVITIES 2006–07

MANAGEMENT

Performance management

During 2006–07 the Department focussed on the implementation of the *DOTARS Collective Agreement, 2006-09*, with particular attention paid to performance management, learning and development activities. The framework for performance management has been strengthened through the implementation of an electronic system and training to improve the understanding, skills and support for our staff in this area. The engagement of staff in learning and development generally has increased, and the implementation of a comprehensive leadership programme for middle and senior level staff in the Department has been well received.

Communications

A key focus has been to improve the effectiveness of our communications. Central to this was the development of a departmental communications framework, which is improving the coordination of our interactions with the transport industry and regional communities. It is also helping to ensure the Department's communication activities are connected with our business, and that there is a shared understanding of the role of communications. In other words, making sure we get the right information, to the right people, at the right time.

The Department introduced two new 'whole-of-department' communication products – a quarterly magazine (*Momentum*) and a DVD (*Moving Australia Forward*). These products are helping to create a strong foundation for strengthening our future strategic communications activities.

Accommodation

The lease extension of the current lease over the 111 Alinga Street premises and over the 62 Northbourne Avenue premises was successfully negotiated. The inclusion of a Green Lease Schedule was included in both leases, compliant with the Commonwealth's Energy Efficiency in Government Operations (EEGO) Policy.

A significant reconfiguration project of both 111 Alinga Street and 4 Mort Street was completed on time and within the approved budget. A small number of additional projects were approved following the successful acquisition of some small additional spaces within the 111 Alinga Street building as well as an improvement to the security reception point.

Fit-out of two new leasehold premises for the Department's offices in Orange and Adelaide was commenced, with the office in Orange being completed during the year.

Governance Centre

During 2006–07 the Department focused on increasing awareness about authorised decision-making and this included the introduction of a delegations management system, *i-Delegate*, on 2 July 2007. *i-Delegate* allows access by all DOTARS employees to information about powers and decision-making authority under approximately 120 pieces of legislation. This includes public sector-wide legislation such as the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997* and portfolio specific legislation made under the Administration Arrangements Order, such as the *Transport Safety Investigation Act 2003* and the *Auslink (National Land Transport) Act 2005*.

FINANCIAL PERFORMANCE

Parliament provides the Department with two types of funding: departmental and administered. Departmental funds are used to produce goods and services (outputs) at a quantity, quality and price endorsed by the Government. The Department administers funds, assets and liabilities on behalf of the Australian Government, which controls how the Department uses them and requires the Department to account for them separately.

Departmental finances

This section should be read in conjunction with the Department's audited financial statements for 2006-07 which appear in the section of the Annual Report entitled "Financial Statements"

In 2006-07, the Department continued its strong financial performance reporting an operating loss of \$8.9 million, in line with its agreed budgeted operating loss.

Total income in 2006-07 declined by \$5.0 million due to the transfer of funds from departmental to administered programme activities associated with the Jervis Bay Territory. After discounting for this the Department's total income was consistent with 2005-06.

In 2006-07, the Department sought agreement from the government to incur an operating loss of \$8.9 million to fund several previously unfunded activities. As a result, total expenses rose by \$4.2 million, reflecting a combination of unfunded activities, lapsing measures and new measures announced in the 2006-07 Budget.

The operating loss contributed to a reduction of \$27.1 million in the Department's net assets. However, the main contributor to the net asset reduction was the transfer of departmental assets associated with the Jervis Bay Territory to an administered programme.

The Department's commitment to financial management continues to be reflected in its financial performance. In recent years, the Department has fostered a stronger awareness of the importance of sound financial management and responsibility and, combined with an increased focus across the public sector of compliance with the *Financial Management and Accountability Act 1997*, the Department will seek to build upon these improvements. Table 1.1 below provides a summary of the Department's income statement and balance sheet.

Table 1.1 Summary of departmental financial performance and position

	2002-03	2003-04	2004-05	2005-06	2006-07	Change last year
	\$m	\$m	\$m	\$m	\$m	
Revenue from government	229.3	222.8	197.1	217.4	213.3	1.9% ▼
Other revenue	17.5	18.9	40.1	5.1	4.1	19.6% ▼
Gains				1.0	1.1	10.0% ▲
Total income	246.8	241.7	237.2	223.5	218.5	2.2% ▼
Employee and supplier expenses	194.2	195.8	176.6	209.5	212.4	1.4% ▲
Depreciation	12.8	14.0	8.2	9.7	11.8	21.6% ▲
Other expenses	19.6	91.2	7.2	4.0	3.2	20.0% ▼

		2002-03 \$m	2003-04 \$m	2004-05 \$m	2005-06 \$m	2006-07 \$m	Change last year
Total expenses		226.6	301.1	192.0	223.2	227.4	1.9% ▲
Operating result (Loss)		20.1	(59.4)	45.2	0.3	(8.9)	>100.0% ▼
Financial assets	A	109.6	160.7	93.0	105.0	92.2	12.2% ▼
Non-financial assets	B	250.9	247.9	46.8	63.9	53.6	16.1% ▼
Liabilities	C	48.3	108.9	74.1	51.1	55.2	8.0% ▲
Net assets = A + B - C		312.1	299.7	65.6	117.7	90.6	22.60% ▼

Note: Historical data prior to 2005-06 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 2005-06 have been amended to reflect current accounting policies.

Administered finances - accuracy of estimates improves despite significant changes

The Australian Government provided appropriations totalling \$4.5 billion for grants, subsidies and other administered expenses in 2006-07, including additional appropriations of \$244.2 million provided in the Portfolio Supplementary Additional Estimates Statements.

Expenses totalling \$4.4 billion were recognised during the year. The major contributors were:

- AusLink (\$2,171.0 million)
- Financial Assistance Grants to local government (\$1,688.8 million)
- Natural Disaster Relief Arrangements (\$103.7 million)
- Tasmanian Freight Equalisation Scheme (\$89.6 million)
- Services to the Indian Ocean Territories (\$62.9 million)
- Regional Partnerships Programme (\$53.9 million).

In aggregate, the administered programmes managed by the Department were underexpensed by \$130.4 million or 2.9 per cent, of which \$85.5 million was rephased (movement of funds to later years) during the 2007-08 Budget update and \$8.9 million related to increased depreciation due mainly to changes to the useful lives of assets in the Indian Ocean Territories. Other major variances are shown in Table 1.2.

Table 1.2 Administered programmes reporting variances of more than \$5 million

Programme	Amount overspent (\$)	More info
AusLink improving the national network	49.9 m	page 107
Natural Disaster Relief and Recovery Arrangements	16.7 m	page 230
Regional Partnerships	-13.9 m	page 187
AusLink improving local roads	-76.9 m	page 107



Taxation revenue collected on behalf of the Australian Government declined by \$73.2 million in 2006-07 largely due to the cessation of both the Sydney Airport Noise Levy (\$41.6 million) and the Stevedoring Levy (\$37.2 million).

Non-taxation revenue rose \$32.7 million overall, due mainly to an increase in Airservices Australia dividends (\$22.2 million) and refunds of prior year payments (\$13.0 million). Gains declined by \$36.1 million largely due to the recognition in 2005-06 of one-off events associated with donated artworks (\$30.1 million) and write-back of a loan provision (\$6.5 million).

In 2006-07, administered net assets declined by \$88.3 million due mainly to:

- decreases in the net asset value of administered investments in government authorities and companies (\$195.2 million), partially offset by
 - increases in receivables largely due to loan advances made under the Natural Disaster Relief and Recovery Arrangements (\$47.2 million) partially offset by loan repayments (\$10.2 million) and changes in the fair value of loans and asset revaluations (\$5.3 million), and
 - increases in prepayments due to a further prepayment of grants under the AusLink programme (\$250.3 million) partially offset by the expensing of some prepayments made in 2005-06 (\$200.4 million).

Figure 1.1 illustrates the mix of administered assets at 30 June 2007 and Table 1.3 summarises the administered income statement and balance sheet. For more information, see the audited financial statements.

Figure 1.1 Value of administered assets held at 30 June 2007

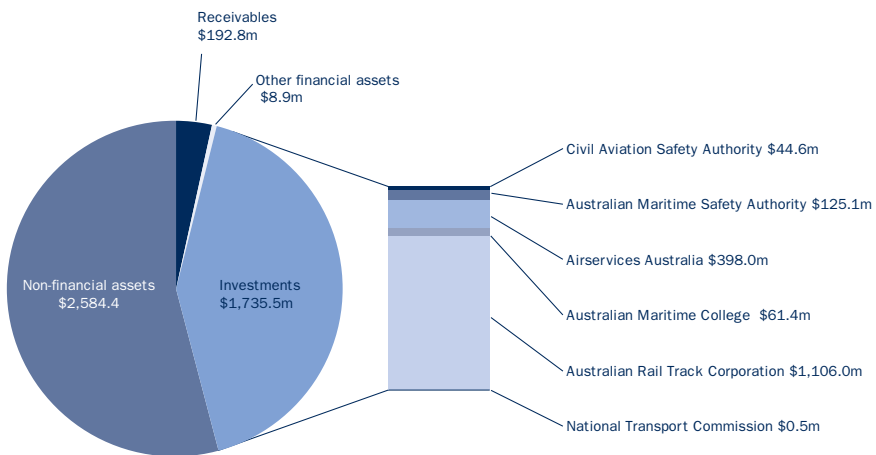


Table 1.3 Summary of administered financial performance and position

	2002-03 \$m	2003-04 \$m	2004-05 \$m	2005-06 \$m	2006-07 \$m	Change last year
Taxation revenue	294.9	147.2	151.6	150.3	77.1	48.7% ▼
Non-taxation revenue	132.4	142.7	138.4	135.6	168.3	24.1% ▲
Gains				36.7	0.6	98.4% ▼
Total income	427.3	289.9	290.1	322.6	246.0	23.7% ▼
Grants	2,966.6	3,549.8	3,620.9	3,841.7	4,194.8	9.2% ▲
Subsidies	147.9	134.3	138.8	132.6	128.0	3.5% ▼
Other expenses	38.7	44.7	113.7	101.9	117.6	15.4% ▲
Total expenses	3,153.2	3,728.8	3,873.5	4,076.3	4,440.4	8.9% ▲
Financial assets	797.5	850.4	719.5	2 109.0	1,937.3	8.1% ▼
Non-financial assets	85.9	85.5	289.2	2 494.7	2,584.4	3.6% ▲
Liabilities	114.1	82.3	70.6	25.2	31.5	25.0% ▲
Net assets	769.3	853.6	938.0	4,578.4	4,490.2	1.9% ▼

Note: Historical data prior to 2005-06 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 2005-06 have been amended to reflect current accounting policies.

ENVIRONMENTAL PERFORMANCE

Formal reporting on our environmental performance

The Department is required by the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) to report on how it has implemented the principles for ecologically sustainable development (ESD) set out in section 516A of the Act.

Overall the Department performed well in this regard during 2006-07 with a detailed report on the following required aspects appearing at Appendix E "Report on Ecologically Sustainable Development":

- how our activities accord with the five principles of ESD identified in the Act;
- how we administer legislation in accordance with ESD principles;
- how the outcomes we work towards, and our appropriated resources, contribute to ESD;
- how our activities affect the environment and how we minimise harm to it; and
- how we review and increase the effectiveness of measures to minimise harm.

Our current environmental operations

Building on the Secretary's May 2006 endorsement of the DOTARS environmental policy <www.dotars.gov.au/department/dotars/environment.aspx>, the Department has continued to implement a range of initiatives that attempt to reduce pollution, energy consumption, the impact on landfill and compliance with relevant legal and other environmental requirements for operational activities. These have predominantly focussed on office administration and support functions within the central offices located in Canberra, ACT, with a flow on to other regional and state offices.

The Department's environmental policy is the driver for maintaining its environmental management system (EMS), which is focused on improving our environmental performance in purchasing practices, waste production, water consumption, energy efficiency and staff awareness. The EMS continues to build upon existing environmental initiatives.

The EMS is compliant with ISO14001:2004, the international standard for environmental management systems. In this way, the Department is meeting the global benchmark for better environmental practice.

Some examples of environmental initiatives undertaken in the Department during 2006-07 are:

- A new vehicle selection policy was introduced in March 2007 to encourage the use of ethanol blended fuel, consideration of Green Vehicle Guide rating and it applies limits to vehicles size and number of cylinders;
- The Department implemented a national programme for the disposal of toner cartridge and batteries to minimise the impact on landfill and provides a small donation to selected charities. This initiative enabled the Department to divert 423.8Kg from landfill; and
- Separate metering of major computer facilities was also introduced in order for the Department to better understand the impact on its energy consumption from this critical infrastructure.

CASE STUDY: GREEN LEASING

During the year the Department continued its strategic positioning with respect to its lease holdings in Canberra, Sydney and Adelaide.

In Canberra, building on work undertaken in 2005–06, the Department finalised two major leases to consolidate its lease holding into a single foot print in adjoining buildings. The new leases will expire in June 2017 for the buildings at 62 Northbourne Avenue (Investa) and 111 Alinga Street (Multiplex).

Both leases provide for a significant investment by Investa and Multiplex in their respective buildings in the latest technology and infrastructure that enable the Department to take advantage of improvements that provide for a reduction on the Department's impact on the environment.

The leases each incorporate a Green Lease Schedule that commits to environmental outcomes intended to achieve a rating of at least 4.5 in line with the Government's Energy Efficiency in Government Operations (EEGO) policy.



The Department's central offices at 111 Alinga Street and 62 Northbourne Avenue (Photo DOTARS)

Our environmental performance – looking forward

World Environment Day

The Department hosted a Staff Information Session on World Environment Day, 5 June 2007.

The Seminar was designed to inform interested staff on the breadth of work the Department undertakes at the local, national and global levels regarding environment issues which are increasingly posing a challenge to the Department's portfolio responsibilities. Most presenters focussed on transport emissions and climate change issues. Speakers included the Secretary, Mike Taylor, and representatives from the BTRE, Aviation and Airports, Corporate Services, and Maritime and Land Transport Divisions.

During the seminar the Secretary announced that a small working group was to be convened from across the Department to review how the portfolio contributes to the management of environmental issues. The working group will examine the Department's contributions both in terms of the impact of its processes and activities and the programmes it administers. The working group's purpose is to review and establish a co-ordinated approach to how we deal with, respond to and report on environmental issues. A steering committee consisting of the three Deputy Secretaries and the Chief Operating Officer will oversight the working group.

The working group was set up in mid July 2007 and delivered its interim report to the Secretary at the end of September 2007. The final report is expected to be completed in late October.

Future environmental reporting

The Department is currently positioning itself for improved future reporting on a range of environmental measures. These include energy, paper usage, waste, and water usage. The Department is achieving this through:

- contracts – ensuring that major cleaning and waste removal contracts contain clauses requiring specific reporting on volumes sent to landfill and diverted from landfill;
- environmental reporting – continued contribution to centralised government on the new Online System for Comprehensive Reporting (OSCAR), which is an on-line tool designed to report energy use under the Energy Efficiency in Government Operations policy;
- green lease schedule – quarterly meetings with the Department's major lessors to ensure parties are working towards achievement of GLS environmental commitments, including achieving a combined Australian Building Greenhouse Rating of 4.5; and
- electrical check meters – implementation of electrical check meters in June 2007 to major existing computer room facilities to enable more granular levels of reporting.

SOCIAL PERFORMANCE

Formal reporting on our social performance

DOTARS is required by a range of legislation and guidance to report annually on various aspects of social performance. These formal reporting requirements are as follows:

- *Occupational Health and Safety Act 1991;*
- *Freedom of Information Act 1982;*
- *Aspects of paragraph 12 "Management and Accountability" Requirements for Annual Reports for Departments, Executive Agencies and FMA ACT Bodies, Department of Prime Minister and Cabinet 13 June 2007;*
- the Commonwealth's *Accessible Government Services for All Strategy; and*
- the Commonwealth's *Disability Strategy*

These aspects are addressed in this report in Chapter 5 “Management and Accountability”, and in various appendices.

Social performance as it relates to our employees

As discussed in detail in Chapter 5 the Department places a high priority on the people who work for the Department and has renewed its focus on people management to ensure our people have the necessary capability for delivering outcomes for government. Our emphasis this year has been on implementing the DOTARS Human Resource (HR) Strategy, with its key areas of:

- Recruit;
- Retain;
- Manage; and
- Develop

One of the main objectives of the DOTARS HR Strategy is that the Department will be regarded as a public sector employer that is professional, has integrity and is a rewarding place to work. The DOTARS HR Strategy identifies that people are critical to helping the organisation to achieve its goals.

In that vein, 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. In particular 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 parental leave for new parents including those whom are not the primary care provider. The Department also supports its employees through provisions for employees to work from home, and to work on a part time basis

In addition, as also discussed in Chapter 5, the Department places considerable emphasis on diversity, social justice, equity and occupational health and safety.

Particular highlights in 2006–07 have included:

- embedding our new DOTARS Collective Agreement which includes a range of employee conditions that makes the Department an attractive place to work;
- implementation of the DOTARS LEADS Leadership Excellence through Action, Development and Seminars strategy, building leadership capability (see Case Study);
- international reaccreditation of DOTARS as an *Investor in People*;
- the launch of the *DOTARS Indigenous Employment Strategy* and *DOTARS Indigenous Workforce Action Plan*; and
- Health Week, an initiative to focus employee attention on their health.

CASE STUDY: DOTARS LEADS – IMPLEMENTING A LEADERSHIP DEVELOPMENT STRATEGY

In 2006-07 a strategy to build leadership capability across the Department was developed and launched.

The LEADS Strategy includes a number of internal and external initiatives aimed at building current and future leadership capability and by encouraging a collegiate leadership cohort.

LEADS stands for **L**eadership **E**xcellence through **A**ction, **D**evelopment and **S**eminars.

Action

The LEADS "Action" component provides a framework for facilitating learning in the workplace. Driven primarily by outcomes from the Focus on Results workshop, initiatives include:

- the establishment of: LEADS taskforces with senior executives leading a small team on strategic issues such as climate change and its impact on the work of the Department;
- LEADS tutorials drawing on expertise within the Department to assist build relevant skills including writing cabinet submissions; and
- LEADS mentoring, providing opportunities for staff to become mentors and mentorees, building leadership capability and fostering career development.

Development

The key initiative in the Development element is Focus on Results, a 17 week structured learning programme consisting of:

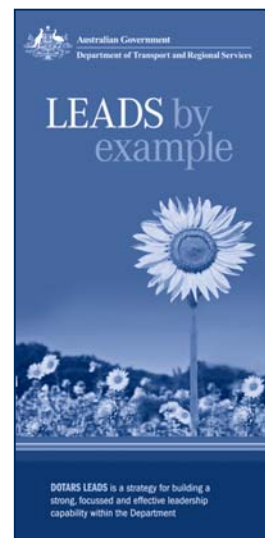
- pre-and-post workshop briefings
- 360° Feedback and Occupational Personality Questionnaires
- one-on-one coaching sessions
- three day residential workshop

The programme draws heavily on the experience of senior leaders in the Department including insights from the Secretary and Deputy Secretaries, and practical examples of leadership in action from business divisions. Over 200 executive level staff completed the Focus on Results programme in 2007 each identifying personal strengths and areas for further development, and implementing action plans to improve outcomes in the workplace.

Seminars

Dr Peter Shergold AO launched the LEADS strategy in February 2007. He presented the first seminar in the Seminar Series, sharing his insights on the critical challenges for public sector leaders.

The monthly seminars, available for staff at all levels have included presentations from a range of senior leaders in the Department and the APS on operational and strategic issues relevant to the Department.



Social performance as it relates to our clients

The Department delivers a range of programmes and provides various services which directly or indirectly have social implications for our clients. While each of the Department's outputs have a social performance dimension, this aspect is reflected in:

- the *safe and secure* elements of Outcome 1 “Fostering an efficient, sustainable, competitive, safe and secure transport system.”; and
- the *assisting* focus of Outcome 2 “Assisting regions to manage their own futures.”

In turn social performance is manifested in the Department's ten outputs as follows:

- the “no blame” investigations undertaken through Output 1.1.1 “Investigation” that seek to uncover causal factors and encourage safety action to prevent future accidents;
- the research, statistical analysis and vehicle safety regulatory work undertaken through Output 1.2.1 “Safety”;
- the transport security work undertaken through Output 1.2.1;
- the improved national transport system being delivered through Output 1.3.1 “Auslink”;
- the transport policy development and programme delivery work being undertaken through Outputs 1.4.1 “Maritime and land transport”, and 1.4.2 “Aviation and airports”; and
- the Regional services, Services to territories, Local government, and Natural disaster relief activities undertaken through Outputs 2.2.1, 2.2.2, and 2.2.3.

Particular highlights of our social performance to clients during 2006–07 include:

- the investigation of the fatal Lockhart River aviation accident;
- the successful implementation of liquids, aerosols and gels (LAGS) aviation security measures; and
- the prompt relief assistance to victims of natural disasters.

Further detail on the social performance of the Department as it relates to our clients can be found in Chapters 3 and 4, respectively the Reports on Performance for Transport outputs and programmes and Regional outputs and programmes, in Appendix A “Report under the Commonwealth *“Accessible Government Services for All Strategy”*”, and in Appendix D “Report under the *Commonwealth Disability Strategy*”.



CHAPTER 1

CHAPTER 2

About Us



ABOUT US

The Transport and Regional Services portfolio, in accordance with its two published outcome statements, contributes to the wellbeing of all Australians by fostering an efficient, sustainable, competitive, safe and secure transport system and by assisting regions to manage their own futures.

OUR MINISTERS AND PARLIAMENTARY SECRETARY

The Department is accountable to the Deputy Prime Minister and Minister for Transport and Regional Services, the Minister for Local Government, Territories and Roads and the portfolio Parliamentary Secretary.

For most of 2006-07, the Minister for Transport and Regional Services was the Deputy Prime Minister, the Hon Mark Vaile MP, replacing the former Minister the Hon Warren Truss MP on 29 September 2006.

The Hon Jim Lloyd MP was the Minister for Local Government, Territories and Roads throughout 2006-07.

The Hon De-Anne Kelly MP was appointed Parliamentary Secretary to the Deputy Prime Minister and Minister for Transport and Regional Services on 29 September 2006.

ABOUT THE PORTFOLIO

This annual report focuses on the Department of Transport and Regional Services. Information on other portfolio agencies may be obtained from their annual reports and websites. The main authorities and commissions in the portfolio are:

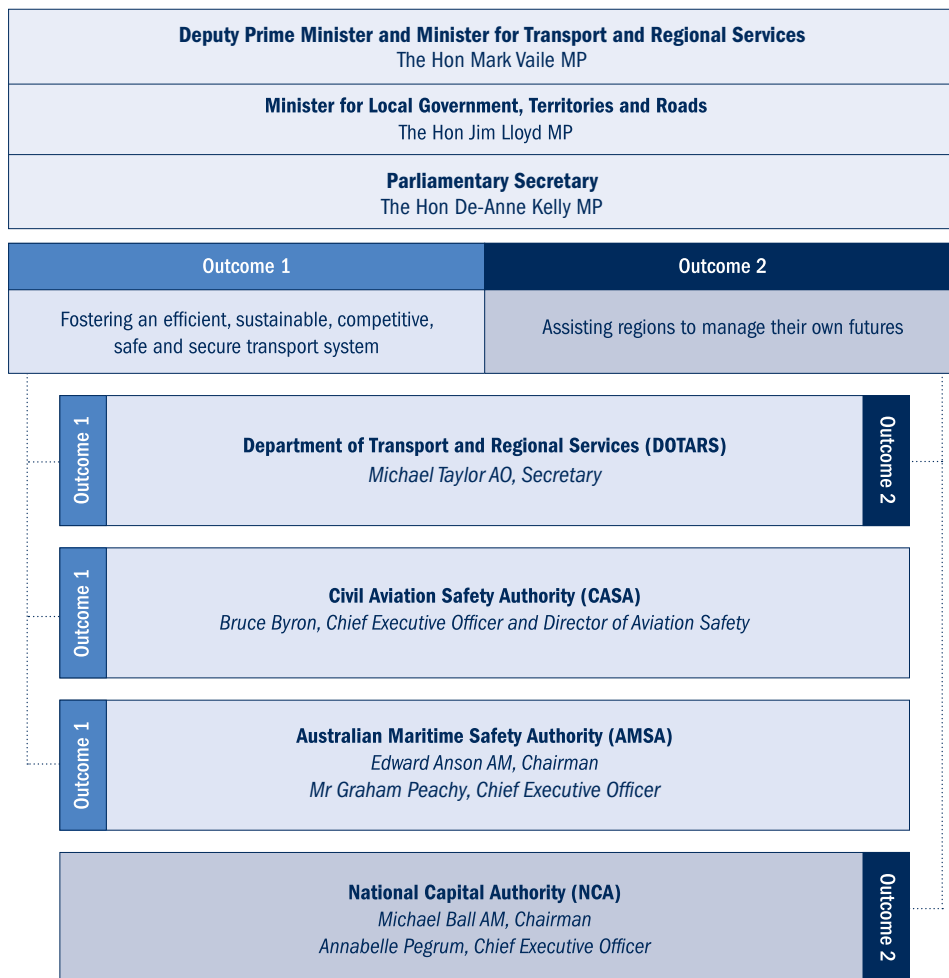
- Airservices Australia <www.airservicesaustralia.com>
- Australian Maritime Safety Authority <www.amsa.gov.au>
- Civil Aviation Safety Authority <www.casa.gov.au>
- International Air Services Commission <www.iasc.gov.au>
- National Capital Authority <www.nationalcapital.gov.au>
- National Transport Commission <www.ntc.gov.au>.

Other bodies and corporations in the portfolio include:

- Australian Maritime College <www.amc.edu.au>
- Australian Rail Track Corporation <www.artc.com.au>
- Maritime Industry Finance Company Ltd.

Four portfolio agencies, including the Department of Transport and Regional Services, belong to the general government sector. Figure 2.1 illustrates how these agencies contribute to portfolio outcomes. A complete list of portfolio bodies, including agencies which are outside the general government sector, appear at Appendix J.

Figure 2.1 Relationship of portfolio agencies in the general government sector, as at 30 June 2007



Notes: The Department of Transport and Regional Services also includes the Australian Transport Safety Bureau (ATSB) and the Bureau of Transport and Regional Economics (BTRE).

General government-sector agencies provide public services that are mainly non-market in nature, are mainly for the collective consumption of the community, involve the transfer or redistribution of income or are financed mainly through taxes and other compulsory levies. For more information about this classification, which reflects standards issued by the International Monetary Fund, see the Australian Bureau of Statistics publication Australian system of government finance statistics: concepts, sources and methods, 2003 (Cat. No. 5514.0.55.001), available at <www.abs.gov.au>.

ABOUT THE DEPARTMENT

Who we are

The Department of Transport and Regional Services provides a range of transport and regional 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* and is accountable to the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon Mark Vaile MP; the Minister for Local Government, Territories and Roads, the Hon Jim Lloyd MP; and the Parliamentary Secretary to the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon De-Anne Kelly MP.

What we do

We contribute to the wellbeing of all Australians by fostering an efficient, sustainable, competitive, safe and secure transport system and by assisting regions to manage their own futures.

How we make a difference

The services and funding provided by the government through the Department affect every Australian household. Our work bears on the safety and security of our transport system, the quality of the roads and council services we use, our access to goods and services from interstate and overseas, and our ability as a community to mitigate and recover from natural disasters.

The Department administers approximately \$4.5 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 Transport and Regional Economics provide vital support to business divisions by delivering essential research and business services for all outputs. For more information about the results we have achieved in each area, see our report on performance (chapters 3 and 4).

Figure 2.2 Departmental outcomes and outputs framework

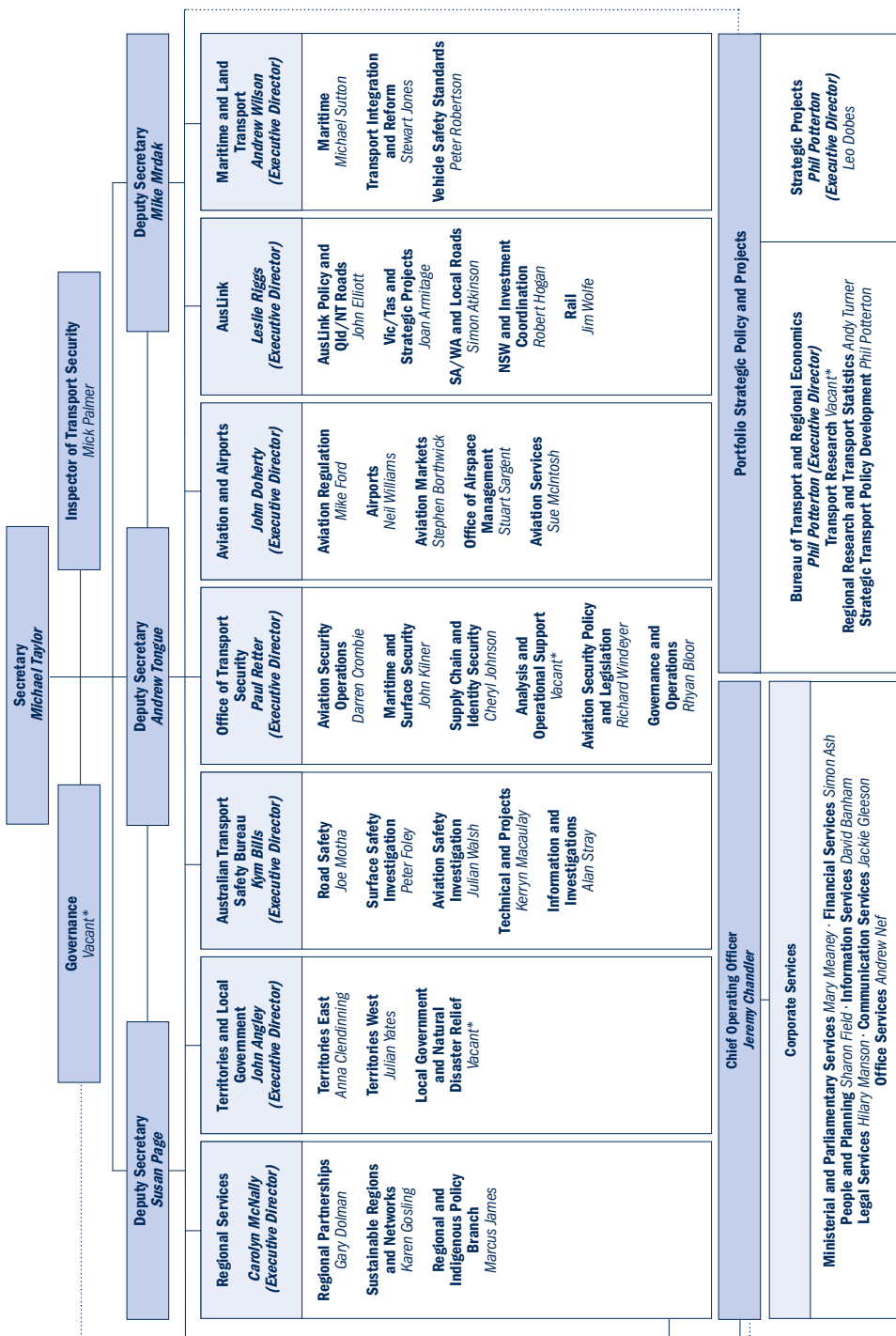
Outcome	Output Group	Output	Business division/s	More info	
Outcome 1 Fostering an efficient, sustainable, competitive, safe and secure transport system	1.1 Investigation and safety	1.1.1 Investigation	Australian Transport Safety Bureau	page 41	
		1.1.2 Safety	Maritime and Land Transport Australian Transport Safety Bureau	page 55	
	1.2 Transport security	1.2.1 Transport security	Office of Transport Security Office of the Inspector of Transport Security	page 67	
				1.3 AusLink	1.3.1 AusLink
	1.4 Transport services	1.4.1 Maritime and land transport	Maritime and Land Transport	page 115	
		1.4.2 Aviation and airports	Aviation and Airports	page 133	
	Outcome 2 Assisting regions to manage their own futures	2.1 Regional services	2.1.1 Regional services	Regional Services	page 171
		2.2 Local government, territories and natural disaster relief	2.2.1 Services to territories	Territories and Local Government	page 197
2.2.2 Local government			Territories and Local Government	page 205	
2.2.3 Natural disaster relief			Territories and Local Government	page 221	

Changes in our organisation since the last report

There were some changes to the structure of the Department including the appointment of a Chief Financial Officer at SES Band 2 level, and restructuring of various branches within the business divisions to reflect changing priorities.

The Department's outputs and outcomes are unchanged from those reported in the last annual report and in the 2006–07 Portfolio Budget Statements (PBS), Portfolio Additional Estimates Statements (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES). Figure 2.2 shows the alignment of our organisational structure with our output groups. Figure 2.3 details our current structure and the senior staff responsible for each area at 30 June 2007.

Figure 2.3 Organisational structure as at 30 June 2007



* A/g Director, Governance Centre, Adrienne Walmsley * A/g General Manager, Local Government and Natural Disaster Relief, Barry O'Neil

* A/g General Manager, Analysis and Operational Support, Patricia George * A/g General Manager, Transport Research, David Mitchell

MEET OUR EXECUTIVE TEAM



Michael Taylor AO
SECRETARY

Michael Taylor leads and manages departmental staff in their policy development, regulatory and programme implementation work. He has specific responsibilities as secretary, many of which are set out in legislation. Mr Taylor also participates in the Council of Australian Governments' pioneering work with Indigenous communities as sponsor for the remote East Kimberley communities. During 2006, he was president of the Institute of Public Administration of Australia (ACT branch).



Mike Mrdak
DEPUTY SECRETARY

Mike Mrdak is responsible for transport and portfolio policy and research, aviation and airports, maritime and land transport. He also chairs the Department's Audit and People Management Committees.



Susan Page
DEPUTY SECRETARY

Susan Page is responsible for AusLink, regional services, territories and local government, safety investigation and international and multilateral forums, such as those of the Asia-Pacific Economic Cooperation, and chairs the Strategic Information Technology and Departmental Security Committees.



Andrew Tongue
DEPUTY SECRETARY

Andrew Tongue oversees transport security issues including security regulation of the aviation and maritime sectors. Andrew represents the Department on the National Counter-Terrorism Committee and the Australian Government Counter-Terrorism Policy Committee, and chairs the Transport Security Working Group with the States and Territories.

OUR GOVERNANCE ARRANGEMENTS

How we do business

The Department's staff of 1,289 people is located throughout Australia and its territories. In accordance with our client 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.

These service standards underpin our approach to, and form the basis of our report on management and accountability in Chapter 5. This section of the report focuses on our governance arrangements and describes our governance framework and the various committees that underpin it.

Governance framework and senior management committees

During 2006-07, 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:

- managing the Department efficiently, effectively and in accordance with Australian Public Service legislative requirements;
- ensuring the Department's outputs were of a high quality, were timely and contributed to the achievement of the Australian Government's desired outcomes; and
- supporting the Department to meet its obligation to be open and accountable to its stakeholders.

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

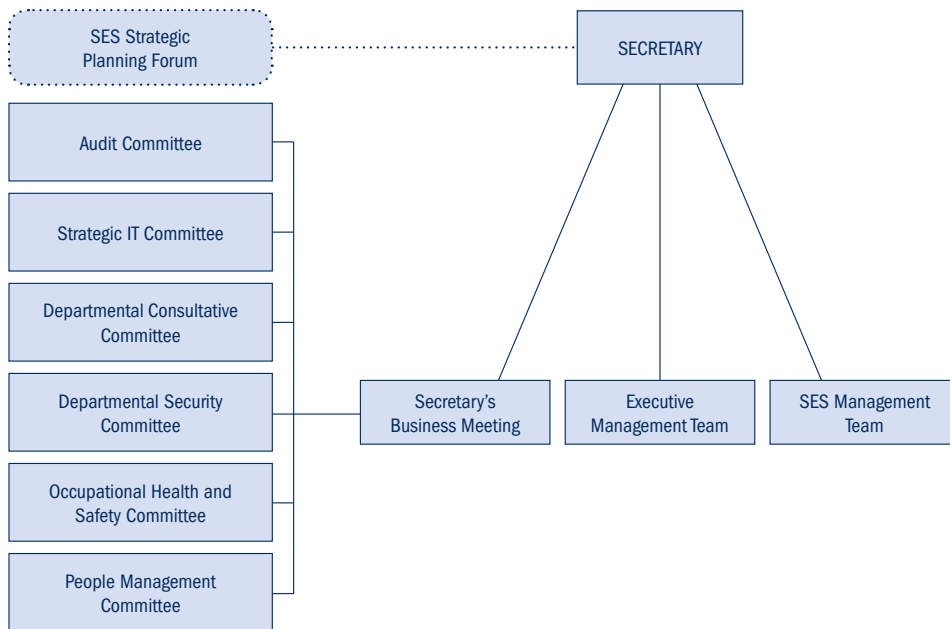
- Secretary's Business Meeting;
- Executive Management Team;
- Senior Executive Service (SES) Management Team; and
- SES Strategic Planning Forum.

There are also six supporting committees that focus on specific areas of organisational management and decision making. These are :

- Audit Committee;
- Strategic IT Committee;
- Departmental Consultative Committee;
- Departmental Security Committee;
- People Management Committee; and
- Occupational Health and Safety Committee.

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

Figure 2.4 Governance committee framework in place during 2006–07.



The most senior of the Department's committees is the Secretary's Business Meeting, made up of the Secretary, Deputy Secretaries and the Chief Operating Officer. The committee meets 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 nine business divisions). Other officers, including the Chief Financial Officer, General Counsel, Chief Information Officer, Director of Communications, General Manager of People and Planning and the Director of Governance attend meetings in an advisory capacity. The Executive Management Team meets to:

- receive briefings from Executive Directors on key current 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 officers are required to demonstrate leadership in departmental governance and planning through participation in quarterly strategic planning forums and monthly Senior Executive Management Team meetings.



Senior departmental staff attending a management team meeting
(Photo DOTARS)

Audit Committee

The objective of the committee is to provide independent assurance and assistance to the Secretary and the Executive Management Team on the Department's risk, control and compliance framework, and its external accountability responsibilities. The Department's Audit Committee endorses the internal audit programme and monitors its implementation, monitors external audits by the Australian National Audit Office, monitors the Department's risk management framework and oversees preparation of the Department's financial statements. During 2006-07, the committee's members were Deputy Secretary Mike Mrdak (Chair), the Chief Operating Officer, one Executive Director and three independent members (see Table 2.1).

Table 2.1 Audit Committee membership and meetings to 30 June 2007

Member	Role	Number of meetings held	Number of meetings attended
Mike Mrdak	Chair	7	7
Leslie Riggs	Member	7	6
Jeremy Chandler	Member	7	5
Johanna Barker	Independent	7	7
Jenny Morison	Independent	7	7
Paul McGrath	Independent	7	7

The Audit Committee has a Finance 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) and the Chief Financial Officer. Several other observers contribute to the sub-committee meetings; these include ANAO representatives, the Chief Internal Auditor, and various 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 Committee develops a common vision for the Department's information technology requirements; determines the Department's data requirements and data collection priorities; and recommends information technology funding priorities to the Secretary within the budget allocated by the Executive.
- The Departmental Consultative Committee provides a forum for consultation on matters arising out of the implementation and ongoing application of the Department's Collective Agreement 2006-09.
- The Departmental Security Committee provides a mechanism for an integrated agency approach to protective security and compliance with the Commonwealth Protective Security Manual.
- The Occupational Health and Safety Committee considers occupational health and safety strategy, policy and performance matters with the aim of continually improving the Department's health and safety environment.
- The People Management Committee considers high-level strategic people management issues and directions for the Department.

CHAPTER 3

Outcome 1—Transport
Outputs and Programmes



FOSTERING AN EFFICIENT, SUSTAINABLE, COMPETITIVE, SAFE AND SECURE TRANSPORT SYSTEM

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Output 1.1.1—Investigation	41
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<i>Administered programmes</i>	155

TRANSPORT OVERVIEW

OVERVIEW

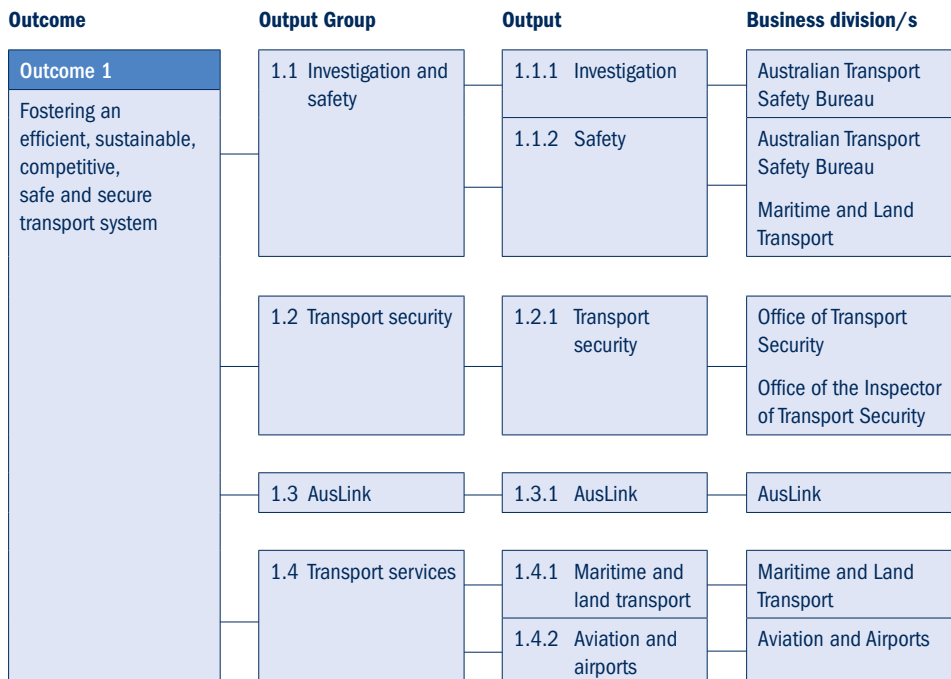
In 2006–07, the Department advised on and led national efforts to address key transport issues, including:

- undertaking transport safety occurrence and research investigations leading to improved safety outcomes;
- leading, implementing, regulating and monitoring a risk-based approach to transport security;
- investing through AusLink in key road and rail infrastructure to meet Australia's transport needs and driving critical reforms to the way this infrastructure is planned, funded and operated;
- reforming maritime transport and integrated vehicle standards and transport systems to achieve productivity, safety, security and sustainability outcomes which enhance Australia's international competitiveness;
- fostering a competitive, sustainable and safe aviation sector through appropriate regulation, programme delivery and policy development; and
- strengthening our analytical capability to address the major infrastructure and competition issues facing the portfolio.

OUTCOME AND OUTPUTS

Figure 3.1 shows the relationships between Outcome 1 and its six outputs.

Figure 3.1 Outcome 1 and outputs



WHAT THIS CHAPTER COVERS

Performance indicators

This chapter describes the Department's performance against the performance indicators (including financial targets) for Outcome 1 as published in the 2006–07 Portfolio Budget Statements (PBS), or modified in the 2006–07 Portfolio Additional Estimates Statements (PAES), or the 2007–08 PBS.

Financial performance indicators—price (for outputs) and cost (for administered programmes)—are on an accrual expense basis as published in the 2006–07 PAES.

Unless otherwise noted, and in most cases, the effectiveness, quantity, quality and location performance indicators are as originally published in the 2006–07 PBS. Exceptions occur because:

- several new programmes, and their accompanying performance indicators, were first published in the 2006–07 PAES;
- the performance indicators for new or modified programmes announced in the Portfolio Supplementary Additional Estimates Statements (PSAES) are not published until the following year's PBS, even if the new or modified programmes have implications for the current financial year; and
- in the lead-up to the publication of the 2007–08 PBS, a review of performance indicators was undertaken, as a consequence of which the wording of a number of existing performance indicators was clarified, and a small number of new performance indicators were developed (refer Appendix K).

Where outcome/programme performance indicators differ from those published in the 2006–07 PBS this is indicated by a footnote to the applicable summary table.

Reporting structure

The chapter begins with a table summarising the budgeted and actual resources of Outcome 1, and the overall performance achieved, in 2006–07.

This is followed by the reports on performance for individual outputs. Each output report includes:

- an overview of the output's functions and how they are delivered;
- a summary of the output's results against the performance indicators;
- a more detailed report on the output's performance against each indicator;
- if the output has administered programmes, a report on performance against the indicators set out for each programme (these are summary reports, except where more detailed reporting is particularly warranted); and
- a comment on the output's priorities for 2007–08.

Each output and administered summary report also includes a rating of progress towards achievement of the performance indicators using the following ratings:

✓✓✓ fully achieved ✓✓ mostly achieved ✓✓ partly achieved ✓✓ not achieved

RESOURCES AND PERFORMANCE—OUTCOME 1

Table 3.1 Summary of resources and performance—Outcome 1

	Budget 2006–07 ^a \$'000	Actual 2006–07 \$'000	Variance ^b %	Performance rating	Page
Outcome 1—Transport					
Output 1.1.1—Investigation	19,670	19,348	-1.6	✓✓✓	41
Output 1.1.2—Safety	15,193	15,892	4.6	✓✓✓	55
Output 1.2.1—Transport security	73,369	75,573	3.0	✓✓✓	67
<i>Administered programmes</i>					
Aviation Security Enhancements					
· improving international aviation security	930	55	-94.1	✓✓✓	87
· increased air cargo inspections	11,693	4,932	-57.8	✓✓✓	87
· regional airport 24-hour closed-circuit television pilot study	197	197	0.0	✓✓✓	88
· regional passenger screening	1,795	1,012	-43.6	✓✓✓	89
· screening for liquids, aerosols and gels ^c	2,108	0	-100.0	✓✓✓	92
Output 1.3.1—AusLink	20,753	19,395	-6.5	✓✓✓	95
<i>Administered programmes</i>					
AusLink Investment	1,604,324	1,604,031	0.0	✓✓✓	99
AusLink Black Spot Projects	44,554	41,562	-6.7	✓✓✓	102
AusLink Roads to Recovery	307,500	304,421	-1.0	✓✓✓	103
AusLink Strategic Regional	60,300	40,041	-33.6	✓✓✓	104
AusLink Strategic Regional— supplementary funding	0	0	0.0	✓✓✓	106
AusLink improving local roads	76,875	0	-100.0	✓✓✓	107
AusLink improving the National Network	131,000	180,905	38.1	✓✓✓	107
Management of residual issues of former Australian National Railways Commission (AN)	357	69	-80.7	✓✓✓	109

Table 3.1 continued.

	Budget 2006–07 ^a \$'000	Actual 2006–07 \$'000	Variance ^b %	Performance rating	Page
Murray River Bridges— Federation Fund Project	0	0	0.0	✓✓✓	110
Upgrade of the Mainline Interstate Railway Track	20,000	0	-100.0	✓✓✓	111
Whitehorse Road and Springvale Road intersection upgrade	2,000	0	-100.0	✓✓✓	112
Output 1.4.1—Maritime and land transport	12,116	13,283	9.6	✓✓✓	115
<i>Administered programmes</i>					
Bass Strait Passenger Vehicle Equalisation Scheme	32,000	28,412	-11.2	✓✓✓	125
International Maritime Organization—contribution ^d	320	311	-2.8	✓✓✓	162
Interstate Road Transport Fees	52,030	50,734	-2.5	✓✓✓	126
National Transport Commission	2,625	2,861	9.0	✓✓✓	127
OECD Road Transport— contribution ^d	40	30	-25.0	✓✓✓	162
Oil Pollution Compensation Fund	2,000	268	-86.6	✓✓✓	129
Payments to the Maritime Industry Finance Company Limited	1,684	1,680	-0.2	✓✓✓	130
Tasmanian Freight Equalisation Scheme	97,000	89,574	-7.7	✓✓✓	131
Tasmanian Wheat Freight Scheme	1,050	580	-44.8	✓✓✓	132
Output 1.4.2—Aviation and airports	27,144	28,701	5.7	✓✓✓	133
<i>Administered programmes</i>					
Airport Lessee Companies— reimbursement of parking fines	1,500	1,611	7.4	✓✓✓	155
Canberra International Airport — runway strengthening ^e	13,216	13,216	0.0	✓✓✓	-
Compensation for the sale of airport land	3	0	-100.0	✓✓✓	156

	Budget 2006–07 ^a \$'000	Actual 2006–07 \$'000	Variance ^b %	Performance rating	Page
Implementation of noise amelioration (Adelaide Airport and Sydney Airport)	7,531	3,885	-48.4	✓✓✓	157
International Civil Aviation Organization contribution ^d	1,285	1,247	-3.0	✓✓✓	162
Payment Scheme for Airservices Australia's en route charges	5,400	5,970	10.6	✓✓✓	159
Sydney West Airport—rental properties	2,705	2,277	-15.8	✓✓✓	160
Outcome 1—All outputs					
Total price of departmental outputs	168,245	172,192	2.3		
Less receipts from independent sources	4,454	3,019	-32.2		
Net price to government	163,791	169,173	3.3		
Administered programmes summary					
Total cost of administered programmes	2,484,022	2,379,881	-4.2		
Plus depreciation, write-down of assets etc.	2,746	2,025	-26.3		
Total administered operating expenses	2,486,768	2,381,906	-4.2		
Less administered revenues	185,464	205,578	10.8		
Net cost to government	2,301,304	2,176,328	-5.4		
Average staffing level	972	931	-4.2		

a The budget shown for both departmental outputs and administered programmes is the revised budget published in the 2006–07 Portfolio Additional Estimates Statements updated for measures announced in the 2006–07 Portfolio Supplementary Additional Estimates Statements (PSAES). Departmental outputs are inclusive of the Department's own source revenue.

b The variance is the change in the Department's 2006–07 actuals over its revised 2006–07 budget.

c This programme was announced in the 2006–07 PAES; however, its associated budgets and performance indicators were first published in the 2007–08 Portfolio Budget Statements.

d The reports on performance for the three administered items dealing with contributions to international organisations are consolidated in Table 3.46 on page 161.

e This one-year programme was announced in the 2005–06 PSAES. Payments of \$28.5 million were made in 2005–06 but only \$8.98 million was expensed in 2005–06 with the balance treated as a prepayment and expensed in 2006–07.



CHAPTER 3

OUTPUT 1.1.1—INVESTIGATION

Highlights

On 4 April 2007, the Australian Transport Safety Bureau (ATSB) released its comprehensive, 500-page final report into a fatal accident involving a Fairchild Metroliner aircraft on a regular public transport service operated by Transair, on approach to Lockhart River, Queensland. The 'controlled flight into terrain' accident, which occurred on 7 May 2005, resulted in the death of both pilots and all 13 passengers, and was Australia's worst civil aviation accident since 1968.

A large team of ATSB investigators devoted nearly two years of painstaking investigation to completing the final report, which identifies important safety issues relating to the crew, the operator, regulatory oversight and instrument approach chart design. Three factual reports, a research report and 10 safety recommendations were released by the ATSB during the course of the investigation. A further 10 recommendations to enhance aviation safety were issued with the final report.

OVERVIEW—OUTPUT 1.1.1—INVESTIGATION

Output 1.1.1 covers the transport safety investigation activities of the Australian Transport Safety Bureau (ATSB). 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.

Table 3.2 summarises the output's performance in 2006–07.

SUMMARY OF PERFORMANCE—OUTPUT 1.1.1—INVESTIGATION

Table 3.2 Summary of performance—Output 1.1.1

PBS/PAES performance indicators	Results
Effectiveness	
<i>Stakeholders undertake safety action in response to critical and significant safety issues identified through safety investigations</i>	<p>In 2006–07 aviation safety stakeholders undertook 205 separately identified safety actions linked to 41 ATSB aviation investigations, leading to strong gains in safety culture and practices. The ATSB issued a further 19 aviation safety recommendations which also generated safety actions.</p> <p>Regarding the high-profile risks associated with rail level-crossing collisions, the ATSB made a number of recommendations to state and territory rail regulatory authorities and level-crossing committees during 2006–07.</p>

Table 3.2 continued.

PBS/PAES performance indicators	Results
<i>Transport safety and public confidence in transport safety is maintained or improved</i>	<p>The ATSB's final report on the Lockhart River investigation has had a positive impact on transport safety and public confidence through the comprehensive identification of issues relating to the crew, the operator, regulatory oversight and approach chart design. Aviation safety stakeholders and industry largely accepted and acted on the report's recommendations and undertook associated safety actions.</p> <p>The ATSB assisted the Indonesian National Transportation Safety Committee to investigate the accident involving a Garuda Airways Boeing 737 aircraft that occurred at Yogyakarta airport on 7 March 2007, in which five Australians died.</p> <p>ATSB marine and rail reports and recommendations were well accepted by marine and rail authorities, operators and other safety stakeholders.</p>
Quality	
<i>Australia's transport safety investigation regime meets international standards</i>	<p>The principles of relevant international agreements are embodied within the provisions of the <i>Transport Safety Investigation Act 2003</i> and given force through section 17 so that Australia legally complies with these international agreements.</p> <p>The ATSB Executive Director was the Chairman of the International Transportation Safety Association (ITSA) from March 2006 to March 2007. ITSA noted in particular the ATSB's Lockhart River report and associated methodology.</p>
<i>Investigations are completed, on average, within one year</i>	<p>The median completion time for ATSB investigation reports in 2006-07 was 353 days, comprising 358 days (379 in 2005-06) for aviation, 320 days (234 in 2005-06) for marine and 369 days (479 in 2005-06) for rail reports. The rail report timeliness was significantly improved as a result of the additional experience acquired by investigators, and more streamlined report procedures.</p>
<i>Major accident investigation response capabilities are reviewed and tested annually</i>	<p>The ATSB's executives were part of two 'desktop' discussion exercises in November 2006 and April 2007. The simulated marine and rail exercises involved a broad range of external participants. The 2006-07 review and testing of the response capabilities of ATSB staff complemented previous testing of ATSB operational readiness.</p>
<i>The new Safety Investigation Information Management System 'SIIMS' is successfully commissioned</i>	<p>The ATSB successfully commissioned the Safety Investigation Information Management System (SIIMS) on 16 April 2007, when all new aviation investigations transferred to SIIMS. The system was commissioned on time and within budget.</p>

PBS/PAES performance indicators	Results
Quantity	
<i>More than 6,000 aviation, marine and rail safety accident and incident reports are assessed and entered into the safety database</i>	The ATSB's notification staff assessed 7,995 aviation, marine and rail safety accident and incident reports, and entered these reports into the bureau's safety databases.
<i>Approximately 120 fatal accidents and other serious occurrences are investigated to improve future safety</i>	The ATSB released 103 final accident and incident investigation reports in 2006–07, comprising 80 aviation, 14 marine and nine rail reports. Fewer aviation reports were released than planned, because substantial resources were diverted to high-priority investigations (such as Lockhart River) and associated coronial inquests, and to training (such as SIIMS).
Price	
\$19.7 million	The actual price of this output in 2006–07 was \$19.3 million.
Overall performance	✓✓✓

DETAILED REPORT ON PERFORMANCE—OUTPUT 1.1.1—INVESTIGATION

Effectiveness indicators—Output 1.1.1

Stakeholders undertake safety action in response to critical and significant safety issues identified through safety investigations

Aviation safety actions

In 2006–07 the ATSB issued 80 aviation safety investigation final reports and 19 safety recommendations. Aviation safety stakeholders undertook 205 separate safety actions relating to 41 aviation safety investigation reports.

Responses to recommendations

The ATSB's aviation safety recommendations in 2006–07 included the 10 recommendations issued to the Civil Aviation Safety Authority (CASA), Airservices Australia and Jeppesen with the final report on the Lockhart River investigation. The three bodies have responded to all 10 recommendations and the ATSB is monitoring their progress on addressing the safety issues identified in the recommendations.

The ATSB also made six recommendations to CASA and Airservices Australia on safety issues relating to area navigation (RNAV) global navigation satellite system (GNSS) approaches, in the research report *Perceived pilot workload and perceived safety of RNAV (GNSS) approaches*.

CASA and Airservices Australia responded to all six recommendations. The ATSB has classified their responses on a recommendation relating to late notice of clearances to crews by air traffic control as 'closed-accepted', and is monitoring progress on addressing the safety issues identified in the other recommendations.

CASE STUDY: FINAL REPORT ON LOCKHART RIVER AVIATION ACCIDENT

The thorough investigation of a fatal accident near Lockhart River in Queensland shows how the Australian Transport Safety Bureau (ATSB) is helping to improve the safety of Australian aviation.

In May 2005, a mechanically serviceable Fairchild Metroliner aircraft, operated by Transair, was unintentionally flown into a mountain ridge while on approach to Lockhart River Airport. The accident occurred in poor weather during a satellite-based instrument approach, probably because the crew lost situational awareness in low cloud. Both pilots and all 13 passengers were killed.

An ATSB team of up to 12 investigators devoted nearly two years of painstaking work to investigating the accident, producing three factual reports, a research report and 10 safety recommendations, and encouraging other safety actions, before completing the final report and 10 final recommendations. The task was complicated by the lack of an operative cockpit voice recorder or witnesses, and the extent of the destruction of the aircraft.

The comprehensive final report spells out numerous safety factors that the ATSB considers contributed to the accident, in relation to:

- the actions of the pilots, including that the experienced pilot-in-command had a history of using approach and descent speeds and a rate of descent greater than specified in the Transair Operations Manual, and that the young co-pilot was not adequately trained in complex instrument approaches;
- the actions of the operator, including significant limitations with Transair's pilot training and checking, supervision of flight operations, standard operating procedures for pilots and safety management processes; and
- the actions of the regulator, including that the Civil Aviation Safety Authority (CASA) did not provide sufficient guidance to its inspectors to enable them to effectively and consistently evaluate several key aspects of operators' management systems.

The ATSB also identified other safety issues which could not be as clearly linked to the accident because of limited evidence. These included shortcomings in the design of the navigation chart used and the possibility of poor crew communication in the cockpit.

In its final report, the ATSB issued seven recommendations to CASA, on its regulatory oversight activities and requirements, and three recommendations to Airservices Australia and Jeppesen on aspects of instrument approach charts.

CASA, Airservices Australia and Jeppesen have responded to the recommendations, and other aviation organisations have used the information arising from this major investigation to identify and address safety issues in their own operations. The work of the ATSB is helping the aviation industry to ensure that such an accident will not happen again.



VH-TFU at Bamaga aerodrome on a previous flight (Photo DOTARS)

Stakeholders undertake safety action in response to critical and significant safety issues identified through safety investigations (continued)

Other actions

Following the final report of the Lockhart River investigation, CASA undertook a range of safety actions to address safety issues relating to:

- risk assessment, by both the operator and CASA, when evaluating applications for air operator's certificates;
- guidance for the content and evaluation of operations manuals;
- regulatory requirements for crew resource management and multi-crew training; and
- regulatory requirements for safety management systems.

Other examples of aviation safety actions taken in Australia in response to ATSB reports include the following.

- CASA reviewed Lancair aircraft operations and revised and re-issued its *Flight instructors manual—Aeroplane*, providing greater emphasis on actions associated with engine failure on take-off, following the ATSB investigation into a fatal Lancair aircraft accident at Bankstown, New South Wales.
- A New South Wales power company improved helicopter crew clothing and training, risk management and ongoing hazard identification, following the ATSB investigation into a wirestrike accident at St Albans, New South Wales.
- An airport operator developed an updated runway incursion chart, and a tug operator and air traffic service provider improved radio communication and incursion alerts at the airport, following the ATSB's investigation into a runway incursion at Sydney Airport.
- Mandatory safety action was also required by the United States Federal Aviation Administration following the ATSB's investigation into an in-flight upset of a Malaysian Airlines Boeing 777 aircraft that was caused by problems with the aircraft's flight control computer software.

Marine safety actions

In 2006–07 the ATSB issued 14 marine safety investigation reports, which included 38 safety recommendations to stakeholders.

The ATSB report on the collision between the bulk carrier *Global Peace* and the tug *Tom Tough* at Gladstone, Queensland, and the resulting oil spill, included a number of recommendations dealing with the need for a better approach to risk analysis in the towage industry.

In response to the report, the tug operator, Adsteam Harbour, commissioned the School of Mechanical Engineering at the University of Adelaide to investigate and report on the causes of clutch oil pipe failure and to suggest design and construction changes. The company also decided to replace the port and starboard pipes on *Tom Tough* and similar vessels, and designed a protective block to be fitted on the vessels to reduce the consequences of any contact with other vessels or structures.

Stakeholders undertake safety action in response to critical and significant safety issues identified through safety investigations (continued)

In its report on the grounding of the bulk carrier *Crimson Mars* as it was departing the port of Bell Bay, Tasmania, the ATSB issued a number of recommendations dealing with pilotage procedures and practices. In response to the report, TasPorts is reviewing its passage planning procedures, including contingency planning, and procedures for the use of mobile phones during pilotage.

The investigation also identified issues regarding bridge design for consideration by the International Association of Classification Societies, which publishes classification rules for vessel construction and service and provides certificates for insurance purposes.

Rail safety actions

In 2006–07 the ATSB issued 39 safety recommendations in nine final and two preliminary rail investigation reports.

Important recommendations of the ATSB report on a major level-crossing collision that occurred at Lismore, Victoria, in May 2006 included:

- auditing of all level crossings in Victoria;
- assessment of risks associated with B-double and higher mass vehicles using level crossings; and
- measures to raise public awareness of the need to drive according to the environmental conditions, particularly at passively protected level crossings.

The investigation also noted that the Victorian Department of Infrastructure had scheduled the level crossing to be upgraded from passive to active protection in March 2007 and that in June 2006 the Australian Transport Council had approved a level-crossing strategy aimed at modifying road user behaviour to improve railway level-crossing safety.

Significant recommendations were also made in the ATSB report on a derailment of the XPT (express passenger train) scheduled service, due to failure of a power car axle, at Harden, New South Wales. The report recommended that the train operator, RailCorp, review XPT axle maintenance procedures, and that all rail vehicle operators consider risks associated with axle failures and review maintenance practices accordingly.

In response to the report, RailCorp and the Independent Transport Safety and Reliability Regulator of New South Wales have undertaken a number of safety actions, including measures aimed at the early detection and prevention of axle fatigue cracks in XPT and other diesel fleet rail vehicles, to limit the risk of axle failures.

The ATSB issued a safety advisory notice, advising the risks associated with axle failures resulting from fatigue cracks initiated by ballast strikes and the need for rail vehicle operators to review their maintenance practices accordingly.



The fatal Garuda Airlines Boeing 737-400 aircraft accident on 7 March 2007 at Indonesia's Yogyakarta Airport (Photo DOTARS)

Transport safety and public confidence in transport safety is maintained or improved

Aviation safety

The ATSB improved safety and public confidence in aviation through its Australian investigations, its work to assist Indonesian investigations, and the introduction of a confidential reporting system to capture information on safety concerns from members of the public.

Australian investigations

In aviation safety, the ATSB commenced 89 investigations and released 80 final investigation reports in 2006–07, and had 87 investigations ongoing at 30 June 2007. The high-profile reports released included the final reports on the Fairchild Metroliner aircraft accident on approach to Lockhart River, an aircraft evacuation involving a Boeing 717-200 aircraft at Hobart Airport, and the loss of control of a Fairchild Metro III aircraft in flight near Canberra.

As noted above, the accident at Lockhart River was Australia's worst civil aviation accident since 1968. The ATSB's 500-page final report on the investigation of the accident followed a resource-intensive two-year investigation which also generated three factual reports, a research report and 10 interim safety recommendations. The outputs of the investigation have had a positive safety impact within the industry: CASA, Airservices Australia and Jeppesen have taken significant safety actions in response to the report's recommendations. The operator, Transair, has ceased flying.

ATSB aviation safety investigations and recommendations, and the resulting safety actions, bolster public confidence. The bureau's role as an independent, 'no blame' aviation safety investigator is widely recognised and accepted in Australia and overseas.

Assistance to Indonesia

In 2007, through AusAID's Australian Leadership Awards Fellowship programme, the ATSB invited an Indonesian investigator to Australia to complete the bureau's 12-month diploma-level training as an aviation safety investigator. The ATSB acknowledges the support of AusAID and, in particular, the efforts of Allison Sudradjat, who subsequently lost her life in an accident involving a Garuda Airways Boeing 737 aircraft at Yogyakarta Airport on 7 March 2007. Through Australian Government funding, the ATSB will expand its programme of capacity-building assistance to Indonesia in 2007–08, providing new opportunities to enhance aviation and marine safety.

Transport safety and public confidence in transport safety is maintained or improved (continued)

The ATSB provided cooperation and assistance in the investigation of the fatal accident at Yogyakarta Airport. The ATSB's involvement was at the invitation of the Government of Indonesia, and involved a team of three investigators assisting the bureau's Indonesian counterpart, the National Transportation Safety Committee (NTSC). Additional technical support was provided by the ATSB's flight data and cockpit voice recorder experts in Canberra. The ATSB assisted the NTSC to develop a preliminary report and is continuing to support the NTSC to develop the final report. It is also providing assistance for other high-profile aviation investigations in Indonesia.

Confidential reporting scheme

In January 2007 the ATSB introduced the REPCON (Report Confidentially) reporting scheme, which aims to improve aviation safety by enabling any person who has an aviation safety concern to report it confidentially to the ATSB. Protection of the reporter's identity is a primary element of the scheme, which can result in the rectification of otherwise unreported safety issues. REPCON is consistent with International Civil Aviation Organization (ICAO) recommendations.

By 30 June 2007, the ATSB had received 62 REPCON reports and issued 25 REPCON notices.

Marine safety

In marine safety, the ATSB initiated 15 investigations and issued 14 investigation reports in 2006-07, and had 11 investigations ongoing at 30 June 2007.

Reports released included the final report on the investigation of the grounding of the bulk carrier *Crimson Mars* as it was leaving the port of Bell Bay, Tasmania. This report was very well accepted by the pilotage industry, and is being used as a case study by several pilot-training organisations both in Australia and overseas.

Another significant report concerned the grounding of the tanker *Desh Rakshak* on the approaches to the Port of Melbourne. The collision between the bulk carrier *Global Peace* and the tug *Tom Tough* at Gladstone, Queensland, and the resulting oil spill, highlighted the need for greater risk analysis in the towage industry.

ATSB marine investigations and recommendations, and the resulting safety actions, bolster public confidence. The bureau's role as an independent, 'no blame' marine safety investigator is widely recognised and accepted in Australia and overseas.

The ATSB marine investigation workload included provision of support for the investigator in charge preparing for the coronial inquest into the disappearance of the *Malu Sara* in the Torres Strait.

In addition, staff of the ATSB made presentations at fishing industry safety meetings in various ports in both South Australia and Western Australia. ATSB staff also presented at and/or participated in pilotage training, a Nautical Institute workshop and a workshop on the introduction of E-Nav, a new concept supporting enhanced marine navigation.

Rail safety

In rail safety, the ATSB initiated 13 investigations and issued nine final investigation reports in 2006–07, and had 12 investigations ongoing at 30 June 2007.

Reports released included the final reports on the major level-crossing collision at Lismore, Victoria, and the derailment of the XPT service at Harden, New South Wales. As a result of the report on the accident at Harden, RailCorp and the Independent Transport Safety and Reliability Regulator of New South Wales undertook safety actions, including measures aimed at the early detection and prevention of axle fatigue cracks in XPT and other diesel fleet rail vehicles.

ATSB rail safety investigations and recommendations, and the resulting safety actions, bolster public confidence. The bureau's role as an independent, 'no blame' safety investigator for the defined interstate rail network is now widely recognised and accepted in Australia.

The Victorian Minister for Public Transport requested ATSB expertise to assist with the investigation of a collision that occurred between a passenger train and a B-double truck at a level crossing at Kerang, Victoria, on 5 June 2007. The accident resulted in fatal injuries to 11 passengers, serious or minor injuries to most other passengers, and serious injuries to the truck driver.

Although the accident did not occur within the ATSB's agreed jurisdiction, ATSB investigators assisted the Victorian Office of the Chief Investigator with aspects of the investigation, including human performance, the accident site survey, animation of the accident sequence, and assessment of the compliance of the level crossing with the relevant Australian Standard for signage and sighting.

Quality indicators—Output 1.1.1

Australia's transport safety investigation regime meets international standards

Australia's transport safety investigation regime is set out in the *Transport Safety Investigation Act 2003* (TSI Act) and accompanying regulations.

The legislation empowers the ATSB, through its Executive Director, to:

- investigate safety accidents and incidents involving civil aviation, international and interstate shipping and the defined interstate rail network; and
- conduct 'no blame' investigations, to improve future safety, in which the focus is on learning rather than on criminal or civil liability.

The principles of relevant international agreements are embodied within the provisions of the TSI Act and given force through section 17 so that Australia complies with the international agreements.

The ATSB's Executive Director was the Chairman of the International Transportation Safety Association (ITSA) between March 2006 and March 2007, when responsibility transferred to the Chair of the Transportation Safety Board of Canada.

Australia's transport safety investigation regime meets international standards (continued)

The ATSB improved the rigour of its investigation processes through the development of, and training in, a comprehensive investigation analysis methodology. This best-practice methodology received significant interest at an international level, through ITSA forums and through the conference of the International Society of Air Safety Investigators held in September 2006.

In 2006–07 the ATSB continued to play a leading role in the review of the International Maritime Organization (IMO) Code for the Investigation of Marine Casualties and Incidents. The code now contains proposed mandatory and recommended practices for investigating marine casualties and is on track to be incorporated as an annex to the IMO's Safety of Life at Sea Convention in 2007–08.

Investigations are completed, on average, within one year

Turnaround times for safety investigations improved considerably in 2006–07. Results were on target for aviation and marine investigations, and close to target for rail investigations.

In 2006–07 the ATSB's median time to complete reports for aviation investigations was reduced to 358 days, from 379 days in 2005–06. However, the number of aviation investigation reports released was also reduced, to 80 from 93 in 2005–06. This was the result of the diversion of resources to conduct the Lockhart River investigation (which involved up to 12 investigators for two years); provide input to coronial inquests; provide investigator and technical support to Indonesia; and provide staff development, including the training of several new investigators and training in preparation for the implementation of SIIMS.

The median report completion time for marine investigations was 320 days, up from 234 days in 2005–06 but still within the target of 365 days. The increase in median processing time was due to the finalisation of some older investigation reports. At 30 June 2007, all but one of the ongoing marine investigations were less than 12 months old.

For rail reports under the TSI Act, the median completion time of 369 days was well below the previous year's result of 479 days and close to the target of 365 days. The timeliness of the ATSB's rail investigation reports is improving as the bureau's rail investigators become more experienced, and as investigation processes are improved.

Table 3.3 shows the trends in transport safety investigation.

Table 3.3 Trends in transport safety investigation

	2003–04	2004–05	2005–06	2006–07	2007–08 estimate
Civil aviation					
Accident and incident notification^a					
Incidents notified	4,417	5,810	7,435	7,720	
Accidents notified	152	157	124	112	
Total accidents and incidents notified	4,569	5,967	7,559	7,832	^b

	2003-04	2004-05	2005-06	2006-07	2007-08 estimate
Volume of investigations					
Investigations started during year	75	109	84	89	80
Investigations completed ^c	63	98	93	80	80
Investigations continuing at 30 June	76	86	81	87	80
Timeliness of investigations					
Median time to completion (days)	347	247	379	358	<365
Number of ongoing investigations more than one year old at 30 June	15	14	18	9	^h
Outcome of investigations					
Recommendations issued	46	21	22	19	No set target
Safety reports received under the REPCON Aviation Confidential Reporting System	n/a	n/a	n/a	62	No set target
Safety notices issued under the REPCON Aviation Confidential Reporting System	n/a	n/a	n/a	25	No set target
Maritime investigations					
Accident and incident notification					
Total accidents and incidents notified	Not reported	92	79	117	No set target
Volume of investigations					
Investigations started during year	8	13	12	15	10
Investigations completed	17	11	13	14	10
Investigations continuing at 30 June	9	12	10	11	10
Timeliness of investigations					
Median time to completion (days)	484	372	234	320	<365
Number of ongoing investigations more than one year old at 30 June	6	3	2	1	No set target
Outcome of investigations					
Recommendations issued	47	42	40	38	No set target

Table 3.3 continued.

	2003-04	2004-05	2005-06	2006-07	2007-08 estimate
Safety notices issued under the Marine Confidential Reporting System	n/a	13	13	8	No set target
Rail investigations^d					
Accident and incident notification					
Total accidents and incidents notified	Not reported	61	39	46	No set target
Volume of investigations					
Investigations started during year	5	7	9	13	10
Investigations completed	3 ^e	3	13 ^f	9	10
Investigations continuing at 30 June	6	11	8	12	10
Timeliness of investigations					
Median time to completion (days)	- ^g	519	479	369	<365
Number of ongoing investigations more than one year old at 30 June	1	3	-	2	No set target
Outcome of investigations					
Recommendations issued	23	22	83	39	No set target
Total price of outputⁱ	\$12.5m	\$17.5m	\$19.0m	\$19.3m	\$23.0m

a Fewer notifications were made in 2003-04 due to the initial impact of changed reporting requirements from 1 July 2003 under the *Transport Safety Investigation Act 2003* and regulations.

b At least 6,000 aviation, maritime and rail accident and incident reports are expected to be received in 2007-08.

c While the government has provided extra funding for more investigations from 2004-05, the time required to recruit and train investigators delayed the average number of investigations completed and the median completion time for investigations.

d Until 1 July 2003, investigations were a state responsibility and the ATSB was involved only at the request of state governments. Median completion times for these investigations were not reported due to the time required for state governments to consider some reports before their release.

e This includes the Chiltern rail investigation report submitted to the Victorian Government in late 2003-04. This report was released to the public in October 2004.

f This includes the Benalla steam train rail investigation report submitted to the Victorian Government in September 2004 and released to the public in February 2006.

g Until 1 July 2003, investigations were a state responsibility and the ATSB was involved at the request of state governments. Median completion times for these investigations are not reported due to the time required for state governments to consider reports before their release. Completion time estimates for rail investigations under the ATSB's new powers cannot be reported, as none were completed in 2003-04.

h The target is for no Level 2 investigations over 18 months old, no Level 3 investigations over 12 months old and no Level 4 investigations over nine months old.

i This includes the direct cost of investigations as well as indirect costs such as DOTARS-attributed corporate overheads.

Major accident investigation response capabilities are reviewed and tested annually

The 2006–07 review and testing of the response capabilities of ATSB staff complemented previous testing of ATSB operational readiness.

The ATSB contributed to two ‘desktop’ emergency management exercises on marine safety and rail safety during the year. With representatives of other agencies, ATSB executives participated in a simulated rail emergency, Exercise Throstle, in November 2006, and a simulated marine emergency, Exercise Dargle, in April 2007.

Both exercises enabled participating agencies to better appreciate the respective roles and responsibilities of other agencies and understand the impact of the emergency response scenario on each organisation, which will assist them to coordinate joint emergency responses.

The new Safety Investigation Information Management System ‘SIIMS’ is successfully commissioned

The ATSB successfully commissioned the Safety Investigation Information Management System (SIIMS) on 16 April 2007, when all work on new aviation investigations was transferred to SIIMS. The project was on time and within budget, and will progressively deliver efficiencies as well as improved processes for managing information, assessing and analysing evidence and reporting on investigations.

The implementation of marine and rail modules and other enhancements is expected to be completed in the second quarter of 2007–08.

Quantity indicators—Output 1.1.1

More than 6,000 aviation, marine and rail safety accident and incident reports are assessed and entered into the safety database

In 2006–07 the ATSB assessed more than 13,465 notifications (up from approximately 12,500 in 2005–06), of which 7,995 met the definition of a transport safety matter and were subsequently entered into modal safety databases. These comprised 7,832 aviation occurrences, 117 marine occurrences and 46 rail occurrences. The 7,995 occurrences comprised 275 accidents and 7,720 incidents.

The overall increase was almost exclusively attributable to an increase in aviation reporting, considered to be the result of an increase in aviation activity and greater familiarity with the reporting requirements contained in the Transport Safety Investigation Regulations 2003.

Jurisdictional differences in marine and rail reporting mean that the number of accidents and incidents reported to the ATSB is a subset of all accidents and incidents, the remainder of which are reported to, and fall within the jurisdiction of, agencies of the relevant states and the Northern Territory.

Approximately 120 fatal accidents and other serious occurrences are investigated to improve future safety

In 2006–07 the ATSB released 103 final investigation reports (down slightly from 119 in 2005–06), comprising:

- 80 aviation reports (93 in 2005–06);
- 14 marine reports (13 in 2005–06); and
- nine final rail reports (13 in 2005–06).

The reduction in the number of aviation reports was the result of the diversion of resources to conduct the Lockhart River investigation (which involved up to 12 investigators for two years); provide input to coronial inquests; provide investigator and technical support to Indonesia; and provide staff development, including the training of several new investigators and training in preparation for the implementation of SIIMS.

OUTLOOK—OUTPUT 1.1.1—INVESTIGATION

The ATSB plans to commence and conduct approximately 80 aviation, 10 marine and 10 rail investigations in 2007–08, including appropriate safety action to enhance transport safety. The bureau will seek to complete its occurrence and technical analysis investigations in a timely, high-quality manner.

The ATSB expects to assess more than 6,000 occurrence reports and enter them into the SIIMS database, and to assess confidential reports through the REPCON scheme. The implementation of the SIIMS database will continue: rail and marine modules are expected to be rolled out during the second quarter of 2007–08.

Other activities in 2007–08 will include providing assistance and evidence as required to coronial inquests and facilitating the introduction of legislation to amend the TSI Act. The ATSB will also contribute to the Transport Safety Assistance to Indonesia programme and provide other international assistance in transport safety investigations.

Did you know?

The aim of the Confidential Marine Reporting Scheme (CMRS) is to improve safety in Australian waters by enabling the ATSB to receive, assess and act on confidential reports to prevent or reduce the risks of marine accidents. Reports may be made by telephone, email or fax, or by completing a confidential marine reporting form.

OUTPUT 1.1.2—SAFETY

Highlights

In 2006–07 the ATSB was associated with several initiatives to improve road safety for Indigenous Australians. The bureau's roles included:

- chairing the Indigenous Road Safety Working Group;
- convening the Third Indigenous Road Safety Forum—held in Broome, Western Australia, in October 2006—and publicising its outcomes and recommendations;
- sponsoring a university student under the Department of Employment and Workplace Relations National Indigenous Cadetship programme; and
- releasing a joint report on Indigenous transport injuries with the Australian Institute of Health and Welfare, in June 2007.

The ATSB published two new report concepts in 2006–07, the *Digest of aviation and road safety research reports for 2006*, and the *Australian Aviation Safety in Review*.

On 13 October 2006, the Australian Transport Council of Ministers released the *National Road Safety Action Plan 2007 and 2008*. The release of the plan followed a comprehensive review, coordinated by the ATSB, of progress under the *National Road Safety Strategy 2001–10*.

OVERVIEW—OUTPUT 1.1.2—SAFETY

Output 1.1.2 is delivered jointly by the Australian Transport Safety Bureau (ATSB) and the Maritime and Land Transport (MALT) business division.

Under Output 1.1.2, the ATSB aims to improve national transport safety by undertaking research projects, collecting and analysing statistics, coordinating the National Road Safety Strategy and Action Plans, and providing safety, education and information material.

MALT provides the technical and administrative framework to enable assurance that all road vehicles meet appropriate safety, emission, anti-theft and environmental standards when first supplied to the Australian market; and participates in international vehicle standards forums and research programmes.

Table 3.4 summarises the output's performance in 2006–07.

CASE STUDY: TRANSPORT INJURY RATES OF ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE

A recent report commissioned by the ATSB, as part of a series of studies of injuries related to land transport, demonstrates the need to improve road transport safety for Indigenous Australians.

The report, *Injury of Aboriginal and Torres Strait Islander people due to transport 1999-2000 to 2003-04*, was prepared by the Australian Institute of Health and Welfare, using data from the National Hospital Morbidity Database and the National Coroners Information System. The report covers the four jurisdictions in which 60 per cent of the Indigenous population of Australia are residents: the Northern Territory, Western Australia, South Australia and Queensland.

The report's main focus is on crashes involving land vehicles, which accounted for 99 per cent of transport-related injury to Indigenous people. The evidence shows that rates of both death and injury are significantly higher among Indigenous Australians than among non-Indigenous people.

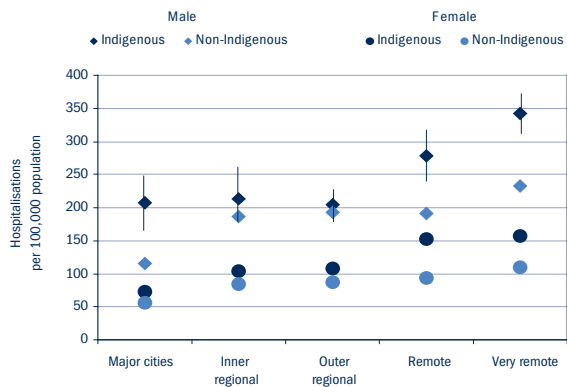
- On a population basis, there were 2.6 times more deaths and 30 per cent more serious injury cases from land transport accidents (on-road and off-road) among Indigenous people than among non-Indigenous people.
- The road traffic death rate of Indigenous people was 2.6 times that of non-Indigenous people, and their rate of non-fatal serious injuries was 60 per cent higher. In all geographic zones, Indigenous people had higher rates of serious injury on public roads than non-Indigenous people.
- Rates of car occupant deaths and serious injuries among Indigenous people were roughly double those of non-Indigenous people.
- The pedestrian death rate was seven times higher for Indigenous people than for non-Indigenous people, and the rate of serious injury as a pedestrian was almost four times higher.

While Indigenous fatal and serious injury rates were higher than non-Indigenous rates for both males and females, within each group, male rates for deaths and injuries were more than twice the female rates. The report also shows that, for both Indigenous and non-Indigenous people, the rates of serious and fatal land transport injuries tended to be lowest for people living in major cities and higher for people living in regional and remote areas.

The report has been provided to the Indigenous Road Safety Working Group, which comprises representatives from the Australian Government, state and territory governments and community organisations, to inform the advice it provides to the National Road Safety Strategy Panel on measures to improve road safety outcomes for Indigenous people.

Right:

Age-standardised rates of hospitalisation from road traffic crashes for Indigenous and non-Indigenous people, by place of residence, NT, WA, SA and Qld, 1999-2000 to 2003-04



SUMMARY OF PERFORMANCE—OUTPUT 1.1.2—SAFETY

Table 3.4 Summary of performance—Output 1.1.2

PBS/PAES performance indicators	Results
Effectiveness	
<i>Stakeholders are assisted to evaluate and improve transport safety interventions and outcomes (ATSB and MALT)</i>	<p>The ATSB provided stakeholders with a broad range of road safety research findings and road crash statistics.</p> <p>Following a comprehensive review of national road safety progress, the <i>National Road Safety Action Plan 2007 and 2008</i> was developed and released.</p> <p>MALT ensured that all road vehicles complied with appropriate safety, emission, anti-theft and environmental standards when first entering the Australian market.</p>
Quality	
<i>A best practice Novice Driver Programme Trial is implemented in NSW and Victoria (ATSB)^a</i>	Work continued on the development of an innovative, best-practice curriculum and arrangements for the research trial and evaluation of a programme for new drivers.
<i>Statistical analyses and conclusions are accurate and robust (ATSB)</i>	The ATSB validated its data sources with alternative sources wherever possible, and the statistical content of all research was critically reviewed to ensure it was accurate, methodologically sound and correctly interpreted.
<i>Aviation safety research reports are timely and informative^b (ATSB)</i>	The research findings were widely reported in Australia and overseas, and reports were commented upon favourably by stakeholders in government and industry. Aviation research reports were released in time to influence or assist ATSB investigations of aviation occurrences and contribute to a better informed public understanding of aviation safety.
<i>Australia's motor vehicle safety standards are aligned with international standards (MALT)</i>	Where possible, the Australian Design Rules are being progressively harmonised with international standards developed under the United Nations Economic Commission for Europe framework. The process is expected to be completed at the end of 2007.
<i>85 per cent of vehicle and workshop processes are completed within target timeframes (MALT)</i>	More than 85 per cent of processes were completed within the target timeframes.
Quantity	
<i>10 aviation and 25 road safety statistical and research publications are released (ATSB)</i>	<p>The ATSB released and published on its website 25 road safety statistical and research safety publications, comprising 10 road safety research reports and 15 road safety statistics publications.</p> <p>The ATSB published 10 aviation safety research reports.</p>

Table 3.4 continued.

PBS/PAES performance indicators	Results
50 vehicle production and/or test facilities are audited (MALT)	Audits of 34 vehicle production and/or test facilities were conducted.
3,400 vehicle types are approved for identification plates and supply to the Australian market (MALT)	A total of 3,619 vehicle types were approved.
50 Registered Automotive Workshops applications are assessed and 155 RAWs inspections are conducted (MALT)	A total of 88 Registered Automotive Workshop Scheme (RAWS) workshop applications were assessed and 230 inspections were conducted.
16,000 applications to import vehicles are assessed (MALT)	A total of 21,513 import approvals were issued.
Price	
\$15.2 million	The actual price of this output in 2006–07 was \$15.9 million.
Overall performance	✓✓✓

a Performance indicator modified in the 2007–08 PBS.

b Performance indicator first published in the 2007–08 PBS.

DETAILED REPORT ON PERFORMANCE—OUTPUT 1.1.2—SAFETY

Effectiveness indicators—Output 1.1.2

Stakeholders are assisted to evaluate and improve transport safety interventions and outcomes

Release of the *National Road Safety Action Plan 2007 and 2008*

The ATSB coordinated the development of the *National Road Safety Action Plan 2007 and 2008*, which was released on 13 October 2006 by the Minister for Transport and Regional Services and the Minister for Local Government, Territories and Roads on behalf of the Australian Transport Council of Ministers. The action plan came into effect on 1 January 2007.

This fourth action plan under the *National Road Safety Strategy 2001–10* was developed jointly by the Australian Government and state and territory governments. Input was received from a broad range of organisations and stakeholders through the National Road Safety Strategy Panel chaired by the ATSB.

Road vehicle standards

In 2006–07 MALT continued to ensure that all road vehicles comply with appropriate safety, emission, anti-theft and environmental standards when first entering the Australian market, by:

- developing and administering the standards, in conjunction with government agencies, vehicle manufacturers and importers, industry associations, vehicle user groups and the general public; and
- performing documentation and vehicle assessments, monitoring, inspections and audits covering importation and standards compliance, to provide assurance that when vehicles are first supplied to the Australian market they meet the requirements of the *Motor Vehicle Standards Act 1989*.

In addition, MALT worked towards the activation of international agreements that will enable a greater role for Australia in developing international vehicle standards, and a reduction in the costs of conformance testing.

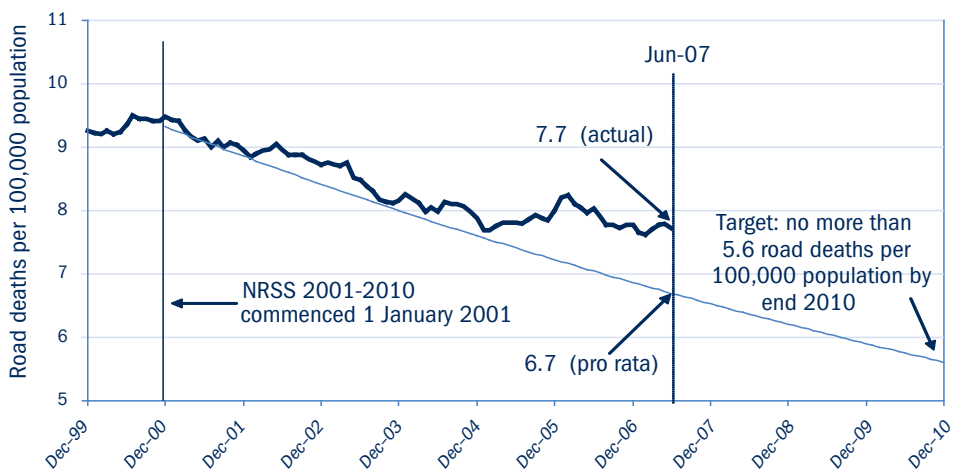
Road safety

Australia recorded 1,598 road deaths during the 12 months ending on 30 June 2007. This was 3 per cent less than the number of people killed on the roads in the 12 months to June 2006.

The June 2007 result translates to 7.7 deaths per 100,000 people, a 17.2 per cent reduction from the benchmark rate of 9.3 deaths per 100,000 people (which is based on 1999 figures).

With a challenging target of no more than 5.6 deaths per 100,000 people by the end of 2010 (see Figure 3.2), the Australian Government is working with the states and territories and other stakeholders to seek to accelerate the rate of decline of road deaths, particularly by developing, implementing and monitoring National Road Safety Strategy action plans, and by providing research, data analysis and educational information.

Figure 3.2 Trends in road safety outcomes—fatal accidents



NRSS = National Road Safety Strategy

Note: Each point represents the rate of road deaths in the preceding 12 months. 'Dec' refers to data as at 31 December.

Source: ATSB.

Stakeholders are assisted to evaluate and improve transport safety interventions and outcomes (continued)

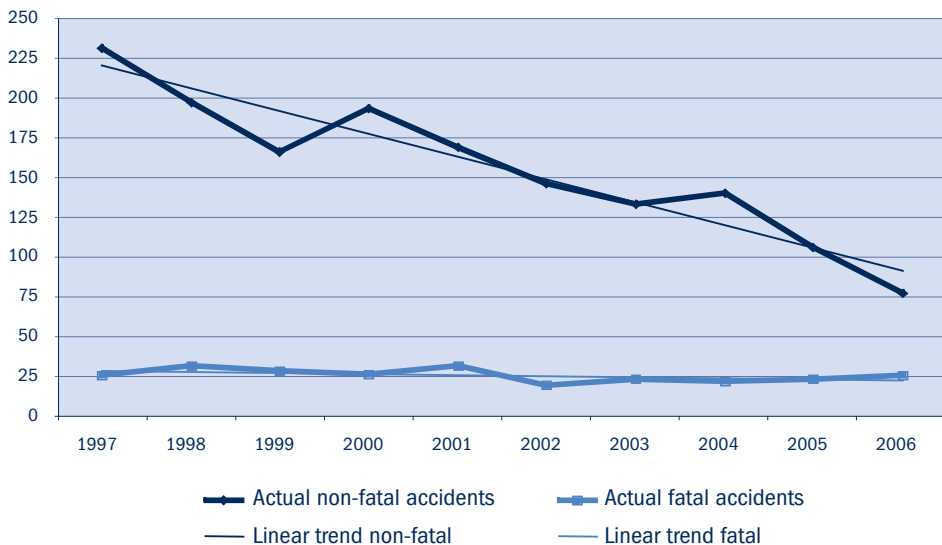
Aviation safety

Over the 10 years from 1 July 1997, the total number of Australian air accidents (fatal and non-fatal) declined by 63 per cent, from 232 to 86. Importantly, the number of fatal accidents remained low (see Figure 3.3).

The total accident rate (calculated as the number of accidents per 100,000 flying hours) declined significantly over the decade to 2005 (the latest year for which data is available), indicating an improved level of aviation safety.

While these results are encouraging, considerable effort and vigilance will be needed, on the part of both government and industry, to sustain and improve on the gains made over the previous decade.

Figure 3.3 Trends in aviation safety outcomes—fatal and non-fatal accidents



Note: Data includes accidents involving 'VH' registered air transport, charter, private, business, flying training, and aerial work (including aerial agriculture). 'VH' registered gliding, ballooning and sports aviation operations have not been included.

Did you know?

Motorcycle registrations have increased more than 20 per cent between 2003 and 2006—reflecting a significant growth in the popularity of motorcycling.

Motorcyclists face considerably greater risks than car drivers, largely due to their relative lack of protection in the event of a crash. Road crash statistics show that:

- about 240 riders are killed and 5,000 are seriously injured each year on Australian roads;
- this represents 15 per cent of all road deaths, and about 20 per cent of serious injuries, although motorcycles make up only three per cent of registered road vehicles;
- when travel distance is taken into account, motorcyclists are more than 20 times more likely than drivers to be killed in a road crash.

QUALITY INDICATORS—OUTPUT 1.1.2

A best practice Novice Driver Programme Trial is implemented in NSW and Victoria

In 2006–07 work continued on a major cooperative effort—involving the Australian Government and the New South Wales and Victorian governments, the Federal Chamber of Automotive Industries, Insurance Australia Limited and the Royal Automobile Club of Victoria—to develop and trial an innovative driver education programme.

This research is in support of the Australian Government's policy initiative to work with the states and territories to introduce a national compulsory scheme for all new provisional licence holders (P-platers). The aim is to develop a programme that provides young drivers with a greater appreciation of risk factors and helps them to cultivate safer driving practices.

Although progress in 2006–07 was delayed by factors such as the complexity of the project, the project partners are scheduled to conduct pilot testing and finalise the curriculum by the end of 2007.

A large-scale trial is expected to be undertaken in 2008, with about 7,000 P-platers in each state taking the course and a similar number participating in control groups. All participants will be monitored for at least a year after the completion of the trial, and independent experts will be commissioned to undertake a comprehensive evaluation of the effectiveness of the programme.

The total cost of the trial, including evaluation, is expected to be about \$10 million. The Australian Government has contributed \$3 million.

Statistical analyses and conclusions are accurate and robust

Road safety

The ATSB's Road Safety Branch undertook statistical analyses based on data from a variety of sources. The statistics unit routinely checked its main data sources, validating them where possible using alternative sources. Staff critically reviewed the statistical content of both in-house and externally commissioned research to ensure it was accurate, methodologically sound and correctly interpreted.

Rail safety

In 2005 the Rail Safety Regulators Panel initiated a review of rail safety data as part of a project to improve the quality of rail safety data nationally. The government, through the ATSB, partially funded the project.

In June 2007 the ATSB published a set of verified safety data from all Australian rail jurisdictions, covering the period January 2001 to December 2006. The data comprises eight key categories, including deaths and serious injuries, identified by the regulators panel and the Australasian Railway Association as being the most relevant for national publication.

Aviation safety research reports are timely and informative

Aviation safety publications

In 2006–07 the ATSB's aviation safety research section continued to fulfil Australia's obligations, under ICAO requirements, to analyse information held in the bureau's aviation safety accident and incident database to identify safety trends and examine preventative measures. The section engaged industry experts and stakeholders to ensure research was focused, timely and relevant.

Aviation safety research reports are timely and informative (continued)

The 10 aviation safety reports released in 2006–07 addressed a diverse range of topics covering human factors, engineering, aviation medicine, and accident trends. They included:

- a study of perceived pilot workload and perceived safety of area navigation (RNAV) global navigation satellite system (GNSS) approaches, conducted in parallel with the investigation of the fatal accident at Lockhart River;
- an analysis of medical conditions affecting pilots;
- a study of trends in aircraft age and their influence on safety, published at a time when international attention was being drawn to the question of whether older transport aircraft should be allowed to continue passenger services; and
- a systematic analysis of the types of human error occurring in Australian civil aviation accidents.

The ATSB published the inaugural edition of *Australian Aviation Safety in Review*, a regular report intended for a broad audience seeking information and insights about trends and emerging issues in Australian aviation. Copies of the publication were mailed to flying schools around Australia, giving the ATSB the opportunity to reach a wider audience. Copies were also provided to foreign government ministers and officials attending the Asia–Pacific Economic Cooperation (APEC) Transport Ministers Meeting hosted by Australia in March 2007.

Five safety research grant reports were published, bringing to conclusion the three-year aviation safety grants programme initiated in 2003–04. Grant-funded studies included research into the impact of Australian transcontinental ‘back of clock’ operations on sleep and performance in commercial flight crews, and passenger attitudes to aircraft cabin safety communications.

The ATSB’s aviation research programme received international exposure through reporting in industry journals and magazines, such as *Flight International* and the Flight Safety Foundation’s *AeroSafety World*, and in the media both in Australia and overseas.

Australia’s motor vehicle safety standards are aligned with international standards

Vehicle standards

The *Motor Vehicle Standards Act 1989*, which applies to imported and locally manufactured vehicles, requires all vehicles to meet national safety and environment standards when they are first supplied to the Australian market. These standards are the Australian Design Rules (ADRs) for motor vehicles and trailers.

The Department is progressively reviewing the ADRs to harmonise them, where possible, with international standards developed under the framework adopted by the United Nations Economic Commission for Europe (UNECE). Harmonising 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.

The review process is being carried out in consultation with representatives of the state and territory governments, vehicle manufacturing and operating industries, and consumer groups. All the major ADRs relating to specific components and systems have been reviewed. The review of the remaining ADRs, which are a combination of general safety issues and vehicle dimensional aspects, will be completed by the end of 2007.

As part of this process, in 2006–07 the Department:

- published the revised, harmonised ADR 8—Safety Glazing Material and ADR 14—Rear Vision Mirrors;
- completed the consultation process for amendments to ADR 13—Installation of Lighting and Light Signalling Devices on other than L-Group Vehicles and ADR 46—Headlamps, to allow the use of light-emitting diode (LED) technology;
- completed the consultation process for ADR 23—Passenger Car Tyres and ADR 33—Brakes Systems for Motorcycles and Mopeds;
- completed the consultation and voting processes for ADR 35—Commercial Vehicle Brake Systems, ADR 38—Trailer Brake Systems and ADR 62—Mechanical Connections Between Vehicles;
- completed a majority of the consultation processes for ADR 58—Requirements for Omnibuses Designed for Hire and Reward, ADR 59—Omnibus Rollover Strength and ADR 66—Seat Strength, Seat Anchorage Strength and Padding in Omnibuses;
- identified further required technical developmental work for ADR 68—Occupant Protection in Buses;
- registered 53 ADRs on the Federal Register of Legislative Instruments as required under the *Legislative Instruments Act 2003*;
- circulated a regulation impact statement for public comment to examine government intervention options for under-run barriers for heavy vehicles;
- prepared legislative changes to the *Motor Vehicle Standards Act 1989*, to facilitate implementation of the UNECE 1958 Agreement, to provide for mutual recognition of vehicle certification approvals; and
- tabled in the Parliament of Australia explanatory documents proposing accession to the UNECE 1998 Agreement, to facilitate global harmonisation of technical regulations for motor vehicles.

85 per cent of vehicle and workshop processes are completed within target timeframes

Vehicle manufacturers and importers must meet all appropriate provisions of the *Motor Vehicle Standards Act 1989* and must demonstrate that their vehicle types meet all applicable ADRs before the vehicles can be supplied to the Australian market.

In 2006–07, 98 per cent of vehicle import application processes were completed through to final approval or refusal within the target timeframe of 17 days from receipt of the final piece of necessary supporting documentation.

85 per cent of vehicle and workshop processes are completed within target timeframes (continued)

The processes for compliance certification for all new vehicles have a completion time target of 32 working days from the receipt of the last piece of necessary compliance evidence. In 2006–07, 94 per cent of new vehicle certification processes were completed within the target timeframe—90 per cent of full volume vehicle certifications, 93 per cent of low-volume certifications and 98 per cent of trailer certifications.

Special compliance arrangements apply for manufacturers and importers who supply limited numbers of new and used vehicles to the specialist and enthusiast market. The Department assesses whether a vehicle is a specialist or enthusiast model under criteria administered as part of the Specialist and Enthusiast Vehicles Scheme. In 2006–07 the Department assessed and issued decisions on 122 eligibility applications under the scheme.

Certain new vehicles may be supplied to the Australian market under the low-volume arrangements. The majority of vehicles supplied to the market in low volumes are used imported vehicles, processed through the Registered Automotive Workshop Scheme (RAWS). Each registered automotive workshop has a schedule that specifies the vehicle models that the workshop has been approved to import and modify.

To approve new workshops and vehicle models under RAWS, departmental officers physically inspect the first of each vehicle model and examine the associated compliance documentation for each workshop. The Department aims to complete the inspection within six weeks of the workshop completing the approval application. The inspection and examination processes are resource intensive and closely scrutinise the compliance of vehicles and workshops with the RAWS requirements.

Throughout 2006–07 there was a continuing demand for additional vehicle models to be added to approved workshops' schedules of approved vehicles. The increased demand resulted from workshops' desire to offer greater ranges to purchasers, and the reduced availability of some approved vehicle models.

Approximately 43 per cent of inspections during 2006–07 were conducted within the target timeframe of 42 days—the average inspection waiting time was 47 days. Approximately 90 per cent of revised evidence documents for RAWS were examined within the timeframe of 30 days.

QUANTITY INDICATORS—OUTPUT 1.1.2

10 aviation and 25 road safety statistical and research publications are released

Statistical and research publications

In 2006–07 the ATSB released 35 statistical and research safety publications, 10 on aviation safety and 25 on road safety. Table 3.5 shows the trends in transport safety research.

Table 3.5 Trends in transport safety research and regulation

	2003–04	2004–05	2005–06	2006–07	2007–08 estimate
Research					
Total research publications	36	41	32	35	35
Aviation research publications	10	9	10	10	10
Road research publications	22	30	22	25	25
Other research publications	4	2	8	5	0
Activity regulated under the <i>Motor Vehicle Standards Act 1989</i>					
ADRs (re)issued	11	1	41	60	30
Compliance of motor vehicles					
Audits of production and/or test facilities	25	58	59	34	50
Approvals to fit identification plates to vehicle type	3,417	3,462	4,090	3,619	3,400
Registered Automotive Workshop Scheme^a					
New workshop applications	55	34	13	12	10
Amending and renewal workshop applications ^b	n/a	n/a	n/a	76	30
Workshops approved ^c	45	64	56	88	40
Inspections conducted	145	163	268	230	155
Used import plate approvals	2,916	6,319	7,465	9,096	9,000
Inspections completed within six weeks ^d	n/a	80%	54%	43%	>85%
Examination of evidence submitted completed within 20 working days ^d	n/a	80%	50%	90%	>85%
Motor vehicle imports					
Approvals to import vehicle type	16,236	23,246	20,210	21,513	16,000
Vehicles covered by import approvals	152,880	328,584	237,256	402,118	300,000
Import approvals issued within 17 working days	85%	93%	97%	98%	90%
Activity regulated under the <i>Trade Practices Act 1974</i>					
Safety investigations	110	96	107	106	No set
Safety recalls notified	126	165	158	176	targets

a This scheme began on 1 April 2002 and became mandatory on 8 May 2003 for used imported vehicles.

b Included to indicate all workshop applications assessed during reporting period.

c Includes two-year renewals.

d A new system for measuring this value was introduced in 2004–05.

Road safety publications

In 2006–07 the ATSB released and published on its website 10 road safety research reports, including reports on managing driver fatigue and a crash-based evaluation of ADR 69—Full Frontal Impact Occupant Protection.

The ATSB also released and published 15 road safety statistics publications, including 13 road fatality statistical reports, a statistical profile of road safety among Indigenous Australians, and the first of an ongoing series of quarterly bulletins on fatal heavy vehicle crashes in Australia.

Aviation safety publications

The ATSB released 10 aviation safety reports in 2006–07 that addressed a diverse range of topics. These included, human factors analysis of accidents, ageing aircraft and its influence on safety, a study of medical conditions affecting aircrew, and accident trends in Australian aviation.

A further five reports were published by the ATSB under the aviation safety research grants programme.

50 vehicle production and/or test facilities are audited

There was a 42 per cent decrease in the number of vehicle production and/or test facilities audited, from 59 in 2005–06 to 34 in 2006–07. The reduction reflected the impact that the global diversification of vehicle manufacturing and testing facilities has on the facility audit regime.

3,400 vehicle types are approved for identification plates and supply to the Australian market

There was a 10 per cent decrease in the number of vehicle types approved for identification plates and supply to the Australian market, from 4,089 in 2005–06 to 3,697 in 2006–07. The decrease was a result of fewer new or amended ADRs being introduced (and thus requiring approvals to be amended) during 2006–07.

50 Registered Automotive Workshops applications are assessed and 155 RAWS inspections are conducted

In 2006–07 the Department assessed 88 RAWS workshop applications, approved 12 new RAWS workshops, renewed 76 RAWS workshop approvals and conducted 230 RAWS inspections.

16,000 applications to import vehicles are assessed

There was an increase of nearly 6 per cent in the number of approvals to import vehicles, from 20,210 in 2005–06 to 21,513 in 2006–07, as a result of an increase in demand.

OUTLOOK—OUTPUT 1.1.2—SAFETY

In 2007–08 the ATSB will continue to publish the findings of research on road and aviation safety, focusing on issues such as psychological and social factors influencing motorcycle rider intentions and behaviour, and sleepiness and hazard perception while driving. The ATSB will also continue to analyse and report on road safety and aviation safety issues in response to requests from ministers.

The ATSB will continue to facilitate the trial of a driver education programme for P-platers in New South Wales and Victoria in 2007–08.

OUTPUT 1.2.1—TRANSPORT SECURITY

Highlights

The Maritime Security Identification Card scheme began on 1 January 2007 and has become an established part of the maritime and offshore industries maritime security framework.

New restrictions on the carriage of liquids, aerosols and gels through the international passenger security screening points for flights to and from Australia came into effect on 31 March 2007.

OVERVIEW—OUTPUT 1.2.1—TRANSPORT SECURITY

Output 1.2.1 is delivered by the Office of Transport Security (OTS) and the Office of the Inspector of Transport Security.

Under Output 1.2.1, OTS plays a key role in the security of aviation (including air cargo), maritime and offshore oil and gas industries and surface transport. Ensuring a nationally consistent approach that complies with international standards, OTS works with state and territory governments and the transport industry to improve security and to prevent transport security incidents through:

- transport security intelligence and operations;
- transport security policy, planning and regulation; and
- audit and compliance activities.

OTS also works closely with Australian intelligence and law enforcement agencies to provide advice to government on achieving aviation security outcomes.

When directed to do so by the Minister for Transport and Regional Services, the Inspector of Transport Security conducts independent 'no-blame' inquiries and makes recommendations in relation to transport security and offshore security matters.

The output includes five administered programmes:

- Aviation security enhancements—improving international aviation security;
- Aviation security enhancements—increased air cargo inspections;
- Aviation security enhancements—regional passenger screening;
- Aviation security enhancements—regional airport 24-hour closed-circuit television pilot study; and
- Aviation security enhancements—screening for liquids, aerosols and gels.

Table 3.6 summarises the output's performance in 2006–07.



CASE STUDY: MARITIME SECURITY IDENTIFICATION CARD SCHEME

The Maritime Security Identification Card (MSIC) is the centrepiece of the Australian Government's strategy to strengthen security in the maritime industry. Across Australia, the MSIC scheme covers 73 ports and 364 related facilities, 59 ships, and 76 offshore oil and gas facilities and service providers.

In 2006, the Department's challenge was to identify, locate and communicate with more than 60,000 maritime industry workers and convince them to apply for their cards in time for the scheme's commencement on 1 January 2007. The message for Australia's maritime workers was simple: from 1 January, anyone who worked in the secure areas of Australian ports, ships or offshore oil and gas operations would need an MSIC to do their job.

The Department consulted widely with industry representatives during 2006, both to alert the industry to the need for the card, and to draw on the experience and knowledge of stakeholders in mapping out its communication strategy.

The Department used a range of tools to communicate with maritime workers, including:

- a range of brochures aimed at different sectors within the industry, such as truck drivers and stevedores;
- a website with explanatory material, and a telephone hotline for inquiries; and
- large mobile message boards with scrolling messages, placed at the entrances to major ports.

The Department worked with port authorities, shipping lines, stevedoring and freight companies, industry organisations and unions, as well as a number of other government agencies, to distribute MSIC materials.

The campaign received widespread media coverage, particularly in the maritime industry magazines and newsletters. The Minister for Transport and Regional Services took the lead in encouraging workers to apply for their cards.

The campaign was extremely successful: 61,000 cards were issued before the 1 January 2007 deadline, and by mid year more than 86,000 maritime workers were wearing MSICs.

The Department continues to liaise closely with maritime industry participants to ensure the MSIC scheme is working efficiently. In addition, the Department also works with background-checking agencies and applicants to minimise any delays in the application process.

From September 2007, responsibility for the background checking of MSIC applicants will be transferred to AusCheck, a new division in the Attorney-General's Department. The Department of Transport and Regional Services will continue to manage the MSIC scheme, as part of its ongoing role in regulating and improving Australia's maritime security.



Signs of the times – signs like these went up at most Australian ports and maritime facilities, reminding maritime industry workers to apply for a Maritime Security Identification Card (Photo DOTARS)

SUMMARY OF PERFORMANCE—OUTPUT 1.2.1—TRANSPORT SECURITY

Table 3.6 Summary of performance—Output 1.2.1

PBS/PAES performance indicators	Results
Effectiveness	
<i>Transport security is maintained and enhanced</i>	To create a transport system that is more secure against the threat of terrorism and unlawful acts, the Office of Transport Security (OTS) continued to enhance Australia's policies for aviation security, regional aviation and air freight security; maritime security; critical infrastructure and surface transport security; and cargo and supply chain security.
Quality	
<i>Inquiries into major transport security incidents are undertaken as directed by the Minister</i>	<p>The <i>Inspector of Transport Security Act 2006</i> came into effect on 8 June 2007.</p> <p>The inspector undertook two inquiries: an assessment of Australia's surface transport security, and a review of a screening incident at Sydney Airport.</p>
<i>Advice to the Australian Government and industry reflects threat and risk assessment</i>	<p>OTS appointed five state-based security analysis liaison officers, to assist communication between OTS and industry.</p> <p>OTS produced aviation security quarterly reports, transport security advisories and quarterly summaries of maritime and aviation security events and incidents, to assist in developing enhanced security awareness and implementing transport security priorities.</p>
<i>Aviation and maritime security is regulated in line with relevant legislation and is enforced appropriately</i>	<p>Amendments were made to the <i>Aviation Transport Security Act 2006</i>, <i>Aviation Transport Security Regulations 2005</i>, <i>Maritime Transport and Offshore Facilities Security Act 2003</i> and <i>Maritime Transport and Offshore Facilities Security Regulations 2003</i>, to ensure their ongoing relevance in the evolving security environment.</p> <p>As at 30 June 2007, OTS had 117 transport security inspectors located around Australia undertaking a continuing programme of audit and compliance activities throughout the year.</p>
<i>The aviation and maritime industries are engaged in developing and implementing transport security priorities</i>	The Aviation Security Advisory Forum remained an ongoing key consultation mechanism for aviation security, and the Maritime Industry Security Consultative Forum remained an ongoing consultation mechanism for maritime security.
<i>State and territory governments and industry are assisted to further enhance surface transport security</i>	The Transport Security Working Group developed a comprehensive response to the Inspector of Transport Security's Surface Transport Security Assessment.

Table 3.6 continued.

PBS/PAES performance indicators	Results
<i>Targeted countries in our region are assisted to improve their transport security capabilities</i>	<p>OTS participated in the international Counter-Terrorism Coordination Group convened by the Department of Foreign Affairs and Trade to strengthen counter-terrorism cooperation and coordination in the region.</p> <p>Officers were deployed to the Australian High Commission in Singapore under the Last Ports of Call programme.</p>
<i>Other governments and international organisations are engaged, so as to further Australian interests in the transport security sector^a</i>	Other governments continued to be engaged to promote equivalence of international security measures with Australian restrictions on the carriage of liquids, aerosols and gels for inbound flights to Australia.
<i>Transport security support to special events and counter-terrorism exercises are coordinated</i>	OTS contributed to the National Counter Terrorism Committee-sponsored series of counter-terrorism exercises conducted in support of security planning for Asia-Pacific Economic Cooperation meetings. Seven exercises were conducted, in various cities, from September 2006 to May 2007.
<i>Government policy decisions on transport security are implemented on time and within budget</i>	<p>Transport security programmes were introduced for regulated air cargo agents. Approximately 850 programmes were approved, all within the regulatory timeframe.</p> <p>Measures to restrict the quantities of liquids, aerosols and gels taken on board international flights to and from Australia were implemented within the regulatory timeframe and within budget.</p>
Quantity	
<p><i>Transport security, audit and compliance activity is conducted at/ for approximately:</i></p> <ul style="list-style-type: none"> • 340 aviation industry participants covering 180 airports across Australia and 160 domestic and international airlines • 7,500 general aviation aircraft on a risk assessed basis • approximately 850 Regulated Air Cargo Agents • 240 maritime security plan holders covering 70 ports and 300 related facilities, and • 60 offshore oil and gas platforms 	<p>OTS conducted audit and compliance activities, based on risk assessments of regulated participants, with respect to:</p> <ul style="list-style-type: none"> • 180 airports across Australia, and 160 domestic and international airlines; • 7,500 general aviation aircraft; • 860 regulated air cargo agents; • 296 maritime security plan holders covering 74 ports and 283 related facilities; and • 64 offshore oil and gas platforms.
<i>More than 11,000 foreign ships are risk assessed and security inspections targeted as appropriate</i>	OTS inspected 1,389 foreign-flagged ships. This was the total number of inspections identified by the risk assessment process.

PBS/PAES performance indicators	Results
<i>Aviation Security Identification Card—background checking of up to 50,000 existing, and an estimated 18,000 new entrants, in the aviation industry</i>	OTS assessed approximately 58,000 Aviation Security Identification Card applications, and reviewed 52,000 existing card holders.
<i>Maritime Security Identification Card—background checking of up to 130,000 people in the maritime industry</i>	The OTS Background Checking Unit assessed all Maritime Security Identification Card applications. Approximately 80,000 applications were received.
Price	
\$73.4 million	The actual price of this output in 2006–07 was \$75.6 million.
Overall performance	✓✓✓

a Performance indicator first published in the 2007–08 PBS.

DETAILED REPORT ON PERFORMANCE—OUTPUT 1.2.1—TRANSPORT SECURITY

Effectiveness indicators—Output 1.2.1

Transport security is maintained and enhanced

OTS contributed to significant enhancements to transport security in 2006–07.

- Measures to restrict the quantities of liquids, aerosols and gels that can be taken on board international flights to and from Australia came into effect on 31 March 2007.
- The *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005* were amended to ensure legislation remains responsive to emerging threats and evolving industry requirements.
- From 10 March 2007, all regulated air cargo agents (RACAs) were required to have in place approved transport security programmes. OTS assessed and approved the security programmes of approximately 850 RACAs.
- An increase in explosive trace detection equipment was funded to enable the screening of domestic air cargo at each of Australia's major airports.
- A quality assurance system was designed to improve security training for air cargo industry employees. This underpins a new competency-based security training framework for RACAs that will come into effect on 1 July 2007.
- In partnership with the Australian Customs Service and industry, OTS conducted a trial to evaluate the capability of X-ray equipment in the air cargo supply chain.
- The rollout of the Maritime Security Identification Card (MSIC) scheme was completed on 1 January 2007. The scheme is now an established part of Australia's maritime and offshore industries maritime security framework.
- Background checking of applicants for maritime and aviation security identification cards was improved, through more efficient and timely processing of applications.

QUALITY INDICATORS—OUTPUT 1.2.1

Inquiries into major transport security incidents are undertaken as directed by the Minister

The *Inspector of Transport Security Act 2006 (ITS Act)*, which came into effect on 8 June 2007, provides a statutory framework allowing the inspector to conduct independent ‘no-blame’ inquiries and make recommendations in relation to transport security and offshore security matters.

Under the ITS Act, the Minister for Transport and Regional Services directs the Inspector 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.

In 2006–07 the Inspector undertook two reviews.

- At the request of the Australian Transport Council, the Inspector conducted an assessment of surface transport security. The report was completed in November 2006. In summary, the assessment found that Australia can take confidence in the progress that has been made in this country, in comparison to others. Revised security strategies and practices were put in place or are being implemented as a result of the assessment.
- At the direction of the Minister for Transport and Regional Services, the Inspector conducted a review of a screening incident which occurred at Sydney Airport on 28 January 2007. The review was completed and the Minister approved the recommendations made by the Inspector.

Advice to the Australian Government and industry reflects threat and risk assessment

Transport security information management

The Department continued to receive, manage and analyse a wide range of information relevant to transport security in 2006–07. The information was used to assist the transport sector in understanding the nature and level of threat in the transport security environment, and to inform the development of appropriate risk management strategies. The information was conveyed to industry and government by various means, including quarterly reports and regular risk context statements.

Security analysis liaison officers

As a result of Australian Government decisions arising from the report *An independent review of airport security and policing for the Government of Australia* (the Wheeler review), OTS appointed five security analysis liaison officers, based in state offices, during 2006–07. Their role is to act as the primary point of contact for the communication of threat and risk information between OTS and industry. They liaise effectively with industry contacts and representatives of government agencies to facilitate a two-way flow of transport security-related information.

Information products

Throughout the year, OTS worked with Australian intelligence and law enforcement agencies to produce strategic security risk guidance material and transport security-related advice to inform Australian Government policy and planning and assist industry participants to develop enhanced security awareness and implement security priorities.

Advice to the Australian Government and industry reflects threat and risk assessment (continued)

In 2006–07 OTS delivered the following information products to Australian Government agencies and industry participants:

- three aviation security quarterly reports—these reports combined threat information provided by the Australian Security Intelligence Organisation with criminality assessments from the Australian Crime Commission;
- two transport security advisories—these advisories were developed in response to changes in the national and international security environment; and
- four quarterly summaries of maritime and aviation security events and incidents—these reports contained strategic analyses of incidents that had been reported to the OTS Operations Centre.

Security risk policy framework

OTS developed a strategic security risk policy framework during the year. The framework outlines the security risk management philosophy, methodology and associated language through which the Department provides transport security advice to the Australian Government and implements transport security legislation and policy with industry.

The final draft of the framework has been released to industry for comment. Its further development as a risk identification and audit and compliance tool will be an ongoing process and involve collaboration between industry, OTS and other government agencies, such as the Attorney-General's Department and federal and state police forces.

Aviation and maritime security is regulated in line with relevant legislation and is enforced appropriately

Aviation security

Aviation security is regulated by the *Aviation Transport Security Act 2004* (ATS Act) and the *Aviation Transport Security Regulations 2005*.

The following amendments were made to the regulatory framework in 2006–07.

- The *Aviation Transport Security Amendment Regulations 2006* (No. 5) were made on 4 December 2006, allowing for the creation of event zones to cater for the changing nature of activities conducted at airports.
- The *Aviation Transport Security Amendment (Additional Screening Measures) Act 2007*, which includes screening requirements for the carriage of liquids, aerosols and gels on international outbound and inbound flights, commenced on 31 March 2007.
- Special security directions were issued under section 67 of the ATS Act to restrict the quantities of liquids, aerosols and gels that can be taken on board international flights to and from Australia.

In addition, the *Aviation Legislation Amendment (2007 Measures No.1) Bill* was introduced on 21 June 2007. The proposed amendments include measures for:

- the screening of dignitaries;
- the enhancement of transport security programmes;
- the extension of some ATS Act law enforcement officer powers to eligible customs officers at airports; and



Aviation and maritime security is regulated in line with relevant legislation and is enforced appropriately (continued)

- the prohibition of causing interference to security-controlled airports, notably by laser-emitting devices. This Bill amends the *Civil Aviation Act 1988* and the *ATS Act* to significantly strengthen the penalties for committing an offence using a laser-emitting device. The new penalties can include imprisonment for up to two years or fines of up to \$5,500.

Maritime security

Maritime Security is regulated by the *Maritime Transport and Offshore Facilities Security Act 2003* (MTOFS Act) and the *Maritime Transport and Offshore Facilities Security Regulations 2003*.

The following amendments were made to the regulatory framework in 2006–07.

- The *Maritime Transport and Offshore Facilities Security Amendment Regulations 2006 (No.1)* were made on 13 July 2006. These regulations allow for variations to an MSIC.
- The *Maritime Transport and Offshore Facilities Security Amendment Regulations 2006 (No.2)* were made on 27 July 2006. These amendments ensured that persons who would require MSICs would apply within the MSIC implementation period, which ended on 30 December 2006.
- The *Maritime Transport and Offshore Facilities Security Amendment (Security Plans and Other Measures) Act 2006* received Royal Assent on 27 September 2006. The main purpose of this Act was to make procedural changes to the process for the approval of, and revision to, various types of maritime security plans.
- The *Maritime Transport and Offshore Facilities Security Amendment (Maritime Security Guards and Other Measures) Act 2006* received Royal Assent on 27 September 2006. This Act provided maritime security guards with move-on powers and made minor amendments to the MTOFS Act.
- The *Maritime Transport and Offshore Facilities Security Amendment (Security Plans and Other Measures) Act 2006* Proclamation received Royal Assent on 1 November 2006. This proclamation provided for the commencement of Schedule 1 to the *Maritime Transport Security and Offshore Facilities Security Amendment (Security Plans and Other Measures) Act 2006* on 6 November 2006.
- The *Maritime Transport and Offshore Facilities Security Amendment Regulations 2006 (No. 3)* were made on 13 December 2006. The amendments provided for a series of minor technical changes to ensure the smooth commencement of the MSIC scheme on 1 January 2007. Amendments were also made to require maritime industry participants to provide the contact details of their security officers in a document accompanying their security plans.

In 2006–07 the Department published the following information and guidance papers on transport security regulation:

- *Maritime security law enforcement officers guide*, developed jointly with the Australian Government Solicitor (August 2006);
- *Industry code of practice for the reporting of maritime security events* (August 2006);

- *Guidance paper on maritime security levels* (August 2006);
- *Guidance paper on ship security alert systems* (November 2006); and
- *Guidance for the reporting of security incidents and events by maritime industry participants* (December 2006).

Air cargo security

The Australian Government, in partnership with industry, is implementing a range of new measures to strengthen the security of domestic and international air cargo, to address potential security threats to the aviation sector and improve the security of passengers and aircraft.

OTS oversaw the introduction of transport security programmes for RACAs in 2006–07. Since 10 March 2007, each RACA has been required to have an approved security programme covering its operations.

The *Aviation Transport Security Amendment Act 2006* received Royal Assent on 14 September 2006. The amendments create a division of the *Aviation Transport Security Act 2004* to regulate the way cargo is to be examined and cleared to ensure it is safe to be carried by aircraft, including making:

- explicit provision for the use of technology to examine air cargo; and
- provisions for two separate classes of regulated cargo business—‘regulated air cargo agents’ and ‘accredited air cargo agents’.

The decision to develop an accredited air cargo agent scheme was announced in the 2007–08 Budget. The Department will develop the scheme, in consultation with industry.

Cross-modal regulatory project

In March 2007 OTS commenced a project to examine the scope for the consistent application of the government’s transport security regulatory approach across transport modes.

A specific deliverable of the project will be the development of an enforcement regime. Guidance material that outlines the OTS regulatory approach will be developed as part of the project.

In order to reflect a whole-of-government approach, OTS has engaged senior executives from other government regulatory agencies in discussions related to the project. In 2007–08, OTS will engage with industry, to ensure:

- the cross-modal project is informed by industry;
- the outputs from the project are useful to industry; and
- OTS works with industry to deliver on high-level objectives.



The aviation and maritime industries are engaged in developing and implementing transport security priorities

Maritime Industry Security Consultative Forum

The Maritime Industry Security Consultative Forum (MISCF) provides a forum for OTS to outline security initiatives to industry, and for industry to provide feedback on these and other maritime security matters. MISCF membership includes industry leaders and decision makers who are best placed to provide input to government and communicate with the maritime industry.

During 2006–07, MISCF meetings were held:

- on 3 August 2006, in Brisbane;
- on 22 November 2006, in Fremantle, Western Australia; and
- on 15 March 2007, in Sydney.

Each meeting was attended by around 40 to 50 representatives of industry and government.

Aviation Security Advisory Forum

The Aviation Security Advisory Forum (ASAF) provides a forum for the commercial aviation sector to meet with government and explore, through discussion and consultation, a broad range of operational, legal, policy and regulatory issues relating to aviation security. The ASAF has a number of working groups which comprise government and industry representatives. These groups undertake informed and detailed work on a number of strategic issues on behalf of the ASAF.

During 2006–07, ASAF meetings were held:

- on 19 September 2006, in Adelaide;
- on 1 December 2006, in Canberra;
- on 7 March 2007, in Sydney; and
- on 1 June 2007, in Melbourne.

Each meeting was attended by around 40 industry and government stakeholders.

Over the Horizon Roundtable

The Over the Horizon Roundtable is a strategic forum where government and aviation industry leaders discuss emerging aviation security issues and consider what the commercial and policy settings might look like in five or 10 years time.

The first two meetings of the roundtable were held in September 2006 and February 2007. Topics discussed included communication, current and emerging technologies, security and the aviation environment, roles and responsibilities, vulnerabilities in the aviation security environment, and identity. The meetings were highly successful, and it is expected that similar events will be held every six months.

The roundtable is an important step towards enhancing the cooperative relationship between industry and government in this area, and industry has responded positively to it. It was noted by industry representatives that few governments in the world host similar strategic forums where industry and government work together on policy issues and decisions.

Infrastructure assurance advisory groups

The Australian Government's critical infrastructure protection goal is to ensure there are adequate levels of protective security for critical infrastructure, minimal single points of failure, and rapid, tested recovery arrangements.

This is achieved by engaging the owners and operators of critical infrastructure under the Trusted Information Sharing Network. The network comprises a number of infrastructure assurance advisory groups (IAAGs) representing the different business sectors across the Australian economy. The IAAGs allow the owners and operators of critical infrastructure to exchange information on shared threats and vulnerabilities and strategies to mitigate risk.

The Department is responsible for managing and supporting the Transport IAAG. This includes the national coordination of an 'all hazards' recovery and business continuity approach to protecting critical transport infrastructure.

Membership of the Transport IAAG comprises representatives of the owners and operators of critical infrastructure in the aviation, maritime and surface transport industry subsectors. The work of the group includes identifying risk, setting priorities, establishing best practice and sharing information, and is based on the principle of establishing trust by ensuring that there is a common, non-competitive interest in cooperating on the protection of critical infrastructure from an all hazards perspective.

In 2006–07 the Department hosted quarterly meetings with each subsector group and an annual meeting of the full Transport IAAG.

Aviation transport security incident reporting

The aviation security incident report project was completed in 2006–07. The project involved the development and distribution of guidance material to all aviation industry participants. The guidance material includes a *Pocket guide for reporting aviation security incidents* and two A3-sized posters that detail incident reporting procedures for people who witness an incident and people with reporting responsibilities. The guidance material aims to assist industry in fulfilling its incident reporting obligations, as required under the ATS Act and regulations.

The distribution of the guidance material coincided with the launch of a new OTS webpage dedicated to aviation security incident reporting. The webpage provides access to the revised incident report form, which is now available in electronic formats. The ability to complete an incident report online at <www.dotars.gov.au/transport/security/aviation/otsform.aspx> and submit it directly to the OTS Operations Centre will increase the efficiency and consistency of the reporting process.



State and territory governments and industry are assisted to further enhance surface transport security

Transport Security Working Group

While surface transport security is the responsibility of state and territory governments, the Australian Government works with other governments to develop a consistent and coordinated approach. This arrangement is set out in the Inter-Governmental Agreement on Surface Transport Security signed by all jurisdictions in June 2005.

The Transport Security Working Group (TSWG) is the main forum for progressing surface transport security issues. Established in 2003, the group comprises senior transport officials from each state and territory and the Department. It reports to the Australian Transport Council (ATC), through the chief executive officers of transport departments.

Response to the assessment of surface transport security

In 2006–07 the TSWG developed a comprehensive response to the Inspector of Transport Security's 2006 assessment of surface transport security. At a special meeting of transport ministers held in February 2007, ministers agreed to the TSWG's recommendations, acknowledged the work that was already underway or complete, and asked the group to progress work in the key areas of national guidelines for surface transport security planning and security training for surface transport staff. The TSWG has commenced work in these areas.

The TSWG also:

- provided briefs to peak national bodies on the recommendations flowing from the assessment, and the way ahead for implementation;
- in response to a Council of Australian Governments (COAG) recommendation, began developing national guidelines for transport precinct security; and
- held a threat workshop for industry, in July 2006.

Transport Infrastructure Planning and Design Forum

The Department, with the TSWG, organised and delivered the Transport Infrastructure Planning and Design Forum held in Adelaide in February 2007. The forum drew together academic and industry experts in the areas of infrastructure planning, design and security, to highlight the importance of incorporating security considerations in the early stages of infrastructure design.

The forum addressed a COAG recommendation to provide information to surface transport owners and operators on best practice for achieving security outcomes through environmental design. It also addressed an ATC request to share ideas and information about infrastructure design to mitigate the impact of terrorist threats to the transport system.

Targeted countries in our region are assisted to improve their transport security capabilities

In 2006–07 the Department took part in Australian Government activities involving countries in the Asia-Pacific region, to improve aviation and maritime security.

The Department took part in the Counter-Terrorism Coordination Group led by the Department of Foreign Affairs and Trade, engaging with Japan and the United States to strengthen counter-terrorism cooperation and coordination in the region. Trilateral forum meetings were held in July 2006 (in Tokyo, Japan) and June 2007 (in Sydney).

The Department also engaged with Asia-Pacific Economic Cooperation (APEC) forums such as the Transportation Working Group and the Counter-Terrorism Task Force, to improve multilateral coordination on transport security issues in the region. The working group met in September 2006 (in Vancouver, Canada), and task force meetings were held in September 2006 (in Danang, Vietnam), January 2007 (in Canberra) and April 2007 (in Adelaide).

The Department was involved in diverse projects to improve transport security in the Philippines during the year. This included:

- enhancing aviation security by sponsoring Filipino officials to attend International Civil Aviation Organization (ICAO) courses held in Malaysia and Hong Kong, and the AVSEC World 2006 conference held in Sydney, and assisting the Philippines Office of Transportation Security to plan for the development of a dedicated aviation security training centre;
- enhancing maritime security by expanding, and continuing to deliver, the Philippines–Australia Port Security Capacity Building Project, as well as participating in the Trilateral Philippines Pilot Port Project in conjunction with the United States and Japan; and
- assisting the Philippines Office for Transportation Security to
 - prepare the Philippines Security Programme for Sea Transport and Maritime Infrastructure and related policies and procedures;
 - prepare port facility plans that comply with the requirements of the International Ship and Port Facility Security Code (ISPS Code);
 - introduce the concept of a transport security precinct for locations where elements of critical maritime, road and aviation infrastructure are in close proximity;
 - introduce the concept of port security plans for all major Philippine ports;
 - provide training to Filipino personnel on ISPS Code verification and audit requirements;
 - inspect a number of key ports, including all international ports, the major ports along the Strong Republic Nautical Highway and ports in the Sulu archipelago; and
 - conduct a national transport threat assessment workshop, a contingency planning workshop and a follow-up workshop, bringing together the lead agencies involved in counter-terrorism in the Philippines.

Targeted countries in our region are assisted to improve their transport security capabilities

The Department contributed to transport security in Papua New Guinea under the Enhanced Cooperation Programme, through the development and implementation of maritime security regulations, implementation of enhanced aviation security measures and delivery of aviation and maritime security capacity building assistance. Maritime and aviation security divisions were created within the Papua New Guinea Department of Transport and Civil Aviation Authority respectively.

Other key activities included:

- improving aviation security in Indonesia, particularly at Denpasar Airport and Jakarta Airport, by delivering stages 3, 4 and 5 of the Joint Indonesia–Australia Aviation Security Project. The project was implemented progressively as follows
 - Stage 3 was conducted between 28 July and 13 August 2006;
 - Stage 4 was conducted between 21 November and 3 December 2006; and
 - Stage 5 was conducted between 6 February and 3 March 2007;
- strengthening port security in Indonesia through the delivery of two iterations of a one-week training course for Port Security Auditors;
- strengthening engagement and cooperation through the Pacific Governance Support Programme;
- strengthening maritime security by sponsoring participants to attend the Lloyd’s List Port and Maritime Security Conference held on 30 April and 1 May 2007;
- enhancing Australia’s overseas presence through the deployment of two officers to the Australian High Commission in Singapore, for three years of full-time service under the Last Ports of Call programme;
- conducting aviation security assessments at Kupang Airport (in Indonesia) and Dili Airport (in East Timor), and developing capacity-building options for improving security standards at these airports;
- contributing to a joint Australia–New Zealand aviation security capacity-building project in Solomon Islands; and
- conducting aviation security inspections in Port Vila and Santo, Vanuatu, in April 2007.

Did you know?

Australia is the first country in the world to introduce background security checks for people working in the maritime industry. There are currently over 80,000 people in the maritime and offshore oil and gas industries that have been background checked and now hold Maritime Security Identification Cards (MSICs). Similarly, in the aviation sector over 98,600 people hold Aviation Security Identification Cards (ASICs) after background checks deemed them eligible.

Other governments and international organisations are engaged, so as to further Australian interests in the transport security sector

International Civil Aviation Organization

Australia gives effect to its international obligations under the Convention on International Aviation (the Chicago Convention) by virtue of the *Crimes (Aviation) Act 1991*, the *Aviation Transport Security Act 2004* and the Aviation Transport Security Regulations 2005. The body responsible for administering the Chicago Convention is the ICAO.

Australia, through OTS, is actively represented on the Aviation Security Panel of ICAO, particularly in regard to the development of aviation security standards and measures.

On 1 December 2006 ICAO recommended that security control guidelines for the screening of liquids, aerosols and gels be applied to international air services. The guidelines recommended that restrictions on the carriage of liquids, aerosols and gels be introduced from 1 March 2007. On 31 March 2007 Australia introduced restrictions in line with the ICAO recommendations.

In 2006 Australia also strongly supported the establishment, by ICAO, of an enhanced point of contact network for the communication of imminent threats to international civil aviation. Australia was one of the first ICAO member nations to join the network.

International Working Group on Land Transport Security

Following the Ministerial Conference on International Transport Security held in Japan in January 2006, the Government of France established the International Working Group on Land Transport Security (IWGLTS).

The work programme of the group draws on principles for counter-terrorism endorsed by the G8 Roma/Lyon Group in April 2006. Formed to combat international crime and terrorism, the G8 Roma/Lyon Group comprises Australia, Canada, France, Germany, India, Indonesia, Israel, Italy, Japan, Malaysia, Russia, Spain, the United Kingdom and the United States.

The Department contributed to international information exchange by participating in the inaugural working meeting of the IWGLTS, held in France in April 2007. Departmental officers delivered a presentation to the IWGLTS on the national code of practice for closed-circuit television (CCTV). The Department will lead a follow-on project on CCTV on behalf of the IWGLTS to be delivered at the next meeting.

International forums on maritime security

The Department engaged with foreign governments and international organisations through a number of forums dealing with maritime security issues, including the International Maritime Organization (IMO) and APEC, during 2006–07.

The Department takes a lead role in the consideration of international maritime security as the Chair of the IMO Maritime Security Working Group. In 2006–07 the Department chaired two meetings of the group—one in Istanbul, Turkey, in November–December 2006, and another in London, United Kingdom, in March 2007.

Other governments and international organisations are engaged, so as to further Australian interests in the transport security sector (continued)

The Department also plays an active role in the security subgroup of the Maritime Experts Group of the APEC Transportation Working Group. The Department attended a meeting of the subgroup, held in Vancouver, Canada, in September 2006. The Department also led or participated in APEC maritime security workshops and exercises in Papua New Guinea, South Korea, Vietnam and Canada during 2006–07.

International engagement on aviation security

The Department encouraged international governments to establish restrictions on the carriage of liquids, aerosols and gels equivalent to the measures announced by the Australian Government, thereby removing the need for secondary screening for inbound flights to Australia.

Four workshops were held with representatives of last port of call nations. Individual workshops were held in East Timor and the Philippines, with two being held in Indonesia. The purpose of the workshops was to enhance their understanding of the new liquids, aerosols and gels restrictions.

Transport security support to special events and counter-terrorism exercises are coordinated

OTS cooperated with the Department of the Prime Minister and Cabinet's APEC Taskforce, state police, and transport industry bodies to deliver effective transport security for five APEC meetings held in Australia in 2006–07:

- the Mining Ministers Meeting (Perth, February 2007);
- the Small and Medium Enterprise Ministers Meeting (Hobart, March 2007);
- the Transportation Ministers Meeting (Adelaide, March 2007);
- the Energy Ministers Meeting (Darwin, May 2007); and
- the Health Ministers Meeting (Sydney, June 2007).

Government policy decisions on transport security are implemented on time and within budget

Approximately 850 transport security programmes for RACAs were approved within the regulatory timeframe.

Measures to restrict the quantities of liquids, aerosols and gels taken on board international flights to and from Australia were implemented by the required deadline of 31 March 2007 and within the approved budget.

Did you know?

Continuing voyage permits enable a vessel to carry specified cargo between specified ports for a period of up to three months.

In July–December 1999, 69 permits were issued and in July–December 2006, 127 permits were issued. The tonnage carried increased more than three-fold from 511,000 tonnes to 1,692,000 tonnes.

QUANTITY INDICATORS—OUTPUT 1.2.1

Transport security, audit and compliance activity is conducted at/for approximately:

- 340 aviation industry participants covering 180 airports across Australia and 160 domestic and international airlines
- 7,500 general aviation aircraft on a risk assessed basis
- approximately 850 Regulated Air Cargo Agents
- 240 maritime security plan holders covering 70 ports and 300 related facilities, and
- 60 offshore oil and gas platforms

OTS is responsible for delivering a transport security audit and compliance regime based on risk assessments of the regulated participants, incorporating elements of threat, vulnerability and industry information. Through OTS, Australia conducts audit and compliance activities in line with international benchmarking of comparable countries such as Canada, New Zealand, the United Kingdom and the United States.

At 25 June 2006, 117 transport security inspectors were employed by OTS.

In 2006–07 OTS conducted audit and compliance activities with respect to the following industry participants where it was deemed appropriate:

- 185 airports across Australia, and 160 domestic and international airlines;
- 11,000 general aviation aircraft;
- 850 regulated air cargo agents;
- 296 maritime security plan holders, covering 74 ports and 283 related facilities; and
- 64 offshore oil and gas platforms.

Details of audit and compliance activities undertaken by OTS are shown in Tables 3.7 to 3.10.



Table 3.7 Aviation industry participants requiring audit, 2005-06 and 2006-07

Industry sector	Number of participants	
	2005-06	2006-07
Airports		
· major	11	11
· screened	28	28
· regional	148	148
Airlines		
· foreign regular public transport	73 ^a	73 ^a
· domestic regular public transport	132	132
Regulated air cargo agents	836	850
General aviation aircraft	10,904	11,094^b

a Bureau of Transport and Regional Economics figures for all powered fixed and rotary-wing aircraft are now subject to the Aviation Transport Security Regulations 2005.

b Passenger and cargo.

Table 3.8 Aviation audit and compliance activities completed, 2005-06 and 2006-07

Audit and compliance task	Number completed	
	2005-06	2006-07
New transport security programmes approved (airlines and airports)	26 ^a	119
Airline audits (domestic and international)	97	123 ^a
Airline inspections (domestic and international)	701	77 ^a
General aviation inspections	1,686 ^b	198 ^c
Regulated air cargo agent audits and inspections	286	124 ^a

a As at 31 May 2007.

b As at 31 May 2006.

c As at 19 June 2007.

Table 3.9 Maritime security industry participants requiring audit, 2005–06 and 2006–07

Industry sector	Number of participants	
	2005–06	2006–07
Seaports	71	74
Service providers	141	141
Port facilities	211	211
Australian-flagged vessels	59	62
Oil and gas facilities	65	77
Oil and gas service providers	6	6
Total bodies regulated	553	571
Proportion of bodies covered by approved plan/ certificate at any time	100%	100%

Table 3.10 Maritime audit and compliance activities completed, 2005–06 and 2006–07

Audit and compliance task	Number completed	
	2005–06	2006–07
New and revised security plans approved	129	102
Assessments of security plans	99	117
Number of first port arrivals by foreign-flagged vessels	11,156	12,483
Vessels issued with control directions for not holding valid international ship security certificates	6	1
Detailed vessel inspections involving the Department	841	1,489 ^a
Variations to security plans approved	0	44 ^b

a As at 31 May 2007.

b Variations to security plans started to be approved on 1 January 2007.

More than 11,000 foreign ships are risk assessed and security inspections targeted as appropriate

The Department manages a security risk assessment process for foreign-flagged ships. Every ship seeking entry to Australia is subject to this risk assessment. Many of the ships are also subject to a security inspection.

The total number of foreign flagged ships that entered Australia in 2006–07 increased to 12,097. The number of security inspections of foreign-flagged ships increased to 1,389 in 2006–07, from 841 in 2005–06.

Aviation Security Identification Card—background checking of up to 50,000 existing, and an estimated 18,000 new entrants, in the aviation industry

The OTS Background Checking Unit assesses every Aviation Security Identification Card (ASIC) application received. Approximately 58,000 applications were assessed during 2006–07.

Following the introduction of strengthened disqualifying criteria for new ASIC applicants on 6 March 2006, OTS undertook a review of all ASIC holders that had obtained their cards prior to 6 March 2006, to ensure they remained eligible. The review assessed more than 52,000 card holders.

The Department also made changes to the Aviation Transport Security Regulations 2005 to facilitate the transfer of the ASIC background-checking function to AusCheck (a new division within the Attorney-General's Department), due to occur on 3 September 2007.

Maritime Security Identification Card—background checking of up to 130,000 people in the maritime industry

The OTS Background Checking Unit assesses every MSIC application received. Approximately 80,000 applications were assessed during 2006–07.

The Department also made changes to the Maritime Transport and Offshore Facilities Security Regulations 2003 to facilitate the transfer of the ASIC background-checking function to AusCheck, due to occur on 3 September 2007.

ADMINISTERED PROGRAMMES—OUTPUT 1.2.1— TRANSPORT SECURITY

Table 3.11 Summary of performance—Aviation security enhancements—improving international aviation security

PBS/PAES performance indicators	Results
Effectiveness	
<i>Improved aviation security at Last Port of Call airports, consistent with international standards</i>	Aviation security at last port of call airports was improved through the provision of training and capacity building to raise aviation security standards at the airports to meet the internationally accepted ICAO standards.
Quantity/Location	
<i>Asia/Pacific region</i>	Aviation security inspections were carried out in Kupang Airport (Indonesia) and Dili Airport (East Timor), and capacity-building options were developed for improving aviation security standards at these airports.
Cost	
<i>\$0.9 million</i>	<p>The actual cost of this programme in 2006–07 was \$0.1 million.</p> <p>The underspend of \$0.9 million was due to delays in finalising the lease of the facility in the Philippines to host an aviation security training centre.</p> <p>Approval has been given to move \$0.7m to 2007–08.</p>
Overall performance	✓✓✓

Table 3.12 Summary of performance—Aviation security enhancements—increased air cargo inspections

PBS/PAES performance indicators	Results
Effectiveness	
<i>Strengthened security measures for international and domestic passenger aircraft through increased inspection of air cargo</i>	The Department completed arrangements for the introduction of explosive trace detection equipment for use in domestic air cargo transport. The sector will be reimbursed for the purchase of equipment. Operators will commence using the equipment in 2007–08.
<i>Enhanced air cargo inspection regime of international export air cargo carried on passenger services</i>	The Department commenced comprehensive trials of air cargo X-ray equipment to assess the capability of existing and new generation technology to detect explosive material and devices. The first two phases of the trials were completed in 2006–07.

Table 3.12 continued.

PBS/PAES performance indicators	Results
Location	
<i>Major Australian airports and cargo facilities</i>	<p>The explosive trace detection equipment will be located and operated at major Australian airports and cargo terminal facilities where cargo is prepared for loading onto aircraft.</p> <p>Major Australian cargo terminal operators, freight forwarders, key airport participants, X-ray equipment suppliers and other government agencies have been involved in the trial of X-ray equipment. The trial has also received the assistance of international organisations based in China and the United States.</p>
Cost	
\$11.7 million	<p>The actual cost of this programme in 2006-07 was \$4.9 million.</p> <p>The underspend of \$6.8 million was due to the cost of international explosive trace detection (ETD) machines being less than anticipated; delays in the delivery of some domestic ETD Machines; and delays in the signing of contracts relating to the X-ray trials.</p> <p>Approval has been provided to move \$3.8m to 2007-08</p>
Overall performance	✓✓✓

Table 3.13 Summary of performance—Aviation security enhancements—regional airport 24-hour closed-circuit television pilot study

PBS/PAES performance indicators	Results
Quality/Location	
<i>Closed circuit television (CCTV) is evaluated as an aid to security at four regional airports</i>	<p>As part of the Securing Our Regional Skies package, the Department completed a trial of CCTV systems at four sites, to assess the significance of CCTV as a deterrent to acts of unlawful interference with aviation.</p> <p>CCTV systems were trialled at the airports at Dubbo (New South Wales), Gladstone (Queensland), Moorabin (Victoria) and Geraldton (Western Australia).</p>
Cost	
\$0.2 million	The actual cost of this programme in 2006-07 was \$0.2 million.
Overall performance	✓✓✓



Table 3.14 Summary of performance—Aviation security enhancements—regional passenger screening

PBS/PAES performance indicators	Results
Effectiveness	
<i>Security is enhanced at regional airports handling regular public transport services</i>	<p>The Department continued to deliver a regional passenger screening capability as part of the Securing Our Regional Skies package that was announced in August 2004 to improve security for Australia's regional airports and airlines.</p> <p>Regional passenger screening is being implemented by providing hand-wand metal-detecting kits and associated training at up to 145 regional airports that operate regular public transport services. These measures will enable regional airports to continue to operate in the event of a heightened security alert.</p>
Quantity/Location	
<i>Metal detection equipment and training is provided to 145 regional airports^a</i>	<p>The distribution of the hand-wand metal-detection kits and associated training to 145 identified regional airports operating regular public transport services throughout Australia is ongoing. A further 280 candidates were trained across seven states and territories in 2006–07.</p>
Cost	
<i>\$1.8 million</i>	<p>The actual cost of this programme in 2006–07 was \$1.0 million.</p> <p>The underspend of \$0.8 million is due to additional metal detection equipment no longer being required.</p>
Overall performance	✓✓✓

^a Performance indicator modified in the 2007–08 PBS.

CASE STUDY: LIQUIDS, AEROSOLS AND GELS (LAGs) MEASURES

The Department's comprehensive campaign to implement enhanced security measures to limit the amount of liquids, aerosols and gels (LAGs) taken through international screening points by passengers flying to or from Australia has helped Australia and other nations to address a vulnerability in aviation security.

In August 2006, United Kingdom security services interrupted a terrorist operation that involved a plan to take concealed matter that could be used to construct an explosive device on board an aircraft on an international flight. Analysis of the foiled operation revealed a previously identified vulnerability with respect to the detection of liquid explosives.

In December 2006, the International Civil Aviation Organization (ICAO) released security control guidelines for screening liquids, aerosols and gels. The guidelines recommend that all ICAO member countries, including Australia, implement measures to restrict the carriage of liquids, aerosols and gels.

On 31 March 2007, a suite of appropriate restrictions came into effect in Australia. The restrictions affect 11 Australian international airports, 47 last port of call airports for passengers travelling to Australia, and 55 international airlines, and will apply to approximately 21 million passengers annually.

In summary, the new measures require that:

- international passengers must carry all liquids, aerosols and gels in containers of 100 millilitres capacity or less;



Travellers study a brochure outlining the new rules. Displays including posters and brochures were tailored to meet individual airport needs and were prominently displayed in international terminals (Photo DOTARS)

- containers must be placed in a transparent, resealable plastic bag of no more than 1 litre total capacity, which must be completely sealed;
- only one plastic bag is allowed per passenger;
- bulky overcoats must be removed; and
- random and continual frisk searches of passengers will be undertaken.

Certain exemptions are made for medications and baby products.

Through the Department, the Australian Government consulted widely with the aviation industry and introduced the measures together with an extensive communication campaign, to ensure a smooth transition. The Department's work included:

- publishing 14 million brochures, in English, Japanese, Chinese, Korean, and Malay, and distributing them to airports (in Australia and in last ports of call), airlines, duty free outlets, and 4,500 travel agents;
- producing 1,200 posters, 1,700 counter top signs, 57,000 pocket cards, 36 banners and 5,000 information kits;
- organising radio and television interviews; and
- items in news bulletins and advertising in major metropolitan and regional newspapers.

A website page, dedicated hotline number and email address were also established, to ensure travellers had ready access to information.

The Department also distributed five million resealable plastic bags to the Australian international airports, and funded and facilitated training for 1,900 airport security screeners and customer service staff.

Airports report that the measures for liquids, aerosols and gels have been fully incorporated into their screening procedures, with minimal impact on passenger facilitation.

Industry Award

The LAGs campaign was awarded the prestigious Public Relations Institute of Australia (ACT) 2007 Award for Excellence for a Government Sponsored Campaign.

The goal of the campaign was to implement the new regulations while minimising passenger inconvenience and airport delays which might damage Australia's reputation.

A research-based communications campaign was developed and implemented over a four-month period and brought together several communications disciplines: public relations; market research; graphic design; advertising and media relations. The campaign engaged a host of industry and government stakeholders and used a range of tactics in a manner that exceeded expectations.

By the time the measures commenced on 31 March, surveys of the travelling public demonstrated a rapid rise in awareness. Seventy-seven per cent of those surveyed had heard of the new measures in general terms and 74 per cent claimed to be aware of the measures when more specific information about the specific LAGs restrictions was provided.



Table 3.15 Summary of performance—Aviation security enhancements—screening for liquids, aerosols and gels

PBS/PAES performance indicators	Results
Effectiveness	
<i>Integration of technology in enhanced passenger screening processes with minimal impact on passenger clearance rates</i>	The Department commenced planning for a project to assess the effectiveness of commercially available technologies that claim to be able to detect explosives in liquids, aerosols and gels. Trials will be conducted at selected airports to assess the capacity for integration of the technologies into enhanced passenger screening processes with minimal impact on passenger clearance rates. The project is expected to continue in 2007-08.
Quality	
<i>Improved aviation security consistent with international requirements</i>	The Department will liaise with independent scientific bodies, Australian and international industry bodies, Australian government agencies at the state, territory and national levels, and governments overseas, to ensure aviation security enhancements are consistent with international requirements.
Location	
<i>11 Counter Terrorism First Response airports and identified domestic airports</i>	It is expected that the technology trials to detect explosives in liquids, aerosols and gels will be conducted at a number of the 11 designated airports.
Cost	
<i>\$2.1 million</i>	<p>The actual cost of this programme in 2006-07 was \$0.0 million.</p> <p>The underspend of \$2.1 million was due to lead times associated with the procurement of suitable screening technology, laboratory test sites and qualified scientists; and relevant contracts not able to be finalised during 2006-07.</p> <p>The Department will seek approval to move the funds to 2007-08 as part of the Additional Estimates update.</p>
Overall performance	✓✓✓

Note: This programme was announced in the 2006-07 PSAES and its associated performance indicators were first published in the 2007-08 PBS.

OUTLOOK—OUTPUT 1.2.1—TRANSPORT SECURITY

Accredited Air Cargo Agent Scheme

A key priority for 2007–08 is the development and implementation of an accredited air cargo agent (AACA) scheme. This scheme will expand the regulatory environment through the development and introduction of a simplified regulatory scheme for smaller operators in the air cargo supply chain. Differentiation through the scheme will provide the government with the opportunity to appropriately reduce the compliance costs to industry participants.

The AACA scheme will introduce a further layer of security to provide the most effective and efficient means of securing air cargo throughout the supply chain. The establishment of the scheme will deliver mandatory security procedures that recognise the specific services of land transport operators under the *Aviation Transport Security Amendment Act 2006*. The scheme will complement the existing Regulated Air Cargo Agent Scheme, and AACAs will be required to apply a range of security measures.

The AACA scheme will cover a range of industry participants in the supply chain, from land transport operators to freight forwarders, couriers and general road transport operators. The accreditation of these operators will provide assurance that air cargo is kept secure as it moves through the supply chain.

Cross-modal regulatory project

The cross-modal regulatory project is expected to be completed early in 2008. The project will identify a body of further work necessary for the successful implementation of the agreed transport security regulatory philosophy. That implementation phase will be ongoing through the remainder of 2007–08.

Aviation security

There will continue to be a need to ensure the security of airports and aircraft in 2007–08, as there is no sense that threat levels are abating for this crucial sector. It is expected that the aviation sector will continue to grow strongly, due to factors such as the development of remote mining sites and growth in the energy sector. There is likely to be an increase in the number and type of aircraft and the destinations for domestic services, and international carriers have shown interest in flying into Australian airports which have not traditionally received international flights. The government will focus on such factors to be sure to keep up with changes in the dynamic security environment.





CHAPTER 3

OUTPUT 1.3.1—AUSLINK

Highlights

Of the 186 projects in the AusLink Investment Programme, 88 have been completed. Achievements in 2006–07 included the completion of the Albury–Wodonga Hume Freeway upgrade, the largest single road project in regional Australia.

The expenditure of funds by state governments and the Northern Territory Government to support accelerated works packages on the AusLink National Network is ahead of projections: expenditure in 2006–07 was \$184.7 million, considerably more than the \$131.0 million projected in the 2006–07 Budget.

In late November and early December 2006, the Australian Government announced 86 new projects, at a cost of \$126.7 million, funded under the 2006 round of the AusLink Strategic Regional Programme.

In the 2007–08 Budget, the Australian Government announced the provision of an extra \$250 million in 2006–07 for the Strategic Regional Programme. Funding agreements were put in place for a further 102 projects that support industry, tourism, economic development and access to export markets under the programme.

All 24 AusLink corridor strategies have been completed to draft stage and posted on the AusLink website for stakeholder comment.

The Australian Government has announced funding commitments for AusLink 2 (2009–2014) totalling \$22.3 billion. Consultations with state and territory governments will help define new projects to be funded.

OVERVIEW—OUTPUT 1.3.1—AUSLINK

Output 1.3.1 is delivered by the AusLink business division.

AusLink is Australia's national land transport plan for achieving better land transport planning and investment decision making. Through AusLink, the Australian Government has committed to increased investment in land transport, improved long-term planning, encouragement of the best ideas and solutions, and investments targeted to achieve the best outcomes.

The output includes 11 administered programmes:

- AusLink Investment;
- AusLink Black Spot Projects;
- AusLink Roads to Recovery;
- AusLink Strategic Regional;
- AusLink Strategic Regional—supplementary funding;
- AusLink improving local roads;
- AusLink improving the National Network;
- Management of residual issues of former Australian National Railways Commission (AN);
- Murray River Bridges—Federation Fund Project;
- Upgrade of the Mainline Interstate Railway Track; and
- Whitehorse Road and Springvale Road intersection upgrade.

Table 3.16 summarises the output's performance in 2006–07.

SUMMARY OF PERFORMANCE—OUTPUT 1.3.1—AUSLINK

Table 3.16 Summary of performance—Output 1.3.1

PBS/PAES performance indicators	Results
Effectiveness	
<i>The Australian Government's national land transport plan (AusLink) is implemented to maintain and improve the standard of national infrastructure</i>	Of 186 major projects funded under AusLink, 88 have been completed and most of the others are well advanced. In 2006–07, the Department administered \$2.8 billion in direct and indirect grants for land transport infrastructure.
<i>Infrastructure planning and investment decision making processes are improved in partnership with state and territory governments</i>	States and territories participated in the development of individual planning and investment strategies for each of the 24 road and rail corridors that make up the AusLink National Network.
Quality	
<i>Programmes are administered in line with relevant legislation</i>	All programmes were administered in accordance with relevant legislation, agreements, notes on administration and other guidance material.
Price	
\$20.8 million	The actual price of this output in 2006–07 was \$19.4 million.
Overall performance	✓✓✓

DETAILED REPORT ON PERFORMANCE—OUTPUT 1.3.1—AUSLINK

Effectiveness indicators—Output 1.3.1

The Australian Government's national land transport plan (AusLink) is implemented to maintain and improve the standard of national infrastructure

AusLink implementation

AusLink received additional funding of \$0.7 billion in the 2006–07 Budget, bringing to \$15.8 billion the Australian Government's total funding commitment to land transport infrastructure under AusLink over the five financial years to 30 June 2009. In 2006–07, the third year of the plan, the Department administered \$2.8 billion in direct and indirect grants to replace, upgrade and maintain the quality of land transport infrastructure on behalf of the Australian Government.

Twenty-four planning and investment strategies were completed to a stage where stakeholder comments could be sought on the drafts.

Details of achievements are provided in the reports on performance for each of the programmes administered under Output 1.3.1.

Infrastructure planning and investment decision making processes are improved in partnership with state and territory governments

A key component of AusLink is the development of a corridor strategy for each of the 24 designated road and rail links that make up the National Network, to improve long-term transport infrastructure planning. The corridor strategies have a planning horizon of 20–25 years, and underpin the five-year investment programmes that characterise AusLink.

The corridor strategies have been developed jointly by the Australian Government and the governments of the states and territories, facilitated by the Department. By 30 June 2007, draft strategies had been developed and priorities had been agreed for all 24 corridors.

To encourage stakeholder feedback, as the corridor strategies were completed they were made available online through the AusLink website, <www.auslink.gov.au>.

Quality indicators—Output 1.3.1

Programmes are administered in line with relevant legislation

The *AusLink (National Land Transport) Act 2005* (AusLink Act) provides for the funding of projects related to land transport matters, and for related purposes. In 2006–07 the Department administered the following programmes:

- AusLink Investment;
- AusLink Black Spot Projects;
- AusLink Roads to Recovery;
- AusLink Strategic Regional;
- AusLink Strategic Regional—supplementary funding;
- AusLink improving local roads;
- AusLink improving the National Network;
- Management of residual issues of former Australian National Railways Commission (AN);
- Murray River Bridges—Federation Fund Project; and
- Upgrade of the Mainline Interstate Railway Track.

All programmes were administered in line with the AusLink Act or other relevant legislation.



CASE STUDY: BRIDGE LEADS TO A BRIGHTER FUTURE FOR RAIL FREIGHT

The opening of one relatively small bridge—200 metres long, and constructed for \$17 million—is a symbol of major AusLink investment to revitalise the railway freight network around Australia.

The new rail bridge, which spans the Murrumbidgee River at Wagga Wagga, New South Wales, was opened in January 2007. It replaced a 125-year old bridge that was one of the last vestiges of the steam era on the mainline rail network. Whereas the old bridge creaked under the weight of one train operating at 20 kilometres per hour, the new concrete and steel structure will take 22 trains a day, travelling at 80 kilometres per hour, on a dual track.

The bridge is one of a series of track improvements, minor realignments, longer and more frequent passing loops, better signalling and more efficient communications that are being deployed to lift reliability and efficiency along the Melbourne to Sydney run. This revitalisation will reduce the freight train journey between Melbourne and Sydney by three hours, making it a 10 hour trip on a concrete sleeper track that will be easier and cheaper to maintain.

The Australian Government and the Australian Rail Track Corporation, a company owned by the Australian Government, are funding the investment. Other planned improvements include a dedicated freight line through Sydney's southern suburbs, where freight trains are banned during the day in preference to passenger rail service; and improved links to Port Botany. A rail upgrade to Melbourne's Dynon freight terminal is underway.

The Melbourne to Sydney run serves the largest general freight market in Australia, carrying around 11 million tonnes. When the refurbishment started, rail's share of the total freight task was less than a quarter. Rail's share is now growing, because it is now possible to schedule train times accurately and track freight through the supply chain.

The Melbourne to Sydney upgrade is demonstrating the effectiveness of strategic AusLink investments in improving Australia's land transport options. Plans to reduce rail travel times from Sydney to Brisbane by more than four hours are also underway.



The new rail bridge was constructed in prefabricated sections over a four-day period in January 2007 (Photo DOTARS)

ADMINISTERED PROGRAMMES—OUTPUT 1.3.1—AUSLINK

Table 3.17 Summary of performance—AusLink Investment

PBS/PAES performance indicators	Results
Effectiveness	
<i>Road, rail and related infrastructure is maintained and enhanced along designated transport corridors</i>	A total of 186 National Network projects are funded under the five-year programme. Of these, 88 had been completed and nearly all other projects were well advanced by 30 June 2007. Road maintenance contributions were provided to states and territories in line with the AusLink allocation formula.
<i>Infrastructure planning and investment decision making processes are improved in partnership with state and territory governments</i>	Through the jointly developed corridor strategies, the Australian Government and the governments of the states and territories agreed on priorities for the AusLink National Network. These priorities will inform future planning and investment decisions.
Quality	
<i>Transport corridor objectives, strategies and priorities reflect national needs for future investment^a</i>	The agreed corridor strategies are a statement of shared strategic priorities for the long-term development of the National Network. The corridor strategies are underpinned by the AusLink network objectives, which reflect the national investment priorities.
<i>Projects are administered in line with relevant legislation</i>	All legislative requirements were observed. Projects were also administered in accordance with bilateral agreements and notes on administration.
Cost	
<i>\$1,604.3 million</i>	The actual cost of this programme in 2006–07 was \$1,604.0 million. The underspend relates to funds reallocated to the National Transport Commission programme.
Overall performance	✓✓✓

a Performance indicator modified in the 2007–08 PBS.

Did you know?

The total planned investment under AusLink 1 and AusLink 2 is \$38 billion. In 2006–07, the budgeted AusLink expenditure was \$2.8 billion.

Effectiveness indicators—AusLink Investment

Road, rail and related infrastructure is maintained and enhanced along designated transport corridors

AusLink Investment funds maintenance and construction projects on the National Network, as well as a small number of projects off the network. The Australian Government invested \$1.6 billion on projects and maintenance in 2006–07. Some projects were funded jointly with state and territory governments and other parties.

Of the 186 National Network projects in the five-year programme, 88 had been completed by 30 June 2007. Projects that were completed in 2006–07 included:

- upgrading of the Albury–Wodonga section of the Hume Freeway;
- duplication of the Bundacree Creek to Possum Brush section and the first stage of the Karuah to Buladelah section of the Pacific Highway;
- realignment of the Devils Pinch section of the New England Highway;
- widening and upgrading of the Heartbreak Ridge and Balladonia East sections of the Eyre Highway; and
- duplication of the Sawyers Valley to The Lakes section of the Great Eastern Highway.

Projects that began or continued in 2006–07 included:

- the bypass of Coolac on the Hume Highway;
- duplication of the Bonville section and second and third stages of the Karuah to Buladelah section of the Pacific Highway;
- widening of the Caboolture Motorway to six lanes, north of Brisbane;
- the western bypass of Geelong;
- construction of an improved rail link to the Port of Melbourne;
- construction of the Logan Motorway–Ipswich Motorway interchange;
- construction of the Perth–Bunbury Highway; and
- upgrading of the intersection of Hampstead Road, Mullers Road and Regency Road in Adelaide.

Infrastructure planning and investment decision making processes are improved in partnership with state and territory governments

The planning and decision-making processes of AusLink ensure that investment in infrastructure:

- is well informed, by examining how each land transport corridor needs to perform to meet future demands safely and effectively;
- represents a robust solution to a transport problem;
- targets national objectives and priorities;
- is based on planning undertaken in partnership with states and territories and involving non-government stakeholders; and
- increases the potential for private sector involvement.

In 2006–07 the Department assisted the Australian Government and the governments of the states and territories to jointly prepare corridor strategies that will provide a firm basis for future investment decisions

Quality indicators—AusLink Investment

Transport corridor objectives, strategies and priorities reflect national needs for future investment

The approved objectives for developing the National Network provide a focus for assessing corridor needs and establishing national priorities that will:

- increase efficiency and infrastructure handling capacity;
- improve safety and security;
- improve the productivity of nationally strategic and export-oriented freight corridors;
- improve the reliability of travel on interstate and inter-regional corridors; and
- be consistent with viable, long-term economic and social outcomes, and with the obligation to current and future generations to sustain the environment.

In 2006–07 some \$8.5 million was invested in AusLink transport development and innovation projects. These projects included:

- consultancies to research and compile material to assist the development of corridor strategies;
- research and development to improve the technology or practices that might be used on the national land transport network—for example, better integrated transport management systems, such as variable speed signs and traffic flow monitoring systems; and
- funding for land transport research entities that may improve land transport operations in Australia more generally.

Projects are administered in line with relevant legislation

All AusLink investment projects active in 2006–07 were administered in accordance with relevant legislation. Most projects were administered under the AusLink Act, while a small number of former Roads of National Importance projects were administered under the *Australian Land Transport Development Act 1988*.

Projects were also administered in accordance with AusLink bilateral agreements (between the Australian Government and each state and territory government), memorandums of understanding with some states, the Northern Territory and the Australian Rail Track Corporation, and notes on administration.

Did you know?

Through AusLink, the Australian Government and the Australian Rail Track Corporation (ARTC), a company in which it holds 100 per cent of shares, are investing more than \$2.4 billion in rail infrastructure in the first five years of AusLink.

The Australian Government has provided \$820 million in special grants to the ARTC, which the corporation is investing in the mainline AusLink Network.

Faster travel times on the Melbourne– Brisbane rail corridor will allow rail to compete more effectively with road-based transport.

Table 3.18 Summary of performance—AusLink Black Spot Projects

PBS/PAES performance indicators	Results
Effectiveness	
<i>Road crashes are reduced at treated sites, along with trauma and associated costs to the community</i>	<p>AusLink Black Spot projects are a key element of the Australian Government's efforts to reduce the national road fatality rate by 40 per cent over the decade to 2010. In April 2007, the Government announced that it would extend the programme until June 2014.</p> <p>In 2006–07 the Department administered \$41.6 million in support for projects to improve road safety at identified crash sites.</p> <p>The programme has reduced the risk of crashes by funding measures such as traffic lights, roundabouts, signage and edge sealing at dangerous locations on roads around Australia.</p>
Quality	
<i>Priority is given to proposals for cost-effective treatment of sites with a proven history of crashes (black spots)</i>	<p>In 2006–07 the Department continued to work with state and territory agencies to ensure that the programme was administered efficiently and cost-effectively across all jurisdictions.</p> <p>Most funding goes 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.</p> <p>Approximately 50 per cent of programme funding is reserved for projects in rural areas, consistent with the proportion of road deaths and serious injuries occurring in those areas. Rural projects received 48 per cent of the total funding in 2006–07.</p> <p>The Australian National Audit Office (ANAO) audited the programme in 2006–07. The report, which is available on the ANAO website, <www.anao.gov.au>, confirms that generally the programme is delivering against its objectives. The report proposes some areas of refinement of administrative arrangements for consideration by the Department. The Department has accepted, with qualifications, all but one recommendation.</p>
<i>Payments are made in line with the AusLink legislation</i>	The Department administered payments under this programme in line with Part 7 of the AusLink Act.
Quantity/Location	
<i>Approximately 360 'black spots' are approved for funding</i>	<p>A 'black spot' can be nominated through the AusLink website, <www.auslink.gov.au>.</p> <p>The number of Black Spot projects approved varies each year depending on the cost of approved works. In 2006–07, 307 new black spots were approved for treatment.</p>

PBS/PAES performance indicators	Results
Cost	
\$44.6 million	<p>The actual cost of this programme in 2006–07 was \$41.6 million.</p> <p>Funding is provided to the states and territories for approved projects, with payments made on the basis of claimed project expenditures. The states and territories collectively underclaimed the available funding by \$3.0 million in 2006–07 because of delays in completing some projects. These projects will be completed during 2007–08 and the states and territories will claim the funding balance.</p>
Overall performance	✓✓✓

Table 3.19 Summary of performance—AusLink Roads to Recovery

PBS/PAES performance indicators	Results
Effectiveness	
<i>Local councils use funds to maintain and improve land transport infrastructure</i>	<p>The AusLink Roads to Recovery Programme provides funding for projects at a local level. Each local authority across Australia is guaranteed a share of the programme funding.</p> <p>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.</p> <p>Funds are used for a range of purposes, including road work, bridge work and the installation of traffic lights, but cannot be spent on moveable capital equipment such as graders. Councils are required to lodge audited financial statements stating how they have spent the programme funds.</p> <p>In 2006–07 around 4,500 projects were proposed and \$304.4 million was provided under this programme.</p>
Quality	
<i>Payments are made in line with AusLink legislation</i>	The Department administered payments under this programme in line with Part 8 of the AusLink Act.

Table 3.19 continued.

PBS/PAES performance indicators	Results
Quantity	
<i>Approximately 700 councils are eligible for funding</i>	<p>Every council in Australia is eligible to receive funding under the Roads to Recovery Programme. Funds are also available to the Northern Territory Government and state governments for roads in unincorporated areas.</p> <p>Over the four financial years of the programme:</p> <ul style="list-style-type: none"> • \$1.2 billion will be provided to councils, distributed in accordance with the recommendations of local government grants commissions; and • \$30 million will be provided to the unincorporated areas of New South Wales, Victoria, South Australia, the Northern Territory and the Indian Ocean Territories.
Cost	
\$307.5 million	<p>The actual cost of this programme in 2006–07 was \$304.4 million.</p> <p>Under the AusLink Act, the Minister has determined a four-year allocation for each local government authority (LGA) for the period 2005–06 to 2008–09. In 2006–07 the LGAs collectively underclaimed against available funds. Each LGA is expected to fully claim their four-year allocation by 2008–09.</p>
Overall performance	✓✓✓

Table 3.20 Summary of performance—AusLink Strategic Regional

PBS/PAES performance indicators	Results
Effectiveness	
<i>Local councils use funds to develop regional land transport infrastructure supporting industry, tourism and economic development</i>	Five projects were completed, and 86 projects (representing 78 councils and some unincorporated areas of South Australia and the Northern Territory) were announced, in 2006–07.
Quality	
<i>Projects satisfy eligibility criteria</i>	All projects submitted in response to a call for applications in 2006 were assessed against the published eligibility criteria. Less than 6 per cent of applications were found to be ineligible.
Quantity	
<i>Approximately 700 councils are eligible for funding</i>	Every council in Australia is eligible to receive funding under the programme. Funds can also be provided to state and territory governments responsible for roads in unincorporated areas.

PBS/PAES performance indicators	Results
Cost	
\$60.3 million	<p>The actual cost of this programme in 2006–07 was \$40.0 million.</p> <p>The underspend is due to the timing of 2006 funding announcements. Approval has been provided to move \$20.0 million to the forward years.</p>
Overall performance	✓✓✓

Effectiveness indicators—AusLink Strategic Regional

Local councils use funds to develop regional land transport infrastructure supporting industry, tourism and economic development

The AusLink Strategic Regional Programme encourages collaboration among local government authorities to develop an effective regional transport network to assist established and emerging industries and strengthen social connectivity.

Project funding is conditional on proponents entering into a funding agreement with the Australian Government; 42 such funding agreements have been finalised

Over five years, the programme is providing funds of:

- \$93 million, for 21 projects announced in 2004; and
- \$127 million, for 86 projects announced in 2006.

Projects completed in 2006–07 include:

- construction of traffic signals on Camden Valley Way, New South Wales;
- construction of a boardwalk along Metung Road, Victoria;
- construction of a new River Heads Road, Queensland;
- upgrading of Bridport Main Road, Tasmania; and
- upgrading of the access road to the Midwest Regional Livestock Export Remote Access Facility, Western Australia.

The Department developed and monitored funding agreements with project proponents to ensure that funds spent were consistent with the scope of the project and that the projects progressed according to agreed timelines.

Quality indicators—AusLink Strategic Regional

Projects satisfy eligibility criteria

The Department assessed 495 applications against published criteria during 2006–07.

In November and December 2006, the Australian Government announced funding for 86 of the projects assessed in this process.

Quantity indicators—AusLink Strategic Regional

Approximately 700 councils are eligible for funding

Every council in Australia is eligible to receive funding under the programme. Funds can also be provided to those state and territory governments responsible for roads in unincorporated areas.

In total, 86 councils, two state governments and the Northern Territory Government are receiving funding for 107 projects.

Table 3.21 Summary of performance—AusLink Strategic Regional—supplementary funding

PBS/PAES performance indicators	Results
Effectiveness	
<i>Local councils and states and territory governments on behalf of unincorporated areas use funds to develop regional land transport infrastructure supporting industry, tourism and economic development</i>	Funding agreements covering 102 projects were finalised with proponents in June 2007.
Quality	
<i>Projects eligible for approval by the responsible Minister under Part 6 of the AusLink (National Land Transport) Act 2005</i>	All projects were approved by the responsible Minister.
Quantity	
<i>Approximately 700 councils and state and territory governments on behalf of unincorporated areas are eligible for funding</i>	The Australian Government provided supplementary funding for 102 projects, to 79 councils and the South Australian Government.
Cost	
	The actual cost of this programme in 2006–07 was \$250.3 million. ^a
	An amount of \$250.3 million was paid in 2006–07 to be expensed in the forward years.
Overall performance	✓✓✓

Note: Performance indicators for this programme are based on those originally published in the 2006–07 PBS for the AusLink Strategic Regional programme, but expanded to include state and territory governments which can apply on behalf of unincorporated areas and to relate eligibility to the Act. They will be published in the 2007–08 PAES.

^a Of this total, \$257,000 comes from funds previously unallocated under the Strategic Regional Programme.

Table 3.22 Summary of performance—AusLink improving local roads

PBS/PAES performance indicators	Results
Effectiveness	
<i>Local councils use funds to accelerate works to maintain and improve the local road network</i>	In the 2006 Budget, the Australian Government announced a special one-off payment of \$307.5 million, to be shared by local councils, three state governments, the Northern Territory Government and the Indian Ocean Territories.
Quality	
<i>Funds are paid to local councils and for unincorporated areas and are used for the construction or maintenance of roads</i>	The funds are distributed and administered under similar funding conditions to those of the AusLink Roads to Recovery Programme. Reports from councils on their use of these funds during 2006–07, the first year of the programme, are due to be lodged by 31 October 2007.
Quantity/Location	
<i>Approximately 700 councils are eligible for funding</i>	Payments were made in June 2006 to 706 councils, the Northern Territory Government and state governments responsible for roads in unincorporated areas.
Cost	
<i>\$76.9 million</i>	The actual cost of this programme in 2006–07 was nil. This relates to an amount of \$307.5 million paid in 2005–06 to be expensed in subsequent years. Expenses will now be recognised from 2007–08.
Overall performance	✓✓✓

Table 3.23 Summary of performance—AusLink improving the National Network

PBS/PAES performance indicators	Results
Effectiveness	
<i>Roads and related infrastructure is enhanced along designated transport corridors</i>	Sound progress was achieved on all 10 accelerated works packages, with planning well advanced and significant construction activity already underway by 30 June 2007.
Quality	
<i>Projects are administered in line with relevant legislation and agreements between jurisdictions and the Australian Government</i>	The Department administers projects under legislation, relevant memorandums of understanding, sections of AusLink bilateral agreements and notes on administration.

Table 3.23 continued.

PBS/PAES performance indicators	Results
Cost	
\$131.0 million	<p>The actual cost of this programme in 2006–07 was \$180.9 million</p> <p>This relates to an amount of \$1,820.0 million paid in 2005–06 to be expensed in subsequent years. The expenses projected to be recognised in 2006–07 were based on anticipated expenditures by the jurisdictions. Progress on projects by the jurisdictions during 2006–07 was better than expected resulting in a higher level of expenses.</p>
Overall performance	✓✓✓

Effectiveness indicators—AusLink improving the National Network

Roads and related infrastructure is enhanced along designated transport corridors

In June 2006, the Australian Government paid \$1.8 billion to states and the Northern Territory to undertake designated works packages towards improving the AusLink National Network, largely by the end of 2009. The funding is being expensed by the states and the Northern Territory over the period to 2010. In general, work proceeded faster than anticipated in 2006–07.

Works and progress under the programme include:

- providing dual carriageway on the remaining unduplicated sections of the Hume Highway south of the junction with the Sturt Highway, except for about 20 kilometres at Woomargama, Holbrook and Tarcutta, where planning for bypasses is required—planning for the duplication has been largely completed, some construction work is underway in the Woomargama to Table Top section, and major construction activity will commence in late 2007;
- duplicating the Pacific Highway from Moorland to Herons Creek, south of Port Macquarie, and undertaking priority safety works along the highway—the safety works are underway, and the Moorland to Herons Creek project has been combined with the Cooperook to Moorland project and will commence in late 2007;
- undertaking flood immunity works on the Bruce Highway at Tully and a range of improvements on the highway between Townsville and Cairns—construction began in May 2007 and is expected to be completed by the end of 2009;
- upgrading the Great Northern, Great Eastern and Eyre highways in Western Australia, including completing the Lennard Street to Muchea section of the Great Northern Highway and further bridgeworks on the highway in the Kimberley—these projects have been completed or are in progress;
- upgrading the East Tamar Highway in Tasmania, including a bypass of Dilston—preliminary design planning work has begun; and
- undertaking flood mitigation works across the Victoria River floodplain on the Victoria Highway in the Northern Territory. Construction of phase 1 of the project, which includes replacing the Victoria River bridge, is expected to start by October 2007 and be completed by the end of 2009. Planning for phase 2 is underway.

Table 3.24 Summary of performance—Management of residual issues of former Australian National Railways Commission (AN)

PBS/PAES performance indicators	Results
Effectiveness	
<i>The future of the former AN plans is resolved, along with any other residual issues which may emerge^a</i>	<p>The Australian National Railways Commission (AN) plan room in Adelaide houses around 180,000 plans and drawings of rail rolling stock and infrastructure. In 2006–07 the Department worked with the National Archives of Australia and a consultant to develop a draft Records Disposal Authority for the plans. This included a stakeholder consultation meeting held in Adelaide and attended by nearly 40 users of the plans. This process is expected to be completed in 2007–08.</p> <p>Representations were received from a number of railway historical societies interested in adding the diesel electric locomotive ‘GM1’ to their museums’ collections. The Department began preparatory legal work in 2006–07 to consider options for the future ownership of the locomotive.</p>
Quality	
<i>Public access to plans of heritage value is maintained</i>	Public access to the AN plans was maintained in Adelaide throughout 2006–07. The Records Disposal Authority identifies plans of heritage value and proposes to maintain public access through the National Archives of Australia.
Cost	
<i>\$0.4 million</i>	<p>The actual cost of this programme in 2006–07 was \$0.05m.</p> <p>The budget figure is a nominal amount based on an estimate of the required legal costs, costs of consultants and other professional services required on an as-needs basis. Work has been progressing well on AN residual issues but the professional services have not been required in 2006–07 to the level anticipated.</p>
Overall performance	✓✓✓

^a Performance indicator modified in the 2007–08 PBS.

Table 3.25 Summary of performance—Murray River Bridges—Federation Fund Project

PBS/PAES performance indicators	Results
Effectiveness	
<i>New regional infrastructure improves access</i>	<p>The objective is to provide a crossing of the Murray River at Echuca-Moama, Victoria.</p> <p>The Yorta Yorta Nation Aboriginal Corporation has not agreed, on cultural and heritage grounds, to the proposed western alignment of the new bridge. As a result, there were no outcomes for the project in 2006-07.</p> <p>The Victorian Government has appointed an independent facilitator to work with all parties to progress the discussions about the alignment for a new crossing and move the project forward. The Department will continue to monitor these discussions.</p>
Quality	
<i>Payments are made in line with the Australian Government's obligations</i>	There were no payments made during 2006-07.
Location	
<i>A new bridge is constructed over the Murray River at Echuca-Moama^a</i>	
Cost	
<i>Nil</i>	The actual cost of this programme in 2006-07 was nil.
Overall performance	✓✓✓

a Performance indicator modified in the 2007-08 PBS.

Table 3.26 Summary of performance—Upgrade of the Mainline Interstate Railway Track

PBS/PAES performance indicators	Results
Effectiveness	
<i>The project improves interstate rail track efficiency and amenity of the Wodonga town centre</i>	<p>In February 2007 the Australian Government approved funding of \$45 million to the Victorian Government towards the cost of constructing a rail bypass at Wodonga. Of that funding, \$25 million was from the Upgrade of the Mainline Interstate Railway Track Programme and \$20 million was from the AusLink Investment Programme.</p> <p>The rail bypass will benefit the residents of Wodonga, who have long had to deal with the disadvantages of having the Melbourne–Sydney mainline railway track running through the centre of their city. This has impacted on the efficiency and productivity of interstate rail services, as well as causing fragmentation of the Wodonga CBD and loss of valuable space that could be better used to provide civic amenities.</p> <p>Construction work is expected to commence in 2007–08.</p>
Quantity/Location	
<i>The interstate mainline rail track through the Wodonga CBD is replaced with a rail bypass</i>	The approved bypass project will remove the rail track from the Wodonga CBD.
<i>Payments are made in line with the Australian Government's obligations</i>	Payments were not made for this project in 2006–07.
Cost	
<i>\$20.0 million</i>	<p>The actual cost of this programme in 2006–07 was nil.</p> <p>Underspend is due to delays in finalising approvals for the project. Approval has been provided to move the funds to 2007–08.</p>
Overall performance	✓✓✓

Table 3.27 Summary of performance—Whitehorse Road and Springvale Road intersection upgrade

PBS/PAES performance indicators	Results
Effectiveness	
<i>A detailed assessment of options to address transport and other problems at the intersection of Whitehorse and Springvale roads is produced</i>	<p>On 31 July 2006, the Australian Government offered \$25 million towards upgrading the intersection of Whitehorse Road and Springvale Road in Victoria. Funds were transferred from AusLink to a separate administered item in February 2007.</p> <p>The offer was conditional on the Victorian Government contributing the balance of the project cost and construction commencing as soon as possible. An initial \$1.5 million is available to the City of Whitehorse to enable the city council to undertake a detailed feasibility analysis of the identified options and prepare a business case for the most appropriate option.</p> <p>In 2006–07 the Whitehorse City Council engaged Maunsell Australia Pty Ltd to undertake a comprehensive options and feasibility analysis. The Department manages the funding agreement with the council.</p>
Quantity/Location	
<i>A preferred option for addressing the problems is agreed</i>	An intersection upgrade is expected to ease congestion issues associated with the Whitehorse–Springvale road intersection and with the Belgrave–Lilydale rail line, which is in close proximity to the intersection.
Cost	
<i>\$2.0 million</i>	<p>The actual cost of this programme in 2006–07 was nil.</p> <p>Underspend is due to delays in finalising the funding agreement with the City of Whitehorse.</p>
Overall performance	✓✓✓

Note: This programme and its performance indicators were first published in the 2006–07 PAES.

CASE STUDY: CORRIDOR STRATEGIES LOOK TO THE FUTURE

The 22,500 kilometre AusLink National Network comprises 24 road and rail links known as ‘corridors’. During 2006–07, 25 people from the AusLink Division of the Department worked closely with colleagues from state and territory road transport agencies to articulate the strategic priorities for each corridor to 2030.

The strategies they prepared establish broad objectives for each corridor, based on the condition of the infrastructure, projected traffic growth and types of vehicles travelling the route. This analysis will support decisions about the scope, timing and cost of future AusLink projects.

The study of the Melbourne–Brisbane inland corridor, straddling three states, was one of the most complex. The project team involved a partnership between eight federal and state government transport agencies, each contributing their diverse views to articulate a common vision for the road and rail elements of the route.

The team established terms of reference and engaged consultants to prepare a background paper encompassing much of the state-based information about the highways making up the corridor—the Hume and Goulburn Valley highways in Victoria, the Newell Highway in New South Wales, and the Gore and Warrego highways in Queensland. The project proceeded in parallel with the Sydney–Brisbane corridor investigation, to take account of cross corridor issues, and incorporated the results of the North–South rail study into a direct rail route between Melbourne and Brisbane.

The team inspected the corridor, using the expertise of engineers on the ground, and tapped the knowledge of local councils and key private sector stakeholders. The group also examined multi-modal operations and proposals.

As for all the corridor strategies, a draft strategy was prepared and made available for public comment. The responses were considered and, where appropriate, incorporated into the final strategy report. The completed strategies will be revised periodically to update forecasts and priorities.

The Council of Australian Governments has asked that the 24 AusLink corridor strategies be completed by mid 2007. The priorities identified in the strategies will provide a basis for the Australian Government and state and territory governments to negotiate project funding for future infrastructure development on the AusLink Network, and inform the development of AusLink 2 and future national land transport plans.



The cover of the Melbourne–Brisbane Corridor Strategy document that outlines broad objectives for the transport corridor between Melbourne and Brisbane.

OUTLOOK—OUTPUT 1.3.1—AUSLINK

Effectively delivering existing programmes

The reliability of cost estimates for individual projects can threaten overall delivery. A report prepared for the Department by Evans and Peck in 2006-07 indicates that the costs of a number of Queensland projects exceeded their estimates because of inadequate scope, overoptimism about the risks involved or failure to recognise likely cost escalation. The same issues face all jurisdictions, and the Department proposes to engage with all states and territories in a process to improve the reliability of cost estimates during 2007-08.

Developing AusLink 2

On behalf of government the Department has commenced developing arrangements for AusLink 2, including identifying new road and rail projects which might be funded from 2009 to 2014.

Allied to the costing issue is the need to develop greater definition around individual major construction projects for inclusion in the National Network programme. The Department will work to negotiate funding shares with each jurisdiction and establish overall priorities for consideration by the Australian Government, drawing from corridor strategies that have been developed jointly with relevant state and territory governments.

Reviewing AusLink agreements

AusLink arrangements between the Australian Government and the state and territory governments expire in June 2009, at the completion of the current five-year programme. AusLink 2 agreements will be developed during 2007-08.

OUTPUT 1.4.1—MARITIME AND LAND TRANSPORT

Highlights

On 21 June 2007, the Minister for Local Government, Territories and Roads announced the Australian Government's Response to the Productivity Commission's inquiry into Tasmanian freight subsidy arrangements.

The response outlined a number of reforms to the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme. The reforms, which will commence in mid-2008, will ensure that the schemes operate as intended, reduce the administrative complexity of the schemes in line with best practice, and address the potential for abuse.

OVERVIEW—OUTPUT 1.4.1—MARITIME AND LAND TRANSPORT

Output 1.4.1 is delivered by the Maritime and Land Transport (MALT) business division. Under Output 1.4.1, MALT focuses on maritime transport policy and regulation and integrated vehicle and road transport reforms, to achieve efficient, productive, safe and sustainable outcomes which are environmentally friendly and enhance Australia's international competitiveness.

The output includes nine administered programmes:

- Bass Strait Passenger Vehicle Equalisation Scheme;
- International Maritime Organization—contribution (refer page 161);
- Interstate Road Transport Fees;
- National Transport Commission;
- OECD Road Transport—contribution (administered by the BTRE – refer page 162);
- Oil Pollution Compensation Fund;
- Payments to the Maritime Industry Finance Company Limited;
- Tasmanian Freight Equalisation Scheme; and
- Tasmanian Wheat Freight Scheme.

The Bass Strait Passenger Vehicle Equalisation, Tasmanian Freight Equalisation, and Tasmanian Wheat Freight Schemes are administered on behalf of the Department by Centrelink, through a purchaser-provider arrangement (refer page 124).

Table 3.28 summarises the output's performance in 2006–07.

SUMMARY OF PERFORMANCE—OUTPUT 1.4.1—MARITIME AND LAND TRANSPORT

Table 3.28 Summary of performance—Output 1.4.1

PBS/PAES performance indicators	Results
Effectiveness	
<i>The maritime and land transport industries operate in a robust and stable regulatory environment</i>	<p>Regulatory responsibilities for maritime transport were effectively implemented, with the Australian Government agreeing to significant pro-competitive reforms to the regulatory framework for liner shipping.</p> <p>The Department cooperated closely with the National Transport Commission and state and territory governments to progress regulatory improvements that delivered a range of efficiency and broader benefits for the Australian community. In the area of heavy vehicle transport, examples included harmonising regulations, developing a driver fatigue policy and introducing measures to improve road law compliance.</p>
<i>The COAG national reform agenda for transport is actively progressed in conjunction with all Australian governments</i>	<p>The Department worked with state and territory officials to develop a phased transport reform programme aimed at promoting the more efficient, productive and sustainable provision and use of freight infrastructure, and to obtain Council of Australian Governments (COAG) agreement to the programme.</p> <p>The Department also engaged closely in the development of Australian Transport Council reforms, including the promotion of innovative vehicles and development of a B-triple network.</p>
<i>Exposure to environmental impacts from maritime and land transport operations is reduced</i>	<p>The Department provided leadership on ship safety and marine environment protection, including the finalisation of significant pieces of legislation.</p> <p>The Department worked with the Australian Taxation Office to introduce fuel tax credits for heavy vehicles linked to environmental performance, and worked with COAG parties to prepare a report to COAG on vehicle fuel efficiency issues.</p>
Price	
\$12.1 million	The actual price of the output in 2006-07 was \$13.3m.
Overall performance	✓✓✓



CHAPTER 3

DETAILED REPORT ON PERFORMANCE—OUTPUT 1.4.1— MARITIME AND LAND TRANSPORT

Effectiveness indicators—Output 1.4.1

The maritime and land transport industries operate in a robust and stable regulatory environment

Trade Practices Act reform of shipping regulation

Part X of the *Trade Practices Act 1974* gives ocean liner cargo carriers immunity from certain parts of Australia's competition laws. It permits them to collaborate to provide regular, scheduled cargo shipping services. At 30 June 2007, similar immunities were provided by many of our major trading partners, including Canada, the European Union, Japan, Korea, New Zealand and the United States.

Following a review of Part X by the Productivity Commission, the Australian Government announced that it would amend Part X to promote competitive reform of the ocean liner cargo shipping sector in Australia. The amendments to Part X will:

- clarify its objectives;
- remove discussion agreements from its scope;
- protect individual confidential service contracts between carriers and shippers; and
- introduce a range of penalties for breaches of its procedural provisions.

These reforms will provide a pro-competitive boost to the regulatory environment in which liner shipping operates.

Competition Principles Agreement reform of shipping regulation

In 2006–07 the Department supported reform of maritime regulation under the Council of Australian Governments (COAG) Competition Principles Agreement (CPA), by:

- progressing work to consider implementation of the recommendations from the CPA reviews of the *Navigation Act 1912* and the *Shipping Registration Act 1981*, to remove unnecessary regulation, to enhance the development of a safety culture in the shipping industry and to give a higher priority to port state control to protect mariners and the marine environment from unseaworthy vessels; and
- continuing discussions aimed at simplifying and clarifying jurisdictional responsibility for maritime safety regulation of vessels between the Australian Government and the maritime authorities of the states and the Northern Territory.

It is expected that decisions on these processes will be finalised in 2007–08.



CASE STUDY: PERFORMANCE-BASED STANDARDS ALLOW FOR HEAVY VEHICLE INNOVATION

Australian transport ministers are considering introducing performance-based standards (PBS) for the regulation of heavy vehicles, to open up safer, more efficient options for road transport.

Rather than measuring how big and heavy a vehicle is, PBS focuses on how well the vehicle behaves on the road, as measured through a set of safety and infrastructure protection standards. This allows opportunities for industry to innovate in designing heavy vehicles, leading to improved productivity, safer performance and more manageable effects on roads and bridges.

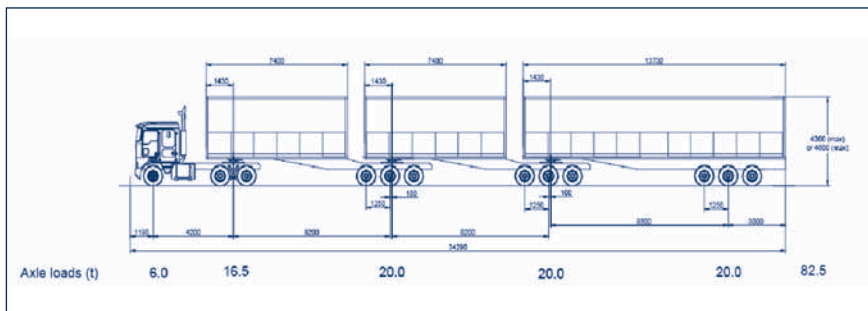
During 2006-07 the Department participated in the work of the PBS Interim Review Panel established in 2005 to test potential PBS rules and processes. The panel has examined many innovative vehicles, ranging from rigid trucks to road trains. The vehicles have some features in common: they are safer, they have potential to move goods more efficiently, and they demonstrate superior on-road performance to that of the current heavy vehicle fleet.

Under the proposed PBS policy the new combinations will need to satisfy stringent safety standards in areas such as stability, high-speed and low-speed tracking and vehicle acceleration and braking. In effect, they will perform significantly better than existing heavy vehicles operating under the current prescriptive rules.

In particular, the National Transport Commission (NTC) has recommended a B-triple combination for use on a defined national network. This combination, based on a standard B-double (a prime mover towing two semi-trailers) with an extra A-trailer, can be assembled from existing vehicle and trailer components. In terms of productivity, five semi-trailers are equivalent to three B-doubles, which are equivalent to two B-triples. Compared with a B-double, the B-triple could result in up to 35 per cent increases in productivity, potentially shorten queuing times, occupy less road space and use less fuel while producing fewer carbon emissions for the given road freight task.

The Australian Transport Council has endorsed a map outlining a B-triple network based on the existing road train network. Transport ministers have also asked for work to be undertaken to identify potential B-triple network expansions.

Transport ministers are expected to finalise the relevant safety and infrastructure standards for PBS, and have a review panel in place to assess vehicles, by late 2007. All governments are also working with the NTC to draft an initial PBS network for the ATC to consider by the end of the year.



B-Triples will run on the defined national B-Triple network (Graphic courtesy of the National Transport Commission).

The maritime and land transport industries operate in a robust and stable regulatory environment (continued)

Regulation of coastal shipping

The *Navigation Act 1912* requires all vessels carrying cargo or passengers interstate to be licensed or to have a coastal permit.

The Department administers the granting of licences, and the issuing of coasting trade permits to unlicensed vessels when there is no Australian licensed ship available or where the service provided by licensed ships is not adequate to the needs of shippers and it is in the public interest to issue a permit. In 2006–07 100 per cent of permits continued to be issued within the targeted time frames.

The volume of applications for licences or permits fluctuates from year to year, as shown in Table 3.30.

Regulation of heavy vehicle transport

In 2006–07 the Department participated in National Transport Commission (NTC) working groups on heavy vehicle compliance and enforcement, driver health and fatigue, heavy vehicle charges, assessment of innovative vehicles under the performance-based standards, and rail reform (see National Transport Commission page 127).

The Department also provided secretariat services to the Australian Transport Council (ATC). The ATC is a forum for Commonwealth, state and territory transport ministers and their New Zealand counterparts to consult on a range of coordination and integration of transport and road policy issues. The Standing Committee on Transport (SCOT), a committee of officials from the Australian Government and state and territory governments and the New Zealand Government, supports the ATC and provides advice on a range of agenda and policy matters.

During 2006–07 the Department participated in the development of ATC-approved reforms to advance heavy vehicle efficiency, including:

- development and trialling of performance-based standards;
- creation and extension of high-productivity heavy vehicle road networks, including the development of a national network for B-triples (vehicles based on a standard B-double, with an extra A-type trailer);
- approval of increased use of quad-axle trailers, and of additional front axle mass for certain compliant heavy vehicles; and
- reform of driver fatigue regulations.

Review of the Australian Logistics Industry Strategy

The Department supports the Australian Logistics Council (ALC), a partnership between the Australian Government and senior industry leaders, created to lead the development of the freight logistics industry in Australia.

In 2006–07 the Department facilitated an independent review of the Freight Logistics Industry Action Agenda, better known as the Australian Logistics Industry Strategy. The review concluded that the strategy had gone as far as it could in its current form as a framework to enhance the efficiency of the logistics industry, and recommended that it be finalised and replaced with a new industry-developed strategy.



The maritime and land transport industries operate in a robust and stable regulatory environment
(continued)

The Minister for Transport and Regional Services, in accepting the findings of the review, charged the ALC with the task of developing a new strategy and leading its implementation.

Other activities

The Department's other activities to promote a robust and stable regulatory environment in 2006-07 included:

- contributing to the development of international standards for maritime safety and protection of the marine environment, through the International Maritime Organization (IMO) and the Organisation for Economic Cooperation and Development Transport Research Programme;
- contributing to the Australian Government's decision to support the integration of the Australian Maritime College with the University of Tasmania, announced in the 2007-08 Budget; and
- engaging a consultant to conduct a review of the Disability Standards for Accessible Public Transport, commencing in April 2007.

Table 3.29 Trends in maritime and land transport^a

	2003-04	2004-05	2005-06	2006-07	2007-08 estimate
Price of output	n/a	\$10.7m	\$12.9m	\$13.3m	\$13.0m
Maritime regulations and programmes administered under this output					
Activity regulated under Part X of the <i>Trade Practices Act 1974</i>					
Shipping conference agreements granted final registration	12	9	26	9	No set targets
Variations of existing agreements granted final registration	29	15	26	24	-
Agreements granted final registration within 14 days	100%	100%	100%	97% ^f	100%
Activity regulated under the <i>Navigation Act 1912</i>					
Coastal shipping licences issued	60	63	62	43	No set targets
Single voyage permits issued	669	687	742	956	-
Continuing voyage permits issued	126	166	149	116	-
Permits issued within target time frames ^b	100%	100%	100%	100%	100%

	2003–04	2004–05	2005–06	2006–07	2007–08 estimate
Oil Pollution Compensation Fund					
Entities levied	Not reported	6	–	5	8
Payments made in respect of fund	–\$12.1m	\$2.3m	–	\$0.3m	\$0.5m
Tasmanian Freight Equalisation Scheme ^c					
Shippers assisted ^d	1,376	1,300	1,341	1,420	No set targets
Claims paid	5,871	6,377	6,831	7,046	No set targets
Cost of programme ^e	\$83.6m	\$89.3m	\$92.3m	\$89.6m	\$97.0m
Tasmanian Wheat Freight Scheme ^c					
Tonnes of wheat shipped	73,469	27,433	–	27,714	No set targets
Shipments	10	4	–	4	No set targets
Cost of programme	\$1.2m ^f	\$0.6m	\$0.0m	\$0.6m	\$1.1m
Bass Strait Passenger Vehicle Equalisation Scheme					
Vehicles shipped	228,300	216,986	209,187	190,413	210,000
Cost of programme	\$34.3m	\$32.4m	\$31.1m	\$28.4m	\$32.0m
Total cost of Tasmanian schemes	\$119.1m	\$122.3m	\$123.4m	\$119.6m	\$130.1m
Road, rail and intermodal programmes administered under this output					
National Transport Commission					
Payments made	\$2.5m	\$2.5m	\$2.5m	\$2.9m	\$2.9m
Federal Interstate Registration					
Scheme cost of programme	\$41.5m	\$46.2m	\$48.0m	\$50.7m	\$53.2m

a In some instances there are no set targets as activity is demand driven.

b The target time frame for issuing continuing voyage permits is 10 working days and for single voyage permits four working days, unless an urgent application fee is paid (in which case the target is the next working day).

c Rebates on shipments of containerised wheat were paid under the Tasmanian Wheat Freight Scheme until July 2004, when they became eligible for rebates under the main Tasmanian Freight Equalisation Scheme programme.

d Historical data has been updated to reflect the results of reviews undertaken in 2004–05.

e The 2005–06 cost includes 2,318 containers (approximately 56,875 tonnes) of wheat at a cost of \$1.7 million.

f Applicants occasionally request an extension of the 14-day deadline in order to meet the criteria for registration.

g This programme was transferred to the Department from the Department of Agriculture, Fisheries and Forestry on 1 July 2004.

The COAG national reform agenda for transport is actively progressed in conjunction with all Australian governments

Scope of the reform agenda

In February 2006, COAG agreed on a significant national reform agenda that encompasses many sectors of the Australian economy, including transport. This development significantly shaped the Department's work in 2006–07. In addition to recommitting to reforms already being progressed by the ATC, COAG asked the ATC to progress a number of transport-specific initiatives. These transport reforms were reaffirmed at the 13 April 2007 COAG meeting.

The projects in the transport reform agenda include identifying options for efficient road and rail freight infrastructure pricing that maximises net benefits to the community. They also include reform of road and rail regulation to improve access and safety, the completion of the AusLink corridor strategies, and a review of urban congestion trends, impacts and solutions.

Milestones achieved

In 2006–07 the Department supported the ATC in delivering the COAG transport reform agenda, by providing secretariat services to the ATC as well as policy support and advice. The Department also participated in the COAG working group on competition and regulation, which comprises representatives from all Australian governments and consults with a wide range of stakeholders.

In 2006–07 key milestones included:

- developing and trialling guidelines and rules for the administration of performance-based standards for heavy vehicles;
- developing a heavy vehicle driver fatigue reform package;
- identifying suitable routes for establishing a national B-triple network;
- obtaining approval for a national policy for the increased use of quad-axle trailers on heavy combination vehicles;
- developing a national policy to allow 500 kilograms of additional front-axle mass on heavy vehicles that comply with certain safety and emissions standards; and
- providing guidance and support for the Board of Transport Certification Australia to facilitate the delivery of the intelligent access programme (a voluntary programme to remotely monitor heavy vehicles to ensure compliance with enhanced operating conditions).

Road freight reform programme

State and territory governments were assisted in obtaining COAG agreement to a phased transport reform programme to improve road freight transport productivity and efficiency through measures such as:

- continued ATC-approved heavy vehicle efficiency measures;
- improved frameworks for investment decision making;
- charging reforms to provide better pricing signals for transport freight infrastructure providers; and
- a research and future policy reform agenda that will consider alternative models of road pricing and funding.

Exposure to environmental impacts from maritime and land transport operations is reduced

Infrastructure pricing inquiry

On behalf of government, the Department took a leading role in facilitating the preparation of the COAG response to the recommendations of the Productivity Commission inquiry into road and rail freight infrastructure pricing. COAG initiated the inquiry to ensure that the objectives of the transport reform agenda will deliver the best available impetus to improved productivity and efficiency gains for the transport sector and the Australian economy more generally.

Shipping and environmental protection

In 2006–07 the Department worked to assist the Australian Government to finalise the development of Australian legislation to give effect to the following international conventions associated with shipping:

- International Convention for the Prevention of Pollution from Ships (Annex VI), which sets limits on sulphur and nitrogen oxide in ship exhausts and prohibits deliberate emission of ozone-depleting substances;
- Harmful Anti-fouling Systems on Ships Convention, which prohibits the use of environmentally harmful anti-fouling systems on ships entering Australian ports from 1 January 2008; and
- Revised Annex I (prevention of pollution by oil) and Revised Annex II (prevention of pollution by noxious liquid substances) to the International Convention for the Prevention of Pollution from Ships.

The development of Australian legislation to give effect to two other international shipping conventions was also taken forward:

- the Bunkers Convention, which makes ship owners liable for oil spill damages when oil is carried as fuel in a ship's bunker; and
- the Protocol of 2003 to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage 1992 (the Supplementary Fund).

To inform and develop Australia's participation in international efforts to reduce the environmental impacts of maritime transport, and improve maritime safety, the Department:

- worked with industry and government stakeholders to help develop an Australian position on international maritime conventions and instruments including the Harmful and Noxious Substances Convention, the Torremolinos Protocol on the safety of fishing vessels, and the Standards of Training, Certification and Watch keeping—Fishing for fishing crews Convention; and
- participated in relevant IMO meetings, including two sessions of the Legal Committee, three sessions of the International Oil Pollution Compensation Fund, one session of the Marine Environment Protection Committee and one session of the Bulk Liquids and Gases Subcommittee.

Australia contributed to management of marine pests and ballast water issues by participating in the National Introduced Marine Pests Coordination Group and its working groups, and the group overseeing the implementation of the National Ballast Water Management Arrangements.



Exposure to environmental impacts from maritime and land transport operations is reduced (continued)

The Department also continued to oversight the operations of the Australian Maritime Safety Authority, which is responsible for administering Australian Government maritime safety and environmental regulation.

Motor vehicles and environmental protection

In 2006-07 environmental impacts of motor vehicles were reduced in conjunction with other agencies by:

- upgrading the emissions standards for heavy vehicles to bring them into line with international best practice; and
- promoting the Green Vehicle Guide website, <www.greenvehicleguide.gov.au> There have been more than 470,000 visits to the site since its launch in 2004.

From the commencement of new fuel tax credit arrangements on 1 July 2006, the Department assisted the Australian Taxation Office to implement the arrangements, and responded to enquiries from heavy vehicle operators seeking to understand their obligations under the environmental criteria which affect eligibility for the credit. A set of guidelines, published in hard copy is also available online at <www.dotars.gov.au/roads/environment/fuel_tax_credit/index.aspx>. Industry feedback indicates that the environmental criteria are reasonable and the maintenance requirements they include are consistent with good practice.

In response to a report provided in 2006-07 by the Department and other agencies, COAG requested the development of a detailed package of measures to improve vehicle fuel efficiency and reduce greenhouse gas emissions from vehicles, consistent with international best practice. The Department will work with state and territory environment, transport and industry officials to develop the package in 2007-08.

PURCHASER-PROVIDER ARRANGEMENTS - OUTPUT 1.4.1 PROGRAMMES

The Department has a purchaser-provider arrangement with Tasmania Assistance Services - Centrelink. A memorandum of understanding (MOU) between Centrelink and the Department was signed on 30 August 2002, and will conclude on 30 June 2008. Centrelink administers, on behalf of the Department, the Bass Strait Passenger Vehicle Equalisation Scheme, the Tasmanian Freight Equalisation Scheme, and the Tasmanian Wheat Freight Scheme. Each scheme operates under Ministerial Directions approved by the Minister for Local Government, Territories and Roads.

Under the current arrangements, Centrelink reports to the Department against an agreed set of Key Performance Indicators on a monthly basis. Centrelink lies within the Human Services portfolio. Centrelink, therefore, also reports on its outcomes and output structure, providing a full set of financial statements within the Portfolio Budget Statements (PBS) for the Family and Community Services portfolio. In 2006-07 Centrelink received \$0.89 million to administer the Tasmanian schemes, and agreed performance indicators were met.

ADMINISTERED PROGRAMMES—OUTPUT 1.4.1—MARITIME AND LAND TRANSPORT

Output 1.4.1 also encompasses Australia's annual contributions to the International Maritime Organization (IMO) and to the Organisation for Economic Cooperation and Development (OECD) in relation to road transport. The performance information for these programmes is presented in the consolidated report on contributions to international organisations, in Table 3.47.

Table 3.30 Summary of performance—Bass Strait Passenger Vehicle Equalisation Scheme

PBS/PAES performance indicators	Results
Effectiveness	
<i>The cost of sea travel across Bass Strait is alleviated for passengers accompanying a vehicle</i>	<p>This scheme continued to lessen the cost of seagoing travel for eligible passengers by reducing the cost disadvantage associated with transporting passenger vehicles across Bass Strait.</p> <p>The rebate payable for each crossing depends on the vehicle type. In 2006–07 rebates ranged from \$21 for a bicycle to \$300 for a motor home or a vehicle towing a caravan; up to \$150 was payable for cars.</p>
Quality	
<i>Eligible passengers receive a rebate on their fare within 30 working days of submitting a claim</i>	<p>The rebate was provided as a reduction in the fare charged by ferry operators 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:</p> <ul style="list-style-type: none"> • are unable to travel by sea because of a disability; or • are travelling between Melbourne and King Island, as the ferry operator on this route carries vehicles only. <p>The ferry operator is reimbursed for the total rebate provided to eligible passengers. In 2006–07 the major recipient continued to be TT-Line, which operates the passenger ferries between Devonport and Melbourne.</p> <p>All claims were paid within seven days of receipt from the service operators^a. On average it took three days to process claims.</p>
Cost	
<i>\$32.0 million</i>	<p>In 2006–07 a fall in the number of passengers travelling by sea saw the actual cost of the scheme fall, from \$31.1 million in 2005–06 to \$28.4 million in 2006–07.</p> <p>This is a demand-driven programme. Costs vary with the number and mix of vehicles shipped across Bass Strait. Sea travel has continued to decline, with growth between Tasmania and the mainland being focused on air travel.</p>
Overall performance	✓✓✓

^a Claims are processed by Centrelink's Hobart office under a purchaser–provider arrangement with the Department (refer page 124).

Table 3.31 Summary of performance—Interstate Road Transport Fees

PBS/PAES performance indicators	Results
Effectiveness	
<i>The Interstate Road Transport Fees programme establishes a registration scheme that provides a viable alternative to State and Territory based registration schemes for heavy vehicles^a</i>	<p>Under this programme, the Department receives registration revenue from states and territories for vehicles registered under the Federal Interstate Registration Scheme (FIRS), and redistributes that revenue to states and territories under an agreed formula.</p> <p>The Australian Government established FIRS in 1987 as an alternative to state-based registration for heavy vehicles weighing 4.5 tonnes or more, to provide uniform charges and operating conditions for heavy vehicles engaged solely in interstate operations.</p> <p>In 2006–07 around 3 per cent of Australia's heavy vehicles—approximately 10,000 vehicles and 11,000 trailers—were registered through the scheme.</p> <p>In December 2006 the Australian Government completed a review of the future of FIRS, in line with its commitments under the AusLink bilateral agreements. The government decided to retain the scheme.</p>
Quality	
<i>Fees are collected and dispersed to States and Territories in an efficient manner that meets audit requirements in line with an agreed formula based on meeting the cost of damage to roads caused by heavy vehicles^a</i>	<p>As noted above, revenue from FIRS registration charges is collected by state and territory authorities, paid to the Australian Government and subsequently redistributed to all states and territories, based on an agreed formula designed to meet the costs of damage to roads caused by FIRS-registered heavy vehicles (see Figure 3.4).</p>
Cost	
\$52.0 million	<p>The actual cost of the programme in 2006–07 was \$50.7 million.</p> <p>This is an activity-driven programme. Expenses are based on fees collected from heavy vehicles and trailers registered by state and territory registration authorities which are then dispersed back to state and territories based on an agreed formula.</p>
Overall performance	✓✓✓

a Performance indicator modified in the 2007–08 PBS.

Figure 3.4 Distribution of interstate road transport fees in 2006–07

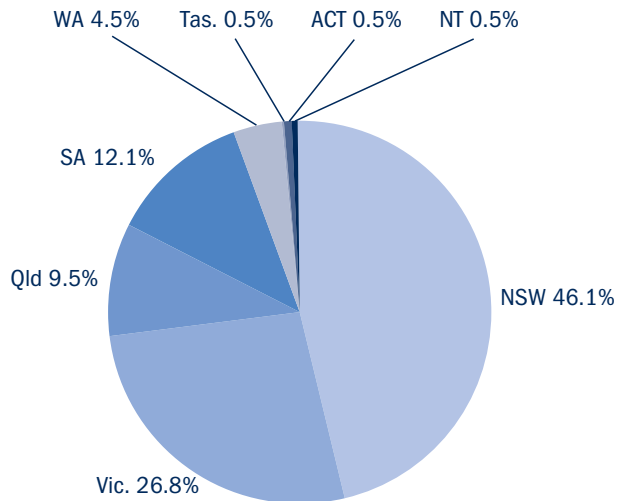


Table 3.32 Summary of performance—National Transport Commission (NTC)

PBS/PAES performance indicators	Results
Effectiveness	
<i>The NTC is able to assist governments to increase transport productivity and sustainability through consistent and effective road and rail regulation</i>	<p>The Department delivers the Australian Government’s funding contribution to the National Transport Commission (NTC)—the independent statutory body that advises Australian transport ministers on regulatory and operational reforms for road, rail and intermodal transport, with a particular focus on productivity, safety, efficiency and sustainability. The NTC is established under the <i>National Transport Commission Act 2003</i>. The Australian Government contributes 35 per cent of the NTC’s annual operating budget.</p> <p>The NTC collaborated with all governments, industry bodies, regulators and police during the year to develop practical national solutions and monitor their implementation. Among other outputs, it delivered:</p> <ul style="list-style-type: none"> · major safety reform, through new national heavy vehicle driver fatigue rules developed over several years with extensive stakeholder consultation; · development of the Australian Dangerous Goods Code Seventh Edition, which aligns with international best practice and was approved by the Australian Transport Council (ATC);

Table 3.32 continued.

PBS/PAES performance indicators	Results
<p><i>The NTC is able to assist governments to increase transport productivity and sustainability through consistent and effective road and rail regulation (continued)</i></p>	<ul style="list-style-type: none"> · development and implementation of the Australian Road Rules Amendment Regulations 2007; and · completion of: <ul style="list-style-type: none"> - a five-year effectiveness review of the Australian Road Rules; - an evaluation of the implementation of the vehicle standards; and - reviews of the National Heavy Vehicle Registration Scheme, the National Driver Licensing Scheme, and regulations covering loading, oversize and over-mass vehicles and restricted-access vehicles. <p>The NTC also contributed to increased productivity and efficiency reforms through the ATC. These included the agreement to develop an initial B-triple network; agreement to adopt more general use of quad-axle groups in semi-trailers and B-doubles; approval for higher weights for twin-steer trucks with semi-trailers; and approval of a 500 kilogram mass increase on single-steer vehicles that meet tougher environmental and safety standards.</p> <p>The NTC also further developed the initiative to introduce performance-based standards, ahead of a final vote on the policy by the ATC scheduled to occur in late 2007.</p> <p>More information about the NTC and its activities is available from the commission's website, <www.ntc.gov.au>.</p>
Quality	
<p><i>Payments are made in line with the Australian Government's obligations under the National Transport Commission Act 2003</i></p>	<p>In 2006-07 the NTC received the full amount payable, in quarterly instalments.</p>
Cost	
<p><i>\$2.6 million</i></p>	<p>The actual cost of the programme in 2006-07 was \$2.6 million, to meet the Australian Government's obligations under the Act. A separate payment of \$0.3 million was also made to the NTC in 2006-07 in accordance with the Australian Government's commitment under a memorandum of understanding between the ATC and the Code Management Company.</p>
Overall performance	✓✓✓

Table 3.33 Summary of performance—Oil Pollution Compensation Fund

PBS/PAES performance indicators	Results
Effectiveness	
<i>Compensation is available for the costs of an oil spill in the event that these costs exceed the tanker owner's ability to pay</i>	<p>The owners of oil tankers must take out insurance to cover the cost of any oil spill caused by their tankers. However, owners do not have unlimited liability. Their liability depends on the size of their tanker—the bigger the tanker, the larger the liability. The maximum liability is approximately \$160 million.</p> <p>Where the cost of compensation resulting from an oil spill exceeds the tanker owner's liability or the owner is unable to pay the costs for some other reason, compensation is payable from the International Oil Pollution Compensation (IOPC) Funds, if the damage occurs in a nation that is a member of the funds. The IOPC Funds are financed by industry levies collected by member nations.</p> <p>Total compensation of up to approximately \$360 million may be payable by the tanker owner and 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 has ever exceeded the tanker owner's liability/ability to pay.</p>
Quality	
<i>All persons (including oil companies) that receive more than 150,000 tonnes of crude or heavy oil by sea make contributions to the International Oil Pollution Compensation Fund</i>	<p>In 2006–07 the Department collected levies from all entities that receive more than 150,000 tonnes of crude or heavy fuel oil by sea in a calendar year, based on the expected costs of compensation and overheads of the funds in the coming year.</p> <p>Eight companies—Alcan Gove Pty Ltd, BHP Billiton Ltd, BHP Billiton Petroleum Ltd, BP Australia Ltd, Caltex Australia Pty Ltd, Mobil Oil Australia Ltd, Queensland Nickel Pty Ltd and the Shell Company of Australia Ltd—were contributors to the fund.</p>
<i>Payments are passed on to the Fund in line with Australia's obligations under the International Convention for the Establishment of an International Fund for Compensation for Oil Pollution Damage</i>	<p>Payments to the IOPC Fund, which relate to the quantities of oil received by the oil companies, were delivered in line with Australia's obligations as a party to the IOPC Fund Convention.</p>

Table 3.33 continued.

PBS/PAES performance indicators	Results
Cost	
\$2.0 million	<p>In 2006–07 the Department reported payments totalling \$268,000 in relation to the IOPC Funds. This comprised:</p> <ul style="list-style-type: none"> transfers to the IOPC Funds of levies received from oil companies (\$233,000); and transfers from the IOPC Funds to oil companies, refunding excess levy imposed by the Funds in previous years (\$35,000). <p>The underspend was due to a low level of major oil pollution incidents.</p>
Overall performance	✓✓✓

Table 3.34 Summary of performance—Payments to the Maritime Industry Finance Company Limited (MIFCo)

PBS/PAES performance indicators	Results
Effectiveness	
<i>MIFCo is able to meet its financial obligations in respect of loans to facilitate waterfront reform</i>	<p>The Maritime Industry Finance Company (MIFCo), a wholly government-owned Australian Government company, was established in 1998 to make redundancy-related payments in support of waterfront reforms. The company:</p> <ul style="list-style-type: none"> provided funding for 1,487 redundancies, finalising all redundancy claims in 2000–01; and funded its obligations through a government-guaranteed loan of \$220 million. <p>The Department provided MIFCo with the proceeds of a levy implemented to recover the cost of MIFCo's activities from the stevedoring industry.</p> <p>The government approved the early repayment of the MIFCo borrowings, with MIFCo finalising the loan agreement on 17 July 2006. The company was placed into voluntary liquidation in November 2006. The liquidation process is expected to be completed in 2007–08.</p>
Quality	
<i>Payments are made in line with the Australian Government's obligations</i>	<p>The collection of a levy from industry to cover the cost of MIFCo loan repayments under the <i>Stevedoring Levy (Collection) Act 1998</i> ceased in 2005–06. Levy revenue totalling \$250.7 million was passed on to MIFCo.</p> <p>In 2006–07 regulations commenced specifying the process for the return of the excess levy revenue.</p>

PBS/PAES performance indicators	Results
Cost	
\$1.7 million	The actual cost of the programme in 2006–07 was \$1.7 million, of which \$1.5 million was returned to industry and \$0.2 million was paid in administration costs.
Overall performance	✓✓✓

Table 3.35 Summary of performance—Tasmanian Freight Equalisation Scheme

PBS/PAES performance indicators	Results
Effectiveness	
<i>Costs are alleviated for businesses shipping containers of goods from Tasmania to the mainland for use or sale, or to Tasmania as an input to a production process^a</i>	<p>The Tasmanian Freight Equalisation Scheme, which is administered by the Department, provides rebates to shippers based on the cost of shipping a standard 20-foot container between northern Tasmania and Victoria, less the cost of sending it the same distance (420 kilometres) by road.</p> <p>The rebate of up to \$855 per container cannot exceed the actual freight bill paid by the shipper.</p> <p>In total, 7,046 claims were paid and 1,420 shippers were assisted in 2006–07.</p> <p>The scheme was reviewed by the Productivity Commission during 2006–07. In its response to the inquiry's findings, on 21 June 2007 the Australian Government announced that significant reforms to both the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme would be implemented from 1 July 2008.</p>
Quality	
<i>95 per cent of claims from eligible shippers are processed within 30 days^a</i>	100 per cent of claims were processed within 30 days (and more than 94 per cent of claims were processed within 15 days) in 2006–07 ^b .
Location	
<i>Bass Strait</i>	The programme applied to freight crossing Bass Strait.
Cost	
\$97.0 million	<p>A decrease in the number of claims saw the cost of the scheme fall, from \$92.3 million in 2005–06 to \$89.6 million in 2006–07. The scheme is expected to cost in the order of \$97.0 million in 2007–08.</p> <p>The scheme is demand driven. Expenses are determined by eligible claims being lodged by shippers.</p>
Overall performance	✓✓✓

a Performance indicator modified in the 2007–08 PBS.

b Claims are processed by Centrelink's Hobart office under a purchaser-provider arrangement with the Department (refer page 124).

Table 3.36 Summary of performance—Tasmanian Wheat Freight Scheme

PBS/PAES performance indicators	Results
Effectiveness	
<i>Costs are alleviated for businesses shipping bulk wheat to Tasmania</i>	<p>In 2006–07, the Tasmanian Wheat Freight Scheme, which is administered by the Department, provided assistance for shippers collectively moving more than 42,887 tonnes of bulk wheat shipments across Bass Strait. The value of the rebate was capped at \$20.65 per tonne in 2006–07.</p> <p>The scheme was reviewed by the Productivity Commission during 2006–07. In its response to the inquiry's findings, on 21 June 2007 the Australian Government announced that significant reforms to both the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme would be implemented from 1 July 2008.</p>
Quality	
<i>95 per cent of claims from eligible shippers are processed within 30 days^a</i>	100 per cent of claims were processed within 30 days ^b .
Location	
<i>Bass Strait</i>	The programme applied to freight crossing Bass Strait.
Cost	
<i>\$1.1 million</i>	<p>Demand for the programme increased in 2006–07, with bulk wheat shipments recommencing in 2006 and continuing into early 2007. The actual cost of the programme in 2006–07 was \$0.6 million. The programme remains capped at \$1.05 million for 2007–08.</p> <p>This is a demand-driven programme. Expenses are determined by eligible claims being lodged by shippers</p>
Overall performance	✓✓✓

a Performance indicator modified in the 2007–08 PBS.

b Claims are processed by Centrelink's Hobart office under a purchaser-provider arrangement with the Department (refer page 124).

OUTLOOK—OUTPUT 1.4.1—MARITIME AND LAND TRANSPORT

For 2007–08, key challenges for Output 1.4.1 include:

- progressing the COAG road pricing reform work, encompassing a new heavy vehicle pricing determination and the delivery of the research programme identified in COAG's April 2007 Road Reform Plan;
- progressing the COAG productivity reform agenda announced in February 2006;
- implementing the reforms to the Tasmanian freight schemes agreed to by the Australian Government in 2006–07; and
- progressing the enactment of domestic legislation arising from ongoing international maritime safety and environmental negotiations through the IMO, and from the Australian Government's decision to reform Part X of the Trade Practices Act.

OUTPUT 1.4.2—AVIATION AND AIRPORTS

Highlights

The regulatory environment for decisions on classification of airspace was reformed in 2006–07, with the passage of the *Airspace Act 2007*. The Act transfers responsibility for airspace regulation from Airservices Australia to the Civil Aviation Safety Authority (CASA). It also provides for clearer guidance about directions for airspace policy, through an Australian Airspace Policy Statement.

CASA took up its new role as Australia's airspace regulator on 1 July 2007.

OVERVIEW—OUTPUT 1.4.2—AVIATION AND AIRPORTS

Output 1.4.2 is delivered by the Aviation and Airports business division.

The Department's responsibilities under Output 1.4.2 include:

- fostering a competitive, sustainable and safe aviation sector through appropriate policy development, regulation and programme delivery;
- advising the Minister for Transport and Regional Services, including on the efficient management of Australian airspace and aircraft noise and emissions;
- working closely with portfolio agencies—the Civil Aviation Safety Authority (CASA), Airservices Australia and the International Air Services Commission (IASC)—and other government agencies;
- representing Australia's interests in international regulatory forums, such as the International Civil Aviation Organization (ICAO); and
- administering the government's interests in privatised airports under the *Airports Act 1996* (Airports Act)

The output includes six administered programmes:

- Airport Lessee Companies—reimbursement of parking fines;
- Compensation for the sale of airport land;
- Implementation of noise amelioration (Adelaide Airport and Sydney Airport);
- International Civil Aviation Organization—contribution (refer page 161);
- Payment Scheme for Airservices Australia's en route charges; and
- Sydney West Airport—rental properties.

Table 3.37 summarises the output's performance in 2006–07.

Did you know?

The Australian aviation industry is experiencing record traffic levels with 44.26 million domestic passengers and 21.48 million international passengers being carried in 2006. Domestic passenger numbers have increased by 30.3 per cent and international passenger numbers have increased by 35.5 per cent compared to the respective volumes in 2000, the year prior to the collapse of Ansett Australia.

SUMMARY OF PERFORMANCE—OUTPUT 1.4.2—AVIATION AND AIRPORTS

Table 3.37 Summary of performance—Output 1.4.2

PBS/PAES performance indicators	Results
Effectiveness	
<i>Industry operates in a robust and stable regulatory environment</i>	<p>The Department participated in a number of international regulatory forums to ensure that Australia's interests were actively represented. It also took part in Australian Government projects to assist Australia's near neighbours to improve the effectiveness of their air transport regulation, including a safety assistance package that will be made available in 2007–08 to support Indonesia in addressing transport safety challenges.</p> <p>The Department continued to support the Minister for Transport and Regional Services in his strategic oversight of the Civil Aviation Safety Authority (CASA) and Airservices Australia.</p>
<i>Businesses and consumers have access to competitive international and domestic air services</i>	<p>Air services agreements were negotiated with nine countries, including an agreement with the United Kingdom, Australia's largest European market for air services. The agreement allows for airlines to provide unlimited services between Australia and the United Kingdom, up from the 28 services per week that were previously allowed.</p> <p>There was continued growth in passenger movements. Despite high fuel costs, Australia's major domestic and regional airlines remained profitable. Growth in passenger numbers travelling to and from regional Australia was particularly strong. The Department continued to support access to air services in regional Australia through targeted subsidies for en route air traffic control charges. This programme has been extended for a further four years from 1 July 2007.</p>
<i>Airspace is managed efficiently within international standards</i>	<p>The regulatory environment for decisions on classifications of airspace was reformed with the passage of the <i>Airspace Act 2007</i>, which transferred the airspace regulatory function from Airservices Australia to CASA on 1 July 2007. The Australian Airspace Policy Statement, which sets the direction for airspace policy, also came into effect, on 2 July 2007.</p>
<i>Australian Government investments in transport infrastructure are managed responsibly</i>	<p>The Department administered the Australian Government's interests in the operation and management of the 22 privatised airports. The regulatory environment for development approvals on leased federal airports was improved, with new guidelines for public consultation issued and amendments passed to strengthen the <i>Airports Act 1996</i>.</p> <p>The Department also took the lead role in implementing the Productivity Commission's Review of Price Regulation of Airport Services. The revised regulatory regime for pricing airport services at the major airports commenced on 1 July 2007.</p>

PBS/PAES performance indicators	Results
<i>Community exposure to aircraft noise is minimised with attention to the needs of specific communities</i>	The Department actively participated in international forums which address the problems of aircraft noise and aviation emissions. The Department also continued to support the Sydney Airport Community Forum and to further refine aircraft noise software that helps airports and communities work together to explore options for managing aircraft noise.
Price	
\$27.1 million	The actual price of this output in 2006–07 was \$28.7 million.
Overall performance	✓✓✓

DETAILED REPORT ON PERFORMANCE—OUTPUT 1.4.2—AVIATION AND AIRPORTS

Effectiveness indicators—Output 1.4.2

Industry operates in a robust and stable regulatory environment

International aviation environment

The Department contributes to the international regulatory environment for air transport in three ways:

- ensuring that Australia is actively and effectively represented in international regulatory forums, particularly the ICAO;
- supporting the efforts of governments in our region to improve the effectiveness of their regulatory regimes; and
- reducing regulatory obstacles to secure Australia's position in international markets, without compromising Australian safety standards.

Cooperation

In 2006–07 the Department continued to ensure Australia was an effective participant in the development of international air transport regulation, including by:

- coordinating the whole-of-government response to international regulatory issues in aviation;
- providing a permanent presence in Montreal, Canada, to represent Australia on the ICAO Council and the ICAO Air Navigation Commission;
- representing Australia on the Council of the Pacific Aviation Safety Office, and providing practical assistance to the office; and
- coordinating the Asia Pacific Consultative Link online discussion forum.

Industry operates in a robust and stable regulatory environment (continued)

Assistance

The Department also took part in Australian Government projects to assist Australia's near neighbours to improve the effectiveness of their air transport regulation. This included providing administrative assistance to Papua New Guinea's Civil Aviation Authority, through the Australian Government's Enhanced Cooperation Programme.

Following a series of air crashes in Indonesia, the Australian Government announced on 6 May 2007 that it would provide \$24 million over three years for a package of training and technical assistance to support Indonesia in addressing significant transport safety challenges.

Markets

Significant progress was made towards streamlining regulatory approval processes for members of Australia's aviation industry who wish to participate in international markets, through:

- the finalisation of the executive agreement and implementation procedures for airworthiness under the Bilateral Aviation Safety Agreement with the United States, which entered into force on 28 November 2006; and
- the signing of arrangements and making of regulations to bring the *Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand) Act 2006* into effect on 30 March 2007.

Australian aviation safety regulation

The Department continued to work closely with CASA to improve the safety of the aviation sector, and provided policy advice to the Minister for Transport and Regional Services on his strategic oversight of CASA and Airservices Australia.

The Department also continued to administer aviation regulations and programmes to support the Australian aviation industry, as summarised in Table 3.38.

Table 3.38 Trends in aviation and airports

	2003-04	2004-05	2005-06	2006-07	2007-08 estimate
Price of output	n/a	\$21.8m	\$27.2m	\$28.7m	\$36.9m
Activity regulated under the <i>Air Navigation Act 1920</i>					
Aircraft noise permits issued	25	48	31	28	35
Activity regulated under the <i>Airports Act 1996</i>					
Airport master plans approved	3	13	2	1	No target
Variations to master plans approved	1	0	1	1	No target

	2003–04	2004–05	2005–06	2006–07	2007–08 estimate
Airport environment strategies approved	Not reported	18	1	0	No target
Major development plans approved	5	7	5	9	No target
Major development plans not approved	0	0	0	1	No target
Variations to major development plans	2	1	2	0	No target
Decisions made on development proposals infringing on federal airspace	27	18	34	36	No target
Administered programmes					
Payments to airport lessees					
· Parking fines	\$1.5m	\$1.7m	\$0.9m	\$1.6m	\$1.5m
· Sale of airport land	0	0	0	0	\$9.8m
· Land acquisition	0	\$3.4m	0	0	0
Payments for Airservices Australia's en route charges					
· Operators supported	43	41	35	31	31
· Cost of programme	\$4.3m	\$4.7m	\$6.0m	\$6.0m	\$6.0m
Cost of other programmes administered, including contribution to ICAO and airport noise programmes	\$42.1m	\$18.6m	\$16.8m	\$7.4m	\$5.6m
Total cost of administered programmes	\$56.2m	\$35.6m	\$23.7m	\$15.0m	\$23.9m

Review of aviation regulation

An Aviation Regulation Review Task Force, was established in April 2007 by the Minister for Transport and Regional Services. The task force was created in response to concerns that CASA's regulatory reform programme was taking too long, and that aviation regulations were too prescriptive and were not obtaining the best safety and lowest cost outcome for the industry.

With a reporting deadline of December 2007, the task force has been asked to:

- provide advice to the government to assist in setting key directions and priorities for aviation safety regulatory reform for the next five years; and
- explore options and identify solutions for completing the CASA Regulatory Review Programme within realistic timeframes.

Industry operates in a robust and stable regulatory environment (continued)

Changes to the regulatory regime

The Department also played a significant role in:

- preparations for the introduction of drug and alcohol programmes in the aviation sector—under an initiative announced in the 2007–08 Budget, companies will be required to have drug and alcohol programmes in place for safety-sensitive staff, and CASA will carry out its own testing programme;
- increased industry surveillance by CASA—the government will provide CASA with an extra \$12.8 million from 2007–08 to increase the authority's ability to work with airlines to develop their safety management systems and to carry out more inspections and audits; and
- the review and introduction of new fees for CASA regulatory services, as part of the broader move towards appropriate cost recovery.

General Aviation Action Agenda

The Australian Government announced on 14 September 2006 that an Industry Action Agenda would be established for the General Aviation industry. Action Agendas are a central element of the government's industry strategy. Their focus is to foster industry leadership, develop strategies for growth, agree on priorities and make commitments to change.

The Strategic Industry Leaders Group which is developing the Action Agenda was appointed by the Minister for Transport and Regional Services with representatives from key segments of the industry, including pilot training, charter operations, recreational aviators, airport operators and maintenance providers. The Group has consulted widely across the industry in developing its report, which is expected to be provided to the Australian Government in the first half of 2008.

Review of aviation rescue and firefighting services

Following discussions with industry that commenced in 2005–06, the Australian Government is considering recommendations on the policy and regulatory framework underpinning the provision of aviation rescue and firefighting (ARFF) services in Australia. In particular, the changes being considered include examining the criteria for the establishment of ARFF services and options for introducing contestability in the provision of these services.

Businesses and consumers have access to competitive international and domestic air services

International air services

The Bureau of Transport and Regional Economics reported a total of 21.48 million international passenger movements on international flights to and from Australia in 2006. This total represents a 3 per cent increase since 2005, and consolidates the considerable growth in passenger movements which has occurred since 2003.

Air services agreements with other nations

A breakthrough in Australia's international air services access was achieved when a new air services agreement with the United Kingdom was negotiated during 2006–07. The agreement was initialled on 7 July 2006, with the negotiations for the formal treaty continuing through 2006 and into 2007. The agreement allows for unlimited services between Australia and the United Kingdom, and was the first increase in the number of services since 1996, when 28 services per week were allowed.

The United Kingdom is Australia's largest European market for air services, and Heathrow Airport, London, is a significant hub for travel to and from the European mainland. Securing this access has been an important part of ensuring that Australian airlines are competitive and well placed to plan their future European operations.

Air services talks were held with the United Arab Emirates (UAE) and Qatar aeronautical authorities. Agreement was reached with the UAE on a comprehensive, five-year approach to increase capacity for services between Australia and the UAE, which represents a doubling of services for the carriers of both countries. Agreement was reached with Qatar for the commencement of up to 14 services per week for the airlines of both countries.

Air services agreements were also negotiated with the aeronautical authorities of Brunei, Croatia, Hungary, Spain, Sri Lanka and Turkey.

Aviation coverage by the World Trade Organization

On behalf of the government, the Department led efforts to expand the coverage of air transport arrangements by the World Trade Organization (WTO) during 2006–07, including by resuming the chair of the Friends of Air Transport Services, a grouping within the WTO.

Although most aspects of air services are effectively excluded from the WTO, Australia was instrumental in seeking to lock in the benefits of global liberalisation in the ground handling and airport operations sectors by having them included in the General Agreement on Trade in Services, the multilateral treaty establishing the framework for trade in the services sector.

International airline timetable and licence approvals

In accordance with the requirements of the *Air Navigation Act 1920* and its regulations, the Department continued to regulate scheduled international air services in 2006–07. It approved 241 timetables for international airlines operating passenger or freight operations either in their own right or on a code share basis, and approved 176 timetable variations.

Five airline licences were issued, three airline licences were reissued and 11 permissions for charter programmes were approved by the Department during the year.

Domestic air services

The Australian Government has pursued a policy of commercial deregulation of airline operators. While the Department, through CASA, strictly enforces safety regulations, airlines are free to make decisions which relate to commercial operations. The Department continued to provide policy advice regarding this framework during 2006–07.

Businesses and consumers have access to competitive international and domestic air services (continued)

More than 44 million passengers were carried on Australian domestic airlines (including all regional airline operations) in the year ending December 2006, an increase of 6.4 per cent on the total for the year ending December 2005. The industry is operating at record levels, with passenger numbers for each month of 2006 higher than the numbers recorded in the corresponding month of any previous year. Passenger numbers are now well ahead of the 34 million carried in 2000–01, prior to the collapse of Ansett.

The growth in regional aviation was particularly strong: more than 5 million passengers were carried on regional routes in 2006, which represents an 8.2 per cent increase since 2005.

In recognition of the particular challenges facing regional aviation, the Australian Government continued to subsidise smaller airlines through a scheme that reimburses airlines for the cost of Airservices Australia's en route air traffic control charges for regular public transport and aeromedical aircraft of less than 15 tonnes take-off weight. The payment scheme for Airservices Australia's en route charges was extended by four years in the 2007–08 Budget.

Further, New South Wales regional aviation services into and out of Sydney Airport were protected through the regional 'ring fence' pricing arrangement under the *Sydney Airport Demand Management Act 1997* and price notification arrangements with the Australian Competition and Consumer Commission.

Airspace is managed efficiently within international standards

The new airspace regulatory environment

The Department provides policy advice to the Minister on the safe and efficient management of Australian airspace. In September 2006, the Australian Government announced a range of policy reforms concerning the management of Australia's airspace, to be in place by 1 July 2007. The reforms included the:

- transfer of the airspace regulatory function from Airservices Australia to an Office of Airspace Regulation, to be established within CASA;
- development of an Australian airspace policy statement to provide guidance to CASA in administering and regulating airspace;
- setting out of robust and transparent processes to be followed in airspace decision making;
- development of a common risk management framework to assist agencies in ensuring risks and mitigation strategies are identified when changes are considered; and
- reiteration of the government's support for the reform objectives of the National Airspace System (NAS).

The new airspace regulatory arrangements—encompassed in the *Airspace Act 2007*, the *Airspace Regulations 2007* and the Australian Airspace Policy Statement, together with consequential changes to other legislation—come into force from 1 July 2007.

Transfer of the airspace regulatory function

The decision to transfer the airspace regulatory function from Airservices Australia to CASA from 1 July 2007 was taken after careful consideration of industry views, especially of the need to demonstrate the independence of the safety regulator. Within CASA, the regulatory function will be performed by the Office of Airspace Regulation from 1 July 2007.

Development of the Australian Airspace Policy Statement

The Australian Airspace Policy Statement was approved by the Minister following work by the Department in consultation with Airservices Australia, CASA, the Department of Defence and the aviation industry.

The statement provides guidance to airspace users, regulators and service providers on how airspace will be administered as a national resource. It is designed to meet Australia's commitment to world-leading standards in airspace administration, including Australia's obligations as a member of ICAO and commitment to the objectives of the NAS. It also identifies key policy development objectives for CASA to pursue, including assessment of a number of NAS characteristics as well as some key safety issues.

The policy statement comes into effect on 2 July 2007. The first edition of the policy statement will be reviewed, with further industry input, within the first 12 months.

Implementation of the National Airspace System

In May 2002, the Australian Government introduced the NAS policy in order to build more flexibility and efficiency into Australian airspace operating procedures, while maintaining a high level of safety. The system, which has been successfully operating in the United States for the past 40 years, is being adapted for Australian conditions for a phased-in implementation.

A post-implementation review of the new operating procedures at non-towered aerodromes was completed during 2006–07. These procedures were implemented in November 2005 under Stage 2c of the NAS. The review was conducted by independent consultants engaged by the Department, following discussions with a wide cross-section of the industry and government agencies.

Based on a full year of operations under the new procedures, the consultants concluded that the procedures had a good safety record, but recommended a series of changes to maintain and improve that record. Changes to the procedures will be pursued with industry, through CASA's notice of proposed rule making process.

Coordination of aviation policy

To ensure that airspace policy, and aviation policy generally, was developed in a coordinated and consultative manner, officials from the four Australian Government agencies involved in aviation policy, regulation and service provision—the Department, Airservices Australia, CASA and the Royal Australian Air Force—met regularly in 2006–07.

Airspace is managed efficiently within international standards (continued)

The Aviation Policy Group (APG) continued to provide a forum to build better working relationships; develop strategic directions for aviation, including airspace policy; and coordinate action across the four agencies. The APG collectively addresses broad aviation policy issues, while each agency retains individual authority and accountability for its own functions.

The members of the APG are the Secretary of DOTARS (Chair), the Chief Executive Officer of Airservices Australia, the Chief Executive Officer of CASA and the Chief of Air Force.

The Aviation Implementation Group was responsible for carrying forward work identified by the APG, identifying problems and issues for the APG, and dealing with the detail of aviation issues. The group's members are senior officers from the Department (which chairs the group) and the other three agencies.

DOTARS continued to work closely with the Department of Defence to ensure a collaborative approach to airspace policies, including flexible use of airspace for both civilian and military applications. To achieve this close collaboration and to foster better communication, senior officers from Defence were located in the Department.

Australian Government investments in transport infrastructure are managed responsibly

Regulatory framework for airport management

In 2006–07 the Department contributed to significant reviews of, and changes to, aspects of the regulatory framework for airport management, including amendments to the Airports Act, a departmental review of the airport environmental protection regime, and a Productivity Commission review of the regulatory approach for pricing of airport services.

Amendment of the Airports Act

On 30 November 2006 the government introduced the Airports Amendment Bill 2006 into the House of Representatives to amend the Airports Act to:

- make various changes to airport land use, planning and building controls and environment management provisions at Australia's 22 leased federal airports;
- implement a number of recommendations arising from a Senate committee inquiry into the Brisbane Airport master plan;
- align planning arrangements for Canberra Airport with those of the other federal airports; and
- provide for greater flexibility for future updates of some day-to-day on-airport activities.

In preparing the Bill consideration was given to the 61 submissions provided as part of the 2002–03 review of the Airports Act conducted by the Department. The Bill also implemented the government's response to the Senate Standing Committee on Rural and Regional Affairs and Transport Committee's June 2000 report, *Inquiry into the development of the Brisbane Airport Corporation Master Plan*.

The Bill was referred to the Senate Standing Committee on Rural and Regional Affairs and Transport for consideration. The committee received 73 written submissions and held a public hearing on the inquiry, and released its report in February 2007.

The two key recommendations arising from that report, which were incorporated into the *Airports Amendment Act 2007*, require airport lessees to provide notice to relevant state and local government Ministers and organisations when key planning documents are released for public comment, and to provide the Minister for Transport and Regional Services with copies of all public submissions when lodging these documents for approval under the Airports Act.

The amendments to the Airports Act took effect from 13 May 2007. To complement the changes to the Airports Act, consultation guidelines were released by the Minister in December 2006 to provide for a systematic approach to effective public and stakeholder consultation in relation to airport development and environmental management at leased airports.

Review of the airport environment protection regulations

The objectives of the Airports (Environment Protection) Regulations 1997 are to establish a system of regulation and accountability for activities which generate pollution or excessive noise, and to promote the improvement of environmental management practices at the leased federal airport sites.

In 2006–07 the Department commenced a review of the environment regulations, in response to:

- the identification of areas for improvement in the environment regulations, based on their application in the assessment of major development plans and minor development proposals;
- advances in environmental science;
- the introduction of, and amendments to, the *Environment Protection and Biodiversity Conservation Act 1999*, and the revision of other environmental standards;
- the establishment of the National Environment Protection Council, and associated national environment protection measures; and
- changes in community and government expectations that have occurred since the regulations were introduced.

An initial report is being prepared to assess the content of the environment regulations, make recommendations on potential amendments and identify benchmark legislation in other countries. The review is also expected to include a legal assessment and refinement of the potential amendments, and a statement of the possible impacts of regulatory change.

Review of price regulatory approach for airport services

In March 2006 the Australian Government announced that it would examine the effectiveness of the light-handed regime for regulation of aeronautical prices at Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney airports. The Department took the lead role in developing the terms of reference for this major inquiry, which was undertaken by the Productivity Commission from April to December 2006.



Australian Government investments in transport infrastructure are managed responsibly (continued)

The Department provided a submission to the inquiry and developed advice on the Australian Government's response to the Productivity Commission's report.

In April 2007 the government announced its decision to continue monitoring aeronautical prices until 30 June 2013, under a modified approach, at Adelaide, Brisbane, Melbourne, Perth and Sydney airports, and to discontinue price monitoring at Canberra and Darwin airports. See the case study on page 145 for more information.

Management of federal airport leases

The Department is responsible for administering the Australian Government's interests in the operation and management of 22 privatised airports, under the Airports Act and associated regulations.

Between 1997 and 2003, 22 airports owned by the Australian Government were privatised. The rights to operate 21 of the airports were leased out for an initial period of 50 years with an option to renew for another 49 years. The exception is Hoxton Park Airport in Sydney: the lease for Hoxton Park Airport expires in 2008 with an option to extend to 2010, after which it converts to freehold title.

The Airports Act establishes a comprehensive framework for the regulation of the leased federal airports. The areas of regulatory control cover leasing and management; ownership and control of airport companies; land use planning and building controls; environmental management; protection of airspace; control of on-airport activities; pricing and quality of service; and access and demand management.

Appendix I provides quantitative information on the performance of airports in 2006–07.

Planning approvals

Under the Airports Act, a master plan and an airport environment strategy must be prepared for every airport except Mt Isa Airport and Tennant Creek Airport.

A master plan represents the airport lessee company's planning and development vision for the airport over a 20-year period. Every five years each airport is required to prepare a master plan, which must address specific matters outlined by the Airports Act. Each master plan must be approved by the Minister for Transport and Regional Services.

A major development plan is required for each 'major development' at an airport, as defined by section 89 of the Airports Act. Major developments include runways, buildings with construction costs above a specified threshold, and developments likely to have significant environmental or ecological impact.

In 2006–07 the Department provided assessments to the Minister on:

- one master plan;
- one minor variation to a master plan; and
- 10 major development plans.

CASE STUDY: THE NEW AIRPORT PRICING REGIME

In privatising Australia's major airports, the Australian Government recognised that some airports had significant market power which they could potentially use to inefficiently raise prices for their services above the levels that would prevail in a more contestable market. Accordingly, privatisation was accompanied by the introduction of price regulation at all capital city airports and some regional airports. Initially, a price capping regime was in force.

Since 2002, a light-handed price regulatory approach (i.e. price monitoring rather than price capping) has been applied. A light-handed approach has several purposes. It provides greater scope for the airports to price, invest and operate efficiently. It allows members of the community to scrutinise prices and market outcomes and provides evidence of unjustifiable price increases, should they occur. It also acts as a curb on the potential abuse of market power, and encourages negotiated pricing outcomes based on efficient costs and an adequate return on capital.

Towards the end of 2005, the Department conducted an internal review to inform the Australian Government on aspects of the light-handed approach that had worked effectively and areas that could be improved. In April 2006, the Productivity Commission was tasked with reviewing the price regulatory regime.

There were 80 public submissions and 11 presentations to the Productivity Commission's review. In its submission to the inquiry, the Department stated its conclusion that the light-handed approach had been successful but there was room for improvements: specifically, there should be a stronger deterrent against airports abusing their market power.

The Productivity Commission's report, *Review of Price Regulation of Airport Services*, was published in December 2006. The report supported the continuation of the light-handed approach with some reinforcement of the framework. The review findings were that some market constraints on the airports' natural monopoly powers had not been as strong as initially envisaged; some non-price terms and conditions were unsatisfactory; and commercial relationships between some airports and their airline customers were strained.

In response to the Productivity Commission's report, in April 2007 the Australian Government announced that the light-handed price monitoring regime would be continued at five major airports—Adelaide, Brisbane, Melbourne, Perth and Sydney—and modified and strengthened. Canberra and Darwin airports were removed from the price monitoring regime on the basis that they have low to moderate market power and their passenger numbers are lower than at some other airports that are not currently monitored. The government also noted that the new regime strongly encourages the airports and their customers to further develop commercial relationships while ensuring that regulatory oversight of airports with significant market power continues. The regime encourages parties to work together to secure access to airport services, without harming incentives for investment, innovation and productivity improvement. The government's response can be found on the Department's website, at <www.dotars.gov.au/aviation/airport/planning/airport_pricing.aspx>.



(Photo DOTARS)

Australian Government investments in transport infrastructure are managed responsibly (continued)

In February 2007, the Sydney Airport Corporation Ltd draft major development plan for a retail development in the south-south-east precinct of Sydney Airport was not approved because of the concern about the vulnerability of members of the public at the location in the event of loss of control of an aircraft on take-off or landing.

Table 3.38 (page 136) provides trend information on the numbers of master plans and airport environment strategies approved.

Lease compliance reviews

The Department is responsible for assessing the leased federal airports' level of compliance with the terms of their leases. This includes undertaking a rolling programme of annual lease reviews of all 22 leased airports.

Airport lease and sale agreements impose obligations on lessees in relation to the maintenance of a range of insurances. Airport insurance coverage is reviewed each year, taking into account the different renewal dates of policies at various airports. The Department conducts the annual reviews, with the assistance of a contracted insurance adviser.

Details of the airport lease review meetings held and the progress of insurance reviews in 2006–07 are provided in Appendix I.

A select tender process was conducted during 2006 to engage a new insurance adviser. The successful consultant was Jardine Lloyd Thompson. The consultancy commenced on 22 September 2006 and will continue until 21 September 2009, with the option for a one-year extension.

Environmental management and building control

Under the airport leases, the 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 activity at the airports that has an environmental impact.

The regulatory regime under the Airports Act advocates continuous improvement in environmental management, and requires each leased federal airport to implement an airport environment strategy in conjunction with its master plan. The airport lessee drafts the strategy after taking into account public comments, and submits it for approval by the Minister for Transport and Regional Services. The strategies are normally in force for five years from the date of approval by the Minister.

Airport environment officers are statutory office holders appointed by the Secretary of the Department to administer the Airports (Environment Protection) Regulations 1997. The airport building controller at each airport has responsibility for approving all building activities on the airport site.

Authorisations issued under the Airports (Environment Protection) Regulations 1997

The Department may authorise a lessee to undertake an action on an airport that may result in environmental emissions that exceed the levels mentioned in the schedules attached to the regulations. Such an authorisation may be provided only where the emissions will be no more damaging to the environment than if the levels in the schedules had been met. Authorisations are intended to provide for transitional arrangements while the applicant investigates and pursues methods of achieving compliance with the schedules. Details of the authorisations issued during 2006–07 are provided in Appendix I.

Monitoring of compliance with infrastructure investment obligations

Lessees for 10 leased federal airports—Adelaide, Alice Springs, Brisbane, Canberra, Gold Coast, Darwin, Hobart, Launceston, Melbourne and Perth—collectively committed to invest approximately \$700 million in aeronautical infrastructure over the first 10 years of their leases.

In 2006–07 the Department continued to monitor the progress of the 10 airports in meeting their infrastructure obligations. There were no specific infrastructure investment obligations under the agreements for the other 12 leased federal airports.

As at 30 June 2007 (the most recent date for which data is available), the airports had invested more than \$630 million in aeronautical infrastructure since the leases were signed.

The investment obligations are split into two five-year periods. All 10 lessees have exceeded their obligations for the first five-year period (see Table 3.39). As reported in the Department's 2005–06 Annual Report, six lessees—Adelaide, Darwin, Hobart, Launceston, Melbourne and Perth—have exceeded their 10-year obligations and are no longer required to submit plans or reports to the Department. Since that time, Alice Springs has also exceeded its investment obligations with a total expenditure of \$6.3 million. The audited statement for the remaining airports—Brisbane, Canberra and Gold Coast—were expected on 21 September 2007, and will be assessed by the Department.

Refer to Appendix I for expenditure details.

In 2006–07 the lessees of major airports continued to develop the airport sites and commit themselves to further significant levels of aeronautical investment. For example:

- Melbourne Airport is planning to spend around \$450 million on airfield and international terminal redevelopment over the next five years;
- Essendon Airport is spending approximately \$5 million on new airfield lighting systems and approximately \$30 million on terminal precinct development, building air wings of police and ambulance services and resurfacing roads and footpaths.



Left to right: Dennis Chant, Director, Queensland Airports Ltd, Jim Tolhurst, Chairman, Queensland Airports Ltd and the Hon Mark Vaile MP, the Deputy Prime Minister and Minister for Transport and Regional Services, at the opening of the extension of the Gold Coast Airport runway. The 458 metre extension allows for the deployment of code F aircraft at the airport (Photo DOTARS)

Australian Government investments in transport infrastructure are managed responsibly (continued)

- Gold Coast Airport has invested \$25 million in the redevelopment of its runway system, including a 458 metre runway extension and an upgrade to the taxiway and apron facilities, which was opened in May 2007, and is planning an extension to the low-cost carrier terminal following approval by the Minister on 3 September 2007, which will cost in excess of \$70 million; and
- Brisbane Airport is constructing an extension of its international terminal building and northern concourse, which will cost in excess of \$300 million, and is planning to construct a new parallel runway following approval by the Minister on 18 September 2007, which will cost approximately \$1 billion.

Performance audit of airport lease management

The Australian National Audit Office (ANAO) tabled its report *Management of airport leases: follow-up audit* (Audit Report No. 25 of 2006-07), the follow-up to *Management of federal airport leases* (Audit Report No. 50 of 2003-04), on 8 February 2007.

The ANAO found that the Department had significantly improved and enhanced its practices across the full range of its lease administration responsibilities since the first audit. The report did not identify any significant issues of concern.

Table 3.39 Airport development expenditure at major airports

Airport	Sale phase ^a	Spending to 30 June 2004	Spending to 30 June 2005	Spending to 30 June 2006 ^b	Period 1 obligation ^c	Period 2 obligation ^d	Commitment met?
Adelaide	2	\$72.3m	\$72.3m	\$72.3m	\$41.4m	\$22.6m	Yes
Alice Springs	2	\$0.5m	\$1.8m	\$2.7m	\$1.2m	\$1.9m	Yes ^e
Brisbane	1	\$82.1m	\$179.0m	\$223.9m	\$44.4m	\$292.9m	Yes ^f
Canberra	2	\$32.2m	\$39.6m	\$50.7m	\$11.0m	\$46.9m	Yes
Gold Coast	2	\$19.2m	\$23.4m	\$28.4m	\$19.2m	\$8.5m	Yes
Darwin	2	\$4.2 m	\$21.6m	\$21.6m	\$3.3m	\$2.7m	Yes
Hobart	2	\$1.8m	\$7.8m	\$7.8m	\$3.8m	\$1.7m	Yes
Launceston	2	\$3.0m	\$3.5m	\$3.5m	\$2.2m	\$0.9m	Yes
Melbourne	1	\$107.8m	\$107.8m	\$107.8m	\$78.3m	\$29.0m	Yes
Perth	1	\$64.8m	\$111.3m	\$111.3m	\$54.6m	\$33.3m	Yes
Total		\$387.9m	\$568.1m	\$630.0m	\$259.4m	\$440.4m	

a Phase 1 was completed in 1997 and Phase 2 in 1998. The date of sale affects the deadline for completion of Period One obligations.

b Data for 2006–07 is due to be submitted to the Department by 21 September 2007 and will be reflected in the 2007–08 annual report.

c Period 1 commitment is in line with Schedule 11 of each sale agreement.

d Period 2 commitment is in line with Schedule 11 of each sale agreement. No extensions to Period 2 have been granted to date.

e Alice Springs Airport's Period 1 commitment was not met by the end of the first five-year period due to a downturn in passenger traffic and aircraft movements for reasons including terrorism, disease and the Iraq war. An extension to Period One was granted until 30 June 2007 on the basis of these reasons. Alice Springs met its Period 2 obligations during the 2006–07 financial year. The spending to 30 June 2007 details will be reflected in the 2007–08 Annual Report.

f Expectation, subject to an assessment of the final audited reports to be submitted to the Department by 21 September 2007.

Grant to the Central Australian Tourism Industry Association

The Australian Government contributed \$191,200 to the Central Australian Tourism Industry Association towards the purchase of security screening equipment and an aircraft tug for use at Alice Springs Airport.

The aim of the project is to strengthen economic growth opportunities by increasing international tourism in central Australia.

Slot management at Sydney Airport

The Department is responsible for administering the *Sydney Airport Demand Management Act 1997*. The Act provides the framework to implement a limit of 80 aircraft movements per hour at Sydney Airport through a slot management regime. Under the Act, the Sydney Airport Slot Management Scheme facilitates an orderly and equitable allocation of arrival and departure slots at Sydney Airport.

Australian Government investments in transport infrastructure are managed responsibly (continued)

Broadly, the objectives for the introduction of slot management at Sydney Airport were 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.

Effective administration

Airservices Australia is responsible for monitoring compliance with the aircraft movement limit and reporting to parliament. There were no reported breaches of the movement limit in 2006–07.

Responsibility for the day-to-day administration and management of the slot management scheme rests with Airport Coordination Australia. The Slot Manager is appointed by the Minister for Transport and Regional Services in accordance with the provisions of the Act.

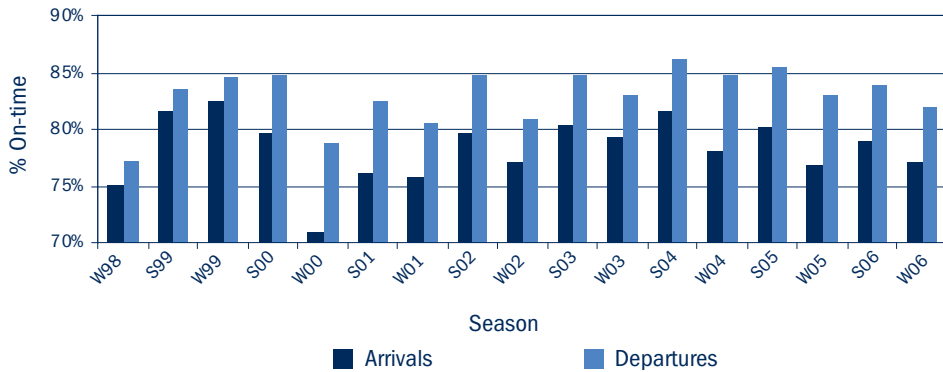
The Act also provides for the Sydney Airport Compliance Scheme, which details the processes for monitoring aircraft operators' compliance with slot allocations. Primary responsibility for monitoring compliance rests with the Sydney Airport Compliance Committee, which met six times in 2006–07. Chaired by an officer of the Department, the committee considered performance against allocated slots and reasons for any early or delayed movements over six meetings in 2006–07.

Reduced delays

In 2006–07 the Sydney Airport Compliance Committee found that, although there were aircraft movements which operated early or were delayed beyond the permitted tolerance limits (15 minutes for flights shorter than three hours and 30 minutes for flights longer than three hours), less than 20 per cent of these exceptions were caused by delays within the operator's control. All flights that operated into and out of Sydney Airport were allocated slots beforehand. No penalties were issued in 2006–07.

Slots are allocated for periods based on seasons in the northern hemisphere, for consistency with international practice: 'summer' is April to October, and 'winter' is November to March. Figure 3.5 shows on-time performance statistics for Sydney Airport for each period, from the commencement of the demand management arrangements in 1998 to 2006.

Figure 3.5 On-time performance of all services, Sydney Airport, 1998 to 2006



S = summer period (April–October), W = winter period (November–March).

Note: The graph shows on-time performance as arrivals and departures within 15 minutes of the scheduled time; however, the graph does not account for delay factors that are outside the operator's control (e.g. weather, air traffic control and increased security measures) which are assessed by the Sydney Airport Compliance Committee.

Source: Airport Coordination Australia

Equitable access

The slot management scheme includes specific conditions relating to the allocation of slots to regional service operators and new entrants to the Sydney route. These measures guarantee equitable access to Sydney Airport for operators of regional services and new entrants to the Sydney route.

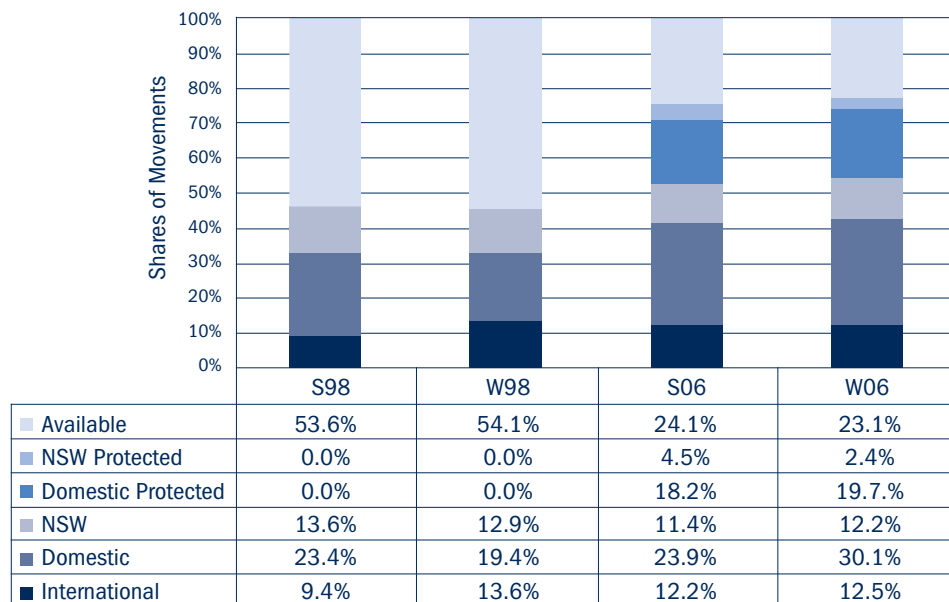
One international airline, Etihad Airways, commenced operating at Sydney Airport during 2006–07.

Regional operators received 1,503 of the additional 10,278 slots allocated to accommodate the increase in services to and from Sydney Airport during 2006–07.

Figure 3.6 shows the effect of the scheme on access by contrasting slot allocation in 1998 to allocation in 2006. Following the collapse of Ansett Airlines and its subsidiaries in September 2001, the Minister for Transport and Regional Services issued a direction to the Slot Manager to ensure that the slot regime continued to maximise the efficient use of the Sydney Airport infrastructure while avoiding the possibility of creating an anti-competitive outcome. Under the direction, all airlines can have access to the old Ansett Airlines slots in accordance with the slot allocation process, but only new entrant airlines can gain historical precedence (or permanent access) to them.

The graph shows the seasonal distribution of international, domestic (interstate) and regional (intrastate New South Wales) slots and the old Ansett Airlines slots that have been allocated but not to new entrant airlines. The difference in allocated regional slots between summer 2006 (15.9 per cent) and winter 2006 (14.6 per cent) is attributed to the reduced demand for regional slots during the December/January holiday period.

Figure 3.6 Average weekly runway movements, allocated and available, by type of service, Sydney Airport



S = summer period (April–October), W = winter period (November–March).

Note: The total number of possible movements per week is 80 movements per hour over 17 regulated hours per day within a seven-day week.

Source: Airport Coordination Australia

Australian Government investments in transport infrastructure are managed responsibly (continued)

Even distribution of aircraft movements

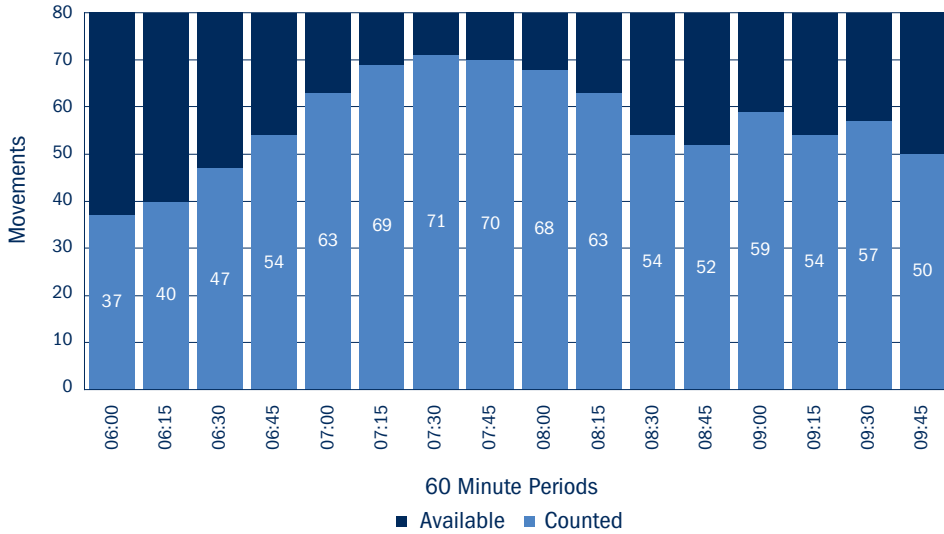
The slot management scheme facilitates a more even distribution of aircraft movements by controlling movements in 60-minute periods commencing every 15 minutes, thus minimising congestion problems associated with peak period cluster scheduling that characterised operations prior to the operation of the scheme.

A sample of the spread of aircraft movements across the busiest operational hours at Sydney Airport is shown in figures 3.7 and 3.8. Under the slot management scheme, slot allocations in the peak periods are spread across the 60-minute periods rather than being congested for a limited number of hours under the first-in, first-served basis that existed prior to the scheme.

Did you know?

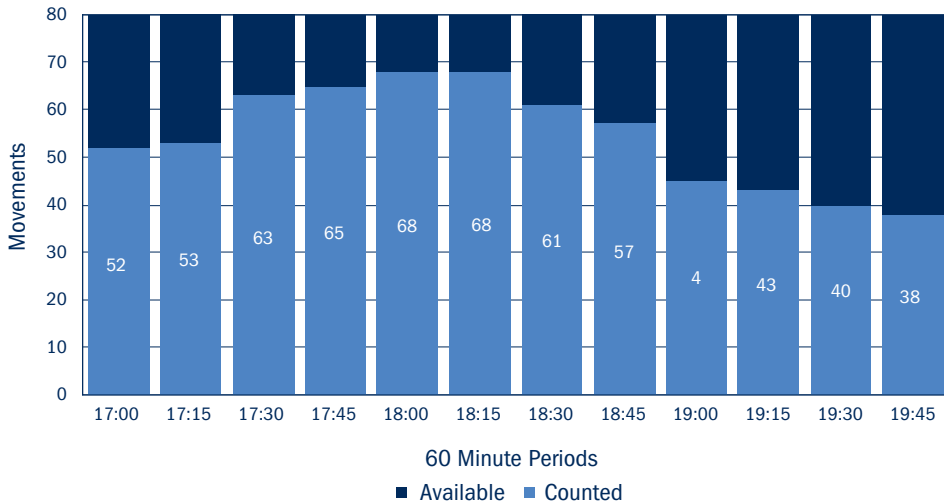
The most popular short-term overseas destination for Australian air travellers in 2005–06 was New Zealand, with 831,734 visitor trips from Australia to New Zealand. After New Zealand, the next most popular destinations for Australian air travellers were the United States and the United Kingdom, with 437,283 and 408,800 visitor trips respectively.

Figure 3.7 Distribution of aircraft movements within the morning peak hours on a Monday in the summer 2006 slot allocation period, Sydney Airport



Source: Airport Coordination Australia

Figure 3.8 Distribution of aircraft movements within the evening peak hours on a Friday in the summer 2006 slot allocation period, Sydney Airport



Source: Airport Coordination Australia



Australian Government investments in transport infrastructure are managed responsibly (continued)

Community exposure to aircraft noise is minimised with attention to the needs of specific communities

Performance audit

The ANAO tabled its report *Implementation of the Sydney Airport Demand Management Act 1997 (No. 29 of 2006–07)* on 7 March 2007. The report and the Department's response to the report are available on the ANAO website, <www.anao.gov.au>.

The Department agreed to the report's recommendations and has commenced work to address the audit findings, including considering possible changes to the Act and regulations.

Noise amelioration programmes

In 2006–07 the Department continued to assist Adelaide Airport and Sydney Airport and their local communities to work together to minimise the impact of aircraft noise.

The Department continued to provide secretariat support for the Sydney Airport Community Forum, which advises the government on noise and related environmental issues at Sydney Airport, during the year.

Funding to insulate eligible homes and public buildings was provided through the noise amelioration programmes administered by the Department. The programmes, which are nearing completion, have been effective in reducing the impact of aircraft noise under flight paths (see Table 3.42).

Transparent noise information package

In response to feedback from users, the Department continued to improve the transparent noise information package (TNIP) software. This communication tool is designed to enable non-specialists to gain an understanding of aircraft noise exposure patterns, and to help airports and communities to work together to explore options for managing aircraft noise.

From November 2006 to February 2007, TNIP was used as the primary tool to generate information on aircraft noise during public consultations on the proposed new parallel runway at Brisbane Airport.

Curfews

In order to minimise aircraft noise exposure, all civil aircraft in Australia are required to comply with curfews under the Air Navigation (Aircraft Noise) Regulations 1984. To minimise night-time aircraft noise, curfews apply from 11 pm to 6 am at four airports—Adelaide, Essendon, Gold Coast and Sydney. The curfews strictly control the types and numbers of aircraft that can be operated and the runways that can be used.

In 2006–07 the Department:

- assessed 91 applications for curfew dispensation—61 for Sydney, 20 for Adelaide, nine for Gold Coast and one for Essendon; and
- approved 45 curfew dispensations—27 for Sydney, 12 for Adelaide, five for Gold Coast and one for Essendon.

Aircraft noise levy

Costs associated with the noise amelioration programmes for the Adelaide and Sydney airports are recovered by a levy on jet aircraft landings at the respective airports, under the provisions of the *Aircraft Noise Levy Act 1995*. Airservices Australia is authorised under the Act to collect the levy on behalf of the Department.

The levy at Sydney Airport collected sufficient funds to recoup the Sydney Airport noise amelioration programme's budgeted expenditure, and was ceased on 1 July 2006.

Receipts totalling \$14.8 million collected under the *Aircraft Noise Levy Collection Act 1995* are reported in the Financial Statements as required by the Act. These receipts include all levy payments collected at Adelaide Airport plus residual payments from Sydney Airport.

International cooperation

In 2006–07 the Department continued to actively participate as a member of the ICAO Committee on Aviation Environmental Protection. This committee recommends standards and practices for minimising the environmental impacts of aviation, including through the management of aircraft noise.

ADMINISTERED PROGRAMMES—OUTPUT 1.4.2—AVIATION AND AIRPORTS

Table 3.40 Summary of performance—Airport Lessee Companies—reimbursement of parking fines

PBS/PAES performance indicators	Results
Quality	
<i>Revenue is passed on to airport lessees in line with a formula set by the Minister for Finance and Administration</i>	<p>The programme reimburses airport lessees a proportion of parking fines collected for parking offences in airport precincts. Reimbursements are made in accordance with contracts between airport lessees and the Department.</p> <p>The Department made quarterly payments to airport lessees in line with a formula set by the Minister for Finance and Administration: namely, 80 per cent of the revenue from parking fines for the quarter collected by the airport lessees and forwarded to the Department, less administrative costs.</p>
Location	
<i>Sydney, Melbourne, Brisbane, Perth, Gold Coast, Townsville, Hobart and Launceston Airports</i>	The lessees of these eight federal airports were covered by the programme.
Cost	
<i>\$1.5 million</i>	The actual cost of this programme in 2006–07 was \$1.6m. Reimbursements are driven by the level of fines collected at airports
Overall performance	✓✓✓

Table 3.41 Summary of performance—Compensation for the sale of airport land

PBS/PAES performance indicators	Results
Quality	
<i>Airport lessees receive appropriate compensation for the sale of small portions of airport land not essential for airport operation</i>	<p>From time to time the Australian Government adds or removes airport land, with the consent of the airport lessee, to facilitate on-airport and off-airport development. The Department administers compensation to airport lessees after an appropriate price is agreed between parties, including the Department of Finance and Administration.</p> <p>The Department executed an agreement to transfer a small parcel of land at an agreed total value of \$3,000 to enable road widening and other traffic improvements off the Hobart Airport site, and worked on amendments to the Airports Regulations 1997 to reflect the change in the leased area. Settlement of this matter is expected to occur in late 2007. The Department executed an agreement and worked towards a resolution of conveyancing issues to enable settlement to take place.</p> <p>In 2006–07 the Department was involved in the following land transfer negotiations:</p> <ul style="list-style-type: none"> • the sale of land at Archerfield Airport to construct a road to alleviate significant traffic problems in the area (the sale occurred in July 2007); • the execution of an agreement with Brisbane Airport and the Queensland Government for the transfer of land to facilitate upgrading of the gateway and the construction of a northern access road to improve traffic flows into and out of the airport; • the sale of site 710 at Camden Airport, in accordance with the Share Sale and Purchase Agreement for Bankstown Airport Ltd, Camden Airport Ltd and Hoxton Park Ltd; • ongoing negotiations over the sale of the land from the south-west corner of Essendon Airport to facilitate the upgrade of the Tullamarine–Calder Freeway interchange (the financial impact is currently under consideration); • an agreement to a land transfer to facilitate construction of the Tugun Bypass on the Gold Coast, expected to occur in the first half of 2008 following completion of the road; • the transfer of a portion of land from the Parafield Airport lease site to the South Australian Government to enable construction of part of the Elder Smith Road (also known as the Mawson Connector); and • an agreement to a land swap with relevant state government agencies (no financial impact is anticipated) to facilitate land planning at Perth Airport.

PBS/PAES performance indicators	Results
Location	
<i>Hobart</i>	The programme was administered in Hobart and other locations, as described above.
Cost	
\$3,000	The actual cost of this programme in 2006–07 was nil.
	Variance is due to delays in finalising the sale of land at Hobart Airport, which is now scheduled to occur in July 2007.
Overall performance	✓✓✓

Table 3.42 Summary of performance—Implementation of noise amelioration (Adelaide Airport and Sydney Airport)

PBS/PAES performance indicators	Results
Effectiveness	
<i>Community exposure to aircraft noise is ameliorated in eligible buildings</i>	<p>The airport noise amelioration programmes were introduced in Sydney in November 1994 and in Adelaide in May 2000. Under both programmes, the Australian Government offers homeowners financial assistance to install noise insulation for eligible residences under the major flight paths. The government also provides for the insulation of public buildings such as schools and colleges, preschools, health and aged care facilities and churches.</p> <p>Both programmes are nearing completion. All eligible residences and public buildings have been identified and, where the offer was accepted, insulated. Only warranty period obligations remain.</p> <p>The programmes have been effective in reducing the impact of aircraft noise on homes and public buildings under flight paths. Trend information on aircraft noise amelioration is provided in Table 3.43.</p> <p>More information on noise and flight path monitoring at major airports is available from the Airservices Australia website, at <www.airservices.gov.au/reports/>.</p>
Quality	
<i>Work is carried out by qualified professionals and is rated as good or better by 80 per cent of building owners</i>	Work has been completed at all eligible residences where homeowners accepted the offer of insulation. All eligible public buildings have also been insulated, with only warranty periods remaining. More than 80 per cent of respondents have consistently rated the quality of work done as very good or better.

Table 3.42 continued.

PBS/PAES performance indicators	Results
Quantity	
<i>Approximately 4,755 eligible homes and 102 eligible public buildings are insulated from aircraft noise</i>	By 30 June 2007, more than 4,500 residential dwellings and more than 100 public buildings had been insulated against aircraft noise. More information on the properties that have been insulated is available from the Department's website, at < www.dotars.gov.au/transport/programs/aviation/ >.
Location	
<i>Adelaide, Sydney</i>	The programmes were administered in Adelaide and Sydney.
Cost	
<i>\$7.5 million</i>	The actual cost of this programme in 2006-07 was \$3.9 million. More than \$450 million has been spent on the programme since 1994. Variance is due to delays associated with the practicalities of building projects with works on the last large public building in Adelaide being delayed due to the sale of the building and the need to negotiate the scope of works with the new owner.
Overall performance	✓✓✓

Table 3.43 Trends in aircraft noise amelioration

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Adelaide Airport						
Private homes insulated	220	208	240	4	0	0
Public buildings insulated	0	2	1	2	1	1
Work rated very good or better by clients	90%	88%	83%	100%	n/a	n/a
Cost of works to government	\$11.1m	\$13.2m	\$13.9m	\$7.6m	\$1.3m	\$1.9m
Sydney Airport						
Private homes insulated	268	113	12	12	0	0
Public buildings insulated	7	2	1	3	2	1
Work rated very good or better by clients	82%	>80%	82%	100%	n/a	n/a
Cost of works to government	\$24.9m	\$7.7m	\$3.9m	\$6.2m	\$3.3m	\$1.9m

Table 3.44 Summary of performance—Payment scheme for Airservices Australia’s en route charges

PBS/PAES performance indicators	Results
Effectiveness	
<i>Costs are reduced for airlines providing eligible regular public transport and/or aeromedical services</i>	<p>The programme helps airline operators to provide services to regional communities by reimbursing them for Airservices Australia’s en route air traffic control charges. The Department administers a subsidy that makes it possible for small regional airlines to fly to more destinations and makes airfares in regional Australia more affordable. The subsidy also helps support aeromedical operators such as the Royal Flying Doctor Service.</p> <p>The subsidy is available to regular public transport operators that use aircraft with a maximum take-off weight of 15 tonnes or less, as well as aeromedical operators.</p> <p>In Western Australia, the subsidy is also available to regular public transport operators that use aircraft with a take-off weight between 15 tonnes and 21 tonnes, because the state’s enormous distances require the use of larger aircraft.</p>
Quality	
<i>Claims from airlines are processed efficiently and accurately</i>	<p>The turnaround time for payment of invoices is a maximum of seven days from receipt of all information required to process the claim. Payment runs for the Department occur weekly.</p> <p>No complaints were received from recipient operators about the accuracy or timeliness of processed claims during 2006–07.</p>
Quantity	
<i>Approximately 36 operators are reimbursed for Airservices Australia’s en route air traffic control charges</i>	<p>The programme is demand driven. The number of airlines seeking reimbursement decreased to 31 airlines in 2006–07, from 35 airlines in 2005–06.</p>
Cost	
<i>\$5.4 million</i>	<p>The actual cost of this programme in 2006–07 was \$6.0 million.</p> <p>Payments are driven by the level of claims by eligible airlines.</p>
Overall performance	✓✓✓

Table 3.45 Summary of performance—Sydney West Airport—rental properties

PBS/PAES performance indicators	Results
Effectiveness	
<i>The Australian Government meets its obligations as a landlord</i>	<p>The Australian 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 to service Sydney.</p> <p>The Department administered the leases during 2006–07 to ensure the Australian Government met its obligations as a landlord. This included paying water and land rates and authorising maintenance to ensure properties remain in reasonable condition.</p>
Quantity/Location	
<i>Approximately 254 commercial and residential properties are maintained at the Sydney West Airport site (Badgerys Creek)</i>	A total of 254 commercial and residential properties were maintained.
Cost	
<i>\$2.7 million</i>	<p>The actual cost of this programme in 2006–07 was \$2.3 million.</p> <p>Variance is due to the difficulty in estimating the level of property maintenance costs.</p>
Overall performance	✓✓✓

OUTLOOK—OUTPUT 1.4.2—AVIATION AND AIRPORTS

The transfer of the airspace regulatory function to CASA and, in particular, the release of the Australian Airspace Policy Statement have established a new blueprint for airspace administration in Australia. In 2007–08 the Department will actively monitor CASA's progress in establishing its role and implementing its work programme as set out in the Australian Airspace Policy Statement. In consultation with industry stakeholders, the Department will also commence a detailed review of the policy statement and its implementation.

In relation to airport management, the Department will focus on:

- monitoring infrastructure developments taking place on the leased federal airports, particularly in the light of the large increases in development that are forecast for 2007–08; and
- continuing to bed down the recent changes to the Airports Act, and review associated regulations, to ensure airports are managed responsibly and effectively.

OUTCOME 1—CONTRIBUTIONS TO INTERNATIONAL ORGANISATIONS (CONSOLIDATED SUMMARY)

Table 3.46 Summary of performance—Contributions to international organisations

PBS/PAES performance indicators	Results
Effectiveness	
<i>Australia is able to participate in international discussions on:</i>	
<ul style="list-style-type: none"> <i>civil aviation</i> 	<p>Australia participates in the International Civil Aviation Organization (ICAO) Council as one of 11 Category One states: that is, as 'a State of Chief Importance in Air Transport'. The Department maintains an ongoing, full-time presence at the ICAO headquarters in Montreal, Canada.</p> <p>In 2006–07 two departmental officers were located in Montreal and represented Australia on the ICAO Council and ICAO Air Navigation Commission. The Department administered payments to the ICAO and represented the Australian Government at ICAO meetings.</p>
<ul style="list-style-type: none"> <i>maritime transport</i> 	<p>The Department administers the payment of the annual Australian 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 officers of Australian Government departments and agencies to participate in meetings of committees and subcommittees of the IMO.</p> <p>In 2006–07 the Department:</p> <ul style="list-style-type: none"> attended five IMO meetings covering safety, environment, security legal, and trade facilitation issues; contributed to the adoption of five IMO instruments that promote the aims of the IMO and advance Australia's interests, including <ul style="list-style-type: none"> agreement of guidelines on the control and management of ships' ballast water and sediments; and agreement on the new Nairobi International Convention on the Removal of Wrecks; and contributed to the international entry into force of the International Convention on the Control of Harmful Anti-fouling Systems on Ships, by undertaking the domestic processes to allow Australia to become a party to that convention.

Table 3.46 continued.

PBS/PAES performance indicators	Results
· road, rail and intermodal transport	Australia's contribution to high-quality international transport research, aimed at promoting economic reform and growth, involves participation in, and an annual funding contribution to, the OECD/European Conference of Ministers of Transport (ECMT) Joint Transport Research Centre. Australia is also a founding member of the International Transport Forum, a newly launched successor to the ECMT.
Quality	
Payment is made in line with Australia's international obligations	During 2006-07 the Department continued to pay Australia's contributions promptly. Table 3.48 summarises payments under the three administered programmes.
Cost	
Civil aviation: \$1.3 million	The actual cost of the programme in 2006-07 was \$1.2 million. Variance is due to international exchange rate movement.
Maritime transport: \$0.3 million	The actual cost of the programme in 2006-07 was \$0.3 million.
Road, rail and intermodal transport: \$40,000	The actual cost of the programme in 2006-07 was \$30,000.
Overall performance	✓✓✓

Notes: This summary consolidates performance information for contributions to international organisations administered under outputs 1.4.1 and 1.4.2. The IMO contributions are administered by Maritime and Land Transport and the OECD contributions by the BTRE under Output 1.4.1, and the ICAO contribution is administered by Aviation and Airports under Output 1.4.2.

Table 3.47 Trends in payments to international organisations

	2003-04	2004-05	2005-06	2006-07	2007-08 estimate
International Civil Aviation Organization					
Actual payment in US dollars	\$818,000	\$952,000	\$977,000	\$978,000	\$1,010,000
Equivalent in Australian dollars	\$1,101,000	\$1,206,000	\$1,300,000	\$1,247,000	\$1,238,000
International Maritime Organization					
Actual payment in UK pounds	£113,097	£119,808	£122,594	£124,174	£136,400
Equivalent in Australian dollars	\$265,000	\$292,000	\$289,000	\$311,000	\$341,000
Organisation for Economic Cooperation and Development					
Actual payment in euros	€14,000	€15,000	€18,000	€18,800	€25,100
Equivalent in Australian dollars	\$25,000	\$24,000	\$29,000	\$30,000	\$40,000

CHAPTER 4

Outcome 2—Regional
Outputs and Programmes



ASSISTING REGIONS TO MANAGE THEIR OWN FUTURES

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REGIONAL SERVICES OVERVIEW

OVERVIEW

Regional, rural and remote Australia accounts for over one-third of the population and two-thirds of Australia's export income. Australia's regions have made, and continue to make, a major contribution to Australia's economy and way of life. Australia's future prosperity and wellbeing depends to a significant degree on the strength of its regions.

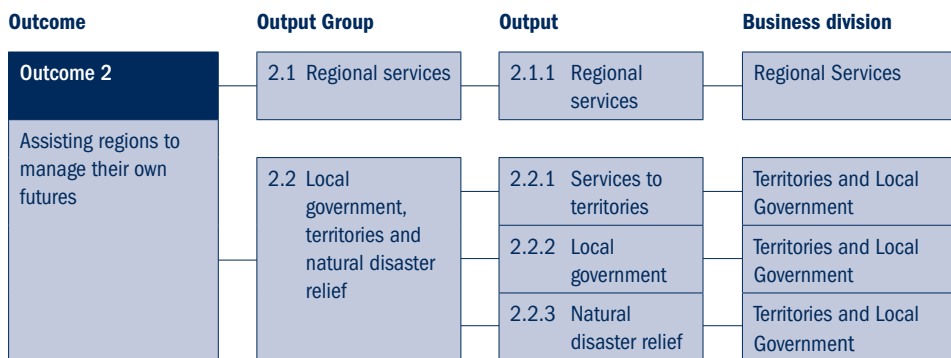
In 2006–07, the Department continued to advise on and lead national efforts to tackle regional issues, including:

- assisting regions to manage their own futures through programme delivery and policy development;
- working side-by-side with Indigenous Australians to improve their lives, as part of a major whole-of-government initiative;
- fulfilling the Australian Government's role in achieving good governance and community wellbeing in Australia's territories;
- providing funding and support to local governments; and
- funding natural disaster relief and mitigation programmes.

OUTCOME AND OUTPUTS

Figure 4.1 shows the relationships between Outcome 2 and its four outputs.

Figure 4.1 Outcome 2 and outputs



WHAT THIS CHAPTER COVERS

Performance indicators

This chapter describes the Department's performance against the performance indicators (including financial targets) for Outcome 2 as published in the 2006–07 Portfolio Budget Statements (PBS), or modified in the 2006–07 Portfolio Additional Estimates Statements (PAES), or the 2007–08 PBS.

Financial performance indicators—price (for outputs) and cost (for administered programmes)—are on an accrual expense basis as published in the 2006–07 PAES.

Unless otherwise noted, and in most cases, the effectiveness, quantity, quality and location performance indicators are as originally published in the 2006–07 PBS. Exceptions occur because:

- several new programmes, and their accompanying performance indicators, were first published in the 2006–07 PAES;
- the performance indicators for new or modified programmes announced in the Portfolio Supplementary Additional Estimates Statements (PSAES) are not published until the following year's PBS, even if the new or modified programmes have implications for the current financial year; and
- in the lead-up to the publication of the 2007–08 PBS, a review of performance indicators was undertaken, as a consequence of which the wording of a number of existing performance indicators was clarified, and a small number of new performance indicators were developed (refer Appendix K).

Where outcome/programme performance indicators differ from those published in the 2006–07 PBS this is indicated by a footnote to the applicable summary table.

Reporting structure

The chapter begins with a table summarising the budgeted and actual resources of Outcome 2, and the overall performance achieved, in 2006–07.

This is followed by the reports on performance for individual outputs. Each output report includes:

- an overview of the output's functions and how they are delivered;
- a summary of the output's results against the performance indicators;
- a more detailed report on the output's performance against each indicator;
- if the output has administered programmes, a report on performance against the indicators set out for each programme (these are summary reports, except where more detailed reporting is particularly warranted); and
- a comment on the output's priorities for 2007–08.

Each output and administered summary report also includes a rating of progress towards achievement of the performance indicators using the following ratings:

✓✓✓ fully achieved ✓✓ mostly achieved ✓✓ partly achieved ✓ not achieved

RESOURCES AND PERFORMANCE—OUTCOME 2

Table 4.1 Summary of resources and performance—Outcome 2

	Budget 2006–07 ^a \$'000	Actual 2006–07 \$'000	Variance ^b %	Performance rating	Page
Outcome 2—Regional services					
Output 2.1.1—Regional services	36,645	38,631	5.4	✓✓✓	165
<i>Administered programmes</i>					
Area Consultative Committees	16,964	16,905	-0.3	✓✓✓	180
Construction of the Bert Hinkler Hall of Aviation Museum	1,450	-	-100.0	✓✓✓	183
Contribution to the Australian Outback Development Consortium ^c	480	480	-	✓✓✓	183
Foundation for Rural and Regional Renewal	500	500	-	✓✓✓	185
Regional and Rural Research and Development Grants	228	216	-5.3	✓✓✓	186
Regional Partnerships	77,150	53,889	-30.2	✓✓✓	187
Remote Air Services Subsidy Scheme (RASS)	3,980	3,337	-16.2	✓✓✓	191
Sustainable Regions	22,554	7,052	-68.7	✓✓✓	192
Output 2.2.1—Services to territories	9,930	10,864	9.4	✓✓✓	197
<i>Administered programmes</i>					
Christmas Island phosphate mining rehabilitation ^e	1,000	1,097	9.7	✓✓✓	205
Norfolk Island—preservation and maintenance of Kingston and Arthur's Vale Historic Area (KAVHA)	542	542	-	✓✓✓	206
Norfolk Island—refurbishment of Kingston Pier	275	127	-53.8	✓✓✓	206

Table 4.1 continued.

	Budget 2006-07 ^a \$'000	Actual 2006-07 \$'000	Variance ^b %	Performance rating	Page
Norfolk Island Memorial for Minister Buffett (environmental trust fund)	95	106	11.6	✓✓✓	207
Office of Administrator on Norfolk Island	535	480	-10.3	✓✓✓	208
Office of Administrator in Northern Territory	240	222	-7.5	✓✓✓	208
Payment to the ACT—assistance for National Capital type functions	1,252	1,251	-0.1	✓✓✓	209
Payment to the ACT—assistance for water and sewerage services	9,435	9,435	-	✓✓✓	210
Payment to the ACT— compensation for the effects of National Capital influence on the cost of providing municipal services	23,463	23,463	-	✓✓✓	211
Services to Indian Ocean Territories (IOTs)	72,646	62,947	-13.4	✓✓✓	211
Services to Jervis Bay Territory	4,960	3,495	-29.5	✓✓✓	212
Output 2.2.2—Local government	2,217	2,174	-1.9	✓✓✓	215
<i>Administered programmes</i>					
Local Government Financial Assistance Grants	1,695,094	1,688,833	-0.4	✓✓✓	219
Supplementary funding to South Australian councils for local roads	13,000	13,000	-	✓✓✓	220
Output 2.2.3—Natural disaster relief	3,829	3,506	-8.4	✓✓✓	221
<i>Administered programmes</i>					
AMSA search and rescue reimbursements ^c	-	224	100.0	✓✓✓	-
Bushfire mitigation	5,055	5,055	-	✓✓✓	225

	Budget 2006–07 ^a \$'000	Actual 2006–07 \$'000	Variance ^b %	Performance rating	Page
Donation to the Australian Red Cross Bushfire Appeal ^d	100	100	-	✓✓✓	227
National Aerial Firefighting	8,000	8,000	-	✓✓✓	227
Natural Disaster Mitigation	22,447	18,903	-15.8	✓✓✓	228
Natural Disaster Relief and Recovery Arrangements ^e	86,940	103,686	19.3	✓✓✓	230
Outcome 2—All outputs					
Total price of departmental outputs	52,621	55,175	4.9		
Less receipts from independent sources	1,041	1,099	5.6		
Net price to government	51,580	54,076	4.8		
Administered programmes summary					
Total cost of administered programmes	2,068,385	2,023,345	-2.2		
Plus depreciation, write-down of assets etc.	15,666	35,166	124.5		
Total administered operating expenses	2,084,051	2,058,511	-1.2		
Less administered revenues	26,172	40,406	54.4		
Net cost to government	2,057,879	2,018,105	-1.9		
Average staffing level	338	327	-3.3		

a The budget shown for both departmental outputs and administered programmes is the revised budget published in the 2006–07 Portfolio Additional Estimates Statements updated for measures announced in the 2006–07 Portfolio Supplementary Additional Estimates Statements (PSAES). Departmental outputs are inclusive of the Department's own source revenue.

b The variance is the change in the Department's 2006–07 actuals over its revised 2006–07 budget.

c This was a post PSAES decision to make a one-off payment to meet community recovery needs, and no performance information was published.

d Administered programme introduced in the 2006–07 Portfolio Additional Estimates Statements.

e Administered programme name modified in the 2007–08 Portfolio Budget Statements.



Michael Taylor, DOTARS Secretary, and Johnny Gordon, Chairperson for Mulan – at the East Kimberley COAG Trial's biannual Regional Reference Group Meeting, held in Halls Creek in June 2007 (Photo DOTARS).

OUTPUT 2.1.1—REGIONAL SERVICES

Highlights

The Growing Regions Conference, held in Brisbane in July 2006, attracted more than 300 delegates from Australia and overseas.

The third Regional Women's Advisory Council was appointed.

The Regional Development Council met in Alice Springs, Northern Territory, in July 2006, identifying a number of areas for cooperation between levels of government.

The Foundation for Rural and Regional Renewal granted \$3.8 million to charitable projects in rural communities of less than 15,000 people, community projects that address ageing and aged care issues, or activities to alleviate disruption to young people's education caused by factors such as drought, economic downturn and remoteness.

The second stage of the Regional Partnerships Evaluation was completed.

An updated set of Regional Partnerships Guidelines was released in July 2006.

The Minister for Transport and Regional Services appointed Area Consultative Committee chairs and, for the first time, deputy chairs, for a two-year period from 1 January 2007.

Three-year contracts were awarded to Area Consultative Committees, replacing annual contracts. The three-year contracts include a revised charter and performance indicators linked to the priorities of the Regional Partnerships Programme.



OVERVIEW—OUTPUT 2.1.1—REGIONAL SERVICES

Output 2.1.1 is delivered by the Regional Services business division.

Under Output 2.1.1, Regional Services:

- provides advice to the Australian Government on a broad range of social and economic issues affecting regional Australia;
- delivers information to regional Australians on Australian Government programmes and services;
- collates and analyses data on regional Australia to inform policy development;
- works with other agencies and governments to evaluate and improve services to regional and Indigenous Australians; and
- administers grants and subsidies for community initiatives that support regional development.

Regional Services also administers programmes that aim to improve the economic and social environment for Australia's regions, by making regions more sustainable, encouraging job creation and growth, improving access to services, and upgrading a wide range of infrastructure that provides benefits to local communities.

The output includes eight administered programmes:

- Area Consultative Committees;
- Construction of the Bert Hinkler Hall of Aviation Museum;
- Contribution to the Australian Outback Development Consortium;
- Foundation for Rural and Regional Renewal;

- Regional and Rural Research and Development Grants;
- Regional Partnerships;
- Remote Air Services Subsidy Scheme (RASS); and
- Sustainable Regions.

Table 4.2 summarises the output's performance in 2006-07.

CASE STUDY: OZBERRIES PROJECT

The OzBerries project is an example of regional producers working together to improve quality and reduce costs, with the help of the Sustainable Regions Programme. The project received funding of \$223,465 under the programme.

OzBerries was established when four independent blueberry growers in the Woolgoolga region of New South Wales realised that their fragmented marketing efforts were not efficient, and decided to form a marketing cooperative.

As numbers grew, the group realised that small growers were overcapitalising by investing in their own expensive processing and packing equipment. This duplication also meant that packers in different locations were producing fruit of inconsistent quality.



OzBerries produced a business plan for a 'long line' packing plant that would achieve a consistent standard of product while saving small growers the expense of having their own equipment and packers. The group successfully applied for funding to erect a warehouse that contains a processing and packing line, and a cool room, for blueberries.

The standard of fruit is now consistently high, allowing local growers to sell their product through major chains. The OzBerries group has expanded to 35 growers, and the project has provided significant economic and employment benefits for the region.

The Woolgoolga area now produces 80% of Australian blueberries, and production is expected to more than double over the next three years, as existing plantings reach maturity and new growers are attracted to the industry.

(Photo DOTARS)

SUMMARY OF PERFORMANCE—OUTPUT 2.1.1— REGIONAL SERVICES

Table 4.2 Summary of performance—Output 2.1.1

PBS/PAES performance indicators	Results
Effectiveness	
<i>Regions are assisted to manage their own futures</i>	The Department approved assistance for regions through: <ul style="list-style-type: none"> • 338 projects (at a total cost of \$ 85.3 million) under the Regional Partnerships Programme; and • 13 projects (at a total cost of \$18.9 million) under the Sustainable Regions Programme.
<i>Other agencies/governments are assisted to evaluate and improve services to regional and Indigenous Australians</i>	The Department provided advice to other Australian Government agencies and statutory authorities on the impacts of government policy and programmes, and continued its work on the National Regional Evaluation Framework.
Quality	
<i>Information on Australian Government programmes and services is available to all Australians</i>	The Department made information available to all Australians through the Australian Government Regional Information Service.
<i>Regional and Indigenous communities have opportunities to establish and advance local priorities and partnerships</i>	Departmental officers based in Halls Creek facilitated linkages with the three levels of government for four Indigenous communities in the East Kimberley, Western Australia. The Department provided secretariat support to the third Regional Women's Advisory Council.
<i>Grants are administered for projects that maintain or improve regional well-being and sustainability</i>	The Department administered \$82.4 million in grant payments and subsidies.
<i>Other agencies/governments work with us on issues affecting regions</i>	The Department provided advice to Australian Government agencies on the regional impacts of 92 submissions to government, from across 21 agencies. Through the Organisation for Economic Cooperation and Development, the Department met with international government representatives to share lessons on best policy and programme approaches for regional communities.
Price	
\$36.6 million	The actual price of this output in 2006–07 was \$38.6 million.
Overall performance	✓✓✓

DETAILED REPORT ON PERFORMANCE—OUTPUT 2.1.1— REGIONAL SERVICES

Effectiveness indicators—Output 2.1.1

Regions are assisted to manage their own futures

In 2006–07, the Department continued to assist regions to manage their own futures by providing policy advice to the Australian Government, managing programmes effectively, assisting agencies at all levels of government to improve their services to regions, and keeping regions informed.

This included:

- disseminating information on Australian Government programmes and services;
- providing grants under the Regional Partnerships and Sustainable Regions Programmes for projects nominated by communities as important to their socioeconomic and environmental wellbeing and sustainability; and
- providing grants under the Remote Area Subsidy Scheme to assist remote communities that would otherwise not have access to passenger transport, goods delivery and other services.

Other agencies/governments are assisted to evaluate and improve services to regional and Indigenous Australians

The Department provided advice to other Australian Government agencies and statutory authorities, including through interdepartmental committees, on the regional impacts of government policy and programmes under development.

Work continued on the National Regional Evaluation Framework, a whole-of-government approach to analysing the conditions of Australia's regions, providing an improved empirical basis for place-based policy development and better targeting of regional programmes.

Quality indicators—Output 2.1.1

Information on Australian Government programmes and services is available to all Australians

Information was delivered to people in rural, regional and remote Australia through the Australian Government Regional Information Service, which consists of three service channels:

- the Australian Government Regional Information Directory;
- a call centre (toll-free telephone number 1800 026 222); and
- the Regional Entry Point Website <www.regionalaustralia.gov.au>.

The call centre, which is the main point of contact for people seeking printed copies of the directory, received more than 20,000 enquiries in more than 15,000 calls in 2006–07. Call centre operators ensured that information was accessible to all callers by:

- reading aloud the requested information and/or providing a copy of the directory in cassette or CD form to assist callers with vision impairments;
- using teletype services to assist callers with hearing impairments; and
- using a telephone interpreting service to assist callers whose main language was other than English.



The website, which holds information on over 1,000 programmes, received around 3 million hits in 2006–07, more than doubling the total of 1.2 million received in 2005–06.

Information on how community groups can access government grants was provided through a dedicated website, GrantsLINK, at <www.grantslink.gov.au>. GrantsLINK promoted over 200 Australian Government grants programmes and received more than 7 million hits in 2006–07.

Regional and Indigenous communities have opportunities to establish and advance local priorities and partnerships

Partnerships to deliver programme priorities

The Department continued to work with:

- the network of Area Consultative Committees (ACCs) around Australia, to deliver the Regional Partnerships Programme;
- locally appointed advisory committees and executive officers in the Darling Matilda Way and Northern Rivers and North Coast regions of New South Wales, to deliver the Sustainable Regions Programme; and
- Indigenous communities and government agencies in the East Kimberley, Western Australia, as part of a Council of Australian Governments (COAG) pilot programme.

Representation for regional women

The Department provided secretariat support and other services to the third Regional Women's Advisory Council, appointed by the Minister for Transport and Regional Services in June 2006. The Council met on a quarterly basis.

On 9 August 2006, the report of the inquiry into women's representation on regional and rural bodies of influence, *At the table: Getting the best people and making the right decisions for regional and rural Australia*, was launched by Senator the Hon Judith Troeth.

The Australian Government developed the the Regional Women's Action Plan for Women's Representation, which received funding of \$4.5 million over four years to 2010–11 in the 2007–08 Budget.

The plan will comprise four elements:

- improving information on the benefits of increased participation by regional women;
- influencing demand from regional boards;
- improving pathways for women's participation on regional boards; and
- increasing networking and mentoring opportunities for regional women.

Grants are administered for projects that maintain or improve regional well-being and sustainability

In 2006–07, the Department administered \$82.4 million in grant payments and subsidies to support projects for the benefit of Australian regions, mainly through the:

- Regional Partnerships Programme;
- Sustainable Regions Programme;
- Remote Air Services Subsidy Scheme;
- Foundation for Rural and Regional Renewal; and
- Regional and Rural Research and Development Grants Programme.



*Other agencies/
governments work with
us on issues affecting
regions*

Cooperation to deliver outcomes

The Department continued to work with agencies of the Australian Government and other governments to achieve outcomes on issues affecting Australia's regions.

For example, the Department of Health and Ageing assisted with the management of the Rural Medical Infrastructure Fund, which is administered under the Regional Partnerships Programme. The fund is designed to improve access to medical practitioners and allied health practitioners in regional communities.

Leadership across levels of government

The Regional Development Council (RDC) is responsible for regional development issues in Australia. It comprises federal, state and territory ministers responsible for regional development, and a representative from the Australian Local Government Association.

The aim of the RDC is to facilitate more effective cooperation across all areas of government in order to achieve sustainable economic, social and environmental outcomes for regional Australians.

In July 2006, the Council met and identified a number of areas of focus, including regional investment, regional indicators, the importance of information and communications technology to regional economic development, and Indigenous participation in the resources sector.

The Department is represented on the Standing Committee on Regional Development, a committee of officials from the Australian Government and state and territory governments that supports the RDC. The committee met on two occasions to progress the RDC's initiatives in 2006-07.

International information sharing

The Department increased its international engagement on rural policy in 2006-07, commencing with the Growing Regions Conference held in Brisbane in July 2006. The conference attracted more than 300 delegates, and provided valuable opportunities to share information and experience for leading regional development practitioners, researchers and policy makers from Australia and overseas.

In November 2006, the Department sent two representatives to the Organisation for Economic Cooperation and Development (OECD) meeting in Edinburgh, United Kingdom, to participate in policy meetings. The representatives also participated in the OECD Rural Policy Conference on investment priorities for rural areas, and held a workshop on issues in regional Australia with rural policy experts from around the world.

In May 2007, at the request of the OECD, the Department sent a representative to Finland as a peer representative to take part in Finland's rural policy review.



CASE STUDY: TWENTIETH ANNIVERSARY EDITION OF THE AUSTRALIAN GOVERNMENT REGIONAL INFORMATION DIRECTORY

With more than 1,000 entries, the 2007 Australian Government Regional Information Directory is the most comprehensive guide to the Australian Government's programmes and services for people living in regional Australia ever published.

The 2007 edition marks the twentieth anniversary of the directory in its various formats. It was launched by the Minister for Transport and Regional Services on 23 May 2007 at Parliament House in Canberra.

The free directory is an indispensable reference tool, used across the country by businesses, advisers, and not-for-profit organisations, as well as the wider community. Its longevity is proof of the useful role the directory plays in connecting people with Australian Government programmes and services in regional Australia.

The directory provides a brief description and contact details for each of the essential programmes and services. The twentieth anniversary commemorative edition also includes a selection of stories showcasing community projects that have benefited from Australian Government grants.

The directory is one important part of the Australian Government Regional Information Service. In keeping with the government's commitment to equal access to information for all those who need regional services, the Department also maintains a regional information call centre and website, and provides information in a range of accessible formats.

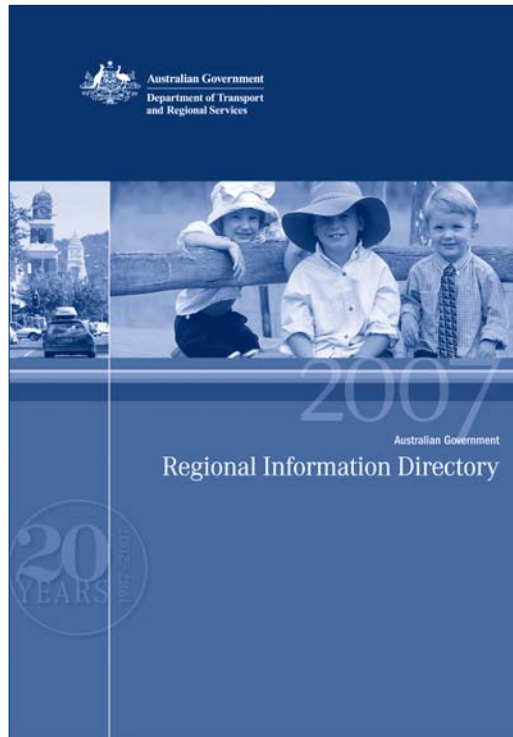


Table 4.3 Trends in regional services

	2003-04	2004-05	2005-06	2006-07	2007-08 estimate
Departmental activities					
Total price of output ^a	\$35.5m	\$36.0m	\$40.1m	\$38.6m	\$40.0m
<i>Australian Government Regional Information Service</i>					
www.regionalaustralia.gov.au	1.6m hits	1.0m hits	1.2m hits	3.4m hits	3.4m hits
www.grantslink.gov.au	1.2m hits	1.4m hits	1.8m hits	7.7m hits	7.7m hits
Calls to 1800 026 222	23,241	28,481	22,534	21,769	21,769
Regional Partnerships Programme					
<i>Regional Partnership Projects</i>					
Applications received	723	630	541	634	No set target
New projects approved	277	417	321	338	No set target
<i>Construction of Bert Hinkler Hall of Aviation Museum</i>					
Cost to government	Nil	Nil	Nil	Nil	\$1.5m
<i>Rural Transaction Centres^b</i>					
New sites approved	74	-	-	-	-
Sites approved to date	239	239	239	239	239
Sites operating at 30 June	115	175	213	216	221
<i>Rural Transaction Centres with electronic point of sale (personal banking service)</i>					
New sites approved	33	-	-	-	-
Sites approved to date	141	141	141	141	141
Sites operating at 30 June	130	140	140	140	140
Cost to government	\$78.5m	\$95.0m	\$83.7m	\$53.9m	\$72.4m
Area Consultative Committee Network					
Cost to government	-	-	-	\$16.9m	\$17.4m
Sustainable Regions Programme					
New projects approved	86	60	55	12	30
Cost to government	\$20.9m	\$22.6m	\$36.8m	\$7.1m	\$15.4m

	2003–04	2004–05	2005–06	2006–07	2007–08 estimate
Remote Air Services Subsidy Scheme					
Communities assisted	220	225	225	235	235
Operators engaged	7	7	6	6	6
Cost to government	\$2.6m	\$2.7m	\$3.2m	\$3.3	\$4.3m
Foundation for Rural and Regional Renewal					
Cost to government	\$0.5m	\$0.2m	\$0.4m	\$0.5m	\$0.5m
Regional and Rural Research and Development Grants^c					
Cost to government	\$0.2m	\$0.2m	\$0.2m	\$0.2m	\$0.2m
Contribution to the Australian Outback Development Consortium					
Cost to government	-	-	-	\$0.5m	-
Total programmes administered^d					
Number of programmes	3	7	6	9	8
Total cost of programmes	\$102.7m	\$120.7m	\$124.2m	\$82.4m	\$111.8m

a As this output came into existence in 2004–05, the historical data shown here relate to the three outputs it replaced: regional development policy advice, regional development programmes, and regional research and data.

b The Rural Transaction Centres (RTC) Programme was funded through the RTC reserve, as established by the *Telstra (Further Dilution of Public Ownership) Act 1999*. Under the Act, funds from the reserve could be accessed only until 30 June 2005.

c Prior to 2005–06 this programme was two separate programmes: the Regional and Rural Research Information and Data Programme and the Regional Rural Development Grants.

d Includes Remote Air Services Subsidy Scheme from 2004–05 only.

ADMINISTERED PROGRAMMES—OUTPUT 2.1.1— REGIONAL SERVICES

Table 4.4 Summary of performance—Area Consultative Committees

PBS/PAES performance indicators	Results
Effectiveness	
<i>ACCs develop strong links between governments, the community and the private sector to support regional growth</i>	The Area Consultative Committees (ACCs) responded to issues and opportunities in their regions.
Quality	
<i>ACCs facilitate whole of government solutions to local problems</i>	The ACCs focused on the Regional Partnerships Programme, and assisted other government agencies in the delivery of their programmes.
<i>Number and value of Regional Partnership applications^a</i>	The ACCs assisted in the development of 633 applications, received under the Regional Partnerships Programme.
<i>ACCs deliver services in accordance with their funding and reporting obligations under the Operational Funding Contracts</i>	The ACCs delivered services in accordance with the six main performance indicators under the three-year operational funding contracts.
Cost	
<i>\$17.0 million</i>	The actual cost of this programme in 2006–07 was \$16.9 million.
Overall performance	✓✓✓

a Performance indicator modified in the 2007–08 PBS.

Did you know?

The Regional Women's Advisory Council provides independent feedback and advice to the Australian Government, through the Minister, on the effectiveness and appropriateness of Australian Government policies and programmes, and on emerging issues for women and their communities in regional, rural and remote areas. Council members are chosen for their capacity to consult with and influence communities in rural, regional and remote Australia. The Council meets quarterly and hosts occasional forums bringing together regional women of influence.

Effectiveness indicators—Area Consultative Committees

ACCs develop strong links between governments, the community and the private sector to support regional growth

Strategic regional plans

The ACCs worked with the key stakeholders in each region, including government agencies, local businesses and community groups, to identify opportunities, set priorities and develop strategies for growth.

Through this consultation, ACCs developed strategic regional plans that broadly identify the key development opportunities and barriers affecting each region.

The plans provide a framework and criteria to assist ACCs to identify, develop and support projects suitable to apply for Regional Partnerships Programme grants.

Committee membership

In 2006–07, the Minister for Transport and Regional Services appointed chairs for a two-year term from 1 January 2007. Deputy chairs were also appointed, for the first time, to assist the chairs in their voluntary roles.

The chair, deputy chair and other members of each ACC are leaders in their region, drawn from the community, local business and local government sectors. Members of ACCs are volunteers who give their time, experience and energy to support regional growth for their communities.

Quality indicators—Area Consultative Committees

ACCs facilitate whole of government solutions to local problems

The primary focus of ACCs is to promote the Regional Partnerships Programme in their regions. ACCs also work in partnership with business, the community and all levels of government to achieve regional economic growth by facilitating whole-of-government solutions to local issues.

Some ACCs choose to have arrangements with other Australian Government agencies to deliver programmes that contribute to their region. These include agreements regarding the engagement of:

- officers from AusIndustry's Small Business Answers Programme and Austrade's Tradestart Export Programme;
- sugar resource officers, to assist with restructuring the Queensland sugar industry, through the Department of Agriculture, Fisheries and Forestry; and
- fishing communities assistance, through the Department of Agriculture, Fisheries and Forestry.



Number and value of Regional Partnership applications

In 2006–07, the Department approved 338 projects collectively valued at \$85.3 million. This is an increase from 2005–06, when 321 projects with a value totalling \$57.0 million were approved. This figure was reported as 309 in the 2005–06 Annual Report, which was correct at the time of publishing. A further 12 approved projects were entered into the reporting system after publishing.

The increase in the number of projects approved reflects the role of ACCs in identifying and facilitating the development of grant applications under the Regional Partnerships Programme.

ACCs deliver services in accordance with their funding and reporting obligations under the Operational Funding Contracts

The Department made payments to ACCs subject to the committees' meeting reporting requirements under their operational funding contracts. All ACCs met their reporting requirements.

ACCs moved from one-year to three-year operational funding contracts in 2006–07. The introduction of the three-year funding contracts will assist ACCs to attract and retain quality staff, to institute longer-term strategic regional plans, and to implement lasting activities that will generate benefits for their regions.

The contracts include six main performance indicators:

- number of community events (where the ACC is a key organiser) that target areas identified in the ACC business plan or strategic regional plan;
- number of Regional Partnerships Programme applications developed and submitted for funding approval;
- total value of Regional Partnerships Programme project approvals;
- percentage of ACC-recommended projects approved by the decision maker;
- number of projects facilitated by the ACC to the point of submitting an application to a funding source other than the Regional Partnerships Programme; and
- number of Australian Government initiatives promoted and/or provided by the ACC.

The contracts emphasise that the primary role of the ACC network is to deliver the Regional Partnerships Programme. The contracts also detail the ACC reporting requirements and payment schedules. These include provision of an agreed annual business plan, detailed budget information and an up-to-date strategic regional plan.



Table 4.5 Summary of performance—Construction of the Bert Hinkler Hall of Aviation Museum

PBS/PAES performance indicators	Results
Effectiveness	
<i>The Bert Hinkler Hall of Aviation Museum is able to be constructed</i>	Construction was delayed while the proponent secured additional funding sources. The project has commenced and is expected to be completed in 2008.
Quality	
<i>Payments are made in line with project progress and funding agreements</i>	Payments were made in line with progress and the funding agreement.
Location	
<i>Bundaberg</i>	The museum will be constructed in Bundaberg.
Cost	
<i>\$1.5 million</i>	The actual cost of this programme in 2006–07 was nil. The underspend relates to delays in finalising Queensland Government funding and consequently the project scope. Construction is now expected to commence at the end of September 2007 with completion scheduled for June 2008. Approval has been provided to move the funds to 2007–08.
Overall performance	✓✓✓

Table 4.6 Summary of performance—Contribution to the Australian Outback Development Consortium

PBS/PAES performance indicators	Results
Effectiveness	
<i>Opportunities for outback individuals, communities and organisations are improved through the delivery of special projects such as Outback Global, Outback Equinox—Youth Muster, Outback Safety Education Campaign, Outback Youth Careers Programme^a</i>	Improved opportunities for outback individuals, communities and organisations were achieved through strategic planning, project development and ongoing sponsorship. Steps were taken to commence a consultancy arrangement for sponsorship of special projects; a national advisory council to assist in the delivery of those projects; and development of a business plan overview based on a four-year planning cycle.



Table 4.6 continued.

PBS/PAES performance indicators	Results
Quality	
<i>Promotion and communication processes are established, and special projects already conceived are progressed by 30 June 2007^a</i>	Promotion and communication processes were established and special projects were progressed through networking, meetings, conferences, media releases and local and rural press newspaper articles. An updated website was launched. New branding and electronic newsletters were established and are expected to come into use from July 2007.
Quantity	
<i>Individuals, communities and organisations have an opportunity to participate in 10 major initiatives, ranging from short to long term, during the Year of the Outback 2010—Planning for the Four Yearly Cycle project^a</i>	Participation opportunities were progressed through the Australian Outback Development Consortium (AODC), for example, through partnership with Rural Press and through field days. Participation activities included: <ul style="list-style-type: none"> · Outback Global, which involves establishing a continuing campaign to recognise Australia's skills and capabilities to assist in sustainable economic development, and attract trade delegations and tourists; · the Outback Equinox—Youth Muster events, which link youth with ongoing career opportunities; · the Outback Safety Education Campaign, aimed at remote areas, which provides training on avoiding risk and assisting people in danger. <p>Individuals also had opportunities to participate in focus groups to assist in the development of a strategic plan for the AODC and the ongoing four-year planning process.</p>
<i>Monthly electronic newsletters are produced and distributed^a</i>	Electronic newsletters were produced and will be distributed on a monthly basis, particularly through the AODC website, at no charge.
Location	
<i>The programme has a national focus^a</i>	Individuals, communities and organisations across outback Australia were eligible for this programme.
Cost	
<i>\$0.5 million</i>	The actual cost of this programme in 2006–07 was \$0.5 million.
Overall performance	✓✓✓

^a This programme was announced and its performance indicators first published in PAES 2006–07.

Table 4.7 Summary of performance—Foundation for Rural and Regional Renewal

PBS/PAES performance indicators	Results
Effectiveness	
<i>Additional funds are generated for rural and regional renewal</i>	<p>The Foundation for Rural and Regional Renewal is the only national philanthropic foundation dedicated to rural and regional Australia. It was set up by the Australian Government and the Sidney Myer Fund (a major philanthropic trust) in 2000. More information about the foundation is available from its website, <www.frrr.org.au>.</p> <p>Since its establishment in 2000, the foundation has granted almost \$13.2 million to projects that stimulate the renewal of whole communities. The foundation is developing a niche in providing small grants to small communities. Private donations to the foundation have been growing steadily.</p> <p>The foundation fulfilled its objectives in 2006–07 by raising approximately \$3.2 million in donations (in addition to the Australian Government’s contribution) and providing grants to communities through its various programmes.</p>
Quality	
<i>Payments are made in line with the Australian Government’s obligations</i>	Australian Government payments were made to the foundation in accordance with the foundation’s deed of grant, which takes into account the broader objectives and governance of the organisation.
Location	
<i>Regional, rural and remote Australia</i>	The foundation provides assistance for projects in regional, rural and remote Australia.
Cost	
<i>\$0.5 million</i>	The actual cost of this programme in 2006–07 was \$0.5 million.
Overall performance	✓✓✓

Table 4.8 Summary of performance—Regional and Rural Research and Development Grants

PBS/PAES performance indicators	Results
Effectiveness	
<i>Issues affecting Australia's regions are researched and communicated to national and regional decision makers</i>	The programme's Research Programme Guidelines were aligned to ensure ongoing support for the development of the National Regional Evaluation Framework, the conduct of national information events that promote regional research and issues, and activities to address priorities of the Regional Development Council and the Regional Women's Advisory Council.
Cost	
\$0.2 million	The actual cost of this programme in 2006–07 was \$0.2 million.
Overall performance	✓✓✓

Effectiveness indicators—Regional and Rural Research and Development Grants

Issues affecting Australia's regions are researched and communicated to national and regional decision makers

Projects funded under the Regional and Rural Research and Development Grants Programme in 2006–07 focused on:

- research associated with the development of the National Regional Evaluation Framework;
- research associated with cross-jurisdictional regional indicators;
- finalisation of the Collaborative Leadership Models Consultancy, which identifies and examines successful models of collaborative leadership;
- research into women's economic contribution in regional Australia; and
- sponsorship of four events held in 2007
 - the Eleventh National Conference for Sustainable Economic Growth for Regional Australia;
 - the Australian and New Zealand Regional Science Association International Conference;
 - the New South Wales Country Week Expo; and
 - the Queensland Resources Expo and Resourcing the Future Conference.

The research, including sponsorship of regional conferences, helps the Department to provide more informed advice to government on regional issues and to promote constructive dialogue and interaction between regional policy practitioners.

Table 4.9 Summary of performance—Regional Partnerships

PBS/PAES performance indicators	Results
Effectiveness	
<i>Funded projects improve regional growth and opportunities, access to services, planning and structural adjustment</i>	<p>Projects funded under the Regional Partnerships Programme improved community infrastructure and resulted in increased employment and business prosperity for regional Australia.</p> <p>In February 2006, the Australian National Audit Office commenced an audit of the administration of the Regional Partnerships Programme. The report is due to be tabled in the spring 2007 session of parliament.</p>
Quality	
<i>90 per cent of applications for funding are assessed within 12 weeks of submission</i>	Less than 90 per cent of applications for funding were assessed within 12 weeks of submission. The reasons for delays included proponents failing to provide necessary information and the complexity of the requirements for detailed risk assessments.
<i>Grants are provided for projects which meet programme guidelines, including consistency with ACC regional priorities and partnership funding</i>	Guidelines released in 2006 provide details of the types of projects that are eligible for funding, the criteria that applications are assessed against, the role of Area Consultative Committees (ACCs), and the importance of developing partnerships and gaining community support.
<i>Payments are made in line with project progress and funding agreements</i>	Payments were made on successful delivery of agreed project milestones, as detailed in project funding agreements.
Quantity/Location	
<i>Projects are established in every region of Australia (56 regions)^a</i>	The 338 projects that were approved for funding collectively represented 55 of the 56 defined regions.
Cost	
<i>\$77.2 million</i>	<p>The actual cost of this programme in 2006–07 was \$53.9 million</p> <p>The underspend reflects slippage in grant recipients meeting project milestones. Demand for Regional Partnerships is strong and strategies are being developed to help applicants address payment scheduling problems. Substantially greater achievement is expected during 2007–08. Approval has been provided to move \$9.4 million to 2007–08 and the forward years.</p>
Overall performance	✓✓✓

^a Performance indicator modified in PBS 2007–08

CASE STUDY: SUNSHINE COAST HELICOPTER RESCUE SERVICE NEW HANGAR

In 2006-07, under the Regional Partnerships Programme, the Sunshine Coast Helicopter Rescue Service was granted funding of \$500,000 (GST inclusive) as a contribution towards the construction and completion of a new helicopter hangar facility, specifically for earthworks and civil engineering site preparation, concreting, tilt slabs, metalwork and roofing.

The Sunshine Coast Helicopter Rescue Service is located at Maroochydore, 100 kilometres north of Brisbane, and covers a large geographic area in South East Queensland from Caboolture in the south to Miriam Vale in the north and west to Mundubbera. It serves the Sunshine Coast community, the immediate hinterland and isolated regional centres in the Burnett region. The rescue service is a valuable and essential service for over 652,000 people in its primary area of operation.

The new hangar complex was completed and launched on 22 September 2006 and offers operational space for three helicopters and maintenance space for one additional craft, office and aircrew facilities, rescue and medical equipment storage, a general storage area and an enclosed courtyard for reception as well as amenities for staff and visitors.

By contributing towards the construction and completion of this new helicopter hangar, the Regional Partnerships Programme has assisted the Sunshine Coast Helicopter Rescue Service to provide vital support to the rural and regional communities in the large geographic area of South East Queensland.



(Photo DOTARS)

Effectiveness indicators—Regional Partnerships

Funded projects improve regional growth and opportunities, access to services, planning and structural adjustment

Community-based projects

The Regional Partnerships Programme improves regional growth and opportunities, and supports the development of self-reliant communities, by funding projects which:

- provide opportunities for economic and social participation;
- improve access to services;
- help communities to plan their futures; and
- make structural adjustments.

Funding is provided to a wide variety of organisations, including community groups and other non-profit organisations, local government, for-profit organisations, research institutions and Indigenous councils. Of the grants approved in 2006–07, 89 per cent provided funding to non-profit organisations and local government.

Since the programme commenced, in July 2003, over 1,300 projects have been approved and granted total funding of more than \$290 million.

Election commitments

Election commitment projects are funded under the Regional Partnerships Programme. Ministerial approval had been given for 35 election commitment projects, and funding agreements had been signed for 34 projects, by 30 June 2007. Sixteen of the election commitment projects had been completed.

Rural Medical Infrastructure Fund

Through the Rural Medical Infrastructure Fund, the Regional Partnerships Programme provides funding to small rural communities to help establish walk-in, walk-out health and medical facilities, with the aim of making it easier for the communities to recruit and retain medical practitioners and allied health professionals. The guidelines for the fund were revised in 2006 to expand the eligibility criteria. Seventeen projects, with a total value of \$3.25 million, were approved under the fund in 2006–07.

Quality indicators—Regional Partnerships

90 per cent of applications for funding are assessed within 12 weeks of submission

In 2006–07, the Department assessed 497 applications for Regional Partnerships Programme funding.

Although the timeliness target was not met, the time taken to assess applications was reduced, by centralising assessment processes in the Department's central office.

In May 2007, the Regional Partnerships Ministerial Committee approved an increase in the threshold for small grants from \$25,000 to \$50,000, to simplify and streamline the assessment of small projects. In addition, revised procedures were implemented in 2006–07 to continue to improve the time taken to assess applications for funding.



90 per cent of applications for funding are assessed within 12 weeks of submission (continued)

It is expected that, during 2007–08, 90 per cent of decisions will be made within 12 weeks for projects seeking funding above \$50,000, and within eight weeks for projects seeking funding up to \$50,000.

Grants are provided for projects which meet programme guidelines, including consistency with ACC regional priorities and partnership funding

Grants under the Regional Partnerships Programme were provided for projects which conformed to updated guidelines released in July 2006. The guidelines clarified eligibility criteria and detailed assessment requirements, thereby providing better information on what should be included in applications and clearer guidance as to the types of projects that are likely to be approved. The guidelines are consistent with ACC regional priorities and emphasise the importance of seeking partnership funding.

Each application for funding was assessed against the Regional Partnerships Programme assessment criteria, which state that applications must:

- be consistent with regional priorities identified in the programme guidelines;
- demonstrate that the outcomes of the project will provide benefits to the community;
- show that the project has adequate financial support from partnership funding; and
- show that the project is viable and sustainable.

Payments are made in line with project progress and funding agreements

In 2006–07, payments for projects were made on achievement of agreed milestones, in accordance with funding agreements.

Successful applicants are required to enter into a funding agreement, a legally enforceable document, which sets out the terms and conditions for Australian Government funding for the specified project. The funding agreement includes a negotiated schedule of payments linked to agreed milestones, outcomes and time frames.

The Department closely monitors projects to ensure that they meet agreed milestones and that proponents comply with the conditions of funding. The Department checks progress reports against the obligations identified in each funding agreement, conducts site visits and, for some projects, attends steering committee meetings.

During the year, the Department conducted two training programmes for staff on funding agreements and risk management to ensure compliance with relevant statutory requirements and improve funding agreement management.

Quantity/location indicators—Regional Partnerships

Projects are established in every region of Australia (56 regions)

Of the 56 regions of Australia represented by ACCs, 55 benefited from projects funded under the Regional Partnerships Programme in 2006–07. The other region had an application awaiting approval by the Ministerial Committee at 30 June 2007.

Table 4.10 Summary of performance—Remote Air Services Subsidy Scheme (RASS)

PBS/PAES performance indicators	Results
Effectiveness	
<i>Remote and isolated communities have access to passenger transport, goods delivery and other services</i>	The Remote Air Services Subsidy Scheme subsidised passenger and freight services to provide access for 235 remote communities in 2006–07.
Quality	
<i>Weekly air services are provided to communities who would otherwise have no regular access to transport</i>	<p>The scheme provided weekly air services to communities in all 10 of its geographic regions.</p> <p>Only communities that do not have access to regular transport are eligible for admission to the scheme. The 235 communities under the scheme rely on the service for regular passenger and freight transportation.</p>
Quantity/Location	
<i>Air services are provided to approximately 225 isolated communities in remote parts of Queensland, Northern Territory, Western Australia, South Australia and Tasmania</i>	The scheme serviced 235 isolated communities in 2006–07.
Cost	
<i>\$4.0 million</i>	<p>The actual cost of this programme in 2006–07 was \$3.3 million.</p> <p>RASS air operators are required to deduct other revenue earned from RASS flights (e.g. from Australia Post, freight, tourist passenger fares) from the agreed maximum subsidy payable under the scheme. Accordingly, there can be an underspend on RASS compared to budget, as was the case in 2006–07. Further, in 2006–07 there were variations to the cost of servicing two regions due to an air operator going into liquidation.</p>
Overall performance	✓✓✓

Did you know?

Projects from the Regional Partnerships Programme have been approved in every region of Australia (as represented the Area Consultative Committee network) and nearly 90 per cent of all Australian electorates have benefited.

On average over 70 per cent of all Regional Partnerships applications for funding are approved – no matter where they come from. Local governments and non-profit organisations account for over 80 per cent of Regional Partnerships funding recipients.

Since initiating the programme in 2003, the Australian Government has provided over \$315 million of funding through the Regional Partnerships Programme for over 1,300 projects.

Table 4.11 Summary of performance—Sustainable Regions

PBS/PAES performance indicators	Results
Effectiveness	
<i>Funded projects improve economic, social and/or environmental well-being in the region</i>	Funding was approved for 13 new projects under the Sustainable Regions Programme. The projects were all designed to improve wellbeing in their regions.
Quality	
<i>Regional priorities are established by a Sustainable Regions Advisory Committee (SRAC) in each region</i>	Sustainable Regions Advisory Committees (SRACs) established priorities for their regions and made recommendations on project funding in 2006-07. The Department continued to provide advice to SRACs in relation to issues affecting regions and assessment criteria for potential applications.
<i>Grants are provided for projects which meet programme guidelines, including consistency with SRAC regional priorities and partnership funding</i>	All projects were competitively assessed against all the relevant criteria.
<i>Payments are made in line with project progress and funding agreements</i>	Payments were made on successful delivery of project milestones as detailed in the project funding agreements.
Quantity/Location	
<i>Regional priorities and projects are established for two new regions (Northern Rivers and North Coast New South Wales, Darling Matilda Way)</i>	Regional priorities for the two new regions were established by the Minister for Transport and Regional Services, based on recommendations from the SRACs and advice from the Department.
<i>Agreed projects are implemented in eight existing regions in Campbelltown-Camden, Far North East New South Wales, Gippsland, the Atherton Tablelands, Wide Bay Burnett, Playford-Salisbury, the Kimberley, and North West and West Coast of Tasmania</i>	As at 30 June 2007, a total of \$101.6 million had been committed to 263 projects across the eight regions.
Cost	
\$22.6 million	The actual cost of this programme in 2006-07 was \$7.1m. The underspend reflects delays in establishing the two new regions that were announced in the 2004 election. These regions have experienced delays in the establishment of Advisory Committees which has delayed the development of project applications. Both regions have had difficulty in identifying projects in the early stages of their existence. Approval has been provided to move the funds to 2007-08 and 2008-09.
Overall performance	✓✓✓

Effectiveness indicators—Sustainable Regions

Funded projects improve economic, social and/or environmental well-being in the region

Since the Sustainable Regions Programme commenced in 2001, the Department has administered more than \$120 million to fund a total of 276 projects to help regional communities to deal with major economic, social and environmental change.

In 2006–07, funding was approved for 13 new projects, including:

- the construction of the Bilby and Endangered Species Tourism and Conservation Centre in Charleville, Queensland. The centre is part of a suite of projects aimed at branding the region as the 'Home of Natural Sciences'. The new facility will house observatories and interpretive displays and include a visitor information centre for the region;
- upgrading of the Longreach Airport to jet standard, including improvements to the runway, apron, taxiway and terminal (subject to confirmation of partner contributions from the Queensland Government and Queensland Airports Limited). As one of the few jet-capable facilities in outback Queensland, the airport will provide a transport hub for the increasing number of tourist attractions in the surrounding regions;
- construction of stage 2 of the Back O' Bourke Exhibition Centre in Bourke, New South Wales. The centre is designed to tell the story of 500 years in the life of the Darling River. Stage 2 includes the Young River Pavilion, the Mature River Pavilion and a café;
- upgrading of the aquaculture facilities at the National Marine Science Centre in Coffs Harbour, New South Wales, to commercial hatchery and research standards;
- the establishment of a manufacturing plant to produce EcoCover, a certified organic, 100 per cent biodegradable paper mulch mat, as well as other agricultural products made from paper; and
- the establishment of a specialist medical centre for visiting specialists and allied health providers at Nambucca, New South Wales.

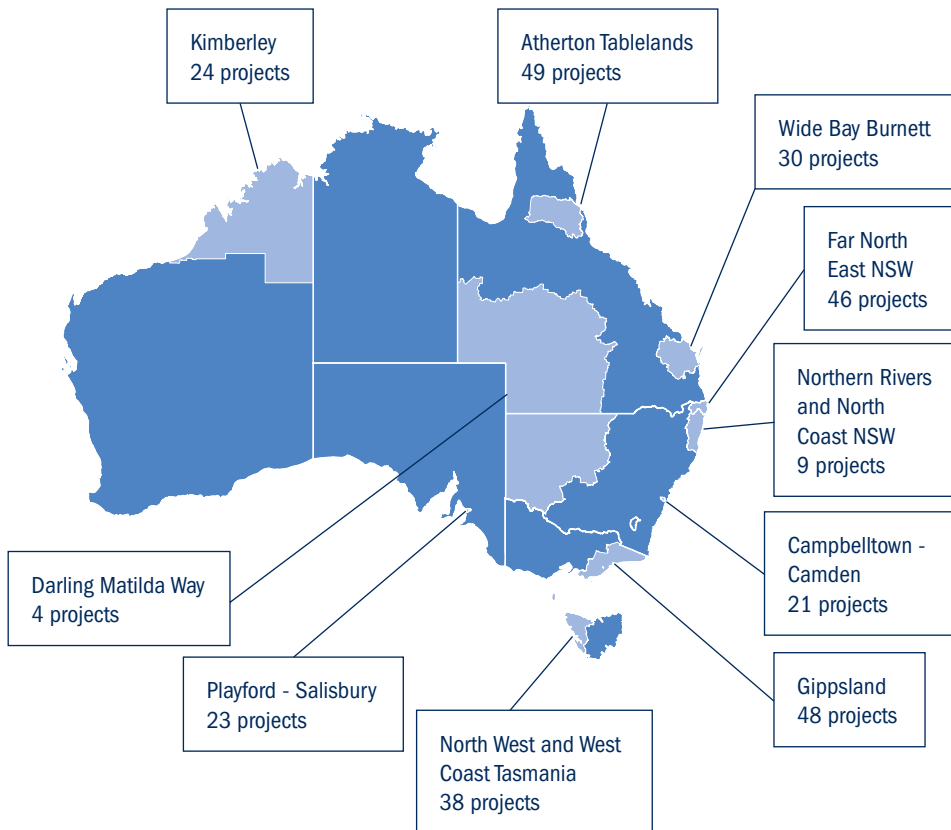
Figure 4.2 shows the distribution of projects by region. More information about the Sustainable Regions Programme is available from the programme's website, <www.sustainableregions.gov.au>.

Did you know?

Since 2001, the Australian Government has committed over \$120 million to 276 projects to help communities in 10 locations around Australia deal with major economic, social and environmental change, through the Sustainable Regions Programme.



Figure 4.2 Distribution of Sustainable Regions Programme projects



Quality indicators—Sustainable Regions

Regional priorities are established by a Sustainable Regions Advisory Committee (SRAC) in each region

In 2006-07, the Department continued to provide advice and other support to Sustainable Regions Advisory Committees (SRACs), including committees in the two new regions: Northern Rivers and North Coast New South Wales, and Darling Matilda Way.

The SRACs—which include business, community and local government representatives—provided advice to the Australian Government on issues associated with the regions, provided on-the-ground support for potential applications, and made recommendations on project funding.

Grants are provided for projects which meet programme guidelines, including consistency with SRAC regional priorities and partnership funding

Each application for funding was fully and competitively assessed by the relevant SRAC. To be successful, applications must:

- meet the Sustainable Regions Programme assessment criteria;
- be consistent with identified regional priorities;
- demonstrate that they are likely to achieve sustainable outcomes; and
- have significant regional support.

The Department reviewed SRAC recommendations to check that the proposed projects met the programme guidelines, and arranged any financial due diligence checks needed, before providing recommendations and advice to the Minister for decision.

The projects funded have attracted partnership funding totalling approximately \$200.4 million, from the private sector and other partners, since the programme began in 2001. This equates to nearly \$2 of partnership funding for every \$1 invested by the Australian Government, although the size of the benefit varies between projects and regions.

Payments are made in line with project progress and funding agreements

In 2006–07, payments were made on achievement of project milestones, in accordance with funding agreements.

Successful applicants are required to enter into a funding agreement, a legally enforceable document, which sets out the terms and conditions for Australian Government funding for the specified project. The funding agreement includes a negotiated schedule of payments linked to agreed milestones, activities and time frames.

The Department works closely with project proponents to ensure that projects remain on schedule and comply with the conditions of funding. Progress is analysed against reports received and the obligations identified in funding agreements. Site visits are made as required.

Quantity/location indicators—Sustainable Regions

Regional priorities and projects are established for two new regions (Northern Rivers and North Coast New South Wales, Darling Matilda Way)

The Minister agreed to regional priorities recommended to him by the SRACs in the two newer regions.

On the basis of these priorities, the SRACs for the new regions considered a number of expressions of interest and full applications for grants under the Sustainable Regions Programme. As a result, nine projects were approved in the Northern Rivers and North Coast New South Wales region and four projects were approved in the Darling Matilda Way region, with total funding of \$18.9 million, in 2006–07.



Agreed projects are implemented in eight existing regions in Campbelltown–Camden, Far North East New South Wales, Gippsland, the Atherton Tablelands, Wide Bay Burnett, Playford-Salisbury, the Kimberley, and North West and West Coast of Tasmania

As at 30 June 2007, a total of \$101.6 million had been committed to 263 projects across the eight initial regions, and 222 projects had been completed. Implementation continues in relation to a small number of projects with payments totalling approximately \$840,400 still to be paid.

OUTLOOK—OUTPUT 2.1.1—REGIONAL SERVICES

The Regional Services Division will continue to effectively administer the Australian Government's regional programmes, and provide advice to government, in 2007–08. The focus will be on continually improving administrative processes, consistent with the requirements of the *Financial Management and Accountability Act 1997*, and providing advice informed by the National Regional Evaluation Framework.

Administrative activities for the Sustainable Regions Programme will continue as projects for the two newer regions are finalised; the programme has been extended until June 2009 for those regions. For the eight initial regions, all projects are expected to be completed by the end of 2007–08.

The Department will continue to work closely with ACCs to deliver the Regional Partnerships Programme, with particular focus on the four priorities of the programme: small or disadvantaged communities; youth; economic growth and skills development; and Indigenous communities.

The objectives of the Regional Partnerships Programme are to stimulate growth in regions, improve access to services, support planning, and help communities make structural adjustments. The challenges for 2007–08 will be to:

- address recommendations of the Australian National Audit Office audit of the programme;
- continue to improve the administration of the programme to ensure timely assessment and approval of projects and consistent management of the programme;
- continue to work with ACCs to assist communities to develop high-quality project applications; and
- fully expend the appropriation of the programme by encouraging sufficient applications for funding and working with grant recipients to finalise their projects.

The Department will also continue to administer its other programmes under Output 2.1.1, such as the Remote Area Subsidy Scheme, to improve regional wellbeing and sustainability. Work will commence on implementing initiatives to improve regional women's representation and decision making.



OUTPUT 2.2.1—SERVICES TO TERRITORIES

Highlights

The Department successfully put forward new policy proposals for the building of a passenger and freight handling facility on Cocos (Keeling) Islands, and secured funding for the removal of asbestos and demolition of a disused precipitator tower on Christmas Island. The Department prepared and successfully negotiated a collective agreement for administration staff on Christmas Island.

The Department hosted a consultative forum of 23 representatives of Aboriginal communities to consider a design concept for a permanent facility at the Aboriginal Tent Embassy site in Canberra.

OVERVIEW—OUTPUT 2.2.1—SERVICES TO TERRITORIES

Output 2.2.1 is delivered by the Territories and Local Government business division.

Under Output 2.2.1, the Department provides services to all populated Australian territories: the Australian Capital Territory, the Northern Territory, Norfolk Island, the Jervis Bay Territory and the Indian Ocean Territories. The Department also administers the laws governing the uninhabited territories of Ashmore and Cartier Islands and the Coral Sea Islands.

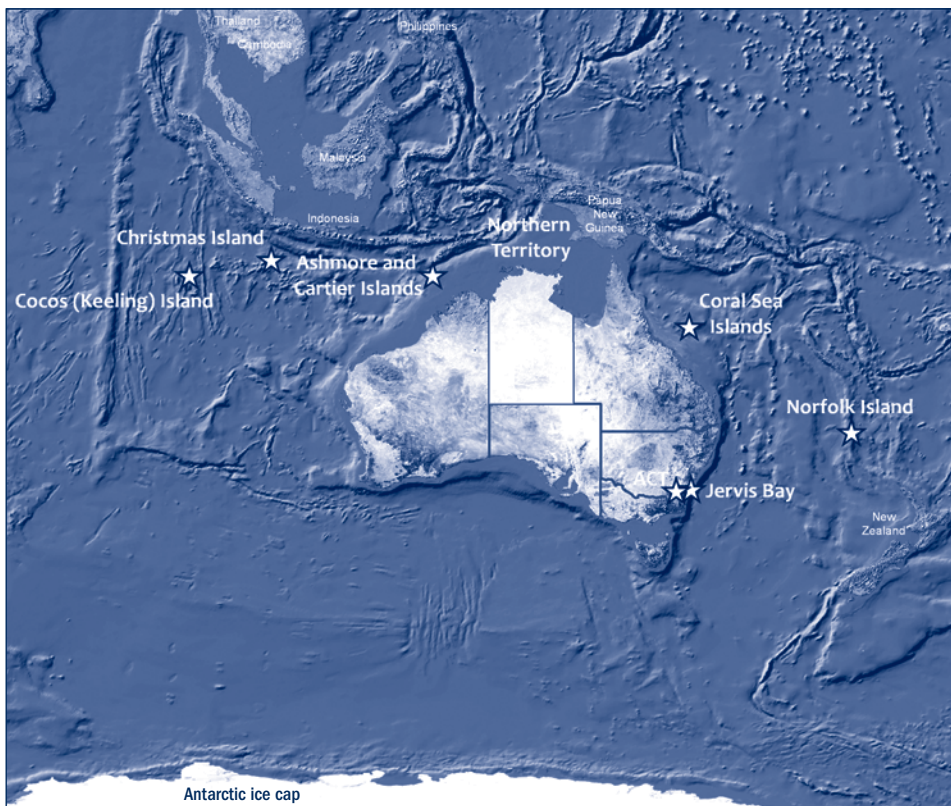
The Department assists the territories to manage their own current and future affairs, manages the Australian Government's interests in the territories and, in the absence of a state or territory government, ensures that appropriate services are effectively delivered to non-self governing territories.

The output includes 11 administered programmes:

- Christmas Island phosphate mining rehabilitation;
- Norfolk Island—preservation and maintenance of Kingston and Arthur's Vale Historic Area (KAVHA);
- Norfolk Island—refurbishment of Kingston Pier;
- Norfolk Island Memorial for Minister Buffett (environmental trust fund);
- Office of Administrator on Norfolk Island;
- Office of Administrator in Northern Territory;
- Payment to the ACT—assistance for National Capital type functions;
- Payment to the ACT—assistance for water and sewerage services;
- Payment to the ACT—compensation for the effects of National Capital influence on the cost of providing municipal services;
- Services to Indian Ocean Territories (IOTs); and
- Services to Jervis Bay Territory.

Table 4.12 summarises the output's performance in 2006–07.





The map shows the geographical spread of Australia's territories. Christmas and Cocos (Keeling) Islands are as far from Perth as the Antarctic ice cap is from Hobart. (Image DOTARS)

SUMMARY OF PERFORMANCE—OUTPUT 2.2.1—SERVICES TO TERRITORIES

Table 4.12 Summary of performance—Output 2.2.1

PBS/PAES performance indicators	Results
Effectiveness	
<i>Territories are assisted to manage their own futures</i>	The Department maintained a presence in the inhabited territories and administered funding to provide services and development opportunities.
Quality	
<i>Australian Government interests in all territories are managed</i>	The Department maintained representation with territory authorities to manage the Australian Government's interests.
<i>In the absence of a state or territory government, non-self governing territories are provided with a range of infrastructure and services:</i>	The Department maintained up-to-date and effective service delivery arrangements and memoranda of understanding with state and local government bodies and private service providers to deliver essential services to communities in non-self governing territories.
<ul style="list-style-type: none"> · <i>at a reasonable standard and cost compared to similar mainland communities</i> · <i>in a way which recognises the cultural and linguistic diversity of territory residents</i> 	<p>The delivery criteria required cost and service level parity with similarly remote communities in mainland Australia.</p> <p>Community consultation, particularly in the non-self governing territories, assisted the Department in assessing community needs.</p>
<i>Territories funding is administered in line with relevant legislation, policies and agreements</i>	All revenue and expenditure was administered in line with requirements and reported and audited as part of the Department's financial statements.
Location	
<i>Self-governing territories: the ACT, Northern Territory and Norfolk Island</i>	Where applicable, the Department consulted with the local government, community groups and/or special interest groups with respect to the delivery of services, infrastructure needs and governance issues in these territories.
<i>Non-self-governing territories: Christmas Island, Cocos (Keeling) Islands and Jervis Bay Territory</i>	
<i>Uninhabited territories: Ashmore-Cartier Island and Coral Sea Islands</i>	
Price	
\$9.3 million	The actual price of this output in 2006–07 was \$10.9 million.
Overall performance	✓✓✓

DETAILED REPORT ON PERFORMANCE— OUTPUT 2.2.1— SERVICES TO TERRITORIES

Overview

Reflecting the differences in governance arrangements, economic capacity and culture, each territory is administered in its own unique way. Table 4.13 summarises some of the features that characterise each territory. Accordingly, in the following detailed report on performance, there is a separate response for each territory for each performance indicator.

Table 4.13 Profile of Australia's territories

Territory	Area	Population	Cultural/linguistic features
<i>Self-governing territories</i>			
Australian Capital Territory	2,358 km ²	324,034	-
Norfolk Island	35 km ²	1,863	-
Northern Territory	1,349,129 km ²	192,898	28% indigenous
<i>Non self-governing territories</i>			
Christmas Island	135 km ²	1,347	60% Chinese-20% Malay
Cocos (Keeling) Islands	14 km ²	571	75% Malay
Coral Sea Islands	81 km ²	4	Transient
Jervis Bay	73 km ²	611	40% Indigenous
<i>Other</i>			
Ashmore and Cartier Islands	5 km ²	Uninhabited	-
Australian Antarctic Territory ^a	5,896,500 km ²	Transient	-
Heard and McDonald Islands ^a	367 km ²	Uninhabited	-
All territories	7,248,694 km²	521,790	

a Australia's antarctic and subantarctic territories are administered by the Department of the Environment and Water Resources. More information is available from that department's website, <www.environment.gov.au>.

Effectiveness indicators—Output 2.2.1

Territories are assisted to manage their own futures

Australian Capital Territory

The Australian Capital Territory is a self-governing territory. In 2006–07 the Department:

- advised ministers on policy matters affecting the Australian Government's interests in the national capital.
- administered several Australian Government programmes that support the Australian Capital Territory's unique role as the site of the national capital; and
- advised ministers about the performance of the National Capital Authority, which ensures that Canberra is planned and developed in accordance with its national significance.

Northern Territory

The Northern Territory is a self-governing territory. In 2006–07 the Department:

- administered loans for assets transferred to the territory when it gained self-government—these loans are mainly for water, sewerage and housing assets;
- provided input to the House of Representatives Standing Committee on Legal and Constitutional Affairs inquiry into the federal implications of Northern Territory statehood; and
- supported the Northern Territory Administrator, the Hon Ted Egan AO, whose role is largely equivalent to that of a state governor.

Norfolk Island

Norfolk Island is a self-governing territory located 1,500 kilometres east of Brisbane. As well as administering three Australian Government programmes to benefit the environment and heritage of Norfolk Island in 2006–07, the Department:

- administered interest-free loans, for a project to stabilise a dangerous cliff face overlooking one of the island's two piers, and for resurfacing the runways of the island's airport;
- administered the Australian Government's contribution to the Norfolk Island Government to assist with the prosecution of the Janelle Patton murder trial; and
- supported the Norfolk Island Administrator, the Hon Grant Tambling.

The Australian Government also considered alternative governance arrangements for Norfolk Island in 2006 and decided not to proceed with them.

Jervis Bay Territory

The non-self governing territory of Jervis Bay is located on the New South Wales coast 200 kilometres south of Sydney. In addition to providing state-type services for Jervis Bay in 2006–07, the Department continued to assist the territory by:

- progressing efforts to resolve a land claim in Jervis Bay by the Wreck Bay Aboriginal community; and
- chairing or attending community consultation groups covering emergency response, justice issues and public health.



Territories are assisted to manage their own futures (continued)

Indian Ocean Territories

The non-self governing Indian Ocean Territories (IOTs) comprise Christmas Island and Cocos (Keeling) Islands. In addition to providing state-type services for the IOTs in 2006–07, the Department:

- managed the provision of a state-level legal framework, through the application of Western Australian legislation; and
- administered a programme to rehabilitate areas of Christmas Island that have been affected by phosphate mining.

Table 4.14 Trends in services to territories

	2003–04	2004–05	2005–06	2006–07	2007–08 estimate
Price of output	\$108.1m	\$18.5m	\$18.1m	\$10.9m	\$10.8m
<i>Administered expenses</i>					
Services to Indian Ocean Territories	n/a	\$75.2m	\$58.0m	\$62.9m	\$84.3m
Australian Capital Territory municipal services	\$22.1m	\$22.5m	\$23.0m	\$23.5m	\$24.0m
Australian Capital Territory water and sewerage services	\$8.9m	\$9.1m	\$9.3m	\$9.4m	\$9.6m
Christmas Island rehabilitation	-	-	\$3.7m	\$1.1m	\$1.0m
Services to Jervis Bay Territory	-	-	-	\$3.5m	\$5.1m
Other	-	\$0.3m	\$6.0m	\$2.7m	\$2.6m
Total cost of services to territories (departmental and administered)	\$139.0m	\$125.6m	\$118.1m	\$114.1m	\$137.2m

Quality indicators—Output 2.2.1

Australian Government interests in all territories are managed

Australian Capital Territory

In 2006–07 the Department's role included:

- supporting the Minister for Local Government, Territories and Roads in national consultations about the future of the site of the Aboriginal Tent Embassy; and
- advising ministers on their obligations under 22 pieces of Australian Capital Territory-related legislation, including legislation on self-government and on cross-border water supply.

Northern Territory

The Department administered funding and support provided to the Northern Territory Administrator when he was acting on behalf of the Australian Government.

Norfolk Island

In addition to advising Australian Government ministers on a range of policy issues related to Norfolk Island during 2006–07, the Department:

- continued research and policy development on possible governance alternatives for Norfolk Island;
- coordinated whole-of-government reviews into issues associated with extending all Australian Government laws, programmes and services to Norfolk Island;
- provided advice to the Norfolk Island community about governance reforms, through a website, newsletter and other means; and
- prepared advice to the Australian Government on the policy alternatives and the potential impacts of proposed governance changes.

Jervis Bay Territory

The Department ensured that critical infrastructure and services were provided to the Jervis Bay community.

Indian Ocean Territories

In addition to advising Australian Government ministers on a range of policy issues related to the IOTs during 2006–07, the Department:

- progressed the negotiation of a new collective agreement for IOT employees with the Union of Christmas Island Workers;
- completed a complex review and evaluation of market-testing outcomes for the IOT Health Service—the resulting recommendation to retain responsibility for the service within the Australian Government was accepted by the Minister for Local Government, Territories and Roads; and
- commissioned a consultancy to examine options for increasing the water supply to Home Island, Cocos (Keeling) Islands.

In the absence of a state or territory government, non-self governing territories are provided with a range of infrastructure and services:

- *at a reasonable standard and cost compared to similar mainland communities*
- *in a way which recognises the cultural and linguistic diversity of territory residents*

Jervis Bay Territory

In 2006–07 the Department delivered a range of services to Jervis Bay, including health, education, motor registration, public library and dog control services and utilities such as electricity, water and sewage treatment. In addition, the Department:

- completed a review of the territory's water supply, identifying critical thresholds for the extraction of water from Lake Windermere; and
- commenced a review of housing management and rental compliance policies.

In the absence of a state or territory government, non-self governing territories are provided with a range of infrastructure and services:

- *at a reasonable standard and cost compared to similar mainland communities*
- *in a way which recognises the cultural and linguistic diversity of territory residents (continued)*

Territories funding is administered in line with relevant legislation, policies and agreements

Indian Ocean Territories

In 2006–07 the Department provided a range of services to the IOTs, including emergency, health and education and utilities such as ports, airports, power and water.

A total of 32 service delivery arrangements were managed between the Australian Government and the Western Australian Government to provide state-level services. The Department also:

- continued to manage a number of commercial contractual arrangements with other organisations to provide services to the IOTs;
- extended a number of critical supply contracts, including power (on Cocos (Keeling) Islands), water and port management;
- commenced a mammography service on Christmas Island; and
- commissioned urgent repairs to the tower crane and pedestal at Flying Fish Cove, Christmas Island.

The Department administered funds for territories, including all administered programme funds, in line with all relevant legislation, policies and agreements in 2006–07.

Overall performance

Overall, the Department successfully delivered services worth \$103.2 million to assist in the effective management of Australian territories in 2006–07. As Table 4.14 shows, this was similar to last year's total assistance, although there were some differences in the distribution of funds.



Jukongs are a traditional Cocos Malay sailing craft. They were once the main means of transport on the shallow lagoon and have been influenced by both Scottish and Malay watercraft. The jukongs are now raced for ceremonial purposes during the Hari Raya festival, to celebrate the end of Ramadan, and on Self Determination Day. (Photo courtesy of John Jaycock)

ADMINISTERED PROGRAMMES—OUTPUT 2.2.1—SERVICES TO TERRITORIES

Table 4.15 Summary of performance—Christmas Island phosphate mining rehabilitation^a

PBS/PAES performance indicators	Results
Effectiveness/Location	
<i>A robust rehabilitation programme targeting high conservation areas within the Christmas Island National Park</i>	<p>A memorandum of understanding (MOU) between the Department and Parks Australia continued to provide the strategic programme for rehabilitation services within the Christmas Island National Park.</p> <p>Funding was sourced through a conservation levy charged on phosphate mining tonnage and held in trust by the Department to meet the rehabilitation costs incurred by Parks Australia.</p>
Quality	
<i>Rehabilitation of old mine sites on Christmas Island to an agreed standard</i>	The rehabilitation undertaken by Parks Australia was to the standard outlined in the Christmas Island Rainforest Rehabilitation Programme, as agreed in the MOU.
Cost	
<i>\$1.0 million</i>	<p>The actual cost of this programme in 2006–07 was \$1.1 million.</p> <p>Payments are based on rehabilitation work undertaken by Parks Australia.</p>
Overall performance	✓✓✓

^a Administered programme name modified in the 2007–08 PBS.

Did you know?

Cocos (Keeling) Islands has a population of 571 people and Christmas Island has a population of 1,347 (ABS data 2006 Census). The Indian Ocean Territories have 13 different religions, 10 languages spoken and 14 nationalities.

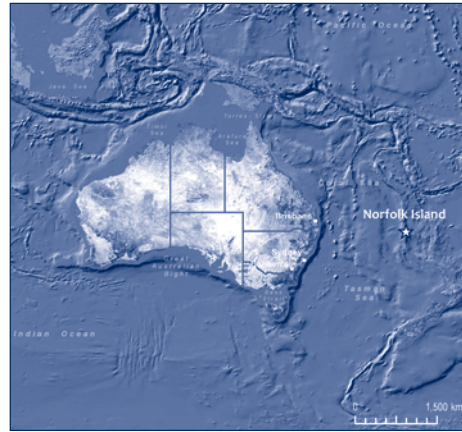
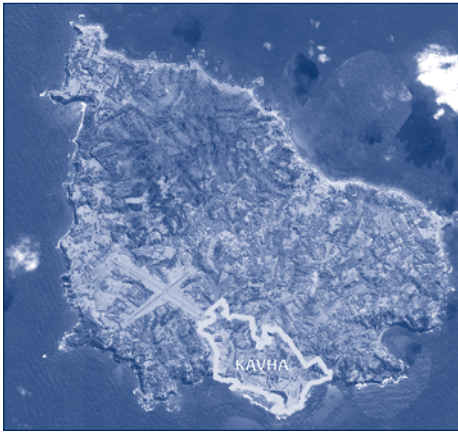
Table 4.16 Summary of performance—Norfolk Island—preservation and maintenance of Kingston and Arthur’s Vale Historic Area

PBS/PAES performance indicators	Results
Effectiveness	
<i>Australian Government-owned assets and land within the KAVHA precinct is preserved and maintained in accordance with its heritage values</i>	The Department worked with and held membership on the Kingston and Arthur’s Vale Historic Area (KAVHA) Management Board to maintain and interpret heritage values on the island.
Quality	
<i>Australian Government funding is managed in accordance with the memorandum of understanding with the Norfolk Island Government</i>	Funding provided by the Australian Government is managed by the KAVHA Management Board in accordance with the MOU between the Australian and Norfolk Island governments.
Cost	
<i>\$0.5 million</i>	The actual cost of this programme in 2006–07 was \$0.5 million.
Overall performance	✓✓✓

Table 4.17 Summary of performance—Norfolk Island—refurbishment of Kingston Pier

PBS/PAES performance indicators	Results
Effectiveness	
<i>The safety and functionality of the pier is restored in keeping with its heritage values^a</i>	The Department administered funds provided to the Norfolk Island Government to stabilise and refurbish the historic Kingston Pier to ensure it remains useable. The pier was officially reopened on 6 March 2007.
Quality	
<i>Payments are administered in line with project progress</i>	The project was completed within budget and all payments were made on completion of contracted milestones.
Location	
<i>Kingston, Norfolk Island</i>	The work was undertaken at Kingston, Norfolk Island.
Cost	
<i>\$0.3 million</i>	The actual cost of this programme in 2006–07 was \$0.1 million. Project completed under budget.
Overall performance	✓✓✓

^a Performance indicator modified in the 2007–08 PBS.



Norfolk Island with KAVHA precinct highlighted (Photo DOTARS)

Table 4.18 Summary of performance—Norfolk Island Memorial for Minister Buffett (Environmental Trust Fund)

PBS/PAES performance indicators	Results
Effectiveness/Location	
<i>Community groups and individuals are assisted to improve environmental and land management on Norfolk Island</i>	The Department worked with the Norfolk Island Government and the Australian Government Natural Resources Management Team (drawn from the Department of Environment and Water Resources and the Department of Agriculture, Fisheries and Forestry) to administer the Ivens F (Toon) Buffett Environmental Trust Fund.
Quality	
<i>Payments are administered in line with project progress</i>	<p>The Department collected funds from the sale of Crown land on Norfolk Island and deposited them into the Commonwealth Government Official Public Account. An equivalent amount was, in turn, appropriated to the Trust.</p> <p>Applications for grants under the Trust were assessed by the Trust Board appointed by the Norfolk Island Government and given expert scrutiny by the Natural Resources Management Team.</p>
Cost	
<i>\$0.1 million</i>	<p>The actual cost of this programme in 2006–07 was \$0.1 million.</p> <p>Payments are driven by the level of revenue receipts from land transfers.</p>
Overall performance	✓✓✓



Table 4.19 Summary of performance—Office of Administrator on Norfolk Island

PBS/PAES performance indicators	Results
Effectiveness/Location	
<i>Australian Government funding meets the Administrator's salary entitlements, office, relevant travel and other costs</i>	The Department supported the Office of the Norfolk Island Administrator, the Hon Grant Tambling. The office provides, among other things, a shopfront for some Australian Government services, including passport and visa processing.
Quality	
<i>Salary paid in accordance with relevant Remuneration Tribunal Determination</i>	The administrator's salary component was paid fortnightly in accordance with the Remuneration Tribunal Determination.
<i>Other costs managed within budget</i>	Other expenses were managed within budget and paid by the Department as they were incurred.
Cost	
<i>\$0.5 million</i>	The actual cost of this programme in 2006–07 was \$0.5 million.
Overall performance	✓✓✓

Table 4.20 Summary of performance—Office of Administrator in Northern Territory

PBS/PAES performance indicators	Results
Effectiveness/Location	
<i>Australian Government funding meets the Administrator's salary entitlements and relevant travel costs</i>	The Department supported the Northern Territory Administrator, the Hon Ted Egan AO, whose role is largely equivalent to that of a state governor.
Quality	
<i>Salary paid in accordance with relevant Remuneration Tribunal Determination</i>	The administrator's salary component was paid fortnightly, and his expenses incurred in performing duties on behalf of the Australian Government were paid by reimbursement.
<i>Travel costs associated with Australian Government requirements are paid</i>	
Cost	
<i>\$0.2 million</i>	The actual cost of this programme in 2006–07 was \$0.2 million.
Overall performance	✓✓✓

Table 4.21 Summary of performance—Payment to the ACT—assistance for National Capital type functions

PBS/PAES performance indicators	Results
Effectiveness/Location	
<i>The ACT Government provides specialised services on behalf of the Australian Government in the ACT</i>	<p>The Department administered payments to the Australian Capital Territory Government as compensation for the following services provided to the Australian Government:</p> <ul style="list-style-type: none"> • registration of diplomatic vehicles; • registration of overseas births, deaths and marriages for Australian diplomats; • provision of the French–Australian School at Telopea Park School; • provision of correspondence lessons for the children of Australian diplomats; • conduct of the International Baccalaureate; and • maintenance of the Nolan Gallery at Lanyon.
Quality	
<i>Payments are made in line with the agreed schedule</i>	<p>The amount payable is based on the estimate made by the Commonwealth Grants Commission when the Australian Capital Territory became self-governing in 1988, and is adjusted for increases in the Wage Cost Index 1.</p> <p>In 2006–07 the Australian Capital Territory Government received the full assessed amount in fortnightly instalments.</p>
Cost	
<i>\$1.3 million</i>	The actual cost of this programme in 2006–07 was \$1.3 million.
Overall performance	✓✓✓

Table 4.22 Summary of performance—Payment to the ACT—assistance for water and sewerage services

PBS/PAES performance indicators	Results
Effectiveness/Location	
<i>The ACT Government is compensated for extra costs resulting from national capital influences on the provision of water and sewerage services^a</i>	The Department administered payments to the Australian Capital Territory Government as compensation for the higher maintenance and operational costs created by the dispersed nature of the urban development in the territory.
Quality	
<i>Payments are made in line with the agreed schedule</i>	The amount payable is based on the estimate made by the Commonwealth Grants Commission when the Australian Capital Territory became self-governing in 1988 and is adjusted for increases in the Wage Cost Index 1. In 2006-07 the Australian Capital Territory Government received the full assessed amount in fortnightly instalments.
Cost	
<i>\$9.4 million</i>	The actual cost of this programme in 2006-07 was \$9.4 million.
Overall performance	✓✓✓

^a Performance indicator modified in the 2007-08 PBS.

Table 4.23 Summary of performance—Payment to the ACT—compensation for the effects of national capital influence on the cost of providing municipal services

PBS/PAES performance indicators	Results
Effectiveness/Location	
<i>The national capital influence on the cost of ACT municipal services is ameliorated</i>	The Department administered payments to the Australian Capital Territory Government as compensation for a number of factors, such as rating disability because of the large number of national institutions in the territory, and the extra costs resulting from the design and layout of Canberra as the national capital.
Quality	
<i>Payments are made in line with the agreed schedule</i>	The amount payable is based on the estimate made by the Commonwealth Grants Commission when the Australian Capital Territory became self-governing in 1988 and is adjusted for increases in the Wage Cost Index 1. In 2006–07 the Australian Capital Territory Government received the full assessed amount in fortnightly instalments.
Cost	
<i>\$23.5 million</i>	The actual cost of this programme in 2006–07 was \$23.5 million.
Overall performance	✓✓✓

Table 4.24 Summary of performance—Services to Indian Ocean Territories (IOTs)

PBS/PAES performance indicators	Results
Effectiveness	
<i>Territories are assisted to manage their own futures</i>	The Department assessed proposals for economic development initiatives from the economic development committees on both Christmas Island and Cocos (Keeling) Islands, and administered funding for projects approved by the Minister.
Quality	
<i>In the absence of a state or territory government, IOT residents and visitors are provided with a range of infrastructure and services:</i>	The Department continued to support the Office of the Administrator, Mr Neil Lucas PSM. The administrator is the Australian Government's representative in the IOTs. The Department also managed the state-type grants programme that provides the IOT communities with equivalent access to a wide range of grant funding, based on Western Australian state government programmes.
<ul style="list-style-type: none"> · <i>at a reasonable standard and cost compared to similar mainland communities</i> · <i>in a way which recognises the cultural and linguistic diversity of residents and visitors</i> 	Newsletters and publications were produced in community languages, translators were used for community meetings and support was provided for students from culturally and linguistically diverse backgrounds at the schools.

Table 4.24 continued.

PBS/PAES performance indicators	Results
Quantity/Location	
<i>Approximately 2,100 people live in the IOTs, namely on Christmas Island and the Cocos (Keeling) Islands</i>	<p>The Department continued to manage a portfolio of properties on behalf of the Australian Government in 2006–07. This included the:</p> <ul style="list-style-type: none"> · continued maintenance and upgrade programme of Australian Government housing and commercial buildings on Cocos (Keeling) Islands and Christmas Island; and · remediation of the old Home Island power station site on Cocos (Keeling) Islands.
Cost	
\$72.6 million	<p>The actual cost of this programme in 2006–07 was \$62.9 million.</p> <p>The underspend is due to delays in the works programmes on the IOTs due to limited island resources. Approval has been provided to move funds to 2007–08.</p>
Overall performance	✓✓✓

Table 4.25 Summary of performance—Services to Jervis Bay Territory

PBS/PAES performance indicators	Results
Effectiveness	
<i>Accountable governance, administration and provision of services in the territory</i>	The Department delivered services to the Jervis Bay Territory either directly, through the private sector or through the New South Wales and Australian Capital Territory governments.
Quality	
<i>In the absence of a state or territory government, Jervis Bay Territory residents and visitors are provided with a range of infrastructure and services:</i>	<p>In 2006–07 the Department delivered a range of services on behalf of the Australian Government, including health, education, motor registration, public library, dog control, electricity, and water and sewage treatment services.</p> <p>In providing essential services, the Department:</p> <ul style="list-style-type: none"> · spent approximately \$3.5 million and collected \$0.7 million in fees for services including rent, electricity and water charges; and · convened a number of community forums to ensure that appropriate services were provided to the Indigenous community.
<ul style="list-style-type: none"> · at a reasonable standard and cost compared to similar communities^a · in a way which recognises the cultural diversity of residents and visitors^a 	

PBS/PAES performance indicators	Results
Quantity/Location	
<i>Approximately 611 people live in the Jervis Bay Territory</i>	
Cost	
\$5.0 million	The actual cost of this programme in 2006–07 was \$3.5 million. The underspend is due to maintenance programmes for Australian Government owned rental homes being delayed by late delivery of condition reports and delayed invoices for welfare services provided by the ACT Government.
Overall performance	✓✓✓

a Performance indicator modified in the 2007-08 PBS

OUTLOOK—OUTPUT 2.2.1—SERVICES TO TERRITORIES

In 2007–08 the Department's priorities under Output 2.2.1 will include:

- preserving and maintaining the Australian Government-owned assets within the Kingston and Arthur's Vale Historic Area precinct on Norfolk Island;
- negotiating memoranda of understanding for service delivery to the Jervis Bay Territory;
- supporting a review by the Commonwealth Grants Commission of funding model requirements for the IOTs;
- finalising the collective agreement for IOT employees;
- implementing strategic health reforms in the IOT Health Service, including the recruitment of key personnel to implement and drive the reforms;
- submitting recommendations to the government on ways to overcome the water shortage on Home Island, Cocos (Keeling) Islands;
- commencing projects to deliver a passenger and freight facility at Rumah Baru on West Island, Cocos (Keeling) Islands; and
- managing the removal of asbestos from Australian Government properties in the IOTs, including by demolishing a precipitator tower that presents a significant asbestos risk.



CASE STUDY: BIRD WEEK ON CHRISTMAS ISLAND

Christmas Island is a nature lovers' paradise, with many unique and amazing creatures—it is widely known for the spectacle of the annual migration of red crabs. Now the birds of Christmas Island are capturing the imagination of nature lovers and researchers across the world.

The Christmas Island Tourist Association hosted the island's inaugural Bird Week in mid-2006, bringing recreational birdwatchers and scientists together. A highlight for the group was the opportunity to sight the world's rarest booby and frigate birds: the Abbott's booby and the Christmas Island frigatebird.

The residents of Christmas Island extended a very warm and friendly welcome to Bird Week visitors. The large papier-mâché birds created by the students at the Christmas Island District High School and used to decorate buildings and other structures around the island were particularly popular among the guests.

It was not all for fun: serious scientific research was undertaken during the week. Birdwatchers assisted scientists to catch Abbott's boobies high in the rainforest canopy, colour band Christmas Island goshawks (pictured), and find the elusive Christmas Island hawk-owl. These activities added valuable information to the existing knowledge of the birds and their environment.

The level of interest and enthusiasm among participants ensured that Bird Week will be held again.

The second Bird Week will be held in September 2007, and Christmas Island will host the inaugural Indian Ocean Seabird Group Conference in April 2008. It is hoped that the conference, which involves scientists and natural resource managers, will also become a regular event on Christmas Island.

Photo (DOTARS)



OUTPUT 2.2.2—LOCAL GOVERNMENT

Highlights

Supplementary road funding for South Australia was extended.

OVERVIEW—OUTPUT 2.2.2—LOCAL GOVERNMENT

Output 2.2.2 is delivered by the Territories and Local Government Division.

Under Output 2.2.2, the Department administers Australian Government financial assistance grants to local governments. In 2006–07 the grants were distributed as follows:

- around 30 per cent of funding was distributed as an untied local roads component. These funds are allocated between states according to fixed shares, and between local governments within a state on the basis of road expenditure needs; however, the funds can be spent on any local government expenditure priority;
- around 70 per cent of funding was distributed as general purpose grants. These funds are allocated between states on the basis of population, and between local governing bodies within a state on the basis of relative needs. Funds are untied and can be spent on local priorities determined by councils;
- overall, around two-thirds of the funding (\$1.1 billion) went to councils in regional and rural Australia, including \$28 million to Indigenous councils.

To maintain their value, the grants are indexed each year for changes in population and consumer prices.

The output includes two administered programmes:

- Local Government Financial Assistance Grants; and
- Supplementary funding to South Australian councils for local roads.

Table 4.26 summarises the output's performance in 2006–07.

SUMMARY OF PERFORMANCE—OUTPUT 2.2.2—LOCAL GOVERNMENT

Table 4.26 Summary of performance—Output 2.2.2

PBS/PAES performance indicators	Results
Effectiveness	
<i>Local governments are assisted to serve their communities</i>	<p>The Department administered funding that assisted local governments across Australia to deliver essential services such as planning and development, community services and infrastructure, including roads. The Department promoted and supported best practice in local government.</p> <p>In 2006–07 grants averaged approximately 9 per cent of local government revenue overall, but provided more than 50 per cent of the revenue of some councils.</p>

Table 4.26 continued.

PBS/PAES performance indicators	Results
Quality	
<i>Grants are allocated and distributed to local governments in line with national principles</i>	<p>In 2006–07 the Department administered financial assistance grants to Australia's local governments under the <i>Local Government (Financial Assistance) Act 1995</i>. Payments totalling \$1.69 billion were made in 2006–07.</p> <p>The Department administered supplementary funding of \$13 million to South Australian councils for local roads.</p>
<i>Better practice in local government is recognised and promoted (e.g. through a national awards process)</i>	<p>In 2006–07 the Department promoted local government successes and achievements through:</p> <ul style="list-style-type: none"> • the annual National Awards for Local Government; and • an online database of the more than 2,000 projects nominated for awards since 1997. <p>The 2007 National Awards for Local Government attracted nearly 300 entries, across 15 categories, including asset management, health and wellbeing, IT, strengthening Indigenous communities, ageing, and innovation in regional development.</p> <p>More information about the awards is available from the Department's website, at <www.dotars.gov.au/local/awards/index.aspx>.</p>
<i>Local governments are assisted to improve their land use planning and development assessment systems</i>	<p>In 2006–07 the Department supported the Development Assessment Forum to reform and harmonise Australia's development assessment systems. A key project was the development of a national electronic data exchange standard to facilitate the electronic processing of development applications.</p> <p>More information about the forum is available from the dedicated website <www.daf.gov.au>.</p> <p>The Department provided advice to Australian Government representatives on the Local Government and Planning Ministers' Council, and Secretariat services to the council.</p>
Quantity	
<i>Funding and information are provided to some 700 local governing bodies across Australia^a</i>	<p>In 2006–07 information and funding was provided to 700 local governing bodies across Australia, including 91 Indigenous councils. As the Australian Capital Territory has no local government, its share was paid directly to the Australian Capital Territory Government.</p>
Price	
<i>\$2.2 million</i>	The actual price of this output in 2006–07 was \$2.2 million.
Overall performance	✓✓✓

^a Performance indicator modified in the 2007–08 PBS.

Effectiveness indicators—Output 2.2.2

Local governments are assisted to serve their communities

The Department continued to implement the Australian Government's commitments made in response to the House of Representatives Standing Committee on Economics, Finance and Public Administration report *Rates and taxes: a fair share for responsible local government* (the Hawker report) in 2005.

In 2006–07 the Department provided advice to the government in relation to:

- a parliamentary resolution on local government, which was passed in October 2006;
- the terms of reference for a study by the Productivity Commission into local government revenue raising capacity, which were issued by the Treasurer on 4 April 2007; and
- a report of the Commonwealth Grants Commission into the interstate distribution of the local roads grant component of the Financial Assistance Grants. The Australian Government announced its decision on the report in the May 2007 Budget. The government did not accept the Commission's recommendations on an interim redistribution of the local roads grants, and agreed to continue to provide supplementary road grants for local governments in South Australia.

The Department continued to administer funding that assisted local governments across Australia to deliver essential services such as planning and development, community services and infrastructure, including roads, as shown in Table 4.27.



The Hon Jim Lloyd, MP, the Minister for Local Government, Territories and Roads presented the 2006 National Award for Innovation to Campaspe Shire Council representatives Ms Mari Q, Ms Jean Andrews and Cr. Neil Repacholi at the 2006 National Awards for Local Government Presentation Dinner. (Photo DOTARS)

Table 4.27 Trends in local government

	2003-04	2004-05	2005-06	2006-07	2007-08 estimate
<i>Financial assistance grants</i>					
Local road grants	\$464m	\$476m	\$497m	\$518m	\$542m
General purpose grants	\$1,045m	\$1,072m	\$1,121m	\$1,170m	\$1,219m
Supplementary funding for South Australian councils	-	\$4m	\$9m	\$13m	\$13m
Total grants	\$1,508m	\$1,552m	\$1,628m	\$1,702m	\$1,775m
Bodies funded	722	703	701	700	697
<i>Local government awards</i>					
Nominations closed	July 2003	July 2004	June 2005	June 2006	May 2007
Nominations received	335	250	286	215	289
Categories of award	19	18	16	18	14
Awards presented	November 2003	November 2004	November 2005	November 2006	October 2007
Price of output	\$3.4m	\$2.0m	\$2.5m	\$2.2m	\$2.3m

Did you know

Each year the Commonwealth Government recognises the best practice achievements of local government through the National Awards for Local Government. These awards were initiated in 1986 as a means of recognising, rewarding and promoting the innovative and leading practices of local government. The awards, which highlight the outstanding achievements of local government across the country, are sponsored by a number of Australian Government agencies and administered by DOTARS.

In 2006, 215 entries were received from local governments nationally and awards in seven national categories were made – refer <www.dotars.gov.au/local/awards>

ADMINISTERED PROGRAMMES—OUTPUT 2.2.2— LOCAL GOVERNMENT

Table 4.28 Summary of performance—Local Government Financial Assistance Grants

PBS/PAES performance indicators	Results
Effectiveness	
<i>Local governments are assisted to provide essential services at the community level</i>	The Department worked closely with local government grants commissions in each state and territory to allocate and distribute grants in line with national principles which ensure grants are distributed on the basis of the relative need of councils once a minimum grant requirement is met.
Quality	
<i>Grants are administered in line with the Local Government (Financial Assistance) Grants Act 1995</i>	In 2006–07 the federal Minister for Local Government, Territories and Roads calculated the amount of grant funding to be allocated to each state as required by the Act. The Department administered the payment of grants in line with the requirements of the Act.
<i>An annual report on the operation of the Act is tabled as soon as practicable after 30 June each year^a</i>	The report for 2006–07 will be tabled in September 2007.
<i>Grants paid quarterly: 15 August, 15 November, 15 February and 15 May^a</i>	Grants were paid to states and territories in quarterly instalments on 15 August, 15 November, 15 February and 15 May.
Quantity	
<i>Grants are distributed to some 700 local governments^b</i>	Grants were distributed to 700 councils, on schedule.
Cost	
<i>\$1,695.1 million</i>	The actual cost of this programme in 2006–07 was \$1,688.8 million.
Overall performance	✓✓✓

a Performance indicator first published in the 2007–08 PBS.

b Performance indicator modified in the 2007–08 PBS.

Table 4.29 Summary of performance—Supplementary funding to South Australian councils for local roads

PBS/PAES performance indicators	Results
Effectiveness	
<i>Local governments have equitable access to Australian Government funding for local roads</i>	To facilitate equitable access to funding for local roads, the Department administered supplementary Australian Government funding for South Australian councils. The 2004–05 Budget allowed for \$26.3 million in funding, to be disbursed over three years.
Quality	
<i>Grants are distributed in line with the local roads grants component of financial assistance grants</i>	Grants for 2006–07 were paid to the South Australian Government in quarterly instalments, with the first payment made on 15 August 2006.
Quantity/Location	
<i>Supplementary funding is distributed to 74 local governments in South Australia</i>	Grants were distributed to all 74 councils, on schedule.
Cost	
<i>\$13.0 million</i>	The actual cost of this programme in 2006–07 was \$13.0 million.
Overall performance	✓✓✓

OUTLOOK—OUTPUT 2.2.2—LOCAL GOVERNMENT

In 2007–08 the Department will:

- maintain effective and efficient delivery of local government funding;
- provide supplementary funding to South Australian councils for local roads;
- make a submission regarding local government funding to the Productivity Commission review of own-source funding—this issue may also be considered by the Council of Australian Governments;
- support the involvement and participation of the Minister for Transport and Regional Services in the Local Government and Planning Ministers' Council and related groups; and
- deliver the National Awards for Local Government.

OUTPUT 2.2.3—NATURAL DISASTER RELIEF

Highlights

Coordinated disaster recovery assistance in response to floods in the Hunter and Central Coast regions of New South Wales and the Gippsland region of Victoria;

Provided \$13 million for the construction of a levee in Launceston, Tasmania, under the Natural Disaster Mitigation Programme; and

Negotiated budget extension and enhancement for the National Aerial Firefighting Centre to continue development and deployment of aerial firefighting capabilities.

OVERVIEW—OUTPUT 2.2.3—NATURAL DISASTER RELIEF

Output 2.2.3 is delivered by the Territories and Local Government division.

Under Output 2.2.3, the Department administers Australian Government financial assistance for the states and territories through various natural disaster programmes and initiatives.

While protecting the community and property from natural disasters is primarily the responsibility of state and territory governments, the Australian Government provides support in recognition of the unpredictable nature of natural disasters such as bushfires, floods and cyclones, and the devastating impact they can have on families, businesses and communities.

The output includes seven administered programmes:

- AMSA search and rescue reimbursements (no performance indicators published);
- Bushfire mitigation;
- Regional Flood Mitigation;
- Donation to the Australian Red Cross Bushfire Appeal;
- National Aerial Firefighting;
- Natural Disaster Mitigation; and
- Natural Disaster Relief and Recovery Arrangements.

Table 4.30 summarises the output's performance in 2006–07.



SUMMARY OF PERFORMANCE—OUTPUT 2.2.3—NATURAL DISASTER RELIEF

Table 4.30 Summary of performance—Output 2.2.3

PBS/PAES performance indicators	Results
Effectiveness	
<i>Communities are assisted in recovering from the cost and social impact of natural disasters^a</i>	<p>The Department provided policy advice to governments and delivered financial assistance through relief, recovery and mitigation programmes to assist communities to recover from natural disasters.</p> <p>The Department's activities were coordinated with the activities of state government agencies and other Australian Government agencies.</p>
Quality	
<i>Information on natural disaster events and risks is collected systematically for Australian communities</i>	<p>The Department, in collaboration with Geoscience Australia and Emergency Management Australia, continued to work with state and territory counterparts to implement natural disaster risk assessment and data collection reforms approved in principle by the Council of Australian Governments (COAG).</p> <p>The Department is represented on the Emergency Management Information Development Plan Working Group, which is chaired by the Australian Bureau of Statistics. The plan formulated by the working group was endorsed by the Australian Emergency Management Committee on 7 September 2006 and released on 31 October 2006.</p> <p>The Department also has representation on the National Information Management Advisory Group, which was tasked with monitoring implementation and reporting on progress. The plan details a framework to integrate and coordinate the development of information required to support policy, planning and accountability in the emergency sector.</p>



PBS/PAES performance indicators	Results
<p><i>Other agencies and governments are assisted to evaluate and improve bushfire and natural disaster management</i></p>	<p>The Department provided leadership on land use planning and building code reforms to reduce avoidable risks and damage arising from natural disasters.</p> <p>Agencies of the Australian Government and state and territory governments provided progress reports on implementation of aspects of COAG bushfire and natural disaster recommendations, through the Australasian Police Ministers' Council (APMC) and the Local Government and Planning Ministers' Council. The Department is a member of the Australian Emergency Management Committee, which reports against COAG recommendations to the APMC.</p> <p>The Australian Emergency Management Committee approved a risk assessment framework which will inform the development of practical risk assessment guidelines for use by state, territory and local government officials in their risk management processes.</p> <p>The Department was represented on the National Risk Assessment Advisory Group, the Technical Risk Assessment Advisory Committee and the National Flood Risk Advisory Group, which provided input from all levels of government and the private sector into the risk assessment processes for a range of natural hazards.</p>
<p><i>Grants and loans are administered which assist communities to mitigate against and recover from disasters</i></p>	<p>The Department administered a range of grants and loans to help communities mitigate the effects of and recover from natural disasters (see Table 4.31). In 2006–07 these mainly related to:</p> <ul style="list-style-type: none"> · the Bushfire Mitigation Programme; · the Natural Disaster Mitigation Programme; · National Aerial Firefighting; and · Natural Disaster Relief and Recovery Arrangements.
<p>Price</p>	
<p>\$3.8 million</p>	<p>The actual price of this output in 2006–07 was \$3.5 million.</p>
<p>Overall performance</p>	<p>✓✓✓</p>

a Performance indicator modified in the 2007–08 PBS.



Table 4.31 Trends in natural disaster mitigation and relief programmes

	2003-04	2004-05	2005-06	2006-07	2007-08 estimate
<i>Administered expense by type of disaster^a</i>					
Flood mitigation	\$7.3m	\$17.1m	\$22.2m	\$12.2m	\$12.0m
Bushfire mitigation/response ^b	\$6.7m	\$13.0m	\$12.7m	\$15.9m	\$19.0m
Other/not allocated by type	\$1.7m	\$2.2m	\$1.6m	\$2.4m	\$12.7m
All mitigation	\$15.7m	\$32.3m	\$36.5m	\$30.5m	\$43.6m
<i>Natural disaster mitigation</i>					
New projects approved	128	211	119 ^c	107	-
Total projects funded	141	225	200 ^c	139	-
Total cost of programme	\$5.5m	\$10.5m	\$26.0m	\$18.9m	\$22.4m
<i>Regional flood mitigation</i>					
New projects approved	22	25	-	-	-
Total projects funded	78	61	-	-	-
Total cost of programme	\$4.7m	\$11.3m	-	-	-
<i>Bushfire mitigation^d</i>					
New projects approved	n/a	1,245	407	315	-
Total cost of programme	n/a	\$5.0m	\$4.9m	\$ 5.1m	\$5.1m
<i>Natural disaster relief and recovery arrangements</i>					
Disasters notified	39	29	51	52	-
Total cost of arrangements	\$46.9m	\$67.7m	\$69.1m	\$103.7	\$86.9m
Price of output	\$3.4m	\$3.6m	\$3.8m	\$3.5m	\$3.7m

a The forward estimates for disaster mitigation and relief reflect provisions at 30 June 2007 and are subject to change.

b Bushfire mitigation estimates include the National Aerial Firefighting funding assistance as well as mitigation funding where allocated.

c Includes figures for the Regional Flood Mitigation Programme.

d Includes Bushfire Mitigation Programme funding only, not National Aerial Firefighting assistance.

ADMINISTERED PROGRAMMES—OUTPUT 2.2.3—NATURAL DISASTER RELIEF

Table 4.32 Summary of performance—Bushfire mitigation

PBS/PAES performance indicators	Results
Effectiveness	
<i>Fire trail networks are enhanced</i>	<p>The Department administered funds for projects to construct, maintain and provide signage for fire trails to assist communities to better prepare for bushfires.</p> <p>A total of 318 projects received funding in 2006–07. The scope of the projects ranged from trail maintenance through to the construction of bridges and creek crossings.</p> <p>Funding applications were assessed and prioritised by state or territory assessment committees before being submitted for Australian Government consideration and approval.</p>
Quality	
<i>Payments are made in line with project progress</i>	<p>Under this programme, 50 per cent of project funds are paid on approval and the balance is paid in instalments subject to the satisfactory progress of works.</p> <p>For details of the allocations and actual payments made in 2006–07, see Table 4.33.</p>
Cost	
<i>\$5.1 million</i>	The actual cost of this programme in 2006–07 was \$5.1 million.
Overall performance	✓✓✓

Table 4.33 Distribution of Bushfire Mitigation Programme funds in 2006–07

State/territory	Allocation	Payment
Australian Capital Territory	\$200,000	\$101,863
New South Wales	\$1,370,000	\$1,383,964
Northern Territory	\$250,000	\$115,696
Queensland	\$965,000	\$965,084
South Australia	\$425,000	\$504,617
Tasmania	\$275,000	\$390,469
Victoria	\$965,000	\$914,892
Western Australia	\$550,000	\$678,417
Total	\$5,000,000	\$5,055,002^a

a Includes \$55,002 carried over from 2005–06.

CASE STUDY: TRAIL BLAZING BEATS BUSHFIRE IN BUNBURY

The benefits of effective bushfire mitigation were clearly demonstrated in Western Australia's Bunbury Shire in 2006–07.

Through the Bushfire Mitigation Programme, Bunbury Shire received a grant of \$22,000 to establish hard-surfaced fire trails throughout the local coastal dune system.

On 26 January 2007, a fire was deliberately lit in the coastal reserve at around 11 pm. The night was extremely warm, with very strong easterly winds, so the fire behaved more like a fire would behave in the heat of the day. The hard-surfaced fire trails allowed firefighting crews to stop the fire from travelling south, enabling them to contain the fire far more quickly than would have been possible otherwise.

Less than a month later, on the afternoon of 18 February 2007, another fire was deliberately lit in the same reserve. Again the newly established hard-surfaced fire trails allowed vehicles, including heavy pumps, to move effectively within the reserve to contain the fire.

The fire crews had the added security of knowing the trails would provide strong containment lines should they need to burn back into the fire in order to contain it on one parcel of land. Fortunately, that was not needed on this occasion—the fire was stopped before getting too large, and restricted to 3 hectares.

In its first season of use, this bushfire mitigation project has twice helped to ensure the safety of firefighters and the local community.



(Photo DOTARS)

Table 4.34 Summary of performance—Donation to the Australian Red Cross Bushfire Appeal

PBS/PAES performance indicators	Results
Effectiveness	
<i>Donation assists families, small businesses and communities recover from the effects of bushfires in Tasmania and Victoria^a</i>	In December 2006, the Prime Minister announced details of two \$50,000 donations to the Australian Red Cross Bushfire Appeal, following devastating bushfires on the east coast of Tasmania and in the north-east and Gippsland regions of Victoria.
Quality	
<i>Donation is paid promptly to facilitate early distribution of financial assistance^a</i>	The Department ensured that these donations were promptly paid to the Australian Red Cross, enabling early distribution of financial assistance to those most affected.
Location	
<i>Bushfire affected communities in Tasmania and Victoria^a</i>	Funds were provided to bushfire-affected communities in the local government areas of: <ul style="list-style-type: none"> · Break O'Day, Glamorgan–Spring Bay and Sorell in Tasmania; and · Alpine, East Gippsland, La Trobe, Mansfield, Wangaratta and Wellington in Victoria.
Cost	
<i>\$0.1 million</i>	The actual cost of this programme in 2006–07 was \$0.1 million.
Overall performance	✓✓✓

^a Performance indicator first published in the 2006–07 PAES.

Table 4.35 Summary of performance—National Aerial Firefighting

PBS/PAES performance indicators	Results
Effectiveness	
<i>The National Aerial Firefighting Centre is able to acquire and deploy firefighting aircraft around Australia</i>	<p>During the 2006–07 bushfire season, the National Aerial Firefighting Centre (NAFC) contracted 25 specialised firefighting aircraft across Australia.</p> <p>NAFC covers all states and territories except the Northern Territory, which decided not to participate in the national arrangement but works with the NAFC to determine how the territory can benefit from the scheme.</p> <p>During 2006–07 NAFC-contracted aircraft were used to directly protect communities in outer metropolitan and rural areas in every member state.</p>

Table 4.35 continued.

PBS/PAES performance indicators	Results
<i>The National Aerial Firefighting Centre is able to acquire and deploy firefighting aircraft around Australia (continued)</i>	<p>More information about NAFC activities is available from the centre's website, <www.nafc.org.au>.</p> <p>The Department administered \$8 million in Australian Government funding for NAFC. The Australian Government funding meets up to half of the lease costs of a range of firefighting aircraft, with the relevant state or territory meeting the remaining lease and operating costs.</p>
Quality	
<i>Payments are made in line with the Australian Government's obligations</i>	<p>NAFC reports fully complied with reporting requirements and Australian Government payments were made according to the agreed schedule.</p> <p>A funding agreement between the Department and NAFC specifies the Australian Government's payment requirements and NAFC's reporting requirements. NAFC is required to provide the Australian Government with information on the acquisition, deployment, effectiveness and suitability of aircraft in meeting normal and crisis demand, and to deliver value for money.</p>
Cost	
<i>\$8.0 million</i>	The actual cost of this programme in 2006–07 was \$8.0 million.
Overall performance	✓✓✓

Table 4.36 Summary of performance—Natural Disaster Mitigation

PBS/PAES performance indicators	Results
Effectiveness	
<i>Communities are assisted to identify and treat natural disaster risks</i>	<p>The Department administered funds for projects to help communities develop a clearer understanding of the natural disaster risks they face and implement a range of measures to minimise the impact of future events. Costs were generally shared one-third each by the Australian Government, the state or territory government and the local government.</p> <p>The projects funded during the year included:</p> <ul style="list-style-type: none"> • a detailed assessment of potential sites for detention dams in the upper Brown Hill Creek catchment in South Australia; • historical research and sediment studies to determine the magnitude of past tsunamis, and the current risk of tsunamis, on the southern Tasmanian coastline; • the development and dissemination of 'floodsafe' toolkits for homes and businesses in New South Wales;

PBS/PAES performance indicators	Results
	<ul style="list-style-type: none"> aerial surveying and mapping to help determine effective disaster mitigation measures at a number of locations in Queensland; and upgrading of the Broome Recreation and Aquatic Centre in Western Australia, to enable its use for emergency shelter and accommodation during and after severe weather events.
Quality	
<i>Priority is given to proposals for research on or treatment of regions with a risk of natural disaster</i>	<p>Funds are notionally allocated on a jurisdictional basis according to natural disaster expenditure data provided by the Bureau of Transport and Regional Economics. Any funds not taken up are offered for reallocation to other jurisdictions. For details of the allocations and actual payments made in 2006–07, see Table 4.37.</p> <p>Applications for funding are received annually. Proposals are assessed and prioritised by state and territory assessment committees. The Australian Government has observer status on these committees.</p>
<i>Payments are made in line with project progress</i>	<p>Under this programme, 50 per cent of project funds were paid on approval of the project and the balance was paid in instalments subject to the satisfactory progress of works.</p>
Cost	
<i>\$22.4 million</i>	<p>The actual cost of this programme in 2006–07 was \$18.9 million.</p> <p>Underspend is due to planning requirements and weather conditions which have delayed projects. Works are ongoing and will be completed in 2007–08.</p>
Overall performance	✓✓✓

Table 4.37 Distribution of Natural Disaster Mitigation Programme funds in 2006–07

State/territory	Allocation ^a	Payment
Australian Capital Territory	\$517,668	\$182,167
New South Wales	\$6,335,773	\$7,249,655
Northern Territory	\$1,130,000	\$1,355,000
Queensland	\$5,452,570	\$5,556,131
South Australia	\$1,199,300	\$670,036
Tasmania	\$867,402	\$433,700
Victoria	\$1,736,976	\$1,541,819
Western Australia	\$1,790,432	\$1,914,760
Total	\$19,030,121	\$18,903,268

Note: Includes combined allocations and payments made under the Regional Flood Mitigation Programme and the Natural Disaster Mitigation Programme.

a Represents funds approved for proposals submitted for consideration in the 2006–07 round.

Table 4.38 Summary of performance—Natural Disaster Relief and Recovery Arrangements^a

PBS/PAES performance indicators	Results
Effectiveness	
<p><i>The cost of disaster relief and recovery measures to state and territory governments is reduced^b</i></p>	<p>The Department administered funds under this programme to reimburse state and territory governments for costs associated with:</p> <ul style="list-style-type: none"> • the relief of personal hardship and distress, such as emergency food, clothing, accommodation and house repairs; • the restoration or replacement of essential public assets damaged as a direct result of a disaster; and • concessional loans to farmers, small businesses and voluntary non-profit bodies to replace assets that had been significantly damaged. <p>During the year, the Natural Disaster Relief and Recovery Arrangements were enhanced in line with recommendations of the COAG report <i>Natural disasters in Australia: reforming mitigation, relief and recovery arrangements</i>, to further help people, businesses and communities to recover from devastating natural disasters.</p> <p>The enhanced arrangements include:</p> <ul style="list-style-type: none"> • a community recovery package comprising one or more of the following <ul style="list-style-type: none"> - a community recovery fund; - recovery grants for small businesses; and - recovery grants for primary producers; • financial counselling for affected individuals; • funding to upgrade essential infrastructure to more resilient standards; and • small grants for voluntary non-profit bodies and needy persons. <p>Elements of the community recovery package were activated in 2006–07 in response to devastating bushfires in Tasmania and Victoria, and floods and storms in New South Wales and South Australia.</p>
Quality	
<p><i>Funding is available in respect of all major rapid onset natural disasters</i></p>	<p>Disasters covered by the programme include bushfires, floods, storms and cyclones. In 2006–07, 48 major disaster events, including 30 bushfires, were notified by state or territory governments.</p>

PBS/PAES performance indicators	Results
<p><i>State and territory governments are reimbursed for eligible expenses within 21 days of submitting a claim</i></p>	<p>There were two payments during the year that were not made within 21 days of receipt of claims.</p> <p>In 2006–07 a reimbursement of \$141 million was made to Queensland, of which the majority related to expenditure arising from tropical cyclone Larry. This was one of the largest payments ever made under the Natural Disaster Relief and Recovery Arrangements.</p>
<p>Cost</p>	
<p>\$86.9 million</p>	<p>The actual cost of this programme in 2006–07 was \$103.7 million.</p> <p>Payments are driven by the severity and frequency of natural disaster events. The majority of payments made in 2007–08 related to tropical cyclones Larry and Monica.</p>
<p>Overall performance</p>	<p>✓✓✓</p>

a Administered programme name modified in the 2007–08 PBS.

b Performance indicator modified in the 2007–08 PBS.

OUTLOOK—OUTPUT 2.2.3—NATURAL DISASTER RELIEF

The demand for financial assistance for relief, and particularly recovery, from the impacts of natural disasters is increasing. In 2007–08 the Department will continue to participate in a range of intergovernmental forums on disaster management and closely monitor the need for, and take-up of, funding under the Natural Disaster Relief and Recovery Arrangements, mitigation programmes and the National Aerial Firefighting Programme.

The Department will continue to effectively and efficiently administer the programmes to assist affected communities and to reduce the risk and impact of future disasters.



CHAPTER 4

CHAPTER 5

Management and Accountability



MANAGEMENT AND ACCOUNTABILITY

Consistent with the Australian Public Service Values, the *Public Service Act 1999*, the *Financial Management and Accountability Act 1997*, and a range of other legislation, the Department efficiently, effectively and ethically manages the resources entrusted to it.

This chapter describes how, in accordance with the Department's client service charter (available online at <www.dotars.gov.au/departments/dotars/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.

Chapter 5 should be read in conjunction with appendices A, D, E and F, which respectively report on the Department's implementation of:

- the Australian Government's *Accessible government services for all strategy*;
- the Australian Government's *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*.

WE ARE RESULTS ORIENTED

We plan for and monitor performance at both organisational and individual levels.

Departmental outcomes and outputs framework

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

- describe the departmental outputs and administered programmes 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 programme;
- detail the new policies and programmes (measures) and priorities that the Australian Government has asked the Department to deliver in the coming financial year; and
- present the Department's budgeted financial statements for the budget year and three out-years.

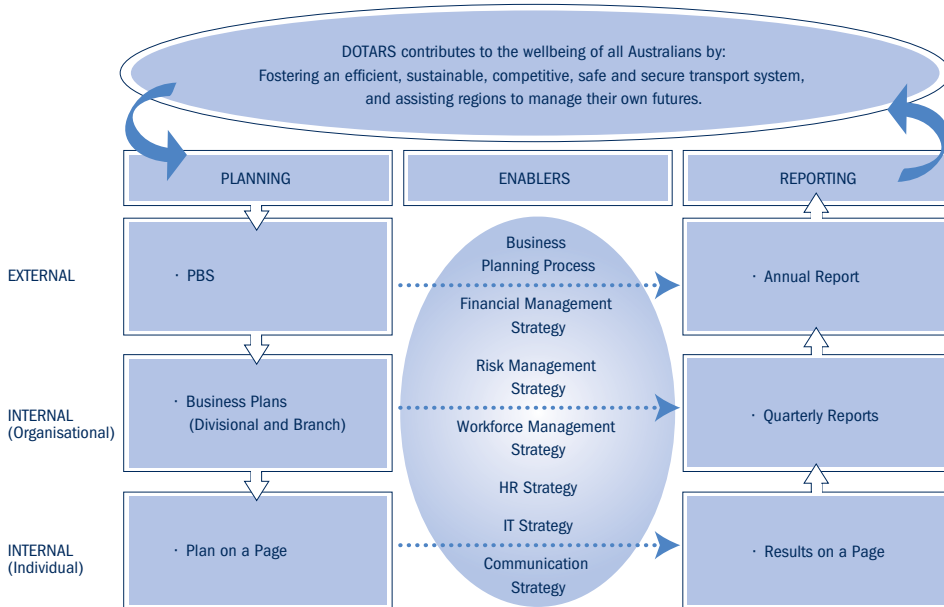
These plans are updated in the Portfolio Additional Estimates Statements (PAES), which for financial year 2006-07 were published in February 2007, and in the Portfolio Supplementary Additional Estimates Statement (PSAES), which for financial year 2006-07 were published in May 2007.

The Department reports to government on its financial performance, position and cash flows within 10 working days of the end of each month. This report explains any significant variations from budgets, which are also incorporated in the monthly analysis of the Australian Government's finances released by the Minister for Finance and Administration.

We provide an annual report to the parliament about how we have used the resources we manage on its behalf (this report), with Chapter 3 and Chapter 4 of the report focusing on results against the performance indicators previously published in the PBS and PAES.

Figure 5.1 shows the relationship between the Department’s planning and reporting frameworks.

Figure 5.1 Planning and reporting frameworks



Individual performance management is a key element in helping to achieve high-quality outcomes; this is reflected in the *DOTARS Collective Agreement 2006–2009*. The Department’s individual performance management arrangements are discussed later in this chapter, in relation to our efforts to develop and maintain a strong performance management culture in the Department.

Continued progress on internal planning and reporting processes

Internal planning involves the development of an annual business plan for each of the Department’s seven business divisions, its two enabling divisions (Corporate Services, and Portfolio Strategic Policy and Projects), the Office of the Inspector of Transport Security, and the Governance Centre. Internal reporting occurs through formal quarterly review meetings between the senior staff of each division and the Department’s senior executives underpinned by an assessment of each division’s performance over the past quarter against performance indicators articulated in divisional business plans.

During 2006–07, internal planning and reporting processes were improved as follows:

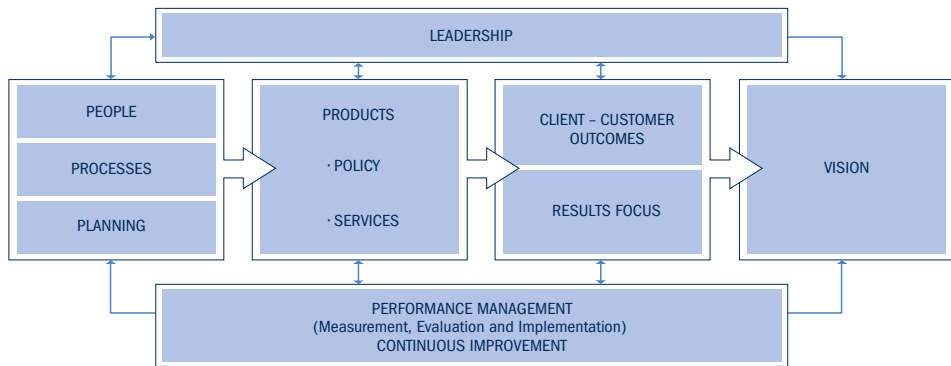
- new internal templates for annual divisional business plans were developed to better link the work of individual business divisions to the Department’s outcomes and outputs as published in the PBS; and
- a new electronic reporting template was implemented to assist business divisions to prepare for their quarterly performance reviews with the Executive.



During the year the Department published the *Organisational performance management framework* reference card, a companion document to the *Individual performance management framework*, to assist staff to better understand the links between their individual performance and the overall performance of the organisation.

The DOTARS Business Excellence Framework (see Figure 5.2) continues to provide a strong basis for ensuring that what we do and how we do it is aligned with government outcomes.

Figure 5.2 DOTARS Business Excellence Framework



WE ARE HONEST, PROFESSIONAL AND ACCOUNTABLE

Leadership, decision making and consultation

The leadership structure of the Department is summarised in Chapter 2 (see Figure 2.3).

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 that the Department is able to deliver the outcomes of ‘fostering an efficient, sustainable, competitive, safe and secure transport system’ and ‘assisting regions to manage their own futures’, as agreed with the Minister.

The Department comprises seven business divisions, two enabling divisions, the Governance Centre and the Office of the Inspector of Transport Security, all of which are responsible for various aspects of delivering the outcomes. Each of the Department’s three Deputy Secretaries is responsible for a number of business divisions. The Secretary, Deputy Secretaries and Chief Operating Officer share responsibility for issues that relate to the Department as a whole or affect more than one division.

As outlined in Chapter 2 (page 31), the Deputy Secretaries, Chief Operating Officer and several senior management committees support the Secretary in determining how the Department can best deliver specified results. Chapter 2 also provides an overview of the Department’s governance structure, including the use of senior management committees.

Governance highlights

Reporting year 2006–07 was the second full year of operation of the Governance Centre, an area dedicated to developing and implementing sound governance arrangements by providing assurance that the Department:

- is appropriately directed, controlled and accountable;
- effectively manages risk, including through appropriate insurance arrangements; and
- conforms with legislative requirements.

Governance Centre functions cover the development and management of the internal audit programme; maintenance of the Chief Executive's Instructions and delegations; review of governance policy and support for key governance committees; enterprise-wide risk management (including insurance and fraud control); complaints handling; and the management of requests under the *Freedom of Information Act 1982*.

Key achievements of the Governance Centre during 2006–07 include:

- the integration of risk management into the Department's business planning and quarterly reporting processes—in 2006–07 the Department received the only award in the large agency category of Comcover's Awards for Excellence in Risk Management;
- the development of a risk-based internal audit programme and fraud control plan;
- a review of the Department's insurance arrangements, which resulted in significant savings in premiums for 2007–08;
- increased awareness-raising activities in relation to decision-making authority and responsibilities, including the introduction of a delegations management system; and
- a review of internal audit service provider arrangements.

An achievement of particular importance was that of educating departmental employees about financial accountability and compliance with the Australian Government's financial management framework. By managing the Department's responsibilities under these arrangements we provide better assurance to the Australian Government and to the broader community about the Department's management of public money and public property. The Department provided in-house training to approximately 650 employees on responsibilities relating to the handling and management of public resources.

Enterprise-wide risk management

The decision to develop and implement enterprise-wide risk management and embed it into the business planning process, along with structuring the internal audit work plan (based on the Department's risk register), has resulted in significant improvement in the way the Department manages its risks. Benefits resulting from the improved risk management framework are that:

- risk management is now closely aligned with business planning;
- risk is more consistently articulated and analysed across the Department;
- risk data is captured and recorded in a manner capable of analysis at departmental level; and
- there is a direct alignment of internal audit assurance activities with key risks.

A revised risk management policy encompassing the changes to the Department's risk management framework was endorsed by the Audit Committee in 2006–07.

Major risks

As required, the Department continued to disclose in the budget papers fiscal risks and contingent liabilities



with a large potential impact. None of the risks disclosed for 2006–07 materialised. They related to:

- compensation for Airservices Australia in the event 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; and
- assumed residual liabilities of the Australian National Railways Commission.

Protective security and fraud control

The Department reviewed and upgraded security risk assessments, policies and infrastructure during 2006–07 to maintain the security of its employees, premises and assets.

- The Security Committee met regularly and provided the Secretary with strategic protective security advice and policy guidance. The Committee ensured an integrated approach to protective security in the Department, appropriate to localised risks and threats identified in the security risk assessments.
- Security vetting processes, information and forms were reviewed and amended to improve understanding and performance of the function.
- The *DOTARS Protective Security Manual* was updated and staff were trained in security awareness to ensure compliance with minimal standards and changes to the *Australian Government Protective Security Manual*.
- The intranet based tool *iReport* was used to provide a single point of access for employees to report on fraud, theft, security, occupational health and safety, and bullying and harassment incidents.

The Department had in place in 2006–07 processes and procedures to prevent, detect and investigate fraud, security and other risks.

- The Chief Executive's Instruction on fraud, and the associated practical guide, direct employees who become aware of or suspect a fraud to report the matter immediately to their section head, Internal Audit, or the Director of the Governance Centre.
- The *DOTARS Fraud Control Plan* outlines the Department's commitment to effective fraud management and control. It identifies fraud control measures, clearly defines responsibilities for their implementation and outlines the process to be followed in the event of alleged fraud.
- The *DOTARS Protective Security Policy* directs employees who become aware of a potential or actual security issue to report it to the agency security adviser or the Chief Operating Officer.
- The *DOTARS Whistleblowing Guidelines* are provided in the form of frequently asked questions with an internet link to the Public Service Commission internet site dealing with whistleblowing policy and procedures.

In 2006–07 the Department completed a review of the fraud control plan in accordance with the *Commonwealth Fraud Control Guidelines*. This review formed an integral part of the enterprise-wide risk management activity and significantly enhanced staff awareness of fraud risks in the organisation.



Internal audit programme

The Internal Audit unit within the Department's Governance Centre manages the internal audit work programme. In 2006–07 the audit programme applied 37 per cent of available audit resources on compliance-related activity, 53 per cent on performance aspects and 10 per cent on administration/management.

In 2006–07 Internal Audit was engaged in a whole-of-enterprise risk management activity, as well as addressing matters such as:

- legislative compliance;
- credit card compliance reviews;
- maritime security/aviation security identification card reviews;
- IT applications reviews;
- local government grants management;
- contract management associated within the Indian Ocean Territories; and
- reviews of *Financial Management and Accountability Act 1997* compliance and procurement activities.

Building capability in ethical decision making

The Department delivers a training programme specifically aimed at building capability in ethical decision making called 'Working Ethically and Professionally in the APS'.

The programme is compulsory for all staff and engages participants with real life case studies and activities that are underpinned by the APS Values, Code of Conduct and other relevant APS legislation.

In 2006–07, there were 76 programmes delivered to 764 employees. Participant's assessment conducted at the conclusion of each programme indicates an increase in knowledge and understanding of ethical behaviour and practices.



WE ARE CLIENT AND STAKEHOLDER FOCUSED

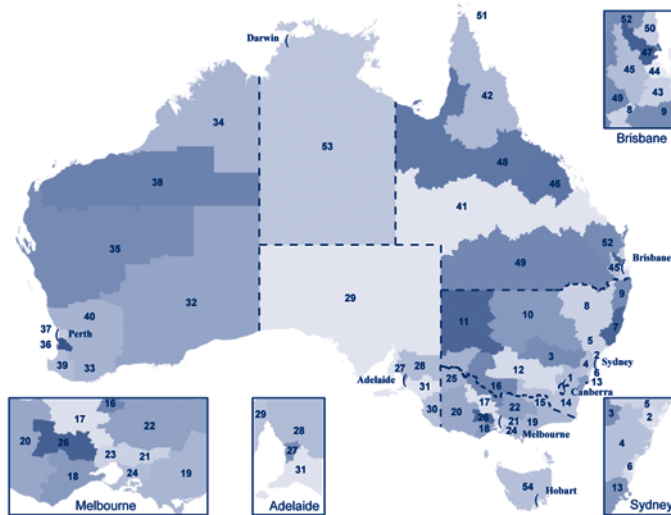
We value the views of our clients and stakeholders. We also recognise and respect the rights of stakeholders to scrutinise our actions.

Supporting our clients with better information

Over the past 12 months, the Department continued to expand its use of geospatial information across all its business activities.

For example, during the recent review of the Area Consultative Committee (ACC) boundaries, the Department created mapping products and digital geospatial data associated with the revised boundaries. The results of this work were the electronic and printed brochures of each state and territory and a national map (see Figure 5.3) used for the 2007 ACC national conference held in Canberra in May 2007.

Figure 5.3 Area Consultative Committee boundaries



Legend:

New South Wales and ACT

- 1 Capital Region ACC
- 2 Central Coast of NSW ACC
- 3 Central NSW ACC
- 4 GROW Sydney ACC
- 5 Hunter ACC
- 6 Illawarra ACC
- 7 Mid North Coast (NSW) ACC
- 8 New England North West ACC
- 9 Northern Rivers (NSW) ACC
- 10 Orana ACC
- 11 Outback NSW ACC
- 12 Riverina ACC
- 13 Shoalhaven ACC
- 14 South East NSW ACC

Victoria

- 15 Albury Wodonga ACC
- 16 Central Murray ACC
- 17 Central Victoria ACC
- 18 Geelong ACC
- 19 Gippsland ACC
- 20 Greater Green Triangle ACC
- 21 Melbourne East ACC
- 22 North East Victoria ACC
- 23 Melbourne North and West ACC
- 24 South East Development Melbourne ACC
- 25 Sunraysia ACC
- 26 VIC Central Highlands ACC

South Australia

- 27 Adelaide Metropolitan ACC
 - 28 Sturt ACC
 - 29 Flinders Region ACC
 - 30 Limestone Coast ACC
 - 31 (SA) South Central ACC
- West Australia**
- 32 Goldfields Esperance ACC
 - 33 Great Southern WA ACC
 - 34 Kimberley ACC
 - 35 Mid West Gascoyne ACC
 - 36 Peel ACC
 - 37 Perth ACC
 - 38 Pilbara ACC
 - 39 WA's South West ACC
 - 40 Wheatbelt ACC

Queensland

- 41 Central Queensland ACC
- 42 Far North Queensland ACC
- 43 Gold Coast and Region ACC
- 44 Greater Brisbane ACC
- 45 Ipswich and Regional ACC
- 46 Mackay Region ACC
- 47 Moreton Bay Coast and Country ACC
- 48 North Queensland ACC
- 49 Southern Inland Queensland ACC
- 50 Sunshine Coast ACC
- 51 Torres/Northern Peninsula Area ACC
- 52 Wide Bay Burnett ACC

Northern Territory

- 53 Northern Territory ACC

Tasmania

- 54 ACC Tasmania

Serving the Australian people through our ministers

On average, the Department delivered more than 236 briefs, letters and other documents to the Minister for Transport and Regional Services and the Minister for Local Government, Territories and Roads, and their staff, each week. Table 5.1 shows the trend in ministerial work over the past five years.

Ministers and their staff rate the quality of the documents we prepare. The Department achieved a 90 per cent satisfaction level for all ministerial items, which is consistent with the previous year's rating. The fall in satisfaction level in comparison to the previous three years' highs is attributable to changed tracking system capabilities in *eWorks* introduced in 2005.

Table 5.1 Trend in ministerial work flows

	2002–03	2003–04	2004–05	2005–06	2006–07
Letters	7,615	7,771	6,235	7,975	8,021
Meeting briefs and speeches	433	450	467	691	739
Other briefs	1,796	1,732	2,156	3,421	3,522
Satisfaction with briefs and letters (%)	97	97.9	94.2	90	90
Cabinet submissions made	9	10	11	13	9
Cabinet submissions commented on	167	114	99	156	131
Cabinet briefings for the Minister	n/a	n/a	n/a	201	76

The Department:

- monitored the progress of documents through *eWorks*, the parliamentary and ministerial papers tracking system;
- conducted 37 training sessions for *eWorks* users, and answered 1,374 phone calls and 1,636 email enquiries about *eWorks* from staff;
- delivered seven *Writing for Ministers* courses to familiarise staff with ministerial writing styles; and
- published several information booklets for staff, including the *Writing style guide*, *Writing for DOTARS: a ready reference* and the *Guide for consultation with ministers*.

The Department provided a range of support services to parliamentary offices, including four full-time departmental liaison officers: two for the Minister for Transport and Regional Services, one for the Minister for Local Government, Territories and Roads, and one for the Parliamentary Secretary to the Minister for Transport and Regional Services. In support of the ministers' broader portfolio responsibilities, the Department participated in regular meetings with other portfolio agencies.

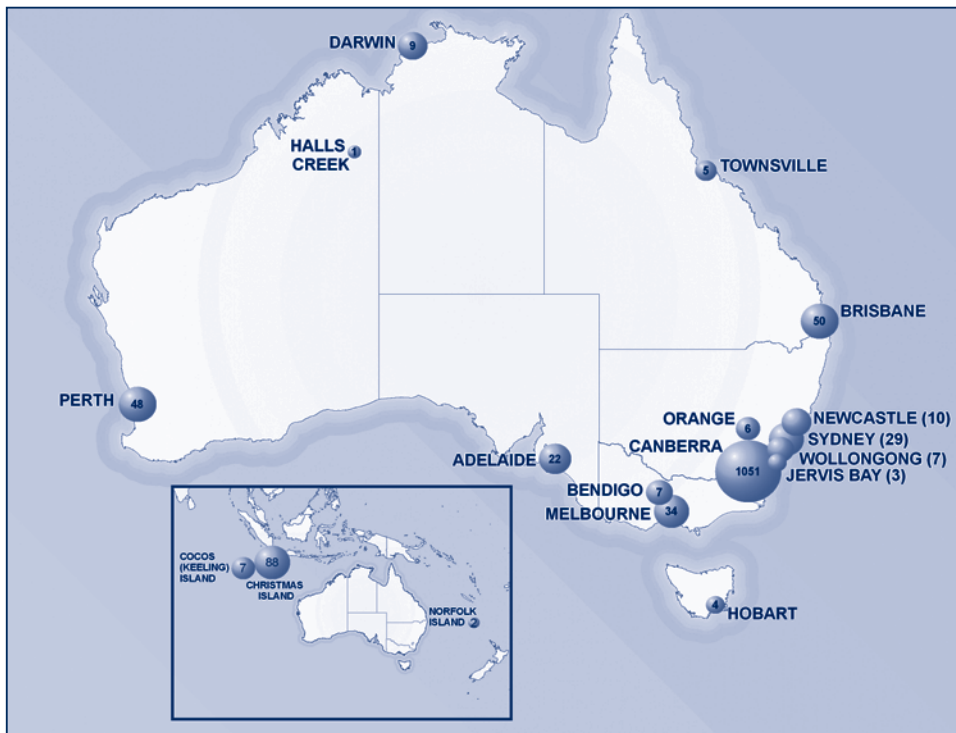
Expanding our regional presence

More than 18 per cent of the Department's staff were located in regional offices during 2006–07, up from 17 per cent in 2005–06. The increase reflected the expansion of the Department's transport security audit and compliance functions. In addition, small numbers of departmental staff were located overseas, in the Philippines, Papua New Guinea, Indonesia, Singapore and Canada.

Figure 5.4 shows how the Department's staff members were distributed across Australia and its offshore territories. Eighty-six staff on Christmas Island and seven staff on Cocos (Keeling) Islands, are employed under administrative ordinances made under the *Christmas Island Act 1958* and the *Cocos (Keeling) Islands Act 1955* rather than the *Public Service Act 1999*. However, they are included in this figure for completeness.



Figure 5.4 Distribution of departmental staff at 30 June 2007



Assessing the quality of our service

In 2006-07 the Department continued to ask its clients to rate the quality of service provided. This included:

- stage 2 evaluations of the Regional Partnerships and Sustainable Regions Programmes; and
- a follow-up survey with airline operators about the administration of the payment scheme for Airservices Australia's en route charges.

The Department continued to work with the Australian Bureau of Statistics to minimise the impact of surveys on business, and registered all surveys involving 50 or more businesses on the Australian Business Surveys Register. The Register is available online through the Statistical Clearing House at the National Statistical Service website, <www.nss.gov.au>. For details of the Department's surveys, search by agency.

Customer feedback is encouraged as issues arise. The Department's client service charter, which can be found online at <www.dotars.gov.au/departments/dotars/charter.aspx>, expresses the Department's commitment to providing clients with a high level of service, and explains how customers can provide feedback. In addition to the departmental charter, specific charters apply to motor vehicle compliance and to services the Department provides to non-self governing territories.

Improving our communications

In 2006-07 a key focus was to improve the Department's communications, a key element of which was the development of a departmental communications framework to ensure that our communications activities are connected with our business.

Client feedback and complaints procedures

Complaints made directly to the Department

As well as inviting clients to provide feedback on how the Department meets its service commitments, the client service charter provides information on how clients can make a complaint if they are not satisfied with the Department's service.

Clients are encouraged to resolve their complaints directly with the areas they have been dealing with. They can also choose to lodge a complaint centrally with the Department, by telephone during business hours (1-800-075-001); by email (ClientService@dotars.gov.au); or by mail (Director, Governance Centre, Department of Transport and Regional Services, GPO Box 594, Canberra ACT 2601).

In 2006–07 all issues raised by clients were resolved without formal complaints being made under the client service charter.

Complaints made through external bodies

Clients with concerns about the Department's service are asked to talk to the Department first to see what can be done to resolve their issues. If clients are not satisfied through this process, the Department advises them to contact the Commonwealth Ombudsman. Complaints can be lodged directly with the Ombudsman's office.

In 2006–07 the Ombudsman received 41 approaches about the Department, representing a 23 per cent decrease on the result for the previous year. The Ombudsman's office elected to investigate 14 of the matters raised. Vehicle safety issues and processing delays were the main issues investigated by the Ombudsman's office.

Clients also have rights of complaint to the Federal Privacy Commissioner and the Human Rights and Equal Opportunity Commission (HREOC). In 2006–07, neither the Privacy Commissioner nor HREOC received any complaints about the Department. Table 5.2 gives trend information for external complaints and scrutiny.

Table 5.2 Trends in external complaints and scrutiny

	2002–03	2003–04	2004–05	2005–06	2006–07
Complaints recorded by the Commonwealth Ombudsman					
Complaints received	50	104	35	53	41
Finding of defective administration	7	3	-	-	-
Formal reports to the Minister under the <i>Ombudsman Act 1976</i>	-	-	-	-	-
Complaints recorded by other external bodies					
Complaints to the Human Rights and Equal Opportunity Commission	not reported	-	-	2	-
Complaints to the Privacy Commissioner	-	-	-	-	-

Table 5.2 continued.

	2002-03	2003-04	2004-05	2005-06	2006-07
Freedom of information (FOI) requests					
Volume of FOI requests handled					
Requests on hand at 1 July (A)	20	9	15	13	11
New requests received (B)	53	68	69	74	39
Requests withdrawn (C)	21	24	21	38	11
Requests on hand at 30 June (D)	9	15	13	11	12
Total FOI requests resolved (A+B-C-D)	43	38	50	38	27
Timeliness of responses to FOI requests^a					
Resolved in < 30 days	12	9	10	15	10
Resolved in 31-60 days	14	13	27	13	6
Resolved in 61-90 days	11	8	8	5	5
Resolved in > 90 days	6	8	5	5	6
Total FOI requests resolved	43	38	50	38	27

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.

Other forms of scrutiny

The Department recognises the need for transparent and open government, and works with other parties that wish to scrutinise its actions and records, including:

- individuals or entities applying for access to specific records 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 provides a right for members of the Australian community to access departmental records. The majority of departmental activities and records relate to business rather than personal matters. Details are provided at Appendix F.

The number of FOI requests fell below previous levels in 2006-07, with only 39 requests received, a reduction of 47 per cent in comparison to 2005-06. Requests continued to be for access to documents concerning business rather than personal information. Table 5.2 provides a summary of trends in FOI requests to the Department.

Details regarding the operation of the FOI Act are reported in detail in a whole-of-government annual report, published by the Attorney-General's Department and available online through that department's website, <www.ag.gov.au>.

Courts and tribunals

In 2006–07 the Department was involved in a range of matters before Australian courts and tribunals. The matters related to issues such as motor vehicle imports, refusals of applications to be registered under the Registered Automotive Workshop Scheme, airport issues, personal injury claims, refusal to issue aviation security identity cards, debt recovery, airport curfew breach, breach of contract, and coronial inquests. Some of the matters were ongoing at 30 June 2007.

A significant matter decided during the year was *Bennett and others v Commonwealth of Australia*, in which various residents of Norfolk Island brought proceedings in the High Court challenging the validity of Commonwealth legislation requiring voters and candidates in Norfolk Island elections to be Australian citizens.

Norfolk Island is a self-governing territory of Australia which was a British penal settlement, later set aside by British authorities for occupation by the inhabitants of Pitcairn Island, including the mutineers from HMS *Bounty*. The plaintiffs unsuccessfully argued that the legislative power of the Commonwealth under section 122 of the Constitution did not extend to making laws for the government of Norfolk Island, because of the special historical circumstances of Norfolk Island, and that Norfolk Island was not 'part of the Commonwealth'. The High Court rejected this argument and held that in relation to the electoral provisions in question there was no relevant qualification on the legislative power of the Commonwealth.

Legal services expenditure

Table 5.3 is a statement of legal services expenditure by the Department for the 2006–07 financial year, published in compliance with paragraph 11.1(ba) of the Legal Services Directions 2005.

Table 5.3 Legal services expenditure

Reportable item	2006–07 result
Agency's total legal services expenditure	\$5,233,561
Agency's total external legal services expenditure	\$3,887,069
External expenditure on solicitors	\$3,526,089
External expenditure on counsel	\$360,981
Number of male counsel briefed	10
Value of briefs to male counsel	\$274,400
Number of female counsel briefed	7
Value of briefs to female counsel	\$86,581
Agency's total internal legal services expenditure	\$1,346,492

Note: All amounts are GST exclusive.

Audit office and parliamentary scrutiny

Reports on matters relating to the Department are released by the Australian National Audit Office (ANAO), parliament and other public bodies from time to time. Reports released by such bodies in 2006–07 are listed in Table 5.4.

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>.

The Australian Government tables its responses to parliamentary inquiries and other reports in the parliament. For details of the government responses to specific parliamentary inquiries visit <www.aph.gov.au/committee>.

Table 5.4 External inquiries involving the Department in 2006–07

Type/author	Report details
ANAO reports	
Financial audits	<i>Audits of financial statements of Australian Government entities for the period ended 30 June 2006</i> : Report 15 of 2006–07 <i>Interim phase of the audit of financial statements of general government sector agencies for the year ending 30 June 2007</i> : Report No. 51 of 2006–07
Other audits	<i>Airservices Australia's upper airspace management contracts with the Solomon Islands Government</i> : Report No. 8 of 2006–07 <i>Management of federal airport leases—Follow-up</i> : Report No. 25 of 2006–07 <i>The national black spot programme</i> : Report No. 45 of 2006–07 <i>Non-APS workers</i> : Report No. 49 of 2006–07
Parliamentary inquiries	
House of Representatives Standing Committee on Legal and Constitutional Affairs	<i>The long road to statehood: Report of the inquiry into the federal implications of statehood for the Northern Territory</i> , tabled 28 May 2007
Senate Standing Committee on Rural and Regional Affairs and Transport	<i>Airports Amendment Bill 2006 (Provisions)</i> , tabled 28 February 2007 <i>Airspace Bill 2006 (Provisions) and Airspace (Consequential and Other Measures) Bill 2006 (Provisions)</i> , tabled 28 February 2007
Joint Committee of Public Accounts and Audit	<i>Report 409: Inquiry into developments in aviation security since the Committee's June 2004 Report 400: Review of Aviation Security in Australia</i> , tabled 4 December 2006

Senior Executive Service (SES) staff of the Department, in addition to attending specific parliamentary enquiries, attend Senate estimates committee hearings to answer questions about the Department's activities. In 2006–07 a total of 573 Senate estimates questions on notice were received, a decrease compared to 1,032 in 2005–06.

The Department received 532 parliamentary questions on notice for 2006–07, an increase compared to 222 in 2005–06. The largest proportion of parliamentary questions on notice related to Airservices Australia’s management of airspace, Australian search and rescue, and Civil Aviation Safety Authority issues.

Table 5.5 provides a summary of trends in questions on notice.

Table 5.5 Parliamentary and Senate Estimates questions on notice

	2002–03	2003–04	2004–05	2005–06	2006–07
Parliamentary questions	269	253	252	222	532
Senate estimates responses tabled	451	436	591	1,032	573
Total questions received	720	689	843	1,254	1,105

WE ARE COMMITTED TO IMPROVING OUR SKILLS

The Department places a high priority on its people, and has renewed the focus on people management to ensure it has the necessary capability to deliver outcomes for government. The emphasis in 2006–07 was on:

- implementing the DOTARS Human Resource Strategy;
- supporting the business through learning and development;
- offering more through our graduate programme;
- improving recruitment and selection capability;
- developing a stronger performance management culture;
- finding out what employees think about the Department; and
- embedding a new collective agreement.

This section of the report also addresses the Department’s:

- people-focused committees;
- remuneration policies; and
- staffing statistics.

Implementing the DOTARS Human Resource Strategy

The *DOTARS Human Resource Strategy 2007-2010*, implemented in April 2007 provides a framework for developing a programme of people management activities across the Department. The strategy sets out the principles, objectives and high-level goals for people management in the Department, together with strategies to achieve these goals, around four elements: recruit, retain, manage and develop.

The strategy has been developed in response to the capability needs and recruitment and retention issues that have been identified through the ongoing process of workforce management and analysis of the Department’s current and future workforce needs during 2006–07.

Supporting the business through learning and development

In 2006–07 the corporate learning and development programme focused on building capability in leadership; procurement and contract management; recruitment and staff selection; writing; performance management; and application of the Australian Public Service (APS) Values and Code of Conduct.



The corporate learning and development programme is driven by individual development needs identified through the individual performance management system, and the Department's business priorities. It is further informed through executive forums and learning activity evaluation.

The goals of the programme are aligned with the DOTARS Capability Framework, which has six elements: achieving results, cultivating productive working relationships, shaping strategic thinking, communicating with influence, exemplifying personal drive and integrity, and applying technical and professional expertise.

All activities in the programme are tailored to meet the needs of the Department. They are designed and delivered using a combination of both internal staff and external consultant expertise.

There was a 30 per cent increase in corporate training activity in 2006–07, including an additional 254 training days, and a 70 per cent increase in attendance, to 1,664 participants in 2006–07 from 975 in 2005–06. There was also a significant increase in leadership development activity, with the introduction of the DOTARS LEADS programme. These activities supported the implementation of the *DOTARS Human Resource Strategy 2007–2010* while addressing particular capability gaps and contributing to improved Departmental outcomes.

Division-specific training

In addition to centrally organised training to meet generic departmental requirements, a number of business divisions arranged division-specific training to meet particular business needs.

The Regional Services business division presented a number of training courses designed to improve delivery of the Regional Partnerships Programme, with a focus on:

- audit, legal and financial compliance;
- preparation of funding agreements; and
- the online application and reporting systems.

Some staff of the AusLink business division undertook a rail familiarisation course to enhance their understanding of the Australian rail environment and assist them in analysing and assessing the merits of AusLink rail proposals.

The Office of Transport Security (OTS) conducted a range of division-specific training, including:

- induction, protective security awareness, and state-based audit training; and
- tailored occupational health and safety training for 78 transport security inspectors from across Australia.

Through its recognition of prior learning programme, OTS recognised existing skills and consolidated learning by awarding the Certificate IV in Government (Statutory Compliance) to 82 experienced transport security inspectors. This qualification formally recognises a comprehensive array of relevant skills.

As a registered training organisation, the Australian Transport Safety Bureau (ATSB) awarded the Transport Safety Investigation Diploma to 12 staff members in 2006–07; a further 13 staff members are undertaking the course. As well as base operational readiness training, the ATSB has continued to develop an advanced training and development strategy designed to support investigation functions in a more challenging environment, such as a major public transport accident investigation. Learning methods now embedded include mode-specific professional development courses, knowledge-sharing initiatives, professional coaching/mentoring regimes, and targeted tertiary studies.



DOTARS LEADS

In 2006–07 the Department launched DOTARS LEADS (Leadership Excellence through Action, Development and Seminars), a three-part strategy for building leadership capability. The core elements of the strategy are:

- action—learning in the workplace through coaching and tutorials, project-based work and mentoring;
- development—formal training and structured learning through the Focus on Results workshop, as well as departmental corporate training and programmes delivered through the Australian Public Service Commission and other providers; and
- seminars—learning by hearing about the experiences of others through a seminar series presented by speakers from inside and outside the Department.

Participants are encouraged to actively address their own unique leadership challenges, taking into account both departmental needs and the needs of the APS more generally. During the 2007 calendar year, 200 senior and executive level staff will have participated in the DOTARS LEADS programme.

Graduate programme that offers more

The Department recognises the importance of having a strong graduate intake and an effective graduate development programme in an increasingly competitive market. Our graduate cohort is diverse, and includes mature-aged graduates, often embarking upon their second or third career.

In 2007 the Department recruited 31 graduates from a variety of academic disciplines, reflecting the need for specialists in a range of areas such as economics, legal studies, engineering, and international relations. The Department expects to recruit a similar number of graduates in 2008.

The Department provided structured learning and development and on-the-job experiences for graduates throughout the year. A unique component of the graduate programme is the annual industry tour. The graduate group organises the tour, which involves a three-day visit to a region to meet stakeholders and representatives from industry. The intent of the tour is to help graduates gain an understanding of the challenges on the ground that cannot be fully appreciated from Canberra. The 2007 graduates visited airport and port operations, major road projects and regional grants recipients in Melbourne and Bendigo, Victoria.

Improving recruitment and selection capability

The Department undertook a review of its recruitment and selection arrangements in 2006–07, which resulted in:

- the introduction of an online management and reporting system to streamline recruitment practices;
- the introduction of a new set of key performance indicators for managers (one of which is to complete a recruitment process within 20 working days of the close of advertising);
- revised recruitment and selection advice; and
- the introduction of a recruitment and selection capability training programme.

The Department will continue to streamline recruitment practices and work to identify strategies to increase the effectiveness of recruiting in 2007–08.

Developing a strong performance management culture

Improved individual performance management framework

The Department's performance management system was strengthened during 2006–07 to provide a better vehicle for managers and employees to share a common understanding of, and agree on, the deliverables and performance levels required by each employee.



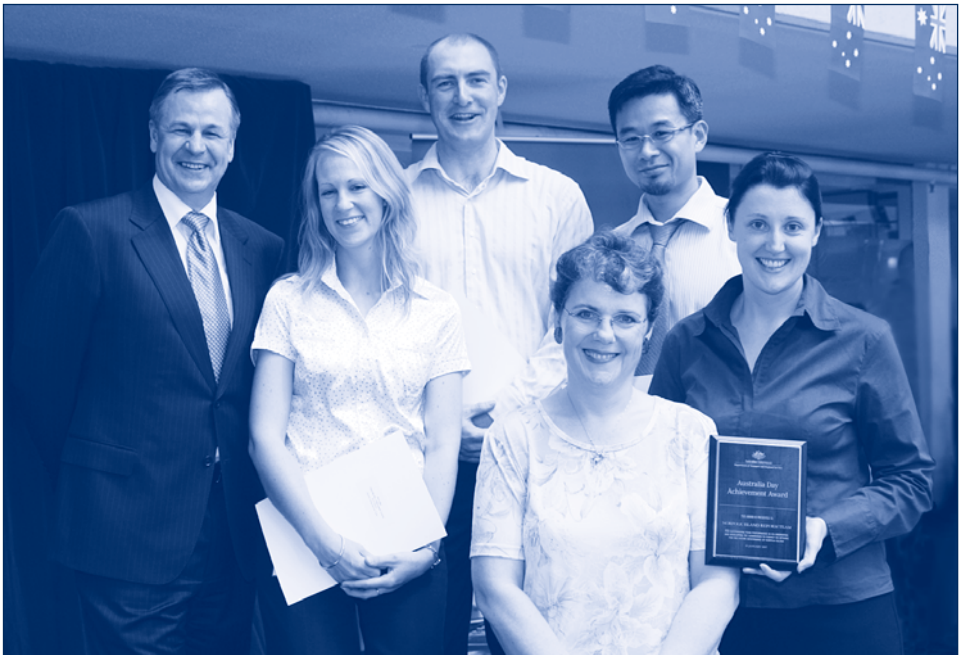
Every employee is expected to annually develop a personal 'Plan on a Page' with their manager and to assess their performance against that plan at least twice a year through their 'Results on a Page'. This assessment focuses on recognising what has been achieved and what lessons have been learned. This assessment is complemented by the personal 'Development on a Page' that is prepared by each employee with their manager to identify individual capability needs and how capabilities will be developed.

During 2006-07 an electronic performance management system, ePoP, was developed to help employees prepare their plan, results and development pages. The *Individual performance management framework* reference card was developed to further assist employees to appreciate the Department's individual performance management framework. The Department is currently reviewing its performance management information to ensure ease of access to the information for employees and managers.

Reward and recognition for individual and team contributions

In 2006-07 the Department implemented a new framework for rewarding and recognising the contributions made by individuals and teams. The framework includes a department-wide approach to reward and recognition, including formal award ceremonies to complement and extend the informal reward and recognition arrangements that are used by each business division and managers within the Department. For example, the Regional Services business division presents certificates each quarter to recognise the achievements of its employees. AusLink, the Bureau of Transport and Regional Economics and Corporate Services also formally recognise the efforts and achievements of their employees on a regular basis.

The two formal departmental awards, the Australia Day Achievement Awards and the DOTARS Awards for Excellence, highlight and celebrate the achievements of individuals and teams that contribute to meeting the Department's business objectives.



The Secretary presenting an Australia Day Achievement Award to staff for outstanding team performance in developing a submission for consideration by Cabinet on options for Norfolk Island governance (Photo DOTARS)

Finding out what employees think about working in the Department

As part of its commitment to finding out what employees think about working for the organisation, the Department has undertaken a staff survey every two years since 1996.

The last survey was undertaken in November 2006 and had a response rate of 64 per cent. Results of the survey were reported to all employees in December 2006, through a presentation in Canberra that was recorded and sent to all regional offices; through an electronic newsletter from the Secretary; and through a recorded address by the Secretary that was accessible to all employees through the intranet. Business divisions also held presentations in January 2007 to report to employees on the results for each business division.

The survey provided positive feedback in many areas. Employees think that the Department has significantly improved its business planning and learning and development approaches since the last survey. Employees understand the importance of open, regular communication and talking about work plans and directions. They are committed to achieving business outcomes, respect each other, and understand what 'public service' is all about. Of the employees surveyed, 93 per cent are willing to put in extra effort to get the job done.

The survey identified some challenges as well. Employees think the Department should consider improving its capacity to innovate, and look at being more responsive to the needs of customers. The Department should clarify its role and responsibilities, better understand how to encourage people to stay in the organisation, better measure organisational performance and improve the ways people work together.

All business divisions developed local action plans to address issues raised. The Department is working on ways to address the 'people issues'—how to better recruit, retain, develop and manage employees—through the DOTARS Human Resource Strategy.

Investor in People

The Department has been accredited as an Investor in People (IiP) since April 1999. DOTARS completed the regular IiP audit in November 2006, and was accredited for its seventh consecutive year.

Maintaining IiP accreditation requires annual, independent, rigorous assessment audits against national and international management system standards to measure and confirm the Department's high level of commitment to achieving excellence in business outcomes through employee development and engagement. The 2006 process involved auditors interviewing approximately 104 staff members to assess the Department's continued compliance with the requirements of the IiP standard.

Embedding a new collective agreement

The *DOTARS Collective Agreement 2006–2009* was lodged with the Office of the Employment Advocate on 30 June 2006. During 2006–07 the Department developed and agreed, in consultation with representatives on the Departmental Consultative Committee, a range of employment policies and guidelines to reflect the intent of the agreement.

Implementing the new agreement included delivering a series of information sessions—the **CAfé** (**C**ollective **A**greement **f**urther **e**ducation) seminars—to all employees, including those located in regional offices. The CAfé seminars gave employees the opportunity to better understand and clarify their entitlements and responsibilities under the agreement. The seminars will be delivered again in 2007–08.

People-focused committees

The DOTARS People Management Committee, a high-level committee that includes an SES representative from each business division, continued to meet regularly during 2006–07.

The committee provided advice to the Executive about the strategic directions for people management in the Department. The committee played a major role in developing the *DOTARS Human Resource Strategy 2007–2010*, and provided significant guidance, support and advice in relation to the review of recruitment, the strengthening of performance management arrangements, and ways of increasing the effectiveness of the delivery of learning and development.

The Departmental Consultative Committee worked to address issues identified during the implementation of the *DOTARS Collective Agreement 2006–2009*. The committee is chaired by the Chief Operating Officer and includes management representatives and employee representatives from across business divisions, as well as Community and Public Sector Union and Media, Entertainment and Arts Alliance representatives. The committee met quarterly in 2006–07.

Remuneration policies

The Department's remuneration policies encourage and reward high performance.

- SES remuneration includes performance pay for exceptional performance. In 2006–07, payments were made to 45 SES staff totalling \$429,200 for performance pay, with no SES staff receiving the maximum amount available.
- Some non-SES staff who are employed under Australian Workplace Agreements (AWAs) were also eligible for performance pay. In 2006–07, four non-SES staff on AWAs received a total of \$31,156 in performance pay.
- Other staff who perform at a satisfactory level for 12 months progress to the next salary point that applies to their substantive position, until they reach the top salary point payable under the collective agreement. More than 59 per cent of staff were at the top salary point at 30 June 2007.

Staffing statistics

As at 30 June 2007:

- the Department employed 1,289 staff, an increase of 0.5 per cent since 30 June 2006;
- the Office of Transport Security continued to be the single largest division of the Department, with staff numbers of 325 (an increase from 303 in June 2006); and
- the Department's graduate intake decreased from 37 to 31 in 2007.

Table 5.6 shows trends in staffing statistics.

In 2006–07 the Department offered AWAs in order to attract or retain staff with particular skills. Table 5.7 gives statistics for types of employment agreements.

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 5.6 Trends in staff recruitment and retention (excluding Indian Ocean Territories staff) at 30 June

	2002-03	2003-04	2004-05	2005-06	2006-07
Recruitment^a					
Graduates recruited externally	18	15	31	37	31
Other external recruits	126	134	427	369	309
Total external recruits	144	149	458	406	340
Retention^b					
Retention rate (%)	87.50	81.00	85.80	83.55	80.95
Separations of ongoing staff^c					
Transfers/promotions to another APS agency	46	68	58	91	127
Resignations and retirements	60	71	61	71	106
Retrenchments ^d	20	7	4	9	10
Other ^e	4	28	0	4	6
Total separations	130	174	123	175	249

a Non-ongoing staff are included in recruitment numbers but excluded from retention and separations data.

b Retention statistics refer to 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 Separations data for 2002-03 is as published by the Australian Public Service Commission (APSC). The 2003-04 statistics as shown here may vary from APSC data for the same period due to differences in data definitions as well as timing issues.

d Retrenchments include not only redundancies but also dismissals, of which there was one in 2005-06. 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.

Table 5.7 Trends in nature of employment agreements with staff (excluding Indian Ocean Territories staff) at 30 June

As at 30 June 2007	2003	2004	2005	2006	2007
Australian Workplace Agreement					
Senior Executive Service (SES) (all)	41	38	35	40	44
Non-SES	40	68	97	104	102
Collective agreement					
SES	0	0	0	0	0
Non-SES	840	795	1,022	1,141	1,143
Total staff	921	901	1,154	1,285	1,289



WE ARE DIVERSE, TRUSTING AND RESPECTING OF EACH OTHER

We treat our clients and each other with dignity and respect. We are committed to:

- social justice and equity;
- workplace diversity;
- addressing workplace problems; and
- occupational health and safety.

Supporting social justice and equity

The Department is committed to effectively communicating with and serving all Australians, including people from culturally and linguistically diverse backgrounds and people with disabilities. In 2006-07 we continued to:

- develop and implement policies and programmes in consultation with a diverse range of people and groups at the national and local levels;
- use a variety of media to inform people about new policies, programmes and regulations; and
- take into account the diverse needs of consumers in purchasing and providing services, and in seeking feedback from them.

A report on the Department's implementation of the Australian Government's *Accessible government services for all* strategy during 2006-07 is at Appendix A. A report on the Department's implementation of the *Commonwealth Disability Strategy* in 2006-07 is at Appendix D.

Giving priority to workplace diversity

The Department respects and values the diversity of its workforce. In 2006-07 we:

- developed the *DOTARS People with Disability Strategy*, as a component of the wider workforce diversity strategy;
- continued to focus on activities to increase the numbers of Indigenous employees in the Department, and harness the capabilities and perspectives of Indigenous employees;
- offered flexible working conditions to help attract and retain staff, through the *DOTARS Collective Agreement 2006-2009*; and
- continued to support the internal diversity and equity network and activities to promote awareness of diversity and equity issues.

The Department also launched the *DOTARS Indigenous Employment Strategy*, in July 2006.

DOTARS Indigenous Employment Strategy

The Department's commitment to recruiting and retaining Indigenous employees is being realised through the development and implementation of the *DOTARS Indigenous Employment Strategy* and *DOTARS Indigenous Workforce Action Plan*. The Indigenous Professional Development Network that was established in 2005-06 continues to play an important role.

The *DOTARS Indigenous Employment Strategy* aims to increase the employment opportunities for Indigenous people in the Department, and the retention of Indigenous employees who have been recruited. In April 2007 the Department identified, through the *DOTARS Indigenous Workforce Action Plan*, three key areas to be addressed in order to maximise the value of Aboriginal and Torres Strait Islander staff in the Department: recruitment, retention and development, and workplace environment.



The action plan was developed in consultation with the Department's Indigenous Professional Development Network, and has been endorsed by the network.

Indigenous Professional Development Network

The Indigenous Professional Development Network provides a forum for the Department's Indigenous employees to contribute to agency directions (particularly in relation to the *DOTARS Indigenous Employment Strategy*), and supports Indigenous employees in achieving personal and organisational goals.



Carolyn Hughes from the Canberra Institute of Technology Yurauna Centre speaking at a 2007 DOTARS NAIDOC Week presentation (Photo DOTARS)

CASE STUDY: INDIGENOUS PROFESSIONAL DEVELOPMENT NETWORK TOURS ADELAIDE INDUSTRIES

The Department continued its efforts to support Indigenous employees by facilitating a two-day industry tour of Adelaide for members of Indigenous Professional Development Network.

Over the two days of the tour, 12 and 13 June 2007, six members of the network:

- took part in a series of guided visits to Adelaide Airport and Port Adelaide;
- heard presentations about departmental operations in Adelaide from each of the business areas of the Department; and
- undertook professional development designed to enhance the capacity of the network to represent and promote the experience of Indigenous employees in the Department.

During NAIDOC Week, in July 2007, the members of the network made a presentation about the industry tour to the Secretary and other senior executives.

The industry tour was a milestone for the development of the network. Members of the network agreed that the tour had provided the opportunity to broaden their appreciation of the Department's diverse and challenging role, and to exchange views and reflect on their Indigenous identity and their contribution to the Department and the wider Australian Public Service.



Indigenous Professional Development Network members and coordinators visiting Port Adelaide during the industry tour (Photo DOTARS)

Table 5.8 Trends in workforce diversity

	2002–03	2003–04	2004–05	2005–06	2006–07
Women	439	409	527	584	582
People from non-English speaking backgrounds	75	112	119	156	168
People with a disability	22	13	21	23	30
Indigenous people	3	3	4	11 ^a	12 ^a
All employees	945	901	1,154	1,285	1,289
Proportion of staff volunteering diversity information (%)	75	78	95	96	99

Note: These statistics focus on staff employed under the Public Service Act 1999 and therefore do not include Indian Ocean Territories staff. It is possible that the Department's workforce is more diverse than indicated—1 per cent of the staff sampled chose not to volunteer their personal information for 2006–07

a During their trainee year, the Department's Indigenous trainees are technically Department of Employment and Workplace Relations employees who have been placed with the Department. Therefore, they are not included in these figures.

Addressing workplace problems

The Department has an active network of workplace harassment contact officers located in Canberra and regional offices, supported by a senior executive sponsor. The network aims to meet quarterly. The intranet based reporting tool (iReport) which was implemented in 2005–06 is used for reporting occupational health and safety incidents, including incidents of workplace harassment and/or bullying, and safety hazards. The reporting mechanism has been well accepted by staff. The Department also has appropriate mechanisms in place to address violations of the APS Code of Conduct.

The reported incidence of bullying, harassment and Code of Conduct violations continued to be at a low level during 2006–07.

Implementing occupational health and safety initiatives

A range of occupational health and safety (OH&S) initiatives were implemented or continued in 2006–07 under the guidance of the OH&S Committee. The committee meets quarterly and includes representatives from all business divisions, both Canberra-based and regional.

The highlight of the year was the Department's Health Week, held during the first week in May 2007. A total of 201 staff undertook health checks, of whom 109 were referred to their GPs for follow-up, and a total of 298 employees received influenza shots. This year a concerted effort was made to ensure regional staff had the same opportunity to have health checks and influenza injections as Canberra-based staff.

Health Week incorporated a quit smoking programme for both central office and regional office staff who wanted to quit and would benefit from the support and assistance that a formal programme offers. In total, six Canberra-based staff members and one regional staff member signed up for the programme, which was provided by the ACT Cancer Council. Of the seven who commenced the programme, two staff members were able to quit, with the remaining participants reporting reduced nicotine intake.

The Department commenced reviewing and updating a range of its OH&S policies and guidelines, both as part of an ongoing cyclical process and as a result of changes to the *Occupational Health and Safety Act 2000*.



While the number of new compensation claims accepted by Comcare increased slightly during 2006-07 (see Table 5.9), a high proportion of these claims were for incidents that took place outside the workplace, such as trips, slips and falls and motor vehicle accidents. The Department's Comcare premium remained below the APS average as a proportion of employee-related expenses.

Table 5.9 Workplace health and safety trends

	2002-03	2003-04	2004-05	2005-06	2006-07
Proactive measures					
Workplace assessments	> 60	> 60	> 150	> 250	>150
Staff health assessments	254	144	200	329	201
Staff influenza vaccinations	350	236	341	331	298
Wellbeing indicators					
Staff using employee assistance (%)	5.7	8.4	8.20	7.34	8.33
Days of unscheduled absence per full-time equivalent employee (excludes IOT staff ^a)	8.7	10.4	8.95	9.74	10.51
Incident management^b					
New claims accepted by Comcare	20	9	18	20	23
Total weeks lost from new claims through incapacity	171.59	28.86	22.65	46.13	49.34
Average time off work per injury (weeks)	8.6	3.2	1.25	2.31	2.15
Special or serious incident requiring Comcare investigation	0	0	0	0	0
Directions or notices issued to the Department under the <i>Occupational Health and Safety Act 2000</i>	0	0	0	0	0

a The Department provides services to the Indian Ocean Territories under administered programmes. The IOT staff are not employees of the Department under the *Public Service Act 1999*.

b These figures are as advised by Comcare. Figures for previous years have been updated to reflect outstanding determinations from Comcare that have since been resolved.

APPENDICES



APPENDIX A—REPORT UNDER THE ACCESSIBLE GOVERNMENT SERVICES FOR ALL STRATEGY

This appendix summarises the Department's performance against the Australian Government's strategy for ensuring equitable access to government services.

Australian Government departments are required to report annually on their efforts to improve the delivery of government services to Australia's diverse population. Previously, they reported against performance criteria set out in the *Charter of public service in a culturally diverse society*. In 2007, the charter was replaced by a new reporting framework under the *Accessible government services for all* strategy.

Accessible government services for all was developed in consultation with Australian Government agencies, taking into account agencies' ability to contribute, both as separate portfolios and through whole-of-government responses, to meeting the challenges faced by our culturally diverse nation.

The strategy is based on the four principles of:

- responsiveness—the extent to which programmes and services are accessible, fair and responsive to the individual needs of clients;
- communication—open and effective channels of communication with all stakeholders;
- accountability—effective and transparent reporting and review mechanisms; and
- leadership—a whole-of-government approach to management of issues arising from Australia's culturally and linguistically diverse society.

More information about the strategy is available from the website of the Department of Immigration and Citizenship, at <www.immi.gov.au/media/publications/multicultural/accessible_government/index.htm>.

The following sections describe the Department's performance in relation to the four principles in 2006–07, against the performance indicators set out in the strategy.

RESPONSIVENESS

Description

Extent to which programmes and services are accessible, fair and responsive to the individual needs of clients

Performance indicators

Developing and delivering fair programmes and services that are based on a sound knowledge of the needs, circumstances and cultural and other characteristics of clients and assess the direct impact on the lives of people

Results

Delivering services

In developing and delivering programmes and services that are accessible, fair and responsive to the individual needs of people, the Department undertakes research and consults directly with clients and peak bodies.

Examples of the services that the Department delivered directly to clients in 2006–07 include those provided to residents of the Indian Ocean Territories (IOTs) and remote and isolated communities.

Performance indicators

Results

Services to the Indian Ocean Territories

The Department delivered a wide range of infrastructure services to residents of the IOTs, which comprise Christmas Island and Cocos (Keeling) Islands.

IOT residents predominantly come from non-English speaking backgrounds. On Cocos (Keeling) Islands the majority are Cocos Malay, while on Christmas Island around 60 per cent are Chinese, 20 per cent are Malay and 20 per cent are European. The Department provides services that are designed to suit the residents' cultural and linguistic needs.

The range of services include emergency, health and education services and utilities such as ports, airports, power, water and waste management. The Department is also responsible for projects to improve the amenity of the IOTs, such as the rehabilitation of areas of Christmas Island that have been affected by phosphate mining and the removal of asbestos from government-owned buildings. See the report on performance for regional services (Chapter 4) for more details.

Services to remote communities

The Remote Air Services Subsidy Scheme is a longstanding programme that provides services to approximately 226 remote and isolated communities, including some of the most disadvantaged communities in Australia. The scheme provides a weekly air service that delivers essential services including medical items, fresh food, passenger transport and mail. Around one-third of the communities assisted under the scheme are remote Indigenous communities.

Assessing community impact

The Department uses a range of mechanisms to identify the needs, circumstances and other characteristics of the communities for which it provides services, and to assess the impact of its activities.

Transport

The Department has mechanisms in place to encourage members of the public to report their transport safety concerns. Since 2005, the Department has provided a 24-hour transport accident/incident notification hotline (1800 011 034) for notification of all aviation, marine and rail safety occurrences. This is predominantly used for notification of immediately reportable matters. The Department has also administered the Confidential Marine Reporting Scheme, for reporting of marine safety matters, since 2005.

Since January 2007, the Department has administered the REPCON (Report Confidentially) scheme for reporting aviation safety matters. For more information on REPCON, see Chapter 3 of this report or the Australian Transport Safety Bureau website at <www.atsb.gov.au/aviation/notification/repcon.aspx>, or contact the bureau by telephone (1800 020 505) or email (repcon@atsb.gov.au).

Performance indicators

Developing and delivering fair programmes and services that are based on a sound knowledge of the needs, circumstances and cultural and other characteristics of clients and assess the direct impact on the lives of people (continued)

Results

To ensure that airport lessees/owners engage effectively with communities with regard to proposed developments at major airports, the Department has developed Airport Development Consultation Guidelines. The guidelines were developed in consultation with local, state and territory governments, airport lessee companies and key government agencies, and recognise the expectations of communities to be consulted on the planning and development of the 22 leased federal airports. The guidelines are available online through the Department's website, <www.dotars.gov.au>.

Regional services

The Department includes Regional Australia Impact Statements (RAIS) in all its Cabinet submissions that are likely to impact differently across Australia's regions. The statement describes how the new submission may impact on Australia's regions, particularly where the impact will vary between regional locations or differ in rural and remote areas compared to metropolitan centres.

Through the Regional Partnerships Programme, the Department works closely with a national network of 56 volunteer Area Consultative Committees (ACCs). The committee members are drawn from the community, local business and local government sectors in their regions.

The ACCs provide advice to government on regional needs and encourage their communities to take up government programmes designed to help them achieve their developmental goals. The Australian Government priorities for the ACC network in 2006-07 were:

- small or disadvantaged communities;
- youth;
- economic growth and skills development; and
- Indigenous communities.

The charter which sets out the key roles and purposes of the ACC network is available online at <www.acc.gov.au/about_the_network/charter.pdf>.

Individual ACCs have three-year strategic plans and annual business plans. ACCs report regularly to the Department, providing financial statements and details of progress towards achieving the deliverables specified in the annual business plan and outputs and outcomes set down in the strategic regional plan. See Chapter 4 for a discussion of ACC outcomes in 2006-07.

More information on ACCs is available online at <www.acc.gov.au/index.aspx>.



Performance indicators	Results
<p><i>Drawing on cultural diversity to improve efficiency and effectiveness of agency programmes and to support innovation and success of Australian enterprises:</i></p> <ul style="list-style-type: none"> · <i>auditing and raising the profile of staff cultural skills</i> · <i>providing appropriate staff training—taking steps to recruit culturally diverse employees, volunteers, grantees and contractors</i> · <i>supporting Australia's competitive business advantage arising from the diverse backgrounds, skills and networks of its workforces and population</i> 	<p>The Department continued to raise awareness of cross-cultural issues with its staff throughout 2006–07.</p> <p>The Department supported the Regional Women's Advisory Council during 2006–07 to develop the <i>Cultural diversity and economic development in our regional Australian communities</i> report, which examines the economic, social and environment value of diversity in four rural and regional areas.</p> <p>The Department produced a <i>Travel Safely in Australia</i> road safety brochure in eight languages. The brochure is available from state tourism offices and state and territory road safety agencies across Australia. The brochure can also be downloaded from the Australian Transport Safety Bureau website <www.atsb.gov.au>, or obtained from the Bureau by telephoning 1800 020 616.</p>
<p><i>Identifying and responding quickly to emerging issues affecting particular population groups or arising from Australia's cultural diversity</i></p>	<p>Throughout 2006–07 the Department continued to develop the National Regional Evaluation Framework (NREF). The framework provides an approach for analysing the conditions of Australian regions, to provide an empirical basis for place-based policy development and to increase understanding of the relationships between programme expenditure and regional conditions. Part of this work considers the economic profiles of regional communities, including Indigenous communities.</p>

COMMUNICATION

Description

Open and effective channels of communication with all stakeholders

Performance indicators

Providing information in a timely manner, in appropriate media, publications, formats and languages

Results

Regulation

To ensure that information on the regulations it administers is available and accessible, the Department:

- publishes a regulatory plan early each financial year;
- uses plain English in preparing regulation impact statements and guidance materials;
- uses charts and diagrams where appropriate to communicate issues; and
- offers toll-free telephone numbers for information in key areas such as motor vehicle imports.

The Department also publishes targeted information to ensure members of the public are aware of regulatory changes that may affect them. For example, in consultation with industry, the Department has produced 14 million brochures explaining the new restrictions on carrying liquids, aerosols and gels on international flights to and from Australia. The brochures are published in English, Arabic, Chinese (simplified and traditional), Japanese, Korean, Spanish, Vietnamese and Malaysian, and are available at airports, travel agents and duty-free shops.

Services

In providing services to Australia's non-self governing territories, the Department operates in a way that recognises the cultural and linguistic diversity of the territory residents, most of whom are from non-English speaking backgrounds. For example, the Department produces regular newsletters and radio bulletins for clients in all major community languages.

The Department provides current information on regional services programmes online, particularly through:

- the Department's website, at <www.dotars.gov.au/regional/index.aspx>;
- the GrantsLINK website, <www.grantslink.gov.au>; and
- the Regional Entry Point website, <www.regionalaustralia.gov.au>.

The Regional Entry Point website is one of three elements of the Australian Government Regional Information Service (AGRIS), a popular resource that the Department has been delivering for 20 years.



Performance indicators

Results

Recruiting and training staff who have appropriate linguistic and cultural skills or using interpreting services, to ensure effective communication with clients, as necessary

Consulting appropriately with diverse communities and client groups about the development of policy, legislation and regulations, the implementation of programmes, and the delivery of services

As well as the website, AGRIS produces the hard-copy Australian Government Regional Information Directory each year, and supports a toll-free call centre (1800 026 222). The call centre distributes copies of the directory on request, and provides information in a range of ways, including in CD and cassette format, by teletype or through the Australian Government Translating and Interpreting Service, to ensure accessibility. See Chapter 4 for more information on the performance of AGRIS in 2006–07.

In addition, information on select services is provided through publications such as postcards and rural magazines, including *Farm Business*.

The Department recognises the special needs of clients from diverse linguistic and cultural backgrounds and, where needed, provides language assistance through the Australian Government Translating and Interpreting Service.

The December 2006 announcement of the outcome of the market testing of the IOT Health Service was part of a comprehensive communication plan. All stakeholders were informed of the outcome, its implications and the future arrangements, in their own languages. Departmental officers met with key stakeholders to discuss the process.

The Regional Development Council (RDC) comprises the Australian Government Minister for Transport and Regional Services (the Chair), state and territory ministers responsible for regional development, and the Australian Local Government Association. The aim of the RDC is to facilitate more effective cooperation across all spheres of government in order to achieve sustainable economic, social and environmental outcomes for regional Australians. As a member of the Standing Committee on Regional Development, the Department supports and is informed by the RDC.

The Department participates in interdepartmental committees on immigration and humanitarian settlement where strengthening the settlement prospects of migrants is a key issue. The committees consider issues such as the need to ensure good access for humanitarian immigrants to support services, such as health and psychological support, supportive schooling environments for their children, and English language skills training; and the importance of providing cultural support by settling immigrants in areas with people from similar backgrounds.

The Department actively seeks the views and input of young people from rural and regional communities through the Youth Round Table and the ABC *Heywire* programme. The input and advice from youth representatives, including many from diverse cultural linguistic backgrounds, is considered in regional policy development and budget submissions.

ACCOUNTABILITY

Description

Effective and transparent reporting and review mechanisms

Performance indicators

Establishing mechanisms to encourage feedback from people of all cultural backgrounds and allow them to register complaints and raise concerns about the performance of policy developers, programme implementers and service providers (including outsourced services)

Results

The Department provides transparent reporting and review mechanisms to people of all cultural backgrounds, including members of the public, clients and staff.

The Department's client service charter invites feedback on performance, including complaints. Members of the public are invited to telephone, email or write to the Department if they are unhappy with the service they have received. The charter commits the Department to investigate any complaints and to provide a speedy remedy if the Department is found to be at fault.

In addition to outlining the Department's responsibilities, clients, values and service standards, the charter provides contact information for specialist areas of the Department and other portfolio agencies. The charter is available on the Department's website at <www.dotars.gov.au/department/dotars/charter.aspx>.

The client service charter has been disseminated to the Department's key stakeholders, and complaints management systems have been established within the Department. See Chapter 5 for more information on the management of complaints in 2006-07.

The Department has a business hours hotline number (1800 621 372) to handle requests for transport safety information and general enquiries. The ATSB website, <www.atsb.gov.au>, has a feedback tab with a structured form for provision of feedback. Users can also subscribe to receive notification when investigation reports are released.

While formal client service charters exist for the Department's provision of infrastructure services to the non-self governing territories, residents who are not satisfied with the services provided generally choose to contact local advisory bodies, such as the Wreck Bay Aboriginal Community Council, ministers' offices, or the Joint Standing Committee on the National Capital and External Territories. Residents of the IOTs have avenues for the review of complaints similar to those available to other Australians.

The Departmental Consultative Committee provides staff with an avenue to comment on employment guidelines and policies.



Performance indicators	Results
<p><i>Responding to concerns raised by clients, to improve agencies' performance</i></p>	<p>Through its preparation of RAIS for inclusion in Cabinet submissions, and its role in providing coordination comments on other agencies' Cabinet submissions, the Department highlights issues that impact on regional, rural and remote areas for consideration by other Australian Government agencies and ministers.</p> <p>The Department also responds to concerns and seeks input from clients to improve its performance as a service provider. For example, the Department worked with other agencies and community members to address health issues in the IOTs during 2006–07.</p> <p>As a result of feedback from the communities, health consultative groups were established on both Christmas Island and Cocos (Keeling) Islands to facilitate communication between the IOT Health Service and the communities. The groups have contributed to improved communication and initiatives to improve the delivery of health care. An article profiling the groups was published in the local press to inform the communities of their role.</p> <p>Also as the direct result of concerns raised by the health service and the community, the Department initiated discussions with the Department of Immigration and Citizenship (DIAC) to establish health protocols for the delivery of health services to detainees on the IOTs. Development of the protocols involved the Department, DIAC and relevant Western Australian Government agencies consulting with the communities and formally reviewing the draft protocols during the first half of 2007. The Health Protocols have been finalised and will be implemented by the relevant parties.</p>
<p><i>Reporting to appropriate audiences of community concerns about agency programmes and agency responses to those concerns</i></p>	<p>Regional Development Council</p> <p>The RDC secretariat worked with state and territory ministerial councils to assist Indigenous workers gain employment in the mining sector and to raise other issues of relevance to people of diverse linguistic and cultural backgrounds (for example, the issue of skill shortages).</p> <p>Immigration and humanitarian settlement</p> <p>The Department participates in interdepartmental committees on immigration and humanitarian settlement where the focus is strengthening the settlement prospects of migrants.</p> <p>Youth Round Table and Heywire programme</p> <p>The Department actively seeks views and input from young people in rural and regional communities through the Youth Round Table and ABC <i>Heywire</i> programme. The youth representatives include those from diverse cultural and linguistic backgrounds. The input and advice from the youth representatives is considered in regional policy development and budget submissions.</p>

LEADERSHIP

Description

A whole-of-government approach to management of issues arising from Australia's culturally and linguistically diverse society

Performance indicators

Results

Collaborating within and between agencies and with other partners to identify and address issues relating to cultural diversity, through publicising good practices, sharing information, coordinating programmes or collaborating on projects

Throughout 2006–07 the Department's RAIS, RDC and interdepartmental committee activities contributed to its whole-of-government leadership role in identifying and addressing cultural diversity issues for Australians, particularly those located in regional, rural and remote areas.

Working with state, territory or local governments, non-government and community organisations, and contractors, raising their awareness of their responsibilities and encouraging improvement in their responses to cultural diversity

The Department consults with other service providers and different levels of government to ensure coordination of services appropriate to clients' needs. People from diverse linguistic and cultural backgrounds participate in decision-making and advisory bodies to ensure a broad range of views are brought to bear on all key decisions.

Contributing to the broader goals of cultural diversity policy, for example by:

- *strengthening the settlement prospects of migrants*
- *enhancing the ability of all to achieve self-reliance*
- *encouraging social, economic and educational participation for people from diverse backgrounds*
- *including issues relating to social cohesion and participation in research and data development*

Since July 2006, through the Regional Women's Advisory Council, the Department has provided advice on issues that affect women and communities in regional, rural and remote Australia. The council has provided advice to the Australian Government on agriculture, health, education, business, social welfare, regional development, Indigenous issues and industry. The current objective of the council is to support the development and maintenance of resilient, vibrant and sustainable communities that harness the potential of young women leaders and Indigenous women leaders.

APPENDIX B—ACTIVITIES OF BUREAU OF TRANSPORT AND REGIONAL ECONOMICS

This appendix provides an overview of the activities of the Bureau of Transport and Regional Economics (BTRE) in 2006–07.

OVERVIEW

BTRE is a specialist economic research arm of the Department of Transport and Regional Services. It provides economic research, analysis and statistics on transport issues and issues affecting regional Australia.

BTRE disseminates its findings, in order to:

- inform the development of Australian Government policy, regulation and programmes; and
- contribute to public discussion and debate on transport and regional issues.

BTRE hosts or supports a range of activities to promote consultation and information sharing on transport and regional issues, within Australia and internationally.

In this respect, BTRE provided a secretariat for the Council of Australian Governments' review of urban congestion, trends, impacts and solutions, and led the Department's engagement with the European Conference of Ministers of Transport (ECMT) and the Joint ECMT–Organisation of Economic Cooperation and Development Transport Research Centre, during 2006–07.

Research and publications

BTRE's annual research, analysis and statistics programme is developed in the Department's business planning cycle and is available from <www.btre.gov.au>.

In 2006–07 BTRE published 18 reports, papers, information sheets and other major publications on transport and regional issues, including the following.

- *Optimising harmonisation in the Australian railway industry* reviews the theory and practice of physical and regulatory harmonisation in Australia and overseas against the backdrop of a decade of industry and policy change.
- *Estimating urban traffic and congestion cost trends for Australian cities* examines trends in urban traffic growth and provides updated estimates of the social costs of rising congestion levels.
- *Australian rail freight performance indicators 2005–06* commences a new annual series of information papers on Australian rail freight industry performance, developed in partnership with the Australasian Railways Association.
- *Waterline 41* outlines a new and exploratory set of indicators on the interface of Australia's leading container port terminals with road and rail transport.
- *Skill shortages in Australia's regions* examines relationships between the locations of skilled people and skill shortages.

BTRE also issued 44 releases of aviation statistics during the year.

Table B.1 lists the 2006–07 publications, all of which are available as free downloads from <www.btre.gov.au>. The table also notes how the publications contribute to the Australian Government's national research priorities. Information on these priorities can be found at the Department of Education, Science and Training website at <www.dest.gov.au>.

Table B.1 Bureau of Transport and Regional Economics publications, 2006–07

	Issue	Title	
<i>Reports</i>	114	<i>Optimising harmonisation in the Australian railway industry^a</i>	
<i>Working papers</i>	65	<i>Container and ship movements through Australian ports 2004–05 to 2024–25^a</i>	
	67	<i>Drivers of economic growth in the greater Sydney metropolitan region^b</i>	
	68	<i>Skill shortages in Australia's regions^b</i>	
	69	<i>Australian maritime trade 2000–01 to 2004–05^a</i>	
	70.1	<i>Ex-post economic evaluation of National Highway projects, Case Study 1: Wallaville Bridge^a</i>	
	71	<i>Estimating urban traffic and congestion cost trends for Australian cities^c</i>	
<i>Information papers</i>	57	<i>Filling a gap in rail data: an investigation of the Gheringhap Loop train sightings^a</i>	
	58	<i>Australian sea freight 2004–05^a</i>	
	59	<i>Australian rail freight performance indicators 2005–06^a</i>	
<i>Information sheets</i>	25	Public road-related expenditure and revenue in Australia (2006 update) ^a	
	26	Passenger movements between Australian cities, 1970–71 to 2030–31 ^a	
<i>Aviation statistics</i>	<i>Monthly</i>	Airline on time performance	
		International scheduled air transport	
		Australian domestic airline activity	
	<i>Annual</i>	Airline on time performance	
		International scheduled air transport	
		Australian domestic airline activity	
		Airport traffic data 1995–96 to 2005–06	
		General aviation 2005	
<i>Other major publications</i>	9	<i>Avline^a</i>	
	41	<i>Waterline^a</i>	
		<i>About Australia's regions 2006^b</i>	
		<i>Australian transport statistics 2006^a</i>	
		<i>About Australia's regions 2007^b</i>	
		<i>Australian transport statistics 2007^a</i>	

a Contributes to National Research Priority 4—Safeguarding Australia.

b Contributes to National Research Priority 2—Promoting and maintaining good health.

c Contributes to National Research Priority 1—An environmentally sustainable Australia.

Consultation and stakeholder engagement

The seventh BTRE transport colloquium, on the theme *Australian Transport—Policy Challenges for Future Growth*, was held at Old Parliament House, Canberra, in June 2007. More than 200 delegates took part in a programme which covered topics including road and rail regulation, infrastructure investment, road safety strategies and climate change and transport. Professor Werner Rothengatter, University of Karlsruhe, Germany, provided an international perspective as keynote speaker.

In September 2006, BTRE hosted the conference *Regional Perspectives 2006—Regions are Big Business*, in Beechworth, Victoria. The conference highlighted the role of large enterprises in the support and development of regional economies, from the perspectives of both the enterprises themselves and the local communities seeking to attract big business to their areas.

BTRE also hosted a guest seminar by Wendell Cox, Principal, Demographia, on land use and transport policy, in August 2006, and held three seminars on new publications. BTRE staff members gave a total of 24 presentations at a range of other conferences and government and community meetings.

Outlook

Among its activities in 2007–08, BTRE expects to:

- release new research results on
 - trends and future scenarios for truck productivity;
 - trends in regional aviation access and services;
 - international experience with congestion charging; and
 - variations in the cost of living and doing business in Australia's regions;
- release long-term traffic projections for the AusLink non-urban corridors, using new data provided for this purpose by state and territory agencies;
- release a first annual consolidated transport statistics and trends publication; and
- report to the Council of Australian Governments on measures to improve urban congestion data, modelling and performance information for decision making.



CASE STUDY: REGIONAL RESEARCH

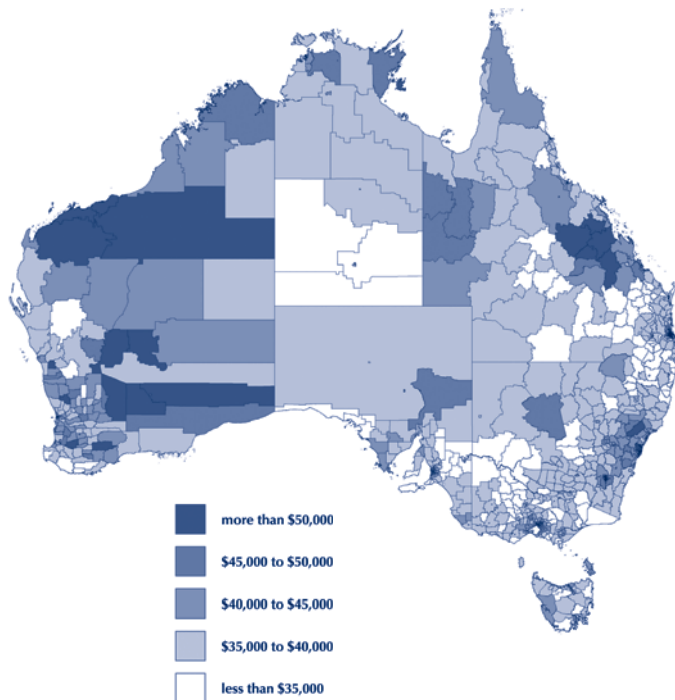
The Bureau of Transport and Regional Economics (BTRE) Regional Research team is your source for regional analysis and information refer <www.btre.gov.au>. A feature of the BTRE analytical investigations into Australia's regions is the construction of regional indicator datasets, covering the economic and social characteristics of a region.

These datasets provide a consistent national and temporal source of information—enabling you to simply download, without concerning yourself with changing geographical boundaries, data that has been collected and to readily compare data from regions across the country.

The datasets cover industry structure, social capital, education and taxable income. For example, the taxable income dataset can be used as an indicator of economic activity. The map below presents real income per taxpayer (RIPT), an indicator of economic wellbeing—that is, how much on average an individual taxpayer of a region receives for the 2003–04 financial year.

Future datasets will cover wealth and income support for regional locations.

Australia Real Income Per Taxpayer (RIPT) 2003–04



www.btre.gov.au

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 procurement framework reflects the core principle governing Australian Government procurement - value for money. The Department's approach to the procurement of all goods and services including consultancies is consistent with the requirements of *Commonwealth Procurement Guidelines –January 2005–Financial Management Guidance No.1* (CPGs). The CPGs are applied to procurement activities through the Chief Executive's Instructions (CEIs) and supporting operational 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.

Responsibility for procurement is devolved to individual business divisions. The Department supports the decentralised approach to 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 consistent procurement practices are undertaken.

As part of these arrangements, in 2006–07 we published details on AusTender of:

- a procurement plan providing details of anticipated procurements for 2007-08 <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.contracts.gov.au>.

We also published on our website <www.dotars.gov.au> details of all contracts with a value of \$100,000 or more entered into or active during the previous 12 months, as required by Senate Order 192.

Requests for access to contracts are considered in line with the *Freedom of Information Act 1982*. For more information on freedom of information, see Appendix F on page 296.

Note: While some contracts involve a fixed price, the value of others depends on the level of demand for the goods or services involved. In these cases, we report the best available estimate of the value of the contract based on expenditure to date and likely demand over the remainder of the contract. All values shown include goods and services tax unless otherwise noted.

COMPETITIVE TENDERING AND CONTRACTING

The *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, issued by the Department of Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit, defines competitive tendering and contracting as 'the contracting out of the delivery of government activities, previously performed by a Commonwealth agency, to another organisation'.

We have contracted:

- certain services delivered on behalf of the Australian Government; and
- a range of corporate services.

More information on contracts valued at \$100,000 or more follows. All such contracts routinely include a requirement for access to the contractor's premises by the Auditor-General.

Exempt contracts

In 2006-07, 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 the Sydney West airport site;
- aerodrome inspection services for remote Indigenous communities;
- the Australian Government Regional Information Service (AGRIS); and
- services to non-self governing territories.

Transport safety research and information services

Contracts relating to road safety injury data collection and analysis, and transport safety information storage and distribution continued in 2006-07. Following an open tender process, a contract was let in April 2007 with Dynamic Outcomes Pty Ltd for curriculum development and associated services for the road safety Novice Driver Programme Trial. Funding of \$469,000 was provided by the project partners comprising the Australian, NSW and Victorian governments and private sector participants.

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. Parking control services are contracted out to airport lessee companies annually for parking at eight airports (for details, see page 155. 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 and around the proposed Sydney West airport site (Badgerys Creek) was contracted out to Zeckendorf Holdings Pty Ltd after an open tender. 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, to conclude on 31 December 2007.

Aerodrome inspection services for remote Indigenous communities

The Remote Aerodrome Inspection Programme provides 58 specified aerodromes servicing Indigenous communities in remote parts of northern Australia with an annual inspection service. These services are contracted to an appropriately qualified service provider.



In July 2005 the Department used an open tender process to identify a new service provider for the programme. This service provider was contracted in October 2005 for a 12-month period. In August 2006 the Department exercised its option under the contract to extend the inspection service to 30 June 2007.

Australian Government Regional Information Service

The Freecall 1800 Call Centre for the Australian Government Regional Information Service (AGRIS) is currently contracted to Cooma Monaro Technology Centre Ltd. A 30-month contract will run from 1 June 2007 until 31 November 2009 and includes an option for the Department to negotiate to extend the contract for two further one-year periods if desired.

Services to non self-governing territories

In the absence of a state or territory government, the Department delivers a range of services to Australia's non self-governing territories. While the Department continues to provide some of these services directly, others are provided through contracts with the private sector or under service delivery arrangements or contracts with state and territory governments such as the Western Australian Government in the case of the Indian Ocean Territories and the ACT and NSW Governments in the case of Jervis Bay Territory.

Some existing arrangements expired in 2006-07, and we entered into several new arrangements, including agreements or contracts with:

- Water Corporation of Western Australia to continue to provide water and waste water services to the Indian Ocean Territories;
- Toll Ports to continue the provision of port management services to Christmas Island and Cocos (Keeling) Islands;
- Air Services Australia to continue broadcasting maintenance services for the Indian Ocean Territories;
- L.J.Hooker, Jervis Bay, for the management of houses within the Jervis Bay Village, Jervis Bay Territory; and
- Jirgens Contracting Pty Ltd for the operation and maintenance of the Jervis Bay Territory water and sewerage system was extended.

For more information on services to territories, including services we provide directly, see page 197.

Corporate Activities

The Department has conducted detailed analyses of our 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

Desktop, help desk and related information technology services were contracted to Ipex ITG Pty Ltd (now part of Volante Pty Ltd) after an open tender. The contract took effect from 1 July 2004 and has an initial term of four years. Wide area network, data communication and voice communication services were contracted to Optus Networks Pty Ltd after a select tender. These contracts were consolidated into one agreement, which was extended in 2006. We are now in the two-year extension period of that contract.

The panel of ICT service providers set up in 2004-05 after an open tender will continue for at least three years. This panel gives access to specialist project management, software development and information technology security services as needed.

Professional services

The Department has established several panels of professional services providers. We use the panels when we do not have sufficient capacity or specialist expertise. The panels are subject to regular review.

Panels cover:

- communications services;
- legal services;
- financial advisory and accountancy services; and
- SAP services.

Internal audit services were contracted to KPMG after a select tender. The contract was signed on 6 December 2002 and had an initial term of two and a half years. The Department exercised an option to extend the contract for a further two years in 2005.

Other Services

Property and security services were contracted to United Group Service Pty Ltd after a select tender. This contract was signed on 11 December 2002. It has an initial term of five years, with an option for two 2-year extensions.

Travel services were contracted to American Express after a select tender. The contract was signed after the collapse of the Ansett group of companies and was extended in early 2004 to 31 December 2006. The Department exercised its option to extend the contract beyond the financial year.

Graduate relocation services were contracted to Toll Transport Ltd, following an open tender process. The contract was signed on 9 January 2006 for an initial term of one year, with three further options to extend for one year. The Department renegotiated the contract with Toll Transport for an additional year during 2006-07.

Data 3 was contracted for the development and release of an online application IT system for the Regional Partnerships Programme. Contractors were selected via the Department's tender panel arrangement.

Office services were contracted to Pickfords Pty Ltd after a select tender. This contract was signed on 4 April 2003. It has an initial term of five years, with an option for two 2-year extensions.

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 *Commonwealth Procurement Guidelines*, the Department's Chief Executive's Instructions and the *DOTARS Procurement Manual*.

In 2006-07, the Department engaged 190 new consultancies involving expenditure of \$5.9 million. The Department continued to use 70 consultancies engaged in prior years, involving a further expenditure of \$2.4 million.

As per section 12(6) of the *JCPAA Requirements for Annual Reports* (13 June 2007), 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 2006-07 are available as a supplement to the online version of this annual report (refer www.dotars.gov.au). Information on expenditure on contracts and consultancies is also available on the AusTender website <www.tenders.gov.au>.



Figure C.1 Trends in procurement

	2002-03	2003-04	2004-05	2005-06	2006-07
Purchasing outcomes					
Invoices paid within 30 days	91.8 %	95.1 %	96.7 %	97.0 %	97.0 %
Consultancies					
All consultancies, including consultancies let in previous years					
Total expenditure	\$6.08m	\$4.0m	\$7.6m	\$10.9m	\$8.3m
New consultancies valued at \$10,000 or more					
Number let	62	54	129	113	92
Total value over the life of these contracts	\$3.8m	\$3.7m	\$8.5m	\$8.9m	\$6.9m
Market research and advertising payments^a					
Creative advertising	\$0.0m	\$0.4m	\$0.6m	\$0.15m	\$0.1m
Market research/polling	\$0.5m	\$0.4m	\$0.2m	\$0.02m	\$0.3m
Direct mail	\$0.5m	\$0.0m	\$0.4m	\$0.02m	\$0.1m
Media advertising recruitment ^b	\$3.4m	\$0.8m	\$3.1m	\$1.07m	\$0.7m
Media advertising non-recruitment				\$0.71m	\$1.1m
Total Payments	\$4.4m	\$1.7m	\$4.3m	\$1.97m	\$2.3m

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. Also for previous years this total did not include payments below the reportable threshold which for 2005-06 was \$ 1,500.

b. In previous years all media recruitment and non-recruitment was reported as a combined figure

PAYMENTS FOR MARKET RESEARCH AND ADVERTISING

In 2006-07, the Department paid \$2.3 million for market research and advertising. Table C.2 lists payments of \$10,300 or more made during the financial year, as required by section 311A of the *Commonwealth Electoral Act 1918*.

Figure C.2 Detail of advertising and market research payments of \$10,300 or more

Creative advertising agencies		
Firm	Service provided	Payment made in 2006–07 (\$)
Colmar Brunton Social Research Pty Ltd	Conduct a survey of readers across the range of Australian Transport Safety Bureau reports	\$26,023
The Social Research Centre Pty Ltd	Conduct the nineteenth survey of community attitudes to road safety	\$25,472
Cre8tive Australasia Pty Ltd	Maritime Security Identification Card (MSIC) graphic design for advertisements	\$9,915
Total creative advertising		\$61,410
Market research/polling		
Firm	Service provided	Payment made in 2006–07 (\$)
The Research Forum	To determine future measures to support the general aviation industry to comply with their obligations under the <i>Aviation Transport Security Act 2004</i> and the <i>Aviation Transport Security Regulations 2005</i> .	\$48,760
Morris Walker Pty Ltd	To help design a targeted industry engagement strategy to inform Regulated Air Cargo Agents (RACAs) and the wider cargo industry about the changes to the RACA scheme and how it will affect them.	\$50,994
Eureka Strategic Research Pty Ltd	To conduct exploratory research among regular shippers to identify, explore and measure current levels of awareness, and attitudes towards, increased air cargo security measures.	\$70,753
Di Marzio Research Pty Ltd	Liquids, Aerosols and Gels (LAGs)–developmental research	\$50,000
Di Marzio Research Pty Ltd	Liquids, Aerosols and Gels (LAGs)–follow-up research	\$40,000
Colmar Brunton Social Research Pty Ltd	Green Vehicle Guide follow-up research	\$49,894
Total market research		\$310,402

Direct mail organisations		
Firm	Service provided	Payment made in 2006–07 (\$)
Swell Design Group	Goodna Bypass information brochure and information advertisements.	\$4,942
Pirion Printing	Collation of materials for Goodna Bypass letterbox drop.	\$45,223
Australia Post	Goodna Bypass letterbox drop of brochures into surrounding suburbs.	\$26,384
Total direct mail organisations		\$76,549
Media advertising organisations		
Firm	Service provided	Payment made in 2006–07 (\$)
Recruitment advertising		
hma Blaze Pty Ltd	Recruitment advertising	\$682,169
Hobsons Australia Pty Ltd	Recruitment advertising	\$2,000
2B Advertising & Design	Recruitment advertising	\$1,250
Total recruitment advertising		\$684,454
Non-recruitment advertising		
hma Blaze Pty Ltd	Other	\$17,890
hma Blaze Pty Ltd	Liquids, Aerosols and Gels (LAGs) advertising	\$814,035
hma Blaze Pty Ltd	Maritime Security Identification Card (MSIC) advertising in industry and trade publications.	\$57,459
hma Blaze Pty Ltd	Goodna Bypass advertising	\$68,182
Reputation Pty Ltd	Liquids, Aerosols and Gels (LAGs) advertising	\$188,584
Total non-recruitment advertising		\$1,146,659
Total media advertising organisations		\$1,831,113

APPENDIX D—REPORT UNDER THE COMMONWEALTH DISABILITY STRATEGY

This appendix summarises the Department's progress in implementing the Commonwealth Disability Strategy.

The Commonwealth Disability Strategy was launched in 1994 to help Australian Government organisations to meet their obligations under the *Disability Discrimination Act 1992*. In essence, the Act provides the legislative framework to protect people with disabilities from discrimination. It recognises that they have the same fundamental rights as other members of the community—rights that should be protected in a proactive way.

The strategy, which aims to ensure that people with disabilities are able to participate fully in community life, is the result of consultation with people with disabilities, their supporters, representatives of the community and Australian Government organisations. The strategy is an important element in achieving the government's vision of increasing community participation by people with disabilities.

More information about the strategy is available from the website of the Department of Families, Community Services and Indigenous Affairs, at <www.facsia.gov.au/disability/cds/index.htm>.

The strategy challenges Australian Government agencies to consider and report on their performance in five broad roles: policy adviser, regulator, purchaser, provider and employer. The following sections describe the Department's performance in these roles in 2006–07, against the performance indicators set out in the strategy.

POLICY ADVISOR

Description

Policy advisors initiate and develop policy for Australian Government programmes and services

The Department undertakes research and analysis and provides policy advice to ministers on a range of transport and regional issues, addressing disability issues where appropriate.

In doing this, they consider the needs of different groups and sectors and the desired impacts and outcomes to be achieved for the community

Performance indicators

New or revised policy/ programme proposals assess impact on the lives of people with disabilities prior to decision

Results

In developing its policies and programmes, the Department seeks to consult directly with clients, their representatives and other stakeholders. Consultation is an essential part of the development of legislation and government policy, programmes and services. It provides an opportunity for members of the community to express their views in a safe, confidential and accessible manner.

Performance indicators

Results

People with disabilities are included in consultations about new or revised policy/programme proposals

The Department has commenced reviewing the Disability Standards for Accessible Public Transport 2002 to assess the efficiency and effectiveness of the transport standards. The review commenced within five years of the standards taking effect, and the standards will be reviewed again every five years. The terms of reference for the review were developed following a wide process of consultation with the disability community and other stakeholders. The review itself will include wide consultation with people with disabilities, their representatives and other stakeholders.

In developing its policies and programmes, the Department also seeks to consult directly with peak bodies. The Department maintains contact with more than 160 different groups, as listed in Appendix F of this report.

People with disabilities are included in consultations wherever appropriate, and support several forums through which their specific needs are considered. These include:

- the Accessible Public Transport National Advisory Committee (APTNAC); and
- the Accessible Public Transport Jurisdictional Committee, established to discuss government positions on issues raised at APTNAC meetings.

All new policy proposals that the Department presents to the Transport and Regional Services Portfolio ministers are required to describe their likely impact on the whole community. If there is likely to be an impact on people with disabilities, people with disabilities are consulted.

Public announcements of new, revised or proposed policy/programme initiatives are available in accessible formats for people with disabilities in a timely manner

During 2006–07 the Department used a variety of strategies to communicate information on new government policies and programmes, including those that addressed disability issues. For example, the Department:

- continued to post announcements of new policies and programmes on its websites promptly—generally, within 24 hours of release;
- used plain English in all guidance materials;
- conducted the annual revision and printing of the Australian Government Regional Information Directory;
- GrantsLINK maintained the whole-of-government GrantsLINK website <www.grantslink.gov.au>, which provides information on how community groups can access Australian Government grants programmes—the website registered more than 7 million hits;
- maintained the Regional Entry Point website <www.regionalaustralia.gov.au>, which provides information about regional government programmes and services—the website registered more than 3 million hits; and

Performance indicators	Results
<i>Public announcements of new, revised or proposed policy/programme initiatives are available in accessible formats for people with disabilities in a timely manner (continued)</i>	<ul style="list-style-type: none"> answered more than 20,000 inquiries from people seeking information about government services, through more than 15,000 telephone calls made to the Australian Government Regional Information Service toll-free call centre. The call centre operators assisted vision-impaired clients by reading aloud the requested information or by providing the information on CD or cassette, and assisted clients with hearing impairments through teletype services. An Australian Government Translating and Interpreting Service was also available to assist callers whose primary language was not English.

REGULATOR

Description	
<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>The Department administers transport regulations and standards and works closely with other regulators on matters concerning transport security, maritime and land transport and aviation and airports.</p> <p>Other matters that the Department deals with in a regulatory role include civil aviation, transport safety and investigations, regional and rural services, regional development, matters pertaining to local government, natural disaster relief and mitigation, and administration of non self-governing territories, such as Jervis Bay and Christmas Island.</p> <p>The Department administers regulations in accordance with more than 95 diverse Acts, including the <i>Airspace Act 2007</i>, <i>AusLink (National Land Transport) Act 2005</i>, <i>Australian Maritime Safety Authority Act 1990</i>, <i>Aviation Transport Security Act 2004</i>, <i>Inspector of Transport Security Act 2006</i>, <i>Roads to Recovery Act 2000</i>, and the <i>Australian Capital Territory (Self-Government) Act 1988</i>.</p>

Performance indicators	Results
<i>Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities</i>	<p>The Department ensures that information on the regulations it administers is available and accessible by:</p> <ul style="list-style-type: none"> providing links to legislation through the departmental website, at www.dotars.gov.au/departments/dotars/legislation.aspx; offering toll-free telephone numbers for enquiries in key areas such as motor vehicle imports;



Performance indicators	Results
<i>Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities</i>	<ul style="list-style-type: none"> including compliance reporting in the Annual Report, which is publicly available; and using plain English in preparing regulation impact statements and guidance materials.

PURCHASER

Description	
<i>Purchasers act as agents of the policy adviser</i>	In 2006–07 the Department administered grants, subsidies and other payments on behalf of the Australian Government totalling \$4.5 billion. These payments mainly related to:
<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>	<ul style="list-style-type: none"> national road and rail infrastructure; maritime and land transport; regional services; services to territories; services to local government, including a number of Indigenous councils; and natural disaster mitigation and relief.
<i>Service providers may be public, private or not-for-profit organisations</i>	<p>In its day-to-day operations, the Department also purchased a range of goods and services costing \$94.5 million in supplier expenses.</p> <p>The Department's administration of services to territories included providing state-type services for the Indian Ocean Territories (IOTS), which comprise Christmas Island and Cocos (Keeling) Islands. In 2006–07, the Department managed the provision of a state-level legal framework for the IOTs, through the application of Western Australian legislation; and administered a programme to rehabilitate areas of Christmas Island that have been affected by phosphate mining. The Department successfully delivered services worth \$118.4 million to assist in the effective management of Australian territories in 2006–07.</p> <p>The Department employs 40 staff to deliver health services to the communities of the IOTs, through an eight-bed hospital on Christmas Island and two clinics on Cocos (Keeling) Islands.</p>

Performance indicators	Results
<i>Publicly available information on agreed purchasing specifications are available in accessible formats for people with disabilities</i>	<p>Guidelines on purchasing specifications are published on the Department's website at <www.dotars.gov.au/departments/tenders/index.aspx>, and are available for downloading in Microsoft Word, PDF and HTML formats.</p> <p>Regional Partnerships and Sustainable Regions programme guidelines are available through the Regional Entry Point website, <www.regionalaustralia.gov.au>. Regional Partnerships Programme</p>

Performance indicators	Results
<i>Publicly available information on agreed purchasing specifications are available in accessible formats for people with disabilities (continued)</i>	information is also accessible through the 54 Area Consultative Committees that provide programme support for all of Australia's regions. Further information is available face to face, by e-mail or regular mail, or through the website at < www.regionalpartnerships.gov.au/partnerships/index.aspx >.
<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>	Where relevant, the Department consults with stakeholders, including people with disabilities, in managing tenders, contracts and grants. Processes for developing and submitting applications for funding under the Regional Partnerships Programme, and contracting the services required for approved projects, are developed in direct consultation with the applicant.
<i>Purchasing specifications and contract requirements for the purchase of goods or services are consistent with the requirements of the Disability Discrimination Act 1992</i>	All contracts within the Department are based on departmental templates which include standard clauses relating to people with disabilities. All suppliers receiving payments are required to comply with relevant state and federal laws, including the <i>Disability Discrimination Act 1992</i> , the <i>Racial Discrimination Act 1975</i> , and the <i>Sex Discrimination Act 1984</i> . Applicants with disabilities are also entitled to apply for grants under the Regional Partnerships and Sustainable Regions programmes. These are the only two major programmes which are discretionary, in that the minister or the Department has discretion in determining whether a particular applicant receives funding and what, if any, conditions are imposed on the payment.
<i>Publicly available performance reporting against the purchase contract specifications requested in accessible formats for people with disabilities is provided</i>	All publicly available specifications and guidelines are available on the departmental website < www.dotars.gov.au > and the Regional Entry Point website < www.regionalaustralia.gov.au >, and through the Australian Government Regional Information Directory. A toll-free call centre (1800 026 222) also provides information and a referral service.
<i>Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about the providers' performance</i>	The Department recognises and respects the rights of clients to provide feedback about its services, regardless of whether services are delivered directly by the Department or through a third party. (See the report on the Department's complaints mechanism under the 'Provider' role.) Additionally, the Department has a review process for applicants under the Regional Partnerships Programme who wish to have decisions reconsidered. The Department also consults staff about purchasing decisions that might affect the lives of staff with disabilities (see the report on the 'Employer' role).



PROVIDER

Description

Providers deliver the services they have been contracted to provide under specified conditions

The Department delivers transport and regional services and information to and in partnership with government, industry and the broader community. Several of the grants administered by the Department in 2006–07 focused on assisting people with disabilities to enter the workforce. For examples of these and other projects see the reports on performance for the Regional Partnerships Programme and Sustainable Regions Programme in Chapter 4.

The only services delivered directly to individuals by the Department are:

- the infrastructure and services provided to the 2,744 residents of Australia's non-self governing territories; and
- the responses to enquiries provided through the Australian Government Regional Information Service.

Performance indicators

Results

Providers have established mechanisms for quality improvement and assurance

The Department regularly reviews its guidelines and procedures manuals, and has a client service charter in place explaining how people can provide feedback.

The Department seeks feedback about the activities it performs or for which it administers funding. Examples can be found in the reports on output group performance (Chapters 3 and 4). The main mechanisms for feedback are:

- reports submitted by the bodies that receive funding, either when projects pass key milestones or on a regular basis (as in the AusLink Roads to Recovery Programme);
- client surveys where the beneficiaries of services can be identified, such as surveys of the individual households participating in airport noise amelioration programmes; and
- formal evaluations of programmes, usually conducted on a three-year to five-year cycle.

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

The Department has a client service charter, provided in printed format and on the website at <www.dotars.gov.au/departments/dotars/charter.aspx>. Clients can provide feedback by contacting the Department by telephone, by email or in writing.

The service charter and other relevant documents advise clients of their options in making complaints or raising grievances, including their rights to access external mechanisms such as the Commonwealth Ombudsman and the Administrative Appeals Tribunal.

Performance indicators	Results
<p><i>Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised about performance</i></p>	<p>As explained in the client service charter, clients of the Department can submit complaints and grievances to the Department's Governance Centre through various means, including:</p> <ul style="list-style-type: none"> • online feedback through the Department's website, at <www.dotars.gov.au/utilities/feedback.aspx>; • email <clientservices@dotars.gov.au> ; • telephone (1800 075001); and • in writing to the Director, Governance Centre (GPO Box 594, Canberra ACT 2601). <p>Complaints and grievances can also be directed externally to the Commonwealth Ombudsman or the Human Rights and Equal Opportunity Commission.</p> <p>There were no complaints to the Human Rights and Equal Opportunity Commission about the Department in 2006-07.</p> <p>Additionally, there was a decrease in complaints to the Commonwealth Ombudsman of 23 per cent in 2006-07, to 41 from 53 in 2005-06, continuing the downward trend in the number of complaints in recent years.</p>

EMPLOYER

Description	
<p><i>The employment role usually involves providing employment and ensuring workplace procedures and practices support equitable working conditions for employees, including those with disabilities</i></p>	<p>The Department is an employer under the <i>Public Service Act 1999</i>. At 30 June 2007, the Department employed 93 people in the IOTs and 1291 people in other locations around Australia. In 2006-07 the number of departmental staff who reported having a disability increased from 23 to 30 (a 30 per cent increase). In part to maintain this progress, the Department developed the DOTARS People with a Disability Strategy, a component of the workforce diversity strategy, during the year.</p> <p>The key elements of the DOTARS People with a Disability Strategy, outlining the Department's commitment to current and future employees who have disabilities, have been agreed upon and will be progressively implemented</p>

Performance indicators	Results
<p><i>Employment policies, procedures and practices comply with the requirements of the Disability Discrimination Act 1992</i></p>	<p>Our employment policies and practices reflect the requirements of relevant laws including the <i>Racial Discrimination Act 1975</i>, <i>Sex Discrimination Act 1984</i> and <i>Disability Discrimination Act 1992</i>. In addition we:</p> <ul style="list-style-type: none"> • include a specific clause in our collective agreement reminding staff of these legislative requirements; and • offer flexible working arrangements and opportunities for personal and professional development to staff.

Performance indicators	Results
<i>Recruitment information for potential job applicants is available in accessible formats on request</i>	<p>The Department publishes details of employment opportunities weekly in the Australian Public Service Gazette, available online through the APSjobs website at <www.apsjobs.gov.au/>, and occasionally in the press.</p>
	<p>More detailed recruitment information is available on the Department's website, at <www.dotars.gov.au/department/careers/vacancies/index.aspx>, and on request from the contact person for each opportunity.</p> <p>Most website documents are in a PDF format that is accessible to screen readers for vision- or hearing-impaired people. Microsoft Word format is also available, as well as a relay service through Australian Communication Exchange for hearing- or speech-impaired people.</p>
<i>Agency recruiters and managers apply the principle of 'reasonable adjustment'</i>	<p>Assistance is readily available to ensure that any applicants with impairments receive fair, equitable and non-discriminatory consideration. This may include interpreters or, for hearing- or speech-impaired applicants, the relay services of the Australian Communication Exchange. Diversity data for new staff is recorded at induction.</p>
	<p>Once recruited, staff members can access occupational health and safety services as appropriate. These have included workstation assessments, accessible car-parking spaces, telephone equipment for hearing-impaired staff, and voice recognition software and special computer keyboards for staff at risk of occupational overuse injury.</p>
<i>Training and development programmes consider the needs of staff with disabilities</i>	<p>The Department provides access to a range of learning and development activities to cater to the varying needs of staff members, including those with disabilities. All providers of training and training facilities and associated services comply with Australian Public Service standards and relevant legislation.</p>
<i>Training and development programmes include information on disability issues as they relate to the content of the programme</i>	<p>The Department's training and development programmes include information on disability issues where relevant. Specific courses that cover disability issues include training for:</p>
	<ul style="list-style-type: none"> · new starters, giving an overview of support mechanisms in place for all occupational health and safety issues; · fire wardens, as staff with disabilities may have specific evacuation arrangements; · occupational health and safety representatives, who are made aware of staff with particular needs to ensure that the workplace is free of hazards for all staff; and · workplace harassment contact officers, who are made aware of the types of issues that may arise for people with disabilities. <p>Other courses made available by the Department that provide information on disability include Working Ethically and Professionally in the Australian Public Service.</p>

Performance indicators	Results
<p><i>Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised by staff</i></p>	<p>If an employee has a specific grievance, the Department encourages them to take the matter up with their supervisor or with the senior management in their division. Where this does not resolve the matter, the collective agreement sets out the process for resolving disputes.</p> <p>Additionally, a network of workplace harassment officers is available to employees, with contact details accessible on the intranet.</p> <p>Employees may also submit applications to the Merit Protection Commissioner for external review.</p>



APPENDIX E—REPORT ON ECOLOGICALLY SUSTAINABLE DEVELOPMENT

This appendix expands on the Chapter 1 “Year in Review” summary on Environmental Performance and reports on how we implemented the principles for ecologically sustainable development (ESD) set out in the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). As required by section 516A of the Act, it explains:

- how our activities accord with the five principles of ESD identified in the Act;
- how we administer legislation in accordance with ESD principles;
- how the outcomes we work towards, and are appropriated resources against, contribute to ESD;
- how our activities affect the environment and how we minimise harm to it; and
- how we review and increase the effectiveness of measures to minimise harm.

HOW OUR ACTIVITIES ACCORD WITH ESD PRINCIPLES

The Department undertakes a range of activities in accordance with ESD principles, ranging from corporate initiatives to departmental policies, programmes and procedures. Further examples of how the Department implemented the five ESD principles in 2006–07 follow.

The integration principle

To integrate environmental, social, economic and equity considerations into decision making, the Department:

- through the Territories and Local Government Business Division developed management options for DOTARS heritage assets on Christmas Island and the Cocos (Keeling) Islands to effectively integrate long-term and short-term economic, social and heritage considerations. This work is ongoing. The Division led an interdepartmental mine site rehabilitation working group to reverse the environmental impact of past mining practices on Christmas Island.
- through the Regional Services Business Division makes government funding available through major programmes in the Regional Services Division, the Sustainable Regions Programme and Regional Partnerships Programme. Both programmes assist communities to make structural adjustments in regions affected by major economic, social or environmental change. Decision making processes take into account economic, social and equitable considerations through the assessment of outcomes and local support.
- through the AusLink Business Division worked in partnership with State and Territory transport agencies to finalise corridor strategies for each of the 24 links making up the AusLink National Network. These provide the information and analytical base for determining future network priorities. Environmental, congestion, safety and amenity issues, as well as economic, market and infrastructure considerations are drawn together in identifying transport corridor deficiencies and priorities.
- through the Bureau of Transport and Regional Economics ensured decision making processes and research choices cover both long term and short term economic, environmental, social and equity issues and often addresses issues of better pricing and the efficiency or lack thereof in markets. BTRE aims to provide evidence to support decision making, including advice on greenhouse emissions and pollution from the transport sector.



- through the Aviation and Airports Business Division administered the Australian Government's interests in the ongoing operation and management of the 22 privatised airports. The division continuously monitors compliance with the *Airports Act 1996* and the Airports (Environment Protection) Regulations 1997, regulating airport activities that may potentially negatively impact on the environment, such as air pollution or excessive noise. The regulations encourage continuous improvement of environmental management practices at leased federal airport sites. In 2006-07 the Division commenced a review to harmonise the existing Acts with new government environmental initiatives, including the *Environmental Protection and Biodiversity Conservation (EPBC) Act 1999*, the establishment of the National Environmental Protection Council, associated *National Environment Protection Measures*, revision of other environmental standards and advances within the environmental scientific field. The Division continues to develop aircraft noise software, available to airports and communities, that assist in the monitoring and management of aircraft noise. Access to the software is available through the Department's website at <www.dotars.gov.au/aviation/environmental/transparent_noise/index.aspx>.
- through the Maritime and Land Transport Business Division enacted three pieces of domestic legislation during 2006-07 (as reported under Output 1.4.1) to give effect to international conventions for the protection of the marine environment. The Division has oversight of the Australian Maritime Safety Authority, which is responsible for ensuring maritime safety and protection of the marine environment. In January 2007 stringent emission standards were introduced for heavy diesel vehicles harmonising Australian regulations with the latest United Nations Economic Commission for Europe regulations.

The precautionary principle

Lack of scientific certainty is not used as a reason for postponing measures to prevent environmental degradation and the Department:

- through the Regional Services Business Division undertakes research by the Regional and Indigenous Policy Branch, provides policy advice on the regional implications of a range of environmental issues including the efficient use of water resources, the effects of drought and the adoption of alternative energy sources such as bio-fuels; and advises agencies on their Regional Australia Impact Statements which require analysis of factors such as the social, economic, governance and environmental implications of a proposal.

The intergenerational principle

To support conservation of the environment for the benefit of future generations, the Department:

- through the Regional Services Business Division's Regional Partnerships Programme, ensures that all applicants obtain the statutory approvals including, where necessary, those that are environment and heritage-related. These requirements significantly reduce the risk of the Department financing projects that threaten or cause irreversible environmental damage, including negative impact on the environment for future generations, or threat to the conservation of biological diversity and ecological integrity.
- through the Maritime and Land Transport Business Division maintains a key role in improving mechanisms to protect the marine environment for future generations by administering the annual Australian contribution to the International Maritime Organization and the International Oil Pollution Compensation Funds, and contributing to the development of international standards and instruments including the Wreck Removal Convention which was adopted in May 2007. Australia ratified the Convention for the Control of Harmful Anti-fouling Systems on Ships during 2006-07. The Division made information on greenhouse gas and air pollution emissions of new cars available to the public on its website <www.greenvehicleguide.gov.au> which has received more than 470,000 visits since it was launched in August 2004.



The biodiversity principle

Taking into account biodiversity and ecological integrity issues in its policy work the Department:

- through the Australian Transport Safety Bureau maintains investigation procedures requiring investigators to make the relevant authorities aware of hazards (including known environmental hazards) at the completion of the on-site phase of an investigation, in cases where the Bureau formally controlled access to the site under section 44 of the *Transport Safety Investigation Act*. The Department was a partner in the development of the National Maritime Emergency Response Arrangement to assist in protecting the marine environment from the consequences of severe pollution in the event of a maritime accident.

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 are recognised, the Department:

- through the Aviation and Airports Business Division initiated the research and analysis of policy options for emissions trading and carbon offsetting for aviation in 2006–07.

HOW WE ADMINISTER LEGISLATION IN ACCORDANCE WITH ESD PRINCIPLES

Administering legislation specified in its Appropriations Act the Department:

- through the Maritime and Land Transport Business Division initiated the development and implementation of domestic legislation and involvement in the development of international instruments, through bodies such as the International Maritime Organization, to protect the marine environment from any potential negative environmental effects resulting from domestic and international sea transport.
- through the AusLink Business Division identifies and minimises negative environmental impacts and implements mitigation measures, in instances where the environmental impacts of AusLink projects are subject to both Australian Government and state/territory environmental legislation.
- through the Bureau of Transport and Regional Economics publishes high quality research to allow better informed Government and stakeholder decision-making processes. The Bureau increased the knowledge base in a wide number of areas in 2006–07, often quantifying the costs and benefits in economic, social, environmental and social equity terms.

Certain officers exercise decision-making powers and advise our ministers on the exercise of their powers under portfolio legislation and on other matters. The matters dealt with by the Department and the Acts administered by the Minister are set out in the Administrative Arrangements Order (AAO) for the Commonwealth of Australia. More than 20 Acts administered by the Minister reflect ESD issues.

The main Acts relate to:

- noise and emissions from aircraft and damage caused by aircraft (six Acts) and regulation of leased airports, including environmental protection (one Act);
- protection of the sea and the marine environment (10 Acts); and
- motor vehicle safety, emission and anti-theft standards (one Act) and road transport charges (two Acts).

A current link to the AAO can be accessed at <www.pmc.gov.au> or <www.comlaw.gov.au>



HOW OUR OUTCOMES CONTRIBUTE TO ESD

ESD is integral to our two outcomes: transport and regional services.

On behalf of the Government, the Department seeks to foster transport systems which are sustainable and efficient, as well as competitive, safe and secure. For more information on how we achieved this in 2006-07, see Chapter 3.

In assisting regions to manage their own futures, the government concentrates particularly on sustainable development, local development practices and natural disaster risks. For more information on how we continued to assist regions manage their own futures in 2006-07 see Chapter 4. In keeping ESD principles integral to the two outcomes, the Department:

- through the Aviation and Airports Business Division devotes significant resources to developing strategies and policies aimed at fostering a sustainable aviation sector. These strategies are designed, to engage communities in understanding and having input into the design of airport operating arrangements. The Division has concentrated on developing policies that minimize the environmental impact of aviation and that keep abreast of advances in environmental sciences and management.
- through the work of the Bureau of Transport and Regional Economics (BTRE) which contributes to ESD through publications such as *Greenhouse gas emissions from Australian transport: base case projections to 2020*.

HOW OUR ACTIVITIES AFFECT THE ENVIRONMENT AND HOW WE MINIMISE HARM

The Department monitors how its activities affect the environment and how it can minimise harm. For example, the mine site rehabilitation work facilitated by DOTARS is providing strategic investment in the Christmas Island National Park that contributes to the strengthening of its ecosystems, and improving the qualities and characteristics of Christmas Island.

While many of the Department's activities have a positive impact on the environment as highlighted in Chapter 1 and above, its day-to-day operations use resources such as electricity, water, fuel and paper. Waste is also created in various forms.

No breaches of environmental laws or licences by the Department were reported during 2006-07.



The Department also contributes to an annual report on the Government's implementation of environment protection measures, in accordance with the *National Environment Protection Measures (Implementation) Act 1998*.

Through its active and ongoing work on the Environmental Management System (EMS) and the Green Lease Schedule (GLS), and the associated working groups established to manage and monitor ongoing environmental objectives, the Department maintains a strong and ongoing focus on environmental issues. This commitment is evident in the decision to create an environmental working group in conjunction with a staff information session on World Environment Day.

Reducing environmental impacts

The Department's EMS is focused on its office-based activities in National Office, with initiatives being applied at territory and state levels where appropriate. During 2006-07 the Department focused on implementing actions that worked towards the following objectives, to:

- establish and implement environmentally responsible purchasing guidelines and procedures;
- reduce waste production;
- decrease water consumption;
- maintain energy efficient systems and reduce energy consumption;
- increase staff awareness and encourage the use of environmentally friendly and fuel efficient vehicles to reduce total CO₂ emissions; and
- create greater environmental awareness among staff.

The EMS objectives are currently undergoing review in order to establish 2007-08 initiatives and targets.



HOW WE REVIEW AND INCREASE THE EFFECTIVENESS OF ENVIRONMENTAL MEASURES

The Department is a contributor to a detailed annual report on energy use in Australian Government operations published by the Australian Greenhouse Office which can be found at <www.greenhouse.gov.au>. As at the date of preparation of this annual report, energy consumption data for the Department for 2006-07 was not available. However, data for previous years appears in Table E1 and Figure E1.

Table E.1 Trends in departmental energy consumption

	2002-03	2003-04	2004-05	2005-06
Buildings and electricity				
Office buildings				
Area occupied	29,159 m ²	25,864 m ²	28,235 m ²	30,080 m ²
Occupants ^a	1,128	1,114	1,326	1531
Area per person	25.9 m ² /	23.2 m ² /	21.3 m ² /	19.7 m ² /
Electricity used	10,785 GJ	11,041 GJ	12,259 GJ	14,887 GJ ^d
Electricity used per person ^b	9,561 MJ/	9,911 MJ/	9,254MJ/	9,723 MJ/
Electricity used by area	370 MJ/m ²	427 MJ/m ²	434 MJ/m ²	495 MJ/m ²
Electricity sourced from renewable sources	not reported	not reported	3.5%	3.0%
Other buildings				
Area occupied	1,306 m ²	1,306 m ²	1,306 m ²	1,306 m ²
Electricity used	101 GJ	91 GJ	118 GJ	68 GJ
Electricity used by area	77.7 MJ/m ²	69.7 MJ/m ²	90 MJ/m ²	51.8 MJ/m ²
Transport^c				
Passenger vehicles				
Total petrol used	122,828 L	135,269 L	124,425 L	126,999 L
Average fuel economy/ 100km	10.3 L	8.8 L	11.1 L	11.0 L ^e
Total fuel used	4,201 GJ	4,657 GJ	4,267 GJ	4,598 GJ
Vehicle fleet compliance with green vehicle guide	n/a	n/a	35%	20%

	2002-03	2003-04	2004-05	2005-06
Other transport				
Total automotive diesel used	4,233 L	0 L	0 L	0 L
Total petrol used	2,656 L	0 L	0 L	0 L
Total fuel used	254 GJ	0 GJ	0 GJ	0 GJ
Total of the above				
Direct energy consumed	15,342 GJ	15,789 GJ	16,644 GJ	19,553 GJ
Greenhouse gas emissions (CO ₂ tonnes)	not reported	not reported	3,777	4,736 t

GJ = gigajoules L = litres MJ = megajoules

a Occupants may include contractors and employees of contracted service providers as well as staff.

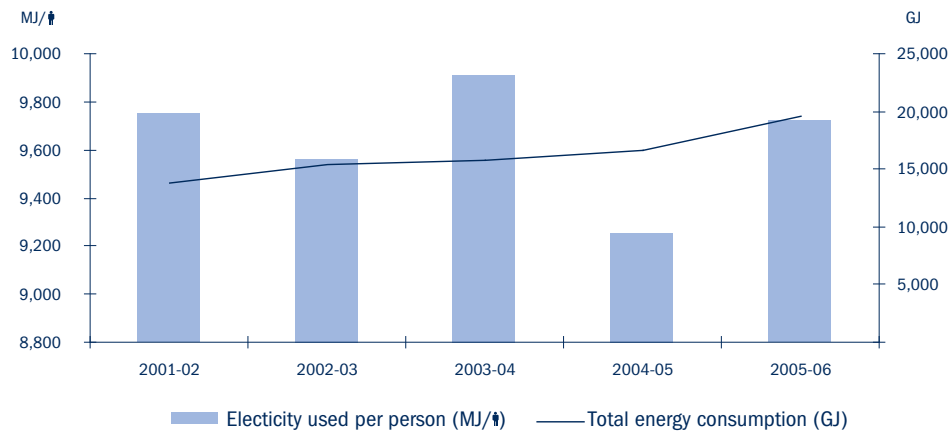
b The Australian Government's energy consumption target is no more than 10,000MJ per person per year.

c Transport statistics include senior executive and other departmental vehicles, but do not include vehicles that staff receive in lieu of remuneration under salary packaging.

d Includes green power.

e Diesel and petrol.

Figure E.1 Trends in departmental electricity and energy consumption



APPENDIX F—REPORT UNDER THE FOI ACT

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:

- carrying out research and providing advice on transport, transport security and regional issues;
- conducting investigations into transport safety;
- administering regulations and standards for all modes of transport; and
- delivering a range of programmes on behalf of the Australian government, including services to territories and local governments.

This appendix explains how to request access to documents held by Department of Transport and Regional Services (DOTARS) under the FOI Act, what records the Department holds and what arrangements we have in place for outside participation. Detailed information about the FOI Act is available on the Attorney-General's Department website: <<http://www.ag.gov.au>>

How to lodge a Freedom of Information request

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 others.

If you need more information or wish to discuss making an FOI request, you can contact the Department by:

- email: foi@dotars.gov.au;
- fax: 02 6274 6775;
- phone: 02 6274 7531; or
- post: Freedom of Information Coordinator
Department of Transport and Regional Services
GPO Box 594
CANBERRA ACT 2601

The Department usually imposes additional processing charges. The *Freedom of Information Act 1982*, Schedule of Fees and Charges sets out rates for the time spent searching for and retrieving relevant documents, decision making time, photocopying and other costs. Where charges are imposed, applicants are provided with an estimate of the processing charges and their agreement is sought before continuing.

What records we hold

Departmental records include the records of:

- the Australian Transport Safety Bureau;
- the Bureau of Transport and Regional Economics;
- the administrations of Jervis Bay Territory, Christmas Island, the Cocos (Keeling) Islands; and
- the Office of the Administrator, Norfolk Island.



Like many other Australian Government agencies, the Department holds records such as:

- briefing papers and submissions prepared for Ministers, Parliamentary Secretaries, Cabinet and Executive Council (noting that these are generally classified documents);
- business papers, briefing notes and meeting records for committees and conferences in which we service or participate;
- codes of practice;
- documents prepared by international agencies;
- documents relating to the development of legislation;
- environmental impact statements;
- internal administration documents;
- international treaties, memoranda of understanding and international conventions;
- legal documents, including legislation, contracts, leases and court documents;
- maps and other geographical information;
- ministerial responses to parliamentary questions, interdepartmental and general correspondence and papers;
- policy documents, recommendations and decisions;
- programme, 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 we hold is available at www.privacy.gov.au/government/digest. This information is updated annually.

Stages of a Freedom of Information (FOI) request

Step 1

The Applicant writes to the Department requesting access to specific information in documents held by the Department and includes either payment of the \$30 application fee or a request to waive the fee.

Step 2

Within 14 days of receipt of an FOI application, the Department advises the applicant either that the request is accepted and provides an FOI reference number; or explains why it cannot accept the application (eg it does not hold the documents requested) and returns any application fee received.



Step 3

On payment (or waiver) of the application fee, the Department estimates the processing charges payable for access to the relevant documents.

- Processing charges can be imposed to cover time spent searching for and retrieving relevant documents, decision making time, photocopying and other costs.
- While the estimate of processing charges is being calculated, the Applicant may be contacted to clarify the scope of the FOI request.
- It may be discovered that the information can be provided outside the FOI Act (eg it may already be available on the DOTARS web site). If so, the application fee will be refunded.
- When complete, the estimate of processing charges is sent to the Applicant along with details about the next steps of the FOI application.

Step 4

The Applicant has 30 days to respond by either:

- paying the processing charges (or a deposit if the cost is over \$25), or
- writing to contend the way the processing charges have been assessed and to request that they be reduced or not imposed at all.

Step 5

On receipt of the required payment (or waiver of the processing charges), the Department will process the FOI application. This may include consulting with third parties who might be affected by the release of the documents.

There are several possible outcomes. These are:

- the documents may be released in full;
- the release may be deferred if the document has a short-term sensitivity (eg until a report has been released); or
- the documents may be partially released or withheld if some or all of the documents are found to be exempt under the FOI Act. (The Department must give reasons for this decision, and Applicants have appeal rights.)

Functions and decision-making powers

Our organisation and functions are described throughout this report.

Certain officers exercise decision-making powers and advise our 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:

- 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;
- planning and land management in the Australian Capital Territory, administration of the Jervis Bay Territory, the Territory of Cocos (Keeling) Islands, the Territory of Christmas Island, the Coral Sea Islands Territory, the Territory of Ashmore and Cartier Islands and Australian Government responsibilities for Norfolk Island;
- constitutional development of the Australian Capital Territory;
- constitutional development of the Northern Territory of Australia; and
- natural disaster relief and mitigation in the form of financial assistance to the states and territories.

For a complete and up-to-date copy of the AAO visit www.pmc.gov.au or www.comlaw.gov.au and search for AAO.















To ensure that the Department's employees exercise their powers appropriately and to raise awareness of and access to their decision-making authorities, the Department uses an online delegations management system called i-Delegate. The system is being populated with information about the powers and authorities assigned to employees 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 we use 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

We consult widely to gain the views of our stakeholders and clients about future policy directions and programme delivery. This includes consulting with other Australian Government departments and agencies as appropriate and with foreign governments, particularly in the context of transport security, safety and aviation policy. The other key external bodies we consulted in 2006–07 are as listed in Table F.1.

Table F.1 External bodies consulted by the department in 2006-07

Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Accessible Public Transport National Advisory Committee					✓				
Aerial Agricultural Association of Australia www.aerialag.com.au		✓	✓			✓			
Aircraft Owners and Pilots Association of Australia www.aopa.com.au		✓	✓			✓			
Airport Environment Consultative Committees						✓			
All Australian National Ports		✓	✓						
American Public Transit Association www.apta.com			✓						
Area Consultative Committees www.acc.gov.au				✓			✓		✓
Asia-Pacific Economic Cooperation Maritime Security Experts Group			✓						
Asia-Pacific Economic Cooperation Aviation Security Experts Group			✓						
Asia-Pacific Economic Cooperation Transportation Working Group www.apec.org			✓		✓				✓
Association of Australian Ports and Marine Authorities www.aapma.org.au		✓	✓		✓				✓
Austasia Business Council								✓	
Australasian College of Road Safety www.acrs.org.au		✓							
Australasian Flight Safety Council		✓	✓						












































Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Australasian Fire Authorities Council								<input checked="" type="checkbox"/>	
Australasian Railway Association www.ara.net.au		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>
Australasian Road Rescue Association www.arro.org.au		<input checked="" type="checkbox"/>							
Australasian Traffic Policing Forum		<input checked="" type="checkbox"/>							
Australia-Indonesia Development Area Transport Working Group					<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Australian Airports Association www.aaal.com.au		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			
Australian Automobile Association www.aaa.asn.au		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>
Australian Ballooning Federation www.abf.net.au		<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>			
Australian and International Pilots Association www.aipa.org.au		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			
Australian Bicycle Council www.abc.dotars.gov.au		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
Australian Consortium for Social and Political Research Incorporated									<input checked="" type="checkbox"/>
Australian Coroners Society Inc.		<input checked="" type="checkbox"/>							
Australian Driver Trainers Association www.adta.com.au		<input checked="" type="checkbox"/>							
Australian Emergency Management Committee								<input checked="" type="checkbox"/>	
Australian Federation of Air Pilots www.afap.org.au		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			

Table F.1 continued.

Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Australian Freight Councils Network www.freightcouncils.com.au			✓		✓				✓
Australian Government Agencies' Airport Security Committees			✓						
Australian Institute of Marine & Power Engineers www.aimpe.sitesuite.com.au		✓	✓						
Australian Government Disaster Recovery Committee								✓	
Australian Institute of Petroleum			✓		✓				
Australian Licenced Aircraft Engineers Association www.alaea.asn.au		✓				✓			
Australian Local Government Association www.alga.asn.au		✓	✓	✓			✓	✓	✓
Australian Logistics Council www.ozlogistics.org			✓	✓	✓				✓
Australian Marine Pilots Association		✓							
Australian Motor Vehicle Certification Board					✓				
Australian and New Zealand Regional Science Association International									✓
Australian Peak Shippers Association Inc					✓				
Australian Petroleum Production and Exploration Association www.appea.com.au									✓
Australian Research Council Key Centre for Human Factors and Applied Cognitive Psychology www.humanfactors.edu.au		✓							




















































Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Australian Research Council Research Network in Spatially Integrated Social Science									
Aviation Safety foundation of Australasia (ASFA)									
Australian Shipowners Association www.asa.com.au									
Australian Sports Aviation Confederation (ASAC) www.asac.asn.au									
Australian Strategic Air Traffic Management Group (ASTRA) www.astra.aero									
Australian Transport Council www.atcouncil.gov.au									
Australian Trucking Association									
Australian Ultralight Federation (see Recreational Aviation Australia)									
Austrroads Council www.austrroads.com.au									
Aviation Security Identity Card Working Group									
Aviation Security Advisory Forum									
Aviation Security Training Working Group									
Aviation Stakeholders' Conference									
Aviation Working Group									
Board of Airline Representatives of Australia									

Table F.1 continued.

Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Bushfire Cooperative Research Centre								✓	
Bus Industry Confederation			✓		✓				✓
Cargo Working Group			✓						
Carnival Australia www.carnivalaustralia.com			✓						
Christmas Island Islamic Council								✓	
Christmas Island Tourism Association www.christmas.net.au								✓	
City of Wodonga									✓
Civil Air www.civilair.asn.au		✓				✓			
Committee to Advise on Recall and Safety					✓				
Commonwealth/State Emergency Services Officials Group								✓	
Commonwealth/State/Local Government Joint Officer's Group								✓	
Commonwealth/State Planning Officials Group								✓	
Competitive Carriers Coalition www.dcita.gov.au/tel/competition_policy_ and_framework/telecommunications_ competition_regulation_issues_paper/ competitive_carriers_coalition_ccc									✓
Conference of Asia-Pacific Express Carriers			✓						
Council of Australian Governments www.coag.gov.au		✓	✓	✓	✓	✓	✓	✓	✓


















































Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Critical Infrastructure Protection Working Group			✓						✓
Customs Brokers and Forwarders Council of Australia www.cbfa.com.au			✓						✓
Development Assessment Forum www.daf.gov.au								✓	
European Council of Ministers of Transport www.cemt.org									✓
Fatigue Management Pilot Working Group		✓							
Federal Chamber of Automotive Industries		✓			✓				
Flag State Implementation Subcommittee of the International Maritime Organization		✓			✓				
Flight Attendants Association of Australia www.faaa.net		✓				✓			
Flight Safety Forums		✓							
Flinders University									✓
Gliding Federation of Australia www.gfa.org.au		✓							
Heavy Vehicle Driver Fatigue Advisory Panel and Regulation Reference Group		✓			✓				
Heavy Vehicle Safety Strategy Task Force		✓			✓				
Helicopter Industry Association		✓							
High Level Group on Aviation Security			✓						
Human Factors Advisory Group		✓							

Table F.1 continued.

Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Indigenous Road Safety Working Group		✓							
Industry Consultative Meeting (Aviation Security)			✓						
Intelligent Transport Systems Australia www.its-australia.com.au					✓				✓
International Transport Safety Association www.itsasafety.org		✓							
International Air Transport Association www.iata.org		✓	✓			✓			
International Civil Aviation Organization www.icao.int		✓	✓			✓			
International Maritime Organization www.imo.org		✓	✓		✓				
Jervis Bay Territory JBT Emergency Management Committee								✓	
Joint Agencies Maritime Advisory Group								✓	
Justice Issues Group, Jervis Bay Territory								✓	
Kingston and Arthur's Vale Historic Area Management Board (Norfolk Island)								✓	
Land Transport Environment Committee www.ephc.gov.au/lttec					✓				
Local Government and Planning Ministers Council www.dotars.gov.au/lgpmcouncil								✓	
Local Government Association Roundtable								✓	
Local Government Managers' Association www.lgma.org.au								✓	


























































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International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Long-term Operating Plan Implementation Monitoring Committee									
Marine Accident Investigators International Forum www.maiif.net									
Maritime Industry Security Consultative Forum									
Maritime Safety Committee of the International Maritime Organization									
Maritime Security Identification Card Working Group									
Maritime Union of Australia www.mua.org.au									
Minerals Council of Australia www.minerals.org.au									
Motorcycle Safety Consultative Committee									
Ministerial Council for Police and Emergency Management									
National Advisory Facilitation Committee									
National Aerial Fire Fighting Centre www.nafc.org.au									
National Awards for Innovation in Local Government - judging panel									
National Farmers Federation www.nff.org.au									
National Road Safety Strategy Panel									
National Tourism and Aviation Advisory Committee									

Table F.1 continued.

Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
National Transport Commission		✓		✓	✓				✓
Northern Advanced Manufacturing Industry Group									✓
Organisation for Economic Co-operation and Development www.oecd.org							✓		✓
Overnight Air Operators Association			✓						
Pedestrian Council of Australia www.walk.com.au/pedestriancouncil/		✓							
Public Health and Environment Committee								✓	
Rail, Tram and Bus Union			✓						
Recreational Aviation Australia www.auf.asn.au		✓				✓			
Regional Aviation Association of Australia www.raaa.com.au		✓	✓			✓			
Regional Development Council www.rdcouncil.gov.au/about.aspx							✓		✓
Regional Women's Advisory Council www.dotars.gov.au/regional/councils/rwac/index.aspx							✓		✓
Research Coordination Advisory Group		✓							
Road Safety Black Spot Programme Consultative Panels				✓					
Road Safety Marketing and Public Education Forum		✓							
Royal Australasian College of Surgeons www.surgeons.org		✓							





















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	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Safeskies Australia www.safeskiesaustralia.org		✓				✓			
Screening Improvement Group			✓						
Secretariat of the Pacific Community			✓						
Shipping Australia Ltd www.shippingaustralia.com.au		✓	✓		✓				
Shire of Christmas Island www.Christmas.shire.gov.cx								✓	
Shire of Cocos (Keeling) Islands www.shire.cc								✓	
Sports Aircraft Association of Australia www.saaa.com		✓							
Standing Committee on Regional Development							✓		✓
Standing Committee on Transport			✓	✓	✓				✓
Standing Committee on Transport -Transport Security Working Group			✓						
Sustainable Regions Advisory Committees www.sustainableregions.gov.au							✓		
Sydney Airport Community Forum www.sacf.dotars.gov.au						✓	✓		✓
Technical Liaison Group					✓		✓		
Technology Working Group			✓				✓		
Transport Emissions Liaison Group					✓		✓		
Transport Security Working Group			✓				✓		

Table F.1 continued.

Body	Main contact point(s) within the Department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation and Airports	Regional Services	Territories and Local Government	Bureau of Transport and Regional Economics
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Transport Workers Union http://twu.com.au/			✓				✓		
Truck Industry Council					✓		✓		✓
Trusted Information Sharing Network			✓				✓		
TT-Line Company			✓				✓		
United Nations Economic Commission for Europe www.unece.org/trans/danger/danger.htm					✓		✓		
US Engine Manufacturers Association							✓		
US Environment Protection Agency	N/A				✓		✓		
Victorian Transport Association www.vta.com.au			✓				✓		
Woodside Petroleum Ltd www.woodside.com.au			✓				✓		
Wreck Bay Aboriginal Community Council								✓	



APPENDIX G—LIST OF DISCRETIONARY GRANTS PROGRAMMES

This appendix addresses the requirement for us to report details of the ongoing discretionary grants programmes we administer.

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 programmes

Programme name	More information	Details of grant recipients
Outcome 1-Transport		
ATSB Road Safety Research Grants		For information about grant recipients, see www.atsb.gov.au
ATSB Aviation Safety Research Grants		
Outcome 2-Regional Services		
Regional Partnerships Programme	page 187	For information about grant recipients, see www.dotars.gov.au
Sustainable Regions Programme	page 192	
Regional and Rural Research and Development Grants Programme ^a	page 186	
Services to Indian Ocean Territories – State type grants	Page 211	

^a On 1 July 2005 the Regional and Rural Development Grants and Regional and Rural Research Information and Data programmes were merged into the Regional and Rural Research and Development Grants Programme.

APPENDIX H—ADDITIONAL HUMAN RESOURCE STATISTICS

This appendix addresses the requirement for us to publish a range of human resource statistics. It includes:

- a profile of our workforce by classification and location
- a profile of our workforce by gender, tenure and hours of work
- the salary scales available by classification
- details of the extra salary payments made to non-Senior Executive Service (SES) staff on Australian workplace agreements (AWAs) in 2006-07.

These statistics include non-ongoing staff as at 30 June 2005, 2006 and 2007, but exclude inoperative and casual staff unless noted otherwise. The 86 staff on Christmas Island and seven staff on Cocos (Keeling) Islands, are employed under the administrative ordinances made under the *Christmas Island Act 1958* and the *Cocos (Keeling) Islands Act 1955*, respectively, rather than the *Public Service Act 1999*.

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	
	05-06	06-07	05-06	06-07	05-06	06-07	05-06	06-07	05-06	06-07	05-06	06-07	05-06	06-07
Employees and public office holders other than Indian Ocean Territories (IOT) staff														
ACT	217	196	330	337	268	280	198	193	41	44	4	1	1,058	1,057
NSW	9	8	30	35	13	11	1	1	-	-	-	-	53	55
Vic.	3	3	29	27	10	10	1	1	-	-	-	-	43	41
Qld	2	2	34	34	9	13	6	6	-	-	-	-	51	55
SA	5	1	8	12	3	5	4	4	-	-	-	-	20	22
WA	5	5	27	26	10	13	4	5	-	-	-	-	46	49
Tas.	-	-	4	3	1	1	-	-	-	-	-	-	5	4
NT	-	1	3	5	3	3	-	-	-	-	1	1	7	10
Norfolk Island	-	-	-	-	1	1	-	-	-	-	1	1	2	2
Total	241	216	465	479	318	337	214	210	41	44	6	3	1,285^a	1,289
IOT employees														
Total	82	78	2	6	5	5	2	3	2	0	1	1	94	93

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.

a The total does not include two departmental employees who are also Indian Ocean Territories (IOT) employees

Table H.2 Workforce gender profile by tenure and hours of work

	Female		Male		Total	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
Employees other than IOT staff						
Holder of public office	1	1	5	2	6	3
Ongoing full-time	480	477	651	657	1,131	1128
Ongoing part-time	62	67	15	13	77	80
Non-ongoing full-time	37	29	23	30	60	59
Non-ongoing part-time	4	8	7	11	11	19
Total	584	582	701	707	1,285	1,289
IOT employees						
Holder of public office	-	-	1	1	1	1
Ongoing full-time	26	24	32	31	58	55
Ongoing part-time	7	6	-	-	7	6
Non-ongoing full-time	8	6	6	5	14	11
Non-ongoing part-time	12	16	2	4	14	20
Total	53	52	41	41	94	93

Table H.3 Salary ranges (\$) for departmental employees by classification

	30 June 2004 (\$)	30 June 2005 (\$)	30 June 2006 (\$)	30 June 2007 (\$)
APS1	30,002-33,047	31,202-34,369	33,748-37,174	33,748-37,174
APS2	33,978-41,618	35,337-43,534	38,221-42,197	38,221-42,197
Graduate	36,154-36,154	37,600-37,600	43,608-43,608	43,608-43,608
APS3	38,544-50,847	40,318-52,881	43,608-63,257	43,608-47,086
APS4	42,953-54,489	44,671-52,881	48,316-54,996	48,316-52,502
APS5	47,953-56,984	49,871-59,263	53,941-64,337	53,941-64,099
APS6	51,992-71,597	54,072-85,627	58,484-89,052	58,484-80,902
EL1	66,303-90,372	69,267-93,987	74,920-97,746	74,920-112,975
EL2	76,511-151,000	79,571-122,557	86,064-150,000	86,064-156,000
SES1	129,717-160,979	134,906-178,433	130,977-175,000	130,000-175,500
SES2	156,986-164,970	174,115-178,433	152,246-185,000	170,000-200,000
SES3	188,444-188,444	214,626-214,626	182,471-195,000	186,000-210,000
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, please see the Department of Transport and Regional Services Collective Agreement 2006-2009 (www.dotars.gov.au/department/dotars/collective.aspx)

Table H.4 Details of performance pay for non-SES staff on AWAs in 2006-07

Classification	Number of people paid	Total cost of payments (\$)	Average payment (\$)	Range of payments (\$)
EL1 and equivalent	1	\$10,656	\$10,656	\$10,656
EL2 and equivalent	3	\$20,500	\$6,833	\$5,000-\$8,000
Total	4	\$31,156	\$7,789	\$5,000-\$10,656

Notes: The table shows the actual performance pay paid in the 2006-07 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 1.4.2.

Table I.1 Airport lease review meetings, 2006 and 2007

The department's oversight of leased federal airports includes the assessment of their level of compliance with the lease terms. This includes undertaking a rolling programme of annual lease reviews of all 22 leased airports

Table I.2 Airport insurance reviews

Airport lessee companies (ALCs) have obligations to the Commonwealth through the airport lease and sale agreements in relation to the maintenance of 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 requirements of the airport leases and the level of cover held by all ALCs

Table I.3 Environmental authorisations

The department may authorise a lessee to undertake an action on an airport that may result in environmental emissions that exceed the levels mentioned in the schedules attached to the regulations. Such an authorisation may be provided only where the emissions will be no more damaging to the environment than if the levels in the schedules had been met.

Authorisations are intended to provide for transitional arrangements while the applicant investigates and pursues methods of achieving compliance with the schedules.

Table I.4 Timeliness of airport expenditure plans and audit reports.

The reporting of the timeliness of airport expenditure plans and audit reports is based on Australian National Audit Office (ANAO) and Joint Committee of Public Accounts and Audit (JCPAA) reporting recommendations.

Table I.5 Approved major development plans

A major development plan is required for each major development at an airport. Major airport developments include runways, buildings that cost greater than \$10 million (recently amended to \$20 million) and developments likely to have significant environmental or ecological impact.

Table I.1 Airport lease review meetings, 2006 and 2007

Airport	2005 Lease Review Meeting Held	2006 Lease Review Meeting Held	2007 Lease Review Meeting Held
Adelaide	1-Jun-05	22-Jun-06	25-May-07
Alice Springs	29-Jul-05	24-Aug-06	20-Jul-07
Archerfield	30-Jun-05	19-Jul-06	27-Jun-07
Bankstown	12-May-05	29-Mar-06	9-May-07
Brisbane	11-Jul-05	23-May-06	31-May-07
Camden	12-May-05	29-Mar-06	9-May-07
Canberra	28-Jun-05	16-Jun-06	1-Jun-07
Darwin	29-Jul-05	24-Aug-06	20-Jul-07
Essendon	9-Jun-05	5-May-06	17-May-07
Gold Coast	27-Jul-05	18-Jul-06	1-Jun-07
Hobart	16-Mar-05	5-Apr-06	4-Jul-07
Hoxton Park	12-May-05	29-Mar-06	9-May-07
Jandakot	21-Apr-05	26-Sep-06	9-Jul-07
Launceston	5-Apr-05	28-Jun-06	16-May-07
Melbourne	23-Aug-05	22-Aug-06	15-Jun-07
Moorabbin	8-Jun-05	4-May-06	18-May-07
Mount Isa	Nov-05	18-Jul-06	1-Jun-07
Parafield	1-Jun-05	22-Jun-06	25-May-07
Perth	22-Apr-05	25-Sep-06	10-Jun-07
Sydney	11-May-05	29-Mar-06	25-Jun-07
Tennant Creek	29-Jul-05	24-Aug-06	20-Jul-07
Townsville	27-Jul-05	18-Jul-06	1-Jun-07

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	28/3/2007	30/3/2007	23/4/2007	22/5/2007
Archerfield	10/1/2007	3/4/2007	14/5/2007	24/7/2007
Bankstown/ Hoxton Park/ Camden	15/12/2006	19/12/2006	22/1/2007	30/4/2007
Brisbane	2/4/2007	3/4/2007	18/5/2007	30/5/2007
Canberra	4/3/2007	10/4/2007	24/4/2007	30/5/2007
Darwin/Alice Springs/Tennant Creek	5/3/2007	15/3/2007	11/5/2007	22/5/2007
Essendon	3/5/2007	30/3/2007	30/4/2007	22/5/2007
Gold Coast/ Townsville/Mt Isa	5/4/2007	11/4/2007	26/4/2007	31/5/2007
Hobart	18/12/2006	20/12/2006	21/3/2007	10/5/2007
Jandakot	8/12/2006	19/12/2006	2/2/2007	23/3/2007
Melbourne/ Launceston	6/2/2007	21/2/2007	26/4/2007	23/5/2007
Moorabbin	13/12/2006	19/12/2006	4/1/2007	25/1/2007
Perth	28/3/2007	2/4/2007	1/5/2007	22/5/2007
Sydney	5/1/2007	9/1/2007	5/3/2007	30/3/2007

Note: The renewal periods of insurance policies vary across airports. Therefore, the information reflected above may not necessarily reflect financial year outcomes.

Table I.3 Environmental authorisations

Airport	AEO	Authorisation holder	Date approved	Period of validity	Nature of authorisation	Gazetted? (date/issue)
Sydney	J Muldoon	Sydney Water Corporation	21-Mar-07	3 years	Periodic discharge of sewage from overflow points at Discharge Bay Mill Pond, Sydney Airport	GN 12

Table I.4 Timeliness of airport expenditure plans and audit reports.

Expenditure plans (due 1 July each year)			
	2004-05	2005-06	2006-07
On time	1	0	1
Late	8	5	2
Not received	-	-	0
No. required	9	5	3
Audited reports (due September each year for previous financial year)			
On time	5	3	2
Late	4	5	2
Not received	-	-	-
No. required	9	8	4

Note: As at September 2007, all airports have advised that they have met their Schedule 11 commitments, however, the Department is waiting to receive final audited reports for Gold Coast, Brisbane and Canberra Airports.

Table I.5 Approved major development plans

Airport	Development	Approval date
2007		
Brisbane	Parallel runway	18-Sep-07
Gold Coast	Terminal expansion	10-Sep-07
Perth	Linfox warehouse and distribution centre	8-Aug-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
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

Table I.5 continued.

Airport	Development	Approval date
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: Draft major development plans currently under assessment include:

- Brisbane - Hotel
- Brisbane - Federal Government office building
- Hobart - Outlet centre and bulky goods/homemaker retail centre



APPENDIX J—TRANSPORT AND REGIONAL SERVICES PORTFOLIO BODIES

The Transport and Regional Services portfolio, in addition to the Department of Transport and Regional Services, also includes the following bodies:

Joint Commonwealth – state bodies

Australian Transport Council <www.atcouncil.gov.au>
 Austroads <www.austroads.com.au>
 Standing Committee on Transport <www.aph.gov.au/house/committee/trs/index.htm>
 Local Government and Planning Ministers' Council <www.lgpmcouncil.gov.au>
 National Marine Safety Committee <www.nmsc.gov.au>
 Regional Development Council <www.rdcouncil.gov.au>
 Standing Committee on Regional Development

Authorities and commissions

Airservices Australia <www.airservicesaustralia.com>
 Australian Maritime Safety Authority <www.amsa.gov.au>
 Civil Aviation Safety Authority <www.casa.gov.au>
 International Air Services Commission <www.iasc.gov.au>
 Marine Council
 National Capital Authority <www.nationalcapital.gov.au>

Corporations and companies

Australian Road Research Board (ARRB) Transport Research Limited <www.arrb.org.au>
 Australian Rail Track Corporation <www.artc.com.au>
 Maritime Industry Finance Company Limited
 National Transport Commission <www.ntc.gov.au>
 Transport Certification Australia Ltd <www.tca.gov.au>

Territory administrations

Administrator of Norfolk Island
 Northern Territory Administrator
 Office of the Indian Ocean Territories Administration

Advisory bodies

Area Consultative Committees <www.acc.gov.au>
 Australian Logistics Council <www.austlogistics.com.au>
 Regional Women's Advisory Council
 Sustainable Regions Advisory Committees <www.sustainableregions.gov.au>
 Tasmanian Freight Equalisation Scheme Review Authority

Other bodies

Australian Maritime College <www.amc.edu.au>
 Inspector of Transport Security <www.ministers.dotars.gov.au>
 Registrar of Liner Shipping

APPENDIX K—PERFORMANCE INDICATORS MODIFIED SINCE THE PBS

As described in the Overview for Chapters 3 and 4, in the lead-up to publication of the 2007–08 Portfolio Budget Statements (PBS), a review of performance indicators was undertaken, as a consequence of which the wording of a number of existing performance indicators was clarified. Additionally, a number of new performance indicators were developed for some existing outcomes/programmes, and where they were applicable to 2006–07 activities they have been included in this report. The following table shows those performance indicators modified or introduced as a consequence of the 2007–08 PBS performance indicator review.

This table does not show the performance indicators for new programmes announced in the 2006–07 Portfolio Additional Estimates Statements (PAES), which were published in that document, or for the *AusLink Strategic Regional-supplementary funding* administered programme for which the performance indicators will be published in the 2007–08 PAES.

Table K.1 Performance indicators modified since PBS

Output/ Programme	Original 2006–07 PBS Performance Indicators	Modified/new 2007–08 PBS Performance Indicators appearing in the 2006–07 Annual Report
Output 1.1.2 Safety	Quality <i>A best practice Novice Driver Programme Trial is implemented in NSW and Victoria</i> <i>No performance indicator</i>	Quality <i>A best practice Novice Driver Programme Trial is conducted in NSW and Victoria</i> <i>Aviation safety research reports are timely and informative</i>
Output 1.2.1 Transport security	<i>No performance indicator</i>	Quality <i>Other governments and international organisations are engaged, so as to further Australian interests in the transport security sector</i>
Aviation security enhancements – regional passenger screening	Quantity/Location <i>Metal detection equipment and training is provided to 140 regional airports</i>	Quantity/Location <i>Metal detection equipment and training is provided to 145 regional airports</i>
AusLink Investment	Quality <i>Transport corridor objectives, strategies and priorities are established for future investment</i>	Quality <i>Transport corridor objectives, strategies and priorities reflect national needs for future investment</i>



Output/ Programme	Original 2006–07 PBS Performance Indicators	Modified/new 2007-08 PBS Performance Indicators appearing in the 2006–07 Annual Report
Management of residual issues of former Australian National Railways Commission (AN)	<p>Effectiveness <i>The future of the AN plan room is resolved, along with any other residual issues, which may emerge</i></p>	<p>Effectiveness <i>The future of the former AN plans is resolved along with any other residual issues, which may emerge</i></p>
Interstate Road Transport Fees	<p>Effectiveness <i>Uniform charges and operating conditions apply for heavy vehicles engaged solely in interstate operations</i></p> <p>Quality <i>Payments are re-distributed to state and territory governments in line with an agreed formula designed to meet the cost of damage to roads caused by heavy vehicles</i></p>	<p>Effectiveness <i>The Interstate Road Transport Fees programme establishes a registration scheme that provides a viable alternative to State and Territory based registration schemes for heavy vehicles</i></p> <p>Quality <i>Fees are collected and dispersed to States and Territories in an efficient manner that meets audit requirements in line with an agreed formula based on meeting the cost of damage to roads caused by heavy vehicles</i></p>
Tasmanian Freight Equalisation Scheme	<p>Effectiveness <i>Costs are alleviated for businesses shipping containers of goods from Tasmania to the mainland for use or sale, and to Tasmania as an input to a production process</i></p> <p>Quality <i>Claims from shippers are processed efficiently and accurately</i></p>	<p>Effectiveness <i>Costs are alleviated for businesses shipping containers of goods from Tasmania to the mainland for use or sale, or to Tasmania as an input to a production process</i></p> <p>Quality <i>95% of claims from eligible shippers are processed within 30 days</i></p>
Tasmanian Wheat Freight Scheme	<p>Quality <i>Claims from shippers are processed efficiently and accurately</i></p>	<p>Quality <i>95% of claims from eligible shippers are processed within 30 days</i></p>
Area Consultative Committees	<p>Quality <i>Number and range of Regional Partnership applications</i></p>	<p>Quality <i>Number and value of Regional Partnership applications</i></p>
Regional Partnerships	<p>Quantity/Location <i>Regional priorities and projects are established in every region of Australia (56 regions)</i></p>	<p>Quantity/Location <i>Projects are established in every region of Australia (56 regions)</i></p>

Output/ Programme	Original 2006–07 PBS Performance Indicators	Modified/new 2007-08 PBS Performance Indicators appearing in the 2006–07 Annual Report
Norfolk Island – refurbishment of Kingston Pier	Effectiveness <i>The safety and functionality of the pier is improved in keeping with its heritage values</i>	Effectiveness <i>The safety and functionality of the pier is restored in keeping with its heritage values</i>
Payment to the ACT – assistance for water and sewerage services	Effectiveness/Location <i>The ACT Government provides specialised services on behalf of the Australian Government in the AC</i>	Effectiveness/Location <i>The ACT Government is compensated for extra costs resulting from national capital influences on the provision of water and sewerage services</i>
Services to Jervis Bay Territory	Quality <i>In the absence of a state or territory government, Jervis Bay Territory residents and visitors are provided with a range of infrastructure and services:</i> <ul style="list-style-type: none"> · <i>at a reasonable standard and cost compared to similar mainland communities</i> · <i>in a way which recognises the cultural and linguistic diversity of residents and visitors</i> 	Quality <i>In the absence of a state or territory government, Jervis Bay Territory residents and visitors are provided with a range of infrastructure and services:</i> <ul style="list-style-type: none"> · <i>at a reasonable standard and cost compared to similar communities</i> · <i>in a way which recognises the cultural diversity of residents and visitors</i>
Output 2.2.2 Local government	Quantity <i>Information and funding is provided to approximately 700 local governing bodies across Australia</i>	Quantity <i>Funding and information are provided to some 700 local governing bodies across Australia</i>
Local Government Financial Assistance Grants	Quality <i>An annual report on the operation of the Act is tabled as soon as practical after 30 June each year</i> <i>No performance indicator</i>	Quality <i>An annual report on the operation of the Act is tabled as soon as practicable after 30 June each year</i> <i>Grants paid quarterly: 15 August, 15 November, 15 February and 15 May</i>
	Quantity <i>Grants are distributed to approximately 700 local governments</i>	Quantity <i>Grants are distributed to some 700 local governments</i>
Output 2.2.3 Natural disaster relief	Effectiveness <i>Damage from natural disasters is ameliorated, along with trauma and associated costs to the community</i>	Effectiveness <i>Communities are assisted in recovering from the cost and social impact of natural disasters</i>
Natural Disaster Relief Arrangements	Effectiveness <i>The cost of disaster recovery measures to state and territory governments is reduced</i>	Effectiveness <i>The cost of disaster relief and recovery measures to state and territory governments is reduced</i>

FINANCIAL STATEMENTS

For the Year Ended 30 June 2007





INDEPENDENT AUDITOR'S REPORT

To the Minister for Transport and Regional Services

Scope

I have audited the accompanying financial statements of the Department of Transport and Regional Services for the year ended 30 June 2007, which comprise: a statement by the Chief Executive and Chief Finance Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies and administered items; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Secretary for the Financial Statements

The 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* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control 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. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing 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 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 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.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Department of Transport and Regional Services:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, and the Australian Accounting Standards (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 Transport and Regional Services' financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Puspa Dash
Acting Executive Director

Delegate of the Auditor-General

Canberra
9 August 2007





Australian Government
Department of Transport and Regional Services

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2007 have been prepared 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 Michael J. Taylor in black ink.

Michael J. Taylor
SECRETARY

8 August 2007

Handwritten signature of Paul Wood in black ink.

Paul Wood
Acting Chief Financial Officer

8 August 2007



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 INCOME STATEMENT
 For the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
INCOME			
Revenue			
Revenue from Government	3A	213,257	217,367
Sale of goods and rendering of services	3B	3,901	4,830
Rental income	3C	217	296
<i>Total Revenue</i>		217,375	222,493
Gains			
Resources received free of charge	3D	365	350
Assets first recognised	3D	-	162
Write-back of provisions	3D	150	460
Cost recoveries and refunds	3D	584	39
<i>Total Gains</i>		1,099	1,011
Total Income		218,474	223,504
EXPENSES			
Employee benefits	4A	117,831	111,699
Suppliers	4B	94,521	97,793
Grants	4C	2,365	3,346
Depreciation and amortisation	4D	11,833	9,727
Finance costs	4E	350	485
Write-down and impairment of assets	4F	467	152
Other expenses	4G	-	4
Total Expenses		227,367	223,206
Operating Surplus / (Deficit) attributable to the Australian Government		(8,893)	298

The above statement should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
BALANCE SHEET
as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	6,197	2,466
Trade and other receivables	5B	85,718	101,868
Accrued revenue	5C	298	660
<i>Total Financial Assets</i>		92,213	104,994
Non-Financial Assets			
Land and buildings	6A/6D	22,981	32,026
Infrastructure, plant and equipment	6B/6D	4,993	13,053
Heritage and cultural	6C/6D	162	162
Intangibles	6E	23,954	17,501
Inventories	6F	4	2
Other non-financial assets	6G	1,504	1,133
<i>Total Non-Financial Assets</i>		53,598	63,877
Total Assets		145,811	168,871
LIABILITIES			
Payables			
Suppliers	7A	2,622	361
Other payables	7B	9,380	9,068
<i>Total Payables</i>		12,002	9,429
Interest Bearing Liabilities			
Leases	8A	2,278	2,640
Lease incentives	8B	3,342	1,534
<i>Total Interest Bearing Liabilities</i>		5,620	4,174
Provisions			
Employee provisions	9A	34,318	34,837
Other provisions	9B	3,248	2,687
<i>Total Provisions</i>		37,566	37,524
Total Liabilities		55,188	51,127
Net Assets		90,623	117,744
EQUITY			
Contributed equity		(127,735)	(108,496)
Reserves		13,479	17,052
Retained earnings		204,879	209,188
Total Equity		90,623	117,744
Current Assets		93,721	106,456
Non-Current Assets		52,090	62,415
Current Liabilities		30,674	27,150
Non-Current Liabilities		24,514	23,977

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
STATEMENT OF CHANGES IN EQUITY
as at 30 June 2007

	Retained Earnings		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening Balance								
Balance carried forward from previous period	209,188	177,090	17,052	14,038	(108,496)	(125,416)	117,744	65,712
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted Opening Balance	209,188	177,090	17,052	14,038	(108,496)	(125,416)	117,744	65,712
Income and Expense								
Revaluation adjustment	-	-	1,011	3,014	-	-	1,011	3,014
Revaluations	-	-	1,011	3,014	-	-	1,011	3,014
Surplus / (Deficit) for the period	(8,893)	298	-	-	-	-	(8,893)	298
Total Income and Expense	(8,893)	298	1,011	3,014	-	-	(7,882)	3,312
Transactions with Owners								
<i>Distribution to Owners</i>								
Returns on capital:								
Dividends	-	-	-	-	-	-	-	-
<i>Contributions by Owners</i>								
Appropriation (equity injection)	-	-	-	-	2,866	16,920	2,866	16,920
Restructuring	4,584	31,800	(4,584)	-	(22,105)	-	(22,105)	31,800
Sub-total Transactions with Owners	4,584	31,800	(4,584)	-	(19,239)	16,920	(19,239)	48,720
Transfers between equity components	-	-	-	-	-	-	-	-
Closing balance at 30 June	204,879	209,188	13,479	17,052	(127,735)	(108,496)	90,623	117,744

The above statement should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 CASH FLOW STATEMENT
 for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
OPERATING ACTIVITIES			
Cash Received			
Appropriations		225,727	204,012
Goods and services		3,430	4,030
Rents		217	296
Net GST received		11,287	11,798
Other cash received		736	3,137
<i>Total Cash Received</i>		<u>241,397</u>	<u>223,273</u>
Cash Used			
Employees		118,323	107,946
Suppliers		105,070	110,815
<i>Total Cash Used</i>		<u>223,393</u>	<u>218,761</u>
Net Cash From Operating Activities	11	<u>18,004</u>	4,512
INVESTING ACTIVITIES			
Cash Used			
Purchase of property, plant and equipment and intangibles		20,908	22,191
<i>Total Cash Used</i>		<u>20,908</u>	<u>22,191</u>
Net Cash Used By Investing Activities		<u>(20,908)</u>	<u>(22,191)</u>
FINANCING ACTIVITIES			
Cash Received			
Appropriations - contributed equity		6,635	16,920
<i>Total Cash Received</i>		<u>6,635</u>	<u>16,920</u>
Net Cash From Financing Activities		<u>6,635</u>	16,920
<i>Net Increase or (Decrease) in Cash Held</i>		3,731	(759)
Cash at the Beginning of the Reporting Period		2,466	3,225
Cash at the End of the Reporting Period	5A	<u>6,197</u>	<u>2,466</u>

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 SCHEDULE OF COMMITMENTS
 as at 30 June 2007

	2007 \$'000	2006 \$'000
BY TYPE		
Commitments Receivable⁴	(14,358)	(10,569)
Capital Commitments		
Land and buildings ¹	19,485	6,912
<i>Total Capital Commitments</i>	<u>19,485</u>	<u>6,912</u>
Other Commitments		
Operating leases ²	97,554	47,434
Project commitments	467	2,221
Goods and services commitments ³	40,437	60,581
<i>Total Other Commitments</i>	<u>138,458</u>	<u>110,236</u>
Net Commitments by Type	<u>143,585</u>	<u>106,579</u>
BY MATURITY		
Commitments Receivable		
One year or less	(5,013)	(3,636)
From one to five years	(5,442)	(6,607)
Over five years	(3,903)	(326)
<i>Total Commitments Receivable</i>	<u>(14,358)</u>	<u>(10,569)</u>
Capital Commitments		
One year or less	15,965	6,912
From one to five years	3,520	-
Over five years	-	-
<i>Total Capital Commitments</i>	<u>19,485</u>	<u>6,912</u>
Operating Lease Commitments		
One year or less	12,459	11,762
From one to five years	42,161	35,556
Over five years	42,934	116
<i>Total Operating Lease Commitments</i>	<u>97,554</u>	<u>47,434</u>
Project and Goods and Services Commitments		
One year or less	26,726	22,206
From one to five years	14,178	37,124
Over five years	-	3,472
<i>Total Other Commitments</i>	<u>40,904</u>	<u>62,802</u>
Net Commitments by Maturity	<u>143,585</u>	<u>106,579</u>

This schedule should be read in conjunction with the accompanying notes.

Note: Commitments are GST inclusive where relevant.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF COMMITMENTS (continued)

¹ For the current year, land and buildings commitments include leasehold improvements (for the comparative year, other capital commitments also included capital construction on Norfolk Island and in the Jervis Bay Territory).

² 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.	LeasePlan is the provider of vehicles to the Department. Leases are for a minimum period of three months and typically extend for two years. They may be extended for up to three months from that originally specified expiry date. There are no existing contingent rental agreements between the Department and LeasePlan. There are no renewal options available on the agreement.

³ Goods and services commitments include commitments for the provision of office related services to the Department.

⁴ Commitments receivable include GST recoveries in relation to the commitments payable.

The following Departmental commitments are not disclosed in monetary terms as the contracted costs vary each year and can only be determined at that point in time:

- The contracts with United KFPW and Pickfords for the provision of office related services, the costs of which are dependent upon usage.

The above schedule should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 SCHEDULE OF CONTINGENCIES
 as at 30 June 2007

Contingent Assets	Claims for damages/costs		Total	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Balance from previous period	100	410	100	410
New	-	100	-	100
Re-measurement	(100)	(410)	(100)	(410)
Assets crystallised	-	-	-	-
Expired	-	-	-	-
Total Contingent Assets	-	100	-	100
Contingent Liabilities	Claims for damages/costs		Total	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Balance from previous period	3,737	-	3,737	-
New	20,000	3,737	20,000	3,737
Re-measurement	(3,737)	-	(3,737)	-
Liabilities crystallised	-	-	-	-
Obligations expired	-	-	-	-
Total Contingent Liabilities	20,000	3,737	20,000	3,737
Net Contingent Liabilities (Assets)			20,000	3,637

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 TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2007 \$'000	2006 \$'000
Income Administered on Behalf of Government			
<i>for the period ended 30 June 2007</i>			
Revenue			
Taxation			
Levies, fees and fines	17A	77,093	150,250
<i>Total Taxation</i>		77,093	150,250
Non-Taxation			
Goods and services	17B	69,021	67,238
Interest	17C	10,162	12,646
Dividends	17D	65,300	43,100
Contributions	17E	16,492	4,749
Other sources of non-taxation revenue	17F	704	748
Royalties	17G	1,483	2,165
Rents	17H	5,165	4,968
<i>Total Non-Taxation</i>		168,327	135,614
Total Revenues Administered on Behalf of Government		245,420	285,864
Gains			
Other gains	17I	564	6,563
Assets first recognised	17J	-	30,127
Total Gains Administered on Behalf of Government		564	36,690
Total Income Administered on Behalf of Government		245,984	322,554
Expenses Administered on Behalf of Government			
<i>for the period ended 30 June 2007</i>			
Grants	18A	4,194,794	3,841,709
Subsidies	18B	127,985	132,642
Employee benefits	18C	7,172	7,118
Suppliers	18D	71,229	64,462
Depreciation and amortisation	18E	25,218	14,231
Write-down and impairment of assets	18F	6,676	10,172
Net loss from disposal of assets	18G	4,965	2,127
Other expenses	18H	2,378	3,824
Total Expenses Administered on Behalf of Government		4,440,417	4,076,285
This schedule should be read in conjunction with the accompanying notes.			



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2007 \$'000	2006 \$'000
Assets Administered on Behalf of Government			
<i>as at 30 June 2007</i>			
Financial assets			
Cash and cash equivalents	19A	240	222
Receivables	19B	192,830	162,896
Investments	19C	1,735,539	1,930,776
Accrued revenues	19D	8,644	15,084
<i>Total Financial Assets</i>		1,937,253	2,108,978
Non-Financial assets			
Land and Buildings	19E	187,476	184,956
Infrastructure, plant and equipment	19F	145,119	114,299
Heritage and cultural	19G	53,615	46,801
Intangibles	19H	1,771	1,924
Inventories	19I	1,953	2,155
Prepayments	19J	2,194,467	2,144,516
<i>Total Non-Financial Assets</i>		2,584,401	2,494,651
Total Assets Administered on Behalf of Government		4,521,654	4,603,629
Liabilities Administered on Behalf of Government			
<i>as at 30 June 2007</i>			
Provisions			
Employee provisions	20A	1,187	1,308
Asbestos removal provision	20B	10,426	10,233
Phosphate mine rehabilitation provision	20C	2,848	2,538
Other provisions	20D	-	10
<i>Total Provisions</i>		14,461	14,089
Payables			
Suppliers	20E	5,775	1,521
Grants and subsidies	20F	11,261	9,588
<i>Total Payables</i>		17,036	11,109
Total Liabilities Administered on Behalf of Government		31,497	25,198
Current Assets		2,785,558	2,336,568
Non-Current Assets		1,736,096	2,267,061
Current Liabilities		23,230	14,953
Non-Current Liabilities		8,267	10,245

This schedule should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2007 \$'000	2006 \$'000
Administered Cash Flows			
<i>for the period ended 30 June 2007</i>			
OPERATING ACTIVITIES			
Cash Received			
Levies, fees and fines		82,845	154,661
Rendering of services		25,779	23,246
Interest		10,463	10,763
Dividends		65,300	43,100
GST Received from ATO		17,177	17,205
GST Customer receipts		352	-
Other		24,600	17,682
<i>Total Cash Received</i>		226,516	266,657
Cash Used			
Grant payments		4,248,014	5,999,790
Subsidies paid		129,231	169,968
Suppliers		66,731	79,245
Employees		7,320	7,295
GST Payments to vendors		16,533	-
Other		2,388	1,092
<i>Total Cash Used</i>		4,470,217	6,257,390
Net Cash Used by Operating Activities		(4,243,701)	(5,990,733)
INVESTING ACTIVITIES			
Cash Received			
Repayments of advances		10,177	10,206
Sales of property, plant and equipment		463	991
<i>Total Cash Received</i>		10,640	11,197
Cash Used			
Advances and loans made		47,185	10,946
Purchase of property, plant and equipment		3,238	2,099
<i>Total Cash Used</i>		50,423	13,045
Net Cash Used by Investing Activities		(39,783)	(1,848)
<i>Net Decrease in Cash Held</i>		(4,283,484)	(5,992,581)
Cash at the beginning of reporting period		222	420
Cash from Official Public Account for:			
- Appropriations			
Annual		2,711,564	4,536,884
Special		1,738,974	1,712,078
- GST		12,868	19,318
- Special Accounts		52,498	2,648
		4,515,904	6,270,928
Cash to Official Public Account for:			
- Appropriations		(180,314)	(276,357)
- Special Accounts		(52,088)	(2,188)
		(232,402)	(278,545)
Cash at End of Reporting Period	19A	240	222

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2007 \$'000	2006 \$'000
Administered Commitments <i>as at 30 June 2007</i>		
BY TYPE		
Commitments Receivable ⁵	(23,201)	(26,872)
Capital Commitments		
Property, plant and equipment ¹	2,877	-
<i>Total Capital Commitments</i>	<u>2,877</u>	-
Other Commitments		
Operating leases ²	606	21
Project commitments ³	3,195,283	4,065,494
Other commitments ⁴	268,893	292,401
<i>Total Other Commitments</i>	<u>3,464,782</u>	<u>4,357,916</u>
Net Commitments by Type	<u>3,444,458</u>	<u>4,331,044</u>
BY MATURITY		
Commitments Receivable		
One year or less	(18,559)	(11,431)
From one to five years	(4,642)	(15,441)
Over five years	-	-
<i>Total Commitments Receivable</i>	<u>(23,201)</u>	<u>(26,872)</u>
Capital Commitments		
One year or less	2,877	-
From one to five years	-	-
Over five years	-	-
<i>Total Capital Commitments</i>	<u>2,877</u>	-
Operating Lease Commitments		
One year or less	294	10
From one to five years	313	11
Over five years	-	-
<i>Total Operating Lease Commitments</i>	<u>607</u>	<u>21</u>
Other Commitments		
One year or less	1,668,482	1,484,853
From one to five years	1,794,758	2,873,042
Over five years	935	-
<i>Total Other Commitments</i>	<u>3,464,175</u>	<u>4,357,895</u>
Net Administered Commitments by Maturity	<u>3,444,458</u>	<u>4,331,044</u>

This schedule should be read in conjunction with the accompanying notes.

Note: All commitments are GST inclusive where relevant.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 SCHEDULE OF ADMINISTERED ITEMS (continued)

¹ Property, plant and equipment commitments include the Waterfall water resource on Christmas Island.

² Operating leases include leases for commercial and residential accommodation on Christmas Island and Cocos (Keeling) Island and for the current year, Jervis Bay Territory:

Nature of Lease	General description of leasing arrangement
Leases for commercial and residential accommodation	The Australian Government has entered into operating leases for commercial and residential accommodation purposes. Most of these 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.

³ Project Commitments relate to contracts undertaken in relation to various Administered programmes, including those related to the AusLink programme.

⁴ Other Commitments include Service Delivery Arrangements.

⁵ Commitments Receivable include GST recoveries in relation to project commitments.

The following commitments are not disclosed in monetary terms as the contracted costs vary each year and can only be determined at that point in time:

- Kingston and Arthur's Vale Historic Area (KAVHA) - This is an ongoing commitment under an existing Memorandum of Understanding for the provision of funds for the restoration of historic buildings on Crown land in KAVHA (Norfolk Island). Funds are provided as part of a cost sharing formula with the Norfolk Island Government and are determined on an ongoing annual basis.
- Deed of Agreement with Wreck Bay Aboriginal Community Council - Deed of agreement for the provision of funds for specified purposes to facilitate the sound administration of the Jervis Bay Territory through partnership arrangements. Funding will be provided and ascertained annually in line with the formulae used under the Aboriginal Land Rights Act 1983 (NSW).
- NSW Rural Fire Service - Agreement to provide services to Jervis Bay Territory which includes protection from liability.

This schedule should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1:	Summary of Significant Accounting Policies
Note 2:	Events after the Balance Sheet Date
Note 3:	Income
Note 4:	Expenses
Note 5:	Financial Assets
Note 6:	Non-Financial Assets
Note 7:	Payables
Note 8:	Interest Bearing Liabilities
Note 9:	Provisions
Note 10:	Restructuring
Note 11:	Cash Flow Reconciliation
Note 12:	Contingent Liabilities and Assets
Note 13:	Executive Remuneration
Note 14:	Remuneration of Auditors
Note 15:	Average Staffing Levels
Note 16:	Financial Instruments
Note 17:	Income Administered on Behalf of Government
Note 18:	Expenses Administered on Behalf of Government
Note 19:	Assets Administered on Behalf of Government
Note 20:	Liabilities Administered on Behalf of Government
Note 21:	Administered Reconciliation Table
Note 22:	Administered Contingent Liabilities
Note 23:	Administered Contingent Assets
Note 24:	Administered Investments
Note 25:	Administered Financial Instruments
Note 26:	Appropriations
Note 27:	Special Accounts
Note 28:	Compensation and Debt Relief
Note 29:	Reporting of Outcomes



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of Department of Transport and Regional Services

The Department of Transport and Regional Services (the Department) works to achieve two outcomes specified by the Australian Government:

- Outcome 1 - Fostering an efficient, sustainable, competitive, safe and secure transport system.
- Outcome 2 - Assisting regions to manage their own 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 four output groups for Outcome 1, and two output groups for Outcome 2. The four output groups within Outcome 1 are: Investigations and Safety (1.1); Transport Security (1.2); AusLink (1.3) and Transport Services (1.4). The two output groups within Outcome 2 are Regional Services (2.1) and Local Government, Territories and Natural Disaster Relief (2.2).

The continued existence of the Department in its present form, and with its present programmes, is dependent on Australian Government policy and on continuing appropriations by Parliament for the Department's administration and programmes.

1.2 Basis of Preparation of the Financial Statements

The financial statements are required by Section 49 of Schedule 1 to 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 (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2006)*); 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 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, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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 unrealised 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 Australian Accounting Standard, revenues and expenses are recognised in the Income Statement when and only when the flow or 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 1.23.

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 individual parcels of land at Norfolk Island have been considered representative of their existing use and that they could be sold on a freehold basis (taking into account the existing use and zoning) at the time of lease expiry. The land has been assessed on a market value basis to determine the fair value as determined by an independent valuer. Included in Note 19E.
- The fair value of leased landholdings on Norfolk Island was determined using the Direct Comparison approach as determined by an independent valuer. Refer to Note 19E.
- The fair value of land at Badgerys Creek was determined using a Residual Value Approach as determined by an independent valuer. Included in Note 19E.
- The fair value of artwork within the Sidney Nolan collection that is either owned or controlled by the Australian Government was determined using indicative market rates as determined by an independent valuer. Included in Note 19G.
- 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 19C.
- The fair value of artwork owned by the Department was determined using indicative market rates as determined by an independent valuer. Included in Note 6C.

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 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRS) to be made where the financial report complies with these standards. Some Australian equivalents to IFRS and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.



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The Department is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRS) it cannot make this statement.

The expected impact on the financial report of adoption of the standards is based on the Department's initial assessment at this date, but may change. The Department intends to adopt all of the standards upon their application date.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period. The following adopted requirements have resulted in a change to the Department's accounting policies or have affected the amounts reported in the current or prior periods or are estimated to have a financial affect in future reporting periods.

Restriction of the fair value option under AASB 139

The AASB through 2005-4 *Amendments to Australian Accounting Standards (AASB 13, AASB 132, AASB1, AASB 1023 and AASB 1038)* restricted the option to designate a financial asset or liability at fair value through profit and loss. The change was introduced with effect from the beginning of the comparative reporting period (1 July 2005).

This restriction does not impact on the Department. Administered loans are classified in accordance with AASB 139 as loans and receivables and are required to be recognised at their fair value on initial recognition. Those loans that will not be settled within 12 months from reporting date are carried at amortised cost.

Reimbursement rights

The AASB through 2005-5 *Amendments to Australian Standards (AASB 1 and AASB 139)* excluded from the scope of AASB 139 *Financial instruments: Recognition and Measurement* rights for reimbursement for expenditure required to settle a present or former provision recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The right to reimbursement is now required to be accounted for under AASB 137. This restriction does not impact on the Department.

The application of this amendment is applied from the beginning of the comparative period (1 July 2005).

Financial guarantee contracts

The AASB through 2005-9 *Amendments to Australian Accounting Standards (AASB 4, AASB 1023, AASB 139 & AASB 132)* now require financial guarantee contracts to be recognised and measured at inception under AASB 139 *Financial Instruments: Recognition and Measurement*. Initially these items are measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the initial amount recognised less, when appropriate, cumulative amortisation recognised in accordance with AASB 118 *Revenue*. This restriction does not impact on the Department.

Other effective requirement changes

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the Department.



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Amendments:

- 2005-1 Amendments to Australian Accounting Standards (AASB1, 101, 124)
- 2005-6 Amendments to Australian Accounting Standards (AASB 3)
- 2006-1 Amendments to Australian Accounting Standards (AASB 121)
- 2006-3 Amendments to Australian Accounting Standards (AASB 1045)

Interpretations:

- UIG 4 Determining whether an arrangement contains a lease
- UIG 5 Rights to interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives

UIG 4 and UIG 9 might have impacts in future periods, subject to existing contracts being renegotiated.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the AASB but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general, AASB 7 requires greater disclosure than that presently. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through *2005-10 Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038)*. These changes have no financial impact but will affect the disclosure presented in future financial reports.

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Department:

- AASB 1049 Financial Reporting of General Government Sectors by Governments; and
- UIG 10 Interim Financial Reporting and Impairment.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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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, 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.

On 29 November 2006, the Finance Minister determined reductions in departmental output appropriation of \$3,614,000 from current-year appropriation following a request by the Minister for Transport and Regional Services. This related to the transfer of the Jervis Bay Territory and Norfolk Island function from a Departmental to Administered appropriation.

No appropriations are received on a reciprocal basis.

Appropriations receivable are recognised at their nominal amounts.

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 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 relative 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 at balance date. Provisions are made when collectability of the debt is no longer probable.

1.6 Gains

Resources received free of charge

Services received free of charge are recognised as gains 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.



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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 Australian Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

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.

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) 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 as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of 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, 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 May 2007. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.



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Separation and redundancy

Provision is made for separation and redundancy benefit payments only when the Department has developed a formal plan for the terminations and has informed those employees affected that it will undertake the terminations.

The Department made separation and redundancy payments in 2006-07 of \$493,000 (2006: \$341,000) – 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.

The Department makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the 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.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

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 benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits incidental to ownership over the life of the asset.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the fair value of the lease property or, if lower, the present value of minimum lease payments at the beginning of the lease term, and a liability 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.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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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.

1.10 Borrowing Costs

Borrowing costs are expensed as incurred.

1.11 Cash and Cash Equivalents

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.12 Financial Risk Management

The Department's activities expose it to normal commercial financial risk. As a result of the nature of the Department's business and internal and Australian Government policies, dealing with the management of financial risk, the Department's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.13 Investments

Investments are initially measured at their fair value. After initial recognition, financial investments are to be measured at their fair values except for:

- a) loans and receivables which are measured at amortised cost using the effective interest method;
- b) held-to-maturity investments which are measured at amortised cost using the effective interest method; and
- c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which are measured at cost.

1.14 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when obligation under the contract is discharged, cancelled or expires.

1.15 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.



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The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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.

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 the Income Statement, is transferred from equity to the Income Statement.

1.16 Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).

1.17 Contingent Liabilities and Contingent Assets

Contingent Liabilities and 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 an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

1.18 Acquisition of Assets

Assets are recorded at cost on acquisition 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 revenues 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.

1.19 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.



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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' taken up.

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
Plant and equipment	Market selling price
Heritage and cultural assets	Market selling price

Following initial recognition at cost, PP&E is carried at fair value less 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.

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 they reverse a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement 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 and amortisation

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 and amortisation rates (useful lives) 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.



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Depreciation and amortisation rates applying to each relevant class of assets are based on the following useful lives:

	<u>2007</u>	<u>2006</u>
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
Infrastructure, plant and equipment	3 to 80 years	3 to 80 years
Heritage and cultural assets	Infinite or 5 to 60 years	Infinite or 5 to 60 years

The aggregate amount of depreciation and amortisation allocated for each class of asset during the reporting period is disclosed in Note 4D and 18E.

Heritage and Cultural Assets

In accordance with Section 37 of the FMOs, the Department has recognised heritage and cultural assets that meet the asset recognition criteria and whose value can be reliably measured. Heritage and cultural assets that are irreplaceable and whose value cannot be reliably measured are not included on the Balance Sheet.

On behalf of the Australian Government, the Department administers three historic aircraft that are currently displayed by the Brisbane and Adelaide airports and Queen Victoria Museum and Art Gallery, Launceston. The Department has determined that these aircraft are irreplaceable and do not have a reliably measurable value. Accordingly they are not recognised as assets on the Administered Balance Sheet.

Restricted Assets

Restricted assets are categorised under Schedule 36 of the FMOs as those assets whose use is restricted, wholly or in part of, by regulations or other externally-imposed requirements. Where assets are restricted, the fair value ascribed to that asset should reflect those restrictions. Refer to Note 1.23 Reporting of Administered Activities.

Impairment

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. All assets were assessed for impairment as at 30 June 2007. Note 4F: Write-down and impairment of assets, discloses the impairment adjustments for the current and comparative years.

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.



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1.20 Intangibles

The Department's intangibles assets balance comprises the acquisition of software configured for internal use and internally developed software. These assets are carried at cost.

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 (2005-06: 2 to 8 years).

All software assets were assessed for indications of impairment as at 30 June 2007.

1.21 Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at the lower of cost and current replacement cost.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchased cost on a first-in-first-out basis;
- finished goods and work in progress – cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

1.22 Taxation

The Department is exempt from all taxation except fringe benefits tax and goods and services tax (GST). Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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1.23 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 Australian Government, rather than the Department, is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Australian Government. These transfers to and from the OPA are adjustments to the administered cash balance held by the Department on behalf of the Australian 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 21. Thus, the Schedule of Administered Items largely reflects the Australian Government's transactions, through the Department, with entities outside the Australian Government.

Administered revenue

All administered revenues are revenues relating to the core 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 Australian 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 employee entitlements

Administered employee liabilities relate to employees under the *Christmas Island Act 1958* and *Cocos (Keeling Island) Act 1955* who provide services under the Services to Indian Ocean Territories programme and are recognised at the reporting date to the extent that they have not been settled.



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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 Administered employees is estimated to be less than the annual entitlement for sick leave.

Liabilities for wages and salaries (including non monetary benefits) and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Administered intangible assets

The Administered intangible assets balance consists of a commercial phosphate mining lease on Christmas Island. The Australian Government derives annual royalties from the lease and, therefore, considers that it meets the asset recognition criteria under the *AASB Framework for the Preparation and Presentation of Financial Statements*, as the asset's future economic benefits will eventuate and the asset possesses a cost or other value that can be measured reliably.

Administered investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments other than those held for sale are measured at their fair value as at 30 June 2007. Fair value has been taken to be the net assets of the entities as at balance date according to their unaudited financial statements. The audited financial statements of each controlled entity will be available from their annual report or website.

Administered investments were assessed for impairment at 30 June 2007. No indications of impairment were noted.

Administered loans and receivables

Loans and receivables are required to be recognised at their fair value on initial recognition. For non-current loans and receivables, this is determined as the present value of the principal repayments and future interest payments, discounted to reflect the time value of money between balance date and their expected settlement date. Where the rate of interest charged is lower than the government bond rate (for government /public sector loans) or the counterparty's borrowing rate (for non-government loans), then there will be a difference between the principal amount and the fair value of the loan. Any difference between the nominal/principal value of the loan and fair value at initial recognition is required to be treated as an expense.

After initial recognition, loans that will not be settled within 12 months from reporting date are required by AASB 139 to be carried at amortised cost. Amortised cost is defined in AASB 139 as the value of the financial asset or liability at initial recognition less any repayments of the principal amount, adjusted for the cumulative amortisation using the effective interest method of any difference between the initial amount and the amount at maturity, less any reduction for impairment.



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The effective interest method calculates amortised cost using an effective interest rate which discounts the difference between the fair value and the nominal value of the loan over the life of the loan.

Where the floating rate is not the same as the government bond rate, the estimate of future cash flows is required to be revised. The resulting differential between the previously calculated amortised cost and the recalculated amortised cost (both corresponding to the period of re-estimation) is recognised through the operating result. In determining fair value on initial recognition and the effective interest rate for amortised cost, an interest rate which matches the timing of the cash flows and reflects the creditworthiness of the counterparty is required to be used, ie. the spot rate matching the timing of the cash flows is to be used. The spot rate is also required to take into account the creditworthiness of the counterparty. Where the loan is provided to another Australian public sector entity, the government bond rate is the appropriate discount rate.

Gains and losses due to impairment, derecognition and amortisation are recognised through the operating result.

Grants and subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Australian 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 Australian Government enters into an agreement to make these grants, but services have not been performed or criteria satisfied.

Restricted assets

Restricted assets are categorised under Section 36 of the FMOs as those assets whose use is restricted, wholly or in part of, by regulations or other externally-imposed requirements. Where assets are restricted, the fair value ascribed to that asset should reflect those restrictions.

Airport land

Freehold land at the 20 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 TRANSPORT AND REGIONAL SERVICES
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Note 2: Events after the Balance Sheet Date

In the 2007-08 Budget, the Australian Government announced the transfer of the Australian Maritime College (AMC) to the University of Tasmania. The transfer will take effect from 1 January 2008, accordingly AMC is recorded in the 2006-07 Financial Statements in the administered investments balance at a fair value of \$61.364m.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 3: Income		
<u>Note 3A: Revenue from Government</u>		
Appropriation:		
Departmental outputs	213,257	217,367
<i>Total revenues from Government</i>	<u>213,257</u>	<u>217,367</u>
<u>Note 3B: Sale of Goods and Rendering of Services</u>		
Provisions of goods - related entities	8	-
Provisions of goods - external entities	48	100
<i>Total sale of goods</i>	<u>56</u>	<u>100</u>
Rendering of services - related entities	3,168	3,050
Rendering of services - external entities	677	1,680
<i>Total rendering of services</i>	<u>3,845</u>	<u>4,730</u>
<i>Total sale of goods and rendering of services</i>	<u>3,901</u>	<u>4,830</u>
<u>Note 3C: Rental Income</u>		
Operating lease:		
Housing Rental	3	227
Land Rent	-	66
Commercial Premises Rental	214	3
<i>Total rental income</i>	<u>217</u>	<u>296</u>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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	2007 \$'000	2006 \$'000
Gains		
Note 3D: Other Gains		
Resources received free of charge	365	350
Assets first recognised	-	162
Write-back of provisions	150	460
Cost recoveries and refunds	584	39
<i>Total other gains</i>	<u>1,099</u>	<u>1,011</u>

Note 4: Expenses**Note 4A: Employee Benefits**

Wages and salaries	85,257	79,009
Superannuation	17,336	15,222
Leave and other entitlements	14,051	16,469
Separations and redundancies	493	341
Other employee expenses	694	658
<i>Total employee benefits</i>	<u>117,831</u>	<u>111,699</u>

Note 4B: Suppliers

Provision of goods - related entities	91	125
Provision of goods - external entities	2,814	3,671
Rendering of services - related entities	7,575	10,267
Rendering of services - external entities	69,072	71,689
Operating lease rentals:		
Minimum lease rentals*	13,478	10,609
Workers compensation premiums	1,124	853
Other supplier expenses	367	579
<i>Total supplier expenses</i>	<u>94,521</u>	<u>97,793</u>

* These comprise minimum lease payments and anticipated rent increases discounted back to present value

Note 4C: Grants

Public sector:		
State and Territory Governments	1,041	1,773
Other	1,324	1,573
<i>Total grants</i>	<u>2,365</u>	<u>3,346</u>

The nature of the grants is as follows:

Other transport and communications	1,369	2,434
Urban and regional development	10	580
General public service	27	332
Local government assistance	954	-
Natural disaster relief	5	-
<i>Total grants</i>	<u>2,365</u>	<u>3,346</u>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 4D: Depreciation and Amortisation		
Depreciation:		
Infrastructure, plant and equipment	427	819
Buildings	-	134
<i>Total depreciation</i>	<u>427</u>	<u>953</u>
Amortisation:		
Leasehold improvements	4,493	3,912
Leasehold makegood	260	281
Assets held under finance leases	2,412	1,889
Intangibles - computer software	4,241	2,692
<i>Total amortisation</i>	<u>11,406</u>	<u>8,774</u>
<i>Total depreciation and amortisation</i>	<u>11,833</u>	<u>9,727</u>
Depreciation expenses are \$552,051 higher than they would have been as a result of the re-assessment of residual values for assets that have been revalued.		
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
Buildings on freehold land	-	134
Leasehold improvements	4,493	3,912
Leasehold makegood	260	281
Infrastructure, plant and equipment	427	819
Assets held under finance leases	2,412	1,889
Computer software	4,241	2,692
<i>Total depreciation and amortisation</i>	<u>11,833</u>	<u>9,727</u>
Note 4E: Finance costs		
Finance leases	178	390
Lease incentives	231	4
Unwinding of discount	(59)	91
<i>Total finance costs expense</i>	<u>350</u>	<u>485</u>
Note 4F: Write-down and impairment of assets		
Financial assets		
Bad and doubtful debt expense	62	113
Non-financial assets		
Plant and equipment - impairment	7	1
Inventories - write-down	-	23
Leasehold improvements - revaluation decrement	269	-
Internally developed software - impairment	129	15
<i>Total write-down and impairment of assets</i>	<u>467</u>	<u>152</u>
Note 4G: Other Expenses		
Act of grace payments*	-	4
<i>Total other expenses</i>	<u>-</u>	<u>4</u>

*Refer to Note 28: Act of Grace Payments

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 5: Financial Assets		
Note 5A: Cash and cash equivalents		
Departmental	6,197	2,466
<i>Total cash and cash equivalents</i>	<u>6,197</u>	<u>2,466</u>
Note 5B: Trade and other receivables		
Goods and services	1,665	1,269
Appropriations receivable		
- for existing outputs	82,760	93,892
- for previous year's outputs	-	1,338
- for equity injections	-	3,769
GST receivable from the Australian Taxation Office	1,423	1,830
<i>Total trade and other receivables (gross)</i>	<u>85,848</u>	<u>102,098</u>
Less allowance for doubtful debts:		
Goods and services	(130)	(230)
<i>Total trade and other receivables (net)</i>	<u>85,718</u>	<u>101,868</u>
Receivables (gross) are aged as follows:		
Not overdue	85,475	101,380
Overdue by:		
Less than 30 days	83	20
30 to 60 days	55	71
61 to 90 days	4	49
More than 90 days	231	578
<i>Total receivables (gross)</i>	<u>85,848</u>	<u>102,098</u>
The allowance for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(130)	(230)
<i>Total allowance for doubtful debts</i>	<u>(130)</u>	<u>(230)</u>
Receivables balance is represented by:		
Current	85,718	101,868
Non-current	-	-
<i>Total receivables (net)</i>	<u>85,718</u>	<u>101,868</u>
Note 5C: Accrued Revenue		
Related entities	15	564
External entities	283	96
<i>Total accrued revenue</i>	<u>298</u>	<u>660</u>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 6: Non-Financial Assets		
Note 6A: Land and Buildings		
Freehold land:		
- fair value	-	3,610
<i>Total freehold land</i>	-	3,610
Buildings on freehold land:		
- fair value	-	10,362
- accumulated depreciation	-	(1)
<i>Total buildings on freehold land</i>	-	10,361
Leasehold improvements:		
- work in progress	1,323	3,914
- fair value	22,194	14,423
- accumulated amortisation	(2,617)	(1,100)
<i>Total leasehold improvements</i>	20,900	17,237
Leasehold make good		
- fair value	3,246	1,833
- accumulated amortisation	(1,165)	(1,015)
<i>Total leasehold make good</i>	2,081	818
<i>Total land and buildings (non-current)</i>	22,981	32,026
No indicators of impairment were found for land and buildings		
Note 6B: Infrastructure, plant and equipment		
Infrastructure, plant and equipment		
- at fair value	10,338	16,299
- accumulated depreciation	(5,345)	(3,246)
	4,993	13,053
<i>Total Infrastructure, plant and equipment (non-current)</i>	4,993	13,053
Note 6C: Heritage and Cultural		
- Artworks - at fair value	162	162

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

In 2006-07, independent valuer PrestonRowePaterson NSW Pty Ltd conducted the valuations.

On 1 July 2006 land and buildings were transferred to Administered programmes as a result of restructuring. Revaluation increments for land and buildings on freehold land in 2006 were \$335,000 and \$1,684,788 respectively.

Revaluation increments for leasehold improvements of \$401,384 (2006:\$151,074) and \$148,904 for infrastructure, plant and equipment (2006:\$772,199) were credited to the asset revaluation reserve by asset class and included in the equity section of the Balance Sheet; no decrements were expensed.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6D: Analysis of Property, Plant and Equipment.
Table A - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment - (2006-07)

	Land	Building on Freehold Land	Buildings- Leasehold Improvements	Building- Leasehold Make good	Buildings Total	Land and Buildings Total	Other IP & E	Heritage & Cultural	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006									
Gross book value	3,610	10,362	18,337	1,833	30,532	34,142	16,299	162	50,603
Accumulated depreciation/amortisation and impairment	-	(1)	(1,100)	(1,015)	(2,116)	(2,116)	(3,246)	-	(5,362)
Net book value 1 July 2006	3,610	10,361	17,237	818	28,416	32,026	13,053	162	45,241
Additions:									
by purchase	-	-	8,013	1,073	9,086	9,086	1,691	-	10,777
by finance lease	-	-	-	-	-	-	1,430	-	1,430
Revaluations and impairments through equity	-	-	401	461	862	862	149	-	1,011
Depreciation/amortisation expense	-	-	(4,493)	(260)	(4,753)	(4,753)	(2,840)	-	(7,593)
Impairments recognised in the operating result	-	-	(258)	(11)	(269)	(269)	(7)	-	(276)
Other Movements	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals:									
From disposal of entities or operations (including restructuring)	(3,610)	(10,361)	-	-	(10,361)	(13,974)	(8,483)	-	(22,454)
Other disposals	-	-	-	-	-	-	-	-	-
Net book value 30 June 2007	-	-	20,900	2,081	22,981	22,981	4,993	162	28,136
Net book value as of 30 June 2007 represented by:									
Gross book value	-	-	23,517	3,246	26,763	26,763	10,338	162	37,263
Accumulated depreciation/amortisation and impairment	-	-	(2,617)	(1,165)	(3,782)	(3,782)	(5,345)	-	(9,127)
	-	-	20,900	2,081	22,981	22,981	4,993	162	28,136



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6D: Analysis of Property, Plant and Equipment (Continued)
Table A - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment - (2005-06) (Continued)

	Land	Building on Freehold Land	Buildings- Leasehold Improvements	Building- Leasehold Make good	Buildings Total	Land and Buildings Total	Other IP & E	Heritage & Cultural	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005									
Gross book value	3,275	8,999	12,407	1,495	22,901	26,176	16,512	-	42,688
Accumulated depreciation/ amortisation and impairment	-	(188)	(3,261)	(631)	(4,080)	(4,080)	(2,424)	-	(6,504)
Net book value 1 July 2006	3,275	8,811	9,146	864	18,821	22,096	14,088	-	36,184
Additions:									
by purchase	-	-	11,851	267	12,118	12,118	489	-	12,607
by finance lease	-	-	-	-	-	-	417	-	417
Revaluations and impairments through equity	335	1,684	151	71	1,906	2,241	773	-	3,014
Depreciation/ amortisation expense	-	(134)	(3,911)	(281)	(4,326)	(4,326)	(2,708)	-	(7,034)
Write back of accumulated depreciation	-	-	-	(103)	(103)	(103)	-	-	(103)
Impairments recognised in the operating result	-	-	-	-	-	-	(6)	-	(6)
Other Movements									
Assets first recognised	-	-	-	-	-	-	-	162	162
Disposals:									
From disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-	-	-	-
Net book value 30 June 2006	3,610	10,361	17,237	818	28,416	32,026	13,053	162	45,241
Net book value as of 30 June 2006 represented by:									
Gross book value	3,610	10,362	18,337	1,833	30,532	34,142	16,299	162	50,603
Accumulated depreciation/ amortisation and impairment	-	(1)	(1,100)	(1,015)	(2,116)	(2,116)	(3,246)	-	(5,362)
	3,610	10,361	17,237	818	28,416	32,026	13,053	162	45,241

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 6E: Intangibles		
Computer software:		
Internally developed - in progress (non-current)	6,756	8,666
Internally developed - in use (non-current)	24,024	11,807
Accumulated amortisation and impairment	(7,332)	(3,353)
Externally acquired - in use (non-current)	997	1,016
Accumulated amortisation	(491)	(635)
<i>Total Intangibles</i>	23,954	17,501

Table A - reconciliation of opening and closing balances of intangibles (2006-07)

Item	Computer software internally developed \$'000	Computer software purchased \$'000
As at 1 July 2006		
Gross book value	20,473	1,016
Accumulated amortisation and impairment	(3,353)	(635)
Net book value 1 July 2006	17,120	381
Additions:		
by purchase or internally developed	10,400	422
Reclassifications	(57)	57
Amortisation	(3,979)	(261)
Impairments recognised in the operating result	(36)	(93)
Other movements		
Disposals	-	-
from disposals of entities or operations (including restructuring)	-	-
Other disposals	-	-
Net book value 30 June 2007	23,448	506
Net book value as of 30 June 2007 represented by:		
Gross book value	30,780	997
Accumulated amortisation and impairment	(7,332)	(491)
	23,448	506



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Table A - reconciliation of opening and closing balances of intangibles (2005-06)

Item	Computer software internally developed	Computer software purchased
	\$'000	\$'000
As at 1 July 2005		
Gross book value	10,416	1,016
Accumulated amortisation and impairment	(971)	(329)
Net book value 1 July 2005	9,445	687
Additions:		
by purchase or internally developed	10,072	-
Reclassifications	-	-
Amortisation	(2,386)	(306)
Impairments recognised in the operating result	(11)	-
Other movements	-	-
Disposals		
from disposals of entities or operations (including restructuring)	-	-
Other disposals	-	-
Net book value 30 June 2006	17,120	381
Net book value as of 30 June 2006 represented by:		
Gross book value	20,473	1,016
Accumulated amortisation and impairment	(3,353)	(635)
	17,120	381



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007	2006
	\$'000	\$'000
Note 6F: Inventories		
Finished goods	4	2
Inventories held for sale	4	2
<i>Total inventories</i>	4	2
All inventories are current assets		
Note 6G: Other non-financial assets		
Prepayments	1,504	1,133
<i>Total other non-financial assets</i>	1,504	1,133
All other non-financial assets are current assets		
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors	2,622	361
<i>Total supplier payables</i>	2,622	361
Note 7B: Other Payables		
Unearned revenue	375	770
Operating lease rentals	2,258	1,009
Accrued expenses	6,747	7,289
<i>Total other payables</i>	9,380	9,068

All payables are current liabilities. Settlement is usually made net 30 days.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 8: Interest bearing liabilities		
Note 8A: Leases		
Finance lease	2,278	2,640
<i>Total finance leases</i>	<u>2,278</u>	<u>2,640</u>
Payable:		
Within one year		
Minimum lease payments	2,020	1,402
Deduct: future finance charges	(85)	(119)
	<u>1,935</u>	<u>1,283</u>
In one to five years		
Minimum lease payments	363	1,400
Deduct: future finance charges	(20)	(43)
	<u>343</u>	<u>1,357</u>
<i>Finance Lease recognised on the balance sheet</i>	<u>2,278</u>	<u>2,640</u>
Finance leases exist in relation to certain office equipment assets and in relation to assets provided under the Department's IT Service Agreement.		
The IT Service Agreement lease is non-cancellable and for a fixed term of 48 months commencing from 1 July 2004. The interest rate implicit in the lease is 6.09% (2006: 5.78%). There are no contingent rentals.		
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%. There are no contingent rentals.		
Lease liability is represented by:		
Current	1,935	1,283
Non Current	343	1,357
<i>Net lease liability</i>	<u>2,278</u>	<u>2,640</u>
Note 8B: Lease incentives		
Lease incentives	<u>3,342</u>	1,534
Other interest bearing liabilities are represented by:		
Current	536	365
Non-current	2,806	1,169
<i>Total lease incentives</i>	<u>3,342</u>	<u>1,534</u>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 9: Provisions		
Note 9A: Employee provisions		
Salaries and wages	781	721
Leave	33,341	33,706
Superannuation	196	186
Other	-	224
<i>Total employee provisions</i>	<u>34,318</u>	<u>34,837</u>
Current	16,010	16,661
Non-current	18,308	18,176
<i>Total employee provisions</i>	<u>34,318</u>	<u>34,837</u>

The classification of current 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 \$11,278,000 (2006: \$12,388,000), in excess of one year \$23,019,000 (2006: \$22,449,000)

Note 9B: Other provisions

Provision for makegood	3,248	2,311
Asbestos removal provision	-	376
<i>Total other provisions</i>	<u>3,248</u>	<u>2,687</u>
Current	191	338
Non-current	3,057	2,349
<i>Total other provisions</i>	<u>3,248</u>	<u>2,687</u>

	Provision for asbestos removal \$'000	Provision for makegood \$'000	Total \$'000
Carrying amount at beginning of period	376	2,311	2,687
Additional provisions made	-	1,064	1,064
Amounts used	-	(43)	(43)
Amounts reversed	(376)	(143)	(519)
Unwinding of discount and change in discount rate	-	59	59
Amount owing at end of period	<u>-</u>	<u>3,248</u>	<u>3,248</u>

Provision for makegood

The Department currently has 18 agreements (2006: 22) 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.

Provision for asbestos removal

The provision in the comparative year represented the Department's best estimate of the costs of removing asbestos from affected properties in the Jervis Bay Territory. This provision was transferred to an Administered programme on 1 July 2006.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007	2006
	\$'000	\$'000

Note 10: Restructuring**Note 10A: Departmental Restructuring**

Following a decision of the Australian Government on 1 November 2005, the provision of services to the Jervis Bay Territory (JBT) and the administration expenses for Norfolk Island (NI) moved from Departmental Outputs to Administered Programmes. In addition to the assets and liabilities relinquished below, a reduction in the asset revaluation reserve of \$4.584m has also been recognised. The transfer took effect from 1 July 2006.

The amounts relinquished and returned are as follows:

Total assets relinquished	(22,563)	-
Total liabilities relinquished	458	(31,800)
<i>Net assets relinquished</i>	<u>(22,105)</u>	<u>(31,800)</u>

Note 10B: Administered Restructuring

In respect of the functions transferred to Administered Programmes from Departmental Outputs, the net book value of the assets and liabilities relinquished for no consideration and recognised at the date of transfer were:

Total assets recognised	22,563	-
Total liabilities recognised	(458)	-
<i>Net assets assumed</i>	<u>22,105</u>	<u>-</u>

On 25 October 2005, following a review of legislation, the Stevedoring Industry Finance Committee was transferred from the Department of Transport and Regional Services to the Department of Employment and Workplace Relations.

In respect of functions relinquished, the following assets and liabilities were transferred by the Department.

Total assets relinquished	-	(14,063)
Total liabilities relinquished	-	-
<i>Net assets relinquished</i>	<u>-</u>	<u>(14,063)</u>
<i>Net assets relinquished</i>	<u>-</u>	<u>(14,063)</u>

<i>Net increase/(decrease) in administered net assets during the year</i>	<u>22,105</u>	<u>(14,063)</u>
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Note 10C: Reduction of current year appropriation as a result of restructuring

At the time of the transfer of provision of services to the Jervis Bay Territory (JBT) and administration expenses for Norfolk Island (NI) from Departmental Outputs to Administered Programmes, the Department had an appropriation receivable relating to outputs it delivered at JBT and NI in its departmental accounts. Under the Australian Government's appropriation framework, these amounts cannot be transferred from departmental outputs to administered items. Accordingly, the Minister for Finance and Administration lapsed \$3.614m of Departmental appropriations.

Financial assets lapsed

Appropriation receivable	(3,614)	-
Total financial assets lapsed	<u>(3,614)</u>	<u>-</u>

Net return of contributed equity to Government as owner during year	<u>(3,614)</u>	<u>-</u>
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DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 11: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents per Balance Sheet to Cash Flow Statement		
Cash Flow Statement	6,197	2,466
Balance Sheet	6,197	2,466
Reconciliation of operating result to net cash from operating activities:		
Operating result	(8,893)	298
Depreciation and amortisation	11,833	9,727
Net write-down of assets	467	152
Act of Grace payment	-	4
Assets first recognised	-	(162)
	<u>3,407</u>	<u>10,019</u>
Change in operating assets and liabilities resulting from operating activities (net of restructuring)		
(Increase)/decrease in net receivables	12,381	(12,678)
(Increase)/decrease in accrued revenue	362	(91)
(Increase)/decrease in inventories	(2)	21
(Increase)/decrease in prepayments	(371)	200
Increase/(decrease) in employee provisions	(519)	6,317
Increase/(decrease) in supplier payables	2,261	(142)
Increase/(decrease) in unearned revenue	(396)	(66)
Increase/(decrease) in accrued expenses	(1,232)	1,994
Increase/(decrease) in finance leases	(1,792)	(1,343)
Increase/(decrease) in other provisions	848	392
Increase/(decrease) in other debt	1,808	(110)
Increase/(decrease) in other payables	1,249	-
<i>Net cash from operating activities</i>	<u>18,004</u>	<u>4,513</u>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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 \$20m (2006: \$3.737m).

Contingent Assets

The Schedule of Contingencies reports contingent assets in respect of monies claimed for damages/costs of nil in 2007 (2006: \$100,000).

Unquantifiable Contingencies

* NSW Rural Fire Service - Agreement to provide services to Jervis Bay Territory which includes protection from liability.

* 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 following claim against the Department has been reported as a remote contingency as there is a low likelihood of the matter being resolved against the Department.

Ain bin Marsah & Ors V Commonwealth

A claim for \$1.5m is being made against the Australian Government by ex-Christmas Island residents for unconscionable conduct.

The Department has provided indemnities to four external entities under service delivery arrangements.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007	2006
Note 13: Executive Remuneration		
The number of executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130 000 to \$144 999	-	3
\$145 000 to \$159 999	3	1
\$160 000 to \$174 999	-	1
\$175 000 to \$189 999	7	3
\$190 000 to \$204 999	7	10
\$205 000 to \$219 999	5	2
\$220 000 to \$234 999	9	8
\$235 000 to \$249 999	3	5
\$250 000 to \$264 999	2	1
\$265 000 to \$279 999	1	1
\$280 000 to \$294 999	2	1
\$295 000 to \$309 999	1	-
\$460 000 to \$474 999	1	1
Total	41	37

The aggregate amount of total remuneration of executives shown above. \$9,050,344 \$7,990,809

The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above. \$0 \$117,925

	2007	2006
	\$'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 Transport and Regional Services	365	350
	365	350

No other services were provided by the Auditor-General.

	2007	2006
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The average departmental staffing levels for the Department during the year were: 1256 1196

The average administered staffing levels for the Department during the year were: 96 91

Average staffing levels include both full-time and part-time employees measured on a full-time equivalent basis.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Financial Instruments

Note 16A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non - Interest Bearing		Total		Weighted Average Effective Interest Rate		
				1 Year or Less		1 to 5 Years		>5 Years								
		2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2006
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets																
Cash and cash equivalents	5A	-	-	-	-	-	-	-	-	-	6,197	2,466	6,197	2,466	n/a	n/a
Receivables for goods and services (gross)	5B	-	-	-	-	-	-	-	-	-	1,665	1,269	1,665	1,269	n/a	n/a
Accrued Revenue	5C	-	-	-	-	-	-	-	-	298	660	660	298	660	n/a	n/a
<i>Total</i>		-	-	-	-	-	-	-	-	8,160	4,395	8,160	4,395	8,160	4,395	
<i>Total Assets</i>														145,811	168,871	
Financial Liabilities																
Finance lease liabilities	8A	2,278	2,640	-	-	-	-	-	-	-	-	-	-	2,278	2,640	6.09%
Trade creditors	7A	-	-	-	-	-	-	-	-	2,622	361	361	2,622	361	n/a	n/a
Other provisions	9B	-	-	-	-	-	-	-	-	3,248	2,687	2,687	3,248	2,687	n/a	n/a
<i>Total</i>		2,278	2,640	-	-	-	-	-	-	5,870	3,048	5,870	3,048	8,148	5,688	
<i>Total Liabilities</i>														55,188	51,127	

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16B: Fair Values of Financial Assets and Liabilities

	Notes	2007 Total Carrying Amount \$'000	2007 Aggregate Net Fair Value \$'000	2006 Total Carrying Amount \$'000	2006 Aggregate Net Fair Value \$'000
Departmental					
Financial Assets					
Cash at bank	5A	6,197	6,197	2,466	2,466
Receivables for goods and services (net)	5B	1,535	1,535	1,039	1,039
Accrued revenue	5C	298	298	660	660
<i>Total Financial Assets</i>		8,030	8,030	4,165	4,165
Financial Liabilities (Recognised)					
Finance lease liabilities	8A	(2,278)	(2,278)	(2,640)	(2,640)
Lease Incentives	8B	(3,342)	(3,342)	(1,534)	(1,534)
Trade creditors	7A	(2,622)	(2,622)	(361)	(361)
Other provisions	9B	(3,248)	(3,248)	(2,687)	(2,687)
<i>Total Financial Liabilities (Recognised)</i>		(11,490)	(11,490)	(7,222)	(7,222)

Note 16C: Credit Risk Exposures

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Note 17: Income Administered on Behalf of Government		
Revenue		
Taxation Revenue		
<u>Note 17A: Levies, Fees and Fines</u>		
Levies	11,033	89,622
Fees	65,273	59,204
Fines	787	1,424
<i>Total levies, fees and fines</i>	77,093	150,250
Non-Taxation Revenue		
<u>Note 17B: Goods and services</u>		
Rendering of services - external entities	19,803	20,496
Rendering of services - related entities	38	72
Goods - external entities	-	60
Marine Industry Fees	49,180	46,610
<i>Total goods and services</i>	69,021	67,238
<u>Note 17C: Interest</u>		
Loans - State and Territory Governments	9,678	12,646
Other Loans	484	-
<i>Total interest</i>	10,162	12,646
<u>Note 17D: Dividends</u>		
Australian Government entities	65,300	43,100
<i>Total dividends</i>	65,300	43,100
<u>Note 17E: Contributions</u>		
Dairy RAP Reimbursements	47	1,531
AEO Contributions	850	682
Refund previous years payments	15,561	2,535
Reimbursement of prior years' levies - International Oil	34	1
Pollution Compensation Fund	-	-
<i>Total contributions</i>	16,492	4,749
<u>Note 17F: Other sources of non-taxation revenues</u>		
Other revenue	704	748
<i>Total other sources of non-taxation revenues</i>	704	748
<u>Note 17G: Royalties</u>		
Mining Royalties	1,350	2,057
Lotteries	133	108
<i>Total royalties</i>	1,483	2,165
<u>Note 17H: Rents</u>		
Housing Rental	4,536	4,415
Land Rent	70	-
Commercial Rent	559	553
<i>Total rents</i>	5,165	4,968
Total Revenues Administered on Behalf of Government	245,420	285,864



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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 For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Note 17: Income Administered on Behalf of Government - continued		
Gains		
Note 17I: Other gains		
Write-back of provision for administered loan	33	6,500
Write-back of doubtful debts provision	531	63
Total other gains	564	6,563
Note 17J: Assets first recognised		
Donated artworks	-	30,127
<i>Total assets first recognised</i>	-	30,127
Total Gains Administered on Behalf of Government	564	36,690
Total Income Administered on Behalf of Government	245,984	322,554
Note 18: Expenses Administered on Behalf of Government		
Note 18A: Grants		
State and Territory governments	3,742,032	3,091,395
Local governments	320,195	293,850
Private Sector - Non-profit entities	116,439	172,844
Overseas	1,643	1,618
Related entities	14,485	282,002
Total grants	4,194,794	3,841,709
The nature of the grants is as follows:		
Urban and regional development	111,677	138,854
Rail transport	51,310	301,046
Air transport	20,659	25,777
Road transport	2,166,202	1,611,363
Sea transport	311	4,539
Labour market assistance to job seeker and industry	758	22,276
Local government assistance	1,701,833	1,627,560
Assistance to other Governments	23,696	28,751
Natural disaster relief	111,786	75,611
General services	6,562	5,932
Total grants	4,194,794	3,841,709



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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	2007 \$'000	2006 \$'000
Note 18: Expenses Administered on Behalf of Government - continued		
Note 18B: Subsidies		
Tasmanian Freight Equalisation Scheme	89,574	92,289
Bass Straight Passenger Vehicle Equalisation Scheme	28,412	31,090
Other	9,999	9,262
<i>Total subsidies</i>	127,985	132,642
Note 18C: Employee benefits		
Wages and Salaries	3,834	3,574
Superannuation	545	552
Leave and other entitlements	558	456
Separations and redundancies	40	111
Other employee expenses	2,195	2,425
<i>Total employee benefit expense</i>	7,172	7,118
Note 18D: Suppliers		
Workers compensation premiums	81	81
Rendering of services - related entities	3,124	1,500
Rendering of services - external entities	67,207	62,250
Operating lease rentals	817	631
<i>Total suppliers</i>	71,229	64,462
Note 18E: Depreciation and Amortisation		
Depreciation		
Buildings	12,541	4,904
Other infrastructure, plant and equipment	12,023	8,740
Heritage and cultural assets	501	434
<i>Total depreciation</i>	25,065	14,078
Amortisation		
Intangibles - phosphate mine lease	153	153
<i>Total amortisation</i>	153	153
<i>Total depreciation and amortisation</i>	25,218	14,231
Note 18F: Write-down and impairment of assets		
Fair value adjustments - Loans	6,676	10,023
Plant and equipment - impairment	-	119
Land - impairment	-	30
<i>Total write-down and impairments of assets</i>	6,676	10,172



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 18: Expenses Administered on Behalf of Government - continued		
Note 18G: Net loss from disposal of assets		
Land and buildings		
Proceeds from disposal	(461)	(965)
Net book value of assets disposed	5,411	3,092
<i>Net loss from disposal of land and buildings</i>	4,950	2,127
Infrastructure, plant and equipment		
Proceeds from disposal	(2)	(25)
Net book value of assets disposed	17	25
<i>Net loss from disposal of infrastructure, plant and equipment</i>	15	-
Total proceeds from disposal	(463)	(990)
Total value of assets disposed and selling expenses	5,428	3,117
<i>Total net loss from disposal of assets</i>	4,965	2,127
Note 18H: Other Expenses		
Australian Government entities	30	91
Reimbursement of previous years' levies	367	1
Other	1,981	3,732
<i>Total other expenses</i>	2,378	3,824
Total Expenses Administered on Behalf of Government	4,440,417	4,076,284



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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	2007 \$'000	2006 \$'000
Note 19: Assets Administered on Behalf of Government		
Financial assets		
Note 19A: Cash and cash equivalents		
Administered bank accounts	240	222
<i>Total cash and cash equivalents</i>	<u>240</u>	<u>222</u>
Note 19B: Receivables		
Loans:		
State and territory governments	181,189	149,682
Other governments	9,454	9,278
Less: provision for waiving of debts	-	-
<i>Total Loans</i>	<u>190,643</u>	<u>158,960</u>
Goods and services receivable	716	1,818
Less: allowance for doubtful debts	(84)	(432)
<i>Total goods and services</i>	<u>632</u>	<u>1,386</u>
Other - GST receivable from Australian Taxation Office	1,555	2,550
<i>Total receivables (net)</i>	<u>192,830</u>	<u>162,896</u>
<p>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 either fixed or variable. Effective interest rates average 8.10% (2006: 6.00%). Interest payments are due on the last day of each quarter.</p> <p>AASB 108 - <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> states that prior period errors should be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error. In preparing the 2006-07 financial statements, the Department identified that the methodology used to calculate the effective interest rate on its concessional loans balances had not been correct. The Department's new accounting policy on Administered Loans and Receivables at note 1.23 states that loans and receivables are required to be recognised at their fair value on initial recognition. For non-current loans and receivables, this is determined as the present value of the principal repayments and future interest payments, discounted to reflect the time value of money between balance date and their expected settlement date. In applying this accounting policy, it was identified that the prior year balance was overstated by \$9.36m. In accordance with AASB 108, this correction has been made by restating the comparative value.</p>		
Not overdue	192,563	162,016
Overdue by:		
Less than 30 days	213	71
30 to 60 days	-	14
61 to 90 days	11	18
More than 90 days	127	1,209
<i>Total receivables (gross)</i>	<u>192,914</u>	<u>163,328</u>
The allowance for doubtful debts is aged as follows:		
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(84)	(432)
<i>Total allowance for doubtful debts</i>	<u>(84)</u>	<u>(432)</u>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 19: Assets Administered on Behalf of Government - continued		
Note 19C: Investments		
Australian Government authorities:		
Australian Maritime College	61,364	59,027
National Road Transport Commission	537	581
Airservices Australia	398,000	315,920
Australian Maritime Safety Authority	125,051	105,703
Civil Aviation Safety Authority	44,606	31,070
Australian Government companies:		
Australian Rail Track Corporation Limited	1,105,981	1,418,475
<i>Total investments</i>	1,735,539	1,930,776
Note 19D: Accrued Revenue		
Levies, fees and fines	6,430	11,423
Rendering of services - external entities	972	764
Interest	1,242	2,897
<i>Total accrued revenue</i>	8,644	15,084
Total Financial Assets	1,937,253	2,108,978
Non-financial assets		
Note 19E: Land and Buildings		
Land - at fair value	99,567	86,903
<i>Total land</i>	99,567	86,903
Buildings - at fair value	96,196	98,642
Accumulated depreciation	(8,287)	(590)
<i>Total buildings</i>	87,909	98,052
<i>Total land and buildings (non-current)</i>	187,476	184,956
Note 19F: Infrastructure, plant and equipment		
Infrastructure, plant and equipment - at fair value	150,528	116,494
Accumulated depreciation	(5,409)	(2,195)
<i>Total infrastructure, plant and equipment</i>	145,119	114,299



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Assets Administered on Behalf of Government (continued)
 TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment (2006-07).

	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land & Buildings - Total \$'000	Other IP&E \$'000	Heritage & Cultural \$'000	Total \$'000
As at 1 July 2006								
Gross book value	86,903	98,642	-	98,642	185,545	116,494	46,993	349,032
Accumulated depreciation/amortisation and impairment	-	(590)	-	(590)	(590)	(2,195)	(192)	(2,977)
Net book value 1 July 2006	86,903	98,052	-	98,052	184,955	114,299	46,801	346,055
Additions:								
by purchase	-	706	-	706	706	2,381	-	3,087
from acquisition of operations (including restructuring)	3,610	10,361	-	10,361	13,971	8,457	25	22,453
Revaluations and impairments through equity	6,783	2,725	-	2,725	9,508	28,184	7,290	44,982
Depreciation/amortisation expense	-	(12,541)	-	(12,541)	(12,541)	(12,023)	(501)	(25,065)
Impairments recognised in the operating result	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Reclassifications	7,579	(11,291)	-	(11,291)	(3,712)	3,838	-	126
Assets first recognised	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
From disposal of operations	-	-	-	-	-	-	-	-
Other disposals	(5,308)	(103)	-	(103)	(5,411)	(17)	-	(5,428)
Net book value 30 June 2007	99,567	87,909	-	87,909	187,476	145,119	53,615	386,210
Net book value as of 30 June 2007 represented by:								
Gross book value	99,567	96,196	-	96,196	195,763	150,528	53,852	400,143
Accumulated depreciation/amortisation and impairment	-	(8,287)	-	(8,287)	(8,287)	(5,409)	(237)	(13,933)
	99,567	87,909	-	87,909	187,476	145,119	53,615	386,210

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.19

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment (2005-06)

	Land	Buildings on Freehold Land	Buildings - Leasehold Improvements	Buildings - Total	Land & Buildings - Total	Other IP&E	Heritage & Cultural	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005								
Gross book value	69,876	103,669	-	103,669	173,545	115,298	13,372	302,215
Accumulated depreciation/amortisation and impairment	-	(8,251)	-	(8,251)	(8,251)	(9,574)	(821)	(18,646)
Net book value 1 July 2005	69,876	95,418	-	95,418	165,294	105,724	12,551	283,569
Additions:								
by purchase	13	896	-	896	909	1,553	-	2,462
from acquisition of operations (including restructuring)	-	-	-	-	-	-	-	-
Revaluations and impairments through equity	19,301	6,642	-	6,642	25,943	16,717	4,557	47,217
Depreciation/amortisation expense	-	(4,904)	-	(4,904)	(4,904)	(8,740)	(434)	(14,078)
Impairments recognised in the operating result	(30)	-	-	-	-	(30)(119)	-	(149)
Write back of accumulated depreciation	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Reclassifications	836	-	-	-	836	(836)	-	-
Assets first recognised	-	-	-	-	-	-	30,127	30,127
Disposals	-	-	-	-	-	-	-	-
From disposal of operations	-	-	-	-	-	-	-	-
Other disposals	(3,093)	-	-	-	(3,093)	-	-	(3,093)
Net book value 30 June 2006	86,903	98,052	-	98,052	184,955	114,299	46,801	346,055
Net book value as of 30 June 2006 represented by:								
Gross book value	86,903	98,642	-	98,642	185,545	116,494	46,993	349,032
Accumulated depreciation/amortisation and impairment	-	(590)	-	(590)	(590)	(2,195)	(192)	(2,977)
	86,903	98,052	-	98,052	184,955	114,299	46,801	346,055



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Assets Administered on Behalf of Government <i>continued</i>	2007	2006
	\$'000	\$'000
Note 19G: Heritage and Cultural Assets		
Heritage and cultural assets - at fair value	53,852	46,993
Accumulated depreciation	(237)	(192)
<i>Total heritage and cultural assets</i>	53,615	46,801

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

In 2006-07, independent valuers PrestonRowePaterson NSW Pty Ltd and AON Valuation Service Pty Ltd. conducted the valuations.

Revaluation increments of \$6,782,723 for land (2006: \$19,301,365), \$28,183,531 for infrastructure, plant and equipment (2006: \$16,716,265), \$7,290,425 for heritage and cultural assets (2006: \$4,552,052) and \$2,725,133 for buildings on freehold land (2006: \$6,645,672) were credited to the asset revaluation reserve by asset class; no decrements were expensed.

Note 19H: Intangibles

Phosphate mine lease - at cost	6,209	6,209
Accumulated amortisation	(4,438)	(4,285)
<i>Total intangibles</i>	1,771	1,924

TABLE A - Reconciliation of the opening and closing balances of Intangibles (2005-06)

	Phosphate Mine
	\$'000
As at 1 July 2005	
Gross book value	6,209
Accumulated amortisation and impairment	(4,132)
Net book value as at 1 July 2005	2,077
Additions	
from acquisition of operations (including restructuring)	-
Net revaluation increment/(decrement)	-
Reclassifications	-
Amortisation expense	(153)
Recoverable amount write-downs	-
Net book value as of 30 June 2006	1,924
Net book value as of 30 June 2006 represented by:	
Gross book value	6,209
Accumulated amortisation and impairment	(4,285)
Net book value	1,924

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE A - Reconciliation of the opening and closing balances of Intangibles (2006-07)

	Phosphate Mine Lease
	\$'000
As at 1 July 2006	
Gross book value	6,209
Accumulated amortisation and impairment	(4,285)
Net book value 1 July 2006	1,924
Additions	
from acquisition of operations (including restructuring)	-
Net revaluation increment/(decrement)	-
Reclassifications	-
Amortisation expense	(153)
Recoverable amount write-downs	-
Net book value as of 30 June 2007	1,771
Net book value as of 30 June 2007 represented by:	
Gross book value	6,209
Accumulated amortisation and impairment	(4,438)
Net book value	1,771



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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	2007 \$'000	2006 \$'000
Note 19: Assets Administered on Behalf of Government - continued		
Note 19I: Inventories		
Inventories held for distribution (cost) - current	1,664	1,866
Inventories held for distribution (cost) - non-current	289	289
<i>Total inventory</i>	1,953	2,155
Note 19J: Prepayments		
Grant prepayments	2,194,467	2,144,516
<i>Total prepayments</i>	2,194,467	2,144,516
<p>In June 2006, the Australian Government made additional grant funding for road projects throughout Australia under the AusLink Roads to Recovery and AusLink Improving the National Network programmes. The funding was made available through budget measures 'Investing in the nation's infrastructure - improving local roads' and 'Investing in the nation's infrastructure - improving the national network'. Payments were made to local, state and territory governments and will be expensed as project milestones are achieved.</p> <p>In June 2007, the Australian Government made additional grant funding for road projects throughout Australia under the AusLink Strategic Regional programme. The funding was made available through budget measure 'AusLink Strategic Regional programme - supplementary funding'. Payments were made to local, state and territory governments and will be expensed as project milestones are achieved.</p>		
Total Non-financial Assets	2,584,401	2,494,651
Total Assets Administered on Behalf of Government	4,521,654	4,603,629



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20: Liabilities Administered on Behalf of Government	2007	2006
	\$'000	\$'000
Provisions		
Note 20A: Employee Provisions		
Salaries and wages	29	27
Leave and other entitlements	1,146	1,272
Superannuation	4	4
Other	8	5
<i>Total employee provisions</i>	1,187	1,308
Current	557	546
Non-current	630	762
<i>Total employee provisions</i>	1,187	1,308
The classification of current 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 \$378,000 (2006: \$343,000), in excess of one year \$809,000 (2006: \$965,000)		
Note 20B: Asbestos Removal Provision		
Asbestos Removal	10,426	10,233
Current	5,637	-
Non-current	4,789	10,233
<i>Total asbestos removal provisions</i>	10,426	10,233
Note 20C: Phosphate Mine Rehabilitation Provision		
Phosphate mine rehabilitation provision	2,848	2,538
<i>Total phosphate mine rehabilitation provision</i>	2,848	2,538



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 20D: Other Provisions		
Capital works	-	10
<i>Total other provisions</i>	-	10
Total Provisions	14,461	14,089
Payables		
Note 20E: Suppliers		
Trade creditors	5,775	1,521
<i>Total suppliers</i>	5,775	1,521
All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.		
Note 20F: Grants and Subsidies		
Public sector -		
Australian Government entities	-	83
State and territory governments	8,908	8,204
<i>Total public sector</i>	8,908	8,287
Private sector -		
Commercial entities	-	1,245
Not for profit entities	2,353	56
<i>Total private sector</i>	2,353	1,301
<i>Total grants and subsidies</i>	11,261	9,588
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
Total Payables	17,036	11,109
Total Liabilities Administered on Behalf of Government	31,497	25,198
All liabilities are expected to be settled within 12 months of balance date except otherwise stated.		

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	2007 \$'000	2006 \$'000
Note 21: Administered Reconciliation Table			
<i>Opening administered assets less administered liabilities as at 1 July</i>		4,578,417	936,304
<i>Opening balance fair value adjustment - administered investments</i>		(195,237)	1,420,978
Plus: Administered income		245,984	322,554
Less: Administered expenses		(4,440,417)	(4,076,285)
Administered transfers to/from Australian Government:			
Appropriation transfers from OPA:			
Annual appropriations administered expenses		2,718,522	4,542,920
Administered assets and liabilities appropriations		47,185	10,946
Special appropriations (limited)		1,696	37,699
Special appropriations (unlimited)		1,696,003	1,627,113
Special Accounts		52,498	52,251
Transfers to OPA		(232,402)	(278,545)
Transfers to OPA non-cash		(49,180)	(46,611)
Restructuring		22,105	(14,063)
Administered revaluations taken to/(from) reserves		44,983	47,210
Change in accounting policies		-	(4,054)
<i>Closing administered assets less administered liabilities as at 30 June</i>		4,490,157	4,578,417



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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*National Jet Systems Pty Ltd:*

Underwriting by the Commonwealth for the costs of provided air services to the Indian Ocean Territories.

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 \$10m. 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.

Service Level Agreement Indemnities:

Indemnities given to Western Australian agencies and employees against all actions, suits, demands, claims, verdicts, judgements, costs and expenses which may arise from the administration or operation of the agreed services to Christmas Island and Cocos (Keeling) Island.

Territory Insurance Office (TIP) Indemnity:

Relates to the agreement with TIP to provide motor vehicle third party (personal injury) insurance services for Christmas Island and Cocos (Keeling) Island.

Civil Aviation Safety Authority:

Indemnity in relation to safety regulation activities.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 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.

Maritime Industry Finance Company (MIFCo) Limited Board Members' Indemnity:

Indemnities for MIFCo board members have been provided to protect against civil claims relating to employment and conduct as directors of MIFCo. These indemnities are unquantifiable and no expiry date has been set. As at 30 June 2007, no claims have been made.

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.

Note 23: Administered Contingent Assets

The Department has no Administered contingent assets at 30 June 2007 (30 June 2006: nil).



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Administered Investments

The principal activities of each of the controlled entities are as follows:

- * National Road Transport Commission - provides advice to Australian governments on road transport issues and reform, including safety, uniformity and environmental policies.
- * Australian Maritime College - provides education and training for the shipping and fishing industries.
- * Airservices Australia - provides services to national air transport, including air traffic control and navigation facilities, as well as airport fire fighting services.
- * Australian Maritime Safety Authority - provides regulation and oversight of Australian shipping, maritime navigation facilities and research 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.
- * Maritime Industry Finance Company Limited - provides financial assistance in connection with the reform and restructuring of the maritime (shipping and stevedoring) industry. The Australian Government's investment in the entity at 30 June 2007 was valued at nil (30 June 2006: nil) which was below the rounding threshold for the Schedule of Administered Items and accordingly, was not included in either the Schedule of Assets Administered on Behalf of Government or the Administered Investments balance at Note 19C.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Administered Financial Instruments.																
<u>Administered Interest Rate Risk</u>																
Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non - Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2007 \$'000	2006 \$'000	1 Year or Less 2007 \$'000	2006 \$'000	1 to 5 Years 2007 \$'000	2006 \$'000	>5 Years 2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 %	2007 %		
Financial Assets																
Cash and cash equivalents	19A	-	-	-	-	-	-	-	-	-	240	222	240	222	n/a	n/a
Loans to state and territory governments (gross)	19B	50,678	14,252	6,870	7,000	48,952	43,391	74,689	85,039	-	-	-	181,189	149,682	8.40%	6.00%
Loans to other governments	19B	-	-	-	-	-	-	-	-	9,454	9,278	9,454	9,454	9,278	n/a	n/a
Accrued revenue (interest)	19D	-	-	-	-	-	-	-	-	8,644	15,084	8,644	8,644	15,084	n/a	n/a
Goods and services receivables (gross)	19B	-	-	-	-	-	-	-	-	716	1,818	716	716	1,818	n/a	n/a
Total		50,678	14,252	6,870	7,000	48,952	43,391	74,689	97,262	19,054	26,403	200,243	200,243	176,084		
Total Assets												4,521,654	4,521,654	4,603,629		
Financial Liabilities																
Trade creditors	20E	-	-	-	-	-	-	-	-	5,775	1,521	5,775	5,775	1,521	n/a	n/a
Grants and subsidies payable	20F	-	-	-	-	-	-	-	-	11,261	9,588	11,261	11,261	9,588	n/a	n/a
Total		-	-	-	-	-	-	-	-	17,036	11,109	17,036	17,036	11,109		
Total Liabilities												31,497	31,497	25,198		



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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				Departmental Outputs		Total	
	Outcome 1		Outcome 2		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000				
Balance carried from previous period	11,537	5,567	75,564	39,169	98,183	97,230	185,284	141,966
Reductions of appropriations (prior years)	(6,831)	(3,666)	(50,199)	(20,835)	-	-	(57,030)	(24,501)
Adjusted balance carried for previous period	4,706	1,901	25,365	18,334	98,183	97,230	128,254	117,465
Appropriation Act (No.1)	225,619	188,898	199,208	232,312	215,332	202,930	640,159	624,140
Appropriation Act (No.3)	7,271	31,600	15,721	17,908	1,539	14,437	24,531	63,945
Appropriation Act (No.5)		242,941	-	-	-	-	-	242,941
Departmental adjustments by the finance minister (Appropriation Acts)	-	-	-	-	(3,614)	-	(3,614)	-
Comcover receipts (Appropriation Act s13)	-	-	-	-	4	113	4	113
Advance to the finance minister	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA Act s32)	-	-	-	-	-	-	-	-
Appropriation reduced by section 9 determinations (current year)	-	-	-	-	-	-	-	-
Appropriation reduced by section 10 determination (current year)	-	-	-	-	-	(12,718)	-	(12,718)
Sub-total annual appropriation	237,596	465,340	240,294	268,554	311,444	301,992	789,334	1,035,886
Appropriations to take account of recoverable GST (FMA Act s30A)	1,828	4,716	9,183	14,254	10,881	10,858	21,892	29,828
Annotations to 'net appropriations' (FMA Act s31)	-	-	12,265	10,111	4,383	7,350	16,648	17,461
Total appropriations available for payment	239,424	470,056	261,742	292,919	326,708	320,200	827,874	1,083,175
Cash payment made during the year (GST inclusive)	163,732	458,519	168,443	217,355	236,328	222,017	568,503	897,891
Appropriations credited to special accounts (excluding GST)	-	-	-	-	-	-	-	-
Balance of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations	75,692	11,537	93,299	75,564	90,380	98,183	259,371	185,284

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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. (Continued).

Particulars	Administered Expenses				Departmental Outputs				Total		
	Outcome 1		Outcome 2		2007		2006		2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Represented by:											
Cash at bank and on hand	-	-	-	-	6,197	2,466	6,197	2,466	6,197	2,466	
Receivable - departmental appropriations	-	-	-	-	82,760	93,892	82,760	93,892	82,760	93,892	
Receivable - GST receivable from customers	-	-	-	-	-	39	-	39	-	39	
Receivables - GST receivable from ATO	-	-	-	-	1,423	1,830	1,423	1,830	1,423	1,830	
Formal reductions of appropriations	-	-	-	-	-	-	-	-	-	-	
Receivables - departmental appropriations (appropriations for additional outputs)	-	-	-	-	-	-	-	-	-	-	
Less: Payables - GST payable	-	-	-	-	-	(44)	-	(44)	-	(44)	
Undrawn, unexpired administered appropriations	75,692	11,537	93,299	75,564	-	-	169,991	-	169,991	87,101	
Total	75,692	11,537	93,299	75,564	90,380	98,183	259,371	98,183	259,371	185,284	



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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			
	SPPs		NAE		SPPs		NAE	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried from previous period	271	2,500	56,650	-	31,863	27,518	-	-
Prior year section 8 determination	-	-	-	-	-	60	-	-
Reduction of appropriations (prior years)	(271)	(2,500)	(56,146)	-	(30,294)	(27,518)	-	-
Adjusted balance carried from previous period	-	-	504	-	1,569	60	-	-
Appropriation Act (No.2)	1,974,911	1,625,469	-	80,000	167,716	172,607	-	-
Appropriation Act (No.4)	54	-	-	290,459	-	-	-	-
Appropriation Act (No.6)	244,204	1,759,989	-	-	-	-	-	-
Departmental Adjustments and Borrowings	-	-	-	-	-	-	-	-
Advance to the Finance Minister	-	23,200	-	-	5,826	-	-	-
Adjustment of appropriations on change of equity function (FMA Act s32)	-	-	-	-	-	-	-	-
Refunds credited (FMA Act s30)	-	-	-	-	-	-	-	-
Appropriation reduced by a section 11 determination (current year)	-	-	-	-	-	-	-	-
Sub-total Annual Appropriation	2,219,169	3,408,658	504	370,459	175,111	172,667	-	-
Appropriations to take account of recoverable GST (FMA Act s30A)	57	348	-	-	-	-	-	-
Total appropriations available for payments	2,219,226	3,409,006	504	370,459	175,111	172,667	-	-
Cash payments made during the year (GST inclusive)	2,218,528	3,408,735	504	313,809	175,111	140,804	-	-
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	698	271	-	56,650	-	31,863	-	-
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, unexpired administered appropriations	698	271	-	56,650	-	31,863	-	-
Total	698	271	-	56,650	-	31,863	-	-



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 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

Non-Operating								Total	
Equity		Loans		Previous Years' Outputs		Admin assets and Liabilities			
2007	2006	2006	2005	2007	2006	2007	2006	2007	2006
\$'000	\$'000	\$	\$	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
3,769	5,784			1,338	1,338	90,361	88,481	184,252	125,621
-	-	-	-	-	-	-	-	-	60
-	-			-	-	-	-	(86,711)	(30,018)
3,769	5,784			1,338	1,338	90,361	88,481	97,541	95,663
2,866	10,099			-	-	101,228	11,200	2,246,721	1,899,375
-	6,821			-	-	-	7,001	54	304,281
-	-			-	-	-	-	244,204	1,759,989
-	-			-	-	-	-	-	-
-	-			-	-	-	-	5,826	23,200
-	-			-	-	-	-	-	-
-	-			-	-	-	-	-	-
-	-			-	-	-	-	-	-
6,635	22,704			1,338	1,338	191,589	106,682	2,594,346	4,082,508
-	-			-	-	-	-	57	348
6,635	22,704			1,338	1,338	191,589	106,682	2,594,403	4,082,856
6,635	18,935			1,338	-	47,185	16,321	2,449,301	3,898,604
-	-			-	-	-	-	-	-
-	3,769			-	1,338	144,404	90,361	145,102	184,252
-	-			-	-	-	-	-	-
-	3,769			-	1,338	-	-	-	5,107
-	-			-	-	-	-	-	-
-	-			-	-	-	-	-	-
-	-			-	-	144,404	90,361	145,102	179,145
-	3,769			-	1,338	144,404	90,361	145,102	179,145



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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 9	Outcome 2	
	2007	2006
	\$'000	\$'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	1,685,959	1,624,331
Appropriations credited to Special Accounts	-	-
Refunds credited (net) FMA Act s 30)	-	-
Total charged to appropriation	-	-
Estimated Actual	1,687,463	1,617,783

Protection of the Sea (Oil Pollution Compensation Fund) Act 1993 - section 35	Outcome 1	
	2007	2006
	\$'000	\$'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	155	-
Appropriations credited to Special Accounts	-	-
Refunds credited (net) FMA Act s 30)	-	-
Total charged to appropriation	-	-
Estimated Actual	160	2,000

Section 28(2) of the <i>Financial Management and Accountability Act 1997</i>	Outcome 2	
	2007	2006
	\$'000	\$'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	-	-
Appropriations credited to Special Accounts	-	-
Refunds credited (net) FMA Act s 30)	-	-
Total charged to appropriation	-	-
Estimated Actual	-	-
Payments Made	9,889	2,782

Totals for unlimited special appropriations		
Estimated Actual	1,687,623	1,619,783
Cash payments made during the year	1,696,003	1,627,113

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)

Roads to Recovery Act 2000 - section 6	Outcome 1	
	2007	2006
	\$'000	\$'000
Purpose: For funding to supplement spending on roads. All transactions under this act are recognised as administered items.		
Amounts Carried Forward from Previous Period	1,919	1,919
Appropriations to take account of recoverable GST (FMA Act s30A)	-	-
Available for Payments	1,919	1,919
Cash Payments Made During the Year (GST Inclusive) ¹	-	-
Balance Carried to the Next Period	1,919	1,919
Represented by:		
Cash Payments Made During the Year (GST Inclusive)	-	-
Appropriation Receivable	-	-
Undrawn, unapplied administered appropriations	1,919	1,919
Total	1,919	1,919

Stevedoring Levy (Collection) Act 1998 - section 7	Outcome 1	
	2007	2006
	\$'000	\$'000
Purpose: For payments in connection with stevedoring industry reform All transactions under this act are recognised as administered items.		
Amounts Carried Forward from Previous Period	47,599	85,283
Appropriations to take account of recoverable GST (FMA Act s30A)	15	15
Available for Payments	47,614	85,298
Cash Payments Made During the Year (GST Inclusive)	(1,696)	(37,699)
Balance Carried to the Next Period	45,918	47,599
Represented by:		
Cash Payments Made During the Year (GST Inclusive)	-	-
Appropriation Receivable	-	-
Undrawn, unapplied administered appropriations	45,918	47,599
Total	45,918	47,599

Totals for Limited Special Appropriations	Outcome 1	
	2007	2006
	\$'000	\$'000
Amounts Carried Forward from Previous Period	49,518	87,202
Appropriations to take account of recoverable GST (FMA Act s30A)	15	15
Available for Payments	49,533	87,217
Cash Payments Made During the Year (GST Inclusive)	(1,696)	(37,699)
Balance Carried to the Next Period	47,837	49,518
Represented by:		
Cash Payments Made During the Year (GST Inclusive)	-	-
Appropriation Receivable	-	-
Undrawn, unapplied administered appropriations	47,837	49,518
Total	47,837	49,518



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations
(Limited Amount) - continued

The Department also has responsibility for a range of Unlimited Special Appropriations which are current but have had no funds appropriated or payments made. These unlimited special appropriations include:

Section 27(4) of the *Sydney Airport Demand Management Act 1997*

Section 23(2) of the *Air Passenger Ticket Levy (Collection) Act 2001*

Section 67AH(4) of the *Australian National Railways Commission Sale Act 1997*



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Special Accounts

	2007	2006
	\$'000	\$'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	-	-
Appropriation for reporting period	51,334	50,063
GST credits (FMAA s30A)	-	-
Available for payments	51,334	50,063
Payments made to suppliers	(51,334)	(50,063)
Balance carried to next year	-	-
<i>Represented by:</i>		
Cash on call held in the OPA	-	-
Total	-	-

	2007	2006
	\$'000	\$'000
Rural Transaction Centres		
<i>Legal Authority: Telstra Corporation Act 1991 (Administered); s46.</i>		
<i>Appropriation: Financial Management and Accountability Act 1997; s21.</i>		
<i>Purpose: Enabling people in rural areas to have access to services and technology that enable them to obtain information or carry out transactions.</i>		
<i>This account is non interest bearing.</i>		
Balance carried from previous year	-	3,473
Appropriation for reporting period	-	-
GST credits (FMAA s30A)	-	-
Available for payments	-	3,473
Payments made to Official Public Account	-	(2,648)
Payments made to supplier - Departmental	-	(825)
Balance carried to next year	-	-
<i>Represented by:</i>		
Cash on call held in the OPA	-	-
Total	-	-

	2007	2006
	\$'000	\$'000
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
GST credits (FMAA s30A)	-	-
Available for payments	15,000	15,000
Payments made to suppliers	-	-
Balance carried to next year	15,000	15,000
<i>Represented by:</i>		
Cash on call held in the OPA	15,000	15,000
Total	15,000	15,000



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Special Accounts (Continued)

	2007	2006
	\$'000	\$'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. This account is non interest bearing.</i>		
Balance carried from previous year	2,188	-
Appropriation for reporting period	1,164	2,188
Available for payments	3,352	2,188
Payments made to suppliers	(753)	-
Balance carried to next year	2,599	2,188
<i>Represented by:</i>		
Cash on call held in the OPA	2,599	2,188
Total	2,599	2,188

	2007	2006
	\$'000	\$'000
Services for Other Government and Non-Agency Bodies		
<i>Legal Authority: Financial Management and Accountability Act 1997; s21.</i>		
<i>Purpose: For expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies. This account is non interest bearing.</i>		
Balance carried from previous year	224	703
Other receipts - goods and services	-	-
Available for payments	224	704
Payments made to suppliers	(24)	(479)
Balance carried to next year	200	224
<i>Represented by:</i>		
Cash on call held in the OPA	200	224
Total	200	224



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Special Accounts (Continued)

	2007	2006
	\$'000	\$'000
Other Trust Monies Account		
<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>		
<i>This account is non interest bearing.</i>		
Balance carried from previous year	805	786
Adjustment to prior year receipts incorrectly recognised as Other Trust Monies	-	-
Other receipts - goods and services	6	205
Available for payments	811	991
Payments made to suppliers	(7)	(186)
Balance carried to next year	804	805
<i>Represented by:</i>		
Cash on call held in the OPA	804	805
Total	804	805



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$	2006 \$
Note 28: Compensation and Debt Relief		
Administered		
No 'Act of Grace' payments were made during the reporting period, and there were no amounts owing as at year end. (2006: 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> (2006: no waivers)	-	-
No ex-gratia payments were provided for during the reporting period (2006: no payments).	-	-
Departmental		
No 'Act of Grace' payments were made during the reporting period, and there were no amounts owing as at year end (2006: one payment).	-	3,508
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> (2006: no waivers).	-	-
No ex-gratia payments were provided for during the reporting period (2006: no payments).	-	-
No payments were made under the 'Defective Administration Scheme' during the reporting period (2006: no payments).	-	-
No payments were made under S73 of the <i>Public Service Act 1999</i> during the reporting period (2006: no payments).	-	-



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Outcome 1		Outcome 2		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Expenses						
Administered Expenses	2,381,906	2,089,516	2,058,511	1,986,769	4,440,417	4,076,285
Departmental Expenses	174,192	158,766	55,175	64,440	227,367	223,206
Total Expenses	2,554,098	2,248,282	2,113,686	2,051,209	4,667,784	4,299,491
Costs Recovered from Provision of Goods and Services to the Non-Government Sector						
Administered	59,074	56,880	9,909	10,286	68,983	67,166
Departmental	720	1,770	5	10	725	1,780
Total Costs Recovered	59,794	58,650	9,914	10,296	69,708	68,946
Other External Revenue						
Administered Revenues						
Levies, fees and fines	74,724	148,697	2,369	1,553	77,083	150,250
Goods and services revenue from related entities	-	-	38	72	38	72
Interest	295	109	9,867	12,537	10,162	12,646
Dividends	65,300	43,100	-	-	65,300	43,100
Contributions	3,495	1,414	12,997	3,335	16,492	4,749
Other sources of non-taxation revenue	3	1	701	747	704	748
Royalties	-	-	1,483	2,165	1,483	2,165
Rents	2,561	2,655	2,604	2,313	5,165	4,968
Total Administered	146,378	195,976	30,059	22,722	176,437	218,698
Departmental Revenues						
Goods and services revenue from related entities	3,046	2,928	130	122	3,176	3,050
Rents	158	-	59	296	217	296
Total Departmental	3,204	2,928	189	418	3,393	3,346
Total Other External Revenues	149,582	198,904	30,247	23,140	179,829	222,044
Net Cost/(Contribution) of Outcome	2,344,722	1,990,728	2,073,525	2,017,772	4,418,247	4,008,500

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome. 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. There is no allocation of Administered overheads.

Note 29: Reporting of Outcomes

Note 29A: Net Cost of Outcome Delivery

Period From 1 July 2006 to 30 June 200



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs
 Period From 1 July 2006 to 30 June 2007

Outcome 1	Output 1.1.1		Output 1.1.2		Output 1.2.1		Output 1.3.1		Output 1.4.1		Output 1.4.2		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Departmental Expenses														
Employees	11,120	11,266	7,982	8,078	35,788	29,153	11,230	11,455	7,292	6,311	15,522	14,231	88,933	80,493
Suppliers	6,851	6,444	6,068	7,300	35,234	30,403	6,864	7,191	5,387	5,810	11,763	12,008	72,167	69,156
Depreciation and Amortisation	1,296	1,130	1,050	968	3,372	1,946	1,168	912	515	405	1,124	873	8,526	6,235
Write-down and Impairment of Assets	37	32	32	12	129	29	41	10	25	6	61	18	325	108
Finance Costs	30	42	26	37	105	129	33	46	21	28	45	60	259	342
Grants	14	36	734	834	945	1,218	59	-	45	300	186	45	1,982	2,433
Total Departmental Expenses	19,348	18,950	15,892	17,229	75,573	62,878	19,395	19,614	13,283	12,860	28,701	27,235	172,192	158,767
Funded by:														
Revenues from Government	19,052	19,102	15,476	15,087	68,822	63,781	19,281	19,741	12,855	12,080	27,610	24,531	163,096	154,322
Goods and Services Revenue	90	155	111	125	1,713	2,894	70	57	119	177	916	910	3,019	4,318
Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Taxation Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Departmental Revenues	19,142	19,257	15,587	15,212	70,535	66,675	19,351	19,798	12,974	12,257	28,526	25,441	166,115	158,640

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs - continued

Outcome 2	Output 2.1.1			Output 2.2.1			Output 2.2.2			Output 2.2.3			Total	
	2007	2006	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses														
Employees	20,249	22,460	5,819	5,737	1,104	1,140	1,870	28,897	31,207					
Suppliers	15,500	14,624	4,248	10,949	972	1,250	1,815	22,354	28,638					
Depreciation and Amortisation	2,649	2,287	437	1,012	91	78	115	3,308	3,492					
Write-down and Impairment of Assets	110	35	22	9	4	1	2	142	47					
Finance Costs	65	106	18	25	3	5	8	91	144					
Grants	58	580	320	332	-	-	-	383	91.2					
Total Departmental Expenses	38,631	40,092	10,864	18,064	2,174	2,474	3,810	55,175	64,440					
Funded by:														
Revenues from Government	36,757	39,578	7,991	17,230	1,912	2,234	4,003	50,161	63,045					
Goods and Services Revenue	549	395	18	(79)	310	190	6	882	512					
Rents	1	1	216	295	-	-	-	217	296					
Other Non-Taxation Revenue	-	-	-	-	-	-	-	-	-					
Total Departmental Revenues	37,307	39,975	8,225	17,446	2,222	2,424	4,009	51,261	63,854					

Outcomes 1 and 2 are described in Note 1.1. Net costs include intra-government costs that are eliminated in calculating the actual Budget outcome. Departmental comparatives have been restated to reflect the Output structure as it existed at 30 June 2006.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29C: Major Classes of Administered Revenues and Expenses by Outcome
Period From 1 July 2006 to 30 June 2007

	Outcome 1		Outcome 2		Total	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Income						
Levies, Fees and Fines	74,725	148,849	2,368	1,401	77,093	150,250
Sale of Goods and Services	59,026	56,134	9,995	11,104	69,021	67,238
Interest	295	109	9,867	12,537	10,162	12,646
Dividends	65,300	43,100	-	-	65,300	43,100
Other Sources of Non-Taxation Revenue	6,232	4,069	17,612	8,561	23,844	12,630
Total Administered Income	205,578	252,261	39,842	33,603	245,420	285,864
Administered Expenses						
Employee Expenses	-	-	7,172	7,118	7,172	7,118
Grants	2,238,483	1,942,491	1,956,311	1,899,218	4,194,794	3,841,709
Subsidies	124,535	129,335	3,450	3,307	127,985	132,642
Suppliers	14,914	15,688	56,315	48,774	71,229	64,462
Depreciation and Amortisation	1,818	1,740	23,400	12,491	25,218	14,231
Other Expenses	2,156	262	11,863	15,861	14,019	16,123
Total Administered Expenses	2,381,906	2,089,516	2,058,511	1,986,769	4,440,417	4,076,285

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome. Revenue and Expense Items have been allocated directly to the Outcome that they represent. There is no allocation of overheads within Administered Outcomes. The comparative totals for Grants have been amended to take account of \$1.814m that was spent against Outcome 2. (Refer Note 2.7D).

INDEX AND KEY TERMS



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a Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies, approved by the Joint Committee of Public Accounts and Audit (JCPAA) under subsections 63(2) and 70(2) of the *Public Service Act 1999*, 13 June 2007

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GLOSSARY OF TERMS

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.

Agency Departments of state, departments of parliaments and 'prescribed agencies' for the purpose of the Financial Management and Accountability Act 1997.

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.

Conference agreement An unincorporated association of two or more ocean carriers providing international liner cargo shipping services.

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 spent.

Portfolio agencies The different government agencies which are accountable to the Minister for Transport and Regional Services under the AAO. For a list of portfolio agencies see page 2.

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.

Reasonable adjustments The principle of providing an employee with a disability with services and/or facilities to assist them in carrying out the inherent requirements of their employment, where this does not impose unjustifiable hardship on the employer.



ACRONYMS AND ABBREVIATIONS

AACA	accredited air cargo agent
AAO	Administrative Arrangements Order
ABS	Australian Bureau of Statistics
ACC	Area Consultative Committee
ACT	Australian Capital Territory
ADRs	Australian Design Rules
AGRIS	Australian Government Regional Information Service
Airports Act	Airports Act 1996
ALC	Australian Logistics Council
ALCs	airport lessee companies
AMSA	Australian Maritime Safety Authority
AN	Australian National Railways Commission
ANAO	Australian National Audit Office
AODC	Australian Outback Development Consortium
APEC	Asia-Pacific Economic Cooperation
APG	Aviation Policy Group
APS	Australian Public Service
APSC	Australian Public Service Commission
APTANAC	Accessible Public Transport National Advisory Committee
AQIS	Australian Quarantine and Inspection Service
ARFF	aviation rescue and fire fighting
ARTC	Australian Rail Track Corporation
ASAF	Aviation Security Advisory Forum
ASIC	Aviation Security Identification Card
ATC	Australian Transport Council
ATS Act	Aviation Transport Security Act 2004
ATSB	Australian Transport Safety Bureau
AusLink Act	AusLink (National Land Transport) Act 2005
AWA	Australian Workplace Agreement
BTRE	Bureau of Transport and Regional Economics
CAfé	Collective Agreement further education
CASA	Civil Aviation Safety Authority
CCTV	closed-circuit television
CMRS	Confidential Marine Reporting Scheme
COAG	Council of Australian Governments
CPA	Competition Principles Agreement
DIAC	Department of Immigration and Citizenship
DOTARS	Department of Transport and Regional Services
ECMT	European Conference of Ministers of Transport
EEGO	Energy Efficiency in Government Operations
EMS	Environmental Management System
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999
ESD	ecologically sustainable development
ETD	explosive trace detection

FIRS	Federal Interstate Registration Scheme
FMA Act	Financial Management and Accountability Act 1997
FOI	freedom of information
FOI Act	Freedom of Information Act 1982
GJ	gigajoule (of energy)
GLS	green lease schedule
GNSS	Global Navigation Satellite System
GST	goods and services tax
HR	human resources
HREOC	Human Rights and Equal Opportunity Commission
IAAG	infrastructure assurance advisory group
IASC	International Air Services Commission
ICAO	International Civil Aviation Organization
ICT	information and communication technology
IGA	intergovernmental agreement
IGWLTS	International Working Group on Land Transport Security
IIP	Investor in People
IMO	International Maritime Organization
IOPC	International Oil Pollution Compensation
IOTs	Indian Ocean Territories
ISPS Code	International Ship and Port Facility Security Code
IT	information technology
ITS Act	Inspector of Transport Security Act 2006
ITSA	International Transportation Safety Authority
JCPAA	Joint Committee of Public Accounts and Audit
KAVHA	Kingston and Authur's Vale Historic Area (Norfolk Island)
L	litre
LAGs	liquids, aerosols and gels
LEADS	Leadership Excellence through Action, Development and Seminars
LED	light-emitting diode
LGA	local government authority
MALT	Maritime and Land Transport
MIFCo	Maritime Industry Finance Company Limited
MISCF	Maritime Industry Security Consultative Forum
MJ	megajoule (of energy)
MOU	memorandum of understanding
MP	Member of Parliament
MSIC	Maritime Security Identification Card
MTOFS Act	Maritime Transport and Offshore Facilities Security Act 2003
NAFC	National Aerial Firefighting Centre
NAS	National Airspace System
NREF	National Regional Evaluation Framework
NRSS	National Road Safety Strategy
NSW	New South Wales
NT	Northern Territory

NTC	National Transport Commission
NTSC	National Transportation Safety Committee (Indonesia)
OECD	Organisation for Economic Cooperation and Development
OH&S	occupational health and safety
OSCAR	Online System for Comprehensive Reporting
OTS	Office of Transport Security
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PBS	performance-based standards
PC	Productivity Commission
PSAES	Portfolio Supplementary Additional Estimates Statements
Qld.	Queensland
RACA	registered air cargo agent
RAIS	Regional Australia Impact Statement
RASS	Remote Air Services Subsidy
RAWS	Registered Automotive Workshop Scheme
RDC	Regional Development Council
REPCON	Report Confidentially
RIPT	real income per taxpayer
RNAV	area navigation
RTC	Rural Transaction Centre
SA	South Australia
SCOT	Standing Committee on Transport
SES	Senior Executive Service
SIIMS	Safety Investigation Information Management System
SRAC	Sustainable Regions Advisory Committee
Tas.	Tasmania
TNIP	transparent noise information package
TSWG	Transport Security Working Group
UK	United Kingdom
UN	United Nations
UNECE	United Nations Economic Commission for Europe
US	United States of America
Vic.	Victoria
WA	Western Australia
WTO	World Trade Organization
XPT	express passenger train

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CORRECTIONS TO 2005–06 ANNUAL REPORT

No material errors have been identified in the 2005–06 Annual Report. However the following minor corrections apply to the printed version:

- On pages 30 and 223 the year 2004–05 was used instead of 2005–06
- The following wording on page 79; 'upgrading the Great Northern Highway in Victoria and the Great Eastern and Eyre highways in Western Australia...' should have read, 'upgrading the Great Northern Highway, the Victoria Highway, the Great Eastern Highway and the Eyre Highway in Western Australia...'