

# Annual Report 2005-06



## ACKNOWLEDGEMENTS

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

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ISSN 1443-3389

ISBN 19210952-3-7

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**Australian Government**

**Department of Transport and Regional Services**

**Secretary**

The Hon Warren Truss MP  
Minister for Transport and Regional Services  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I am pleased to present the Annual Report of the Department of Transport and Regional Services for the year ended 30 June 2006.

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.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael J. Taylor'.

Michael J. Taylor  
SECRETARY  
27 September 2006

cc The Hon Jim Lloyd MP  
Minister for Local Government, Territories and Roads

## 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 2006
- 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 333.

Tables throughout the report use notations as follows:

\$m    \$ million                    -    zero, 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](http://www.agimo.gov.au)

This report is also available on our website [www.dotars.gov.au](http://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. Each 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](mailto:annualreport@dotars.gov.au)    or     02 6274 7111 or    write (no stamp required) to:  
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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 focussed · We are committed to improving our skills · We are diverse, trusting and respectful of each other

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# CHAPTER 1

Year in Review





## SECRETARY MIKE TAYLOR REPORTS

I have much pleasure in delivering my second report as Secretary of the Department of Transport and Regional Services. The department's Executive Team has identified the key priorities and implementation programmes to deliver on its legislative, regulatory and government policy undertakings. These priorities are focused around the core responsibilities of our department—assisting regions to manage their own futures and fostering a safe, secure and sustainable transport system.

This year we have built on those priorities and also placed considerable emphasis on improving governance and programme management. In parallel, we worked to improve our internal financial management and business planning processes.

### Strengthened regional programmes and partnerships

Streamlined processes were introduced in 2005–06 to improve the Regional Partnerships Programme, and the department continued its active engagement with remote Indigenous communities via the Council of Australian Governments (COAG) East Kimberley Indigenous Trial.

### Support for territories, local governments and disaster relief

The department was actively involved in relief efforts for tropical cyclones Larry and Monica, and has commenced a significant coordination role in addressing alternative governance arrangements on Norfolk Island, as well as providing extensive ongoing support for the Indian Ocean Territories. The department facilitated the Australian Government's programme of support for local government through grants of \$1.6 billion and \$615 million through the Roads to Recovery and Improving Local Roads programmes.

### Transport safety

The department, through the Australian Transport Safety Bureau, continued to carry out major aviation, rail and maritime investigations and also sought to improve the timeliness of investigation reporting.

### Transport security enhanced

We continued to deliver important aviation and maritime security programmes, progressed the implementation of the Wheeler Review of airport security and policing recommendations, and commenced the implementation of the Maritime Security Identity Card.

During the year we strengthened surface transport related links with state and territory governments and, in partnership, commenced a review of surface transport security in Australia.

### Aviation and airport developments

The department supported a review of Australia's international air services policy settings, which resulted in a major policy statement in February 2006. A range of successful negotiations were undertaken with other governments to facilitate the growth of international air services which support Australia's aviation, business and tourism industries.

The department worked closely with airports, including on security of operations and on a range of development proposals at the leased federal airports.

The Asia Pacific region was a strong focus of the department's transport work during 2005–06, including engagement with regional neighbours in support of improvements in aviation safety administration. Work was also done in preparation for the March 2007 APEC Transport Ministers Meeting which will address safety, security and trade facilitation issues.





### Infrastructure planning and investment—AusLink

Major and historic progress was made with the proclamation of AusLink legislation. Bilateral agreements with states and territories were finalised to facilitate the implementation of the government's revised and expanded land transport programme. Nearly \$4.5 billion was spent by the Australian Government in 2005–06 on land transport infrastructure.

### Maritime and land transport

Maritime policy continued to be developed proactively with industry, and a major policy improvement was made to emergency management arrangements for shipping in Australia.

Vehicle safety standards work, in conjunction with industry, continues to ensure that Australia has leading technical standards for its vehicle fleet.

Through COAG, the department contributed to the establishment of the National Reform Agenda. We are progressing this programme of transport reform in conjunction with the states and territories.

### Portfolio strategic policy and research projects

The Strategic Projects team and the Bureau of Transport and Regional Economics supported the work of the department and portfolio through the provision of advice, economic analysis and information about the factors affecting the transport sector and regional Australia.

### Staffing and people initiatives

In late June 2006, the department lodged a collective agreement for the next three financial years, outlining salaries and conditions for the majority of our staff. During the year, a People Management Committee was established, the graduate recruitment programme was expanded, and learning and development opportunities were enhanced.

### In summary

This year was one of excellent performance by the department's staff, with significant progress being achieved on all of the government's policy initiatives. The professional approach and personal commitment of our staff in carrying out our work is demonstrated by the summary results detailed in the following section of this annual report. Our staff and work are supported by our extremely capable senior executive and deputy secretary team. I pay tribute to all our staff for their dedication and contribution to the successful work of the department.

Michael J Taylor  
SECRETARY



## REGIONAL SERVICES

The Australian Government recognises the significant challenges facing regional Australia from globalisation, industry restructuring, skills shortages, ongoing population shifts and environmental impacts, and has put in place frameworks to enable regions to lead their own development, working in partnership with other state, territory and local governments, the private sector and regional communities.

### Regional programmes strengthened

In 2005–06, the government provided grants for 309 projects under the Regional Partnerships Programme and for 55 under the Sustainable Regions Programme.

The Minister for Transport and Regional Services announced changes to improve the Regional Partnerships Programme by streamlining processes and improving decision making. The minister also announced a separate appropriation to support three-year funding for area consultative committees, commencing in July 2006, and four new priorities for increased attention by the committees and the programme (small and disadvantaged communities; youth; skills shortages and economic growth; and Indigenous communities).

The department supported the newly established Regional Partnerships Ministerial Committee. It has centralised its grants assessment function, resulting in project assessment times being halved, and completed a review of the programme guidelines.

In the May 2006 Budget, the government announced that some funding would be carried over to 2006–07 to allow projects in the eight initial areas of the Sustainable Regions Programme to be completed.

In 2005–06, the department made progress on 40 regional initiatives announced as election commitments, including the Rural Medical Infrastructure Fund; six regional icon projects; 14 projects across New South Wales, Victoria, Queensland and Western Australia to create jobs, business opportunities and community benefits; 16 projects in the Strengthening Tasmania's Economy and Building a Better Community statement; and two new areas for the Sustainable Regions Programme. In addition, arrangements were made to have Bank@Post facilities installed in 132 licensed post offices across regional Australia.

In 2005–06, the government continued to provide air subsidies for 223 remote communities supporting transfer of goods, services and passengers through the Remote Air Subsidy Scheme. The government gave \$500,000 to the Foundation for Rural and Regional Renewal to continue to provide small grants to communities in partnership with private sector donors.

### Indigenous partnerships strengthened

Four remote Indigenous communities participating in the COAG East Kimberley trial continue to engage with governments, including the Australian Government, to better deliver tangible outcomes for their communities and regions.

Community members from Balgo, Billiluna, Mulan and Ringer Soak have set priorities, attended governance workshops, and identified projects to support youth, improve environmental health and strengthen community safety. Many of these activities are reflected in shared responsibility agreements, the number of which is increasing as communities gain confidence in negotiating arrangements.

Work on the trial is guided by a regional reference group with representatives from the community, the Australian Government, the Western Australian Government and Halls Creek Shire. The group operates as a forum for regional planning and cooperation and is achieving strong community engagement, increasing regional focus and providing strategic direction to the trial.

## TERRITORIES AND LOCAL GOVERNMENT

### Local government supported to deliver essential services

We assisted the government finalise its 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), and continue to help the government implement the decisions it has made in relation to the report.

In April 2006, an intergovernmental agreement on local government issues was signed by the Australian Local Government Association, the Australian Government and all state and territory governments, under the auspices of the Local Government and Planning Ministers' Council.

### Territory services on target and governance improving

The government spent a total of \$58.0 million through the Services to Indian Ocean Territories Administered Programme. A range of services was provided to the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands, either directly or through service delivery arrangements with the Western Australian Government or through contracted service providers.

In February 2006, the Minister for Local Government, Territories and Roads announced consideration of far-reaching changes to Norfolk Island's governance arrangements in response to the territory's deteriorating financial situation. We are coordinating work across government to help develop an alternative governance framework.

### Support for disaster relief, recovery and mitigation

Through its role in managing the government's Natural Disaster Relief Arrangements, the department helped to develop prompt relief assistance for the victims of tropical cyclones Larry and Monica. In 2005-06, we were notified of 51 major disaster events, including 6 cyclones, 21 bushfires, 13 storms and 11 floods.

## AUSTRALIAN TRANSPORT SAFETY BUREAU

### Safety enhanced

The Australian Transport Safety Bureau (ATSB) continued to initiate aviation accident investigations and release important investigation reports, and made good progress on the new Safety Investigation Information Management System. The ATSB improved the timeliness of marine and rail investigations, facilitated stakeholders' initiation of over 120 aviation safety actions, and made 22 aviation, 40 marine and 83 rail safety recommendations.

ATSB safety research and education activities were successful, and aviation and road safety research reports were well received by stakeholders.

Our safety website ([www.atsb.gov.au](http://www.atsb.gov.au)) received 14.75 million hits, and the hit rate continues to grow.





## OFFICE OF TRANSPORT SECURITY

### Surface transport security enhanced

The continued threat to security in the transport sector, exemplified by the London bombings of July 2005, has reinforced the need for our continued vigilance.

Since the London terrorist attacks, and through the Transport Security Working Group, the department has worked closely with the National Counter-Terrorism Committee and senior transport officials from each state and territory to strengthen and build on Australia's surface transport security arrangements.

Through a range of measures, we continue to lead and support the further development and implementation of security enhancements in the surface transport sector. We have worked closely with transport experts in the states and territories to broaden the capacity of transport operators, their staff and the general public to contribute to the security of surface transport, facilitate incident planning and preparation by operators, and support an integrated approach to transport security.

COAG agreed on a national code of practice for closed-circuit television (CCTV) in the mass transport sector, and the department progressed the review of current CCTV technology.

The state and federal Transport Ministers have agreed to establish a working group of officials to work with the Inspector of Transport Security, Mr Mick Palmer AO APM, to report on the effectiveness of surface transport security arrangements. The report is likely to be finalised by December 2006, with results provided to the Australian Transport Council and National Counter-Terrorism Committee.

### Aviation and maritime security tightened

Aviation security regimes were further strengthened in the past 12 months, as major airlines and airports developed new transport security programmes, consistent with the requirements of the *Aviation Transport Security Act 2004*. Enhanced national standards for screening were introduced and, since 1 January 2006, all outgoing checked baggage on international flights has had to be screened using X-ray screening equipment.

In September 2005, the government agreed to the 17 recommendations from the Wheeler Review. During the remainder of 2005-06, the department worked steadily to implement these recommendations, most of which will be fully implemented by early 2007.

The government allocated an additional \$38 million to strengthen air cargo security arrangements. Major air cargo handlers have been provided with explosives trace detection equipment to be used in cargo terminals that handle international air cargo. The Regulated Air Cargo Agent Scheme was subjected to increased audit and compliance activities, and an additional 29 transport security inspector positions have been established to undertake this work.

Rollout of the Maritime Security Identity Card scheme commenced on 1 November 2005. The scheme is due to be implemented by January 2007. Everyone who needs unescorted access to maritime security zones is required to hold a valid card.

Further amendments to the *Maritime Transport and Offshore Facilities Security Act 2003* were developed to increase the powers of maritime security guards and to simplify the approval process for changes to security plans. It is expected that parliament will debate the amendments in early 2006-07.

Regional aviation security regimes have been further improved by:

- the installation of hardened cockpit doors on all passenger aircraft with a seating capacity of 30 or more
- provision of metal detection equipment to more than 140 regional airports
- the conduct of a CCTV trial at four regional airports
- delivery of training packages addressing basic security awareness for regional airline and airport operators and their staff.

## AVIATION AND AIRPORTS

### Helping to enhance transport safety in the Asia-Pacific region

In aviation, the department continued to participate in activities to promote and deliver enhanced safety in the Asia-Pacific region and to reinforce directions for ensuring that safety supervision obligations are well administered globally. This included providing ongoing assistance to Papua New Guinea's Civil Aviation Authority through the Enhanced Cooperation Programme, representation on the Pacific Aviation Safety Office (PASO) Council, hosting a conference of the International Civil Aviation Organization Asia-Pacific directors general of civil aviation, and sponsoring a meeting of Pacific islands aviation officials.

The establishment of PASO was a key element of the Regional Safety Regulation Oversight initiative in the Pacific Islands Forum's Aviation Action Plan. PASO is an example of how regional initiatives can enable economies of scale through collaboration on safety and security.

Our active participation on the PASO Council assisted the establishment of the organisation following the Asian Development Bank's declaration of loan effectiveness on 26 June 2006. It is expected that safety oversight services will be offered to the region in the latter part of 2006.

Following a request from the Government of Indonesia, the Australian Government provided assistance in the operations of the advanced air traffic system in the Makassar Air Traffic Management Centre in eastern Indonesia. This assistance was funded through the Australian Agency for International Development, and support was provided by Airservices Australia from January to March 2006.

### Preparations for APEC 2007

The department is actively involved in the preparations for the 5th Asia-Pacific Economic Cooperation (APEC) Transportation Ministers Meeting, which is to be held in Adelaide in March 2007. The meeting is one of the APEC meetings that Australia is responsible for as APEC host in 2007, and the department is working closely with other government agencies to ensure a whole-of-government approach to the APEC Australia 2007 year. The meeting will provide an opportunity for transport ministers to advance liberalisation and facilitation of trade in all modes of transportation as part of the broader APEC agenda in the Asia-Pacific region. The key focus for the meeting will be safety, security and facilitation of trade in the transport sector.

The department regularly participates in the APEC Transportation Working Group, which meets twice each year. The working group plays an important role in progressing initiatives identified by APEC transport ministers and leaders as assisting trade facilitation in the Asia-Pacific region. The department recently assumed the role of chair of the working group.





## CASE STUDY—A COMPREHENSIVE REVIEW OF AIR SERVICES POLICY

The distances that separate Australia from many of our trading partners and prospective tourist markets make a competitive aviation industry critical. Aviation plays a central role in providing access to Australia's trade and tourism markets, and provides an important link between Australians and our overseas friends and families.

In 2005, the government announced that it would review Australia's international air services policy. The review, which was the first such review since 2000, found that the current policy of liberalising air services arrangements is right for Australia. Importantly, Australia will continue to recognise 'open skies' as an aspirational goal to be sought on a case-by-case basis when it is in the overall national interest. Increasingly open aviation markets enable Australians to have better access to the benefits of a competitive aviation sector, and Australian airlines better access to international markets.

In announcing the outcomes of the review, the government included four new objectives in its approach to negotiating international air services agreements. It indicated that it will:

- continue to address Australia's trade and economic interests through Australia's air services policy
- seek to maintain and expand access to a range of aviation hubs
- give explicit recognition to the importance of an Australian-based airline industry
- recognise the vital contribution that foreign carriers make to the aviation industry.

The objectives require some balanced judgment. The review found that retaining Australian-based airlines, and encouraging their growth, is of key economic and strategic interest to Australia, because of the national income they provide, their critical importance as the key drivers of Australian tourism and the important role they play in times of crisis in the region, such as during the Asian tsunamis and the Bali bombings. At the same time, the review found that Australia also needs to attract and retain major foreign airlines to provide competition and improve our access to global trade and tourism markets.

The government announced that it will continue to improve access to Australia's regions by offering foreign carriers unlimited access to all airports other than the four major gateways of Sydney, Melbourne, Brisbane and Perth.

As part of the review, the department consulted broadly with other government agencies. This included a significant effort in research and analysis supported by the Bureau of Transport and Regional Economics.

The government's revised approach provides the framework for the department to negotiate access for Australian international airlines to international air space as part of our bilateral air services arrangements. The policy will build access for Australians to international air services and provide a sustainable basis for the operations of Australian airlines and the broader aviation and tourism sectors.



## AUSLINK

### Additional funds provided to local communities

The *AusLink (National Land Transport) Act 2005* was proclaimed on 28 July 2005.

During the year, the department completed the negotiation of AusLink's bilateral agreements with all states and territories and administered \$4.5 billion in grants for national land transport infrastructure, including \$1.2 billion for more than 160 major projects for the AusLink National Land Transport Network. A further \$7.8 million was spent on research and technology projects.

These funds included additional payments of nearly \$2.4 billion in 2005–06, made up of:

- \$1.8 billion to states and the Northern Territory to complete major roadworks packages by the end of 2009
- \$308 million to about 700 councils around Australia for improving local roads
- \$270 million to the Australian Rail Track Corporation, which has advised that these funds will be used to complete the installation of concrete sleepers on the main line from Melbourne to Brisbane.

In total, \$220 million is being provided for a range of Strategic Regional Programme projects to mid-2009. In March 2006, the government called for project proposals for regional land transport infrastructure. The department is assessing applications, and the Australian Government expects to announce the successful projects later in 2006.

## MARITIME AND LAND TRANSPORT

### Council of Australian Governments National Reform Agenda

We contributed actively to the government's review of National Competition Policy in 2005, which culminated in COAG establishing the National Reform Agenda in February 2006. The agenda includes strong commitments to national transport reforms. This work will remain a key focus for the department in the coming year.

### Maritime salvage

We were partners in the development and implementation of the National Maritime Emergency Response Arrangement, which provided the means for the establishment of a single national body to coordinate and manage responses to maritime incidents that occur around the Australian coastline.

### Furthering transport reform

The National Reform Agenda aims to raise living standards and improve services by lifting the nation's productivity. Transport reform is a key element on the agenda, with objectives including identification of options for efficient road and rail freight infrastructure pricing to maximise net benefits to the community; harmonisation and reform of road and rail regulation, including access, safety and productivity-based reforms; the finalisation of the AusLink Corridor Strategies; and a review of urban congestion trends, impacts and solutions.

The department continues to work closely with the Australian Transport Council, the National Transport Commission and jurisdictions on these transport reforms, and will continue to engage closely with COAG officials.



## PORTFOLIO STRATEGIC POLICY AND PROJECTS

### Bureau of Transport and Regional Economics

In 2005–06, the Bureau of Transport and Regional Economics (BTRE) released *Freight measurement and modelling in Australia*, a comprehensive analysis of trends in Australian freight transport since the 1970s and of the future outlook. BTRE also released *Demand projections for AusLink non-urban corridors: methodology and projections*, and commenced a collaborative project with states and territories to improve nationally available land transport data and analysis.

The BTRE Transport Colloquium, held in Parliament House, Canberra, with close to 200 participants, focused on transport reform. Issues addressed, such as urban congestion and rail harmonisation, were also the subject of BTRE research, for release in 2006–07.

BTRE also released a new report aimed at improving understanding of factors influencing regional social and economic development in Australia, *Focus on regions no. 4: social capital*.

### Strategic Projects

During 2005–06, the department's 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, natural resource management, reform of rail regulatory arrangements, and competition policy.

## MANAGEMENT

### Continued growth of and support for staff

During 2005–06, departmental staff numbers grew by over 11 per cent to 1,287. A large part of this increase has been in the Office of Transport Security, which increased from 240 in 2004–05 to 306 employees in 2005–06. Our graduate programme increased from 31 to 37 graduates.

Detailed workforce planning has been implemented and is being incorporated into business plans and the quarterly business review process. The Senior Executive Service Management Team meets regularly to develop strategies to build the department's capability and to plan for likely future business priorities as part of the annual business planning cycle.

A new collective agreement was lodged, providing pay rises and improvements in conditions for employees (see page 183). Improvements in staff development have also been introduced, with new programmes in place for Indigenous cultural awareness, giving and receiving feedback, and working ethically and professionally in the Australian Public Service. Work is well underway for the introduction of a leadership programme during 2006–07.

### Accommodation

The growth in staff numbers has resulted in changes in the department's accommodation requirements.

During 2005–06, the department continued with its National Office Accommodation Reconfiguration Programme. While some work was undertaken in other Canberra buildings, the main focus of the activity in the national office was in the 111 Alinga Street and 4 Mort Street buildings.

Regionally, the department undertook accommodation expansion, reconfiguration and refurbishment in Melbourne, Sydney, Brisbane and Darwin. The primary growth factor nationally was the continued expansion of the Office of Transport Security as a result of its increased responsibilities and functions.



We also worked towards positioning the department strategically to consolidate its national office arrangements in future years.

#### Cost recovery

There were no changes to the department's cost recovery arrangements during 2005–06.

## 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. As well, 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

In 2005–06, the department reported a nearly balanced operating outcome, broadly in line with that projected at the time of the 2006–07 Budget (see Table 1.1).

After removing the one-off impact of the write-back of an asbestos-related disease claims provision, revenue rose by around \$20.0 million, due largely to the impact of new measures announced in the 2005–06 Budget and subsequent estimates updates.

Expenses rose by \$34.6 million, reflecting the full-year impact of 2004–05 Budget measures, together with activities associated with new measures announced in the 2005–06 Budget.

Removing the one-off impact, the department's net asset position improved by \$20.2 million, largely due to:

- an increase in appropriation receivables, most of which relates to depreciation
- an increase in non-financial assets, reflecting leasehold improvements and enhancements to internally developed IT software.

This was partly offset by an increase in employee provisions.

The balanced operating result and increase in net assets continues to reflect the department's efforts in managing its resources and strengthening its balance sheet. These efforts are aimed at building a strong and sustainable financial future, and we will continue to strive for improvements.





Table 1.1 Summary of departmental financial performance and position

		2001–02 \$m	2002–03 \$m	2003–04 \$m	2004–05 \$m	2005–06 \$m	Change last year %
Revenue from government		213.0	229.3	222.8	197.1	217.4	10.3 ▲
Other revenue		20.7	17.5	18.9	40.1	6.1	84.8 ▼
<b>Total revenue</b>		<b>230.4</b>	<b>246.8</b>	<b>241.7</b>	<b>237.2</b>	<b>223.5</b>	<b>5.8 ▼</b>
Employee and supplier expenses		169.7	194.2	195.8	176.6	209.5	18.6 ▲
Depreciation		11.2	12.8	14.0	8.2	9.7	18.3 ▲
Other expenses		14.6	19.6	91.2	7.2	4.0	44.4 ▼
<b>Total expenses</b>		<b>195.5</b>	<b>226.6</b>	<b>301.1</b>	<b>192.0</b>	<b>223.2</b>	<b>16.3 ▲</b>
<b>Operating result (Loss)</b>		<b>34.7</b>	<b>20.1</b>	<b>(59.4)</b>	<b>45.2</b>	<b>0.3</b>	<b>99.3 ▼</b>
Financial assets	A	38.8	109.6	160.7	93.0	105.0	12.9 ▲
Non-financial assets	B	225.0	250.9	247.9	46.8	63.9	36.5 ▲
Liabilities	C	40.3	48.3	108.9	74.1	51.1	31.0 ▼
<b>Net assets = A + B – C</b>		<b>223.5</b>	<b>312.1</b>	<b>299.7</b>	<b>65.6</b>	<b>117.7</b>	<b>79.4 ▲</b>

Note: Historical data reflect 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.

#### Administered finances - accuracy of estimates improves despite significant changes

The Australian Government provided appropriations totalling \$6.4 billion for grants, subsidies and other administered expenses in 2005–06, including additional appropriations of \$2.0 billion provided in the Portfolio Supplementary Additional Estimates Statements (see Table 1.3).

Expenses totalling \$4.1 billion were recognised during the year, with the major contributors being:

- AusLink infrastructure investment (\$1,597.9 million)
- Local Government Financial Assistance Grants (\$1,618.6 million)
- AusLink rail infrastructure investment (\$270.0 million)
- Tasmanian Freight Equalisation Scheme (\$92.3 million)
- Regional Partnerships Programme (\$83.7 million)
- Natural Disaster Relief Arrangements (\$69.1 million).

In aggregate, the administered programmes managed by the department were under-expensed by \$217.0 million or 5.1 per cent, of which \$171.7 million was rephased (moved between years to a later year) or returned to the Budget, either at the Portfolio Supplementary Additional Estimates update or during the 2006–07 Budget process. The major variances are shown in Table 1.2.

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

Programme	Underexpenses (\$)	Information
Canberra International Airport—runway strengthening	19.5 m	page 33
Natural Disaster Relief Arrangements	20.4 m	page 167

Taxation revenue collected on behalf of the Australian Government remained largely unchanged in 2005–06 with a rise in revenue from airport noise levies at Sydney and Adelaide airports (\$2.4 million) and interstate road transport registration fees (\$1.8 million), offset, in part, by a fall in stevedoring levies (\$3.0 million).

Non-taxation revenue and gains rose \$36.2 million overall, due mainly to increases associated with recognition of the Sidney Nolan art collection (\$30.1 million) and the write-back of a provision for administered loans (\$6.5 million).

Changes to the Finance Minister's Orders, consequent on adoption of Australian Equivalents to International Financial Reporting Standards whereby administered investments are valued at fair value rather than cost, had a substantial impact on the administered balance sheet, increasing net assets by \$1,421.0 million.

Other events that affected net assets included:

- the prepayment of grants under the AusLink and Canberra International Airport runway strengthening programmes (\$2,144.5 million)
- a drop in the value of the guarantee to cover borrowings by the Maritime Industry Finance Company Ltd, following the company's full repayment of its borrowings (\$33.5 million).

Figure 1.1 illustrates the mix of administered assets at 30 June 2006. For more information, see the audited financial statements (see page 244).



Figure 1.1 Value of administered assets held at 30 June 2006

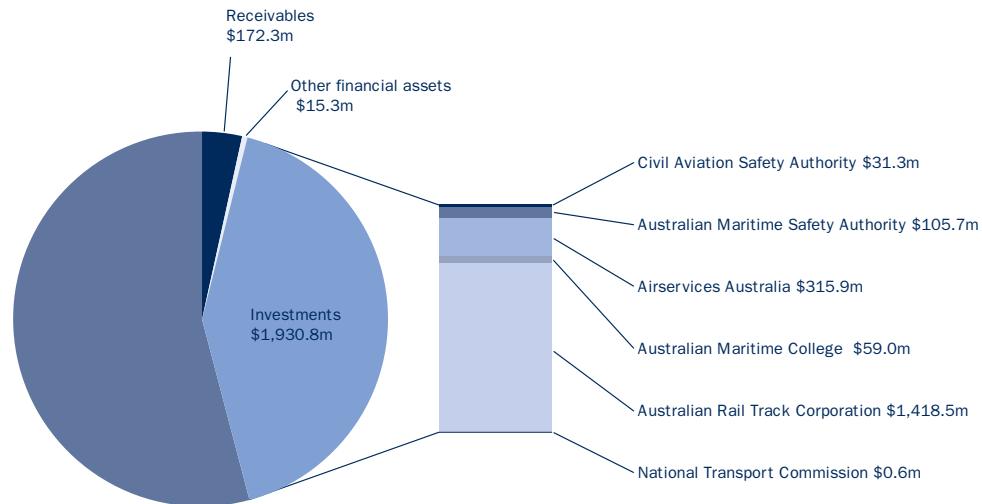


Table 1.3 Summary of administered financial performance and position

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m	2005-06 \$m	Change last year %
Taxation revenue	275.9	294.9	147.2	151.6	150.1	0.9 ▼
Non-taxation revenue	75.7	132.4	142.7	138.4	172.4	24.6 ▲
<b>Total revenue</b>	<b>351.6</b>	<b>427.3</b>	<b>289.9</b>	<b>290.1</b>	<b>322.5</b>	<b>11.2 ▲</b>
Grants	3,366.0	2,966.6	3,549.8	3,620.9	3,841.7	6.1 ▲
Subsidies	92.3	147.9	134.3	138.8	136.3	1.8 ▼
Other expenses	65.5	38.7	44.7	113.7	88.9	21.8 ▼
<b>Total expenses</b>	<b>3,523.8</b>	<b>3,153.2</b>	<b>3,728.8</b>	<b>3,873.5</b>	<b>4,066.9</b>	<b>5.0 ▲</b>
Financial assets	845.4	797.5	850.4	719.5	2,118.3	194.4 ▲
Non-financial assets	90.4	85.9	85.5	289.2	2,494.7	762.6 ▲
Liabilities	137.5	114.1	82.3	70.6	25.2	64.3 ▼
<b>Net assets</b>	<b>798.3</b>	<b>769.3</b>	<b>853.6</b>	<b>938.0</b>	<b>4,587.8</b>	<b>389.1 ▲</b>

Note: Historical data reflect 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.

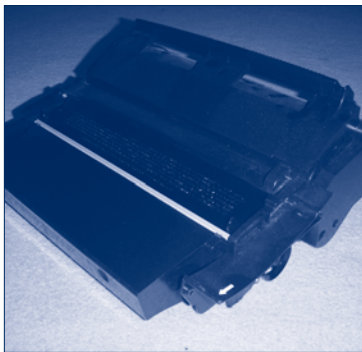
## ENVIRONMENTAL PERFORMANCE

### Environmental policy endorsed

In May 2006, the secretary endorsed the department's environmental policy. Through this policy, the department will implement measures to prevent pollution and comply with relevant legal and other environmental requirements.

The policy is the driver for establishing and maintaining the department's environmental management system (EMS). In particular, the EMS is focused on improving our environmental performance in purchasing practices, waste production, water consumption, energy efficiency and staff awareness. In many cases the EMS will formalise and build upon existing environmental management practices.

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.



*Toner cartridges are now being recycled  
(Photo DOTARS)*

### Toner cartridge recycling proposed

As part of the EMS, the implementation of a national toner cartridge recycling programme is being investigated. The aim is to recycle as many non-biodegradable materials as possible in an effort to reduce landfill and long-term soil degradation. The programme is expected to 'go live' by the end of October 2006, with national implementation soon afterwards.



*Christmas Island coastline (Photo DOTARS)*

### Maritime incident response unified

It is in the national interest to protect the marine environment from the consequences of significant pollution in the event of a maritime incident. While the incidence of significant pollution damage to the Australian coast has, fortunately, been relatively rare, international experience demonstrates the extremely damaging effect of even a single major oil spill near a nation's coastline. The Australian Government and the state and Northern Territory governments have agreed that effective management of first response to maritime incidents requires clear, unambiguous decision-making powers exercised by a single body. See page 94 for more details of the National Maritime Emergency Response Arrangement



*Overlooking Kingston from Flagstaff Hill,  
Norfolk Island (Photo DOTARS)*

### Natural and cultural heritage protected

The department developed a heritage strategy to assist in effective management of the heritage values of its assets. The strategy was approved by the Minister for the Environment and Heritage in March 2006. We have begun work on implementing the strategy by identifying and assessing the heritage values of all our assets so that they can be properly managed and cared for into the future. Through the Kingston and Arthur's Vale Historic Area Management Board, we help to protect the cultural and heritage values of this pre-eminent site on Norfolk Island.



Lake Windermere, Jervis Bay Territory  
(Photo DOTARS)

### Human settlements made more sustainable

The department commissioned a consultancy to examine options for increasing the water supply to Home Island, Cocos (Keeling) Islands, in the Indian Ocean Territories. Implementation of recommendations to address the current water shortages on the island is expected to commence in 2006-07.

In the Jervis Bay Territory, we began investigations into the sustainability and management of the territory's water supply to ensure the availability of this resource in the future.



Flying Fish Cove Christmas Island -  
Indian Ocean Territories (Photo DOTARS)

### Land use managed

No breaches of environmental laws were reported for any capital works undertaken by the department in 2005-06, or for any other activity for which we were responsible.

During the year, we finalised the development of an asbestos register for the Indian Ocean Territories. This will be a key element of the future management of asbestos remediation, including training. 'A1 group' asbestos was removed from the territories by contractors. Asbestos products in Commonwealth-owned properties were labelled appropriately. Other asbestos products were replaced where appropriate through the ongoing housing upgrade programme. All contractors are required to follow industry best practice and guidelines when removing asbestos.

The department commissioned a site management plan for the remediation of the old Home Island power station site, including the removal of hydrocarbons in the soil, which present an unacceptable health risk. The work will be done in 2006-07.

On Christmas Island, we collected a levy from Phosphate Resources Ltd towards the costs of mine site rehabilitation on Christmas Island.

## SOCIAL PERFORMANCE

### Caring staff—support for charities and health research

The Social Club, with the support of the department's staff, was very active in fundraising for charities and health research. Donations from staff and fundraising activities brought in more than \$3,000 for various causes, including:

- the Children's Medical Research Institute
- prostate cancer research
- breast cancer research and awareness
- juvenile diabetes
- Relationships Australia.

The Snowy Hydro SouthCare Aero Medical and Rescue Helicopter Service and True Green are just two of the charities that the Social Club is supporting in 2006.



Three of the 2005 graduates who contributed significantly to fundraising for charities  
(Photo DOTARS)

### Community participation—blood donated

In April 2006, the secretary endorsed the department's participation in the *Canberra Sunday Times* Corporate and Community Blood Donor Programme. Initially, the programme was available only to Canberra-based employees, but steps have been taken to roll out the programme to regional offices. Participation in the programme means that departmental staff can donate blood during work hours, with each donation recorded by the Red Cross Blood Bank as a contribution from the department.



Fred Leftwich, a member of the Indigenous Professional Development Network  
(Photo DOTARS)

### Social justice—Indigenous network established

The department established its first Indigenous Professional Development Network in 2006. Members include all Indigenous employees in the department, whatever their level or location. The network provides professional support for Indigenous employees and advises on how to make the department a better employer of Indigenous people.





Secretary Mike Taylor congratulating two departmental staff on their participation in the programme (Photo DOTARS)

#### Occupational health and safety—health week initiative—*DOTARS biggest loser!*

As a result of the department's annual Health Week programme, a number of staff took up a personal challenge to get fitter and lose some weight.

As an additional incentive, colleagues in the department were asked to support and encourage the participants by offering to sponsor them for each kilo lost, with a final weigh-in and collection of sponsorship money to be held on 1 November 2006. The sponsorship money is to be donated to a nominated charity.



Departmental staff (Photo DOTARS)

#### Employee relations and remuneration—a new collective agreement

A new collective agreement was negotiated and signed off on 30 June 2006. The agreement provides for a range of new allowances for staff and improved conditions in a number of areas. Provisions for paid parental leave and paid adoption leave have been introduced to help the department become more attractive to prospective employees.



# CHAPTER 2

About Us



## ABOUT US

The portfolio of Transport and Regional Services 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

During 2005-06, the Minister for Transport and Regional Services was the Hon Warren Truss MP, formerly the Minister for Agriculture, Fisheries and Forestry. He replaced the former minister and deputy prime minister, the Hon John Anderson MP, when Minister Anderson retired from his ministerial appointments on 6 July 2005.

The Hon Jim Lloyd MP was appointed Minister for Local Government, Territories and Roads on 18 July 2004.

### 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](http://www.airservicesaustralia.com))
- Australian Maritime Safety Authority ([www.amsa.gov.au](http://www.amsa.gov.au))
- Civil Aviation Safety Authority ([www.casa.gov.au](http://www.casa.gov.au))
- International Air Services Commission ([www.iasc.gov.au](http://www.iasc.gov.au))
- National Capital Authority ([www.nationalcapital.gov.au](http://www.nationalcapital.gov.au))
- National Transport Commission ([www.ntc.gov.au](http://www.ntc.gov.au)).

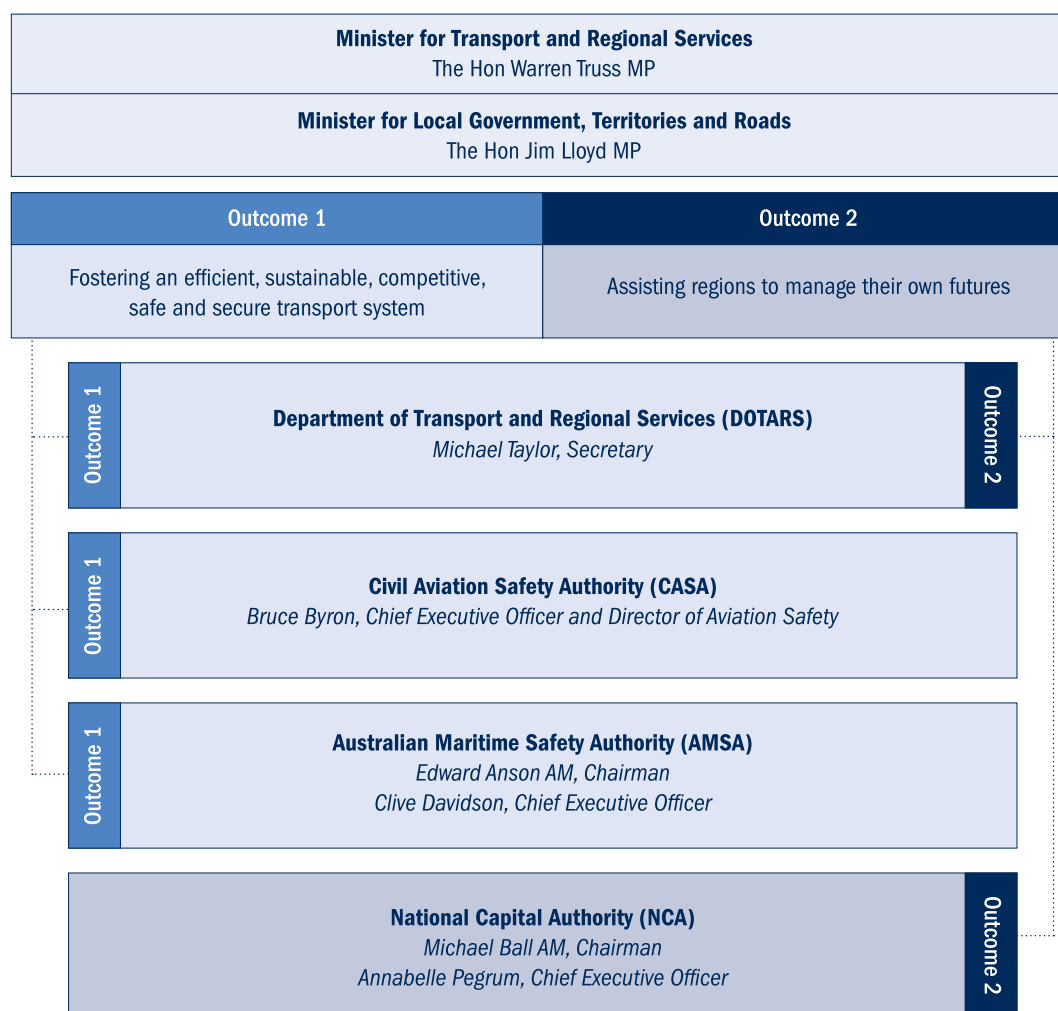
Other bodies and corporations in the portfolio include:

- Australian Maritime College ([www.amc.edu.au](http://www.amc.edu.au))
- Australian Rail Track Corporation ([www.artc.com.au](http://www.artc.com.au))
- Maritime Industry Finance Company Ltd.

The Stevedoring Industry Finance Committee moved to the Employment and Workplace Relations portfolio from 21 July 2005 as part of reforms to government management of asbestos claims. Four portfolio agencies, including the department, belong to the general government sector. Figure 2.1 illustrates how these agencies contribute to portfolio outcomes.



Figure 2.1 Relationship of portfolio agencies in the general government sector, as at 30 June 2006



## 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).

Two other portfolio authorities existed in 2005–06 but were non-operational: the Tasmanian Freight Equalisation Scheme Review Authority (TFESRA) and the Christmas Island Casino Surveillance Authority (CSA). There is no casino currently operating on Christmas Island and all board positions on the CSA are vacant. On 23 August 2005, the legislation enabling the CSA was repealed by the *Casino Legislation Ordinance 2005 (Cl)*. Appointments to the TFESRA are at the discretion of the minister, for a term of two years. There have been no appointments since 1997. No costs were incurred for either body in 2005–06.

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](http://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.

We operate under the *Financial Management and Accountability Act 1997* and are accountable to the Minister for Transport and Regional Services, the Hon Warren Truss MP, and the Minister for Local Government, Territories and Roads, the Hon Jim Lloyd 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.

We administer approximately \$4.6 billion a year across a number of major business lines, as illustrated in Figure 2.2. 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

Outcomes	Output Groups	Outputs	More info	
<b>Outcome 1</b> Fostering an efficient, sustainable, competitive, safe and secure transport system	1.1 Investigation and safety	1.1.1 Investigation	page 34	
		1.1.2 Safety	page 43	
	1.2 Transport security	1.2.1 Transport security	page 51	
		1.3 AusLink	1.3.1 AusLink	page 69
	1.4 Transport services	1.4.1 Maritime and land transport	page 85	
		1.4.2 Aviation and airports	page 104	
	<b>Outcome 2</b> Assisting regions to manage their own futures	2.1 Regional services	2.1.1 Regional services	page 127
		2.2 Local government, territories and natural disaster relief	2.2.1 Services to territories	page 144
2.2.2 Local government			page 156	
2.2.3 Natural disaster relief			page 161	

### Changes in our organisation since our last report

In 2005–06, the secretary appointed a third deputy secretary, Mr Andrew Tongue, reflecting the government's increased emphasis on transport security issues.

Our heightened emphasis on sound organisational governance is discussed in more detail later in this chapter.

Our outputs and outcomes are unchanged from those reported in our last annual report and in the 2005–06 *Portfolio Budget Statements*. Figure 2.3 shows the alignment of our organisational structure with our output groups. Figure 2.4 details our current structure and the senior staff responsible for each area at 30 June 2006.

Figure 2.3 Relationship between organisational structure and outputs

Output group	Organisational unit
	Australian Transport Safety Bureau (ATSB) Office of the Inspector of Transport Security Office of Transport Security (OTS) AusLink Business Division Maritime and Land Transport Business Division Aviation and Airports Business Division Regional Services Business Division Territories and Local Government Business Division
1.1 Investigation and safety	✓
1.2 Transport security	✓
1.3 AusLink	✓
1.4 Transport services	✓
2.1 Regional services	✓
2.2 Services to territories, local government and natural disaster relief	✓

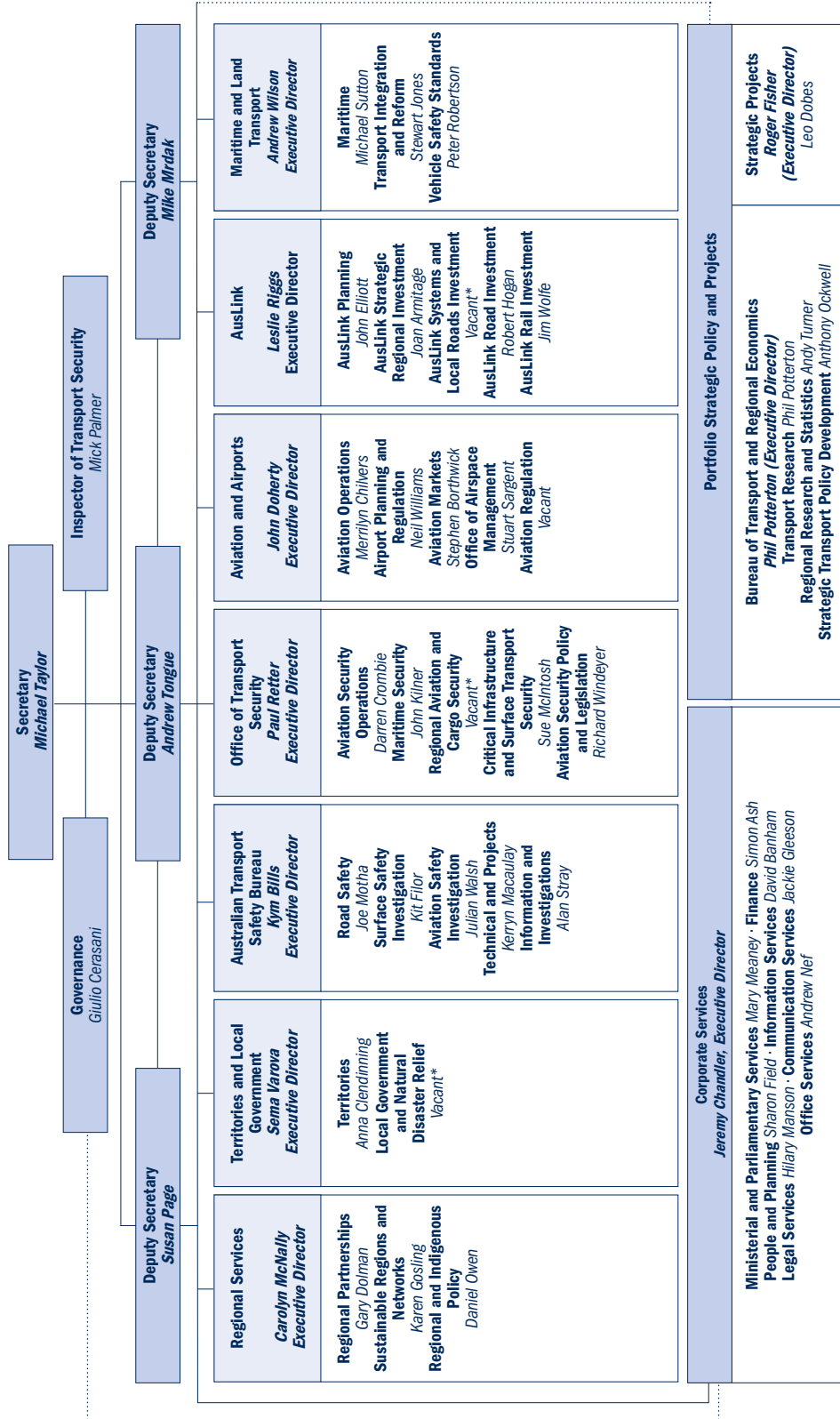
Other areas of the department, including the Bureau of Transport and Regional Economics and the Corporate Services Business Division, provide vital support to our business divisions by delivering essential research and business services for all outputs.





CHAPTER 2

Figure 2.4 Organisational structure at 30 June 2006



\* Acting General Manager Local Government and Natural Disaster Relief. Barry O'Neill \* Acting General Manager Regional Aviation and Cargo Security, Cheryl Johnson

\* Acting General Manager AusLink Systems and Local Road Investment, Simon Atkinson

## MEET OUR EXECUTIVE TEAM



**Michael Taylor**  
**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 participates in the Council of Australian Governments' pioneering work with Indigenous communities as sponsor for the remote East Kimberley communities. He is also president of the Institute of Public Administration of Australia (ACT branch).

Mr Taylor has wide-ranging experience in economic, natural resource management, rural and industry policy making, including roles as the chief executive of various Victorian Government agencies (1992–2000) and Secretary of the Department of Agriculture, Fisheries and Forestry (2000–04).



**Mike Mrdak**  
**DEPUTY SECRETARY**

Mike Mrdak is responsible for transport and portfolio policy and research, aviation and airports, maritime and land transport, and rail investment and regulatory reform. He also chairs the department's Audit and People Management committees.



**Susan Page**  
**DEPUTY SECRETARY**

Susan Page joined the department in August 2005 as a deputy secretary. She is responsible for 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 was appointed as a deputy secretary in November 2005 and oversees transport security issues. Key priorities in transport security include implementing recommendations from the Wheeler Review of airport security and policing, enhancing protective security arrangements in the aviation and maritime sectors, and working with the states and territories on surface transport security. Mr Tongue represents the department on the National Counter-Terrorism Committee and the Australian Government Counter-Terrorism Policy Committee.



## OUR GOVERNANCE ARRANGEMENTS

### How we do business

The department's staff of 1,287 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
- 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 (see Chapter 5).

### Governance framework and senior management committees

During 2005–06, 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:

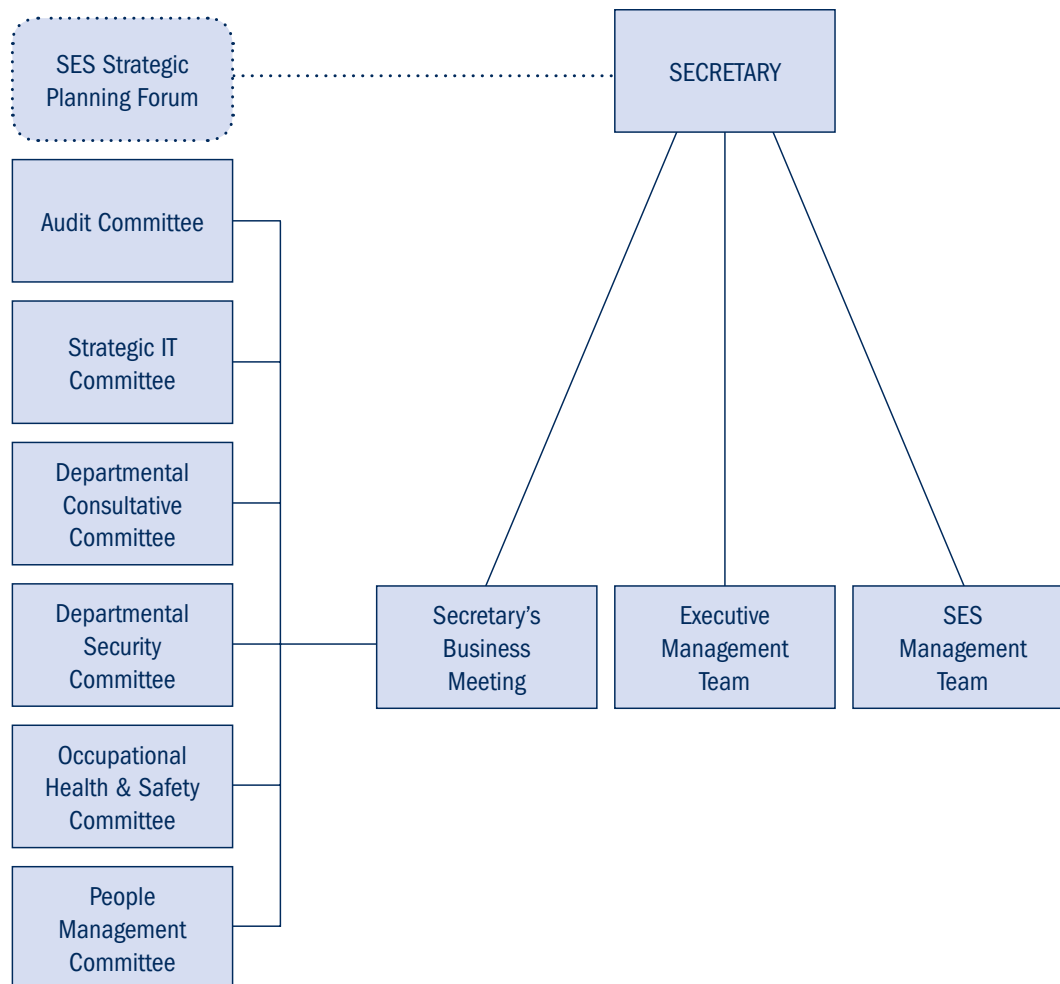
- managing the department efficiently, effectively and in accordance with Australian Public Service legislative requirements
- ensuring the department's outputs were of a high quality, were timely and contributed to the achievement of the Australian Government's desired outcomes
- supporting the department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

Figure 2.5 shows the governance committee framework in place during 2005–06.





Figure 2.5 The department's governance committee framework



The most senior of the department's committees is the Secretary's Business Meeting, made up of the secretary, deputy secretaries and the Executive Director Corporate Services. 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 and executive directors (heads of the department's nine divisions). Other officers, including the Chief Financial Officer and the General Manager of People and Planning, 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 updates and human resource issues
- 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.



### Audit Committee

The department's Audit Committee endorses the internal audit plan 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 2005–06, the committee's members were deputy secretary Mike Mrdak (chair), two executive directors and three independent members (see Table 2.1). Further details of the work of the Audit Committee are given at page 175 in Chapter 5.

Table 2.1 Audit committee membership and meetings to 30 June 2006

Member	Role	Number of meetings held	Number of meetings attended
Mike Mrdak	Chair	7	4
Leslie Riggs	Member	7	5
Jeremy Chandler	Member	7	7
Johanna Barker	Independent	7	7
Jenny Morrison	Independent	7	6
Paul McGrath	Independent	7	7

A finance subcommittee of the Audit Committee was formed in March 2006. The membership consists of two of the three independent members of the Audit Committee, a representative division head and the chief financial officer. The primary role of the subcommittee is to oversee financial statements reporting and processes on behalf of the Audit Committee.

### 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** ensures that the department meets its obligations under the *Public Service Act 1999*. These include ensuring a workplace that values communication, consultation, cooperation and input from employees on matters that affect their work environment.
- 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

## Transport Outputs and Programmes



# TRANSPORT

## OVERVIEW

Australia’s transport system is vast and directly employs 425,000 people—roughly one in 20 jobs. Each year our 180 largest airports handle 1 million flights and 54 million passengers, while 3,300 ships make 23,000 port calls at 70 ports.

With increasing globalisation, our nation’s prosperity depends more than ever on Australia having a transport system that is secure and safe, nationally and internationally competitive, accessible and sustainable.

### What we do

In 2005–06 the department contributed to the wellbeing of all Australians by fostering an efficient, sustainable, competitive, safe and secure transport system. Amongst other things, we delivered:

- advice to the Australian Government on issues ranging from national competition policy, industry productivity, international air services policy and airspace reform, through to technical standards for motor vehicles
- grants to state, territory and local governments and the Australian Rail Track Corporation (ARTC) towards 143 major road and rail construction projects and more than 5,000 smaller projects under AusLink (page 69)
- regulation of aviation and shipping with portfolio bodies including the Civil Aviation Safety Authority (CASA), Airservices Australia, and the Australian Maritime Safety Authority (AMSA)
- support for the government’s efforts to pursue cooperative international approaches to enhance aviation safety
- investigations into more than 100 transport safety accidents and incidents
- publication of approximately 32 transport safety research and statistical reports (page 48).

### What this chapter covers

This chapter reports on the transport outputs and programmes the department was funded to deliver in 2004–05. See Table 3.1 for details. The chapter:

- sets out our annual financial and other targets, as published in our *2005–06 Portfolio Budget Statements* (PBS) or amended in the *Portfolio Additional Estimates Statements* (PAES) and *Portfolio Supplementary Additional Estimates Statement* (PSAES)
- reports our actual results in 2004–05 and compares them with previous years’ results where applicable
- discusses factors that may be affecting or are likely to affect the results
- summarises progress towards achievement of the indicators nominated for each output and programme using the following ratings:

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



Table 3.1 Transport outputs and programmes in 2005–06

	Budget 2005–06 <sup>a</sup> \$'000	Actual 2005–06 \$'000	Variance <sup>b</sup> (%)	Rating	Information
<b>Output 1.1.1—Investigation</b>	19,180	18,950	-1.2	✓✓✓	Page 34
<b>Output 1.1.2—Safety</b>	15,240	17,230	13.1	✓✓✓	Page 43
<b>Output 1.2.1—Transport Security</b>	65,819	62,878	-4.5	✓✓✓	Page 51
<i>Administered programmes</i>					
Aviation Security Enhancements					
- assistance to regional passenger aircraft	800	516	-35.5	✓✓✓	Page 63
- improving international aviation outreach	20	-	-100.0	✓✓✓	Page 63
- increased air cargo inspections	4,900	2,740	-44.1	✓✓✓	Page 64
- regional airport 24-hour closed circuit television pilot study	2,000	1,772	-11.4	✓✓✓	Page 64
- regional airport security	1,500	1,500	-	✓✓✓	Page 65
- regional passenger screening	3,000	2,465	-17.8	✓✓✓	Page 66
<b>Output 1.3.1—AusLink</b>	19,752	19,613	-0.7	✓✓✓	Page 69
<i>Administered programmes</i>					
AusLink					
- National Network	1,318,399	1,228,903	-6.8	✓✓✓	Page 71
- Road Safety Black Spot	44,500	44,446	-0.1	✓✓✓	Page 73
- Roads to Recovery	307,500	307,500	-	✓✓✓	Page 74
- Strategic Regional	16,500	14,500	-12.1	✓✓✓	Page 76
- Improving Local Roads <sup>d</sup>	-	-	-	✓✓✓	Page 78
- Improving the National Network <sup>d</sup>	2,510	2,510	-	✓✓✓	Page 79
- Improving the National Railtrack <sup>ce</sup>	270,000	270,000	-	✓✓✓	Page 69
Management of residual issues of former Australian National Railways Commission (AN)	450	48	-89.3	✓✓✓	Page 81
Murray River Bridges—Federation Fund Project	-	-	-	✓✓✓	Page 82
Upgrade of the Mainline Interstate Railway Track	20,000	-	-100.0	✓✓✓	Page 83



Table 3.1 continued...

	Budget 2005–06 <sup>a</sup> \$'000	Actual 2005–06 \$'000	Variance <sup>b</sup> (%)	Rating	Information
<b>Output 1.4.1—Maritime and land transport</b>	<b>12,174</b>	<b>12,860</b>	<b>5.6</b>	<b>✓✓✓</b>	<b>Page 85</b>
<i>Administered programmes</i>					
Bass Strait Passenger Vehicle Equalisation Scheme	35,000	31,090	-11.2	✓✓✓	Page 92
Interstate road transport fees	48,030	47,975	-0.1	✓✓✓	Page 93
Maritime salvage	4,250	4,250	-	✓✓✓	Page 94
National Transport Commission	2,507	2,507	-	✓✓✓	Page 95
Oil Pollution Compensation Fund	2,000	-	-100.0	✓✓✓	Page 97
Payments to Maritime Industry Finance Company Limited	7,629	3,898	-48.9	✓✓✓	Page 98
Tasmanian Freight Equalisation Scheme	89,400	92,289	3.2	✓✓✓	Page 99
Tasmanian Wheat Freight Scheme	1,050	-	-100.0	✓✓✓	Page 100
Transport and Logistics Centre of Excellence	2,000	2,000	-	✓✓✓	Page 101
<i>Contributions to international organisations</i>					
- International Civil Aviation Organization	1,285	1,300	1.2	✓✓✓	Page 102
- International Maritime Organization	286	289	1.0	✓✓✓	Page 102
- Organisation for Economic Cooperation and Development Road Transport programme	40	29	-27.5	✓✓✓	Page 102
<b>Output 1.4.2—Aviation and Airports</b>	<b>24,743</b>	<b>27,236</b>	<b>10.1</b>	<b>✓✓✓</b>	<b>Page 104</b>
<i>Administered programmes</i>					
Airport lessee companies—reimbursement of parking fines	2,572	943	-63.3	✓✓✓	Page 116
Compensation for acquisition and sale of airport land	3	-	-100.0	✓✓✓	Page 117
Implementation of noise amelioration				✓✓✓	Page 118
- for Adelaide Airport	7,000	1,274	-81.8		
- for Sydney Airport	5,369	3,324	-38.1		

	Budget 2005–06 <sup>a</sup> \$'000	Actual 2005–06 \$'000	Variance <sup>b</sup> (%)	Rating	Information
Payment scheme for Airservices Australia's en route charges	5,550	5,955	7.3	✓✓✓	Page 120
Sydney West Airport—rental properties	2,652	1,903	-28.2	✓✓✓	Page 121
Canberra International Airport—runway strengthening <sup>f</sup>	28,500	8,984	-68.5	✓✓✓	
Ansett—rapid route recovery scheme <sup>g</sup>	-	6,500	100.0	✓✓✓	
<b>Outcome 1—All outputs</b>					
Total price of departmental outputs	156,909	158,766	1.2		
Less receipts from independent sources	2,587	4,989	92.8		
Net price to government (appropriation)	154,322	153,777	-0.4		
<i>Administered programmes summary</i>					
Total cost of administered programmes	2,237,202	2,091,411	-6.5		
Plus depreciation, write-down of assets etc.	1,464	1,740	18.9		
Total administered operating expenses	2,238,666	2,093,151	-6.5		
Less administered revenues	247,484	258,609	4.5		
Net cost to government	1,991,182	1,834,542	4.5		
Average staffing level	849†	843†	-0.7		

a The budget shown for both departmental outputs and administered programmes is the revised budget published in our 2005–06 *Portfolio Additional Estimates Statements* updated for measures announced in the 2005–06 *Portfolio Supplementary Additional Estimates Statement*. Departmental outputs are inclusive of own source revenue.

b The variance is the change in our 2005–06 actuals over our revised 2005–06 budget.

c In the 2005–06 *Portfolio Supplementary Additional Estimates Statement* these measure titles were prefaced with the words "Investing in the nation's infrastructure..."

d These programmes were announced in the 2005–06 *Portfolio Supplementary Additional Estimates Statement*.

e This initiative was announced in the 2005–06 *Portfolio Supplementary Additional Estimates Statement*. It involves an additional payment of \$270 million to the Australian Rail Track Corporation.

f This one-year programme was announced in the 2005–06 *Portfolio Supplementary Additional Estimates Statement*. 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 which will be expensed in 2006–07.

g The variance relates to funding provided in 2002–03 which has been reclassified as a grant.



## OUTPUT 1.1.1: TRANSPORT INVESTIGATION

(Australian Transport Safety Bureau)

### Effectiveness

*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* and accompanying regulations. The legislation empowers the Australian Transport Safety Bureau (ATSB), through its executive director, to:

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

### ATSB Executive Director becomes Chairman of the International Transportation Safety Association

The high status of the ATSB amongst influential international transport investigation bodies was reflected in the appointment of the ATSB's Executive Director, Mr Kym Bills, as Chairman of the International Transportation Safety Association, which includes a dozen of the major independent transport safety investigation bodies from around the world. The previous chairman was the Chairman of the US National Transportation Safety Board. Mr Bills is the fourth chairman since 1993.

### Response to ATSB safety recommendations from regulators and industry

In 2005–06 the ATSB released 93 final aviation reports and issued 22 aviation safety recommendations, including 18 formal recommendations and 4 safety deficiency notices. Aviation regulators and industry fully or partly accepted 11 ATSB aviation recommendations, including recommendations on two-crew qualifications for instrument approaches, onboard recording devices, and fuel probe systems on SA227 Metro aircraft. The bureau is monitoring acceptance of two recommendations on cockpit voice recorder maintenance and a further three recommendations on fitting of autopilots, terrain awareness warning systems, and a review of certain separation procedures contained in the *Manual of air traffic services*. One recommendation was not accepted and there was one non-response in the time expected for responses.

The ATSB's 40 marine recommendations from 13 completed investigations included those on the *Malu Sara* investigation, which led to significant safety actions on the part of the various parties involved in the operation and certification of the vessel (see the ATSB case study on page 40). The *Lowlands Grace* investigation resulted in the lifeboat equipment manufacturer undertaking a review of its equipment design.

The ATSB's 83 rail recommendations from 11 rail investigation reports plus those on the joint Queensland Transport–ATSB Tilt Train investigation and on the Benalla rail level crossing investigation for the Victorian Government have provided information to the rail industry to improve rail safety and, in particular, have led to the upgrading of health standard requirements for rail safety-critical workers.





## Effectiveness

**Enhancing international effectiveness in major aviation accident investigation**

The revised International Civil Aviation Organization (ICAO) *Manual of aircraft accident and incident investigation* is expected to be published in November 2006. The ATSB, at the invitation of ICAO, has made a substantial contribution to the drafting and editing of this publication.

**Improving standards for rail and maritime investigation**

Australia has made significant progress in developing standards for rail and maritime investigations including:

- coordinating a group redrafting the International Maritime Organization (IMO) *Code for the investigation of marine casualties and incidents* and means of making the provisions mandatory
- developing an Australian standard for rail investigation (albeit further improvement is required).

## Quality

*Stakeholders accept safety action recommended through investigation reports*

**Industry and regulators taking independent safety actions**

Safety regulators, manufacturers and operators are encouraged to take steps to improve safety as investigations progress, and the ATSB prefers to be able to report positive safety action taken rather than making formal safety recommendations.

In 2005–06 the ATSB's aviation safety stakeholders undertook 129 separately identified safety actions linked to 45 ATSB aviation investigations in addition to actions on recommendations. These safety actions included: redesign, due to engine failures, of high pressure turbine blades; US Federal Aviation Administration action on air data inertial reference units following control problems on a Perth–Kuala Lumpur Boeing 777 flight; and, following a fuel starvation close call, CASA issued an aircraft maintenance direction on fuel indication systems, in response to which the operator introduced new fuel indication and maintenance control procedures. The ATSB also undertook 13 separate safety actions relating to these aviation investigations in addition to recommendation action.

Similar to 2004–05, this approach saw a limited number of aviation recommendations issued in 2005–06: 22 were issued (18 formal recommendations and four safety advisory notes) compared with 21 in 2004–05. Rail and marine recommendations continued at a higher level.

**Aviation safety messages well accepted**

In 2005–06 the ATSB instigated 84 and released 93 final aviation occurrence and technical investigation reports. That output is slightly below the 98 reports released in 2004–05 (up from 63 in 2003–04). High-profile reports released in 2005–06 included the fatal:

- Robinson R22 helicopter accident near Camden, New South Wales
- Piper Cheyenne accident near Benalla, Victoria
- Piper Chieftain accident near Mount Hotham, Victoria.



Output 1.1.1—Transport investigation continued...

**Quality**

*Stakeholders accept safety action recommended through investigation reports (continued)*

The ATSB issued significant aviation safety recommendations, as outlined below:

- Following its interim factual report into the Metroliner aircraft accident near Lockhart River in Far North Queensland, which resulted in 15 fatalities, the ATSB issued three recommendations to CASA on crew qualifications for instrument approaches, the potential safety benefit of autopilots, and maintenance requirements for cockpit voice recorders (CVRs) and flight data recorders (FDRs), and also issued a recommendation in relation to legislation covering CVR/FDR maintenance to DOTARS.
- The bureau also issued a recommendation to CASA about installation of terrain awareness warning systems (TAWS) on turbine-powered aircraft below 5,700 kg and turbine-powered helicopters following a review of a number of Controlled Flight Into Terrain accidents in recent years, including the Piper Cheyenne accident near Benalla.

In response to these recommendations, CASA has amended the Civil Aviation Order (CAO) on instrument ratings for crew members, is reviewing the relevant CAO and international best practice on the fitment of autopilots, and is considering the various aspects in relation to the terrain awareness warning system. CASA is working with DOTARS on legislative amendments for CVR/FDR maintenance requirement changes.

Aviation safety messages continued to be well accepted, with operators, manufacturers and regulators undertaking significant safety action in cooperation with the ATSB's investigations. Significant safety action also included the Airservices Australia enhanced training for controllers, upgraded software for The Australian Advanced Air Traffic System (TAAATS) and improved instructions for controllers relating to responses to route adherence monitoring alerts following the Benalla fatal accident.

Key priorities for 2006–07 include completing and releasing the Lockhart River report and introducing the aviation investigation and project management modules of a new government-funded safety investigation IT system—the Safety Investigation Information Management System (SIIMS). SIIMS will also enhance the ATSB's ability to assess the more than 12,000 aviation event notifications received each year.

**Did you know?**

While most ATSB safety investigation staff are located in its Canberra central office, there are small regional offices in Brisbane, Adelaide and Perth.

The ATSB Canberra central office features laboratory facilities to support safety investigations through analysis of recorded and physical evidence. Cockpit voice and flight data recorders ('black boxes') can be examined, as can all types of materials, structures and components. The ATSB also has a developing capacity to examine voice and data recorders from other types of transport vehicles.



## Quality

*Stakeholders accept safety action recommended through investigation reports (continued)*

#### Marine investigations lead to regulatory changes

In 2005–06 the ATSB completed 13 marine investigation reports. High-profile reports released include those on:

- the loss of the Department of Immigration and Multicultural Affairs vessel, *Malu Sara*, in the Torres Strait, which resulted in five deaths
- the lifeboat accident on board the bulk carrier, *Lowlands Grace*, while anchored off Port Hedland, Western Australia, which resulted in two deaths.

The *Malu Sara* investigation has led to significant safety actions on the part of the various parties involved in the operation and certification of the vessel (see the ATSB case study on page 40).

Despite the high number of collisions between fishing boats and much larger cargo vessels (24 since 1990, with two involving fatalities), the safety messages have been slow to penetrate the commercial fishing industry. Throughout 2005–06 the ATSB has continued its campaign to raise safety awareness in the fishing industry.

In 2006–07 the ATSB expects to release approximately 10 marine investigation reports, including the report into the collision between two vessels that resulted in the significant oil spill in Gladstone in January 2006. In addition, the safety awareness campaign with the Australian commercial fishing industry is expected to continue.

Table 3.2 shows the trends in transport safety investigation.

#### Rail safety investigation recommendations benefit stakeholders

The ATSB released 11 rail safety reports in 2005–06, together with a joint Queensland Transport/ATSB investigation report on the serious Tilt Train accident and the Benalla rail level crossing collision investigation for the Victorian Government. The ATSB reports related to six derailments, three safe working irregularities, a shunting fatality, and a collision between a train and a road/rail vehicle. Eighty-three rail safety recommendations were issued in the ATSB reports. The recommendations relate to:

- medical standards for safety-critical workers
- track 'fitness for purpose', inspection and maintenance
- safe working procedures, particularly communication
- rolling stock performance
- loading and marshalling of wagons
- shunting procedures.

In October 2005 the Queensland Minister for Transport and Main Roads released the final report of the joint Queensland Transport/ATSB investigation into the Tilt Train accident that occurred north of Bundaberg in November 2004. In February 2006, the Victorian Minister for Transport released the final report on the ATSB investigation into the October 2002 Benalla rail level crossing accident. The ATSB submitted the report to the Victorian Government in September 2004.



Output 1.1.1—Transport investigation continued...

**Quality**

*Stakeholders accept safety action recommended through investigation reports (continued)*

In 2006–07 the ATSB will continue the investigation of eight rail incidents which occurred in 2005–06. These include a significant investigation into an axle failure on a scheduled XPT passenger train from Sydney to Melbourne, which occurred near Harden, NSW.

Previous attempts to create a national database to obtain robust and harmonised rail safety data have not been successful, due to problems in data from different database systems and other issues. An improved national database of rail accidents and incidents is now being developed in cooperation with rail regulators in the states and the Northern Territory. Such a database would serve as a valuable resource for industry, regulators, investigators and researchers. The ATSB, on behalf of the Australian Government, has contributed \$80,000 to an audit coordinated by Queensland Transport on behalf of rail regulators to seek a way forward for legacy data and robust future data.

*Investigations are completed, on average, within one year*

**Turnaround times exceed target for aviation and rail and are well below target for marine**

In 2005–06 the ATSB's median report completion time for aviation investigations was 379 days, up from 247 days last year. This result, which exceeded the target of 365 days, reflects the significant diversion of resources for training new investigators, for the development of SIIMS, for coronial inquests and for the Lockhart River investigation. There will continue to be substantial work on the Lockhart River investigation and SIIMS training in 2006–07, after which improvements in timeliness are expected. Resources required for coronial inquests are expected to be significant in 2006–07.

The median report completion time for marine investigations was 234 days, a significant improvement over the previous year's result of 372 days and well below the target of 365 days.

For rail reports under the *Transport Safety Investigation Act 2003* (TSI Act), the median completion time of 479 days was well above the target of 365 days, but below the 519-day median in 2004–05. Rail report completion times are improving as investigators in our relatively new rail unit become more experienced and non-TSI Act work such as on the Tilt Train accident declines.

Table 3.2 shows the trend in transport safety investigation.

*Major accident investigation response capabilities are reviewed and tested annually*

**High level of response readiness maintained**

In 2005–06, the ATSB reviewed its structures, policies and procedures for responding to a major transport safety accident in Australia. A workshop aimed at identifying strategies for improved major accident preparedness, including training and management issues, was conducted in April 2006. ATSB staff and technical experts from the UK, including from Cranfield University and the Air Accidents Investigation Branch, participated in the workshop.

A desktop aviation accident exercise is planned for the first half of the 2006–07 financial year.



**Quantity**

*More than 5,000 aviation, maritime and rail safety accident and incident reports are assessed*

In 2005–06, approximately 12,500 event reports were assessed, covering 131 accidents and 7,458 incidents in aviation, marine and rail modes—well over the 5,000 report benchmark. This reflects increased aviation reporting through Airservices Australia’s electronic safety information reporting system, as well as increased reporting by the aviation industry as a result of greater familiarity with the TSI Act and regulations.

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

In 2005–06 we released 119 final reports (112 in 2004–05): 93 aviation reports, (98 in 2004–05); 13 marine reports, (11 in 2004–05); and 13 rail reports (3 in 2004–05).

In 2006–07 the ATSB intends to complete around 90 aviation, 10 marine and 10 rail investigations, including finalisation of the report on the fatal accident at Lockhart River.

**Price**

\$19.2m

The actual price of this output in 2005–06 was \$19.0 million.

**Overall performance**

✓✓✓



## CASE STUDY—ATSB INVESTIGATION OF THE LOSS OF THE IMMIGRATION DEPARTMENT VESSEL, *MALU SARA*, IN TORRES STRAIT

### The incident

On the afternoon of 14 October 2005, the six-metre Department of Immigration and Multicultural Affairs (DIMA) vessel, *Malu Sara*, was returning from Saibai Island, at the northern extreme of Torres Strait, to its home community on Badu Island, a passage of 58 miles. There were five people on board: two male DIMA crew, two adult females and a four-year-old girl. The weather for the passage south was less than ideal, with moderate south-easterly winds and seas. More critically there was a sea mist or haze, which reduced visibility to about four nautical miles or less.

By midafternoon, *Malu Sara* was lost. During the succeeding hours, DIMA staff and the water police on Thursday Island attempted to guide *Malu Sara* to safety. By the early hours of 15 October, it appeared that *Malu Sara* was safely anchored in a sheltered position. However, at 0215, the vessel's skipper reported that the boat was taking water and was sinking.

Despite an extensive search over six days no trace of the vessel or four of its five occupants was found. One body was recovered by Indonesian fishermen about 50 miles west of *Malu Sara*'s last known position.

### Findings

The ATSB's investigation found that a number of factors were directly causal in the tragic loss of *Malu Sara*. In essence, the vessel was not seaworthy. 'Seaworthiness' is an all-encompassing term that refers to a vessel's design, construction and equipment, and the fitness of its crew, to undertake a given voyage in certain specified conditions.

The bureau's investigation revealed that the vessel did not meet basic safety standards in terms of reserve buoyancy, stability or cockpit drainage and that this was a factor in its loss. The lack of some critical equipment, most notably a navigation chart, and the skipper's lack of training in some critical aspects of the vessel's equipment were also factors. It also seems likely that the skipper's level of fatigue on the day contributed to his disorientation and some poor decision making.

### Safety actions

Significant safety actions have been taken as a result of the loss of *Malu Sara*. DIMA immediately suspended its marine operations in Torres Strait and has since conducted an extensive review of its operations in the region. The review has led to changes in DIMA's procurement and contract management procedures and a change in the management structure of its North Queensland operations.



Buoyancy and stability testing of the *Malu Sara*'s sister vessel by ATSB marine investigators (Photo DOTARS)

AMSA has reviewed and strengthened the safety requirements for all Australian Government vessels. It will also implement, in conjunction with Maritime Safety Queensland, a Torres Strait Maritime Safety Strategy aimed at strengthening the maritime safety culture in the region.

Standards Australia has undertaken a review of AS1799 (Small Pleasure Boats Code) with a view to making it more consistent with the standards for commercial vessels.

Table 3.2 Trends in transport safety investigation

	2002–03	2003–04	2004–05	2005–06	2006–07 Est.
<b>Civil aviation</b>					
<i>Accident and incident notification<sup>a</sup></i>					
Incidents notified	5,797	4,404	5,890	7,349	
Accidents notified	151	152	157	122	
Total accidents and incidents notified	5,948	4,556	6,047	7,471	– <sup>b</sup>
<b>Volume of investigations</b>					
Investigations started during year <sup>c</sup>	62	75	109	84	90
Investigations completed during year	78	63	98	93	90
Investigations continuing at 30 June	66	76	86	81	90
<b>Timeliness of investigations</b>					
Median time to completion (days)	279	347	247	379	<365
Number of ongoing investigations more than one year old at 30 June	14	15	14	18	
<b>Outcome of investigations</b>					
Recommendations issued	62	46	21	22	No set target
<b>Maritime investigations</b>					
<i>Accident and incident notification</i>					
Total accidents and incidents notified	Not reported	Not reported	92	79	– <sup>b</sup>
<b>Volume of investigations</b>					
Investigations started during year	15	8	13	12	10
Investigations completed during year	13	17	11	13	10
Investigations continuing at 30 June	20	9	12	10	10
<b>Timeliness of investigations</b>					
Median time to completion (days)	399	484	372	234	<365
Number of ongoing investigations more than one year old at 30 June	6	6	3	2	–
<b>Outcome of investigations</b>					
Recommendations issued	42	47	42	40	No set target
Safety notices issued under the Marine Confidential Reporting System	n/a	n/a	13	13	10



Table 3.2 continued...

	2002-03	2003-04	2004-05	2005-06	2006-07 Est.
<b>Rail investigations<sup>d</sup></b>					
<i>Accident and incident notification</i>					
Total accidents and incidents notified	n/a	Not reported	61	39	- <sup>b</sup>
<i>Volume of investigations</i>					
Investigations started during year	4	5	7	9	10
Investigations completed during year	5	3 <sup>e</sup>	3	13 <sup>f</sup>	10
Investigations continuing at 30 June	4	6	11	8	10
<i>Timeliness of investigations</i>					
Median time to completion (days)	- <sup>g</sup>	- <sup>g</sup>	519	479	<365
Number of ongoing investigations more than one year old at 30 June	-	1	3	-	-
<i>Outcome of investigations</i>					
Recommendations issued	23	23	22	83	No set target
<b>Total price of output<sup>h</sup></b>	<b>\$11.3m</b>	<b>\$12.5m</b>	<b>\$17.5m</b>	<b>\$19.0m</b>	<b>\$19.4m</b>

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 2006-07.

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





## OUTPUT 1.1.2: TRANSPORT SAFETY

(Australian Transport Safety Bureau, Maritime and Land Transport Business Division)

### Effectiveness

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

The department contributes to improved transport safety by publishing the findings of ATSB safety research projects and accident investigations, and ensuring that safety information is accessible to governments, industry organisations, community groups and the general public. The department also ensures that new vehicles entering the Australian market comply with appropriate design standards.

#### Road deaths in 2005

Australia recorded 1,637 road deaths during calendar year 2005. This was 3 per cent more than the number of people killed on the roads in 2004, and represented the first major interruption to the downward trend in deaths since the introduction of the National Road Safety Strategy (NRSS) on 1 January 2001.

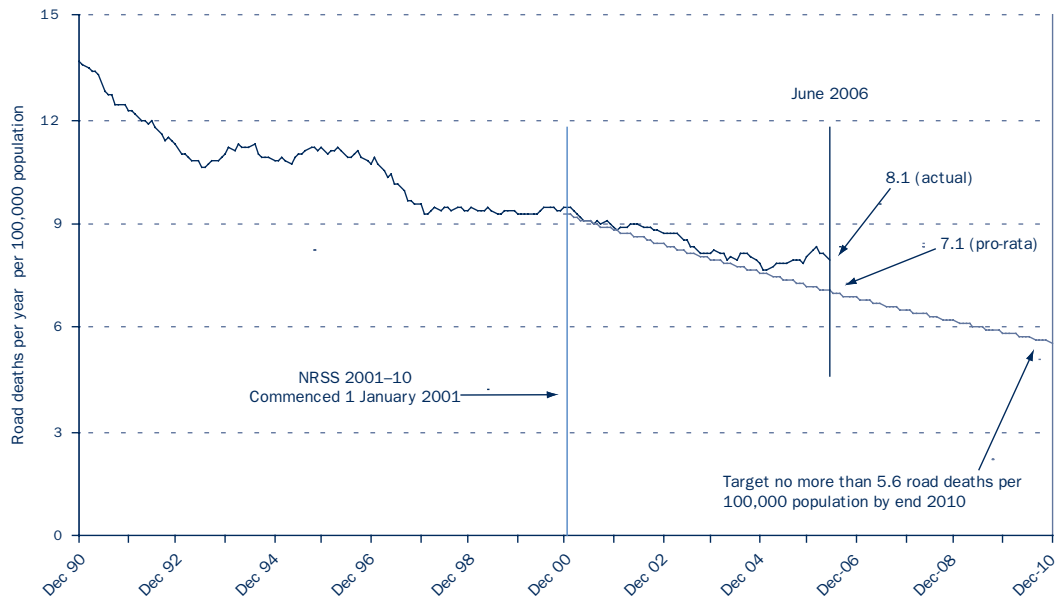
The 2005 result translates to 8.1 deaths per 100,000 population, a 14 per cent reduction from the benchmark rate of 9.3 (based on 1999 figures). With a challenging target of no more than 5.6 deaths per 100,000 people by the end of 2010 (see figure 3.1), the Australian Government is working with the states and territories and other stakeholders to accelerate the rate of decline of road deaths. Two major initiatives are the development of a new two-year National Road Safety Action Plan (see page 45) and a driver education scheme for P-platers (page 45).



Figure 3.1 Trends in road safety outcomes

### Road deaths per 100,000 population—moving 12-month total

(December 1990 to December 2010)



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

Source: ATSB.

Output 1.1.2—Transport safety continued...

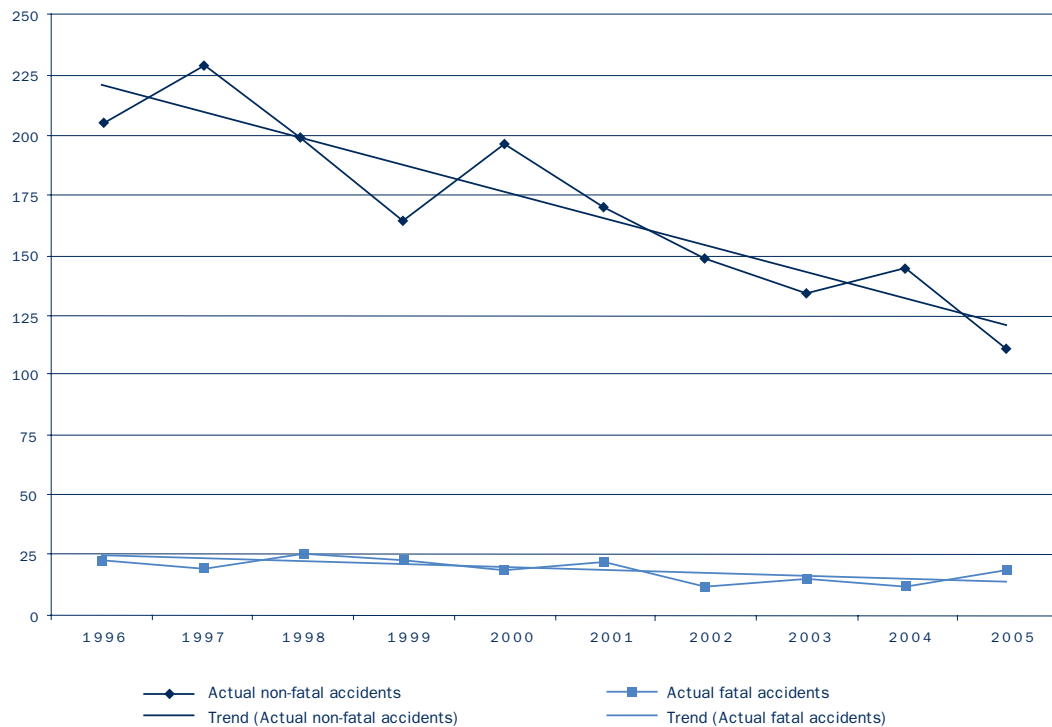
**Effectiveness**

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

**Aviation safety continues to improve**

Over the 10 years from 1 July 1996, the total number of Australian air accidents (fatal and non-fatal) has declined by nearly 50 per cent, from 228 to 129. Importantly, the number of fatal accidents has remained low (see Figure 3.2). The total accident rate (calculated as the number of accidents per 100,000 flying hours) has declined significantly over the decade to 2004 (the latest year for flying hours data), indicating an improved level of aviation safety. While these results are encouraging, considerable effort and vigilance will be needed, both by government and industry, to sustain and improve on the gains made over the previous decade.

Figure 3.2 Trends in aviation safety outcomes



Source: ATSB.

**Quality**

*Other agencies, governments and industry are assisted to evaluate and improve transport safety interventions and outcomes*

On behalf of the government, the ATSB supports other agencies, governments and industry to evaluate and improve transport safety interventions and outcomes by:

- releasing statistical and research publications (see 'Quantity', page 48)
- coordinating national road safety action plans under the *National Road Safety Strategy 2001-2010*
- piloting safety education programmes (see the 'Novice Driver Programme trial').



CHAPTER 3

## Quality

**Development of National Road Safety Action Plan 2007 and 2008**

The ATSB initiated a comprehensive review of national road safety progress and priorities, and commenced work on the development of the *National Road Safety Action Plan for 2007 and 2008*. This fourth action plan under the *National Road Safety Strategy 2001–10* is being developed jointly with state and territory governments, with input from a broad range of organisations through the National Road Safety Strategy Panel. It will be submitted to the Australian Transport Council in late 2006, with a view to implementation from 1 January 2007.

*A novice driver education trial is initiated in NSW and Victoria*

**Novice Driver Programme trial**

In 2005–06, work continued on the development of an innovative driver education programme to be tested in a large-scale trial in New South Wales and Victoria. This supports 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 design and deliver a best practice programme that focuses on raising awareness of driver risk factors and provides inexperienced drivers with an appreciation of their own limitations and the knowledge they need to become safer drivers.

The trial is being implemented in partnership with the New South Wales and Victorian governments, the Federal Chamber of Automotive Industries, Insurance Australia Limited and the Royal Automobile Club of Victoria. About 7,000 P-platers in each state are expected to undertake the course, with a similar number participating in control groups. All trial participants will be monitored for at least a year after completion of the trial, and independent experts will be commissioned to undertake a comprehensive evaluation of the effectiveness of the programme.

While progress in 2005–06 was much slower than expected, the project partners are expecting to finalise the curriculum and to commence the trial in 2007.

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

**Did you know?**

Evidence from an extensive body of research indicates that even small reductions in vehicle speeds result in a marked reduction in the number of road deaths and serious injuries. The speed at which you drive affects not only your risk of involvement in a crash, but also the severity of the crash.

Regular ATSB community attitudes surveys show growing public understanding of speed risks, and majority support for quite strict approaches to speed management. However, this is still well short of the profound change in public attitudes to drink driving that developed over the last two decades.



## Output 1.1.2—Transport safety continued...

## Quality

*Australia's motor vehicle safety standards are aligned with international standards*

#### New vehicle standards taking shape

Before any road vehicle can be supplied to the market in Australia, it must comply with the *Motor Vehicle Standards Act 1989*. The Act, 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). See also Table 3.3.

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

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 to better access to safer, more environmentally friendly vehicles.

As part of this process, in 2005–06 the department:

- published revised, harmonised ADRs 2, 3, 4 and 5, relating to door retention components, seats, seatbelts and seatbelt anchorages, respectively
- completed the consultation process for ADRs 8 and 14, relating to safety glazing and rear vision mirrors, respectively
- progressed ADRs for heavy vehicle brake systems and mechanical connections between vehicles, which are at the point of final decision making
- prepared regulation impact statements relating to buses, including ADR 58—Omnibuses for Hire and Reward, and ADRs 66 and 68, relating to occupant protection in buses, to allow the regulatory proposals to be submitted for public comment
- registered 37 ADRs on the Federal Register of Legislative Instruments as required under the *Legislative Instruments Act 2003*
- prepared a regulation impact statement to examine regulatory options for underrun barriers for heavy vehicles and to seek public comment
- prepared a regulation impact statement and drafted legislative changes to the *Motor Vehicle Standards Act 1989* to facilitate the implementation of the UNECE 1958 Agreement (to allow for mutual recognition of vehicle certification approvals)
- prepared a regulation impact statement in anticipation of acceding to the UNECE 1998 Agreement, which sets out the arrangements for developing and agreeing on global technical regulations for motor vehicles.



## Quality

*85% of vehicle and workshop processes are completed within target timeframes*

### Vehicle and workshop processes meeting growing demand

Manufacturers and importers must demonstrate that their vehicle types meet ADRs before they can be supplied to the Australian market.

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 (SEVS). The majority of vehicles that are supplied to the market under SEVS are used imported vehicles, which must be processed through the Regional Automotive Workshop Scheme (RAWS). Each registered automotive workshop has a 'schedule of vehicles' that specifies the vehicle models that the workshop has been approved to import and modify.

In 2005–06 there was a significant increase in the demand for additional vehicle models to be added to RAWS schedules of vehicles. The approval process for these additional models requires a physical inspection of the first vehicle after preparation by the requesting workshop, which may be either a new or existing workshop. The department aims to complete these inspections within six weeks of the workshop completing preparation requirements. Approximately 54 per cent of workshop inspections during the year were conducted within the target time frame, with an average waiting time of 42.5 days. While this is a reduction on the previous year's performance in timeliness, there was a 64 per cent increase in the number of inspections undertaken.

### Did you know?

The Australian Government has jurisdiction over motor vehicles to the point of first supply to the market. Once a vehicle is supplied to market it comes under the jurisdiction of the individual state or territory government. On behalf of the Australian Government, the department's role is to:

- develop and certify compliance with standards for all vehicle models entering the Australian market for the first time
- regulate importation of motor vehicles
- conduct research to support vehicle standards development
- administer the Specialist and Enthusiast Vehicles Scheme (SEVS) and the Registered Automotive Workshops Scheme (RAWS)
- investigate reports of safety defects and monitor safety recalls.



Output 1.1.2—Transport safety continued...

Quantity (approximate)

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

Thirty-two safety research publications released

In 2005–06 the ATSB released 32 statistical and research safety publications, 10 on aviation safety and 22 on road safety.

The ATSB released and published on its website five road safety research reports, including reports on community attitudes and road safety among Indigenous people, as well as 17 road safety statistics publications, including 13 road fatality statistical reports. Other statistical reports included:

- *Driveway deaths of child pedestrians*, which analysed child pedestrian deaths due to a driveway collision
- *International Road Safety Comparisons: the 2003 Report and the 2004 Report*, both of which compared road death rates for Organisation for Economic Cooperation and Development (OECD) nations and Australian states and territories
- *Road crash casualties and rates, Australia, 1925 to latest year*, with annual rates for deaths and serious injuries.

In 2006–07 the ATSB will continue to publish the findings of research on transport safety issues, including the role of human error in vehicle crashes, and community attitudes to road safety.

The ATSB also released 10 aviation safety research reports, which included a study of trends in fatal aviation accidents in Australia, aviation weather forecasting, incidents involving aircraft depressurisation, and pilot distraction as a human factor issue in aviation. A further eight safety research reports were published under the aviation safety grants programme. Grant-funded studies included the application of DNA technology to identify bird species involved in birdstrikes and a study of the effectiveness of child restraints in aircraft. Collectively, these reports extend our knowledge about safety-related aviation matters and contribute towards a deeper understanding of current or emerging issues within the aviation community. Table 3.3 shows the trends in transport safety research.

For 2006–07 the ATSB has set a target of publishing 10 reports that aim to enhance the understanding of factors affecting aviation safety and provide new insights that will contribute to better safety outcomes.

50 vehicle production and/or test facilities are audited

In 2005–06, 59 vehicle production and/or test facilities were audited, up from 58 in the previous year. The department expects this number to stabilise at around 50 audits a year from 2006–07.

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

There was a 20 per cent increase in the number of vehicle types approved for identification plates and supply to the Australian market from 3,462 in 2004–05 to 4,090 (1,643 new approvals) in 2005–06.



**Quantity (approximate)**

*50 Registered Automotive Workshops applications are assessed and 40 RAWS inspections are conducted*

**Demand increases for vehicle and workshop approvals**

In 2005–06 the department approved 56 new RAWS workshops and conducted 268 inspections to reduce the backlog of approvals associated with the establishment of the scheme. In 2006–07 the department expects to conduct around 155 inspections, including inspections for new approvals, inspections for approval to handle additional vehicle models and audit activities. See Table 3.3 for trend information.

*16,000 approvals to import vehicles are assessed*

In 2005–06 the department issued 20,210 approvals to import vehicles, down 10 per cent from last year largely due to a change in legislation that removed the former 15-year-old vehicles scheme.

**Price**

\$15.2m

The actual price of this output in 2005–06 was \$17.2 million.

**Overall performance**



**Did you know?**

Under the *Trade Practices Act 1974*, suppliers must recall goods that will or may cause injury. In 2005–06 the department continued to investigate reports of safety defects in vehicles and to monitor the effectiveness of each vehicle safety recall. The number of reports and recalls fluctuates from year to year. Table 3.3 shows the trend in the number of safety investigations and the number of safety recalls notified.

To notify us of a possible safety defect in your vehicle, or to find out if a particular make or model has been involved in a recall, visit [dynamic.dotars.gov.au/recalls/index.asp](http://dynamic.dotars.gov.au/recalls/index.asp).

Table 3.3 Trends in transport safety research and regulation

	2002-03	2003-04	2004-05	2005-06	2006-07 Est.
<b>Research</b>					
Total research publications	30	36	41	32	35
Aviation research publications	3	10	9	10	10
Road research publications	25	22	30	22	25
Other research publications	2	4	2	-	-
<b>Activity regulated under <i>Motor Vehicle Standards Act 1989</i></b>					
ADRs (re)issued	22	11	1	41	35
<b>Compliance of motor vehicles</b>					
Audits of production and/or test facilities	51	25	58	59	50
Approvals to fit identification plates to vehicle type	3,302	3,417	3,462	4,090	3,400
<b>Registered Automotive Workshop Scheme<sup>a</sup></b>					
Workshop applications	97	55	34	13	50
Workshops approved <sup>b</sup>	10	45	64	56	40
Inspections conducted	64	145	163	268	155
Used import plate approvals	112	2,916	6,319	7,465	9,000
Inspections completed within 6 weeks <sup>c</sup>	n/a	n/a	80%	54%	>85%
Examination of evidence submitted completed within 20 working days <sup>c</sup>	n/a	n/a	80%	50%	>85%
<b>Motor vehicle imports</b>					
Approvals to import vehicle type	15,092	16,236	23,246	20,210	16,000
Vehicles covered by import approvals	104,119	152,880	328,584	237,256	300,000
Import approvals issued within 17 working days	89%	85%	93%	97%	90%
<b>Activity regulated under <i>Trade Practices Act 1974</i></b>					
Safety investigations	95	110	96	107	No set target
Safety recalls notified	99	126	165	158	

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

b Includes two-year renewals.

c The system used for measuring these values differs from that used in previous reporting periods.





## OUTPUT 1.2.1: TRANSPORT SECURITY

*(Inspector of Transport Security, Office of Transport Security)*

### Effectiveness

*Transport security is maintained and enhanced*

The Australian Government is working with state and territory governments and industry to improve the security of Australia's transport system and reduce the likelihood of transport being a target of or used as a vehicle for terrorism.

The government sets and enforces a preventative security framework for the aviation, air cargo and maritime sectors, and works with state and territory governments to implement effective preventative security measures in surface transport under an Intergovernmental Agreement on Surface Transport Security signed by all jurisdictions in June 2005.

The department provides policy advice to the Australian Government on transport security matters and consults with other Australian Government agencies, state and territory governments and the transport industry, in order to:

- provide information about threats to the transport sector
- contribute to critical infrastructure protection
- provide advice on international transport security developments and implications for Australian Government policies and practices.

Significant enhancements to transport security in 2005–06 included:

- government agreement to the implementation of the 17 recommendations made by Sir John Wheeler in his September 2005 review of airport security and policing (see 68 for an update on the Wheeler Review)
- enhanced background checking of applicants for maritime and aviation security identity cards and streamlining of processes with the establishment of a dedicated Background Checking Unit within the Office of Transport Security (OTS)
- Australia meeting, from 31 December 2005, the international requirement that all checked baggage on international flights departing Australia be screened



*John Moody, State Manager SA/NT Office of Transport Security, at the gates of Port Thevenard (Ceduna), the most isolated South Australian port the government regulates. (Photo DOTARS)*



*Output 1.2.1—Transport security continued...***Effectiveness**

*Transport security is maintained and enhanced (continued)*

- regional aviation security enhancements with closed-circuit television (CCTV) trials occurring at four regional airports and a \$1.5 million extension to the Regional Airport Funding Programme announced by the government
- metal-detection equipment and associated training provided to over 140 regional airports and over 780 candidates trained and assessed as competent in the use of the equipment
- allocation of \$38 million in additional funding to strengthen air cargo security arrangements.

**Quality**

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

At the Australian Transport Council (ATC) meeting of 18 November 2005, transport ministers supported a proposal to convene a sub-group of transport officials from the joint Australian and state and territory government Transport Security Working Group (TSWG) to assist the Inspector of Transport Security, Mr Mick Palmer AO APM, to work with surface transport operators to advise on:

- the ability of private operators to undertake risk assessments and develop and implement security programmes
- security training and staff awareness
- the relationship between operators and counter-terrorism arrangements
- relationships with government regulatory agencies.

The National Counter-Terrorism Committee (NCTC) meeting of 14–15 December 2005 noted the decision of the ATC for the Inspector of Transport Security to undertake a review of surface transport. The inspector, in collaboration with the working group, will advise the ATC and the Standing Committee on Transport of his findings through both interim and final reports.

Work on the development of the Inspector of Transport Security legislation has progressed. Consultation with state and territory governments and other Australian Government agencies in 2005 prompted some changes in policy direction and these are being incorporated in the draft Bill.

Among other things, the legislation will support the capacity of the inspector to conduct inquiries into transport security incidents on the same 'no blame' basis that has proved successful in transport safety investigations undertaken by ATSB.

A limited exposure draft was released early in the 2006–07 reporting year, and consultation with state and territory governments and transport industry participants has taken place. The government expects to be able to introduce the Bill into Parliament during October 2006.



## Quality

*Advice to the Australian Government reflects threat and risk assessment and relevant international practice*

The OTS provides security risk guidance material and strategic transport security related advice to inform Australian Government policy and planning. In 2005–06 OTS provided:

- sectoral security risk context statements for aviation, land freight transport infrastructure, and bridges and tunnels
- transport security advisories in response to changes in the national and international security environment
- an aviation security quarterly report, in line with Wheeler review recommendations, combining threat and criminality assessments from the Australian Security and Intelligence Organisation and the Australian Crime Commission
- a summary of maritime and aviation security events and incidents that were reported to the OTS Operations Centre and subsequently analysed to inform development of threat and risk-based policy formation and decision making.

Acting on advice from the department, the Australian Government:

- developed, produced and distributed a basic security awareness training package to all regional airport and airline operators
- strengthened regional aviation security by providing hardened cockpit doors to regional jet aircraft
- worked with targeted countries in the Asia-Pacific region to improve aviation and maritime security
- managed the transport security aspects of the Commonwealth Games (see page 67 for case study)
- initiated development of the Aviation Security Training Framework, which will articulate security-specific competencies for workers within the aviation industry at security controlled airports and so strengthen the current approach to aviation security training
- released a public information brochure on the carriage of prohibited items by persons with *bona fide* medical conditions
- developed standard guidelines for the screening of particular categories of very important persons, including visiting foreign heads of state, diplomats and other foreign dignitaries.



## Output 1.2.1—Transport security continued...

## Quality

*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* and the complementary *Aviation Transport Security Regulations 2005*. During 2005–06:

- major airlines and airports submitted new transport security programmes for approval consistent with the requirements of the *Aviation Transport Security Act 2004*
- 105 aircraft and airline operators submitted draft transport security programmes to the department by 9 March 2006 for its consideration. An initial assessment was carried out on each of these draft programmes before 30 June 2006
- regulatory oversight of the transport security programmes continued in 2005–06
- in response to Recommendation 15 of the Wheeler review, development of an Aviation Security Training Framework was begun
- a revised version of the *Methods, techniques and equipment to be used for screening* was released. This document, issued under the *Aviation Transport Security Regulations 2005*, specifies national standards to be used for screening. The department works with industry to continually refine screening standards and practices.
- 100 per cent of outgoing checked baggage on international flights was screened using X-ray screening equipment. Australia was one year ahead of the International Civil Aviation Organization's 1 January 2006 deadline for 100 per cent screening of international checked baggage.

**Air cargo security**

In September 2005 the government announced the allocation of \$38 million in additional funding to strengthen air cargo security arrangements. The department was funded to undertake the following activities:

- the regulated air cargo agent scheme, the primary regulatory framework for the domestic and international air cargo industry, was subject to increased audit and compliance activities. The funding included provision for 29 additional transport security inspectors based in the OTS state offices.
- major air cargo handlers have been provided with explosives trace detection equipment to be used in cargo terminals that handle international air cargo. The equipment will be operated by industry in accordance with training and operating procedures developed by the department and the Australian Customs Service.
- the department commissioned Siemens Ltd to identify options for a nationally consistent approach to business verification throughout the air cargo supply chain. The consultancy is complete and the final report was submitted in June 2006.
- as the first stage of the targeted security awareness package, two series of workshops involving approximately 500 regulated air cargo agents were held around Australia between January and May 2006.



## Quality

- in collaboration with the air cargo sector, the Transport and Logistics Industry Skills Council (Transport and Distribution Training Australia) prepared national competency-based training standards for regulated air cargo agents.

**Maritime security**

Maritime security is regulated by the *Maritime Transport and Offshore Facilities Security Act 2003* and the complementary *Maritime Transport and Offshore Facilities Security Regulations 2003*.

Twenty-four additional maritime transport security inspectors were trained in 2005–06 and, at 30 June 2006, there were 63 maritime transport security inspectors based in the state offices across Australia.

As at 30 June 2006, the department was responsible for regulating the security arrangements of 553 maritime industry participants, including 71 ports, 211 port facilities, 141 port service providers, 59 Australian flagged ships, 65 offshore oil and gas facilities and 6 offshore oil and gas service providers.

Rollout of the Maritime Security Identification Card Scheme commenced on 1 November 2005. The scheme requires that, by 1 January 2007, all persons needing unescorted or unmonitored access to maritime security zones hold a valid maritime security identification card.

Amendments were developed to the *Maritime Transport and Offshore Facilities Security Act 2003*, to enhance the powers of maritime security guards and to simplify the approval process for changes to security plans. As at 30 June 2006, these amendments had been introduced and were awaiting passage through Parliament.

*Strengthening maritime security*, a publication to assist industry and other stakeholders with understanding their obligations under the *Maritime Transport and Offshore Facilities Security Act 2003*, was released in May 2006.

In 2005–06, the department hosted three meetings of the Maritime Industry Security Consultative Forum, each attended by 45 to 55 industry representatives, in order to increase government–industry collaboration.

The department continues to engage with the maritime and offshore oil and gas industries on maritime security through its participation at key regional and general industry events.

**Transport Security Plan Assessment and Compliance Environment (TSPACE)**

The TSPACE information technology platform was developed during 2005–06 and went live in early 2006–07. This system manages the lodgement, assessment and approval of all transport security plans across offshore, maritime, air cargo and aviation transport modes. TSPACE also manages the results of transport security audit and compliance activities across the country.

TSPACE will provide a single, cross-modal workflow and management mechanism for the lodgement, review, approval and maintenance of transport security plans. It also supports compliance and audit activities and acts as a database for OTS's customer and contact information.



## Output 1.2.1—Transport security continued...

## Quality

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

OTS worked with the Australian intelligence community and law enforcement agencies to produce strategic threat and risk information products to assist industry in developing and implementing transport security priorities. These products included:

- sectoral security risk context statements (RCSs) for aviation, land freight transport infrastructure, and bridges and tunnels. The aviation security RCSs highlight threats to aviation from politically motivated violence (terrorism) and criminality, identifying security risks and vulnerabilities to assist aviation industry participants' security policy and planning.
- eight transport security advisories (TSAs) provided to transport industry participants through the Trusted Information Sharing Network and OTS state offices. TSAs are developed in response to changes in the national and international security environment.
- the aviation security quarterly report, provided to aviation industry participants, in line with Wheeler review recommendations. This report synthesises threat and criminality information provided by the Australian Security and Intelligence Organisation and the Australian Crime Commission to assist industry in the development and implementation of transport security priorities. This information was provided to industry through the Aviation Security Advisory Forum.
- the OTS summary of maritime security events and incidents that were reported to the Operations Centre. The summary was made available to industry through the Maritime Industry Consultative Forum. This information assisted maritime industry participants in their security planning.

## Regional aviation

The department continued to engage with the regional aviation industry on aviation security priorities and related issues, through its participation at key regional and general aviation industry events and at the quarterly regional industry consultative meetings. These meetings are hosted by OTS around the country and are usually attended by around 55 to 65 industry representatives of, for example, regional airports, airlines and pilots. The meetings provide the department with the opportunity to explain government initiatives and to receive feedback on security measures.

In regional Australia in 2005–06, the OTS:

- ensured hardened cockpit doors were installed in jet aircraft used on regional routes
- delivered metal-detection equipment (hand wands) to over 140 regional airports and trained staff in their use
- continued to monitor the trial of CCTV use at four regional airports
- administered funding for the successful delivery of capability building for regional police forces around the country, to ensure that local police, who are likely to be called to respond to incidents, have an understanding of airport operations and are trained on how best to deal with aviation security incidents
- delivered a self-paced learning package *Strengthening aviation security* that covers basic security awareness for regional airline and airport operators and their staff.



## Quality

*State and territory governments are assisted to improve surface transport security*

## Surface transport

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

The TSWG is the main forum for progressing transport security issues. The group, established in 2003, comprises senior transport officials from each state, territory and the department and reports through the chief executive officers of transport departments to transport ministers (the ATC). Sectoral security risk context statements for land freight transport infrastructure, and bridges and tunnels, were delivered through the TSWG to assist transport operators improve surface transport security.

The department assisted in the conduct of a joint assessment between the TSWG and the National Counter-Terrorism Committee (NCTC), on whether any additional surface transport security initiatives should be considered by governments. The assessment report was considered by COAG, which noted the findings of the assessment and agreed to strengthen and build on existing transport security arrangements through a range of measures which aim to:

- further develop and implement technological and other solutions
- broaden the capacity of transport operators, their staff and the public to contribute to the security of surface transport
- facilitate incident planning and preparation by operators
- support an integrated approach to transport precinct security.

The department contributed to work on a national approach to closed-circuit television (CCTV), also agreed by COAG, including a code of practice for CCTV in the mass passenger transport sector and a review of current CCTV capability.

The government sponsored a visit to Australia by a senior security adviser to the UK Government in April 2006. The purpose of the visit was to inform and educate government and key industry stakeholders on vehicle-borne improvised explosive device threats and mitigation techniques. The visit was very well received and highlighted the importance and value of this type of information exchange.



Output 1.2.1—Transport security continued...

Quality

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

**Overseas presence and projects expanded**

In 2005–06 the government worked closely with countries in the Asia-Pacific region to improve both aviation and maritime security. Key activities included:

- enhancing Australia’s overseas presence, with two additional officers posted to Jakarta, and one additional officer posted to Manila
- improving regional aviation security through a series of aviation security risk management workshops in selected countries in the region
- enhancing the ability of port security officers in Asia-Pacific Economic Cooperation (APEC) countries to implement the *International Shipping and Port Facility Security Code* by delivering seminars in collaboration with the Singaporean Government
- engaging with APEC groups such as the Transport Working Group and the Counter-Terrorism Task Force to improve multilateral coordination on transport security issues in the region
- enhancing aviation security in Indonesia by delivering phases I and II of the Indonesian–Australian Aviation Security Capacity Building Project and conducting study tours of Australian airports for Indonesian aviation security officials
- supporting Australian Government security in East Timor by coordinating an interdepartmental committee on whole-of-government security capacity building assistance
- enhancing maritime security in the Philippines by continuing to deliver, and to expand, the Philippines–Australia Port Security Capacity Building Project, and sponsoring participants in the Lloyd’s List Port and Maritime Security Conference 2006
- strengthening Pacific aviation and maritime security engagement and cooperation by adding two Pacific security liaison officers, and by conducting aviation and maritime security audits and workshops under the Australian Government’s Pacific Governance Support Programme
- strengthening governance of aviation and maritime security in Papua New Guinea through the Enhanced Cooperation Programme.





**Quantity**

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

*- 180 airports across Australia*

*- 160 domestic and international airlines*

*- domestic and international air cargo operations*

*- 7,500 general aviation aircraft on a risk assessed basis*

*- 240 maritime security plan holders covering 70 ports and 300 related facilities*

A framework has been established to prioritise audit and compliance activity using threat and vulnerability information. This framework provides risk-based guidance to resource allocation within the national audit and compliance programme.

Regular analysis of reported transport security events and incidents has commenced for both the aviation and maritime sectors. Analytical reporting provides input into broader transport security policy development and will provide guidance for audit and compliance activity.

**Aviation security**

As at 30 June 2006, 118 transport security inspectors were employed within OTS. In September 2005, the government provided funding to increase the department's air cargo audit capacity. The inspectors:

- audited all 11 major airports and all 28 other airports conducting passenger screening and also visited or inspected security-controlled Australian airports on over 600 occasions
- audited operations of all major domestic airlines, and conducted 72 audits of the local operations of international airlines (passenger or cargo operators) currently operating in Australia
- carried out over 530 inspections of domestic airline operations and another 171 inspections of international airlines operating through Australia
- visited airports and airlines more frequently to carry out inspections and attend airport security meetings and exercises (a total of 534 visits and meetings)
- inspected 161 regulated air cargo agents.

**Aviation security industry participants, and audit and compliance activities**

Table 3.4 shows the numbers of aviation security industry participants requiring an audit in 2004-05 and 2005-06. Table 3.5 sets out the number of completed audit and compliance activities.



Table 3.4 Aviation security industry participants requiring audit, 2004–05 and 2005–06

Industry sector	Number of participants	
	2004–05	2005–06
Airports		
– major	11	11
– screened	24	28
– regional	135	148
Airlines		
– foreign regular public transport	57 <sup>a</sup>	73 <sup>b</sup>
– domestic regular public transport	126	132
Regulated air cargo agents	901	836
General aviation aircraft	7,500	10,904 <sup>c</sup>

a Passenger only.

b Passenger and cargo

c 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.

Table 3.5 Completed audit and compliance activities, 2004–05 and 2005–06

Audit and compliance task	Number completed	
	2004–05	2005–06
New transport security programmes (TSPs) approved (airlines and airports)	335	26 <sup>a</sup>
Airline audits (domestic and international)	126	97
Airline inspections (domestic and international)	n/a	701
General aviation inspections	651	1,686 <sup>b</sup>
Regulated air cargo agent audits and inspections	146	286

a 89 airport and airline draft TSPs were submitted for consideration by the department in accordance with Regulations 2.24 (Airport) and 2.46 (Airlines) of the Aviation Transport Security Regulations 2005.

b As at 31 May 2006.

## Output 1.2.1—Transport security continued...

**Quantity**

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

- 180 airports across Australia
- 160 domestic and international airlines
- domestic and international air cargo operations
- 7,500 general aviation aircraft on a risk assessed basis
- 240 maritime security plan holders covering 70 ports and 300 related facilities (continued)

**Maritime security**

During 2005–06 the number of regulated maritime industry participants has increased by 36%. As required by the *Maritime Transport Offshore Facilities Security Act 2004*, in 2005–06 the OTS inspected more than 841 foreign-flagged vessels for compliance with domestic and international security regulations.

During 2005–06, transport security inspectors:

- carried out 136 per cent of scheduled seaport audits (exceeded audit requirements) and 77 per cent of port facilities audits
- audited 97 per cent of maritime security plans
- continued to carry out more security-related visits to seaports and associated facilities.

**Maritime security industry participants, and audit and compliance activities**

Table 3.6 shows the numbers of maritime security industry participants that required audit in 2004–05 and 2005–06. Table 3.7 shows the number of audit and compliance activities completed by the department.

**Table 3.6 Maritime security industry participants requiring audit in 2004–05 and 2005–06**

Industry sector	Number of participants	
	2004–05	2005–06
Seaports	71	71
Service providers	100	141
Port facilities	179	211
Australian-flagged vessels	57	59
Oil and gas facilities	n/a	65
Oil and gas service providers	n/a	6
Total bodies regulated	407	553
Proportion of bodies covered by approved plan/certificate at any time	100%	100%



Table 3.7 Audit and compliance activities completed in 2004–05 and 2005–06

Audit and compliance task	Number completed	
	2004–05	2005–06
New and revised security plans approved	252	129
Assessments of security plans	52	99
Number of first port arrivals by foreign-flagged vessels	n/a	11,156
Vessels issued with control directions for not holding valid international ship security certificates	6	-
Detailed vessel inspections involving the department	153	841

*Output 1.2.1—Transport security continued...***Quantity**

*Approximately 50 offshore oil and gas platforms are incorporated into the Maritime Transport Security Act*

**Strengthening offshore oil and gas security**

Following extension of the *Maritime Transport and Offshore Facilities Security Act 2003* to cover Australia's offshore oil and gas facilities in 2004–05, offshore industry participants successfully met the legislative deadline of 30 September 2005 to have approved offshore security plans in place.

As at 30 June 2006, there were 21 offshore security plans in place covering all 62 offshore oil and gas facilities.

All the oil and gas facilities will be security audited over two and a half years.

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

**Foreign-flagged vessels subject of closely scrutinised**

Since 1 July 2004, every foreign-flagged ship seeking entry into Australia has been subject to a risk assessment to enable inspections to be prioritised. Many of these ships are also subject to a security inspection. Any foreign-flagged vessel entering Australian waters without a valid international ship security certificate is issued a compliance control direction, and is not permitted to re-enter Australian waters until the vessel has a valid certificate.

In 2005–06 the department:

- risk assessed and monitored the activities of every foreign-flagged ship entering Australian waters
- authorised officers of the Australian Maritime Safety Authority to conduct first-line inspections in conjunction with their port state control function
- undertook 841 detailed ship inspections—an average of over 16 ships a week. This exceeded the previously established target of 780.

**Price**

\$65.8m

The actual price of this output in 2005–06 was \$62.9 million.

**Overall performance**

✓✓✓

## ADMINISTERED PROGRAMME: AVIATION SECURITY ENHANCEMENTS— ASSISTANCE TO REGIONAL PASSENGER AIRCRAFT

(Office of Transport Security)

Effectiveness/location	
<i>Security is enhanced on regular public transport and open charter services operating in regional Australia</i>	In accordance with the <i>Aviation Transport Security Act 2004</i> and its supporting regulations, all regular public transport aircraft with 30 seats or more must install hardened cockpit doors. The government made funds available to eligible regional aircraft to fund the purchase and installation of hardened cockpit doors.
Quality	
<i>Hardened cockpit doors are installed in passenger aircraft with 30 or more seats</i>	Hardened cockpit doors have been installed in all eligible regular public transport aircraft servicing regional Australia.
Cost	
\$0.8m	The actual cost of this programme in 2005–06 was \$0.5 million. The programme has now been completed.
<b>Overall performance</b>	✓✓✓

## ADMINISTERED PROGRAMME: AVIATION SECURITY ENHANCEMENTS— IMPROVING INTERNATIONAL OUTREACH

(Office of Transport Security)

Effectiveness	
<i>Improved aviation security at last port of call airports, consistent with international standards</i>	Aviation security at ‘last port of call’ airports has been improved through the provision of training and capacity building to raise aviation security standards to the ICAO internationally accepted standards.
Quality/Location	
<i>Asia-Pacific region</i>	The government has provided funding to the department to improve aviation security in regional countries. These funds will be used to support regional country representatives to attend ICAO aviation security training courses.
Cost	
\$0.02m	The actual cost of this programme in 2005–06 was nil, with the funding carried forward to 2006–07.
<b>Overall performance</b>	✓✓✓



## ADMINISTERED PROGRAMME: AVIATION SECURITY ENHANCEMENTS— INCREASED AIR CARGO INSPECTIONS

(Office of Transport Security)

### Effectiveness

*Enhanced cargo inspection regime of international export cargo carried on passenger services* In response to the recommendations of the Wheeler review, the government funded explosive trace detection units for international outbound air cargo. The department has completed arrangements for international cargo terminal operators to purchase explosive trace detection equipment and be reimbursed by the department. Operators will commence using the equipment in 2006-07.

### Quality/Location

*Australian international airports* The explosive detection equipment will be located and applied at cargo terminal facilities where export cargo is prepared for loading onto the aircraft.

### Cost

\$4.9m The actual cost of this programme in 2005-06 was \$2.7 million. The remaining funding has been carried forward to 2006-07.

Overall performance 

## ADMINISTERED PROGRAMME: AVIATION SECURITY ENHANCEMENTS— REGIONAL AIRPORT 24-HOUR CLOSED-CIRCUIT TELEVISION PILOT STUDY

(Office of Transport Security)

### Quality/Location

*Closed-circuit television (CCTV) is evaluated as an aid to security at four regional airports* As part of the 'Securing our Regional Skies' package announced in August 2004, the installation of the CCTV system has been completed at the four trial sites to assess its significance as a deterrent to acts of unlawful interference with aviation. An evaluation of the systems has commenced and will be completed in 2006-07.

### Cost

\$2.0m (up from \$0.535m at Budget) The actual cost of this programme in 2005-06 was \$1.8 million.

Overall performance 



## ADMINISTERED PROGRAMME: AVIATION SECURITY ENHANCEMENTS— REGIONAL AIRPORT SECURITY

(Office of Transport Security)

### Quality/Location<sup>a</sup>

As the government is committed to protecting Australia's aviation industry and the many millions of passengers it carries each year, funds were made available to assist regional airports to implement a range of basic security measures through the Regional Airports Funding Programme (RAFP) administered by the Australian Airports Association. So far, 121 of 145 regional airports have accessed \$28.6 million to implement basic security infrastructure, including fencing, lighting, CCTV and alarm systems, locking devices, signage and access control measures.

Additional funds of \$1.5 million were made available to expand the programme to another five regional airports to implement basic security infrastructure in accordance with their security risk assessment and transport security programme.

Regional airports will continue to implement basic security measures such as fencing, lighting and CCTV through the RAFP.

a No performance indicator was published.

### Cost

\$1.5m (announced in the  
PSAES as 'National Security  
- regional airport security')

The actual cost of this programme in 2005-06 was \$1.5 million.

Overall performance

✓✓✓



## ADMINISTERED PROGRAMME: AVIATION SECURITY ENHANCEMENTS— REGIONAL PASSENGER SCREENING

(Office of Transport Security)

### Effectiveness

*Security is enhanced at regional airports handling regular public transport services*

The Securing our Regional Skies package was announced in August 2004 to improve the response capacity, capability building and deterrence for Australia's regional airports and airlines.

Regional passenger scanning is being implemented by providing hand-wand metal-detecting kits and staff training at approximately 140 regional airports operating regular public transport services. These measures will enable regional airports to continue to operate should there be a heightened security alert.

### Quantity/Location

*Metal-detection equipment and training is provided to 140 regional airports*

Metal-detection equipment and training for regional airports across Australia continued in 2005-06. In total, 781 candidates were trained and assessed as competent and 136 airports gained the metal-detection capability. The second round of training will commence in 2006-07 to reinforce training outcomes and to maintain a metal-detection capability at each airport.

### Cost

*\$3.0m (up from \$2.7m at Budget)*

The actual cost of this programme in 2005-06 was \$2.5 million, less than expected due to a delay in airports claiming reimbursement for travel expenses. Remaining funds have been carried forward to 2006-07.

**Overall performance**

✓✓✓





## CASE STUDY—TRANSPORT SECURITY ASPECTS OF THE MELBOURNE COMMONWEALTH GAMES

The 2006 Commonwealth Games (M2006 Games) were held in Melbourne from 15–26 March this year.

The M2006 Games included over:

- 1 million spectators
- 6,000 athletes, coaches and team officials
- 3,000 local and international media
- 5,000 service providers
- 15,000 volunteers
- 40,000 internal visitors
- 50,000 interstate visitors
- 1 billion television viewers worldwide.

It was the biggest sporting event to take place in Australia since the Sydney Olympics in 2000.

On behalf of the government, the department, through the OTS, worked closely with Australian and Victorian government agencies to provide an effective national security overlay for the games, participating in both national level and state-based forums to plan transport security for the games.

The department was responsible for ensuring that Australia met its national and international responsibilities for security of airlines, airports, ports and shipping in the lead-up to and during the M2006 Games.

The department deployed staff to Melbourne to cover the operations of the games and to support contingency plans. Our staff provided advice, support and direction to Australian Government agencies, the Victorian Government—including the Victorian Police Service—the M2006 organisers and the transport industry.



*Mike Taylor, DOTARS Secretary, presenting one of the department's staff members who contributed to the successful running of the M2006 games with a commemorative medallion. (Photo DOTARS)*



## UPDATE—WHEELER REVIEW IMPLEMENTATION

On 5 June 2005, the Rt Hon. Sir John Wheeler was invited by the Australian Government to undertake a review of Australia's aviation security and policing arrangements. Sir John delivered his report, *An independent review of airport security and policing for the Government of Australia* (the Wheeler review), to the government in September 2005 with 17 recommendations.

The review's recommendations dealt with a range of security and policing issues. The department is directly responsible for implementing a number of these recommendations.

Recommendation IV of the Wheeler review stated that the Office of Transport Security be given additional analytical and reporting capability, to enable it, among other things, to produce regular reports on security issues facing Australia's aviation industry. This model is also intended to be applicable to Australia's maritime and land industries.

In line with the review's recommendations, the government has:

- recruited state-based security analysis liaison officers to enhance the reciprocal feedback of transport security-related information between industry and government
- produced the sectoral Aviation Security Risk Context Statement (RCS) in December 2005. The Aviation Security RCS was delivered to aviation industry participants in collaboration with state and territory government agencies in a series of threat and risk briefings across all jurisdictions
- developed the *Aviation Security Quarterly Report* and disseminated it to aviation industry participants. The quarterly report synthesises threat and criminality information provided by the Australian Security Intelligence Organisation and the Australian Crime Commission to assist industry in the development and implementation of transport security priorities. This information was provided to industry through the Aviation Security Advisory Forum
- sponsored a visit by a senior security adviser to the UK Government to Australia in April 2006. The purpose of the visit was to inform and educate government and key industry stakeholders on vehicle-borne improvised explosive device threats and mitigation techniques
- strengthened background checking of applicants for security identification cards. The aviation security identification card background checking regime was strengthened by removing the grandfathering provision, including a pattern of criminality and providing for more frequent background checking where a lower level of criminal activity is evident. The regulatory changes have been made and the new strengthened disqualifying criteria for the pattern of criminality came into effect on 6 March 2006. Additionally, the government will establish a new division within the Attorney-General's Department to coordinate background checking on people working in the secure areas of air and seaports
- enhanced airside inspections. Since late 2005, industry and government agencies have been consulted on an effective airside screening regime. The intention is to inspect everyone going into airside areas immediately surrounding regular passenger transport aircraft at the 11 designated airports
- appointed additional staff to audit regulated air cargo agents
- provided explosive trace detection equipment to be used to examine export air cargo
- initiated a project to develop a nationally consistent Aviation Security Training Framework in consultation with the aviation industry. The framework outlines security-specific knowledge and competencies for defined security roles and will include training modules and assessment materials
- advised and worked closely with other agencies responsible for implementing the recommendations—and will continue to do so
- continued to analyse transport security events and incidents in the aviation sector.



## OUTPUT 1.3.1: AUSLINK

*(AusLink Business Division)*

### Effectiveness

*The Australian Government's National Land Transport Plan (AusLink) is implemented to maintain and improve the standard of national infrastructure*

The five-year AusLink National Land Transport Plan received a further \$2.4 billion in the Australian Government's May 2006 Budget to bring to \$15 billion the government's total funding commitment to AusLink over the five financial years to 30 June 2009. In 2005–06, the second year of the plan, the department administered \$4.5 billion in grants for national infrastructure on behalf of the Australian Government.

During 2005–06, the department distributed \$1.2 billion for more than 160 major projects on the AusLink rail (13,985 km) and road (22,500 km) network. A further \$7.8 million was spent on research and technology projects.

All councils around Australia, and states and the Northern Territory where they administer unincorporated land, received \$307.5 million for improvements to their local roads. An amount of \$497 million was made available as untied financial assistance grants for roads. Supplementary funding to South Australian councils accounted for a further \$9 million and \$14.5 million was allocated to AusLink strategic regional projects.

In a targeted programme to reduce Australia's road toll, the government directed \$44.5 million to a range of 'black spot' safety improvements.

Of the additional \$2.4 billion distributed in 2005–06:

- \$1.8 billion was provided to states and the Northern Territory to complete major works packages by the end of 2009 on the Pacific and Hume highways in New South Wales, the Bruce Highway in Queensland, the Eyre, Great Eastern and Great Northern highways in Western Australia, the Sturt Highway in South Australia, the East Tamar Highway in Tasmania and the Victoria Highway in the Northern Territory.
- \$307.5 million was allocated as supplementary Roads to Recovery funding to about 700 councils around Australia, and to three states and the Northern Territory for unincorporated areas
- the Australian Rail Track Corporation (ARTC), a company owned wholly by the Australian Government, received a further \$270 million, which it will use to complete the replacement of old timber sleepers with concrete ones on the mainline track between Melbourne and the Queensland–New South Wales border. Together with other works, this will reduce travel times for freight trains by between two and nine hours over the main rail corridor between Melbourne and Brisbane.

In 2005–06, the ATC endorsed the first national model for rail safety legislation, marking a significant step towards improving the national consistency of rail regulations across state and territory borders.

The key challenges facing AusLink in 2006–07 include:

- completing all the corridor strategies, including integrating information from the results of the North-South Rail Corridor Study
- reviewing progress under the current five-year AusLink National Land Transport Plan and planning for major elements of subsequent Australian Government land transport infrastructure investment
- finalising projects to be supported under the Strategic Regional Programme.



Output 1.3.1—Auslink continued...

**Effectiveness**

*Infrastructure planning and investment decision-making processes are improved*

The AusLink (National Land Transport) Act 2005 (the AusLink Act) was proclaimed on 28 July 2005.

AusLink's National Land Transport Network was determined under the Act in October 2005. It includes all of the former National Highway, plus additional freight routes and corridors through cities, and the interstate standard gauge mainline rail track.

During the year, the department finalised AusLink bilateral agreements with each state and both territories. These agreements identify respective responsibilities for developing the National Network, list projects approved for funding, and establish Australian Government financial contributions under the AusLink National Land Transport Plan to 2008–09.

The plan operates on a five-year basis within a 20-year planning horizon. Future funding will be informed by the findings of corridor strategies for the 24 transport corridors on the National Network. Guidelines have been developed to ensure consistent and robust strategies are developed. Four corridor strategies had been drafted and a further 12 were underway by 30 June 2006. In June 2005, COAG requested that all the strategies be completed by mid-2007.

Notes on administration were issued, providing detailed guidance to states and territories on how to administer the AusLink Programme on behalf of the Australian Government.

Stakeholders can access key documents and information about AusLink planning and decision-making processes on the AusLink website at [www.auslink.gov.au](http://www.auslink.gov.au).

The ARTC consulted widely with industry and freight users on the proposed rail track works and awarded corridor alliance contracts that involve the corporation and contractors sharing savings and costs.

**Quality**

*Programmes are administered in line with relevant legislation*

In 2005–06, the department administered the following programme elements:

- AusLink—National Network
- AusLink—Road Safety Black Spot
- AusLink—Roads to Recovery
- AusLink—Strategic Regional
- AusLink—Improving Local Roads
- AusLink—Improving the National Network
- AusLink—Improving the National Railtrack
- Management of residual issues of the former Australian National Railways Commission (AN)
- Murray River Bridges—Federation Fund Project
- Upgrade of Mainline Interstate Railway Track (removal of interstate rail track from Wodonga CBD).

For more information about programme administration, see the reports below.



**Price**

\$19.8m

The actual price of this output in 2005–06 was \$19.6 million.

**Overall performance****ADMINISTERED PROGRAMME—AUSLINK NATIONAL NETWORK***(AusLink Business Division)***Effectiveness**

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

AusLink National Network provides funds for new construction projects and maintenance on the National Network. The Australian Government invested \$1.2 billion on these projects in 2005–06. Some were funded jointly with relevant state and territory governments and other parties.

Work was completed on:

- the Hume Highway bypass at Craigieburn, Victoria (total Australian Government contribution is \$306 million)
- the Westlink M7, a 40 km section in a ring road for Sydney (\$392 million)
- duplication of the Taree to Cooperook section of the Pacific Highway in New South Wales (\$28.8 million)
- Buckley bridge upgrades on the Barkly Highway, North-West Queensland (\$21 million)
- Stage 1 of the Penguin to Ulverstone duplication of the Bass Highway, Tasmania (\$28.5 million)
- Stage 7 of the Roe Highway extension, Western Australia (total Australian Government contribution to the Roe Highway is \$76 million)
- the North Quay rail loop, Western Australia (\$9.5 million)
- duplication from Noonamah to Cox Peninsula Road on the Stuart Highway, Northern Territory (\$6.5 million).

Work began or continued on more than 160 other National Network projects, including:

- Caboolture Motorway widening to six lanes north of Brisbane
- Hume Freeway at Albury–Wodonga upgrading
- Pacific Highway's further duplication
- Geelong bypass
- Adelaide's Port River Expressway
- an improved rail link to the Port of Melbourne
- Sawyers Valley to The Lakes section of Western Australia's Great Eastern Highway duplication.

The Australian Government announced in December 2005 a rescue package totalling \$78 million for the Tasmanian mainline rail network, subject to the Tasmanian Government and Pacific National, the private sector operator of rail services in that state, meeting certain investment requirements.



Output 1.3.1—Auslink continued...

Quality

*Planning and investment decision-making processes are improved in partnership with state and territory governments*

Through the bilateral agreements negotiated during 2005–06, partnership arrangements were agreed with all states and territories. They included cooperative approaches for improving long-term planning and decision-making to meet and manage future transport infrastructure needs. The aim is to target projects on the National Network that deliver high levels of national benefit.

Under AusLink, investment in infrastructure will:

- be informed by examining how each land transport corridor needs to perform to meet future demands safely and effectively
- represent the best solution to a transport problem
- target national objectives and priorities
- be based on planning undertaken in partnership with states and territories and involve non-government stakeholders
- increase the potential for private sector involvement.

*Transport corridor objectives, strategies and priorities are established for future investment*

The Minister for Transport and Regional Services approved objectives for developing the National Network in early 2006. These objectives 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 interregional corridors
- be consistent with viable, long-term economic and social outcomes, and with the obligation to current and future generations to sustain the environment.

Four corridor strategies were drafted in 2005–06: Brisbane–Cairns, Sydney–Melbourne, Adelaide urban and Perth–Adelaide.

In early 2006, development of another 12 corridor strategies began: Melbourne urban, Melbourne–Brisbane, Melbourne–Adelaide, Melbourne–Geelong, Sydney urban, Sydney–Brisbane, Sydney–Wollongong, Brisbane urban, Mt Isa–Townsville, Brisbane–Darwin, Perth–Darwin and Adelaide–Darwin.

All corridor strategies are to be completed by mid-2007.

A national intermodal terminal study was completed in February 2006 and several other ‘foundation studies’ were begun. These will examine freight demand and function, different industry needs and the nature and patterns of freight flows, including factors that may trigger shifts in the pattern of freight activity in the future. In addition, in March 2006 the Bureau of Transport and Regional Economics (BTRE) published *Demand projections for AusLink non-urban corridors*. Together, these studies and projections will enable robust analysis of corridors, including freight traffic on non-urban routes and an assessment of urban freight patterns.



**Quality**

The North-South Rail Corridor Study commenced in September 2005 and the study report was released on 7 September 2006. It examined future transport demand along the Melbourne-Sydney-Brisbane corridor and identified potential impediments to meeting this demand. Information and data were obtained through extensive consultation with the rail industry, freight forwarders and other users.

Some \$4.3 million was spent under Part IV of the *AusLink (National Land Transport) Act 2005* (Auslink Act) on these studies.

*Projects are administered in line with relevant legislation*

More than 160 major land transport infrastructure projects are being administered under the National Network Programme.

**Cost**

\$1,318.4m

The actual cost of this programme in 2005-06 was \$1,228.9 million, principally because funds allocated previously to the Scoresby Freeway project (\$90.0 million) on the basis it would be built as an untolled road were reallocated to other projects and moved to later years.

**Overall performance**

✓✓✓

**Did you know?**

It can cost more than \$70 million to build a kilometre of four-lane, freeway-standard road. The most expensive road in Australia, per kilometre, is the Tugun bypass—it is 7.5 km long and cost \$546 million. The Australian Government is contributing \$120 million to the cost of the road west of the Gold Coast Airport.

**ADMINISTERED PROGRAMME—AUSLINK ROAD SAFETY BLACK SPOT**

*(AusLink Business Division)*

**Effectiveness**

*Road crashes are reduced at treated sites, along with trauma and associated costs to the community*

The AusLink Black Spot Programme is a key element of the Australian Government's aim to reduce the national road fatality rate by 40 per cent over the decade to 2010. It is currently funded until June 2008.

In 2005-06, \$44.5 million was allocated to improving road safety at about 370 crash sites around Australia.

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.

The BTRE, which evaluated the programme in 2001, began a further evaluation during 2005-06 to assess the effectiveness of the Black Spot Programme since 2001. This is expected to be completed by March 2007.

Output 1.3.1—AusLink continued...

**Quality**

*Priority is given to proposals for cost-effective treatment of sites with a proven history of crashes (black spots)*

A black spot can be nominated through the AusLink website at [www.auslink.gov.au](http://www.auslink.gov.au).

Most funding goes to treat sites with a proven history of crashes—black spots with a record of at least three accidents involving casualties over a five-year period—and with a robust benefit to cost ratio of at least 2:1.

Completed projects prevented more than 1,500 serious crashes and 32 fatalities between 1996 and 1999 alone. It is estimated they saved the community many times the cost of the works, returning approximately \$14 in benefits for every dollar spent.

Approximately 50 per cent of Black Spot Programme funding is reserved for projects in rural areas, consistent with the proportion of road deaths and serious injuries occurring in those areas. In 2005–06, more than 54 per cent of funding was allocated to rural projects.

*Payments are made in line with the AusLink legislation*

This programme is administered under Part 7 of the *AusLink (National Land Transport) Act 2005*.

**Quantity**

*Approximately 370 'black spots' are approved for funding*

The number of projects varies each year depending on the cost of approved works. In 2005–06, 358 new black spots were approved for treatment.

**Cost**

\$44.5m

The actual cost of this programme in 2005–06 was \$44.4 million.

**Overall performance**

✓✓✓

ADMINISTERED PROGRAMME—AUSLINK ROADS TO RECOVERY

*(AusLink Business Division)*

**Effectiveness**

*Local councils use funds to maintain and improve land transport infrastructure*

Under the AusLink Roads to Recovery Programme, each local authority across Australia is guaranteed a share of the available funding. Money is paid directly by the Australian Government to each council. Spending decisions are made locally and reported to the government. Councils nominate projects to be funded.

Funds are used for a range of purposes, including roadworks, traffic lights and bridges, but not for moveable capital equipment such as graders.

In 2005–06, \$307.5 million was provided under this programme. About 4,500 projects have been proposed by councils in 2005–06. Councils are required to lodge audited financial statements stating how they have spent the programme funds.





**Quality**

*Payments are made in line with AusLink legislation*

Following an audit of the previous Roads to Recovery Programme by the Australian National Audit Office, programme procedures have been enhanced, including a clearer requirement for councils' annual reports.

**Quantity**

*Approximately 700 councils are eligible for funding*

Every council in Australia is entitled to receive money under this programme. Funds are also provided to some state and Northern Territory agencies responsible for roads in unincorporated areas.

The funds are allocated as follows:

- \$1.2 billion over four financial years goes to councils, distributed in accordance with the recommendations of the various Local Government Grants Commissions
- \$30 million over four financial years is provided to the unincorporated areas of New South Wales, Victoria, South Australia, the Northern Territory and the Indian Ocean Territories of Christmas Island and Cocos (Keeling) Islands.

**Cost**

\$307.5m

The actual cost of this programme in 2005–06 was \$307.5 million. The cost of this programme in the 2005–06 PBS is \$340.6 million, which included \$33.1 million for the Strategic Regional Programme. To improve the usefulness of this report, the programmes have been disaggregated and are reported separately.

**Overall performance**

✓✓✓

**Did you know?**

Rail is a very safe and energy efficient form of land transport. One train with two drivers carries an equivalent amount to 150 trucks and drivers. The Australian Government and the Australian Rail Track Corporation, a private company wholly owned by the government, together are investing \$2.4 billion in national rail infrastructure in the first five years of AusLink, the National Transport Plan



## ADMINISTERED PROGRAMME—AUSLINK STRATEGIC REGIONAL

*(AusLink Business Division)*

It is normal practice to report against the performance indicators in the *Portfolio Budget Statements (PBS)* or the *Portfolio Additional Estimates Statements (PAES)* for the reporting year (2005–06). However, AusLink's administered programme outcomes changed during the year. To make this report as useful as possible, the new framework and targets have been aligned with those published in the *2006–07 PBS*.

### Effectiveness

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

AusLink's 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.

In total, \$220 million has been provided for a range of projects to mid-2009. Some \$127 million was made available through a competitive merit-based process, which was announced at the beginning of March 2006. Applications closed on 1 May 2006 and are being assessed by the department. The Australian Government expects to announce the successful projects late in 2006. Before the call for applications in March 2006 to decide the distribution of \$127 million, the Australian Government announced in 2004 initial projects with funding totalling about \$93 million. Of those 22 projects, 15 have been approved by the minister and are either completed or underway. Completed projects include:

- safety improvements to Jervis Bay Road intersection, New South Wales (one of four subprojects of the Princes Highway Safety Works project)
- traffic lights at Yan Yean and Ironbark Roads, Yarrambat, Victoria
- a boardwalk along Metung Road, Victoria
- the Russett Park Causeway in Mareeba Shire, Far North Queensland
- upgrade of Port Sorell Road, Tasmania.

The department continues to work with proponents to finalise funding and administrative arrangements for the remaining seven projects.





**Quality**

*Projects satisfy eligibility criteria*

Current funding applications are being assessed against one of two sets of criteria: one for large projects (those seeking more than \$1 million) and one for small projects (seeking up to \$1 million).

The criteria for large projects require:

- collaborative regional planning and regional support
- stakeholder funding contributions
- industry competitiveness
- regional significance
- access to services and employment
- clear construction timelines and relevant construction standards.

The criteria for small projects include:

- community/regional significance and community support—relevance to local industry and development
- community access and social significance
- safety
- clear construction time lines and relevant construction standards.

The Australian Government will announce the successful projects before the end of 2006. The department will work with successful proponents to establish financial and administrative arrangements, enabling some projects to commence in the first half of 2007.

**Quantity**

*Approximately 700 councils are eligible for funding*

More than 480 applications from 274 separate councils seeking more than \$1 billion in Australian Government contributions were received and are being assessed. The total project value represented by these applications is \$2 billion.

**Cost**

*\$16.5m (down from \$33.1m at Budget)*

The actual cost of this programme in 2005-06 was \$14.5 million, with \$2 million carried forward to 2006-07.

The AusLink Strategic Regional Programme is administered under Part 6 of the AusLink Act.

**Overall performance**

✓✓✓

## ADMINISTERED PROGRAMME—AUSLINK IMPROVING LOCAL ROADS

*(AusLink Business Division)*

It is normal practice to report against the performance indicators in the PBS or the PAES for the reporting year (2005-06). However, this programme was announced in the context of the 2005-06 *Portfolio Supplementary Additional Estimates Statement (PSAES)*, with the performance indicators being reported for the first time in the 2006-07 PBS.

### Effectiveness

*Local councils use funds to accelerate works to maintain and improve the local road network*

In the May 2006 Budget, the Australian Government announced a special one-off payment of \$307.5 million to Australia's councils and to three states, the Northern Territory, Christmas Island and Cocos (Keeling) Islands, to accelerate local road improvements.

### Quality

*Funds are paid to local councils and for unincorporated areas and are used for the construction or maintenance of roads*

The funds are administered under similar funding conditions to those of the AusLink Roads to Recovery Programme.

### Quantity

*Approximately 700 councils are eligible for funding*

Payments were made in June 2006 to 706 councils and five state/territory governments.

### Cost

*Nil (the programme was announced in the 2005-06 PSAES)*

The actual cost of this programme in 2005-06 was nil. An amount of \$307.5 million was paid in 2005-06 to be expensed over the next three years to 2008-09.

**Overall performance**

✓✓✓



## ADMINISTERED PROGRAMME—AUSLINK IMPROVING THE NATIONAL NETWORK

*(AusLink Business Division)*

It is normal practice to report against the performance indicators in the PBS or the PAES for the reporting year (2005–06). However, this programme was announced in the context of the 2005–06 PSAES, with the performance indicators being reported for the first time in the 2006–07 PBS.

### Effectiveness

*Roads and related infrastructure is enhanced along designated transport corridors*

The Australian Government provided an additional \$2.4 billion in 2005–06 for improving transport infrastructure. Of this total, \$1.8 billion was paid to states and the Northern Territory to undertake specified works packages towards improving the AusLink National Network by the end of 2009. The funding will be expensed over the five years to 2010–11.

The programme includes:

- providing dual carriageway on the remaining unduplicated sections of the Hume Highway, except for about 20 kilometres at Woomargama, Holbrook and Tarcutta, where planning for bypasses is required
- duplicating the Pacific Highway from Moorland to Herons Creek, south of Port Macquarie, and undertaking priority safety works along the highway
- undertaking flood immunity works on the Bruce Highway at Tully and a range of improvements on the highway between Townsville and Cairns
- upgrading the Great Northern Highway in Victoria and the 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
- duplicating the Sturt Highway from Gawler to Daveyston and further upgrading it to Nuriootpa in South Australia
- upgrading the East Tamar Highway in Tasmania, including a bypass of Dilston
- undertaking flood mitigation works for the Victoria Highway across the Victoria River floodplain in the Northern Territory.

### Quality

*Projects are administered in line with relevant legislation and agreements between jurisdictions and the Australian Government*

Memoranda of understanding in relation to the additional funding were negotiated with relevant states and the Northern Territory. These memoranda require adherence to relevant sections of the AusLink Act, bilateral agreements and Notes on Administration.

### Cost

*\$2.5m (the programme was announced in the PSAES)*

The actual cost of this programme in 2005–06 was \$2.5 million. An amount of \$1,820.0 million was paid in 2005–06 with the balance to be expensed in the forward years.

**Overall performance**

✓✓✓



## CASE STUDY—BRISBANE–CAIRNS CORRIDOR STRATEGY

The Australian and Queensland governments have completed a draft joint transport strategy for the Brisbane–Cairns corridor that will inform their investment decisions for the Bruce Highway and North Coast Railway beyond 2009.

It is the first of more than 20 corridor strategies being developed for the AusLink National Network, which has replaced the National Highway as the principal road and rail system linking capital cities and major population centres.

Corridor strategies identify transport needs within a corridor and the priorities for meeting those needs. They provide a basis for making decisions on future project planning and construction time frames.

The Brisbane–Cairns Corridor Strategy provides a detailed snapshot of the corridor, its transport function, deficiencies and future needs. It provides the Australian and Queensland governments with a blueprint for devising practical solutions to emerging problems before they become critical.

Governments will now explore multi-modal outcomes to the needs of the corridor and plan strategies for 20 to 25 years into the future.

A thorough analysis of the Brisbane–Cairns corridor underpinned the development of the corridor strategy: the role of the corridor in supporting major industry, population growth, tourism and exports; the needs of growing regional centres and ports along the corridor; an assessment of modal competition and the role of rail; analysis of current and future transport demand and the economic and social drivers of demand; and an assessment of road safety black spots and risk factors.

The analysis found the following:

- about 58 per cent of Queenslanders live along the corridor
- the corridor is highly decentralised, with major urban areas, industry and agricultural production as well as tourism spread along its 1,700 km length
- road and rail transport activity throughout the corridor is expected to grow strongly at between around 2.5 and 3.0 per cent a year. South of Childers, road traffic is expected to grow at the higher rate of around 3.5 per cent a year and double in 20 years. This growth will be fuelled by rapid population and economic growth and tourism
- road and rail are expected to continue to compete strongly for long-distance movement of general freight in the corridor. Rail and coastal shipping will have important roles in movement of bulk cargo, and road is expected to continue to dominate local and intra-regional transport and specific niche markets. Air transport is expected to grow rapidly (averaging over 5 per cent a year) and expand its dominance of the long-distance passenger travel market.

The main challenges are to cater for expected growth and, at the same time, improve the safety, reliability and maintenance of the entire road corridor. The main challenge for the rail system is to ensure that the infrastructure in the North Coast Line can support the provision of competitive rail services, particularly freight services. In the longer term, additional rail capacity may be required to meet potential growth in north–south rail freight activity.



*Bruce Highway north of Gympie (Photo DOTARS)*



## ADMINISTERED PROGRAMME—MANAGEMENT OF RESIDUAL ISSUES OF FORMER AUSTRALIAN NATIONAL RAILWAYS COMMISSION

(AusLink Business Division)

### Effectiveness

*The future of the AN plan room is resolved, along with any other residual issues which may emerge*

The department continued to deal with a number of residual issues associated with the former Australian National Railways Commission (AN), which has been wound up. The main issue continues to be the AN plan room in Adelaide, which now houses an estimated 200,000 plans and drawings of rail rolling stock and infrastructure.

In 2005–06, the department engaged a consultant to scrutinise the plans and develop a disposal strategy in conjunction with the Australian National Archives. The process included consultations with users of the plans. This process is expected to be completed in 2006–07.

*Public access to plans of heritage value is maintained*

Public access to the AN plans was maintained in Adelaide throughout 2005–06.

### Cost

*\$0.5m (down from \$0.7m at Budget).*

The actual cost of this programme in 2005–06 was \$0.05 million. Amounts of \$0.4 million in 2006–07 and 2007–08 have been set aside to meet any costs that might arise in connection with AN, including the AN plan room and any legal costs.

**Overall performance**



## ADMINISTERED PROGRAMME—MURRAY RIVER BRIDGES—FEDERATION FUND PROJECT

(AusLink Business Division)

### Effectiveness

*New regional infrastructure improves access*

On average, more than 100,000 vehicles each day use the 30 Murray River crossings. Road transports carry 20 million tonnes of freight across Murray River bridges every year. The average value of this freight is \$29 billion annually. Much of the freight is carried on the AusLink National Network between Sydney and Melbourne (Lincoln Causeway), Sydney and Adelaide (George Chaffey Bridge at Mildura) and Melbourne and Brisbane (Tocumwal Bridge on the Newell Highway).

The Australian Government is contributing \$44 million to the cost of three non-network bridges over the Murray River in addition to the AusLink National Network bridges it funds. The Corowa Bridge has opened to traffic, the Robinvale Bridge is due to open on 7 October 2006, while construction is yet to start on the Echuca–Moama bridge. Because of heritage issues encountered by the Victorian Government, the project has been delayed to 2006–07.

### Quality

*A new bridge is constructed over the River Murray at Echuca–Moama*

The Echuca–Moama crossing carries the third-largest value of freight on Murray River crossings between Victoria and New South Wales. The growing economic importance of Echuca–Moama as a tourism destination underscores the need for efficient and safe regional transport links; the new bridge will be consistent with such an objective.

*Payments are made in line with the Australian Government's obligations*

n/a

### Cost

*\$0m (down from \$9.5m at Budget)*

The actual cost of this programme in 2005–06 was nil, with funding carried forward to 2006–07.

**Overall performance**

✓✓✓





## ADMINISTERED PROGRAMME—UPGRADE OF MAINLINE INTERSTATE RAILWAY TRACK (REMOVAL OF INTERSTATE RAIL TRACK FROM WODONGA CBD)

(AusLink Business Division)

### Effectiveness

*The project improves interstate rail track efficiency*

The Australian Government remains committed to contributing to the cost of a Wodonga rail bypass. The bypass will remove the interstate rail track from the CBD of Wodonga, through construction of a new standard gauge track north of the city. The release of 20 hectares of railway land in the town centre will allow its redevelopment.

The rail bypass will benefit the residents of Wodonga, who have long had to deal with having the Melbourne–Sydney main line running through the centre of their city. This has meant delays and dangers for residents, fragmentation of the CBD—with loss of valuable space that could be better used for provision of civic amenities—and inefficient rail and road transport for industry.

Funds were moved to 2006–07, given ongoing negotiations between the ARTC, Victorian Department of Infrastructure, and Pacific National on the details of the project. Once agreement is reached and the Victorian Department of Infrastructure finalises a detailed project proposal, the project can proceed in 2006–07.

### Quality

*The interstate main line rail track through the Wodonga CBD is replaced with a rail bypass*

n/a

*Payments are made in line with the Australian Government's obligations*

n/a

### Cost

\$20.0m

The actual cost of this programme in 2005–06 was nil, with funding carried forward to 2006–07.

**Overall performance**

✓✓✓



## CASE STUDY—DYNON PORT RAIL LINK

Melbourne's Dynon Port Rail Link illustrates the importance of joint government cooperation towards achieving the AusLink Programme objectives in conjunction with private enterprise. Melbourne is Australia's largest and most efficient container port, generating trade worth \$100 million every day. By volume, it handles 37 per cent of Australia's import/export container traffic.

Work is progressing on a major project that will deliver uninterrupted 24-hour road and rail access to the Port of Melbourne and reduce congestion on Footscray Road, one of the city's busiest thoroughfares. Under AusLink, the Australian Government will contribute \$110 million towards the Dynon Port Rail Link.

This AusLink investment aims to achieve world best practice in intermodal operations at Melbourne, keep the port competitive, and reduce the likelihood of increased container transportation shifting from rail to road.

Flow-on benefits from the planned investment will include quicker turnaround times for vehicles and better utilisation of terminal facilities, forklifts, service roads and staff.

The project involves construction of an 80-metre overpass, six lanes wide, that will carry Footscray Road over a newly built railway line, together with other rail and signalling works. The project is located on the main interstate rail corridor as it enters the Port of Melbourne. The project will help facilitate the objective of 30 per cent of port-related freight to be transported by rail by 2010.

The rail infrastructure upgrading will improve freight flows in the Dynon precinct and to the Port of Melbourne, and allow the use of longer trains to access the port's on-dock rail terminals directly. The separation of the railway and Footscray Road will eliminate traffic delays on Footscray Road as trains cross to access the Port of Melbourne.

This project is scheduled to be completed by 30 June 2009.



Federal Transport Minister Warren Truss (right) and Victorian Transport Minister Peter Batchelor opening the Dynon Port Rail link (Photo courtesy Department of Infrastructure—Victorian State Government)

## OUTPUT 1.4.1: MARITIME AND LAND TRANSPORT

(Maritime and Land Transport Business Division)

### Effectiveness

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

The Australian Government's shipping policy seeks to balance the interests of the Australian shipping industry through a preference for Australian licensed vessels in the carriage of coastal cargoes, and meeting the interests of exporters and importers by ensuring access to efficient international shipping services. On behalf of the government, the department:

- registered agreements enabling ocean liner carriers to collaborate to provide regular cargo shipping services to importers and exporters
- administered legislation governing the coastal trade.

The department supports the government's and COAG's efforts to deliver land transport reforms such as uniform and efficient regulatory arrangements across the states and territories. The department supported a range of national road and rail regulatory reforms through the National Transport Commission (NTC) (page 95).

#### Trade Practices Act application to international liner cargo shipping

Liner cargo shipping carried almost half of Australia's seaborne exports and over three-quarters of Australia's seaborne imports in 2004–05, valued at over \$47 billion and \$86 billion, respectively (latest figures available).

Part X of the *Trade Practices Act 1974* gives ocean liner cargo carriers immunity from certain parts of Australia's trade practices laws. It permits them to form conference agreements to provide regular scheduled cargo shipping services. At 30 June 2006, similar exemptions were provided by the USA, the European Union, Japan, Korea, Canada and New Zealand.

Agreements registered with the department under the Act are wide-ranging, each specific to an individual trade route. In 2005–06 the department:

- registered more agreements and variations to existing agreements than in 2004–05 (see Table 3.8)
- registered all agreements and variations within 14 days of receipt.

A review of Part X of the *Trade Practices Act 1974* commenced in 2004 as a result of shippers' concerns about liner discussion agreements. The government's response to the report of the Productivity Commission on its review of Part X is expected to be released shortly.

#### Coastal cargo

Coastal shipping, which performs 26.5 per cent of Australia's domestic freight task (measured in tonne-kilometres), is vital to the nation's economy.

The *Navigation Act 1912* requires all vessels trading interstate to be licensed or to have a coastal permit to carry cargo or passengers. The volume of applications for licences and permits fluctuates from year to year with demand for coastal shipping services (see Table 3.8). In 2005–06 the department, through the Operations Centre of the Office of Transport Security, issued all permits within target time frames. This included more:



## Output 1.4.1—Maritime and land transport continued...

## Effectiveness

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

- coastal trading licences than in previous years—these can be issued to any vessel provided that Australian wages are paid to the crew while it is engaged in coastal trade
- single voyage and continuing voyage permits to foreign ships—permits may be issued where no licensed ship is available or the service provided by such ships is not adequate.

## National and international reform supported

The *Navigation Act 1912* is the major legislation regulating maritime safety. In 2005–06 the department supported the government in meeting its commitments under the COAG Competition Principles Agreement (CPA) by:

- commencing work to implement 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
- continuing discussions with state maritime authorities aimed at simplifying and clarifying jurisdictional responsibility for maritime safety regulation of vessels between the Australian Government and the states and the Northern Territory.

It is expected that these processes will be completed in 2006–07.

In addition to contributing to the reviews mentioned above, in 2005–06 the department:

- completed a detailed review of governance of the Australian Maritime Safety Authority (AMSA) in response to the Uhrig report
- participated in NTC working groups on compliance and enforcement, driver health and fatigue, heavy vehicle charges and performance-based standards, and rail reform (see National Transport Commission (page 95))
- delivered funding on behalf of the Australian Government to help establish the Transport and Logistics Centre of Excellence (page 101).

We also supported bodies including the:

- International Maritime Organisation (IMO) and the OECD Transport Research programme, by contributing to the development of international standards for maritime safety and protection of the marine environment. For contributions to international organisations administered under this output (see Table 3.9. page 103)
- ATC and its supporting Standing Committee on Transport through the provision of secretariat services
- Australian Logistics Council, a partnership between the Australian Government and senior industry leaders created to drive the Australian Logistics Industry Strategy. The department coordinated the financial support of the Australian Government for the council and engaged directly in the council's work programme.

*A national reform agenda for transport systems is developed and implemented*

In 2005–06 the department contributed to the government's review of national competition policy that led to COAG establishing the National Reform Agenda in February 2006, which included a commitment to new and continuing national transport reforms.



**Did you know?**

The National Reform Agenda adopted by COAG is aimed at delivering significant economic and social benefits to the community. The Productivity Commission has estimated that national competition reforms have permanently increased the level of Australia's gross domestic product by 2.5 per cent, or \$20 billion. The transport reform agenda is part of the National Reform Agenda. Its projects include identifying options for efficient road and rail freight infrastructure pricing in a manner that maximises net benefits to the community. It also includes other reforms covering the harmonisation and reform of road and rail regulation, including access and safety, the finalisation of the AusLink Corridor Strategies by July 2007 and a review of urban congestion trends, impacts and solutions.

*Output 1.4.1—Maritime and land transport continued...***Effectiveness**

*Exposure to environmental damage from maritime and land transport is reduced*

**Leadership on ship safety and marine environment protection**

Australia's heavy reliance on its sea lanes and port operations results in a continual risk of pollution to the marine environment. In 2005–06 the department worked on behalf of the government to:

- contribute to the management of marine pests and ballast water issues through participation in the National Introduced Marine Pests Coordination Group project teams and the Oversight Group
- progress the development of domestic legislation to give effect to the following international conventions associated with shipping:
  - the Bunkers Convention, which makes ship owners liable for oil spill damages when oil is carried as fuel in a ship's bunker
  - 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
  - Revised Annex 1 (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
  - Protocol of 2003 to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992 (the Supplementary Fund)
  - International 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. This legislation was introduced on 22 June 2006
- continued consultation with industry and government stakeholders to develop an Australian position on accession to the Torremolinos Protocol on the safety of fishing vessels and the Standards of Training, Certification and Watch keeping—Fishing for fishing crews.

For a comprehensive list of relevant treaties and legislation on protection of the sea, visit [www.amsa.gov.au](http://www.amsa.gov.au).



## CASE STUDY—EMERGENCY TOWAGE

It is in the national interest to protect the marine environment from the consequences of significant pollution in the event of a maritime incident. While the incidence of significant pollution damage to the Australian coast has, fortunately been relatively rare, international experience demonstrates the extremely damaging effect of even a single major oil spill adjacent to a nation's coastline. The Australian, state and Northern Territory governments have agreed that effective management of first response to maritime incidents requires clear, unambiguous decision-making powers exercised by a single body.

In collaboration with AMSA and the states and Northern Territory, the government put in place the legislative, financial and operational measures for the National Maritime Emergency Response Arrangement (NEMERA), which the Australian Transport Council agreed to in November 2005. Under NEMERA there is now a single national decision maker that can effectively intervene at an early stage once an incident occurs. This prevents disputes over legal jurisdiction and respective responsibilities.

Amendments to the *Protection of the Sea (Shipping Levy) Act 1981* were made to enable the full recovery of the costs of NEMERA from the shipping industry. In May 2006 the government announced a moratorium on the shipping levy increases in 2006-07, with levies to be gradually increased from 2007-08 with full cost recovery by 2009-10.

AMSA also let three contracts under NEMERA for providing emergency towage services around Australia's coastline:

- Australian Maritime Systems Ltd for a dedicated vessel in the northern Great Barrier Reef and Torres Strait region. The contract will cost approximately \$8 million a year and will run for eight years. This vessel will also undertake maintenance of marine aids to navigation in the region. The service will commence on 1 July 2006.
- RiverWijs-Dampier for the north Western Australia region based on the port of Dampier. This service commenced from 1 June 2006 at a cost of about \$0.4 million a year for five years.
- Adsteam Pty Ltd for capabilities in the remaining seven regions around Australia at a cost of \$3 million a year over five years, which will also commence on 1 July 2006.

With these contracts in place, emergency towage arrangements are now comprehensively provided for on the Australian coast.



Output 1.4.1—Maritime and land transport continued...

Effectiveness	
<p><i>Exposure to environmental damage from maritime and land transport is reduced (continued)</i></p>	<p><b>New emissions standards and guidelines in place</b></p> <p>Motor vehicles remain a significant contributor to urban air pollution and greenhouse gas emissions, although cleaner fuels and engines have reduced levels of harmful pollutants.</p> <p>In 2005–06 the government continued to work with other agencies and the broader community to reduce emissions from Australia’s 13.1 million vehicles, by:</p> <ul style="list-style-type: none"> <li>• finalising new emission standards for light and heavy vehicles, which will deliver significant reductions in emissions from new vehicles from 2007 onwards</li> <li>• upgrading and promoting the Green Vehicle Guide website —the website’s usage rate has continued to grow since its launch in mid 2004</li> <li>• publishing guidelines on the environmental performance criteria for heavy diesel vehicles. Operators must meet these criteria in order to receive fuel excise credits from 1 July 2006 (see case study at page 91).</li> </ul>
Price	
<p>\$12.2m</p>	<p>The actual price of this output in 2005–06 was \$12.9 million.</p>
<p><b>Overall performance</b></p>	<p>✓✓✓</p>



Table 3.8 Trends in regulation of and support for maritime and land transport

	2002-03	2003-04	2004-05	2005-06	2006-07 Est.
<b>Departmental activities</b>					
Price of output	n/a	n/a	\$10.7m	\$12.9m	\$13.3m
<b>Maritime regulations and programmes administered under this output</b>					
<b>Activity regulated under Part X of the <i>Trade Practices Act 1974</i></b>					
Shipping conference agreements registered	21	12	9	26	No set targets
Variations to existing agreements registered	22	29	15	26	
Agreements registered within 14 days	100%	100%	100%	100%	100%
<b>Activity regulated under the <i>Navigation Act 1912</i></b>					
Coastal shipping licences issued	56	60	63	62	No set targets
Single voyage permits issued	803 <sup>a</sup>	669	687	742	
Continuing voyage permits issued	105	126	166	149	
Permits issued within target time frames <sup>b</sup>	100%	100%	100%	100%	100%
<b>Oil Pollution Compensation Fund</b>					
Entities levied	Not reported	Not reported	6	-	
Payments made in respect of fund	-\$0.5m	-\$12.1m	\$2.3m	-	\$2.0m
<b>Tasmanian Freight Equalisation Scheme (page 99) <sup>c</sup></b>					
Shippers assisted <sup>d</sup>	1300	1376	1300	1341	No set targets
Claims paid	5,377	5,871	6,377	6,831	
Cost of programme <sup>e</sup>	\$77.2m	\$83.6m	\$89.3m	\$92.3m	\$89.4m
<b>Tasmanian Wheat Freight Scheme (page 100) <sup>c</sup></b>					
Tonnes of wheat shipped	55,587	73,469	27,433	-	No set targets
Shipments	10	10	4	-	
Cost of programme	\$1.2m	\$1.2m	\$0.6m	\$0.0m	\$1.1m
<b>Bass Strait Passenger Vehicle Equalisation Scheme (page 92)</b>					
Vehicles shipped	219 000	228 300	216 986	209 187	
Cost of programme	\$31.8m	\$34.3m	\$32.4m	\$31.1m	\$36.0m
<b>Total cost of Tasmanian Schemes</b>	<b>\$110.2m</b>	<b>\$119.1m</b>	<b>\$122.3m</b>	<b>\$123.4m</b>	<b>\$126.5m</b>



	2002–03	2003–04	2004–05	2005–06	2006–07 Est.
<b>Road, rail and intermodal programmes administered under this output</b>					
NTC and its predecessor (page 95)					
Payments made	\$1.2m	\$2.4m	\$2.5m	\$2.5m	\$2.6m
Interstate road transport fees (page 93)					
<b>Cost of programme</b>	<b>\$37.0m</b>	<b>\$41.5m</b>	<b>\$46.2m</b>	<b>\$47.7m</b>	<b>\$48.0m</b>

- a Includes 47 amended permits.
- b The target time frame for issuing continuing voyage permits is 10 working days and for single voyage permits 4 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 (TWFS) until July 2004, when they became eligible for rebates under the main Tasmanian Freight Equalisation Scheme (TFES) programme.
- d Historical data have been updated to reflect the results of reviews undertaken in 2004–05.
- e 2005–06 cost includes 2,318 containers (approximately 56,875 tonnes) of wheat at a cost of \$1.7m.

### CASE STUDY—ENVIRONMENTAL PERFORMANCE CRITERIA FOR HEAVY DIESEL VEHICLES

The Australian Government is providing significant support to the transport industry by reducing its fuel tax costs. Under the *Fuel Tax Act 2006*, operators of heavy vehicles are eligible for a fuel tax credit worth around 18.5c/L. The new fuel tax credit removes the previous urban–regional boundary limits to assessing the tax credit, extending eligibility and reducing administrative costs.

As part of its energy policy announced in its publication *Securing Australia's energy future*, the government indicated that it would introduce environmental criteria governing eligibility for the fuel tax credit, to ensure that the tax benefit is not available to high-polluting vehicles that can adversely affect air quality and human health.

The criteria have not been designed to be onerous, but rather to provide a mechanism to encourage good vehicle maintenance. They provide a range of options to ensure that any operator, including an owner-driver, who maintains the emission-related components of their vehicle in a reasonable manner will be able to claim the credit.

On behalf of the government, the department has developed a set of guidelines to assist the industry understand the criteria and apply them to their businesses. The guidelines were developed in consultation with the truck and bus industry, including operator organisations, engine manufacturers and maintenance experts. The guidelines can be downloaded from the department's website at [www.dotars.gov.au](http://www.dotars.gov.au) and are also available in hard copy from the Australian Taxation Office.



## ADMINISTERED PROGRAMME—BASS STRAIT PASSENGER VEHICLE EQUALISATION SCHEME

(Maritime and Land Transport Business Division)

### Effectiveness/Location

*The cost of sea travel across Bass Strait is alleviated for passengers accompanying a vehicle*

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

The actual amount of rebate payable for each crossing is up to \$150 for a car, up to \$300 for a motor home or vehicle towing a caravan, up to \$75 for a motorcycle and \$21 for a bicycle.

The impact of the scheme is monitored annually by the BTRE within the department. Reports can be obtained from the BTRE website at [www.btre.gov.au](http://www.btre.gov.au).

### Quality

*Eligible passengers receive a rebate on their fare within 30 working days of submitting a claim*

The rebate is provided in the form of 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 vehicle are also eligible for a rebate if they:

- are unable to travel by sea because of a disability

or

- are travelling between Melbourne and King Island, as the ferry operator on this route carries vehicles only.

The ferry operator is reimbursed for the total rebate provided to eligible passengers under the scheme. In 2005–06 the major recipient continued to be TT-Line, which operates the major passenger ferries between Devonport and Melbourne/Sydney.

### Cost

*\$35.0m (down from \$41.0m at Budget)*

The scheme is demand-driven. Its costs vary with the number and mix of vehicles shipped across Bass Strait. In 2005–06, a fall in the number of passengers travelling by sea saw the actual cost of the scheme fall from \$32.4 million in 2004–05 to \$31.1 million in 2005–06.

**Overall performance**

✓✓✓



## ADMINISTERED PROGRAMME—INTERSTATE ROAD TRANSPORT FEES

(Maritime and Land Transport Business Division)

### Effectiveness

*Uniform charges and operating conditions apply for heavy vehicles engaged solely in interstate operations*

In 1987, the Australian Government established the Federal Interstate Registration Scheme (FIRS) 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.

In 2005–06 around three per cent of Australia's heavy vehicles, approximately 8,000 vehicles and 9,000 trailers, were registered through the scheme.

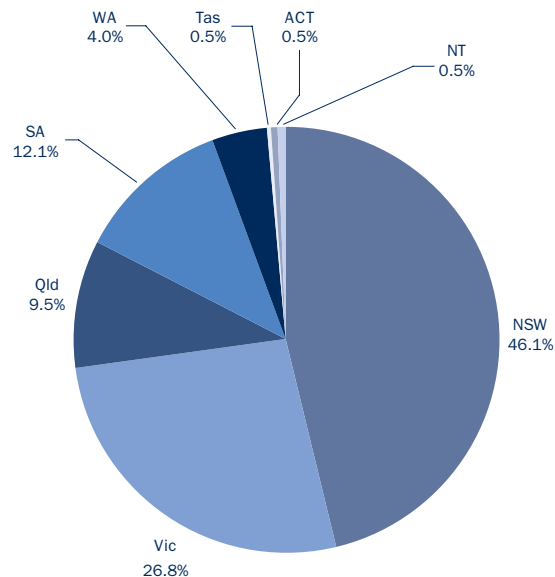
In 2006–07 the government will complete a review of the future of the scheme in line with its commitments under the AusLink bilateral agreements.

### Quality

*Payments are redistributed to state and territory governments in line with an agreed formula designed to meet the cost of damage to roads caused by heavy vehicles*

Revenue from registration charges on FIRS vehicles is collected by state and territory authorities and forwarded to the Australian Government. This revenue is redistributed fully to all states and territories, based on an agreed formula designed to meet the costs of damage to roads caused by FIRS heavy vehicles (see Figure 3.3).

Figure 3.3 Distribution of interstate road transport fees in 2005–06



### Cost

\$48.0m

The actual cost of this programme in 2005–06 was \$48.0 million.

Overall performance

✓✓✓



## ADMINISTERED PROGRAMME—MARITIME SALVAGE

(Maritime and Land Transport Business Division)

### Effectiveness

*Emergency towage and maritime salvage capabilities are maintained*

The Maritime Emergency Towage Programme provided assured levels of emergency towage capability to commercial shipping around the Australian coastline in 2005–06, pending the introduction of the National Maritime Emergency Response Arrangements (NEMERA), which was implemented in late 2005–06 (see case study on emergency towage, page 88).

Two organisations provided services during 2005–06:

- United Salvage Pty Ltd, a subsidiary of Adsteam Marine Limited
- RiverWijs Pty Ltd, a joint venture between the SvitzerWijsmuller Salvage Group and Riverside Marine.

*Risk to human life and the marine environment are reduced*

Although there have been no major shipping accidents in Australian waters in many years, the risk of a catastrophic incident remains:

- around 3,300 ships (excluding vessels that do not leave the Australian coast) enter Australian waters each year, making more than 23,000 calls at 70 major ports
- depending on its type, each ship may carry up to 3,800 people or 300,000 tonnes of crude oil.

### Location

*Around the Australian coastline*

The programme ensures a minimum level of emergency towage is available in strategic regions around the Australian coastline, including the Great Barrier Reef and Torres Strait. This encompasses over 70 ports around the Australian coastline.

### Cost

*\$4.3m (up from \$0m at Budget)*

The actual cost of this programme in 2005–06 was \$4.3 million.

**Overall performance**

✓✓✓



## ADMINISTERED PROGRAMME—NATIONAL TRANSPORT COMMISSION

(Maritime and Land Transport Business Division)

### Effectiveness

*The NTC is able to assist governments to increase transport productivity and sustainability through consistent and effective road and rail regulation*

An independent statutory body, the NTC 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 *National Transport Commission Act 2003*.

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:

- *A bus operator handbook*. Developed in cooperation with the bus industry, the handbook provides information on issues such as national road transport laws and health and safety requirements
- *Rail safety model Bill*. The model Bill will assist in achieving national uniformity for rail safety and provide improved rail safety outcomes across Australia
- *Rest area guidelines*. The guidelines, to be used in planning, constructing and upgrading rest areas, will assist in the management of driver fatigue
- *Twice the task*. This report responds to forecasts that Australia's freight transport task will double during the period 2000 to 2020
- *Model legislation to support the Intelligent Access Programme (IAP)*. The IAP is a voluntary programme that will use vehicle telematics to remotely monitor heavy vehicles, through certified IAP service providers, for the purpose of ensuring compliance with agreed operating conditions. It will allow road authorities to offer increased or extended heavy vehicle road access under existing concessions, permits and schemes
- *A national middle tier of mass limits for accredited heavy vehicles*. Heavy vehicles accredited under the National Heavy Vehicle Accreditation Scheme Mass Management module benefited from increased mass limits on general access routes on 1 July 2006. Under the reform, the mass limit for a 6-axle semi-trailer increased by one tonne to 43.5 tonnes, while the mass limit for a 9-axle B-double increased by 2 tonnes to 64.5 tonnes.

For more information about the NTC and the initiatives identified above, visit [www.ntc.gov.au](http://www.ntc.gov.au).



Output 1.4.1—Maritime and land transport continued...

**Quality**

*Payments are made in line with the Australian Government's obligations under the National Transport Commission Act 2003*

The Australian Government contributes 35 per cent of the NTC's annual operating budget. In 2005-06 the NTC received, in quarterly instalments, the full amount payable.

**Cost**

*\$2.5m (down from \$2.6m at Budget)*

The actual cost of this programme in 2005-06 was \$2.5 million, similar to 2004-05.

**Overall performance**

✓✓✓

**Did you know?**

On 22 June 2006 the government introduced legislation in the House of Representatives to give effect to the International 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.



## ADMINISTERED PROGRAMME—OIL POLLUTION COMPENSATION FUND

(Maritime and Land Transport Business Division)

### Effectiveness

*Compensation is available for the costs of an oil spill in the event that these costs exceed the tanker owner's ability to pay*

The owners of oil tankers must take out insurance to cover the cost of any oil spilled from 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 for the biggest tanker is approximately \$170 million. Actual compensation limits are expressed in Standard Drawing Rights, which is an artificial currency managed by the International Monetary Fund.

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

Total compensation of up to approximately \$390 million would 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.

### Quality

*All persons (including oil companies) that receive more than 150,000 tonnes of crude or heavy oil by sea make contributions to the fund*

Levies are collected from all entities that receive more than 150,000 tonnes of crude or heavy fuel oil in a calendar year by sea, based on the expected costs of compensation and overheads of the funds in the coming year.

Six companies—Alcan Gove Pty Ltd, BHP Billiton, BP Australia Ltd, Caltex Australia Pty Ltd, Mobil Oil Australia Ltd and the Shell Company of Australia Ltd—are the major contributors to the fund.

*Payments are passed on to the International Oil Pollution Compensation (IOPC) fund in line with Australia's obligations under the International Oil Pollution Compensation Convention*

Payments to the IOPC funds, 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.

### Cost

\$2.0m

The actual cost of this programme in 2005–06 was nil. The negative cost is due to the reversal of accruals from 2004–05 because the IOPC fund deferred the levies on oil companies for the 2005 annual contribution.

Overall performance

✓✓✓



## ADMINISTERED PROGRAMME—PAYMENTS TO MARITIME INDUSTRY FINANCE COMPANY (MIFCo) LIMITED

(Maritime and Land Transport Business Division)

### Effectiveness

*MIFCo is able to meet its financial obligations in respect of loans to facilitate waterfront reform*

The Maritime Industry Finance Company (MIFCo), a wholly owned Australian Government company, was established in 1998 to make redundancy-related payments in support of waterfront reforms. The company:

- provided funding for 1,487 redundancies, finalising all redundancy claims in 2000-01
- funded its obligations through a government-guaranteed loan of \$220 million.

In 2005-06 MIFCo continued to repay the loan, with repayments for the year totalling \$23.25 million.

### Quality

*Payments are made in line with the Australian Government's obligations*

The department collected levies on behalf of the Australian Government from industry to cover the cost of MIFCo loan repayments under the *Stevedoring Levy (Collection) Act 1998*. Levy revenue totalling \$37.4m was passed on to MIFCo in 2005-06.

Interest charges associated with its loan facility totalled \$7.429 million and administration costs \$0.237 million.

### Cost

*\$7.6m (\$40.0m in cash payments)*

The actual cost of this programme in 2005-06 was \$3.9 million (\$37.7m in cash payments). The stevedoring levy ceased on 31 May 2006, four years ahead of schedule. The reform and restructuring of the stevedoring sector has been a major factor in improving efficiency on the waterfront, with crane rates increasing from 18.8 containers per hour in March 1998 to 27.7 containers per hour in December 2005. A report by the Australian Competition and Consumer Commission in 2000 concluded that the cost of the levy had been more than offset by savings achieved through workplace reforms in stevedoring. The government has approved the early repayment of the MIFCo borrowings and the voluntary liquidation of the company on completion of these commitments.

**Overall performance**

✓✓✓





## ADMINISTERED PROGRAMME—TASMANIAN FREIGHT EQUALISATION SCHEME

(Maritime and Land Transport Business Division)

### Effectiveness/Location

*Costs are alleviated for businesses shipping containers of goods:*

The Tasmanian Freight Equalisation Scheme (TFES) provides rebates to shippers based on the cost of shipping a standard twenty-foot container (TEU—twenty-foot equivalent unit) between northern Tasmania and Victoria, less the cost of sending it the same distance by road (420 km). This 'sea freight cost disadvantage' is adjusted where goods are:

- transported on routes other than between northern Tasmania and Victoria
- shipped in transport units other than a TEU
- shipped other than on a wharf-to-wharf basis.

The rebate of up to \$855 per TEU cannot exceed the actual freight bill paid by the shipper.

· *from Tasmania to the mainland for use or sale*

Rebates paid on northbound trade in 2005–06 reached \$70.2 million, a slight increase on the previous year, with the major northbound items subsidised being:

- paper and paper products, including newsprint (\$19.7 million)
- vegetable and vegetable products (\$16.6 million)
- timber, wood and cork products (\$9.6 million)
- beverages (\$4.0 million)
- fish and fish products (\$1.9 million)
- metal waste (\$0.7 million).

· *to Tasmania as an input to a production process*

Goods shipped to Tasmania as an input to a production process may also be eligible for assistance. Rebates paid on southbound trade reached \$21.7 million in 2005–06, an increase of \$2.5 million over the previous year, with raw materials for the manufacturing and mining sectors remaining the major goods shipped.

In 2005–06, the scheme continued to apply to containerised wheat. This resulted in 56,875 tonnes, or 2,318 containers, of wheat being shipped, with \$1.7 million paid in assistance.

### Quality

*Claims from shippers are processed efficiently and accurately*

Claims from shippers are processed by Centrelink's Hobart office. An internal audit was conducted in 2005–06, and the outcomes will be considered and implemented in 2006–07.



Output 1.4.1—Maritime and land transport continued...

**Cost**

\$89.4m

This scheme is demand-driven. Funding is uncapped for existing services between Victoria and Tasmania. An increase in the number of claims saw the cost of the scheme rise from \$89.3 million in 2004-05 to \$92.3 million in 2005-06. The scheme is expected to cost in the order of \$89.4 million in 2006-07.

**Overall performance**



**ADMINISTERED PROGRAMME—TASMANIAN WHEAT FREIGHT SCHEME**

(Maritime and Land Transport Business Division)

**Effectiveness**

*Costs are alleviated for businesses shipping bulk wheat to Tasmania*

The Tasmanian Wheat Freight Scheme ceased at the end of 2003-04, when responsibility for rebates for containerised shipments of wheat transferred to the TFES on 1 July 2004.

In early 2005 the Australian Government agreed to reinstate this scheme for bulk wheat shipments only.

The value of the rebate was capped at \$20.65 per tonne in 2005-06.

**Quality**

*Claims from shippers are processed efficiently and accurately*

As with TFES, claims from shippers are processed by Centrelink's Hobart office.

**Cost**

\$1.1m

The actual cost of this programme in 2005-06 was nil. There were no claims against the bulk scheme in 2005-06 due, most likely, to the popularity of the containerised wheat shipments and the associated benefits under the TFES. The cost of the programme remains capped at \$1.05 million for 2006-07.

**Overall performance**



## ADMINISTERED PROGRAMME—TRANSPORT AND LOGISTICS CENTRE OF EXCELLENCE

(Maritime and Land Transport Business Division)

### Effectiveness

*Specialist vocational training and information is available to the transport and logistics industry*

The transport and logistics sector is facing a skills shortage at the same time as continuing economic growth is driving an increased freight task.

The Transport and Logistics Centre works with the transport and logistics industry to build capability in the sector by enhancing its capacity to attract and retain staff, improving the training and development of staff, and creating and sharing industry knowledge.

The centre was established as a national body in May 2005, following agreement between the Australian and New South Wales governments to provide seed funding for the centre over a two-year period.

Throughout the year the centre has developed and disseminated vocational information packages throughout Australia's schools and has worked with training bodies to generate additional traineeships within the industry. The centre has also worked with a range of industry associations to introduce two new professional certification schemes (Certified Professional Logistician and Certified Transport Planner) that can offer people working in the industry an internationally recognised professional accreditation.

The centre has been working to improve information flows and accessibility within the industry through the development of the Transport Integrated Learning and Information Service—a web-based information gateway to the transport and logistics sector.

### Quality

*Payments are made in line with the Australian Government's obligations*

The Australian Government contributed \$4.0 million over two years (2004–05 and 2005–06), with funds being matched by the New South Wales Government.

### Cost

\$2.0m

The actual cost of this programme in 2005–06 was \$2.0 million. The centre worked to an agreed work plan, kept the department informed of its activities and produced outputs in line with expectations. The centre provided the Australian Government and the New South Wales Ministry of Transport with an annual report and financial statement as required under the funding agreement.

Overall performance



## ADMINISTERED PROGRAMMES—CONTRIBUTIONS TO INTERNATIONAL ORGANISATIONS

*(Maritime and Land Transport Business Division, Aviation and Airports Business Division)*

To minimise repetition, information on the contribution to International Civil Aviation Organization (ICAO) has been included here rather than under Output 1.4.2—Aviation and Airports, under which this programme is administered.

### Effectiveness

*Australia is able to participate in international discussions on:*

The department administers payments to and represents the government at meetings of three key international bodies of which Australia is a member:

- the International Civil Aviation Organization (ICAO)—an agency of the United Nations (UN) that promotes the safety, regularity and efficiency of international civil aviation
- the International Maritime Organisation (IMO)—an agency of the UN that promotes 'safe, secure and efficient shipping on clean oceans
- the OECD Transport Research programme—which focuses on road, rail and intermodal transport research.

In 2005–06, the department:

- *civil aviation*
  - maintained a presence at ICAO headquarters as required, given Australia's status as a Category One member
  - represented Australia on the ICAO Council and ICAO Air Navigation Commission
  - led Australia's representation at a special ICAO meeting of directors-general of civil aviation (see page 104).
- *maritime transport*
  - contributed to the development of a number of IMO instruments that will promote the aims of the IMO and advance Australia's interests, including:
    - preparation of guidelines on the control and management of ships' ballast water and sediments
    - preparation of a new international convention on wreck removal.
- *road, rail and intermodal transport*
  - represented the Australian Government at international fora on road, rail and intermodal transport issues, such as pricing, safety and asset management.

### Quality

*Payment is made in line with Australia's international obligations*

During 2005–06 the department continued to pay Australia's contributions promptly. Payment is made in US dollars, UK pounds or euros depending on the body—for details see Table 3.9.



Cost	
\$1.3m	Civil aviation
\$0.3m	Maritime transport
\$0.04m	Road, rail and intermodal transport
Overall performance	✓✓✓

Table 3.9 Trends in payments to international organisations

	2002-03	2003-04	2004-05	2005-06	2006-07 Est.
<b>Administered payments to international organisations</b>					
<b>Contributions to ICAO</b>					
· in US dollars	\$0.825m	\$0.818m	\$0.952m	\$0.977m	\$0.979m
· in Australian dollars	\$1.462m	\$1.101m	\$1.206m	\$1.300m	\$1.325m
<b>Contributions to IMO</b>					
· in UK pounds	£111,311	£113,097	£119,808	£122,594	£129,000
· in Australian dollars	\$0.307m	\$0.265m	\$0.292m	\$0.289m	\$0.304m
<b>Contributions to OECD road transport</b>					
· in euros	€0.014m	€0.014m	€0.015m	€0.018m	€0.024m
· in Australian dollars	\$0.024m	\$0.025m	\$0.024m	\$0.029m	\$0.040m
<b>Total contributions</b>	<b>\$1.793m</b>	<b>\$1.390m</b>	<b>\$1.522m</b>	<b>\$1.618m</b>	<b>\$1.669m</b>

Note: The forward estimates shown are the best available estimate at time of printing but we will not know the actual cost of our contribution to the ICAO, for example, until late 2006.



## OUTPUT 1.4.2: AVIATION AND AIRPORTS

(Aviation and Airports Business Division)

### Effectiveness

*Industry operates in a robust and stable regulatory environment*

In 2005–06, the Australian aviation market continued to grow and to serve an increasing number of Australian travellers and international visitors.

#### International safety obligations

The department worked closely with CASA and Airservices Australia to ensure effective representation and participation in the ICAO forums and a coordinated Australian response to international regulatory issues (page 102).

The department led Australia's representations at a special ICAO meeting of directors general of civil aviation, held in March 2006, which reinforced directions for ensuring safety obligations are enforced globally.

In addition to this, the department participated in activities to promote and deliver enhanced safety oversight in the Asia-Pacific region through cooperation. These included:

- continuing assistance to Papua New Guinea's Civil Aviation Authority through the Government's Enhanced Cooperation Programme
- representation on the Pacific Aviation Safety Office Council
- hosting the 42nd Conference of Asia Pacific Directors General of Civil Aviation, held in Queensland on 26–30 September 2005
- sponsoring a Pacific Islands Forum aviation officials meeting in Fiji on 16–17 August 2005.

Significant progress was made in the streamlining of processes for regulatory approvals through:

- tabling in parliament of both the executive agreement and implementation procedures for airworthiness under the Bilateral Aviation Safety Agreement with the United States, which were approved by the Joint Steering Committee on Treaties in May 2005
- introduction to parliament of the *Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand) Bill 2005*, which was passed by the Senate on 11 May 2006 and transmitted for consideration in the House of Representatives.

These initiatives offer benefits in reduced administrative burdens for those in Australia's aviation industry who wish to participate in international markets, while maintaining Australia's high aviation safety standards.

#### Assistance to the Makassar Centre, Indonesia

The Australian Government responded promptly to a request from the Government of Indonesia for assistance in the operations of the advanced air traffic system in the Makassar Air Traffic Management Centre in eastern Indonesia. Through the Australian Agency for International Development, the government provided \$207,000 to fund assistance from Airservices Australia, which was provided from January to March 2006.



## Effectiveness

The Makassar Centre manages aircraft in the Makassar Flight Information Region (FIR) that is adjacent to the Brisbane FIR and is used by Australian aircraft flying to various destinations in Asia. The technology installed at the Makassar Centre is similar to the system used by Airservices Australia for air traffic management in Australia.

#### Aviation rescue and firefighting consultation

The department commenced a review of the policy and regulatory framework underpinning the provision of aviation rescue and firefighting (ARFF) services in Australia. Through public consultation, the review will examine the criteria for the establishment of ARFF services, and options for the introduction of contestability in the provision of these services.

Significant changes have occurred in aviation since the current regulatory framework was first introduced, including:

- the advent of low-cost carrier operations with rapid passenger growth at some regional and former general aviation airports
- construction of business parks and other non-aeronautical development on airport sites, which have significantly increased the number of people on site. Planning and development includes convention centres, offices, shopping facilities such as direct factory outlets, hotels, car parks and service facilities including freight and logistics centres
- proposed introduction of new aircraft with significantly higher passenger capacity, such as the Airbus A380, in 2007.

#### Summary of significant achievements in aviation in 2005–06

On behalf of the government, the department:

- completed an analysis of the governance structures for CASA and Airservices Australia in response to the Uhrig report
- worked on improved regulatory systems for aviation information, meteorological and ARFF services
- supported analysis of increased cost recovery implemented from 1 January 2006 by CASA, including a review of funding options
- developed advice on implementation of a drug and alcohol testing regime in the aviation sector, in partnership with CASA, leading to a decision by the minister to proceed with the new testing regime
- continued to work with border control agencies on security and facilitation arrangements at international airports: to ensure that airport infrastructure and practices can respond positively to the current and forecast future growth in international passenger traffic over the next ten years; and to cope with the imminent arrival of new, large wider-bodied aircraft such as the Airbus A380, which can carry over 500 passengers
- participated in developing a whole-of-government approach to planning and preparing for a possible avian influenza pandemic, particularly in relation to transport, security and regional aspects
- took leadership of the APEC forum's Transportation Working Group in preparation for Australia's role as host to APEC in 2007



## Output 1.4.2—Aviation and airports continued...

## Effectiveness

*Industry operates in a robust and stable regulatory environment (continued)*

- continued to support the government's efforts to pursue cooperative international approaches to enhancing aviation safety through the ICAO, Papua New Guinea Enhanced Cooperation Programme and the Pacific Islands Forum
- continued to provide secretariat services to the International Air Services Commission ([www.iasc.gov.au](http://www.iasc.gov.au)), which allocates access for Australian airlines to international markets
- continued to regulate scheduled international air services, in accordance with the requirements of the *Air Navigation Act 1920* and its regulations, through: timetable approvals for 70 international airlines operating passenger or freight operations either in their own right or on a code share basis; and issue of six international airline licences and 19 permissions for charter programs
- continued negotiations seeking new or improved air services agreements and/or arrangements with Argentina, Brazil, Japan, Vietnam, Switzerland and Qatar in support of the Australian Government's objective of improving Australia's access to international markets; and supported the Australian Commerce and Industry Office in Taipei in its successful aviation consultations with the Civil Aeronautics Administration in Taipei
- approved temporary airport designations to permit ad hoc international air operations to and from airport, such as Ayers Rock and Essendon, that would otherwise be unable to be used for international air services.

*Businesses and consumers have access to competitive international and domestic air services*

## Domestic aviation industry policy

BTRE figures report a total of 42.02 million passenger movements on Australian domestic and regional air services for the year ending April 2006, an increase of 5.0 per cent on the year from April 2005. The market has continued to evolve over the past 12 months, with the rapid expansion of capacity seen in 2004–05 moderating to what appears to be more sustainable long-term levels in 2005–06. Australia's major domestic airlines have managed to remain profitable despite the recent challenges of high fuel costs, balancing improvements in yields and fleet utilisation with the demands of continuing growth in the passenger market.

In November 2005, Regional Express became the second regional airline to successfully list on the Australian Stock Exchange, following Skywest's listing 12 months earlier. The continued investment in the regional aviation market is important to the many regional communities that rely on air services for their social and economic wellbeing and growth. In recognition of the particular challenges facing regional aviation, the government continued to subsidise en route navigation charges for smaller airlines through the payment scheme for Airservices Australia's en route charges.

The scheme supports access to air services in regional Australia by subsidising Airservices Australia's en route air traffic control charges for regular public transport and aeromedical aircraft of less than 15 tonnes maximum take-off weight. Effective from 1 July 2005, the scheme was expanded to include companies based solely in Western Australia operating regular public transport aircraft up to 21 tonnes on sole operator routes in Western Australia. During 2005–06, 35 regional airlines and aeromedical operators were registered for the scheme.





## Effectiveness

The department undertook a review of the scheme in late 2005 for consideration in the 2006 Budget. The government announced in the 2006 Budget an extension of the scheme for 12 months until 30 June 2007 at a cost of \$5.4 million.

### International air services

High fuel costs posed a major challenge to airlines providing international services to and from Australia. Following the double-digit growth in passenger numbers in 2004–05, BTRE figures show that 20.9 million passengers travelled on scheduled airline services to and from Australia in the year to March 2006, a 4.6 per cent increase on the previous 12-month period. Australia is served internationally by 46 passenger airlines and six dedicated freight operators.

In 2005–06, the department supported the government in a major review of Australia's international air services policy, the results of which were announced by the minister in February 2006 (see case study 'A comprehensive review of air services policy' in Chapter 1 on page 8).

### New airspace arrangements phased in

An Aviation Policy Group was formed to establish better working relationships across the four agencies involved in airspace policy, regulation and service provision. It provides a high-level forum to oversee coordinated action across the portfolio and with the Department of Defence.

The members of the Aviation Policy Group are: the Secretary of DOTARS (Chair), Chief of the Air Force, Chief Executive Officer of CASA and Chief Executive Officer of Airservices Australia. They meet as required, on average every two months.

### National Airspace System—the airspace reform programme

In May 2002 the government agreed to adopt an airspace reform policy, called the National Airspace System (NAS). This policy was designed to implement 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 and implemented in a phased manner.

Stage 2c was introduced in November 2005 and introduced new procedures for operations at aerodromes without air traffic control towers. A post-implementation review on NAS Stage 2c, including a survey of radio use at non-towered aerodromes and training and education material, commenced in May 2006.

*Airspace is managed efficiently within international standards*



Table 3.10 Trends in aviation and airports

	2002-03	2003-04	2004-05	2005-06	2006-07 Est.
<b>Departmental activities</b>					
Price of output	n/a	n/a	\$21.8m	\$27.2m	\$26.3m
<b>Activity regulated under the <i>Air Navigation Act 1920</i></b>					
Aircraft noise permits issued	68	25	48	31	No set target
<b>Activity regulated under the <i>Airports Act 1996</i></b>					
Airport master plans approved	1	3	13	2	1 <sup>a</sup>
Variations to master plans approved	2	1	-	1	No set target
Airport environment strategies approved	Not reported	Not reported	18	1	No set target
Major development plans approved	Not reported	5	7	5	No set target
Decisions made on development proposals infringing on federal airspace	Not reported	27	18	34	No set target
<b>Administered programmes</b>					
<b>Payments to airport lessees</b>					
· parking fines	-	\$1.5m	\$1.7m	\$0.9m	\$1.5m
· sale of airport land	\$2.7m	-	-	-	\$0.003m
· land acquisition	-	-	\$3.4m	-	-
<b>Payment scheme for Airservices Australia's en route charges</b>					
Operators supported	44	43	41	35	No set target
Cost of programme	\$4.8m	\$4.3m	\$4.7m	\$6.0m	\$5.4m
<b>Other programmes administered</b>					
Cost of other programmes including contribution to ICAO and airport noise programmes <sup>b</sup>	\$35.4m	\$42.1m	\$18.6m	\$16.8m	\$9.3m
<b>Total cost of administered programmes</b>	<b>\$50.8m</b>	<b>\$56.2m</b>	<b>\$35.6m</b>	<b>\$23.7m</b>	<b>\$16.2m</b>

a Gold Coast Airport is due to submit a master plan in 2006-07. Master plans are not required for Mt Isa and Tennant Creek airports.

b To minimise repetition, information on the contribution to International Civil Aviation Organization (ICAO) has been included under 'Administered Programmes-Contributions' and in Table 3.9 (see pages 102 and 103).

## Output 1.4.2—Aviation and airports continued...

## Effectiveness

*Australian Government investments in transport infrastructure are managed responsibly*

#### Leased federal airports managed responsibly

The department is responsible for administering the Australian Government's interests in the ongoing operation and management of the privatised airports under the *Airports Act 1996* (the Airports Act) and associated regulations.

Between 1997 and 2003, 22 airports owned by the Australian Government were privatised. The sales, which involved leasehold rather than freehold title, were conducted in five stages and raised \$8.5 billion. Rights to operate these 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.

Under the Airports Act, a master plan and an airport environment strategy (AES) must be prepared for every airport, except for Mt Isa and Tennant Creek airports. The master plan represents the airport lessee company's planning and development vision for the airport over a 20-year period. Both must be submitted to the minister for approval and be reviewed every five years. 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 and developments likely to have significant environmental or ecological impact.

In 2005–06 the department provided assessments to the minister on:

- two airport master plans
- one minor variation to a master plan
- five major development plans
- two minor variations to major development plans
- one AES.

Table 3.10 provides trend information on the numbers of master plans and airport environment strategies approved.

In November 2005, the minister announced the outcomes of a review of the Airports Act which reported that, although the Act is working effectively, a number of processes could be improved. Suggested improvements include refining the planning and development approval regime at leased federal airports, clarifying noise management arrangements and the role that environment management systems play in the implementation of AESs at these airports, and implementing other changes to further enhance the operation of regulatory arrangements for the federal leased airports. The proposed changes to the Airports Act are likely to be introduced into parliament during 2006–07.

A further amendment to the Airports Act is proposed to give effect to a decision made by the Australian Government in 2006 to remove Canberra Airport from the operation of the National Capital Plan. This would place the airport on an equal footing with the other 21 leased federal airports across Australia, removing regulatory duplication.

Airport environmental officers (AEOs) and airport building controllers at the leased airports helped the department to monitor and ensure compliance with environmental and building standards (see page 111).



## Output 1.4.2—Aviation and airports continued...

## Effectiveness

*Australian Government investments in transport infrastructure are managed responsibly (continued)*

In 2005–06 the department:

- assisted with the establishment of the major 'Review of price regulation of airports services', to be undertaken by the Productivity Commission over the nine-month period commencing April 2006
- developed for comment draft consultation guidelines, the aim of which is to provide for a shared understanding of how consultation processes in relation to land use, planning and developments at the leased federal airports should be managed
- granted a declaration under the Airports (Ownership—Interests in Shares) Regulations 1996 allowing a limited moratorium on an unacceptable cross-ownership situation related to the takeover by the Spanish-led Ferrovial consortium of BAA in the United Kingdom, shareholders of various overseas airports and several Australian airports
- continued to ensure that government-owned rental properties at Badgerly Creek were appropriately maintained (page 121)
- assisted the Australian National Audit Office in the follow-up audit to its Performance Audit Report No. 50: *Management of federal airport leases 2003–04* and in an audit of the *Sydney Demand Management Act 1997*.

#### Review of price regulation of airport services

The government announced on 30 March 2006 that it would examine the effectiveness of the current light-handed regime for monitoring airport pricing that applies to seven major capital city airports (Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney). The department has assisted with the development of terms of reference for this major inquiry, which is being undertaken by the Productivity Commission. Information on the Inquiry can be found at the commission's website at [www.pc.gov.au](http://www.pc.gov.au).

#### Airport lease reviews

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. While the department endeavours to meet all scheduled dates for lease review meetings, the timing of these can be changed because of unforeseen circumstances or mutual agreement between the department and the airport. Table I.1, detailing the airport lease review meetings in 2005 and 2006, appears in Appendix I.

#### Airport insurance reviews

Airport lessees have obligations to the Australian Government through the airport lease and sale agreements in relation to the maintenance of a range of insurances. The department, with the assistance of a contracted insurance adviser, conducts annual reviews to monitor compliance by the airports. Table I.2, summarising the progress with reviews, appears in Appendix I.



## Effectiveness

**Environmental management and building control at airports**

Under the airport leases, the management of the environment on the airport site is the responsibility of the airport lessees. Through the *Airports Act 1996* and *Airports (Environment Protection) Regulations 1997* (the Environment Regulations) the department regulates activity on the airports that has an environmental impact.

- All leased federal airports, except for Mt Isa and Tennant Creek, have in place an AES. The AES is a critical component of the leased federal airport's environment regulatory regime, and works on the basis of advocating continuous environmental improvement. An AES is normally in force for five years from the date of its approval. The draft AES is prepared by an airport lessee after taking into account public comments and is submitted to the minister for approval.
- Major airport developments over the past year with significant environmental elements include the Tugun Bypass at the Gold Coast Airport and the extension of the Canberra Airport runway.
- The airport environment officers are statutory officeholders appointed by the secretary to administer the Environment Regulations. The majority of the AEOs are now departmental officers.
- The airport building controller has responsibility for approving all building activities on an airport site and works closely with the AEO to ensure that environmental and heritage issues are reflected in any conditions attached to a building permit. This ensures that the environmental regulatory regime covers all developments on airport sites.
- Two of the airports—Melbourne and Gold Coast—are certified to ISO 14001 (the International Standards Organisation standard for environmental management systems).
- There has been continuing progression of remediation of contaminated sites at a number of the airports across Australia.

**Authorisations issued under the Airports (Environment Protection) Regulations 1997 during 2005–06**

An authorisation is a process provided within the Environment Regulations that authorises the applicant to undertake an act on an airport that will result in environmental emissions that exceed the levels mentioned in the schedules attached to the Environment Regulations. An authorisation may be provided only where the emissions are no more damaging to the environment than if the levels in the schedules had been met. Authorisations are intended to provide for transitional compliance with the Environment Regulations whilst the applicant investigates and pursues methods of achieving compliance with the schedules. Table I.3, detailing the authorisations issued during 2005–06, is located in Appendix I.



## Output 1.4.2—Aviation and airports continued...

## Effectiveness

*Australian Government investments in transport infrastructure are managed responsibly (continued)*

## Investment in required aeronautical infrastructure tops \$568 million

Lessees for 10 airports—Adelaide, Brisbane, Melbourne, Perth, Alice Springs, Darwin, Canberra, Gold Coast, Hobart and Launceston—committed to invest approximately \$700 million in aeronautical infrastructure over the first 10 years of the leases. This obligation is split into two five-year periods (Period One and Period Two). There were no specific development obligations under the sale agreements for Archerfield, Bankstown, Camden, Hoxton Park, Jandakot, Essendon, Moorabbin, Mount Isa, Parafield, Tennant Creek, Townsville and Sydney airports.

More than \$568 million had been invested in aeronautical infrastructure by the 10 airports by 30 June 2005. Expenditure data for 2005–06 will not be available until late September 2006. All 10 lessees have exceeded their Period One obligations. Six lessees—Melbourne, Adelaide, Darwin, Hobart, Launceston and Perth—have exceeded their 10-year obligations and are no longer required to submit plans or reports to the department. Extensions to Period One have been granted to Alice Springs Airport (four years) and Gold Coast (one year) as terrorism, disease and the Iraq war, among other things, resulted in downturns in passenger traffic and aircraft movements. To date no extensions to Period Two have been granted. The remaining four airports (see Table 3.11) are expected to meet their Period Two obligations, given the significant aeronautical investment taking place at each of them.

Table 3.11 Airport development expenditure at major airports

Airport	Sale phase	Expenditure to 30 June 2004 \$m	Expenditure to 30 June 2005 \$m	Period One obligation \$m	Period Two obligation \$m	Total \$m	Commitment met?
Adelaide	2	72.3	72.3	41.4	22.6	64.0	Yes
Alice Springs	2	0.5	1.8	1.2	1.9	3.1	No
Brisbane	1	82.1	179.0	44.4	292.9	337.3	No
Canberra	2	32.2	39.6	11.0	46.9	57.9	No
Gold Coast	2	19.2	23.4	19.2	8.5	27.7	No
Darwin	2	4.2	21.6	3.3	2.7	6.0	Yes
Hobart	2	1.8	7.8	3.8	1.7	5.5	Yes
Launceston	2	3.0 <sup>a</sup>	3.5	2.2	0.9	3.1	Yes
Melbourne	1	107.8	107.8	78.3	29.0	107.3	Yes
Perth	1	64.8	111.3	54.6	33.3	87.9	Yes
<b>TOTAL</b>		<b>387.9</b>	<b>568.1</b>	<b>259.4</b>	<b>439.6</b>	<b>699.8</b>	

<sup>a</sup> The final Period One expenditure figure for Launceston Airport was \$3.0 million, not \$2.7 million as reported in the department's 2004–05 annual report.



## Effectiveness

*Australian Government investments in transport infrastructure are managed responsibly (continued)*

In 2005–06 the department continued to monitor this obligation at these airports. While all airports submitted expenditure plans and audited reports to the department as required, timeliness continued to be an issue. Where expenditure plans have not been submitted on time, this is primarily due to airports seeking to confirm actual expenditure in the previous year before submitting plans for the following year. Table I.4, detailing the timeliness of airport expenditure plans and audit reports, appears in Appendix I.

Major airports continue to commit to further significant levels of aeronautical investment. Examples follow:

- Adelaide Airport's \$260 million integrated passenger terminal was opened in October 2005 by the Prime Minister and is now fully operational
- plans for a new parallel runway at Brisbane Airport—estimated to cost approximately \$1 billion—are expected to go out to public comment in late 2006. Consideration of this project will involve Australian and state government legislation
- during 2005–06 the Australian Government provided \$28.5 million for the strengthening of the existing main runway at Canberra Airport to accommodate the use of the airport by visiting dignitaries arriving in heavy aircraft, such as the Boeing 747. In addition, a 600-metre extension to the same runway is being funded by the airport lessee and will be built to the same strength. The entire strengthening and lengthening project is expected to be completed by late November 2006
- Melbourne Airport has further implemented its \$550 million development programme to accommodate recent strong growth in passenger traffic and will continue to do so over the next few years
- Sydney Airport announced the \$500 million Project STAR, which incorporates modernisation of the international terminal, renovation of the domestic terminal, and upgrading of the airfield in preparation for the arrival of the next generation of aircraft through to 2010.

There has been a significant increase in the number of major development plans approved, from four in 2005 to seven in 2006 so far (with more under assessment). Table I.5, listing the approved major development plans by calendar year, appears in Appendix I.

*Community exposure to aircraft noise is minimised with attention to the needs of specific communities*

### Aircraft noise measures maintained

In order to minimise aircraft noise exposure, all civil aircraft in Australia are required to comply with aircraft noise regulations under the Air Navigation (Aircraft Noise) Regulations 1984.

In order to manage night-time aircraft noise, curfews apply from 11 pm to 6 am at four major airports—Sydney, Adelaide, Gold Coast and Essendon. The Sydney and Adelaide curfews have been put in place by Acts of Parliament, while the Coolangatta and Essendon curfews have been put in place by regulations. Under the curfews strict controls apply to the types and numbers of aircraft that can be operated and the runways used.



Output 1.4.2—Aviation and airports continued...

**Effectiveness**

*Community exposure to aircraft noise is minimised with attention to the needs of specific communities (continued)*

The department continued to manage the curfew system in 2005–06 and,

- assessed 141 applications for curfew dispensation (112 for Sydney, 20 for Adelaide and 9 for Gold Coast)
- approved 88 curfew dispensations (72 for Sydney, 11 for Adelaide and 5 for Gold Coast)
- provided secretariat support for the Sydney Airport Community Forum, which advises the government on noise and related environmental issues at Sydney Airport.

The department is continuing to update the TNIP (transparent noise information package) aircraft noise transparency software in response to requests from users. This communication tool is designed to enable non-specialists to gain an understanding of aircraft noise exposure patterns in the vicinity of airports and to help airports and communities work together to explore options for managing aircraft noise.

The department is actively involved in the work of the ICAO Committee on Aviation Environmental Protection. This committee recommends standards and practices for minimising the environmental impacts of aviation. The work of this committee includes developing the noise emission standards for aircraft, which are specified in chapters contained in Annex 16 to the Chicago Convention.

**Price**

\$24.7m

The actual price of this output in 2005–06 was \$27.2 million.

**Overall performance**

✓✓✓





## CASE STUDY—AUSTRALIAN GNSS COORDINATION COMMITTEE

The past year saw the final meeting of the Australian Global Navigation Satellite System (GNSS) Coordination Committee (AGCC) on 22 June 2006. Under the chairmanship of Professor Don Sinnott, and in consultation with over 150 stakeholder communities, the AGCC had looked at a range of issues facing Australia to enable businesses and consumers to get the best use of GNSS.

The AGCC was established in 2000 as the national advisory body to the Minister for Transport and Regional Services on issues relevant to GNSS, still an emerging technology at that time. GNSS is a generic term covering a number of existing and planned constellations of satellites and their supporting infrastructure systems, used for determining positions across the globe. Examples are the United States Global Positioning System (GPS) and the forthcoming European Galileo system.

The AGCC effectively managed issues during the time GNSS was a rapidly emerging technology. The AGCC produced the GNSS policy statement *Positioning for the future*, which was launched by the Minister for Transport and Regional Services in August 2002. An aspirational high-level strategic document, it was essential to raising awareness.

By 2006 GNSS technology had become well recognised as an enabler for industry and well established across many industry sectors. Without understating the ongoing importance of GNSS, the judgement was made that there was no ongoing need for a coordination committee along the lines of the AGCC. The minister has expressed his appreciation for the dedication and insight of the AGCC members over the challenging initial years of GNSS implementation.



Attendees at the twentieth and final meeting of the Australian GNSS Coordination Committee on 22 June 2006

(back) Dr Peter Fisk, National Measurement Institute; Keith McPherson, Airservices Australia; Peter Holland, Geosciences Australia; John Sprivulis, OmniSTAR Pty Ltd; Deborah Reynolds, DOTARS (secretariat)

(front) Geoff McMillen, Australian Communications and Media Authority (adviser); Merrilyn Chilvers, DOTARS; Prof. Don Sinnott (chair), Meryl Bassett, DOTARS (secretary), Prof Chris Rizos, University of New South Wales

(not in photograph) Brent Stafford, Intelligent Transport Systems Australia



## ADMINISTERED PROGRAMME—AIRPORT LESSEE COMPANIES— REIMBURSEMENT OF PARKING FINES

*(Aviation and Airports Business Division)*

### Effectiveness

*Revenue is passed onto airport lessees in line with a formula set by the Minister for Finance and Administration*

This programme reimbursed seven 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. Launceston Airport is included in the regime, but did not receive reimbursements as no separate contract was in place for 2005-06. Quarterly payments to airport lessees are based on 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.

### Location

*Sydney, Melbourne, Brisbane, Perth, Coolangatta (Gold Coast), Townsville, Hobart and Launceston airports*

Only 8 of the 22 federal airport lessees are covered by the government's parking infringement regime, with the remaining airports making alternative arrangements.

### Cost

\$2.6m

The actual cost of this programme in 2005-06 was \$0.9 million, down from \$1.7 million in 2004-05. Up to \$1.5 million is available for this programme in 2006-07.

Overall performance

✓✓✓



## ADMINISTERED PROGRAMMES—COMPENSATION FOR ACQUISITION AND SALE OF AIRPORT LANDS

(Aviation and Airports Business Division)

### Quality/Location

*Airport lessees receive appropriate compensation*

From time to time the Australian Government adds or removes airport land with the consent of the airport lessee to facilitate on- and off-airport development. The department administers compensation to airport lessees after an appropriate price is agreed with parties including the Department of Finance and Administration.

The department executed an agreement to transfer land at an agreed value of \$0.003 million to enable road widening and other traffic improvements off the Hobart Airport site, and worked on amendments to *Airport Regulations 1997* to reflect the change in the leased area. Settlement of this matter is expected to occur in the first half of 2006–07.

Negotiations for a land disposal at Gold Coast Airport to facilitate the construction of the Tugun Bypass have concluded in an agreement to transfer some land at an agreed value of \$8.5 million. The land transfer is expected to occur in the second half of 2008 following completion of the road.

Negotiations are continuing over:

- the sale of land from the south-western corner of Essendon Airport to facilitate the upgrade of the Tullamarine/Calder Freeway interchange (the financial impact is currently under consideration)
- the sale of land at Darwin Airport to facilitate a new entrance to the airport (no financial impact is anticipated)
- a land swap at Perth Airport which will facilitate land planning at the airport (no financial impact is anticipated)
- the potential transfer of land to the Queensland Government to facilitate the Gateway Motorway upgrade across Brisbane Airport land (the financial impact is currently under consideration)
- 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 Airport Ltd
- the sale of land at Archerfield Airport to construct a road to alleviate significant traffic problems in the area (the financial impact is currently under consideration).

### Cost

*\$0.003m (up from \$0.0m at Budget)*

The actual cost of this programme in 2005–06 was nil. It is anticipated that the sale at Hobart Airport will be finalised in 2006–07.

**Overall performance**

✓✓✓



## ADMINISTERED PROGRAMME—IMPLEMENTATION OF NOISE AMELIORATION—SYDNEY AND ADELAIDE AIRPORTS

(Aviation and Airports Business Division)

### Effectiveness

*Community exposure to aircraft noise is ameliorated in eligible buildings*

Airport noise amelioration programmes were introduced to Sydney and Adelaide in 1994 and 2000, respectively. Under both programmes, the Australian Government pays for noise insulation to be installed in eligible homes and public buildings such as schools, colleges, preschools, childcare centres, health and aged-care facilities and churches.

Eligibility decisions for insulation are based solely on assessments of aircraft noise exposure under the Australian Noise Exposure Forecast (ANEF) system as updated by the annual Australian Noise Exposure Index (ANEI) maps. This system takes into account the numbers and types of aircraft, their flight paths and noise characteristics, and the time of day of their operation.

To be eligible, public buildings must fall within the 25 noise exposure contour under the ANEF system, and residences within the 30 noise exposure contour. Where the contour intersects a residential property within a street block, insulation eligibility is extended out from the contour line to include all other houses in that street block up to a break in continuity of residential properties—normally a street, drain or open area. This is done to prevent a situation where neighbouring houses might be treated differently.

### Quality

*Work is carried out by qualified professionals and is rated as good or better by 80% of building owners*

Residents have been asked through the programme to rate the quality of our work through post-insulation surveys. As no residences were insulated during 2005–06, no information was collected on ratings. Table 3.12 shows trend information for previous years.

### Quantity

*Approximately 4,755 eligible homes and 96 eligible public buildings are insulated from aircraft noise*

Both the Sydney and Adelaide programmes are nearing completion. By 30 June 2006, all eligible buildings had been identified. All eligible residences whose owners had accepted the offer of insulation have now been insulated. Over 100 public buildings have been insulated, with work underway on a remaining 4. Trend information on aircraft noise amelioration is provided in table 3.12.

### Location

*Adelaide, Sydney*

For information on the properties that have been insulated, visit [www.dotars.gov.au/transport/programs/](http://www.dotars.gov.au/transport/programs/).

For information on noise and flight path monitoring at major airports, visit [www.airservices.gov.au/reports/](http://www.airservices.gov.au/reports/).



**Cost**

Adelaide: \$7.0m

Sydney: \$5.4m (up from  
\$4.3m at Budget)

The actual cost of this programme in 2005-06 was \$4.6 million. This was lower than planned due to the nature of the programme and difficulties in accurately forecasting the timing of building projects. Some \$2.7 million has been carried forward to 2006-07 and 2007-08.

**Overall performance**

**Table 3.12 Trends in aircraft noise amelioration**

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Adelaide Airport</b>						
Programme outcomes						
Private homes insulated	13	220	208	240	4	-
Public buildings insulated	-	-	2	1	2	1
Work rated very good or better by clients	Not reported	90%	88%	83%	100%	n/a
Cost of works to government	\$1.9m	\$11.1m	\$13.2m	\$13.9m	\$7.6m	\$1.3m
<b>Sydney Airport</b>						
Programme outcomes						
Private homes insulated	474	268	113	12	12	-
Public buildings insulated	3	7	2	1	3	2
Work rated very good or better by clients	not reported	82%	>80%	82%	100%	n/a
Cost of works to government	\$37.2m	\$24.9m	\$7.7m	\$3.9m	\$6.2m	\$3.3m



## ADMINISTERED PROGRAMME—PAYMENT SCHEME FOR AIRSERVICES AUSTRALIA'S EN ROUTE CHARGES

(Aviation and Airports Business Division)

### Effectiveness

*Costs are reduced for airlines providing regular public transport and/or aeromedical services using aircraft with a take-off weight of less than 15 tonnes*

This programme helps operators provide services to regional communities by reimbursing them for Airservices Australia's en route air traffic control charges.

A review is to be conducted in 2006-07 into the ongoing need for Airservices en route charges subsidies for regional aviation services, which are due to cease at the end of 2006-07.

### Quality

*Claims from airlines are processed efficiently and accurately*

The turnaround time for invoices is a maximum of seven days from receipt of all information required to process the claim. Payment runs for the department occur weekly.

No complaints were received from recipient operators about the accuracy or timeliness of processed claims during 2005-06.

### Quantity

*Approximately 40 airlines are reimbursed for Airservices Australia's en route air traffic control charges*

The department processed claims from a total of 35 airlines in 2005-06, which is down from 41 last year. The programme is demand driven.

### Cost

\$5.6m

The actual cost of this programme in 2005-06 was \$6.0 million, up from \$4.7 million in 2004-05. This was due to some airlines making claims for charges incurred in previous financial years and as a result of the extension of the scheme to an additional category of eligible aircraft in Western Australia only.

**Overall performance**

✓✓✓



## ADMINISTERED PROGRAMME—SYDNEY WEST AIRPORT—RENTAL PROPERTIES

*(Aviation and Airports Business Division)*

### Effectiveness

*The Australian Government meets its obligations as a landlord*

The Australian Government owns and leases out 254 commercial and residential properties at Badgerys Creek. The properties are on the site originally acquired for a proposed second major airport for Sydney, and are managed by an agent on behalf of the department.

### Quantity/Location

*Approximately 254 commercial and residential properties are maintained at Sydney West Airport site (Badgerys Creek)*

In 2005–06, costs included water and land rates, and maintenance to ensure properties remain in reasonable condition. There is limited scope to reduce the scale of works given the department’s duty of care to tenants and responsibility to keep the assets in good condition.

### Cost

\$2.7m

The actual cost of this programme in 2005–06 was \$1.9 million, and was offset by revenue from tenants. In 2006–07 we expect to spend a similar amount on general maintenance.

**Overall performance**

✓✓✓







# CHAPTER 4

## Regional Outputs and Programmes



# REGIONAL

## OVERVIEW

Our national economic performance continues to rely on Australia's regions. One-third of Australians live and work in non-metropolitan areas and contribute two-thirds of our national export income.

Globalisation, population changes, skills shortages and natural disasters continue to challenge our regions. Partnership between the government and communities is the key to helping regions face these challenges through growth and diversification.

### What we do

The department, on behalf of the government, contributes to the wellbeing of all Australians by assisting regions to manage their own futures. Among other things, the department,

- provided advice to the Australian Government on a broad range of social and economic issues affecting regional Australia
- delivered information to regional Australians on Australian Government programmes and services
- collated and analysed data on regional Australia to inform policy development
- worked with other agencies and governments to evaluate and improve their services to regional and Indigenous Australians
- administered \$1,619 million in financial assistance for local government, to meet community priorities (page 158)
- administered \$124 million in grants and subsidies for community initiatives that support regional development (page 129)
- established a small taskforce to provide advice to the Australian Government and develop, manage and coordinate the policy response following the decision to consider the future governance arrangements for Norfolk Island (page 147)
- facilitated a nationwide consultation process about the Aboriginal Tent Embassy in Canberra
- administered a programme of awards highlighting the contribution of local government to its communities (page 157)
- delivered health, education, water and other essential services to the 2,744 people who live in Australia's non-self governing territories, often through the Western Australian, Australian Capital Territory and New South Wales governments (page 144)
- administered \$30 million in natural disaster mitigation funding and over \$75 million in response and relief, in partnership with other government departments—including a \$40 million advance in natural disaster relief funds and a \$1 million contribution towards the Prime Minister's and Premier's Cyclone Larry Relief Appeal to assist Far North Queensland in its recovery from the impact of Cyclone Larry (page 163).

### What this chapter covers

This chapter reports on the regional outputs and programmes the department was funded to deliver in 2005–06 (see Table 4.1). The chapter:

- sets out our annual financial and other targets, as published in our *2005–06 Portfolio Budget Statements (PBS)* or amended in the *Portfolio Additional Estimates Statements (PAES)* and *Portfolio Supplementary Additional Estimate Statement (PSAES)*



- explains our actual results in 2005–06 and compares them with previous years' results where applicable
- discusses factors that may be affecting or are likely to affect our results
- summarises progress towards achievement of the indicators nominated for each output and programme using the following ratings:  
  - ✓✓✓ fully achieved ✓✓✓ mostly achieved ✓✓✓ partly achieved ✓✓✓ not achieved

Table 4.1 Regional outputs and programmes in 2005–06

	Budget 2005–06 <sup>a</sup> \$'000	Actual 2005–06 \$'000	Variance <sup>b</sup> (%)	Rating	Information
<b>Output 2.1.1—Regional Services</b>	39,655	40,092	1.1	✓✓✓	Page 127
<i>Administered programmes</i>					
Construction of the Bert Hinkler Hall of Aviation Museum	1,450	-	-100.0	✓✓✓	Page 131
Regional Partnerships	111,625	83,710	-25.0	✓✓✓	Page 132
Sustainable Regions	51,733	36,779	-28.9	✓✓✓	Page 137
Remote Air Services Subsidy Scheme	3,608	3,153	-12.6	✓✓✓	Page 141
Foundation for Rural and Regional Renewal	315	369	17.1	✓✓✓	Page 142
Regional and Rural Research and Development Grants	228	183	-19.7	✓✓✓	Page 143
<b>Output 2.2.1—Services to Territories</b>	18,074	18,064	-0.1	✓✓✓	Page 144
<i>Administered programmes</i>					
Services to Indian Ocean Territories	59,243	57,998	-2.1	✓✓✓	Page 151
Norfolk Island					
· refurbishment of Kingston Pier	6,032	5,747	-4.7	✓✓✓	Page 153
· memorial for Minister Buffet (environmental trust fund)	322	234	-27.3	✓✓✓	Page 154
Payments to the ACT					
· assistance for water and sewerage services	9,250	9,250	-	✓✓✓	Page 154
· compensation for the effects of national capital influence on the cost of providing municipal services	23,004	23,004	-	✓✓✓	Page 155



Table 4.1 continued...

	Budget 2005–06 <sup>a</sup> \$'000	Actual 2005–06 \$'000	Variance <sup>b</sup> (%)	Rating	Information
Christmas Island rehabilitation	740	3,651	393.4	✓✓✓	Page 155
<b>Output 2.2.2—Local Government</b>	<b>2,234</b>	<b>2,474</b>	<b>10.7</b>	<b>✓✓✓</b>	<b>Page 156</b>
<i>Administered programmes</i>					
Local Government Financial Assistance Grants	1,623,201	1,618,560	-0.3	✓✓✓	Page 158
Supplementary funding to South Australian councils for local roads	9,000	9,000	-	✓✓✓	Page 159
<b>Output 2.2.3—Natural Disaster Relief</b>	<b>4,003</b>	<b>3,810</b>	<b>-4.8</b>	<b>✓✓✓</b>	<b>Page 161</b>
<i>Administered programmes</i>					
Natural Disaster Mitigation <sup>c</sup>	31,053	26,003	-16.3	✓✓✓	Page 163
Bushfire Mitigation	5,000	4,945	-1.1	✓✓✓	Page 165
National Aerial Firefighting	5,500	5,500	-	✓✓✓	Page 166
Natural Disaster Relief Arrangements	89,540	69,111	-22.8	✓✓✓	Page 167
The Prime Minister's and Premier's Cyclone Larry Relief Appeal	-	1,000	-	✓✓✓	
<b>Outcome 2—All outputs</b>					
Total price of departmental outputs	63,967	64,439	0.7		
Less receipts from independent sources	922	1,148	24.5		
<b>Net price to government (appropriation)</b>	<b>63,045</b>	<b>63,292</b>	<b>0.4</b>		
<i>Administered programmes summary</i>					
Total cost of administered programmes	2,030,844	1,958,197	-3.6		
Plus depreciation, write down of assets etc.	14,310	15,514	8.4		
Total administered operating expenses	2,045,154	1,973,711	-3.5		
Less administered revenues	28,673	63,886	122.8		
<b>Net cost to government</b>	<b>2,016,481</b>	<b>1,909,825</b>	<b>-5.3</b>		
Average staffing level	361†	353†	-2.2		

a The budget shown for both departmental outputs and administered programmes is the revised budget published in our 2005–06 Portfolio Additional Estimates Statements updated for additional funding provided through the Portfolio Supplementary Additional Estimates. Departmental outputs include own source revenue

b The variance is the change in 2005–06 actuals over the revised 2005–06 Budget.

c Includes \$7.8m for the Gawler River Flood Mitigation Scheme provided through the 2005–06 Portfolio Supplementary Additional Estimates.

## OUTPUT 2.1.1: REGIONAL SERVICES

(Regional Services Business Division)

### Effectiveness

*Regions are assisted to manage their own futures*

The department supported regions in the management of their own futures by:

- making information available on Australian Government programmes and services
- providing grants for projects nominated by communities as important to their socioeconomic and environmental wellbeing and sustainability
- supporting other agencies and governments to evaluate and improve their services to regional and Indigenous Australians.

*Other agencies/governments are assisted to evaluate and improve services to regional and Indigenous Australians*

#### Better information on regions now available

The department's capacity to evaluate conditions in regional Australia and inform decision makers about conditions in Australia's regions was expanded during the year.

The Bureau of Transport and Regional Economics (BTRE) regional research team has released a *Focus on Regions* series, with specific research projects on:

- industry structure
- education, skills and qualifications
- taxable income
- social capital.

Current publications in this series in popular demand are:

- *Industry structure*
- *Education, skills and qualifications*
- *Taxable income.*

A previous report, *Investment patterns in the Murray–Darling Basin*, has been set as a textbook by Charles Sturt University in the first water policy course at an Australian university.

The government also released major new research on social capital in the publication *Focus on regions no. 4: social capital*, which examines regional social health.

All BTRE publications are available free online at [www.btre.gov.au](http://www.btre.gov.au).



*Output 2.1.1—Regional services continued...***Quality**

*Information on Australian Government programmes and services is available to all Australians*

**Demand for information continues**

Information was delivered to people in rural, regional and remote Australia through the Australian Government Regional Information Service (AGRIS), which consists of three service elements or channels:

- a printed directory called the Australian Government Regional Information Directory (AGRID)
- a toll-free call centre (1800 026 222) providing information and a referral service
- the Regional Entry Point Website at [www.regionalaustralia.gov.au](http://www.regionalaustralia.gov.au).

The AGRIS Regional Entry Point website currently holds information on 1,549 programmes and services. Hits during the year numbered 1.2 million. AGRIS received 22,534 inquiries in 17,138 calls through the call centre in 2005–06.

Operators assisted callers with vision impairments by reading aloud the requested information or by providing a copy of the directory in cassette or CD form, or by a combination of these methods. Operators also assisted clients with hearing impairments through teletype services, and helped callers whose main language was other than English by using a telephone interpreting service. The call centre also provided the point of contact for people seeking a printed copy of the directory.

Information on how community groups can access government grants was provided through [www.grantslink.gov.au](http://www.grantslink.gov.au)—1.8 million hits were recorded during the year (up from 1.4 million in 2004–05). GrantsLINK promoted 204 Australian Government grants programmes.

*Regional and Indigenous communities have opportunities to establish and advance local priorities and partnerships*

**Regional and Indigenous partnerships strengthened**

Regional communities were supported in preparing plans for their own development. In 2005–06 the department's regional offices worked with:

- the national network of 56 Area Consultative Committees (ACCs) to deliver the Regional Partnerships Programme (page 134)
- 10 locally appointed advisory committees and executive officers to deliver the Sustainable Regions Programme (page 137)
- Indigenous communities in the remote East Kimberley as part of a Council of Australian Governments (COAG) pilot programme (pages 194).



## Quality

*Regional and Indigenous communities have opportunities to establish and advance local priorities and partnerships  
(continued)*

### Regional women's aspirations recognised

Secretariat and other services were provided to the Regional Women's Advisory Council. In 2005–06 the department supported the council in its:

- meeting with the Ministerial Taskforce on Indigenous Affairs and the National Indigenous Council in November 2005
- development of the report *Cultural diversity and economic development in our regional Australian communities*, which examined the economic, social and environmental value of diversity in four rural and regional areas
- hosting of a 'Women on the move' event in Townsville, Queensland, to develop strategies for building regionally based networks across rural and regional industries to support women's involvement in leadership positions.

In December 2005, the Minister for Transport and Regional Services, the Hon Warren Truss MP, appointed the panel to conduct the Inquiry into Women's Representation on Rural and Regional Bodies of Influence. The panel, chaired by Senator the Hon Judith Troeth, conducted the inquiry with the support of a departmental secretariat from December 2005 to June 2006.

The panel was due to report to the minister in August 2006.

*Grants are administered for projects that maintain or improve regional wellbeing and sustainability*

### Grants administered

In 2005–06 the department administered expenses of \$124.2 million in grants and subsidies through the:

- Regional Partnerships Programme (page 132)
- Sustainable Regions Programme (page 137)
- Remote Air Services Subsidy (RASS) scheme (page 141)
- Foundation for Rural and Regional Renewal (page 142)
- Regional and Rural Research and Development Grants programmes (page 143).

The department made a submission to the Senate Inquiry on the Regional Partnerships and Sustainable Regions programmes. The inquiry commenced in December 2004 and concluded in October 2005.

In February 2006, the Australian National Audit Office (ANAO) commenced an audit of the Regional Partnerships Programme. The ANAO's report is to be tabled in the autumn 2007 session of parliament.

*Other agencies/governments work with us on issues affecting regions*

### Other issues affecting regions receiving attention

The department continued to work within the Australian Government and with other governments on issues affecting Australia's regions, including with the:

- Department of the Environment and Heritage, helping it to deliver the community assistance element of the Great Barrier Reef Marine Park Structural Adjustment Programme
- Department of Health and Ageing, implementing the Rural Medical Infrastructure Fund to provide improved health services to regional Australia.



## Output 2.1.1—Regional services continued...

**Price**

\$39.7m

The actual price of this output in 2005–06 was \$40.1 million.

**Overall performance** ✓✓✓

Table 4.2 Trends in regional services

	2002–03	2003–04	2004–05	2005–06	2006–07 Est.
<b>Departmental activities</b>					
Total price of output <sup>a</sup>	\$39.6m	\$35.5m	\$36.0m	\$40.1m	\$38.5m
<b>Australian Government Regional Information Service</b>					
www.regionalaustralia.gov.au <sup>b</sup>	1.4m hits	1.6m hits	1.0m hits	1.2m hits	No set target
www.grantslink.gov.au	1.0m hits	1.2m hits	1.4m hits	1.8m hits	No set target
Calls to hotline 1800 026 222	38,519	23,241	28,481	22,534	No set target
<b>Regional Partnerships Programme<sup>c</sup></b>					
<b>Regional Partnership Projects</b>					
Applications received	954	736	627	549	No set target
New projects approved	533	266	438	309	No set target
<b>Construction of Bert Hinkler Hall of Aviation Museum</b>					
Cost to government	Nil	Nil	Nil	Nil	\$1,450m
<b>Rural Transaction Centres<sup>d</sup></b>					
New sites approved	67	74	-	-	-
Sites approved to date	164	239	239	239	No change
Sites operating at 30 June	80	115	175	213	267
<b>Rural Transaction Centres with electronic point of sale (personal banking service)</b>					
New sites approved	21	33	-	-	-
Sites approved to date	119	141	141	141	No change
Sites operating at 30 June	101	130	140	140	No change
Cost to government	\$73.7m	\$78.5m	\$95.0m	\$83.7m	\$94.1m





	2002–03	2003–04	2004–05	2005–06	2006–07 Est.
<b>Sustainable Regions Programme</b>					
New projects approved	72	86	60	55	No set target
Cost to government	\$6.2m	\$20.9m	\$22.6m	\$36.8m	\$28.3m
<b>Remote Air Services Subsidy (RASS) scheme</b>					
Communities assisted	250	220	225	225	225
Operators engaged	8	7	7	6	6
Cost to government	\$2.3m	\$2.6m	\$2.7m	\$3.2m	\$4.0m
<b>Foundation for Rural and Regional Renewal</b>					
Cost to government	\$0.05m	\$0.5m	\$0.2m	\$0.4m	\$0.5m
<b>Regional and Rural Research and Development Grants<sup>e</sup></b>					
Cost to government	\$0.2m	\$0.2m	\$0.2m	\$0.2m	\$0.2m
<b>Total programmes administered—includes RASS from 2004–05 only</b>					
Number of programmes	11	3	7	6	7
Total cost of programmes	\$78.0m	\$99.3m	\$120.7m	\$124.2m	\$128.6m

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 Our website [www.regionalaustralia.gov.au](http://www.regionalaustralia.gov.au) was launched in January 2002.

c As this programme was launched on 26 June 2003, the historical data shown here relate to the nine programmes it replaced.

d The Rural Transactions 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.

e 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 Programme.

## ADMINISTERED PROGRAMME—CONSTRUCTION OF THE BERT HINKLER HALL OF AVIATION MUSEUM

*(Regional Services Business Division)*

### Effectiveness

*The Bert Hinkler Hall of Aviation museum is able to be constructed*

The Bert Hinkler Hall of Aviation in Bundaberg is funded from a separate appropriation (\$1.5 million) and the Regional Partnerships Programme (\$2.5 million 2004 election commitment). The project was delayed while the proponent investigated additional funding sources, but it has now begun and should be completed by mid-2008.



Output 2.1.1—Regional services continued...

**Quality/Location**

*Payments are made in line with the Australian Government's obligations*

- *Bundaberg in regional Queensland*

Payments have been made in line with project progress and the funding agreement.

**Cost**

\$1.5m

Construction of the Bert Hinkler Hall of Aviation museum was allocated \$1.5 million in the 2005–06 Budget, but this amount was rolled over into 2006–07 at the 2006–07 Budget to reflect project progress.

**Overall performance**



**ADMINISTERED PROGRAMME—REGIONAL PARTNERSHIPS**

*(Regional Services Business Division)*

**Effectiveness**

*Funded projects improve regional growth and opportunities, access to services, planning and structural adjustment*

Regional Partnerships Programme 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. In 2005–06, 85 per cent of approved grants were to non-profit organisations and local government.

Since the Regional Partnerships Programme commenced in July 2003, the government has approved over \$227.1 million for over 1,000 projects.

In 2005–06, funding included:

- a contribution to construction costs of the medical clinic and nurses' residence of the Diamantina Health Service, which provides essential services at Birdsville in remote south-western Queensland (\$440,000 GST inclusive) (see Diamantina Health Service case study)
- the costs associated with the materials and construction work for the Warren Community Centre (\$25,000 GST inclusive)
- the costs associated with the construction and marketing of an on-farm dairy processing and packaging facility that uses biodegradable packaging at Bannister Downs, near Northcliffe, Western Australia (\$178,000 GST inclusive)
- the costs associated with the construction of a multi-use sport and recreation centre for the community of Horn Island in the Torres Strait (\$605,000 GST inclusive).



## Effectiveness

**Election commitment projects progressing**

Ministerial approval had been given for 35 election commitment projects, and funding agreements had been signed for 33 projects, by 30 June 2006. Eight of the election projects had been completed.

Expanded eligibility criteria were approved for the Rural Medical Infrastructure Fund, which made funds available to a larger number of rural communities. The changes included increasing the cap on funding for individual projects from \$200,000 to \$400,000, expanding eligibility to local divisions of general practice, and expanding coverage to include funding for infrastructure for medical facilities for allied health professionals.

### CASE STUDY—DIAMANTINA HEALTH SERVICE MEDICAL CLINIC AND NURSES' RESIDENCE

In 2004, under the Regional Partnerships Programme, the Diamantina Shire Council was granted funding of \$440,000 (GST inclusive) as a contribution to the construction costs of the Diamantina Health Services' community-owned clinic at Birdsville. The project included a medical clinic, the nurses' residence, car parks, walkways and landscaping.

Birdsville is situated in the far south-western corner of Queensland. It has the distinction of being Australia's most isolated town. Birdsville has a population of about 120, but attracts more than 60,000 tourists each year. The demands on the clinic are already significant, and are likely to grow with the expected increase in visitor numbers.

The community health clinic was completed and opened in September 2005. The nurses have moved into the residence and the clinic is operational.

By contributing part of the costs of construction of the up-to-date medical facilities and nurses' residence, the Regional Partnerships Programme has helped provide greatly improved health services for residents and visitors. The clinic's facilities also enable medical staff to respond to emergencies in Birdsville and the surrounding region.



*Diamantina Health Service Medical Clinic and Nurses Residence (Photo courtesy North West Queensland Primary Health)*



Output 2.1.1—Regional services continued...

Quality

*Regional priorities are established by an Area Consultative Committee (ACC) in each region*

Funding of \$19.6 million was provided to 56 ACCs throughout Australia to identify and support projects to benefit regional communities. ACCs draw together members from the local business, industry and government sectors to:

- help develop and implement three-year strategic regional plans to address the issues facing their communities
- provide on-the-ground support to potential Regional Partnership Programme applicants to help them meet their goals within their local communities.

Three-year funding has been established with the ACCs for 2006–07 to 2008–09, including six key performance indicators that relate to ACC performance in the Regional Partnerships Programme and whole-of-government and promotional activity. This will provide greater surety for ACCs and assist them to attract and retain quality staff and implement longer-term strategic planning in their regions. The government also approved a new charter for ACCs, which specifies their three main roles:

- to facilitate change and development in their regions
- to act as links between government, business and the community
- to facilitate whole-of-government responses to opportunities in their communities.

The government also identified four priority areas for ACCs in 2006–07 for the Regional Partnerships Programme: small and disadvantaged communities; youth; skills shortages and economic growth; and Indigenous communities. These priorities are also identified in the Regional Partnerships Programme guidelines.

The ACCs were provided with additional one-off funding to further strengthen the capacity of the ACC network to effectively support local communities as enhancements to the Regional Partnerships Programme are implemented. This funding was for training or upskilling, additional travel in the ACC region, extra promotional activities, and purchase of office equipment for ACC staff and board members. This funding will increase the ongoing effectiveness and efficiency of the network to assist communities develop quality projects and activities in accordance with the ACC charter.

ACCs provide advice on each project for consideration by ministers.

In 2005–06, projects selected for funding continued to attract strong community support, with private sector and other parties contributing an average of \$3 for every \$1 spent by the Australian Government.



## Quality

*90% of applications for funding are assessed within 12 weeks of submission*

### **New processes for assessing Regional Partnerships Programme applications**

In November 2005, the Minister for Transport and Regional Services, the Hon Warren Truss MP, announced changes to the Regional Partnerships Programme, including streamlined assessment processes and the establishment of a decision-making ministerial committee. The Regional Partnerships Ministerial Committee is currently made up of the Minister for Transport and Regional Services, the Minister for Local Government, Territories and Roads, and the Special Minister of State.

Recommendations were made to the Regional Partnerships Ministerial Committee for funding 483 projects under the programme. Some 309 projects were approved for funding.

The new assessment processes for Regional Partnerships Programme funding applications were implemented on 13 March 2006. All applications for funding were assessed in the department's national office from that date. As a result, the time taken for assessment and decision making has been reduced from 20 weeks to between 9 and 12 weeks.

It is expected that, during 2006–07, 90 per cent of decisions will be made within 12 weeks for projects seeking funding above \$25,000, and 8 weeks for projects seeking up to \$25,000.

*Grants are provided for projects which meet programme guidelines, including consistency with ACC regional priorities and partnership funding*

Each application for funding is assessed against the Regional Partnerships Programme assessment criteria. To be successful, the 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 they have adequate financial contributions from partnerships support
- be viable and sustainable.

The Regional Partnerships Ministerial Committee approved new and improved guidelines for the programme that will come into effect in July 2006. Better information will be provided to applicants on what should be included in applications, and the assessment criteria will provide clearer guidance on what kinds of projects are likely to be approved.

*Payments are made in line with project progress and funding agreements*

Successful applicants are required to enter into a funding agreement, a legally enforceable document, which sets out the terms and conditions governing Australian Government funding. Funding agreements include a negotiated schedule of payments linked to the agreed milestones, outcomes and time frames.

After a funding agreement is in place, the department continues to monitor 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.



Output 2.1.1—Regional services continued...

**Quality**

*90% of project proponents and ACCs are satisfied with the programme's administration*

A survey of completed Regional Partnerships projects was conducted for the first time in December 2005, to enable the quality of the programme to be assessed. Fifty-three per cent of respondents rated the ACC's level of service, when developing an application, as extremely effective. Thirty-seven per cent rated the ACC's level of service as effective.

Unsuccessful applicants, or those who receive less funding than they sought, may request a formal review of the decision. During 2005–06, 28 requests for review—about 5 per cent of all applications—were received from unsuccessful applicants. One decision was reversed after an independent review.

**Previous regional programmes**

A number of legacy elements of the programme continued in 2005–06 and are now being wound up as funding commitments conclude. These include the former:

- Dairy Regional Assistance Programme, which was set up in 2000 to help regional communities adjust to the effects of dairy deregulation
- Regional Solutions Programme, which was set up in 2000 to fund worthwhile regional projects that did not qualify for funding under other federal programmes.

While all payments made under the Rural Transaction Centre (RTC) programme were finalised in 2004–05, the department continued to work with grantees to finalise RTC projects. This has resulted in the opening of approximately 30 RTCs during 2005–06, providing their communities with access to services and technology that enable them to obtain information and carry out transactions.

**Quantity/Location**

*Regional priorities and projects are established in every region in Australia (56 regions)*

In 2005–06, applications were received from every region in Australia. For details of regional priorities and projects throughout Australia visit [www.regionalpartnerships.gov.au](http://www.regionalpartnerships.gov.au).

**Cost**

\$111.6m

The actual cost of this programme in 2005–06 was \$83.7 million. In the 2006–07 Budget \$16.9 million was moved into future years and is available for Regional Partnerships projects.

The Australian Government provided an extra \$66.8 million over five years to cover the costs of 38 election commitments.

**Overall performance**



**Did you know?**

Bank@Post is a programme that provides banking services to 266 licensed post offices throughout Australia. As at 30 June 2006, the programme was running on schedule with 132 Bank@Post facilities installed in licensed post offices.



## ADMINISTERED PROGRAMME—SUSTAINABLE REGIONS

*(Regional Services Business Division)*

### Effectiveness

*Funded projects improve economic, social and/or environmental wellbeing in the region*

Since 2001 the government has committed over \$92.9 million to 267 projects under the Sustainable Regions Programme to help communities in 10 regions deal with major economic, social and environmental change.

Funding for 55 new projects was approved in 2005–06. The projects described below are representative of approved projects:

- development of tourism precincts in Queensland, including construction of visitor information centres in Hervey Bay and Kingaroy, and tourism marketing linkages between the Hervey Bay City and Kingaroy Shire Councils (\$0.85m plus \$0.96m in partner cash and in-kind contributions)
- construction of the Tweed Regional Institute for Clinical Education, Training and Research to accommodate students from Bond, Griffith and Southern Cross universities studying for part of a university degree, to attract specialist practitioners and to retain local doctors in the Far North East region of New South Wales (\$2.2 million plus \$2.5 million in partner cash and in-kind contributions)
- extension of the Yiyili Aboriginal Community's Art Gallery facilities in Halls Creek, Western Australia, to include a crèche, a display area and a larger work area, thereby allowing wider community involvement and participation (\$187,000 plus \$460,200 in partner contributions)
- construction of a community music centre in the City of Playford, South Australia, the Northern Sound System project. The centre consists of a performance venue for approx 200 people, recording/rehearsal space, practice rooms, music training facilities and programmes, and multimedia digital technologies (\$1.3 million plus \$2.7 million in partner contributions)
- construction of a new facility at Atherton, Queensland, to house Rotocult's head office and its manufacturing, marketing, and research and development arms. Rotocult is an innovative farm cultivation system (\$1.2 million plus \$3.4 million in partner contributions)
- design of the Freedom Wheelchair by Lu Papi and Associates. The project is in the final stages before the wheelchair goes into commercial production in the Campbelltown–Camden region of New South Wales. The prototyping process included input from the local disability support group, biomedical engineers, paraplegic and quadriplegic users, the University of Western Sydney's (UWS) Office of Regional Development and the UWS Nanotechnology Network, healthcare professionals and local toolmakers and moulders (\$96,000 plus \$138,000 in partner contributions).

For details of the priorities for and projects under the Sustainable Regions Programme, visit [www.sustainableregions.gov.au](http://www.sustainableregions.gov.au).



## CASE STUDY—‘WONDERS OF WYNYARD’ EXHIBITION CENTRE

In March 2005, Sustainable Regions Programme funding of \$605,000 (GST inclusive) was approved for the Waratah–Wynyard Council in Tasmania. The funding was provided to erect a building to house the Wynyard Visitor Information Centre and provide space for a variety of regional exhibits.

The centrepiece of the exhibition area is the Ransley Vehicle Collection of veteran, vintage and classic vehicles. The exhibition covers their history and how they were restored, including a workshop scene. The collection, which is valued at about \$3 million, includes the oldest Ford production car in Australia.

The centre houses:

- a visitor information centre, including an information desk, ticketing, accommodation booking and merchandising services, and an amenities area
- an industry exhibition area that features unique primary and secondary industries of the municipality, contemporary and diversified industry, and significant equipment and artefacts
- a local and natural heritage exhibition area featuring unique and natural heritage features of the municipality, significant places, and people of the past, such as Wynyard’s Eugene Alexander, originator of the Alexander technique for improving posture and movement
- a temporary exhibition space
- the Ransley Vehicle Collection.

By contributing part of the costs towards the construction of this facility, the Sustainable Regions Programme has helped provide a centrepiece from which the Waratah–Wynyard community can:

- further enhance the reputation of North West Tasmania as a region providing diverse and quality tourism experiences
- promote the region’s expanding tourism attractions
- encourage longer tourism stays, providing greater economic benefits for the region.

In addition, the exhibition centre will provide employment and training opportunities within the local region and ongoing education and training of the volunteer staff contributing to its operations.

The centre opened on 13 December 2005.





Output 2.1.1—Regional services continued...

**Quality**

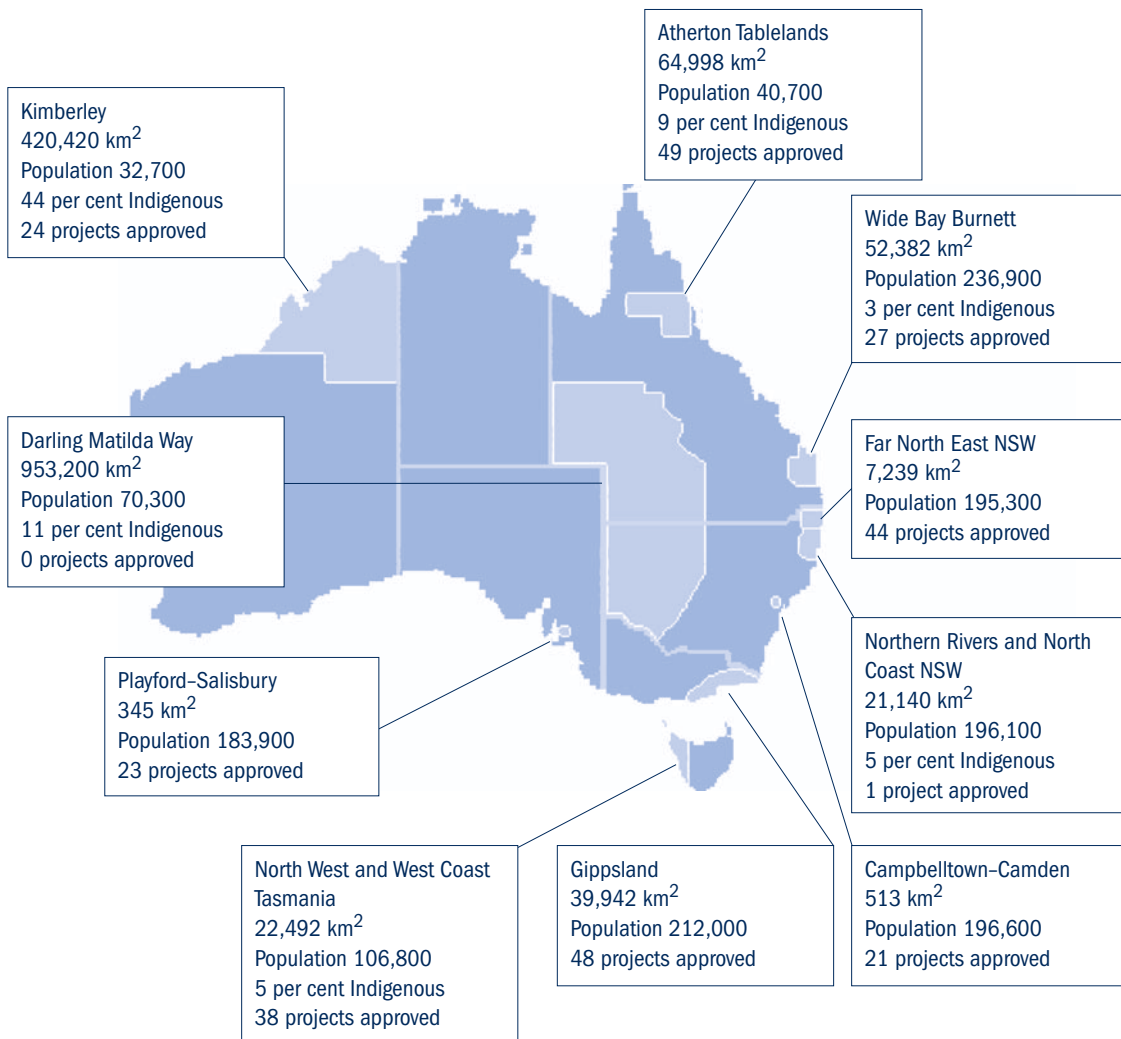
*Regional priorities are established by a Sustainable Regions Advisory Committee (SRAC) in each region*

In 2005–06 the department continued to provide secretariat and other support to an advisory committee in each region. The committees—which include business, community and local government representatives—provide advice to the Australian Government on issues associated with the regions, and make recommendations on project funding and on-the-ground support for potential applications (see Figure 4.1).

For the first eight regions, the formal business of SRACs has concluded and the employment of executive officers ceased following the provision of final recommendations by advisory committees in October 2005.

The work of the two newest SRACs—Northern Rivers and North Coast New South Wales and the Darling Matilda Way—continues.

Figure 4.1 Profile of the ten Sustainable Regions as at 30 June 2006



Output 2.1.1—Regional services continued...

**Quality**

*Grants are provided for projects which meet programme guidelines, including consistency with SRAC regional priorities and partnership funding*

Each application for funding is fully and competitively assessed by the regional advisory committee. 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
- have significant regional support.

The department also reviews recommended proposals to check that they meet the programme guidelines and arranges any due diligence checks needed. Recommendations and advice are provided to the minister for decision.

In 2005–06 the SRACs for the initial eight regions provided final recommendations reflecting the programme’s conclusion, for these regions, on 30 June 2007.

Projects funded have attracted approximately \$180 million from private sector and other partners since the programme began in 2001. This equates to an average \$2 investment for every \$1 the Australian Government invests, although the size of the benefit varies between projects and regions.

*Payments are made in line with project progress and funding agreements*

Successful applicants are required to enter into a funding agreement—a legally enforceable document that sets out the terms and conditions governing Australian Government funding. Funding agreements include a negotiated schedule of payments linked to agreed milestones, outcomes and time frames.

After funding agreements are executed, the department continues to work closely with project proponents to ensure that projects remain on schedule and comply with conditions of funding. Progress is analysed against reports received and the obligations identified in funding agreements. Site visits are made as required.

Analysis from site visits and project monitoring indicated that some projects would require payments beyond 30 June 2006. As a result, the government agreed that funding would be available in 2006–07 to enable remaining projects to be completed.

**Quantity/Location**

*Regional priorities and projects are established for two new regions (Northern Rivers and North Coast NSW; Darling Matilda Way)*

In 2005–06 the Minister for Transport and Regional Services agreed to regional priorities recommended to him by the SRACs (see [www.sustainableregions.gov.au](http://www.sustainableregions.gov.au)).

On the basis of these priorities, SRACs for both regions have considered a number of expressions of interest for possible projects and a smaller number of applications. One project was approved in the Northern Rivers and North Coast region in 2005–06.

The department will continue to work with the SRACs and executive officers to assist them to identify projects that will meet the time lines determined by the government.



**Quantity/Location**

*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*

**Funding for existing regions mostly allocated**

Up to \$12.0 million was available to each existing region over the life of the programme, with the exception of the Atherton Tablelands (up to \$18.0 million) and Wide Bay Burnett (up to \$8.0 million).

As at 30 June 2006, a total of \$92.9 million had been committed to 266 projects across the eight regions.

**Cost**

*\$51.7m (up from \$48.3m at Budget)*

The actual cost of this programme in 2005–06 was \$36.8 million, up from \$22.6 million in 2004–05. Up to \$28.3 million has been made available for the programme in 2006–07.

**Overall performance**



## ADMINISTERED PROGRAMME—REMOTE AIR SERVICES SUBSIDY (RASS) SCHEME

*(Regional Services Business Division)*

**Effectiveness/Location**

*Isolated communities have access to passenger transport, goods delivery and other services*

Without this scheme, 225 isolated communities would lack regular access to passenger transport, or to goods such as fresh food, prescription medicine, spare parts and school books.

The number of passengers carried in 2005–06 increased slightly to 2,157, while the amount of freight carried to or from communities declined from 39,220 kg to 30,896 kg.

**Quality**

*Weekly air services are provided to communities who would otherwise have no regular access to transport*

Remote and isolated communities can apply for support under the programme at any time. During 2005–06, one additional community was added to the programme.

The department continued to closely monitor air operators for compliance with the service levels detailed in funding agreements.



Output 2.1.1—Regional services continued...

**Quantity/Location**

*Air services are provided to approximately 225 isolated communities in remote parts of Queensland, Northern Territory, Western Australia, South Australia and Tasmania*

As at 30 June 2006, approximately 225 communities were covered by the scheme.

Around 30 per cent of communities were traditional Indigenous communities while others included cattle and sheep stations.

Many communities are in remote areas of northern Australia where road access can be cut off for months during the wet season and a regular air service is the only reliable means of transport.

Others are in remote desert areas of Western Australia, the Northern Territory and South Australia, and one on Cape Barren Island, Tasmania. All have very limited access to other means of transport.

**Cost**

\$3.6m

The actual cost of this programme in 2005–06 was \$3.2 million, reflecting a lower than anticipated number of new communities applying for RASS services.

**Overall performance**

✓✓✓

**ADMINISTERED PROGRAMME—FOUNDATION FOR RURAL AND REGIONAL RENEWAL**

*(Regional Services Business Division)*

**Effectiveness/Location**

*Additional funds are leveraged for rural and regional renewal*

The Foundation for Rural and Regional Renewal (FRRR), set up by the Australian Government and the Sidney Myer Fund (a major philanthropic trust) in 2000, is the only national philanthropic foundation dedicated to rural and regional Australia.

*Regional, rural and remote Australia*

To date, FRRR has allocated approximately \$9 million to projects that stimulate the renewal of whole communities, with the majority of these funds being provided by private donors, including the Pratt Foundation, ANZ Bank, Gardiner Foundation, Bendigo Bank's Community Enterprise Foundation and Rural Education Program Funding Donors, Sarah and Baillieu Myer, Tim and Gina Fairfax, John and Janet Calvert-Jones and a large number of private trusts and foundations.

FRRR is developing a niche in providing small grants to small communities. Private donations to FRRR have been growing steadily.

For more information about the FRRR, visit [www.frrr.org.au](http://www.frrr.org.au).

**Quality**

*Payments are made in line with the Australian Government's obligations*

In line with the Deed of Grant, the department paid the FRRR a 'challenge grant' based on the level of donations received by the foundation in the previous financial year.



**Cost**

\$0.3m

The cost of this programme varies from year to year in line with the level of donations received by the foundation. The actual cost of the programme in 2005–06 was \$0.4 million. An amount of \$0.5 million has been allocated for 2006–07.

**Overall performance****Did you know?**

People from outside cities are more active in their local communities.

Almost 40 per cent of regional Australians undertook some form of volunteer work compared to 28 per cent of people in capital cities.

Sydney reported the lowest volunteer rate (25 per cent) while regional Western Australia had the highest rate (45 per cent).

Source: BTRE, *About Australia's regions*, August 2005



## ADMINISTERED PROGRAMME—REGIONAL AND RURAL RESEARCH AND DEVELOPMENT GRANTS

(Regional Services Business Division)

**Effectiveness**

*Issues affecting Australia's regions are researched and communicated to national and regional decision makers*

Projects funded under this programme in 2005–06 focused on:

- research associated with the development of the National Regional Evaluation Framework
- the 10th National Conference for Sustainable Economic Growth for Regional Australia (SEGRA) held in 2006
- research on collaborative leadership models.

**Cost**

\$0.2m

The total cost of this programme in 2005–06 was \$0.2 million. The programme is expected to cost around \$0.2 million in 2006–07.

**Overall performance**

## OUTPUT 2.2.1: SERVICES TO TERRITORIES

(Territories and Local Government Business Division)

### Effectiveness

*Territories are assisted to manage their own futures*

Ten territories help make up the nation of Australia and are home to more than half a million Australians. Table 4.3 shows the location and profile of each territory.

Each territory is different—economically, socially and culturally—and its relationship with the Australian Government also varies depending on whether or not it is self-governing.

In 2005–06, the department continued to work with all territories within the portfolio, to help them to manage their own futures and to manage the Australian Government's interests.

For non-self governing territories, the department also provided a range of infrastructure and services in the absence of a state or territory government (see Table 4.4).

A brief report on each of the inhabited territories administered follows.

### Quality

*Territories funding is administered in line with relevant legislation, policies and agreements*

In 2005–06 the department continued to collect loan repayments from territory governments, and taxes and fees from the sale of goods and services to territory residents. All revenue is reported and audited as part of the department's financial statements.

### Price

\$18.1m

The actual price of this output in 2005–06 was \$18.1 million.

Overall performance

✓✓✓

Table 4.3 Profile of Australia's territories

Territory	Area	Population	Cultural/linguistic features
<b>Self-governing territories</b>			
Australian Capital Territory (ACT)	2,358 km <sup>2</sup>	325,161	
Norfolk Island	35 km <sup>2</sup>	1,574	
Northern Territory (NT)	1,349,129 km <sup>2</sup>	202,793	25 per cent Indigenous
<b>Non-self governing territories</b>			
Christmas Island	135 km <sup>2</sup>	1,508	60 per cent Chinese, 25 per cent to 30 per cent Malay speakers
Cocos (Keeling) Islands	14 km <sup>2</sup>	621	70 per cent Cocos-Malay speakers



Territory	Area	Population	Cultural/linguistic features
Coral Sea Islands	81 km <sup>2</sup>	4	
Jervis Bay	73 km <sup>2</sup>	611	About 40 per cent Indigenous
<b>Other</b>			
Ashmore and Cartier Islands	2 km <sup>2</sup>	Uninhabited	
Australian Antarctic Territory <sup>a</sup>	5,896,500 km <sup>2</sup>	Transient	
Heard and McDonald islands <sup>a</sup>	367 km <sup>2</sup>	Uninhabited	
<b>All territories</b>	<b>7,248,694 km<sup>2</sup></b>	<b>532,000</b>	

a Australia's Antarctic/subantarctic territories are administered by the Australian Government Department of the Environment and Heritage [www.deh.gov.au](http://www.deh.gov.au).

Source: BTRE, *About Australia's regions*, August 2005, Table 6, unless indicated otherwise.

Table 4.4 Trends in services to territories

	2002-03	2003-04	2004-05	2005-06	2006-07 Est.
Price of department output	\$106.2m	\$108.1m	\$18.5m	\$18.1m	\$9.3m
<b>Administered expenses</b>					
· services to the Indian Ocean Territories	n/a	n/a	\$75.2m	\$58.0m	\$60.7m
· ACT municipal services	\$21.6m	\$22.1m	\$22.5m	\$23.0m	\$23.5m
· ACT water and sewerage services	\$8.7m	\$8.9m	\$9.1m	\$9.3m	\$9.4m
· Christmas Island rehabilitation	-	-	-	\$3.7m	\$1.0m
· other <sup>a</sup>	-	-	\$0.3m	\$6.0m	\$3.1m
· services to Jervis Bay Territory					\$5.0m
<b>Total cost of services to territories (departmental and administered)</b>	<b>\$137.1m</b>	<b>\$139.0m</b>	<b>\$125.6m</b>	<b>\$118.1m</b>	<b>\$112.0m</b>

Note: This table presents a conservative picture of the cost of services to and funding for territories. These statistics do not include the cost of capital works or depreciation of administered assets.

a 'Other' represents the sum of a number of smaller miscellaneous administered programmes for Norfolk Island, NT and the ACT.



Output 2.2.1—Services to territories continued...

## AUSTRALIAN CAPITAL TERRITORY (ACT)

### Effectiveness/Quality

*Territories are assisted to manage their own futures*

The ACT is a self-governing territory. In 2005–06, on behalf of the Australian Government, the department:

- advised ministers about the performance of the National Capital Authority, which ensures that Canberra is planned and developed in accordance with its national significance
- developed options for responding to matters affecting the national capital.

*Australian Government interests in all territories are managed*

In 2005–06 the Minister for Local Government, Territories and Roads consulted nationally about the future of the site of the Aboriginal Tent Embassy. In addition to supporting the consultation, the department:

- in response to the Uhrig report, advised the government on options for implementing corporate governance reforms to the National Capital Authority
- continued to advise our ministers on their obligations under 22 pieces of ACT-related legislation, including advice on self-government legislation and cross-border water supply.

*Territories funding is administered in line with relevant legislation, policies and agreements*

In 2005–06 the department continued to administer payments to the ACT for costs associated with its role as the nation's capital.

## NORTHERN TERRITORY (NT)

### Effectiveness/Quality

*Territories are assisted to manage their own futures*

The self-governing territory of the NT has a diverse economy and operates relatively independently. In 2005–06, on behalf of the Australian Government, the department:

*Australian Government interests in all territories are managed*

- supported the NT Administrator, the Hon Ted Egan AO, whose role is largely equivalent to that of a state governor

*Territories funding is administered in line with relevant legislation, policies and agreements*

- administered loans for assets transferred to the NT when it gained self-government—these loans are mainly for water, sewerage and housing assets.





## NORFOLK ISLAND

## Effectiveness/Quality

*Territories are assisted to manage their own futures*

*Australian Government interests in all territories are managed*

*Territories funding is administered in line with relevant legislation, policies and agreements*

The territory of Norfolk Island celebrated 150 years of Pitcairn settlement in 2005–06. In 2005–06, on behalf of the Australian Government, the department:

- supported the Office of the Norfolk Island Administrator, the Hon Grant Tambling (appointed in late 2003)—the office provides, among other things, a shopfront for some Australian Government services, including the passport office
- advised ministers on options for responding to recent parliamentary reports on Norfolk Island issues
- worked with the Kingston and Arthur's Vale Historic Area Management Board to maintain and interpret heritage values on the island
- administered interest-free loans for the Cascade Cliff safety 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 funding to the Norfolk Island Government for urgent works to stabilise and refurbish the island's historic Kingston Pier to ensure it remains useable by the community
- established the Ivens F (Toon) Buffett Environmental Trust Fund. Revenue from the transfer of Norfolk Island crown leases to freehold is being directed to the trust to provide grants to individuals and groups for initiatives relating to environmental protection, heritage protection, natural resource management and land management.

In February 2006 the Minister for Local Government, Territories and Roads announced a review of Norfolk Island's governance arrangements in response to the territory's declining financial situation. During 2005–06, the department:

- undertook research and policy development on possible governance alternatives
- coordinated reviews by all departments into issues associated with extending all Commonwealth laws, programmes and services to Norfolk Island
- commissioned supporting research by the Commonwealth Grants Commission and the Australian Bureau of Statistics, and an economic impact assessment of possible governance changes
- provided advice to the Norfolk Island community about the governance reforms, through a website, brochure, information guide and other means.



## CASE STUDY—AIRPORT RUNWAY UPGRADE

Norfolk Island's airport is operated as a business enterprise of the Norfolk Island Government. The air services it supports are the main link between Norfolk Island, mainland Australia and New Zealand.

Tourism forms the basis of Norfolk Island's economy and the airport is thus essential to the economy.

In August 2003, the Australian Government agreed to provide the Norfolk Island Government with an interest-free loan of \$5.8 million to resurface the Norfolk Island airport runway. After tenders were called and evaluated, it became clear that the cost of the works would be as much as double the original estimate.

Recognising that the airport upgrade was critical to the health of Norfolk Island's tourism industry and economy, the Australian Government agreed to increase the amount of the original loan to \$12 million. These funds were fully drawn down by the Norfolk Island Government during 2005-06.

Upgrading work involved overlaying the main 2,000 m runway, the cross-runway and the link taxiway, and resealing the two aircraft parking positions on the apron. The runway can now handle the bigger Boeing 737-800 series (162 seats) aircraft that may be used for regular services in the future. OzJet and Air New Zealand, the current air services operators to Norfolk Island, use Boeing 737-200 series (108 seats) and Boeing 737-300 series (120 seats) aircraft, respectively.



*Airport runway upgrade works (Photo courtesy Norfolk Island Government)*



## Output 2.2.1—Services to territories continued...

## JERVIS BAY TERRITORY (JBT)

## Effectiveness/Quality

*Territories are assisted to manage their own futures*

This 73 km<sup>2</sup> non-selfgoverning territory is located on the New South Wales coast, 200 km south of Sydney. Its diverse population comprises people from HMAS Creswell, the Wreck Bay Aboriginal community, residents of Jervis Bay Village, and leaseholders on the western boundary of the territory.

In 2005–06 the department continued to assist the Jervis Bay Territory community to manage its own future by:

- progressing efforts to resolve a land claim in Jervis Bay by the Wreck Bay Aboriginal community
- chairing the Justice Issues Group, which addresses welfare, child protection and justice issues.

*Australian Government interests in all territories are managed*

In 2005–06 the department also delivered a range of services on behalf of the Australian Government, including health, education, motor registration, library, dog control, electricity, and water and sewage treatment services. Services were delivered either directly through the private sector or through state and territory governments. In addition, in 2005–06 the department:

- began reviewing the status of JBT's water supply to ensure its sustainability
- commenced a review of the effectiveness of all services provided in the territory, starting with a health benchmarking study
- prepared an ordinance to facilitate the use of community service orders as a sentencing option in the territory.

*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*

Services to JBT residents are generally delivered at standards and prices equivalent to the surrounding district.

The department seeks to operate in a way which recognises the cultural and linguistic diversity of territory residents, about 40 per cent of whom are Indigenous people.

*Territories funding is administered in line with relevant legislation, policies and agreements*

In providing services to JBT on behalf of the Australian Government, the department spent approximately \$5.0 million and collected over \$0.8m in fees for services including rent, electricity and water charges.

Note: The Services to Jervis Bay Territory Administered Programme was established on 1 July 2006. Previously it was a programme within the departmental budget.



*Output 2.2.1—Services to territories continued...*

## INDIAN OCEAN TERRITORIES (IOT)

**Effectiveness/Quality**

*Territories are assisted to manage their own futures*

The Indian Ocean Territories (IOT) consist of Christmas Island and Cocos (Keeling) Islands. Due to their remoteness and small populations, their economies rely heavily on the ongoing support of the Australian Government.

In 2005–06, on behalf of the Australian Government, the department:

- continued to support the Office of the Administrator, Mr Neil Lucas PSM, who was appointed on 15 December 2005 and commenced duties on 30 January 2006. The Administrator is the Australian Government's representative in the IOT and provides the communities with a direct link to the minister
- lodged IOT legislative instruments with the Attorney-General's Department. This ensured that these instruments would continue to be in force.

The department progressed economic development initiatives, including administering funding to support recommendations made by the economic development committees on both Christmas Island and Cocos (Keeling) Islands. It also:

- assessed options on implementing the recommendations of the Strategic Plan for Economic Development in the IOT
- progressed the development of a resort on Cocos (Keeling) Islands
- managed the state-type grants programme that provides the IOT communities with access to a wide range of Western Australian state government grant funding programmes.

*Australian Government interests in all territories are managed*

The department continued to manage a portfolio of properties in the IOT on behalf of the Australian Government. As part of this, in 2005–06 we:

- continued an upgrade programme of agency staff housing on Cocos (Keeling) Islands and Christmas Island
- finalised the sale of residential land blocks in the Buffett Close development project on Cocos (Keeling) Islands
- developed an asbestos register, which will assist the future management of asbestos remediation
- commissioned a site management plan for remediation of the old Home Island power station site on Cocos (Keeling) Islands.

In managing government interests in the IOT the department provided advice to the minister and Australian Government agencies on IOT-related issues. For example, the department assisted the Department of Health and Ageing to develop draft amendments to the *Aged Care Act 1997* to extend it to the IOT. It also:

- commenced negotiations on a new IOT employees collective agreement
- commissioned a consultancy to examine options for increasing the water supply to Home Island, Cocos (Keeling) Islands.

In 2006–07 the department will:

- commence remediation work of the old Home Island power station site
- finalise a new IOT collective agreement with IOT employees
- submit recommendations to the minister on how to overcome the current water shortages on Home Island, Cocos (Keeling) Islands.



**Effectiveness/Quality**

*In the absence of a state or territory government, non-self governing territories are provided with infrastructure and services*

A number of service delivery arrangements were managed between the Australian Government and the Western Australian Government to provide state-level services to the IOT. The section 'Administered Programme—Services to Indian Ocean Territories' gives further details.

The department also:

- continued to manage a number of commercial contractual arrangements with other organisations to provide services to the IOT
- extended a number of critical supply contracts, including power on Cocos (Keeling) Islands, water and port management
- established a mammography service on Christmas Island, which is due to commence in 2006–07
- commissioned urgent repairs to the tower crane and pedestal at Flying Fish Cove Christmas Island
- progressed the market testing of the IOT Health Service in 2005–06. The complexity of health service delivery has delayed this process, which is now expected to be completed in 2006–07.

*Territories funding is administered in line with relevant legislation, policies and agreements*

In 2005–06 we administered \$58.0 million of funding through the Services to Indian Ocean Territories Administered Programme. The section on the programme gives further details.

## ADMINISTERED PROGRAMME—SERVICES TO INDIAN OCEAN TERRITORIES

*(Territories and Local Government Business Division)*

**Effectiveness/Quality**

*Territories are assisted to manage their own futures*

To assist the IOT communities in managing their own futures, the department administered \$103,056 in grants to the Christmas Island and Cocos (Keeling) Islands economic development committees for the promotion of economic initiatives during 2005–06.

The department also administered grants of \$815,218 to support and enhance community events and skills, and to assist in the upgrade of community infrastructure through the refurbishment and redevelopment of existing buildings in both territories.



Output 2.2.1—Services to territories continued...

**Effectiveness/Quality**

*In the absence of a state or territory government, IOT residents are provided with a range of infrastructure and services:*

State-level services in the IOT are provided through service delivery arrangements with the Western Australian Government and contracted service providers and directly by the department.

In 2005–06 the department managed 30 service delivery arrangements with Western Australian agencies. It also:

- entered into a new arrangement with the WA Economic Regulatory Authority and the Western Australian Department of Sport and Recreation
- expanded arrangements with the Western Australian Department of Consumer and Employment Protection and the Western Australian Department of Environment
- renegotiated arrangements with the Office of Energy, Legal Aid Commission of Western Australian and the Western Australian Department of Culture and the Arts.

During 2006–07 the department will renegotiate a number of arrangements which would otherwise expire. It will also enter into new arrangements with BreastScreen Western Australian to provide mammography screening services.

The department continued to deliver a number of state-type services directly in the IOT on behalf of the government. In 2005–06 it provided

- health services that included a range of primary, community and specialist health care
- land management and heritage services
- on-island community services, particularly the revision of the Christmas Island Rockfall Risk Management Plan
- housing in a mixed portfolio of 153 public housing properties and 91 service delivery agency staff and employee properties
- justice support services including maintenance of the Christmas Island Law Library, coordinating four scheduled magistrate court visits and six local court sittings
- a total of 29.9 million kWh of electricity from the IOT power stations with approximately 32 per cent of the 24.6 million kWh generated on Christmas Island being used for phosphate mining operations (See the 'Did you know' box for details on the wind farm on Cocos (Keeling) Islands)

For further information on state-type services provided in the IOT please visit [www.dotars.gov.au/territories](http://www.dotars.gov.au/territories).

*at a reasonable standard and cost compared to similar mainland communities*

The government requires the department to deliver infrastructure and services in the IOT to standards and costs comparable with those for similar mainland communities. In 2005–06 the department continued to deliver efficiencies by:

- progressing the market testing of health services, which is expected to be completed in 2006–07
- extending a number of critical supply contracts, including power, water and port management
- entering into agreements with Western Australian agencies to extend their service delivery into the IOT.



**Effectiveness/Quality**

- *in a way which recognises the cultural and linguistic diversity of residents and visitors* Recognition is given to the cultural and linguistic diversity of territory residents, many of whom speak Chinese, Malay or Cocos-Malay. The minister's newsletter and most department community bulletins, for example, are produced in all major community languages.

**Cost**

\$59.2m (up from \$58.8m at Budget) The actual cost of this programme in 2005-06 was \$58.0 million. An amount of \$60.7 million has been allocated to this programme in 2006-07.

Overall performance ✓✓✓

**Did you know?**

In September 2005 on Home Island, Cocos (Keeling) Islands, an average of 11 per cent of the Home Islanders' power was provided by the wind turbines at the new power station. Over the year, the combined power output of the Home Island and West Island power stations was 5,323 megawatt-hours. It took just over 1.4 million litres of fuel—and some wind—to produce that amount of power.



## ADMINISTERED PROGRAMME—NORFOLK ISLAND—REFURBISHMENT OF KINGSTON PIER

(Territories and Local Government Business Division)

**Effectiveness**

*The safety and functionality of the pier is improved in keeping with its heritage value* Work has been undertaken to stabilise and refurbish the island's historic Kingston Pier to ensure it remains usable by the community.

**Quality**

*Payments are administered in line with project progress* Payments have been provided upon the receipt of progress claims by the Norfolk Island Government, the project managers.

**Cost**

\$6.0m (up from \$2.6m at Budget) The actual cost of this programme in 2005-06 was \$5.7 million.

Overall performance ✓✓✓

## ADMINISTERED PROGRAMME—NORFOLK ISLAND—MEMORIAL FOR MINISTER BUFFET (ENVIRONMENTAL TRUST FUND)

*(Territories and Local Government Business Division)*

### Effectiveness/Location

*Community groups and individuals are assisted to improve environmental and land management on Norfolk Island*

The Ivens F (Toon) Buffett Environmental Trust Fund will provide grants to individuals and groups for initiatives relating to environmental protection, heritage protection, natural resource management and land management.

### Quality

*Payments are administered in line with project progress*

Payments into the trust account are to be made on a six-monthly basis, pending the finalisation of trust guidelines.

### Cost

*\$0.3m (down from \$0.4m at Budget)*

The actual cost of this programme in 2005–06 was \$0.2 million.

**Overall performance**



## ADMINISTERED PROGRAMME—PAYMENT TO THE A.C.T—ASSISTANCE FOR WATER AND SEWERAGE SERVICES

*(Territories and Local Government Business Division)*

### Effectiveness/Location

*The national capital influence on the cost of ACT water and sewerage services is ameliorated*

The Australian Government makes payments to the ACT Government for costs arising because Canberra is the national capital. The amount payable is:

- based on the estimate made by the Commonwealth Grants Commission when the ACT became self-governing in 1988
- adjusted for increases in the consumer price index.

### Quality

*Payments are made in line with the agreed schedule*

In 2005–06 the ACT Government received, in fortnightly instalments, the full amount payable.

### Cost

*\$9.3m*

The actual cost of this programme in 2005–06 was \$9.3 million.

**Overall performance**





## ADMINISTERED PROGRAMME—PAYMENT TO THE A.C.T— COMPENSATION FOR THE EFFECTS OF NATIONAL CAPITAL INFLUENCE ON THE COST OF PROVIDING MUNICIPAL SERVICES

(Territories and Local Government Business Division)

### Effectiveness/Location

*The national capital influence on the cost of ACT municipal services is ameliorated*

The Australian Government makes payments to the ACT Government for costs arising because Canberra is the national capital. The amount payable is:

- based on the estimate made by the Commonwealth Grants Commission when the ACT became self-governing in 1988
- adjusted for increases in the consumer price index.

### Quality

*Payments are made in line with the agreed schedule*

In 2005–06 the ACT Government received, in fortnightly instalments, the full amount payable.

### Cost

\$23.0m

The actual cost of this programme in 2005–06 was \$23.0 million.

Overall performance

✓✓✓

## ADMINISTERED PROGRAMME—CHRISTMAS ISLAND REHABILITATION

(Territories and Local Government Business Division)

### Effectiveness/Location

*A robust rehabilitation programme targeting high conservation areas within the Christmas Island National Park*

A memorandum of understanding between the department and Parks Australia provides for rehabilitation services within the Christmas Island National Park.

### Quality

*Rehabilitation of old mine sites on Christmas Island to an agreed standard*

The rehabilitation undertaken by Parks Australia was to a standard outlined in the Christmas Island Rainforest Rehabilitation Programme as agreed in the memorandum of understanding.

### Cost

\$0.7m

The actual cost of this programme in 2005–06 was \$3.7 million.

Overall performance

✓✓✓



## OUTPUT 2.2.2: LOCAL GOVERNMENT

*(Territories and Local Government Business Division)*

### Effectiveness

*Local governments are assisted to serve their communities*

The department delivers Australian Government funding for local governments across Australia so they can deliver essential services such as planning and development, community services, and infrastructure such as roads (see Table 4.5). The department also actively promotes and supports best practice in local government.

### Quality

*Grants are allocated and distributed to local governments in line with national principles*

In 2005–06, the department administered financial assistance grants to Australia's 701 local governments under the *Local Government (Financial Assistance) Act 1995*. Payments exceeded \$1.6 billion in 2005–06 and, with indexation, will reach almost \$1.7 billion in 2006–07.

The department administered the second of three annual payments for South Australian councils, providing an extra \$9 million for local roads.

Local and state governments were consulted about 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), which recommended substantial changes to local government relationships and funding. The department helped the Australian Government to implement the actions it agreed to in its response to the Hawker report (tabled on 22 June 2005).

While the government did not support major changes to the arrangements for allocating financial assistance grants, it agreed to ask the Commonwealth Grants Commission to review the distribution of local road grants between states and territories. In June 2006, the Commonwealth Grants Commission reported on its review of the distribution of local road grants. The government is considering the report.

In April 2006, an intergovernmental agreement on local government issues was signed by the Australian Government, Australian Local Government Association, and all state and territory governments under the auspices of the Local Government and Planning Ministers' Council.



### Quality

*Better practice in local government is recognised and promoted e.g. through a national awards process*

In 2005–06 the department promoted local government successes and achievements through:

- the Australian Government's annual National Awards for Local Government, which attracted over 200 entries
- a leading practice seminar held in Griffith, New South Wales, which focused on planning for the needs of diverse generations and communities, including children, women and new arrivals, attended by about 40 delegates
- an online database of the more than 2,000 projects nominated for awards since 1997.

The 2006 National Awards for Local Government attracted 210 entries. They featured 18 categories, including asset management, health and wellbeing, IT, strengthening Indigenous communities, ageing, and innovation in regional development.

Category winners were announced in late August 2006. More information about the awards and a list of category winners can be found at [www.dotars.gov.au/localgovt](http://www.dotars.gov.au/localgovt).

*Local governments are assisted to improve their land use planning and development assessment systems*

In 2005–06 the department supported the Development Assessment Forum to reform and harmonise Australia's development assessment (DA) systems. Some of the projects the forum successfully completed in 2005–06 included:

- Australia-wide consultation on a draft leading practice model for development assessment to help cut red tape
- a national electronic data exchange standard to facilitate the electronic processing of development applications
- national standards in DA definitions to harmonise DA practices and systems throughout Australia.

For more information about the forum visit [www.daf.gov.au](http://www.daf.gov.au).

### Quantity

*Information and funding is provided to approximately 700 local governing bodies across Australia*

In 2005–06 information and funding was provided to 701 local governing bodies across Australia, including 91 Indigenous councils. As the ACT has no local government, its share is paid directly to the ACT Government.

### Price

\$2.2m

The actual price of this output in 2005–06 was \$2.5 million.

Overall performance

✓✓✓



Table 4.5 Trends in services to and funding for local government

	2002–03	2003–04	2004–05	2005–06	2006–07 Est.
<b>Financial assistance grants</b>					
Local road grants	\$445m	\$466m	\$476m	\$497m	\$515m
General purpose grants	\$1,004m	\$1,049m	\$1,072m	\$1,121m	\$1,161m
Supplementary funding for South Australian councils	-	-	\$4m	\$9m	\$13m
<b>Total grants</b>	<b>\$1,449m</b>	<b>\$1,508m</b>	<b>\$1,552m</b>	<b>\$1,626m</b>	<b>\$1,689m</b>
Bodies funded	721	722	703	701	approx 700
Annual report in respect of grants (to be) tabled	24 Dec 2003	26 May 2005	31 May 2006	Dec 2006	Dec 2007
<b>Local government awards</b>					
Nominations closed	July 2002	July 2003	July 2004	June 2005	June 2006
Nominations received	373	335	250	286	210
Categories of award	11	19	18	16	18
Awards presented	Nov 2002	Nov 2003	Nov 2004	Nov 2005	Nov 2006
<b>Price of output</b>	<b>\$3.9m</b>	<b>\$3.4m</b>	<b>\$2.0m</b>	<b>\$2.5m</b>	<b>\$2.4m</b>

## ADMINISTERED PROGRAMME—LOCAL GOVERNMENT FINANCIAL ASSISTANCE GRANTS

(Territories and Local Government Business Division)

### Effectiveness

*Local governments are assisted to provide essential services at the community level*

The Australian Government has provided financial assistance grants for local governments since 1974–75. In 2005–06, Australia's 701 local governing bodies received payments of more than \$1.6 billion in financial assistance grants. To maintain their value, these grants are indexed each year for changes in population and consumer prices:

- about 30 per cent of funding was distributed as local road grants. These funds were allocated between states according to fixed shares, and between local governments within a state on the basis of road expenditure needs
- about 70 per cent of funding was distributed as general purpose grants. These funds were 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, roughly two-thirds, or \$1.1 billion, went to councils in regional and rural Australia, including \$28 million to Indigenous councils.

Grants averaged roughly 9 per cent of local government revenue overall, but provided more than half the revenue of some councils.

**Quality**

*Grants are administered in line with the Local Government (Financial Assistance) Act 1995*

In 2005–06, as required by the Act, the federal Minister for Local Government, Territories and Roads calculated the amount of grant funding to be allocated to each state.

The department worked closely with local government grants commissions in each state and territory to allocate and distribute grants in line with national principles.

Grants are paid in quarterly instalments, with the first payment to states and territories being made on 15 August each year, or as soon as possible after then.

*An annual report on the operation of the Act is tabled as soon as practical after 30 June each year*

The *Local Government (Financial Assistance) Act 1995* requires the tabling of a separate annual report on the operation of the Act, as soon as practical after 30 June each year.

The 2004–05 annual report was developed in consultation with the states and territories, as required by the Act, and tabled in the Australian Parliament on 31 May 2006. The report is also on our website ([www.dotars.gov.au](http://www.dotars.gov.au)).

Work on the 2005–06 report started in August 2006 with a formal request for contributions from the federal minister to state and territory ministers and local government associations.

**Quantity**

*Grants are distributed to approximately 700 local governments*

Financial assistance grants were paid to 701 local governments in each state and the Northern Territory. Although the Australian Capital Territory has no local government, it also receives a share.

**Cost**

*\$1,623.2m (up from \$1,617.1m at Budget)*

The actual cost of this programme in 2005–06 was \$1,618.6 million.

**Overall performance**

✓✓✓

## ADMINISTERED PROGRAMME—SUPPLEMENTARY FUNDING TO SOUTH AUSTRALIAN COUNCILS FOR LOCAL ROADS

*(Territories and Local Government Business Division)*

**Effectiveness/Quality/Quantity/Location**

*Local governments have equitable access to Australian Government funding for local roads*

To facilitate equitable access to funding for local roads, the Australian Government agreed to provide \$26.3 million over three years to South Australian councils.

*Grants are distributed in line with the local roads grants component of financial assistance grants*

The funds are distributed on the same basis as the local road grants component of financial assistance grants.



Output 2.2.2—Local government continued...

**Effectiveness/Quality/Quantity/Location**

*Supplementary funding is distributed to 74 local governments in South Australia*

In 2005-06 the second payment of \$ 9.0 million was provided to 74 councils.

**Cost**

\$9.0m

The actual cost of this programme in 2005-06 was \$9.0 million, as planned. This amount is due to increase to \$13.0 million in 2006-07 in line with the Australian Government's commitments.

**Overall performance**

✓✓✓



## OUTPUT 2.2.3: NATURAL DISASTER RELIEF

(Territories and Local Government Business Division)

### Effectiveness

*Damage from natural disasters is ameliorated, along with trauma and associated costs to the community*

Floods, bushfires and other natural disasters pose major challenges to Australia's communities.

While natural disaster management is a state and territory responsibility, the department provides policy advice to government, and delivers mitigation programmes to help communities recover from natural disasters.

### Quality

*Information on natural disaster events and risks is collected systematically for Australian communities*

The department, in collaboration with Geoscience Australia and Emergency Management Australia, worked with its state and territory counterparts to implement the natural disaster risk assessment and data collection reforms approved in principle by COAG. Further collaborative work has resulted in the drafting of a risk assessment framework for consideration by senior Australian, state, territory and local government officials.

*Other agencies and governments are assisted to evaluate and improve bushfire and natural disaster management*

The department also provided leadership on land use planning and building code reforms to reduce avoidable natural disaster risks and damage, and to work with the Australasian Police Ministers' Council on natural disaster management.

Federal, state and territory governments provided a progress report on implementation of aspects of COAG bushfire recommendations through the Local Government and Planning Ministers' Council.

*Grants and loans are administered which assist communities to mitigate against and recover from disasters*

The department administered a range of grants and loans to help communities mitigate the effects of and recover from disasters (see Table 4.6). In 2005–06 these mainly related to:

- the Bushfire Mitigation Programme
- the Natural Disaster Mitigation Programme
- National Aerial Firefighting
- Natural Disaster Relief Arrangements.

### Price

\$4.0m

The actual price of this output in 2004–05 was \$3.8 million.

Overall performance

✓✓✓



Table 4.6 Trends in natural disaster mitigation and relief programmes

	2001–02 <sup>a</sup>	2002–03	2003–04	2004–05	2005–06	2006–07 Est.
<b>Administered expense by type of disaster<sup>b</sup></b>						
Flood mitigation	\$11.0m	\$8.8m	\$7.3m	\$17.1m	\$22.2m	\$10.4m
Bushfire mitigation/ response <sup>c</sup>	-	\$8.2m	\$6.7m	\$13.0m	\$12.7m	\$10.5m
Other/not allocated by type	-	-	\$1.7m	\$2.2m	\$1.6m	\$12.0m
<b>All mitigation</b>	<b>\$11.0m</b>	<b>\$17.0m</b>	<b>\$15.7m</b>	<b>\$32.3m</b>	<b>\$36.5m</b>	<b>\$32.9m</b>
Flood relief	\$4.4m	-	-	-	-	-
Bushfire relief	\$16.9m	\$2.5m	\$1.0m	-	-	-
Other/not allocated by type	\$72.4m	\$83.0m	\$46.9m	\$67.7m	\$70.1m <sup>d</sup>	\$89.5m
<b>All relief</b>	<b>\$93.7m</b>	<b>\$85.5m</b>	<b>\$47.9m</b>	<b>\$67.7m</b>	<b>\$70.1m<sup>d</sup></b>	<b>\$89.5m</b>
<b>Natural Disaster Mitigation</b>						
New projects approved	n/a	n/a	128	211	119 <sup>e</sup>	No set target
Total projects funded	n/a	n/a	141	225	200 <sup>e</sup>	No set target
<b>Total cost of programme</b>	<b>n/a</b>	<b>n/a</b>	<b>\$5.5m</b>	<b>\$10.5m</b>	<b>\$26.0m<sup>e</sup></b>	<b>\$22.4m<sup>e</sup></b>
<b>Regional Flood Mitigation</b>						
New projects approved	45	49	22	25	-	-
Total projects funded	70	81	78	61	-	-
<b>Total cost of programme</b>	<b>\$7.0m</b>	<b>\$8.8m</b>	<b>\$4.7m</b>	<b>\$11.3m</b>	<b>-</b>	<b>-</b>
<b>Bushfire Mitigation</b>						
New projects approved	n/a	n/a	n/a	1,245 <sup>f</sup>	407 <sup>f</sup>	No set target
<b>Total cost of programme</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$5m<sup>f</sup></b>	<b>\$4.9m<sup>f</sup></b>	<b>\$5m<sup>f</sup></b>
<b>Natural Disaster Relief Arrangements (NDRA)</b>						
Disasters notified	13	27	39	29	51	n/a
<b>Total cost of NDRA</b>	<b>\$72.4m</b>	<b>\$83.0m</b>	<b>\$46.9m</b>	<b>\$67.7m</b>	<b>\$69.1m</b>	<b>\$89.5m</b>
<b>Price of output</b>	<b>\$1.1m</b>	<b>\$3.2m</b>	<b>\$3.4m</b>	<b>\$3.6m</b>	<b>\$3.8m</b>	<b>\$3.9m</b>

a Data for 2001–02 includes expenses incurred by other agencies before the NDRA and certain other programmes that were transferred to the department in late 2001.

b Historical estimates include programmes such as the Lismore Levee which have now wound up. The forward estimates for disaster mitigation and relief reflect current provisions and are subject to change.

c Bushfire mitigation estimates include the National Aerial Firefighting funding assistance as well as mitigation funding where allocated.

d Includes \$1 million contribution to the Prime Minister's and Premier's Cyclone Larry Relief Appeal.

e Includes figures for the Regional Flood Mitigation Programme

f Includes Bushfire Mitigation Programme funding only, not National Area Firefighting funding assistance.





## ADMINISTERED PROGRAMME—NATURAL DISASTER MITIGATION

*(Territories and Local Government Business Division)*

### Effectiveness

*Communities are assisted to identify and treat natural disaster risks*

Australians again faced a number of natural disasters in 2005–06, including bushfires in Victoria, floods in South Australia, the Northern Territory and northern Tasmania, and tropical cyclones in Far North Queensland, the Northern Territory and Western Australia. While natural disasters cannot be prevented, funding through the Natural Disaster Mitigation Programme assisted vulnerable communities to be better prepared for them.

In 2005–06 funding for the Regional Flood Mitigation Programme was incorporated into the Natural Disaster Mitigation Programme in preparation for the complete integration of the two programmes from 1 July 2007. Combined, the two programmes provided \$26 million nationally, with costs generally shared one-third each by the Australian, state or territory and local governments.

Funds were used 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.

Projects to receive funding during the year included:

- emergency risk management plans in regional NSW
- fire trails and bushfire protection zones in the ACT
- bushfire and flood education projects to improve public awareness and preparedness in Tasmania and Victoria
- major flood mitigation schemes in Gawler, South Australia, and Carnarvon, Western Australia
- storm tide mapping and cyclone shelter upgrades in Queensland.

While it is hard to assess the effectiveness of such activities in the short term, investment in natural disaster mitigation has been conservatively estimated to deliver a 15 per cent rate of return on investment.

### Quality

*Priority is given to proposals for research on or treatment of regions with a risk of natural disaster*

Funds are allocated to states and territories based on data provided by the BTRE. Any funds not taken up are offered for reallocation to other jurisdictions. For details of the allocations and actual payments made in 2005–06, see Table 4.7.

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.

*Payments are made in line with project progress*

Fifty per cent of programme funds are paid up-front on approval of projects and the balance is paid out in instalments on satisfactory progress of the works.



Output 2.2.3—Natural disaster relief continued...

**Cost**

\$31.1m (down from \$33.3m at Budget and includes \$7.8m for the Gawler River Flood Mitigation Scheme provided through Supplementary Additional Estimates)

The actual cost of this programme in 2005-06 was \$26.0 million. Unspent funds resulting from delays in the progress of works and expenditure of programme funds have been carried forward to 2006-07 and 2007-08.

**Overall performance** ✓✓✓

**CASE STUDY—GAWLER RIVER FLOOD MITIGATION SCHEME**

Construction of South Australia's \$20 million Gawler River Flood Mitigation Scheme received the go-ahead with a funding boost of \$7.8 million in 2005-06.

The high priority scheme is designed to reduce the risk and alleviate damage from major flooding of the Gawler River, north of Adelaide. The project will, in particular, safeguard the many valuable agricultural industries, such as market gardens and vineyards.

The damages bill from agricultural losses alone for the most recent floods in November 2005 has been estimated at \$40 million, with additional costs for infrastructure restoration, public health measures and individual house damage.

As the Gawler River floods, on average, every 10 years, it is clear that the Gawler Scheme will more than pay for itself in savings from the reduction in damage caused by future floods.

The major component of the scheme is a flood control dam on the North Para River near Turretfield. Construction is expected to commence in late 2006 following the completion of planning, design and land acquisition works.



Site of the proposed North Para River flood control dam near Turretfield, South Australia (Photo DOTARS)



Table 4.7 Distribution of Natural Disaster Mitigation Programme funds in 2005–06

State/territory	Allocation <sup>a</sup> (\$,000)	Total payment (\$,000)
New South Wales	6,054	4,039
Victoria	1,507	1,802
Queensland	5,545	8,001
Western Australia	2,657	1,868
South Australia	8 939	8 666
Tasmania	1,181	1,217
Australian Capital Territory	371	185
Northern Territory	450	225
Total	26,704	26,003

Note: Includes allocations and payments made under the Regional Flood Mitigation Programme.

<sup>a</sup> Represents funds approved for proposals submitted for consideration in the 2005–06 funding round.

## ADMINISTERED PROGRAMME—BUSHFIRE MITIGATION

(Territories and Local Government Business Division)

### Effectiveness

*Fire trail networks are enhanced*

This \$15 million three-year programme was introduced in 2004–05 to facilitate the construction, maintenance and signage of fire trail networks across Australia. Costs are shared one-third each between the Australian, state/territory and local governments. 2005–06 was the second year of the programme.

A total of 407 projects received funding in 2005–06. The types of projects that received funding ranged from trail maintenance through to the construction of bridges and creek crossings.

Funding applications are assessed and prioritised by state or territory assessment committees, composed of key stakeholder representatives, before Australian Government consideration and approval.

### Quality

*Payments are made in line with project progress*

Fifty per cent of programme funds are paid up-front on approval of projects and the balance is paid out in instalments on satisfactory progress of works.

For details of the allocations and actual payments made in 2005–06, see Table 4.8.



*Output 2.2.3—Natural disaster relief continued...*

Cost	
\$5.0m	The actual cost of this programme in 2005–06 was \$4.9 million. In 2006–07, \$5.0 million is available for approved projects. Applications closed on 30 June 2006.
Overall performance	✓✓✓

Table 4.8 Distribution of Bushfire Mitigation Programme funds in 2005–06

State/territory	Allocation (\$,000)	Total payment (\$,000)
New South Wales	1,666	1,666
Victoria	974	974
Queensland	805	805
Western Australia	728	728
South Australia	459	459
Tasmania	165	165
Australian Capital Territory	148	148
Northern Territory <sup>a</sup>	-	-
Total	4,945	4,945

a The NT did not participate in the second year of the programme.

## ADMINISTERED PROGRAMME—NATIONAL AERIAL FIREFIGHTING

*(Territories and Local Government Business Division)*

Effectiveness	
<i>The National Aerial Firefighting Centre is able to acquire and deploy firefighting aircraft around Australia</i>	<p>While bushfire fighting is largely a state responsibility, the Australian Government continues to contribute funding to the National Aerial Firefighting Centre (NAFC) to acquire and deploy firefighting aircraft around Australia.</p> <p>The NAFC covers all states and territories except the Northern Territory, which decided not to participate in this national arrangement, but works with the NAFC to determine how it can benefit from the scheme.</p> <p>Funding meets up to half of the lease costs of a range of firefighting aircraft, with the state or territory meeting the remaining lease and operating costs.</p> <p>These arrangements allow resources to be redeployed to areas experiencing high fire risk and are an example of Australia's firefighting and land management agencies working cooperatively to provide greater community fire protection.</p> <p>For more information about NAFC activities, visit <a href="http://www.nafc.org.au">www.nafc.org.au</a>.</p>



**Quality**

*Payments are made in line with the Australian Government's obligations*

The 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, as well as deliver value for money.

**Cost**

\$5.5m

The actual cost of this programme in 2005–06 was \$5.5 million, as planned. In 2006–07, \$5.5 million is available.

**Overall performance****Did you know?**

Bushfire seasons vary across different parts of Australia:

- for northern Australia it is its dry and sunny winter and spring
- for NSW and southern Queensland, it is spring and early summer
- for the rest of Australia, it is summer and autumn.

For more information about bushfire weather, visit [www.bom.gov.au/inside/services\\_policy/fire\\_ag/bushfire](http://www.bom.gov.au/inside/services_policy/fire_ag/bushfire)



## ADMINISTERED PROGRAMME—NATURAL DISASTER RELIEF ARRANGEMENTS

*(Territories and Local Government Business Division)*

**Effectiveness**

*The cost of disaster recovery measures to state and territory governments is reduced*

The Natural Disaster Relief Arrangements (NDRA), which were first formalised more than 30 years ago, provide partial reimbursement to states and territories for costs associated with relief and recovery following rapid-onset natural disasters.

In 2005–06 this programme reimbursed states and territories for costs associated with:

- relief of personal hardship and distress, such as provision of emergency food, clothing, accommodation and house repairs (\$41.4 million)
- restoration or replacement of essential public assets damaged as a direct result of a disaster (\$27.7 million)
- concessional loans to farmers, small businesses, individuals and voluntary non-profit bodies to replace assets that have been significantly damaged (\$0.2 million).

Output 2.2.3—Natural disaster relief continued...

**Quality**

*Funding is available in respect of all major rapid-onset natural disasters*

Disasters covered by the programme include bushfires, cyclones, earthquakes, floods, storms, storm surges, landslides (resulting from an eligible disaster), tornadoes and meteorite strikes.

In 2005–06, 51 major disaster events were notified. Disasters included 6 cyclones, 21 bushfires, 13 storms, and 11 floods.

A review of the NDRA, in accordance with recommendations provided in the 2002 COAG report *Natural disasters in Australia—reforming mitigation, relief and recovery arrangements*, is being conducted in consultation with state and territory governments.

The Australian Government has already enacted changes to enable costs to be reimbursed for disaster events where arson was involved. This was considered to be important by COAG, as precluding such claims under the NDRA could deprive innocent individuals and communities of assistance.

*State and territory governments are reimbursed for eligible expenses within 21 days of submitting a claim*

Payments are made in response to claims from states and territories. In 2005–06 most funding went to Queensland (\$52.5 million), followed by New South Wales (\$14.8 million) and the Northern Territory (\$1.1 million).

**Cost**

\$89.5m

The actual cost of this programme in 2005–06 was \$69.1 million. An amount of \$89.5 million is available in 2006–07. This amount is subject to regular review in light of expected claims.

**Overall performance**

✓✓✓



# CHAPTER 5

## Management and Accountability



## MANAGEMENT AND ACCOUNTABILITY

Consistent with the Australian Public Service Values, and the *Financial Management and Accountability Act 1997*, the department manages the resources entrusted to it efficiently, effectively and ethically.

This chapter of the annual report describes how, in accordance with our Client Service Charter ([www.dotars.gov.au/department/dotars/charter.aspx](http://www.dotars.gov.au/department/dotars/charter.aspx)), we are:

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





## WE ARE RESULTS ORIENTED

We plan for and monitor performance at both the organisational and individual levels.

### Departmental outcomes and outputs framework

We publish detailed plans in May each year as part of the Commonwealth budget papers. Our *Portfolio Budget Statements* (PBS):

- describe the departmental outputs and administered programmes for which we 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 us to deliver in the coming financial year
- present our 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 2005–06 were published in February 2006, and where necessary, for financial year 2005–06, in the *Portfolio Supplementary Additional Estimates Statement* (PSAES), which were published in May 2006.

We report to government on our financial performance, position and cash flows within ten working days of the end of each month. This report explains any significant variations from budget, which are also incorporated in the monthly analysis of the Australian Government's finances released by the Minister for Finance and Administration.

We also provide an annual report to the parliament about how we have used the resources we manage on its behalf (this report).

Figure 5.1 shows the relationship between the department's planning and reporting frameworks.

Figure 5.1 Planning and reporting frameworks



**Planning for and reviewing results at a personal level**

We require all staff to develop a personal 'Plan on a Page' with their manager and to assess their performance against their 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. These documents are complemented by a personal 'Development on a Page' developed by each staff member in conjunction with their manager. We are developing a new electronic performance management system to help staff prepare their plan, results and development pages in 2006-07.

Performance management is a key element in helping achieve high-quality outcomes and this is reflected in the new *DOTARS Collective Agreement 2006-2009*, which was lodged with the Employment Advocate on 30 June 2006.

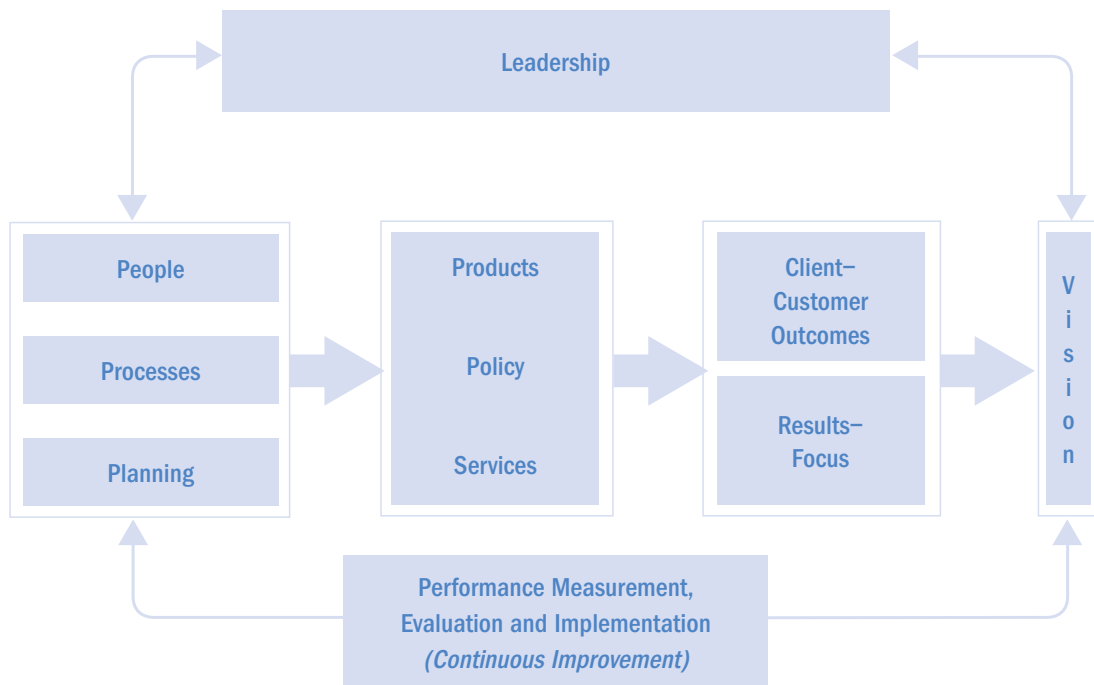
**Continued progress on internal planning and reporting processes**

During 2005-06, we improved our internal planning and reporting processes and we:

- made significant progress on our workforce management strategy to better identify future workforce needs and address potential capability gaps and other issues
- refined our quarterly reporting templates to better focus the discussions between business unit (division) heads and the department's senior executives on key issues and to clearly link reporting to divisional business plans
- integrated risk management into our business planning.

Our 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 Business excellence framework**



## WE ARE HONEST, PROFESSIONAL AND ACCOUNTABLE

### Leadership, decision making and consultation

While we encourage all staff to show leadership, our secretary and deputy secretaries decide how we manage issues that relate to the department as a whole or affect more than one division.

Our secretary also has specific responsibilities, many of which are set out in legislation such as the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*.

As outlined in Chapter 2 (page 25), three deputy secretaries and a number of senior management committees support the secretary in determining how the department can best deliver specified results. An overview of the department's governance structure through the use of senior management committees is given in Chapter 2.

### First year of Governance Centre operation

Reporting year 2005–06 was the first full year of operation of the Governance Centre, an area dedicated to developing and implementing sound governance arrangements in the department.

### Improved risk management

In 2005–06, we substantially improved our risk management by integrating it into our business planning and reporting framework and better managing information on risk.

### Integrating risk management into business planning and reporting

Through a series of workshops all departmental line areas:

- identified the key risks threatening the achievement of their business objectives
- ranked their risks in order of likelihood of occurrence and the severity of consequences should they eventuate
- identified measures currently in place to manage these risks and any further mitigation action required
- adopted a common departmental risk management vocabulary to facilitate improved consistency and communication across line areas.

This activity took place within the context of divisions' development of their 2006–07 business plans. The department's executive will monitor progress on managing the identified risks and any new risks that might arise in 2006–07 through quarterly reports against business plans.

The department recognises that further improvements to its risk management arrangements are required and will build on its achievements in 2006–07 by:

- supporting risk identification and management at the project level by acquiring an IT-based risk assessment tool and establishing a help desk
- reviewing its risk management policy and developing and promoting accessible staff guidance material
- supporting line areas to review their risks quarterly.



### Managing information on risk

In 2005–06, the department continued to improve its management of information on risk. It mapped and ranked risks across all business areas and recorded the results in a risk register. As a result, the department identified its key risks, which it used as the basis for developing its 2006–07 internal audit programme.

A Comcover survey of our risk management procedures confirmed the department's improvement in risk management in 2005–06. This survey noted an improvement in our ranking against other Australian Government agencies participating in the Comcover benchmarking exercise. The resultant discount on our insurance premium contributed to an overall reduction of 45 per cent in our 2006–07 insurance premium.

### Major risks

In 2005–06, 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 we disclosed for 2005–06 materialised. They related to:

- Airservices Australia in the event it experiences any financial detriment as a result of complying with government directions about airspace control services
- borrowings of, and indemnities issued to, the Maritime Industry Finance Company Limited
- 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.

In 2005–06, we disclosed two new risks relating to:

- an indemnity issued for the Code Management Company for the Code of Practice for the Defined Interstate Rail Network
- assumed residual liabilities of the Australian National Railways Commission.

During the year, the disclosure relating to deep vein thrombosis claims was withdrawn, because all actions relating to the Civil Aviation Safety Authority were dismissed.

### Protective security and fraud control

We reviewed and upgraded security risk assessments, policies and infrastructure during 2005–06 to maintain the security of our staff, premises and assets:

- We developed an intranet-based tool, the 'iReport', to provide a single point of access for staff to report on fraud, theft, security, occupational health and safety, and bullying and harassment incidents.
- The Security Committee met quarterly 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.
- We reviewed and updated our Protective Security Manual and the Security Committee Charter. We also trained staff in security awareness to ensure compliance with minimal standards and changes to the *Australian Government Protective Security Manual 2005*.



The department had in place in 2005–06 appropriate processes and procedures to prevent, detect and investigate fraud, security and other risks. They included:

- The Chief Executive's Instruction on fraud and the associated practical guide—these direct staff 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.
- Protective Security Policy—this directs staff who become aware of a potential or actual security issue to report it to the agency security adviser or the Chief Operating Officer
- Whistleblowing Guidelines—these encourage staff who have evidence of fraud, waste or misconduct who wish to protect their identity to contact their section head, the Employee Services Section, or the secretary.

In 2005–06, the department commenced a review of the fraud control plan in accordance with the Commonwealth Fraud Control Policy and 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.

Suspected fraud incidents reported through iReport were referred promptly to appropriate authorities, such as the Australian Federal Police. Specific data on fraud was provided to the Attorney-General's Department, as required by the Commonwealth Fraud Control Guidelines.

#### Internal audit programme

In 2005–06, the department's audit programme focused on fewer but larger internal audits. This provided the department's executive with the opportunity to review programme performance in a number of areas, as well as to continue with compliance reviews.

Internal audit reports assured the department's executive that our internal controls were effective and appropriate and that we were implementing the recommendations of previous Australian National Audit Office and internal audit reports. Matters covered in 2005–06 included:

- the Tasmanian Freight Equalisation Scheme
- the Registered Automotive Workshop Scheme
- business continuity management
- payroll compliance and HR application systems
- record keeping
- credit card use.

## 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.

#### Committed to serving the Australian people through our ministers

On average we deliver more than 56 briefs, letters and other documents to our ministers and their staff each day. Table 5.1 shows the trend in ministerial work. Ministers and their staff rate the quality of the documents we prepare.



In 2005–06, although we were unable to maintain exceptional ratings in the face of a 37 per cent increase in the volume of briefs, we still achieved a 90 per cent satisfaction level. To improve this result, we:

- launched two new enhancement packages for eWorks, the parliamentary and ministerial papers tracking system introduced in April 2005—this has made it much easier for us to report on the progress of individual documents and has improved the system's general usability and security
- conducted 40 training sessions for eWorks users and assisted with 2,118 inquiries from staff through our help desk
- delivered 13 ministerial correspondence courses to familiarise staff with ministerial writing styles
- initiated the development of a style guide, scheduled for release during 2006–07, to improve the quality of ministerial papers and help staff write high-quality documents.

We meet with ministers' staff regularly to discuss emerging issues and provide a range of additional support services. In 2005–06, we provided three full-time departmental liaison officers to our parliamentary offices, two for Minister Warren Truss, and one for Minister Jim Lloyd. In support of ministers' broader portfolio responsibilities, we attended regular meetings with our portfolio agencies.

**Table 5.1 Trends in ministerial work flows**

	2001–02	2002–03	2003–04	2004–05	2005–06
Letters	8,059	7,615	7,771	6,235	7,975
Meeting briefs and speeches	188	433	450	467	691
Other briefs	1,814	1,796	1,732	2,156	3,421
Satisfaction with briefs and letters (%)	98.9	97.0	97.9	94.2	90.0
Cabinet submissions made	9	9	10	11	13
Cabinet submissions commented on	144	167	114	99	156
Cabinet briefings for the minister	n/a	n/a	n/a	n/a	201

## Enhanced online presence

During 2005–06, the department significantly enhanced its online presence by:

- launching a new AusLink website ([www.auslink.gov.au](http://www.auslink.gov.au)) in August 2006 to give better access to major road and rail projects funded by the Australian Government through an enhanced text and map search facility
- making application information for the Strategic Regional Programme downloadable from the AusLink website to ensure that local governments throughout Australia can access all relevant information
- developing a new look Regional Entry Point ([www.regionalaustralia.gov.au](http://www.regionalaustralia.gov.au)) to provide information and links to Australian Government programmes and services relevant to people living in non-metropolitan, rural and remote Australia
- launching a redesigned departmental website ([www.dotars.gov.au](http://www.dotars.gov.au)) in June 2006
- launching, in November 2005, a redesigned Australian Transport Safety Bureau (ATSB) website ([www.atsb.gov.au](http://www.atsb.gov.au)) using the department's content management system (CMS). The CMS provides the bureau's website with a consistent structure and layout across modes, extra search capabilities and greater capacity for growth in the future. The ATSB can now directly upload reports and documents to the web, providing greater workload flexibility. The bureau regularly updates, evaluates and improves its website to provide the transport industry and the general public with a broad range of material on transport safety.

The screenshot displays the homepage of the Australian Government Department of Transport and Regional Services. The header includes the Australian Government logo and the department's name. A navigation bar at the top right contains links for Ministers, Help, Feedback, Contact Us, and a search box. The main content area features a large banner image of a coastal landscape with the text 'Welcome to the Australian Government's official website for the Department of Transport and Regional Services'. Below the banner is a 'News and Issues' section with several articles, including 'Maritime Security Identity Card (MSIC)', 'New AusLink website released', 'New Regional Entry Point launched', 'Discussion Paper on the Reform of the Navigation and Shipping Registration Acts', 'Fuel Tax Credit for Heavy Diesel Vehicles: Guidelines for Environmental Criteria', and 'Budget 2006-2007'. A sidebar on the left lists various services and programs, and a sidebar on the right lists 'Shortcuts' and 'Top Requests'. The footer contains privacy, copyright, and disclaimer information, along with a 'Last Updated' date of 10 August 2006.

The enhanced functionality and new look and feel of the department's website, [www.dotars.gov.au](http://www.dotars.gov.au), allows stakeholders, customers and general users to quickly and easily browse, search, access and retrieve information about services and programmes provided by the department.

### Regional presence

During 2005-06, we appointed a dedicated housing supervisor to manage the public and employee housing portfolio on the Cocos (Keeling) Islands.

More than 17 per cent of the department's staff are now in regional offices, up from 15 per cent in 2004-05. This trend is expected to continue into 2006-07 as our transport security audit and compliance functions expand.

### Assessing the quality of our service

In 2005-06, the department continued to ask its clients to rate the quality of service provided. This included:

- stage 2 evaluations for the Regional Partnerships and Sustainable Regions programmes
- 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 at [www.sch.abs.gov.au](http://www.sch.abs.gov.au). For details of the department's surveys, search by agency.

Customer feedback is encouraged as issues arise. In December 2005, the department released an updated *Client Service Charter*, which can be found on our website at [www.dotars.gov.au/department/dotars/charter.aspx](http://www.dotars.gov.au/department/dotars/charter.aspx). The charter reflects our commitment to providing our clients with a high level of service, and explains how customers can provide us with feedback. In addition to the departmental charter, specific charters apply to motor vehicle compliance and to services we provide to non-self governing territories.

### Internal complaints procedures

The department's revised *Client Service Charter* invites our clients to give us feedback on our performance in meeting our service commitments, including complaints if they are not satisfied with our service. The charter encourages our clients to resolve their complaints with the line areas they have been dealing with, but they can lodge their complaints centrally with the department by telephone (1-800-075-001), email ([Clientservice@dotars.gov.au](mailto:Clientservice@dotars.gov.au)) or mail (Director, Governance Centre, Department of Transport and Regional Services, GPO Box 594, Canberra ACT 2601).

In 2005-06, the department established new internal procedures to deal speedily, effectively and fairly with any complaints it receives. All six complaints received during 2005-06 were satisfactorily resolved.

### Complaints to external bodies

The department advises clients who are not satisfied with how we have handled their complaints to contact the Commonwealth Ombudsman. Complaints can also be lodged directly with the ombudsman's office. Although there were 14 per cent more complaints about the department to the ombudsman in 2005-06 than in 2004-05, this was still well below the number of complaints to the ombudsman in the previous two years. The ombudsman made no findings of defective administration in 2005-06. Vehicle importation and the aviation security identification card were the main issues investigated by the ombudsman.

Our clients may also have rights of complaint to the Federal Privacy Commissioner and the Human Rights and Equal Opportunity Commission (HREOC). In 2005-06, HREOC received two complaints about the department. One complaint was about the accessibility of our website, and the other, from an ex-employee of the department, alleged discrimination and harassment during the period of employment. The Privacy Commissioner received no complaints about the department. Table 5.2 gives trend information for external complaints and scrutiny.





### Other forms of scrutiny

We recognise and respect the right of stakeholders to scrutinise our actions and records. These stakeholders include:

- individuals or entities who apply for access to specific records under the *Freedom of Information Act 1982* (FOI Act)
- courts and tribunals
- the Auditor-General and parliament.

**Table 5.2 Trends in external complaints and scrutiny**

		2001–02	2002–03	2003–04	2004–05	2005–06
<b>Complaints recorded by the Commonwealth Ombudsman</b>						
Complaints received		40	50	104	35	40
Finding of defective administration		4	7	3	-	-
Formal reports to the minister under the <i>Ombudsman Act 1976</i>		-	-	-	-	-
<b>Complaints recorded by other external bodies</b>						
Complaints to the Human Rights and Equal Opportunity Commission		not reported	not reported	-	-	2
Complaints to the Privacy Commissioner		not reported	-	-	-	-
<b>Freedom of information (FOI) requests</b>						
<b>Volume of FOI requests handled</b>						
Requests on hand at 1 July	A	15	20	9	15	13
New requests received	B	83	53	68	69	74
Requests withdrawn	C	25	21	24	21	38
Requests on hand at 30 June	D	20	9	15	13	11
Total FOI requests resolved (A + B - C - D)		53	43	38	50	38
<b>Timeliness of responses to FOI requests<sup>a</sup></b>						
Resolved in under 30 days		14	12	9	10	15
Resolved within 31–60 days		31	14	13	27	13
Resolved within 61–90 days		6	11	8	8	5
Resolved in more than 90 days		2	6	8	5	5
Total FOI requests resolved		53	43	38	50	38

<sup>a</sup> 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.



### Freedom of Information requests

Departmental records are made available to stakeholders, as required under the FOI Act. The bulk of our activities and records relate to business rather than personal matters. For details see Appendix F.

In 2005–06, new FOI requests were 7 per cent higher than in 2004–05. The requests continued to be for business rather than personal information. Despite the increase in requests, we resolved 74 per cent of requests within 60 days.

We continued to contribute to the detailed whole-of-government annual report on the operation of the FOI Act. This report is published by the Attorney-General's Department (see [www.ag.gov.au](http://www.ag.gov.au)). A summary of this information is provided in Table 5.2.

### Courts and tribunals

In 2005–06, the department was involved in a range of matters before Australian courts and tribunals. Matters mainly related to motor vehicle imports, airport planning approvals, personal injury claims, aviation security identity cards, Canberra bushfires, debt recovery and coronial inquests. Some of these matters are ongoing. There were no significant decisions made during the financial year relating to the operations of the department.

### Legal services expenditure

Table 5.3 is a statement of legal services expenditure by the department for the 2005–06 financial year, published in compliance with paragraph 11.1(ba) of the *Legal Services Directions 2005*. All amounts are GST exclusive.

**Table 5.3 Legal services expenditure 2005–06**

Agency's total legal services expenditure	\$4,460,236
<i>Agency's total external legal services expenditure</i>	\$3,141,976
External expenditure on solicitors	\$2,959,880
External expenditure on counsel	\$182,096
· Number of male counsel briefed	10
· Value of briefs to male counsel	\$168,637
· Number of female counsel briefed	4
· Value of briefs to female counsel	\$13,459
<i>Agency's total internal legal services expenditure</i>	\$1,318,260

### 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 on matters relating to us in 2005–06 are listed in Table 5.4.

The department formally responds to ANAO reports in writing, and the ANAO includes our responses in its reports. The ANAO makes its reports available online at [www.anao.gov.au](http://www.anao.gov.au).



The Australian Government usually 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](http://www.aph.gov.au/committee).

**Table 5.4 External inquiries involving the department in 2005–06**

Author/type	Report details
<b>ANAO reports (<a href="http://www.anao.gov.au">www.anao.gov.au</a>)</b>	
Financial audits	<i>Audits of financial statements of Australian Government entities for the period ended 30 June 2005</i> : Report No. 21 of 2005–06.  <i>Interim phase of the audit of financial statements of general government sector entities for the year ending 30 June 2006</i> : Report No. 48 of 2005–06
Other audits	<i>Post sale management of privatised rail business contractual rights obligations</i> : Report No. 4 of 2005–06  <i>Senate Order for departmental and agency contracts (calendar year 2004 compliance)</i> : Report No. 11 of 2005–06  <i>Australia's national counter-terrorism coordination arrangements—evaluation and link to continuous improvement</i> : Report No. 12 of 2005–06  <i>Cross portfolio audit of green office procurement</i> : Report No. 22 of 2005–06  <i>IT security management</i> : Report No. 23 of 2005–06  <i>Reporting of expenditure on consultants</i> : Report No. 27 of 2005–06  <i>Management of net appropriation agreements</i> : Report No. 28 of 2005–06  <i>Roads to recovery</i> : Report No. 31 of 2005–06
<b>Parliamentary inquiries (<a href="http://www.aph.gov.au">www.aph.gov.au</a>)</b>	
Joint Committee of Public Accounts and Audit (JCPAA)	<i>Inquiry into developments in aviation security since the committee's June 2004 Report 400: Review of aviation security in Australia</i> , interim report tabled 7 December 2005
Joint Standing Committee on the National Capital and External Territories	<i>Norfolk Island financial sustainability: the challenge—sink or swim (Inquiry into governance on Norfolk Island Part 2)</i> , tabled 5 December 2005  <i>Current and future governance arrangements for the Indian Ocean Territories</i> , tabled 13 June 2006
Senate Rural and Regional Affairs and Transport Committee	Provisions of the <i>Maritime Transport and Offshore Facilities Security Amendment (Security Plans and Other Measures) Bill 2006</i> , referred for inquiry and report on 11 May 2006
Senate Finance and Public Administration References Committee	Inquiry into the transparency and accountability of Commonwealth public funding and expenditure, referred by the Senate for inquiry on 20 June 2006

Our senior executives, in addition to attending specific inquiries, also attend Senate Estimates hearings three times each year to answer questions about the department's activities. We receive questions on notice at such hearings and from individual parliamentarians throughout the year. In 2005–06, we received



1,032 Senate Estimates questions on notice, compared to 591 in 2004-05. In addition we received 222 parliamentary questions on notice for the year (see Table 5.5).

The largest volumes of parliamentary questions on notice related to aviation and airports, corporate issues and AusLink. We aim to respond to questions on notice within the number of days set in the standing orders of each House. Standing orders mandate 60 days for questions from the House of Representatives and 30 days for the Senate. Senate Estimates questions on notice must be answered within 60 days from the last day of hearings.

**Table 5.5 Parliamentary and Senate Estimates questions on notice**

Questions on notice	2002-03	2003-04	2004-05	2005-06
Parliamentary questions	269	253	252	222
Questions tabled at Senate Estimates	451	436	591	1,032
Total questions received	720	689	843	1,254

## WE ARE COMMITTED TO IMPROVING OUR SKILLS

The department places a high priority on its people and over the past year has focused on further improving its people management practices to ensure our people have the necessary capability for delivering the outcomes of government. Our emphasis this year has been on:

- a renewed focus on people management
- a new collective agreement
- an expanded graduate programme
- a learning and development programme focusing on business needs.

### A renewed focus on people management

In September 2005 the department established the People Management Committee. The committee is a senior executive and cross-divisional forum that:

- considers and advises the secretary, through the executive management team, on current and emerging people management issues, policies and approaches
- provides a conduit for advice to and from divisions about the department's people management issues and approaches
- fosters relationships between divisions to achieve a cohesive, shared approach to improving people management in the department.

In 2005-06, the committee focused on:

- organisational and individual performance management and recognition
- workforce management
- recruitment
- diversity
- retention
- leadership development.



In 2006–07, the committee will undertake further work on the issues above in a four-part framework designed to support staff in relation to their management, recruitment, development and retention.

#### A new collective agreement

We set our pay and conditions for employees within the government's policy guidelines for agreement making. These arrangements are formalised in a collective agreement and in Australian workplace agreements (AWAs) for Senior Executive Service (SES) staff and some other staff.

On 30 June 2006, the department lodged a new collective agreement with the Office of the Employment Advocate. The agreement outlines the salary and conditions for the majority of the department's staff. Other departmental staff have their conditions outlined in AWAs.

The *DOTARS Collective Agreement 2006–2009* introduced a number of initiatives, including:

- paid parental leave for new parents
- adoption leave
- an allowance for transport security inspectors and vehicle safety standards inspectors
- an option to purchase and cash out annual leave.

The agreement also provided for a continuation of our policies to allow flexibility in the workplace, including:

- part-time work
- half-pay annual leave
- home-based work
- flextime and flexible working hours for senior staff.

Major productivity improvements to be driven through the new agreement include changes to performance management arrangements through the life of the agreement, and more efficient recruitment processes. A ratings-based performance management system will be available online to replace the previous paper-based performance management arrangements. An online recruitment system will improve support for managers and will help to streamline recruitment processes.

The agreement will be in place for three years until 30 June 2009.

#### An expanded graduate programme

The department continues to recognise the value of a strong graduate intake and development programme. In 2006 we recruited 37 graduates for positions across all business divisions. In line with previous years, the 2006 intake was drawn from a wide variety of academic disciplines. This reflects the need for specialist knowledge and qualifications in, for example, legal or engineering roles, as well as an appreciation of critical thinking, which underpins most tertiary courses of study. Our graduate group is culturally diverse, and our graduates have been recruited from all over Australia.

The department provides learning and development activities for graduates throughout their first year in the department. These activities range from on-the-job experiences (through a work rotation through three different business divisions) to formal training courses covering skills such as writing effectively for ministers. Graduates typically have the opportunity to work in the ministers' offices for a short period, which highlights the critical links between the work of the department and the broader operation of the Australian Government. A key component of the graduate year is an industry tour, a three-day visit to a region. The graduate group organises the tour and the graduates meet stakeholders and representatives from industry and related organisations. The 2005 graduates visited Adelaide and the surrounding area in August 2005, with key visits to see airport and port operations, major road projects and regional grants recipients.





2005 graduates at Adelaide Airport during the Industry Tour (Photo DOTARS)

The department expects to recruit another 37 graduates in 2007, including a number of Indigenous graduates. An electronic system that enables faster application processing has greatly improved the recruitment process. We continue to use staff from across the department as assessors, providing them with the appropriate training and support to do this job.

#### Learning and development focusing on business needs

Learning and development activities during 2005–06 were more closely aligned with divisional business plans. The number and range of formal learning and development activities were expanded, which resulted in a 281 per cent increase in the number of employees attending departmental training in 2005–06 compared with 2004–05.

The department expanded its induction programme. The programme now provides a comprehensive introduction to the department and members of the senior executive actively support it. New staff are given an opportunity to meet and talk with the secretary and deputy secretaries first hand—a feature of the programme highly valued by all participants.

Particular emphasis was placed on ensuring that training activities provided by the department were of a high quality and focused on key skills development in areas including:

- writing for the Australian Public Service (APS) (ministerial correspondence, Question Time briefs, writing for ministers)
- contract management
- procurement (with particular emphasis on understanding and operating within the *Commonwealth Procurement Guidelines*)
- APS legislative requirements and working in the APS.



In addition to our core training activities we also delivered training nationally on:

- giving and receiving feedback
- Indigenous cultural awareness.

A workshop on the topic 'Working ethically and professionally in the APS' was developed and piloted and will be delivered nationally from early 2006-07.

In the new financial year, we will focus on developing the department's leadership capability, improving our processes for rewards and recognition and developing more streamlined recruitment processes.

Staff have access to a 'one-stop' internal training calendar that provides information on courses for the ensuing six months. The department's capability framework is based on the capabilities used by the Australian Public Service Commission (APSC), which focuses on achieving results, cultivating productive working relationships, shaping strategic thinking, communicating with influence, exemplifying personal drive and integrity, and applying technical and professional proficiency.

### Business-specific training

The ATSB, as a registered training organisation, issued 10 Transport Safety Investigation Diplomas to investigators in 2005-06, with a further 25 in progress. The bureau's training focus has recently turned to formulating an advanced training and development strategy designed to support investigation functions in a complex or high-risk environment, such as a major public transport accident.



*Office of Transport Security specialists at the conclusion of an audit course designed for Maritime Offshore Security Act 2003/International Ship and Port Facility Security Code auditors. This was in preparation for the midterm International Ship Security Certificate audits currently being conducted on Australian Regulated Ships. (Photo DOTARS)*

The Office of Transport Security also worked collaboratively with a Canberra-based industry training provider to tailor the nationally recognised Diploma of Security and Risk Management for our transportation-focused needs.

### Public honours and other recognition for departmental staff

In 2005-06, a number of staff received public honours and recognition.

Paul Magarey received an Austroads Achievement Award for his contribution to cooperative work in Austroads on cycling-related issues, particularly as chair of the Australian Bicycle Council.

Approximately 126 staff received Australia Day awards as individuals and as teams, including six staff nominated by our internal diversity and equity network.

Our remuneration policies also encourage rewarding performance:

- SES remuneration includes a pay-at-risk component and performance pay for exceptional performance. In 2005-06, 42 SES staff received a total of \$301,400 in pay-at-risk and performance pay, with four SES staff receiving the maximum amount available
- non-SES staff who are on AWAs are also eligible for performance pay. In 2005-06, some 18 non-SES staff on AWAs received a total of \$127,020 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 56 per cent of staff were at the top salary point at 30 June 2005.

### Staffing statistics

As at 30 June 2006:

- we had 1,287 staff, an increase of 11 per cent over June 2005
- the Office of Transport Security continued to be the single largest division of the department, with staff numbers increasing from 240 to 306
- our graduate intake increased from 31 to 37.

Table 5.6 shows trends in staffing statistics.

In 2005-06 we offered more 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 our current 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—non-Indian Ocean Territories staff

	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Recruitment<sup>a</sup></b>					
Graduates recruited externally	18	18	15	31	37
Other external recruits	292	126	134	427	369
<b>Total external recruits</b>	<b>310</b>	<b>144</b>	<b>149</b>	<b>458</b>	<b>406</b>
<b>Retention<sup>b</sup></b>					
Retention rate (%)	89.50	87.50	81.00	85.80	83.55
<b>Separations of ongoing staff<sup>c</sup></b>					
Transfers/promotions to another APS agency	20	46	68	58	91
Resignations and retirements	55	60	71	61	71
Retrenchments <sup>d</sup>	5	20	7	4	9
Other <sup>e</sup>	3	4	28	0	4
<b>Total separations</b>	<b>83</b>	<b>130</b>	<b>174</b>	<b>123</b>	<b>175</b>

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). Our 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 agreement with staff—non-Indian Ocean Territories staff

As at 30 June	2002	2003	2004	2005	2006
<b>Australian workplace agreement (AWA)</b>					
SES (all)	41	41	38	35	40
Non-SES	40	40	68	97	104
<b>Certified agreement</b>					
SES	0	0	0	0	0
Non-SES	889	840	795	1,022	1,141
<b>Total staff</b>	<b>970</b>	<b>921</b>	<b>901</b>	<b>1,154</b>	<b>1,285</b>



## 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
- a harassment-free workplace
- occupational health and safety.

### Social justice and equity supported

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 2004-05 we continued to:

- develop and implement policies and programmes in consultation with a diverse range of people and groups at the national and local level
- use a variety of media to inform people about new policies, programmes and regulations
- take into account the diverse needs of consumers in purchasing and providing services, and in seeking feedback from them.

A report on the implementation of the Australian Government's *Charter of Public Service in a Culturally Diverse Society* is at Appendix A. A report on implementation of the Commonwealth Disability Strategy in 2005-06 is at Appendix D.

### Workplace diversity an ongoing priority

The department respects and values the diversity of its workforce. In 2005-06 we:

- revised our workforce diversity strategy
- developed an Indigenous employment strategy and a mature age employment strategy to encourage the development and retention of Indigenous employees and those of mature age
- offered flexible working conditions to help attract and retain staff
- provided financial support to our internal diversity and equity network for activities to help embed the needs of diverse groups into the fabric of the department.

There was a substantial improvement in the numbers of Indigenous employees in the department in 2005-06 (see Table 5.8). Particular attention was given to the implementation of a broader Indigenous employment strategy through which Indigenous cadets, trainees and graduates were recruited. An Indigenous Professional Development Network was also established.



## CASE STUDY—INDIGENOUS INITIATIVES

In July 2005, the department had three staff who identified themselves as Indigenous. By June 2006, this number had risen to 14 (this includes three Indigenous trainees (see notes to Table 5.8)). The department established two major initiatives during 2005–06 to encourage recruitment and retention of more Indigenous staff—the Indigenous Employment Strategy and the Indigenous Professional Development Network.

The Indigenous Employment Strategy has as its objectives the recruitment of employees who reflect the diversity of our clients and who demonstrate the potential to develop the capabilities needed to assist us to meet our organisational outcomes. Through the strategy, we also seek to increase the number of Indigenous Australians working in the department and equip them with the skills to embark on a longer career with the department and, more broadly, with the Australian Public Service.

These objectives are being addressed by focusing on recruitment (broadening our sources of applicants); retention and development (including peer support networks, mentoring, enhancing capabilities, and promotion of flexible options for work-life balance); and a positive work environment (through its broader diversity strategy, the department is enhancing awareness among all employees of the importance of diversity and the issues facing Indigenous Australians in the workforce). Our Indigenous cultural awareness workshops are very popular with all staff, who find them informative and valuable.

Our second initiative supporting Indigenous staff is the operation of the Indigenous Professional Development Network. Since its establishment in late 2005–06, the network has developed a work plan to support its members with skills development, career guidance, peer support and recognition of community influences on Indigenous workers.

It is intended that network meetings be held face-to-face twice a year (with meetings alternately in Canberra and a regional location), with two to three-monthly teleconferences. Members derive great value from meeting with their peers to work on matters of general interest, and benefit from exposure to a range of work environments in both national and regional offices.

### Did you know?

In 2005–06 the department's diversity and equity network continued its efforts to broaden the department's understanding of the needs of diverse groups. The diversity and equity network was restructured to reflect departmental changes and to integrate its work with the responsibilities of the People and Planning Branch.

The network:

- helped organise the celebration of NAIDOC Week in July 2005
- arranged a celebration of International Women's Day in March 2006
- assessed nominations in March 2006 for individual staff members' contributions to enhancing workplace culture, with awards subsequently being presented to six people.

In 2006–07, the network will focus on the areas of women, Indigenous issues and disabilities in the workplace as it continues its role of raising awareness of diversity issues within the department.



Table 5.8 Trends in workforce diversity—non-Indian Ocean Territories staff

	2001–02	2002–03	2003–04	2004–05	2005–06
Women	467	439	409	527	584
People from non-English speaking backgrounds	81	75	112	119	156
People with a disability	18	22	13	21	23
Indigenous people	2	3	3	4	11 <sup>a</sup>
<b>All employees</b>	<b>996</b>	<b>945</b>	<b>901</b>	<b>1,154</b>	<b>1,285</b>
Proportion of staff volunteering diversity information (%)	75	75	78	95	96

## Notes:

These statistics focus on staff employed under the *Public Service Act 1999* and hence do not include our Indian Ocean Territories staff. It is possible that our actual workforce is more diverse than indicated—4 per cent of APS staff chose not to volunteer their personal information for 2005–06.

- a The department's Indigenous trainees, during their trainee year, are technically Department of Employment and Workplace Relations employees who have been placed with the department and are not included in these figures.

### Addressing workplace harassment

The department has an active network of workplace harassment contact officers with 19 located in Canberra and four in regional offices, supported by two senior executive sponsors. The network meets quarterly, with regional representatives taking part via telephone conference meetings.

During the year, the department introduced a new online incident reporting system, iReport (page 174). The system enables employees, contractors and consultants to report confidentially and without fear of reprisal on actual or perceived incidents of workplace harassment and bullying. The facility has been well accepted by staff.

The reported incidence of bullying and harassment continued to be low during 2005–06.

### Occupational health and safety initiatives and results

Various occupational health and safety (OH&S) initiatives were implemented or continued to run in 2005–06, under the guidance of the OH&S Committee. The committee meets quarterly and includes representatives from all business divisions, with 20 based in Canberra and seven in regional offices.

The highlight of the year was the department's Health Week, held during the first week in May. Many staff took advantage of the opportunity to participate in the week's activities, which included health checks, a range of healthy lifestyle seminars and voluntary influenza shots. In some instances, the health checks alerted staff to potential problems. This year a concerted effort was applied to ensuring regional staff had the same opportunity to have the health checks and influenza injections as Canberra-based staff. As a marketing initiative, eight employees volunteered to participate in a weight-loss programme to work toward becoming the 'DOTARS Biggest Loser'.

As part of an ongoing cyclical process, we reviewed and updated OH&S policies and guidelines and introduced some new measures. New measures include the development of a strategy to address the potential workplace OH&S challenges confronting departmental staff employed as airport environment officers at many capital city and regional airports and initial work toward implementing an OH&S e-learning



programme. The latter initiative will provide a systemic management approach to the delivery of health and safety training to staff and contractors across the department.

While the number of new compensation claims accepted by Comcare increased during 2005–06 (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 total weeks lost from new claims through incapacity also increased sharply, largely due to one claim for 30.9 weeks, which represented 67 per cent of the total time lost. 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**

	2001–02	2002–03	2003–04	2004–05	2005–06
<b>Proactive measures</b>					
Workplace assessments	> 60	> 60	> 60	>150	>250
Staff health assessments	351	254	144	200	329
Staff influenza vaccinations	331	350	236	341	331
<b>Wellbeing indicators</b>					
Staff using employee assistance (%)	6.2	5.7	8.4	8.2	7.3
Rate of unscheduled absence per FTE employee (excludes IOT staff <sup>a</sup> ) (days)	8.1	8.7	10.4	8.95	9.74
<b>Incident management<sup>b</sup></b>					
New claims accepted by Comcare	20	20	9	18	24
Total weeks lost from new claims through incapacity <sup>c</sup>	220.12	171.59	28.86	22.65	61.33
Average time off work per injury (weeks)	11	8.6	3.2	1.25	2.31
Special or serious incident requiring Comcare investigation	1	-	-	-	-
Directions or notices issued to the department under the OH&S Act	-	-	-	-	-

FTE = full-time equivalent IOT = Indian Ocean Territories

a Indian Ocean Territories programmes are funded as administered programmes and their staff are not employees of the department.

b These figures are as advised by Comcare.

c Figures for previous years have been updated to reflect outstanding determinations from Comcare that have since been resolved.





# APPENDICES



## APPENDIX A—REPORT UNDER THE COMMONWEALTH ACCESS AND EQUITY STRATEGY

The department aspires to communicate and consult effectively with all stakeholders, as outlined in Chapter 5. This appendix summarises the department’s progress in implementing the Australian Government’s *Charter of Public Service in a Culturally Diverse Society* (also known as the Access and Equity Strategy).

The charter, which was updated in 2003, requires us to report our performance in terms of five broad roles: policy adviser, purchaser, regulator, provider and employer. It also challenges agencies to consider how we approach those roles.

### POLICY ADVISER

#### Description

*The policy adviser is responsible for initiating and developing government policy. They consider the needs of different groups and advise on what the government should achieve for the community as a whole.*

The department undertakes research and analysis, and provides policy advice to ministers on a range of transport and regional issues addressing, where appropriate, access and equity issues.

#### Performance indicators

*New or revised policy/programmes that impact in different ways on the lives of people from different cultural and linguistic backgrounds are developed in consultation with people from those backgrounds.*

In developing policies and programmes, the department seeks to consult directly with clients and peak bodies. We are in regular contact with over 120 different groups, as listed in Appendix F. We also target groups for consultation in the context of particular initiatives. In 2005–06 this included:

- community meetings in the East Kimberley, where we sponsor a project by the Council of Australian Governments to improve living standards for Indigenous Australians
- the Indigenous Road Safety Working Group, convened and chaired by the Australian Transport Safety Bureau, which addressed issues related to the three-fold over-representation of indigenous people in road deaths.





### Performance indicators

*New or revised policy/ programme proposals assess the direct impact on the lives of people from a range of cultural and linguistic backgrounds prior to decision.*

All of the new policy proposals our ministers present to government are required to describe their likely impact on the community, and many include a high-level communication strategy. A variety of strategies are used to communicate information on new government policies and programmes.

For example, the department:

*New or revised policy/ programme initiatives have a communication strategy developed and sufficiently resourced to inform people from relevant cultural and linguistic backgrounds.*

- continued to post-announcements of new policies and programmes on its websites promptly—generally within 24 hours of release
- registered 1.8 million hits on the whole-of-government website ([www.grantslink.gov.au](http://www.grantslink.gov.au))
- answered more than 22,000 inquiries (over 17,000 calls) to Australian Government Regional Information Service (AGRIS) toll-free call centre 1800 026 222
- registered 1.2 million hits on the Regional Entry Point website from people wanting information about government services through [www.regional.australia.gov.au](http://www.regional.australia.gov.au)
- provided a printed directory called the Australian Government Regional Information Directory (AGRID).

## REGULATOR

### Description

*The regulator is responsible for enforcing legislation or other government 'rules'. These rules may include quasi-regulations such as codes of conduct and advisory instruments or notes.*

The department administers specific transport regulations and standards and works closely with other regulators on:

- transport security (Output 1.2.1, page 51)
- maritime and land transport (Output 1.4.1, page 85)
- aviation and airports (Output 1.4.2, page 104).

### Performance indicators

*Resources are provided so that publicly available and accessible information on regulations is communicated appropriately to people from a range of cultural and linguistic backgrounds, and especially to those identified as having a high level of non-compliance.*

To ensure that information on the regulations the department administers is available and accessible, we:

- publish a regulatory plan early each financial year
- use plain English in preparing regulation impact statements and guidance materials
- use charts and diagrams where appropriate to communicate issues
- offer toll-free telephone numbers in key areas such as motor vehicle imports (see inside back cover for details).

Affected groups are consulted in the context of specific initiatives. For example, in 2005–06, nationwide workshops involving hundreds of people were held to learn from and enhance the security risk readiness of hundreds of aviation, maritime and other industry participants.



Below: In 2005–06 we continued to work with the National Transport Commission to update the Australian Dangerous Goods Code. The code requires transport operators to display vital safety information in the most graphic way possible.



## PURCHASER

### Description

*The purchaser determines what is to be purchased and from whom. Purchased items may include outsourced government services, grants and cultural items for public display.*

In 2005–06 the department administered grants, subsidies and other payments on behalf of the Australian Government totalling \$6.4 billion. These payments mainly related to:

- national road and rail infrastructure
- maritime and land transport
- regional services
- services to territories
- services to local government, including a number of Indigenous councils
- natural disaster mitigation and relief arrangements.

In our day-to-day operations, the department also purchased a range of goods and services costing \$97.8 million.

### Performance indicators

*Purchasing processes that impact in different ways on the lives of people from different cultural and linguistic backgrounds are developed in consultation with people from those backgrounds.*

The department consults with stakeholders in managing tenders, contracts and grants.



### Performance indicators

*Tendering specifications and contract requirements for the purchase of goods or services are consistent with the requirements of the charter.*

All the entities receiving payments are required to comply with relevant state and federal laws including the *Racial Discrimination Act 1975*, the *Sex Discrimination Act 1984*, and the *Disability Discrimination Act 1992*.

Only two major programmes are discretionary, in that the minister or department has discretion in determining whether a particular applicant receives funding and what, if any, conditions are imposed on the payment.

A number of grants administered in 2005–06 focused on assisting Indigenous communities to promote, and in some cases restore, their cultural heritage. For examples of these and other projects, see the Regional Partnerships Programme (page 132), and Sustainable Regions Programme (page 137).

*Complaints mechanisms enable people (regardless of cultural and linguistic backgrounds) to address issues and raise concerns about the performance of service providers (contracted or other), and the purchasing agency.*

We recognise and respect the rights of clients to provide us with feedback about our services, regardless of whether services are delivered directly by us or through a third party. In this context, we have provided a single report on our complaints mechanisms in our response to the provider role.

We also consult with staff about purchasing issues that may affect staff from different backgrounds (see our response to the employer role).

## PROVIDER

### Description

*The provider delivers services, often under contract by government. Providers can be government, private or not-for-profit organisations.*

The department delivers transport and regional services and information to—and in partnership with—government, industry and the broader community. The only services the department delivers directly to individuals are:

- the infrastructure and services we provide to the 2,744 residents of Australia's non-self governing territories
- AGRIS.

### Performance indicators

*Providers have established mechanisms for planning for implementation, monitoring and review that incorporate the principles underpinning the charter.*

The department seeks feedback about the activities we deliver or pay for through a range of mechanisms. Examples can be found throughout our report on performance (chapters 3 and 4). The main ways we seek feedback are through:

- reports from the bodies who receive funding, usually as projects achieve key milestones but sometimes on a regular basis as in the Roads to Recovery Programme (page 74)
- client surveys where the beneficiaries of services can be identified, such as the individual households in airport noise insulation programmes (page 118)
- formal evaluations of programmes, usually on a three to five-yearly cycle.



Provider continued...

### Performance indicators

*Provider data collection systems incorporate the requirements of the Standards for Statistics on Cultural and Language Diversity*

Diversity data are considered in planning and evaluating policies and programmes. For example, recent reports that incorporate diversity data published by the Australian Bureau of Statistics include the individual profiles of all ten regions targeted for funding under the Sustainable Regions Programme. A summary of this information is presented on page 139.

*Providers have established service standards that utilise the cultural and linguistic diversity of their staff, or their staff's cross-cultural awareness, to facilitate and enhance service delivery.*

In 2005–06, we:

- continued to ask our clients to rate the quality of our services and introduced several new client surveys (page 178)
- had service charters in place explaining how customers can provide feedback.

*Complaints mechanisms enable people (regardless of cultural and linguistic background) to address issues and raise concerns about the performance of providers.*

The Human Rights and Equal Opportunity Commission received two complaints about the department in 2005–06. There was a 14 per cent increase in complaints about the department to the ombudsman during 2005–06 compared to 2004–05; however this was still well below the number of complaints to the ombudsman in the previous two years (see page 178).

### Services to residents of Australia's non-self governing territories

In the non-self governing territories, where the vast majority of our clients are from non-English speaking backgrounds, we operate in a way that recognises the cultural and linguistic diversity of territory residents. For example, we produce regular newsletters and radio bulletins for clients in all major community languages.

While formal client service charters exist, residents who are not satisfied with our services generally choose to contact local advisory bodies such as the Wreck Bay Aboriginal Community Council, our ministers' offices, and the Joint Standing Committee on the National Capital and External Territories.

Residents of the Indian Ocean Territories have avenues for the review of complaints similar to those available to the rest of Australia.

### Australian Government Regional Information Service (AGRIS)

AGRIS assists Australians, mainly in rural, regional and remote Australia, with information on Australian Government programmes, services and agencies and some state programmes.

Callers can obtain information by calling the AGRIS free call number, 1800 026 222, and can also request a copy of the Australian Government Regional Information Directory.

Call centre operators assist people who are vision impaired by reading aloud the requested information from the directory. The department will also provide a copy of the directory in cassette or CD form. Callers with a hearing impairment can call through teletype service operators. Clients whose main language is not English can access the information by requesting the services of the Australian Government's Translating and Interpreting Service on 13 14 50.



## EMPLOYER

## Description

*The employer provides a range of work conditions, including wages, in exchange for labour to produce goods and services. All portfolio agencies undertake this role.*

The department is an employer under the *Public Service Act 1999*. At 30 June 2006, we employed 94 people in the Indian Ocean Territories, and 1,285 people in other locations around Australia.

Our employment policies and practices reflect the requirements of relevant laws, including the *Racial Discrimination Act 1975*, the *Sex Discrimination Act 1984* and the *Disability Discrimination Act 1992*.

The *DOTARS Collective Agreement 2006-09* provides access to a range of flexible work practices, including home-based work and flexible working hours to enable employees to balance work and life interests.

## Performance indicators

*No performance indicators—agencies are not required to report directly on the employer role.*

*Information on the employer role is extracted from the Workplace Diversity Report produced annually by the Australian Public Service Commission.*

In 2005–06, the department had a range of mechanisms in place for communicating and consulting with staff and for attracting and retaining a diverse range of staff.

We have received positive feedback about measures introduced to address the number of our staff from an Indigenous background. As mentioned in Chapter 5, we have been actively addressing these issues over 2005–06, for example, by:

- implementing an Indigenous professional network
- targeting Indigenous graduates as part of our 2006 and 2007 graduate intakes
- implementing an Indigenous Employment Strategy that includes cadetships and contract management trainees in regional areas.

We will also continue to work with the department's diversity and equity network to promote awareness and understanding of diversity issues. For details of the network's activities in 2005–06, (see page 189).



## APPENDIX B—BTRE RESEARCH

This appendix provides an overview of the research work undertaken by the Bureau of Transport and Regional Economics (the BTRE).

### ABOUT THE BTRE

The BTRE is a specialist economic research arm of the Department of Transport and Regional Services.

#### What we do

The BTRE works within the department to provide economic research and statistical analysis on transport and regional issues for use in Australian Government policy making and by other government, industry and community customers. Our staff gather and evaluate a diverse range of data about the economic performance of Australia's regions and transport systems, including aviation and maritime statistics.

#### How we make a difference

The BTRE provides statistical or related data and research to inform the development of policy, regulatory and programme design advice, and to contribute to broader community debate on related issues. During 2005–06, the BTRE assumed responsibility for research and advisory services on specific strategic transport policy issues. This work feeds into the transport reform agenda of the Council of Australian Governments (COAG), and international forums such as the European Conference of Ministers of Transport.

#### Our research programme

The BTRE's research programme is developed in the department's annual business planning cycle to meet the broader needs of the transport and regional services portfolio for information and analysis.

During 2005–06, the BTRE published 12 reports and papers on transport and regional issues and provided 44 releases of transport statistics covering the aviation and maritime sectors.

#### BTRE publications 2005–06

Table B.1 lists the BTRE's publications and statistical releases over the past year and notes which publications or releases have contributed to the government's four national research priorities. Information on the government's national research priorities can be found at the Department of Education, Science and Training website, [www.dest.gov.au](http://www.dest.gov.au). All publications and statistical releases are available as free downloads from the bureau's website at [www.btre.gov.au](http://www.btre.gov.au).



Table B.1 BTRE publications in 2005–06

BTRE publications	
Reports	
R113	<i>Cost of aviation accidents and incidents</i> <sup>a</sup>
R112	<i>Freight measurement and modelling in Australia</i>
Working paper	
WP66	<i>Demand projections for AusLink non-urban corridors: methodology and projections</i>
Information papers	
IP55	<i>Focus on regions no. 4: social capital</i> <sup>a</sup>
IP56	<i>Australian sea freight 2003–2004</i>
Statistical releases	
Monthly	Airline on time performance
	International scheduled air transport
	Australian domestic airline activity
Annual	Airline on time performance
	International scheduled air transport
	Australian domestic airline activity
	Airport traffic data 1994–95 to 2004–05
	Digest of statistics 2004
	General aviation 2004
Other major publications	
	<i>Avline</i> , issues 7 and 8
	<i>Waterline</i> , issues 39 and 40
	<i>Greenhouse gas emissions from Australian transport—Base case projections to 2020</i> <sup>b</sup>
	<i>Australian transport statistics June 2005</i> (pocketbook) <sup>a</sup>
	<i>About Australia's regions August 2005</i> (statistics pocketbook) <sup>a</sup>

a Contributes to National Research Priority 2—Promoting and maintaining good health

b Contributes to National Research Priority 1—An environmentally sustainable Australia



### Engaging our stakeholders

In addition to published research and statistics, the BTRE arranges events that bring together industry, government and community stakeholders and help to better focus research and analysis. During 2005–06, the BTRE hosted the following major events:

- a workshop on 'Modelling for better transport planning'. The workshop, held in September 2006, attracted 80 transport planners, modellers and policy analysts from state, territory and local governments, and from the consulting and academic communities. It considered issues in and approaches to improving land transport modelling and forecasting, including underlying data needs.
- the BTRE's 6th Transport Colloquium. The colloquium, held at Parliament House in June 2006, had the theme 'Transport reform, competition and the future'. Close to 200 delegates participated in a wide-ranging programme that included discussions on the international aviation regulatory environment, strategies for addressing urban congestion and trends in energy for transport.
- a workshop for members of the Standing Committee on Transport Urban Congestion Management Working Group and others. The workshop, convened in June 2006, considered analysis being undertaken for a review for COAG of urban congestion management.

Conference papers for the first two of these events can be downloaded from [www.btre.gov.au](http://www.btre.gov.au).

The BTRE also held five open seminars on publications released during the year.

### Looking forward

In 2006–07, the BTRE expects to:

- release new research results on harmonisation in the Australian railway industry, international experience with congestion charging, the port traffic outlook, and variations in the cost of living and doing business in Australia's regions
- complete long-term traffic projections for the AusLink national network corridors, using new data provided for this purpose by states and territories
- expand its statistical reporting in the maritime and land transport areas
- report to COAG on the management of urban congestion.



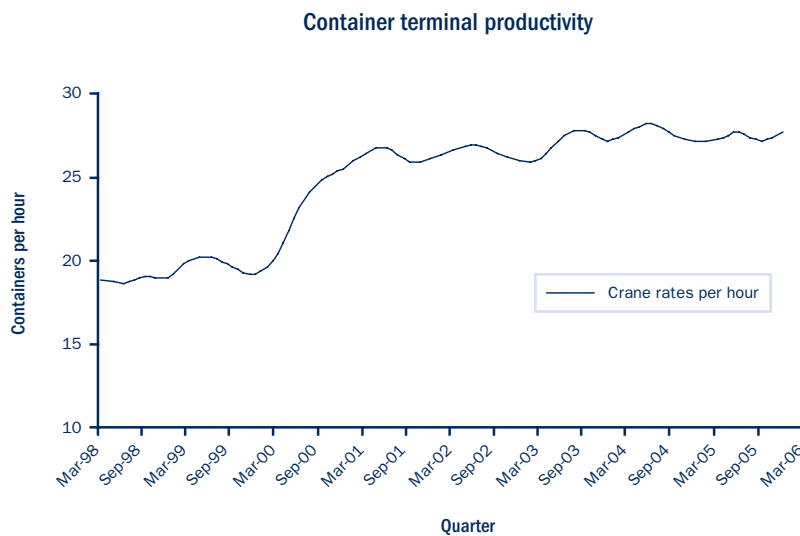


## CASE STUDY—BTRE CONTRIBUTES TO PRODUCTIVITY IMPROVEMENT ON THE WATERFRONT

First published in 1994, *Waterline* is a biannual newsletter containing key indicators of port and terminal performance based on data sourced from the Australian stevedoring companies, port authorities, shipping lines and other industry participants.

In the first edition of *Waterline*, the Director of the then Bureau of Transport and Communications Economics, Dr Maurice Haddad, noted ‘... a competitive waterfront is vital for an efficient domestic industry and for the competitiveness of Australia’s exports on the world market.’ The statistics presented in *Waterline* have provided an important indicator of the government’s success in achieving waterfront reform.

As the chart below indicates, Australia’s waterfront productivity has improved considerably over the intervening period and now ranks highly with comparable countries. Publishing comparative port performance indicators over the last 12 years in *Waterline* has indirectly contributed to improvements in the productivity of container movements through Australian ports.



During 2005–06, the Bureau of Transport and Regional Economics (BTRE) commenced developing productivity indicators that focus on the interface of trucks and trains with the ports and the efficiency with which freight is picked up from, and delivered to, Australia’s ports.



## APPENDIX C—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
- payments for market research and advertising.

### PROCUREMENT POLICIES AND PRACTICES

Our procurement policies and practices continue to reflect the principles set out in the *Commonwealth Procurement Guidelines* and associated financial management guidance:

- value for money
- encouraging competition
- efficient, effective and ethical use of government resources
- accountability and transparency
- compliance with other Australian Government policies.

Our Chief Executive Instructions on procurement reflect these principles and the need for compliance by all staff when choosing procurement methods, sourcing potential suppliers or entering into contracts. As part of these arrangements, in 2005–06 we published on AusTender:

- a procurement plan providing details of anticipated procurements for 2006–07 ([www.tenders.gov.au](http://www.tenders.gov.au))
- details of publicly available procurement opportunities with a value of \$10,000 or more ([www.tenders.gov.au](http://www.tenders.gov.au))
- details of all contracts or standing offers awarded with a value of \$10,000 or more ([www.contracts.gov.au](http://www.contracts.gov.au)).

We also published on our website ([www.dotars.gov.au](http://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 about freedom of information issues, see Appendix F.

**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
- 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 2005–06, 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
- Maritime Emergency Towage Programme
- 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)
- services to non-self governing territories.

#### *Transport safety research and information services*

A small number of contracts relating to road safety data collection, analysis and research continued in 2005–06. A replacement contract relating to the storage and distribution of transport safety information was let.

#### *Maritime Emergency Towage Programme*

The Australian Government funded the Maritime Emergency Towage Programme from 1 July 2005 to 31 May 2006, as an interim measure to maintain towage capability pending the finalisation of the National Maritime Emergency Response Arrangement. A total of \$4 million in funding was provided to two providers of towage capability, United Salvage, a subsidiary of Adsteam Marine, and SvitzerWijismuller Salvage Group. SvitzerWijismuller received \$1 million to maintain emergency towage capability on the north-west coast of Western Australia from 1 September to 31 May 2006. Adsteam received the remaining \$3 million to maintain its emergency towage capability in other areas in Australia from 1 July 2005 to 31 March 2006.

#### *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 116). 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 an annual inspection service for 58 specified aerodromes servicing Indigenous communities in remote parts of northern Australia. These services are contracted to an appropriately qualified service provider. In July 2005, the department put out an open tender to identify a new service provider for the programme. This service provider was contracted in October 2005 for a 12-month period.

***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. The centre has provided these services for AGRIS since 20 August 2001. The department is currently evaluating tender responses to a request for tender for the services. Storage and distribution services for the dispatch of the Australian Government Regional Information Directory are currently contracted to Universal Express Group. A two-year contract from 1 June 2006 to 31 May 2008 was signed on 29 May 2006 and includes an option for the department to negotiate to extend the contract for three further one-year periods. For more information on AGRIS, (see page 128).

***Services to non-self governing territories***

In the absence of state government services, a range of services are delivered 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 2005–06, and we entered into several new arrangements, including:

- a contract with Integral Energy for the maintenance of the electricity infrastructure within Jervis Bay Territory
- an agreement with the Water Corporation of Western Australia to continue to provide water and waste water services to the Indian Ocean Territories
- an agreement with Toll Ports to continue the provision of port management services to Christmas Island and Cocos (Keeling) Islands.

For more information on services to territories, including services we provide directly, (see page 144).

***Corporate activities***

The department has previously carried out detailed analysis 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
- 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 that we set up in 2004–05 after an open tender will continue for at least three years. This panel gives us access to specialist project management, software development and information technology security services as needed.

#### ***Professional services***

The department has set up 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, and several were put to market during 2005–06.

Panels cover:

- communications services
- legal services
- accounting services
- 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 KFPW 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.

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.

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.

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.



## CONSULTANCIES

The department generally engages consultants to carry out research or provide professional or technical advice that cannot be provided by departmental staff. Consultants are procured as required by programme managers in accordance with the *Commonwealth Procurement Guidelines*, the department's Chief Executive's Instructions and the *DOTARS Procurement Manual*.

In 2005–06, the department engaged 113 new consultancies involving expenditure of \$8.9 million. While this is a decrease in the number of consultancies, the value increased due to a major consultancy associated with the North–South Rail Corridor Study. The department continued to use 56 consultancies engaged in prior years, involving a further expenditure of \$2.0 million.

Details of contracts valued at \$10,000 or more let in 2005–06 are available on our website ([www.dotars.gov.au](http://www.dotars.gov.au)).

**Table C.1 Trends in procurement**

	2001–02	2002–03	2003–04	2004–05	2005–06
<b>Purchasing outcomes</b>					
Invoices paid within 30 days	not reported	91.8%	95.1%	96.7%	97.0%
<b>Consultancies</b>					
All consultancies including consultancies let in previous years					
Total expenditure	not reported	\$6.0m	\$4.0m	\$7.6m	\$10.9m
New consultancies valued at \$10,000 or more					
Number let	49	62	54	129	113
Total value over the life of these contracts	\$5.3m	\$3.8m	\$3.7m	\$8.5m	\$8.9m
<b>Market research and advertising payments—not including payments less than \$1,500<sup>a</sup></b>					
Creative advertising	\$0.8m	\$0.0m	\$0.4m	\$0.6m	\$0.15m
Market research/polling	\$0.3m	\$0.5m	\$0.4m	\$0.2m	\$0.02m
Direct mail	–	\$0.5m	\$0.0m	\$0.4m	\$0.02m
Media advertising—recruitment <sup>b</sup>	\$0.4m	\$3.4m	\$0.8m	\$3.1m	\$1.07m
Media advertising—non-recruitment					\$0.71m
<b>Total payments</b>	<b>\$1.5m</b>	<b>\$4.4m</b>	<b>\$1.7m</b>	<b>\$4.3m</b>	<b>\$1.97m</b>

a Payments have been rounded to \$0.0m where payments were less than \$50,000. Discrepancies in table between totals and sums of components are due to rounding.

b In previous years, all media advertising for recruitment and non-recruitment was reported as a combined figure.



## PAYMENTS FOR MARKET RESEARCH AND ADVERTISING

In 2005–06, the department paid \$2.8 million for market research and advertising. Table C.2 lists payments of \$1,500 or more made during the financial year, as required by section 311A of the *Commonwealth Electoral Act 1918*.

**Table C.2 Details of advertising and market research payments of \$1,500 or more**

Firm	Service provided	Payment made in 2005–06 (\$)
<b>Creative advertising agencies</b>		
Greyworld	Creative design for Green Vehicle Guide	65,978
The Social Research Centre	Conduct a national survey of community attitudes to road safety	91,445
All creative advertising		157,423
<b>Market research/polling organisations</b>		
Colmar Brunton Social Research <sup>a</sup>	Online survey for Green Vehicle Guide	22,814
All market research/polling		22,814
<b>Direct mail organisations<sup>b</sup></b>		
National Mailing and Marketing	Local Government National Report	1921.96
Canberra Mailing and Envelopes	Printing and distribution of letters to all CASA pilots	23629.45
All direct mail organisations		2551.41



Table C.2 continued...

Firm	Payment made in 2005–06 (\$)
<b>Media advertising organisations</b>	
Recruitment advertising	
hma Blaze	1,064,819
Hobsons Australia Pty Ltd	6,500
Hansen & Searson	24,840
<b>All recruitment advertising</b>	<b>1,096,159</b>
Non-recruitment advertising	
hma Blaze	214,552
ATSB Information and Coordination	69,203
Executive Media Pty Ltd	8,581
Cre8tive Australasia Pty Ltd	20,330
Shipping Australia	7,500
The Production Hub	6,498
Sponsorship advertisement Regional Skies	63,882
Departmental Gazette advertisement	48,428
Growing Regions Conference advertising	25,926
Universal McCann	227,340
<b>All non-recruitment advertising</b>	<b>692,240</b>
<b>All media advertising</b>	<b>1,788,399</b>

a Contract previously listed as a consultancy with a value of \$10,000 or more.

b Some payments to direct mail organisations have been included in printing costs.





## APPENDIX D—REPORT UNDER THE COMMONWEALTH DISABILITY STRATEGY

This appendix summarises the department's progress in implementing the Commonwealth Disability Strategy, which aims to ensure that people with disabilities are able to participate fully in community life.

The strategy challenges us to consider how we approach and report on our performance in five broad roles: policy adviser, purchaser, regulator, provider and employer.

### POLICY ADVISER

#### Description

*The policy adviser is responsible for initiating and developing government policy.*

*They consider the needs of different groups and advise on what the government should achieve for the community as a whole*

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.

#### Performance indicators

*New or revised policy/ programmes that impact in different ways on the lives of people with disabilities are developed in consultation with people with disabilities.*

In developing policies and programmes, the department seeks to consult directly with clients and peak bodies. We are in regular contact with over 120 different groups, as listed in Appendix F of this report.

We included people with disabilities in our consultations and supported several forums through which their specific needs are considered. These include the:

- Accessible Public Transport National Advisory Committee (APTNAC)
- Accessible Public Transport Jurisdictional Committee—established to discuss government positions on issues raised at APTNAC meetings.

*New or revised policy/ programme proposals assess the direct impact on the lives of people with disabilities prior to decision.*

All new policy proposals our ministers present to government are required to describe their likely impact on the community.



*Policy Adviser continued...*

**Performance indicators**

*New or revised policy/ programme initiatives have a communication strategy developed and sufficiently resourced to inform people with disabilities.*

During 2005–06, we used a variety of strategies to communicate information on new government policies and programmes. For example:

- We continued to post announcements of new policies and programmes on our websites promptly—generally within 24 hours of release.
- We registered 1.8 million hits on the whole-of-government website ([www.grantslink.gov.au](http://www.grantslink.gov.au)).
- We registered 1.2 million hits on the Regional Entry Point website ([www.regionalaustralia.gov.au](http://www.regionalaustralia.gov.au)) from people wanting information about government services.
- We answered more than 22,000 inquiries, including over 17,000 calls from people wanting information about government services through the Australian Government Regional Information Service toll-free call centre (page 128).

**REGULATOR**

**Description**

*The regulator is responsible for enforcing legislation or other government ‘rules’. These rules may include quasi-regulations such as codes of conduct and advisory instruments or notes.*

The department administers transport regulations and standards and works closely with other relevant regulators on:

- transport security (Output 1.2.1, page 51)
- maritime and land transport (Output 1.4.1, page 85), and
- aviation and airports (Output 1.4.2, page 104).

**Performance indicators**

*Resources are provided so that publicly available and accessible information on regulations is communicated appropriately to people with disabilities, and especially to those identified as having a high level of non-compliance.*

To ensure that information on the regulations we administer is available and accessible, we:

- publish a regulatory plan early each financial year
- use plain English in preparing regulation impact statements and guidance materials
- publish publicly available information on regulations on our website ([www.dotars.gov.au](http://www.dotars.gov.au))
- offer toll-free telephone numbers in key areas such as motor vehicle imports (see inside back cover for details).

Affected groups are consulted in the context of specific initiatives. For example, in 2005–06, nationwide workshops were held to learn from hundreds of aviation, maritime and other industry participants and enhance their security risk readiness.



## PURCHASER

## Description

*The purchaser determines what is to be purchased and from whom. Purchased items may include outsourced government services, grants and cultural items for public display.*

In 2005–06 the department administered grants, subsidies and other payments on behalf of the Australian Government totalling \$6.4 billion. These payments mainly related to:

- national road and rail infrastructure
- maritime and land transport
- regional services
- services to territories
- services to local government, including a number of Indigenous councils
- natural disaster mitigation and relief.

In our day-to-day operations, the department also purchased a range of goods and services costing \$97.8 million in supplier expenses.

## Performance indicators

*Purchasing processes that impact in different ways on the lives of people with disabilities are developed in consultation with people with disabilities.*

The department consults with stakeholders in managing tenders, contracts and grants.

*Tendering specifications and contract requirements for the purchase of goods or services are consistent with the requirements of the Disability Discrimination Act 1992.*

All entities receiving payments are required to comply with relevant state and federal laws, including the *Disability Discrimination Act 1992*, the *Racial Discrimination Act 1975*, and the *Sex Discrimination Act 1984*.

Only two major programmes are discretionary, in that the minister or department has discretion in determining whether a particular applicant receives funding and what, if any, conditions are imposed on the payment.

Several of the grants administered in 2005–06 focused on assisting people with a disability to enter the workforce. For examples of these and other projects, see the Regional Partnerships Programme (page 132), and Sustainable Regions Programme (page 137).

*Complaints mechanisms enable people with disabilities to address issues and raise concerns about the performance of service providers (contracted or other), and the purchasing agency.*

The department recognises and respects the rights of clients to provide us with feedback about our services, regardless of whether services are delivered directly by us or through a third party. In this context, we provide a single report on our complaints mechanisms under the ‘Provider’ role.

We also consult staff about purchasing decisions that might affect the lives of staff with disabilities (see ‘Employer’ role).



## PROVIDER

### Description

*The provider delivers services, often under contract by government. Providers can be government, private or not-for-profit organisations.*

The department delivers transport and regional services and information to, and in partnership with, government, industry and the broader community. The only services delivered directly to individuals are:

- the infrastructure and services we provide to the 2,744 residents of Australia's non-self governing territories
- the Australian Government Regional Information Service.

### Performance indicators

*Providers have established mechanisms for planning for implementation, monitoring and review that comply with the Disability Discrimination Act 1992.*

The department seeks feedback through a range of mechanisms about the activities it delivers or for which it administers funding. Examples can be found in our report on performance (chapters 3 and 4). The main ways we seek feedback are through:

- reports from the bodies that receive funding, usually as projects pass key milestones, but sometimes on a regular basis as in the Roads to Recovery Programme (page 74)
- client surveys where the beneficiaries of services can be identified, such as the individual households in airport noise insulation programmes (page 118)
- formal evaluations of programmes, usually on a three- 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.*

During 2005-06 we:

- continued to ask our clients to rate the quality of our services (page 178)
- had service charters in place explaining how customers can provide us with feedback.

*Complaints mechanisms enable people with disabilities to address issues and raise concerns about the performance of providers.*

The Human Rights and Equal Opportunity Commission received two complaints about the department in 2005-06. There was a 14 per cent increase in complaints about the department to the Ombudsman during 2005-06 compared to 2004-05; however, this was still well below the number of complaints to the ombudsman in the previous two years (page 178).

## EMPLOYER

### Description

*The employer provides a range of work conditions including wages in exchange for labour to produce goods and services. All portfolio agencies undertake this role.*

The department is an employer under the *Public Service Act 1999*. At 30 June 2006, we employed 94 people in the Indian Ocean Territories, and 1,285 people in other locations around Australia.

In 2005-06, the number of our staff reporting a disability increased slightly from 21 to 23. Despite this improvement, the proportion of our workforce reporting a disability remains below the Australian Public Service average. A disability employment strategy will be developed and implemented in 2006-07 to address this issue.



### Performance indicators

*Employment policies, procedures and practices comply with the requirements of the Disability Discrimination Act 1992.*

Our employment policies and practices reflect the requirements of relevant laws, including the *Racial Discrimination Act 1975*, the *Sex Discrimination Act 1984* and the *Disability Discrimination Act 1992*. In addition, we:

- include a specific clause in our collective agreement reminding staff of these legislative requirements
- offer flexible working arrangements and opportunities for personal and professional development to staff

*Recruitment information for potential job applicants is available in accessible formats on request.*

The department publishes details of employment opportunities weekly in the *Australian Public Service Gazette* ([www.psgazette.gov.au](http://www.psgazette.gov.au)) and also, on occasion, in the press.

More detailed recruitment information is available on our website ([www.dotars.gov.au](http://www.dotars.gov.au)) and on request from the contact for each opportunity.

*Agency recruiters and managers apply the principle of 'reasonable adjustment'.*

Assistance is readily available to ensure that an applicant or employee with a disability receives 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.

Once recruited, staff can access occupational health and safety services as appropriate. These have included workplace assessments (page 191), car parking spaces for people with disabilities, telephone equipment for hearing-impaired staff, and voice recognition software and special computer keyboards for staff at risk of occupational overuse injury.

*Training and development programmes consider the needs of staff with disabilities.*

The department provides access to a range of learning and development activities to cater to varying staff needs.

*Training and development programmes include information on disability issues as they relate to the content of the programme.*

The department's training and development programmes include information on disability issues where relevant. Specific courses that cover disability issues include training for:

- new starters, giving an overview of support mechanisms in place for all occupational health and safety issues
- fire wardens, as staff with a disability 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
- workplace harassment contact officers, who are made aware of the types of issues that may arise for people with disabilities.

*Complaints/grievance mechanisms, including access to external mechanisms, in place to address issues and concerns raised by staff.*

If a member of staff has a specific complaint or grievance, we encourage them to take the matter up with their supervisor or with the senior management in their division. If this does not resolve the matter, the collective agreement sets out the process for resolving disputes.



## APPENDIX E—REPORT ON ECOLOGICALLY SUSTAINABLE DEVELOPMENT

This appendix 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
- how we review and increase the effectiveness of measures to minimise harm.

### HOW OUR ACTIVITIES ACCORD WITH ESD PRINCIPLES

Examples of how our activities accord with ESD principles can be found throughout this report, starting with the first chapter (see ‘Environmental performance’, page 15). Further examples of how the department implemented the five ESD principles in 2005–06 follow.

#### The integration principle

To integrate environmental, social, economic and equity considerations into decision making, the department:

- used government funding for a further 55 projects to help targeted regions deal with major economic, environmental and social changes through the Sustainable Regions Programme (page 137).
- on behalf of the government, established an environmental trust fund in honour of Norfolk Island's late Deputy Chief Minister (page 147).

#### The precautionary principle

Lack of scientific certainty is not used as a reason for postponing measures to prevent environmental degradation. For example, stringent emission standards were introduced for diesel cars, 4WDs and light commercials from 1 January 2006.

#### The intergenerational principle

To support conservation of the environment for the benefit of future generations, the department, in 2005–06:

- made information on greenhouse gas and air pollution emissions of new cars available on its upgraded website ([www.greenvehicleguide.gov.au](http://www.greenvehicleguide.gov.au)), which received more than 180,000 visits
- developed guidelines on the environmental criteria which apply to diesel road vehicles seeking access to the fuel tax credit which were approved by the minister in May 2006
- established a formal heritage strategy to articulate how it protects the heritage assets it administers.

#### The biodiversity principle

The department takes into account biodiversity and ecological integrity issues in its policy work. For example 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 (page 88).

### The valuation principle

The department continues to improve its valuation, pricing and incentive mechanisms to ensure the true cost of activities—environmental, social and economic—is recognised.

## HOW WE ADMINISTER LEGISLATION IN ACCORDANCE WITH ESD PRINCIPLES

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)
- motor vehicle safety, emission and anti-theft standards (one Act) and road transport charges (two Acts).

For a complete and up-to-date copy of the AAO, visit [www.pmc.gov.au](http://www.pmc.gov.au) or [www.comlaw.gov.au](http://www.comlaw.gov.au) and search for AAO.

## 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 2005–06, see Chapter 3 (page 29).

In assisting regions to manage their own futures, particular emphasis is placed by the government on sustainable development, local development practices and natural disaster risks. For more information on how we achieved this in 2005–06 see Chapter 4 (page 124).

Additionally, the work of the Bureau of Transport and Regional Economics (BTRE) contributes to ESD through publications such as *Greenhouse gas emissions from Australian transport: base case projections to 2020* which was released in August 2005.

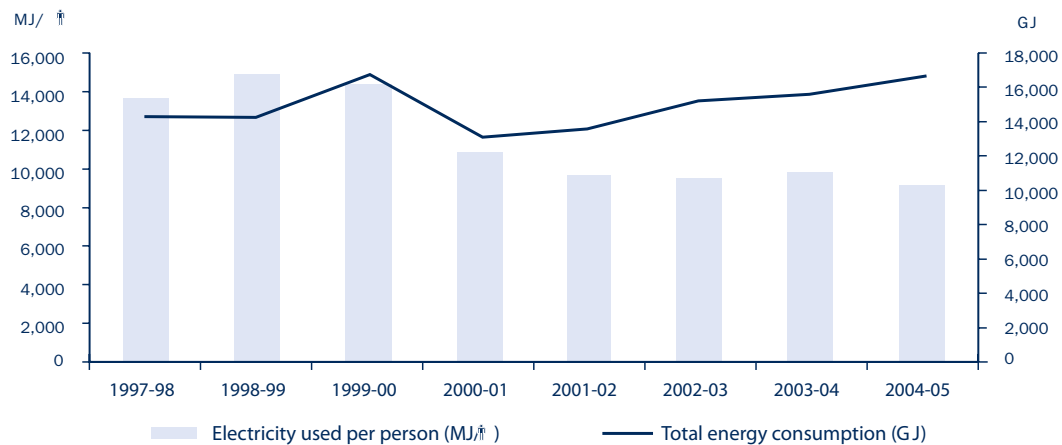
## HOW OUR ACTIVITIES AFFECT THE ENVIRONMENT AND HOW WE MINIMISE HARM

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, petrol and paper. Waste is also created in various forms.

No breaches of environmental laws or licences by the department were reported during 2005–06. As at the date of preparation of the annual report, electricity consumption data for 2005–06 was not available. However, data for previous years is presented in the following figure.



Figure E.1 Trends in departmental electricity consumption



### Reducing environmental impacts

The first step in reducing the environmental impacts of the department's activities is to understand what our significant issues are and how these can be best addressed. To that end, the department commissioned an initial environmental review of its office-based activities. As a consequence of the review, the department will in the 2006-07 period implement actions to achieve the following objectives:

- 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 CO<sub>2</sub> emissions.
- create greater environmental awareness among staff.

During 2005-06, the department took steps towards achieving some of these objectives, including:

- developing purchasing guidelines that reference green office procurement principles
- making paper recycling bins available in every work area
- having all departmental staff take personal responsibility for the disposal of waste generated in the office.

These actions encourage paper recycling and reinforce the department's environmental commitment.

The department also began to develop its EMS intranet and internet sites. These sites will display our environmental policy for everyone to read. The planning and documentation of the department's EMS is nearly complete and meets the requirements of the International Standard for Environmental Management Systems—ISO 14001:2004. The EMS will be implemented in 2006-07. This will be an exciting time as the department makes measurable headway in achieving its environmental objectives.

When reconfiguring the national office in 2005-06, the department decided to reuse furniture, screens and other materials whenever possible. It took the same environmentally responsible approach to fit-outs in Melbourne, Sydney and Brisbane.





## 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](http://www.greenhouse.gov.au). As at the date of preparation of the annual report, energy consumption data for the department for 2005–06 was not available. However, data for previous years appears in Table E.1.

The department also contributes to an annual report on the government's implementation of National Environment Protection Measures, in accordance with the *National Environment Protection Measures (Implementation) Act 1998*.

The secretary's endorsement of the department's environmental policy in May 2006 was a significant milestone for our environmental management practices. The policy mandates the ongoing development of environmental programmes, in particular the implementation, maintenance and improvement of our Environmental Management System (EMS). It explicitly states that the department will implement measures to prevent pollution and comply with relevant legal and other environmental requirements. It also concentrates our efforts and resources into improving our environmental performance in purchasing practices, waste production, water consumption, energy efficiency and greenhouse gas emissions.

**Table E.1 Trends in departmental energy consumption**

	2001–02	2002–03	2003–04	2004–05
<b>Buildings and electricity</b>				
<i>Office buildings</i>				
Area occupied	24,840 m <sup>2</sup>	29,159 m <sup>2</sup>	25,864 m <sup>2</sup>	28,235 m <sup>2</sup>
Occupants <sup>a</sup>	1,037	1,128	1,114	1,326
Area per person	24.0 m <sup>2</sup> /	25.9 m <sup>2</sup> /	23.2 m <sup>2</sup> /	21.3 m <sup>2</sup> /
Electricity used	10,110 GJ	10,785 GJ	11,041 GJ	12,259 GJ
Electricity used per person <sup>b</sup>	9,749 MJ/	9,561 MJ/	9,911 MJ/	9,254MJ/
Electricity used by area	407 MJ/m <sup>2</sup>	370 MJ/m <sup>2</sup>	427 MJ/m <sup>2</sup>	434 MJ/m <sup>2</sup>
Electricity sourced from renewable sources	not reported	not reported	not reported	3.5%
<i>Other buildings</i>				
Area occupied	1,306 m <sup>2</sup>	1,306 m <sup>2</sup>	1,306 m <sup>2</sup>	1,306 m <sup>2</sup>
Electricity used	97 GJ	101 GJ	91 GJ	118 GJ
Electricity used by area	74.3 MJ/m <sup>2</sup>	77.7 MJ/m <sup>2</sup>	69.7 MJ/m <sup>2</sup>	90 MJ/m <sup>2</sup>



Table E.1 continued...

	2001-02	2002-03	2003-04	2004-05
<b>Transport<sup>c</sup></b>				
<i>Passenger vehicles</i>				
Total petrol used	100,159 L	122,828 L	135,269 L	124,425 L
Average fuel economy/ 100km	10.4 L	10.3 L	8.8 L	11.1 L
Total fuel used	3,425 GJ	4,201 GJ	4,657 GJ	4,267 GJ
Vehicle fleet compliance with green vehicle guide	n/a	n/a	n/a	35.2%
<i>Other transport</i>				
Total automotive diesel used	3,963 L	4,233 L	0 L	0 L
Total petrol used	0 L	2,656 L	0 L	0 L
Total fuel used	153 GJ	254 GJ	0 GJ	0 GJ
<b>Total of the above</b>				
Direct energy consumed	13,785 GJ	15,342 GJ	15,789 GJ	16,644 GJ
Greenhouse gas emissions (CO2 tonnes)	not reported	not reported	not reported	3,777

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.



## APPENDIX F—REPORT UNDER THE FOI ACT

This appendix explains how you can request access to departmental records under the *Freedom of Information Act 1982* (FOI Act), what records the department holds and what arrangements we have in place for outside participation.

### How to lodge a Freedom of Information request

You may apply for access to any records that fall within the scope of the FOI Act, (refer [www.dotars.gov.au/department/foi/index.aspx](http://www.dotars.gov.au/department/foi/index.aspx)). If you need more information or wish to discuss your request please:

- email [foi@dotars.gov.au](mailto:foi@dotars.gov.au)
- write to:  
  
Freedom of Information Coordinator  
Department of Transport and Regional Services  
GPO Box 594  
CANBERRA ACT 2601
- fax us on 02 6274 6775
- phone 02 6274 7844.

You will need to lodge your request in writing or by email and you must provide an address in Australia where we can send you updates on the progress of your request. We recommend that you also include:

- as much detail as possible about the records you wish to access
- the \$30 application fee (this can be refunded in some cases)
- a phone number in case we need to clarify your request.



### 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
- 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
- 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](http://www.privacy.gov.au/government/digest).



### 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
- 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](http://www.pmc.gov.au) or [www.comlaw.gov.au](http://www.comlaw.gov.au) and search for AAO.














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](http://www.naa.gov.au).

### Arrangements for outside participation

As outlined earlier, we consult widely to gain the views of our stakeholders and clients about future policy directions. The peak bodies we consulted in 2004-05 are as listed below.



Table F.1 - External bodies consulted by the department in 2005–06

Body	Category of body	Main contact point(s) within the department						
		Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government
Accessible Public Transport National Advisory Committee					✓			
Adsteam Marine Limited www.adsteam.com.au			✓					
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			✓					
ANL Container Line Pty Limited www.anl.com.au				✓				✓
Area Consultative Committees www.acc.gov.au							✓	
Asia-Pacific Economic Cooperation Maritime Security Experts Group			✓					
Asia-Pacific Economic Cooperation Transportation Working Group www.apec.org			✓		✓	✓		✓
ASP Ship Management www.aspships.com			✓					
Association of Australian Ports and Marine Authorities www.aapma.org.au		✓	✓		✓			
Australasian College of Road Safety www.acrs.org.au		✓						




































Body	Category of body	Main contact point(s) within the department						
		Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government
International body								
Ministerial body								
Other national body								
Regionally based body								
Australasian Flight Safety Council		✓	✓					
Australasian Railway Association www.ara.net.au		✓		✓				
Australasian Traffic Policing Forum		✓						
Australia-Indonesia Development Area Transport Working Group					✓			✓
Australian Airports Association www.aaal.com.au		✓	✓			✓		
Australian Automobile Association www.aaa.asn.au		✓						
Australian Ballooning Federation www.abf.net.au		✓						
Australian and International Pilots Association www.aipa.org.au		✓	✓					
Australian Bicycle Council www.abc.dotars.gov.au		✓		✓				
Australian Coroners Society Inc.		✓						
Australian Customs Service www.customs.gov.au			✓					
Australian Driver Trainers Association www.adta.com.au		✓						
Australian Federal Police www.afp.gov.au			✓					
Australian Federation of Air Pilots www.afap.org.au		✓	✓			✓		
Australian Freight Councils Network www.freightcouncils.com.au			✓		✓			✓



Table F.1 continued...

Body	Category of body	Main contact point(s) within the department						
		Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government
Australian Global Navigation Satellite System Coordination Committee www.agcc.gov.au						✓		
Australian Government Agencies' Airport Security Committees			✓					
Australian Institute of Marine & Power Engineers www.aimpe.sitesuite.com.au			✓					
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 Maritime Safety Authority www.amsa.gov.au			✓					
Australian Marine Pilots Association		✓						
Australian Motor Vehicle Certification Board					✓			
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		✓						
Australian Security Intelligence Organisation www.asio.gov.au			✓					











































Body	Category of body	Main contact point(s) within the department						
		Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government
International body 								
Ministerial body 								
Other national body 								
Regionally based body 								
Australian Shipowners Association www.asa.com.au		✓			✓			
Australian Transport Council www.atcouncil.gov.au		✓	✓	✓	✓	✓		
Australian Trucking Association		✓	✓	✓	✓			
Australian Ultralight Federation [see Recreational Aviation Australia]		✓						
Austroads Council www.austroads.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			✓			✓		
Bus Industry Confederation			✓		✓			
Caltex Australia Limited www.caltex.com.au			✓					
Cargo Working Group			✓					
Carnival Australia www.carnivalaustralia.com			✓					
Chevron			✓					
Civil Air www.civilair.asn.au		✓						



Table F.1 continued...

Body	Category of body	Main contact point(s) within the department							
		Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government	Portfolio Strategic Policy & Projects
International body 	Category of body								
Ministerial body 									
Other national body 									
Regionally based body 									
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		✓	✓	✓	✓	✓	✓	✓	
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		✓							









































Body	Main contact point(s) within the department						
	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government
International body  Ministerial body  Other national body  Regionally based body 	Category of body						
Flight Attendants Association of Australia www.faaa.net		✓				✓	
Flag State Implementation Subcommittee of the International Maritime Organization		✓			✓		
Flight Attendants Association of Australia www.faaa.net		✓				✓	
Flight Safety Forums		✓					
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		✓					
Indigenous Road Safety Working Group		✓					
Industry Consultative Meeting (Aviation Security)			✓				
Intelligent transport Systems Australia www.its-australia.com.au							✓
International Air Transport Association www.iata.org		✓	✓			✓	
International Civil Aviation Organisation www.icao.int		✓	✓			✓	
International Maritime Organization www.imo.org		✓	✓	✓			



Table F.1 continued...

Body	Main contact point(s) within the department						
	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government
International body 							
Ministerial body 							
Other national body 							
Regionally based body 							
							Portfolio Strategic Policy & Projects
Jervis Bay Territory JBT Emergency Management Committee 							✓
Justice Issues Group, Jervis Bay Territory 							✓
Kingston and Arthur's Vale Historic Area Management Board [Norfolk Island] 							✓
Land Transport Environment Committee <a href="http://www.ephc.gov.au/ltec">www.ephc.gov.au/ltec</a> 				✓			
Local Government and Planning Ministers Council <a href="http://www.dotars.gov.au/lgpmcouncil">www.dotars.gov.au/lgpmcouncil</a> 							✓
Local Government Association Roundtable 							✓
Local Government Managers' Association <a href="http://www.lgma.org.au">www.lgma.org.au</a> 							✓
Long-term Operating Plan Implementation Monitoring Committee 							✓
Marine Accident Investigators International Forum <a href="http://www.maiif.net">www.maiif.net</a> 	✓						
Maritime Industry Security Consultative Forum 		✓					
Maritime Safety Committee of the International Maritime Organization 		✓					
Maritime Security Identification Card Working Group 		✓					
Maritime Union of Australia <a href="http://www.mua.org.au">www.mua.org.au</a> 		✓					
Minerals Council of Australia <a href="http://www.minerals.org.au">www.minerals.org.au</a> 		✓					

















































































Body	Main contact point(s) within the department							
	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government	Portfolio Strategic Policy & Projects
International body 								
Ministerial body 								
Other national body 								
Regionally based body 								
	Category of body							
National Advisory Facilitation Committee 								✓
National Aerial Fire Fighting Centre <a href="http://www.nafc.org.au">www.nafc.org.au</a> 							✓	
National Awards for Innovation in Local Government - judging panel 							✓	
National Farmers Federation <a href="http://www.nff.org.au">www.nff.org.au</a> 								✓
National Road Safety Strategy Panel 	✓							
National Tourism and Aviation Advisory Committee 		✓						
National Transport Commission 	✓		✓	✓				
Organisation for Economic Co-operation and Development <a href="http://www.oecd.org">www.oecd.org</a> 								✓
Orion Cruises <a href="http://www.orioncruises.com.au">www.orioncruises.com.au</a> 		✓						
Overnight Air Operators Association 		✓						
P&O Ports <a href="http://portal.pohub.com/portal">http://portal.pohub.com/portal</a> 		✓						
Patrick Corporation Ltd 							✓	
Pedestrian Council of Australia <a href="http://www.walk.com.au/pedestriancouncil/">www.walk.com.au/pedestriancouncil/</a> 	✓							
Rail, Tram and Bus Union 		✓						
Recreational Aviation Australia <a href="http://www.auf.asn.au">www.auf.asn.au</a> 	✓							
Regional Aviation Association of Australia <a href="http://www.raaa.com.au">www.raaa.com.au</a> 	✓	✓			✓			



Table F.1 continued...

Body	Category of body	Main contact point(s) within the department						
		Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government
International body 	Category of body							
Ministerial body 								
Other national body 								
Regionally based body 								
Regional Development Council <a href="http://www.rdcouncil.gov.au/about.aspx">www.rdcouncil.gov.au/about.aspx</a>								
Regional Women's Advisory Council <a href="http://www.dotars.gov.au/regional/councils/rwac/index.aspx">www.dotars.gov.au/regional/councils/rwac/index.aspx</a>								
Research Coordination Advisory Group								
Road Safety Black Spot Programme Consultative Panels								
Road Safety Marketing and Public Education Forum								
Safeskies Australia <a href="http://www.safeskiesaustralia.org">www.safeskiesaustralia.org</a>								
Screening Improvement Group								
Secretariat of the Pacific Community								
Shipping Australia Ltd <a href="http://www.shippingaustralia.com.au">www.shippingaustralia.com.au</a>								
Shire of Christmas Island <a href="http://www.Christmas.shire.gov.cx">www.Christmas.shire.gov.cx</a>								
Shire of Cocos (Keeling) Islands <a href="http://www.shire.cc">www.shire.cc</a>								
Standing Committee on Regional Development								
Standing Committee on Transport								
Standing Committee on Transport –Transport Security Working Group								



Body	Main contact point(s) within the department						
	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government
International body  Ministerial body  Other national body  Regionally based body 	Category of body						
Sustainable Regions Advisory Committees. <a href="http://www.sustainableregions.com.au">www.sustainableregions.com.au</a>						✓	
Sydney Airport Community Forum <a href="http://www.sacf.dotars.gov.au">www.sacf.dotars.gov.au</a>					✓		
Technical Liaison Group				✓			
Technology Working Group		✓					
Teekay Shipping (Australia) Pty Ltd <a href="http://www.teekay.com">www.teekay.com</a>		✓					
Transport Emissions Liaison Group				✓			
Transport Security Working Group		✓					
Transport Workers Union <a href="http://twu.com.au/">http://twu.com.au/</a>		✓					
Truck Industry Council				✓			
Trusted Information Sharing Network		✓					
TT-Line Company		✓					
United Nations Economic Commission for Europe <a href="http://www.unece.org/trans/danger/danger.htm">www.unece.org/trans/danger/danger.htm</a>				✓			
US Engine Manufacturers Association							✓
US Environment Protection Agency				✓			
Victorian Transport Association <a href="http://www.vta.com.au">www.vta.com.au</a>		✓					
Woodside Petroleum Ltd <a href="http://www.woodside.com.au">www.woodside.com.au</a>		✓					



## 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
<b>Outcome 1—Transport</b>		
ATSB Road Safety Research Grants		For information about grant recipients, see <a href="http://www.atsb.gov.au">www.atsb.gov.au</a>
ATSB Aviation Safety Research Grants		
<b>Outcome 2—Regional Services</b>		
Regional Partnerships Programme	page 132	For information about grant recipients, see <a href="http://www.dotars.gov.au">www.dotars.gov.au</a>
Sustainable Regions Programme	page 137	
Regional and Rural Research and Development Grants Programme <sup>a</sup>	page 143	
Services to Indian Ocean Territories	Page 151	

<sup>a</sup> 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.

The Territories and Local Government Sharepoint website is currently under construction and is expected to be completed early in the 2006–07 year. Information about discretionary grant recipients will then be published on this website.





## 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 2005–06.

These statistics include non-ongoing staff as at 30 June 2005 and 2006, but exclude inoperative and casual staff unless noted otherwise.

**Table H.1 Workforce profile by classification and location**

	APS 1–4 and equivalent		APS 5–6 and equivalent		EL1 and equivalent		EL2 and equivalent		SES/SEC and equivalent		Holder of public office		Total	
	04-05	05-06	04-05	05-06	04-05	05-06	04-05	05-06	04-05	05-06	04-05	05-06	05-05	05-06
<b>Employees and public office holders other than Indian Ocean Territories (IOT) staff</b>														
ACT	207	217	316	330	241	268	174	198	37	41	2	4	977	1,058
NSW	5	9	28	30	4	13	1	1	-	-	-	-	38	53
Vic.	3	3	19	29	3	10	1	1	-	-	-	-	26	43
Qld	3	2	28	34	7	9	7	6	-	-	-	-	45	51
SA	3	5	11	8	3	3	4	4	-	-	-	-	21	20
WA	4	5	22	27	9	10	4	4	-	-	-	-	39	46
Tas.	-	-	3	4	1	1	-	-	-	-	-	-	4	5
NT	-	-	-	3	1	3	-	-	-	-	1	1	2	7
Norfolk Island	-	-	-	-	1	1	-	-	-	-	1	1	2	2
<b>Total</b>	<b>225</b>	<b>241</b>	<b>427</b>	<b>465</b>	<b>270</b>	<b>318</b>	<b>191</b>	<b>214</b>	<b>37</b>	<b>41</b>	<b>4</b>	<b>6</b>	<b>1,154</b>	<b>1,285<sup>a</sup></b>
<b>IOT employees</b>														
<b>Total</b>	<b>76</b>	<b>82</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>89</b>	<b>94</b>

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.

<sup>a</sup> 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	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
<b>Employees other than IOT staff</b>						
Holder of public office	1	1	3	5	4	6
Ongoing full-time	429	480	577	651	1,006	1,131
Ongoing part-time	57	62	16	15	73	77
Non-ongoing full-time	30	37	22	23	52	60
Non-ongoing part-time	9	4	10	7	19	11
<b>Total</b>	<b>526</b>	<b>584</b>	<b>628</b>	<b>701</b>	<b>1,154</b>	<b>1,285</b>
<b>IOT employees</b>						
Holder of public office	-	-	1	1	1	1
Ongoing full-time	26	26	33	32	59	58
Ongoing part-time	6	7	-	-	6	7
Non-ongoing full-time	9	8	7	6	16	14
Non-ongoing part-time	7	12	-	2	7	14
<b>Total</b>	<b>48</b>	<b>53</b>	<b>41</b>	<b>41</b>	<b>89</b>	<b>94</b>



Table H.3 Salary ranges (\$) for departmental employees by classification

	30 June 2003 (\$)	30 June 2004 (\$)	30 June 2005 (\$)	30 June 2006 (\$)
APS1	28,557–31,455	30,002–33,047	31,202–34,369	33,748–37,174
APS2	32,342–35,706	33,978–41,618	35,337–43,534	38,221–42,197
Graduate	34,412–34,412	36,154–36,154	37,600–37,600	43,608–43,608
APS3	36,687–45,000	38,544–50,847	40,318–52,881	43,608–63,257
APS4	40,884–48,926	42,953–54,489	44,671–52,881	48,316–54,996
APS5	45,644–49,460	47,953–56,984	49,871–59,263	53,941–64,337
APS6	49,488–72,612	51,992–71,597	54,072–85,627	58,484–89,052
EL1	63,110–78,369	66,303–90,372	69,267–93,987	74,920–97,746
EL2	72,826–150,000	76,511–151,000	79,571–122,557	86,064–150,000
SES1	121,973–164,142	129,717–160,979	134,906–178,433	130,977–175,000
SES2	141,916–161,482	156,986–164,970	174,115–178,433	152,246–185,000
SES3	184,634–184,634	188,444–188,444	214,626–214,626	182,471–195,000
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/departments/dotars/collective.aspx](http://www.dotars.gov.au/departments/dotars/collective.aspx))

Table H.4 Details of performance pay for non-SES staff on AWAs in 2005–06

Classification	Number of people paid	Total cost of payments (\$)	Average payment (\$)	Range of payments (\$)
APS6 and equivalent	1	8,000	8,000	n/a
EL1 and equivalent	3	14,700	4,900	4,850–5,000
EL2 and equivalent	14	104,320	7,451	5,000–10,000
<b>Total</b>	<b>18</b>	<b>127,020</b>	<b>7,057</b>	<b>4,850–10,000</b>

Notes: The table shows the actual performance pay paid in the 2005–06 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, 2005 and 2006**

Airport	2005 Lease review meeting held	2006 Lease review meeting held
Adelaide	1 June 2005	22 June 2006
Alice Springs	29 July 2005	24 August 2006
Archerfield	30 June 2005	19 July 2006
Bankstown	12 May 2005	29 March 2006
Brisbane	11 July 2005	23 May 2006
Camden	12 May 2005	29 March 2006
Canberra	28 June 2005	16 June 2006
Darwin	29 July 2005	24 August 2006
Essendon	9 June 2005	5 May 2006
Gold Coast	27 July 2005 <sup>a</sup>	18 July 2006
Hobart	16 March 2005	5 April 2006
Hoxton Park	12 May 2005	29 March 2006
Jandakot	21 April 2005	26 September 2006
Launceston	5 April 2005	28 June 2006
Melbourne	23 August 2005 <sup>b</sup>	22 August 2006
Moorabbin	8 June 2005	4 May 2006
Mount Isa	November 2005 <sup>c</sup>	18 July 2006
Parafield	1 June 2005	22 June 2006
Perth	22 April 2005	25 September 2006
Sydney	11 May 2005	29 March 2006
Tennant Creek	29 July 2005	24 August 2006
Townsville	27 July 2005 <sup>d</sup>	18 July 2006

Note: The 2004–05 annual report indicated that 17 reviews were completed by 30 June 2005, another four reviews were completed in July 2005 with the remainder to be completed by October 2005. This was correct at the time the annual report was being prepared. Due to unforeseen circumstances, the number of reviews shown to have been completed or expected to have been completed by the end of July 2005 varied (see notes a to c below). For this reason, the form of reporting of lease reviews has been changed in this annual report to reflect the actual dates of lease review meetings held.

- a The Gold Coast meeting was postponed from 30 June 2005 because of extreme weather conditions at the airport.
- b It was expected that the 2005 lease review for Melbourne Airport would be held in October 2005. However, it was held in August 2005.
- c The Mt Isa meeting was not held on 28 June 2005 as initially agreed between the airport and the department. The lease review did not include a face-to-face meeting on this occasion, but was conducted on the basis of documentation received from the airport.
- d The Townsville meeting was postponed from 30 June 2005 and rescheduled to coincide with the Gold Coast meeting, as both airports are owned by the same company.



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	27 April 2006	4 May 2006	19 May 2006	26 May 2006
Archerfield	29 March 2006	8 May 2006	One issue still under discussion with airport	
Bankstown / Hoxton Park / Camden	6 June 2006	No outstanding issues	n.a.	20 June 2006
Brisbane	14 March 2006	24 March 2006	6 April 2006	4 May 2006
Canberra	3 March 2006	No outstanding issues	n.a.	20 March 2006
Darwin / Alice Springs / Tennant Creek	17 January 2006	7 March 2006	23 April 2006	13 June 2006
Essendon	14 March 2006	24 March 2006	16 May 2006	7 June 2006
Gold Coast / Townsville / Mt Isa	1 June 2006	No outstanding issues	n.a.	7 June 2006
Hobart	14 June 2006	29 June 2006	One issue outstanding—awaiting documentation from airport	
Jandakot	17 January 2006	27 February 2006	14 March 2006	4 April 2006
Melbourne / Launceston	27 April 2006	17 May 2006	31 August 2006	4 September 2006
Moorabbin	17 January 2006	No outstanding issues	n.a.	27 February 2006
Perth	14 March 2006	29 March 2006	21 June 2006	23 June 2006
Sydney	14 June 2006	23 June 2006	25 August 2006	5 September 2006

Note: The renewal periods of insurance policies vary between airports; therefore, annual reviews may not always correspond with financial years.



Table I.3 Environmental authorisations

Airport	AEO	Authorisation holder	Date approved	Period of validity	Nature of authorisation	Gazetted? (date/issue)
Melbourne	B Perry	Australian Pacific Airports (Melbourne) Pty Ltd	11 September 2005	3 months	Discharge of surface waters containing cadmium, copper, lead, zinc, nitrogen and phosphorus exceeding Sch. 2	Not required for periods less than 90 days
Melbourne	B Perry	Australian Pacific Airports (Melbourne) Pty Ltd	11 December 2005	3 months	Discharge of surface waters containing cadmium, copper, lead, zinc, nitrogen and phosphorus exceeding Sch. 2	Not required for periods less than 90 days
Melbourne	B Perry	Australian Pacific Airports (Melbourne) Pty Ltd	12 March 2006	3 months	Discharge of surface waters containing cadmium, copper, lead, zinc, nitrogen and phosphorus exceeding Sch. 2	Not required for periods less than 90 days
Melbourne	B Perry	Australian Pacific Airports (Melbourne) Pty Ltd	11 June 2006	3 months	Discharge of surface waters containing cadmium, copper, lead, zinc, nitrogen and phosphorus exceeding Sch. 2	Not required for periods less than 90 days
Brisbane	E Eugster	Chubb Fire Safety Limited	10 February 2006	9 May 2006	Release of impounded water affected by surfactants	26 April 2006
Adelaide	M Furulis	Adelaide Airport Ltd	19 June 2006	31 July 2006	Release of impounded waters, should it be required, with levels of contaminants in excess of the Regulations	5 July 2006 (GN 26)



Table I.4 Timeliness of airport expenditure plans and audit reports

Expenditure plans (due 1 July each year)		
	2004-05	2005-06 <sup>a</sup>
On time	1	0
Late	8	5
Not received	-	-
No. required	9	5
Audited reports (due September each year for previous financial year)		
On time	5	3
Late	4	5
Not received	-	-
No. required	9	8

a Melbourne and Adelaide Airports have met their Schedule 11 commitments, and are no longer subject to further reporting requirements. As Hobart, Perth and Launceston Airports were expected to meet their Schedule 11 commitments during 2004-05, the submission of an updated expenditure plan was not required from those airports.

Table I.5 Approved major development plans

Airport	Development	Approval date
2006		
Perth	Clay Manufacturing Plant	15 August 2006
Perth	Coles Myer Distribution Centre	24 July 2006
Brisbane	Multi-level car park	20 June 2006
Canberra	Factory Outlet Centre	26 April 2006
Canberra	Runway extension, minor variation	4 April 2006
Melbourne	Reject Shop Distribution Centre	1 March 2006
Melbourne	DHL Danzas Air and Ocean Freight Facility	1 March 2006
Gold Coast	Tugun bypass	20 February 2006
2005		
Essendon	Bulla Road, minor variation	13 October 2005
Sydney KSA	Car park—international precinct	13 April 2005
Adelaide	IKEA store	1 February 2005
Parafield	Cross Keys works	19 January 2005



Airport	Development	Approval date
<b>2004</b>		
Essendon	Bulla Road commercial–retail development	16 December 2004
Melbourne	Office development	12 November 2004
Gold Coast	Runway works	8 November 2004
Canberra	Runway works	25 August 2004
Brisbane	Direct factory outlet	25 June 2004
Melbourne	International mail sorting facility	16 June 2004
Brisbane	Virgin Blue hangar	11 May 2004
<b>2003</b>		
Perth	Woolworths warehousing and distribution park	14 November 2003
Canberra	Terminal expansion	4 November 2003
<b>2002</b>		
Sydney KSA	Two office buildings—international precinct	31 May 2002
<b>2001</b>		
Brisbane	Qantas aircraft maintenance base	11 December 2001
<b>2000</b>		
Coolangatta	International terminal	28 February 2000
Brisbane	Hotel and car park development	14 April 2000
Melbourne	Multi-user domestic terminal	14 April 2000
<b>1999</b>		
Adelaide	Multi-user international terminal	14 December 1999
<b>1998</b>		
Brisbane	Airport rail link	29 August 1999

Notes: Draft major development plans currently under assessment include:

- **Brisbane**—International Terminal Extension and Northern Concourse Extension
- **Brisbane**—Gateway Upgrade Project through Brisbane Airport
- **Brisbane**—Northern Access Roads Project on Brisbane Airport
- **Sydney**—Aviation and Retail Business Park (including offices) South South-East Precinct





# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006





## INDEPENDENT AUDIT REPORT

To the Minister for Transport and Regional Services

### Scope

#### *The financial statements and Secretary's responsibility*

The financial statements comprise:

- Statement by the Secretary and Chief Finance Officer;
- Income Statement, Balance Sheet and Cash Flow Statement;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of Transport and Regional Services for the year ended 30 June 2006.

The Department of Transport and Regional Services' Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of Transport and Regional Services, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia. The Department of Transport and Regional Services' Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

#### *Audit Approach*

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

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BARTON ACT  
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I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department of Transport and Regional Services' financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

#### ***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.

#### **Audit 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
- (b) give a true and fair view of the Department of Transport and Regional Services' financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:
  - (i) the matters required by the Finance Minister's Orders; and
  - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

#### **Other Statutory Matters**

Department of Transport and Regional Services has breached section 48 of the *Financial Management and Accountability Act 1997* as detailed in Note 27D of the financial statements.

Australian National Audit Office



Allan M. Thompson  
Executive Director  
Delegate of the Auditor-General  
Canberra  
21 August 2006





**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 2006 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.

Your attention is drawn to the matters associated with the Roads to Recovery program in 2004-05 as disclosed in Note 27D – Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations (Limited Amount).

A handwritten signature in blue ink, appearing to read 'Michael J. Taylor'.

Michael J. Taylor  
SECRETARY

21 August 2006

A handwritten signature in blue ink, appearing to read 'Simon A. Ash'.

Simon A. Ash  
Chief Financial Officer

21 August 2006



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
 INCOME STATEMENT  
 for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>INCOME</b>			
<b>Revenue</b>			
Revenue from Government	4A	217,367	197,095
Goods and services	4B	4,830	5,099
Rents	4C	296	293
<b>Total Revenue</b>		<b>222,493</b>	202,487
<b>Gains</b>			
Net gains from sale of assets	4D	-	13
Write-back of asbestos related disease claims provision	4E	-	31,600
Other gains	4F	1,011	965
<b>Total Gains</b>		<b>1,011</b>	32,578
<b>TOTAL INCOME</b>		<b>223,504</b>	235,065
<b>EXPENSES</b>			
Employees	5A	111,699	89,931
Suppliers	5B	97,793	83,451
Grants	5C	3,346	5,555
Depreciation and amortisation	5D	9,727	8,383
Finance costs	5E	485	533
Write-down and impairment of assets	5F	152	755
Other expenses	5G	4	-
<b>TOTAL EXPENSES</b>		<b>223,206</b>	188,608
<b>OPERATING RESULT</b>		<b>298</b>	46,457

The above statement should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
BALANCE SHEET  
as at 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	6A	2,466	3,225
Receivables	6B	101,868	89,190
Accrued revenue	6C	660	569
<b>Total Financial Assets</b>		<b>104,994</b>	<b>92,984</b>
<b>Non-Financial Assets</b>			
Land and buildings	7A	32,026	22,097
Infrastructure, plant and equipment	7B	13,053	14,088
Heritage and cultural assets	7C	162	-
Intangibles	7E	17,501	10,132
Inventories	7F	2	23
Other non-financial assets	7G	1,133	1,333
<b>Total Non-Financial Assets</b>		<b>63,877</b>	<b>47,673</b>
<b>TOTAL ASSETS</b>		<b>168,871</b>	<b>140,657</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	8A	361	503
Other payables	8B	8,059	5,962
<b>Total Payables</b>		<b>8,420</b>	<b>6,465</b>
<b>Interest Bearing Liabilities</b>			
Leases	9A	2,640	3,445
Other interest bearing liabilities	9B	1,534	1,644
<b>Total Interest Bearing Liabilities</b>		<b>4,174</b>	<b>5,089</b>
<b>Provisions</b>			
Employees	10A	34,837	28,519
Asbestos related disease claims provision	10B	-	31,800
Other provisions	10C	3,696	3,072
<b>Total Provisions</b>		<b>38,533</b>	<b>63,391</b>
<b>TOTAL LIABILITIES</b>		<b>51,127</b>	<b>74,945</b>
<b>NET ASSETS</b>		<b>117,744</b>	<b>65,712</b>
<b>EQUITY</b>			
Contributed equity		(108,496)	(125,416)
Reserves		17,052	14,038
Retained surpluses		209,188	177,090
<b>TOTAL EQUITY</b>		<b>117,744</b>	<b>65,712</b>
<b>Current assets</b>		<b>106,456</b>	<b>94,339</b>
<b>Non-current assets</b>		<b>62,415</b>	<b>46,318</b>
<b>Current liabilities</b>		<b>27,150</b>	<b>21,922</b>
<b>Non-current liabilities</b>		<b>23,977</b>	<b>53,023</b>

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
STATEMENT OF CHANGES IN EQUITY  
for the year ended 30 June 2006

	Accumulated Results		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Opening Balance</b>	177,090	112,589	14,038	33,198	(125,416)	152,774	65,712	298,561
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in Accounting policies	-	-	-	-	-	-	-	-
<b>Adjusted Opening Balance</b>	<b>177,090</b>	<b>112,589</b>	<b>14,038</b>	<b>33,198</b>	<b>(125,416)</b>	<b>152,774</b>	<b>65,712</b>	<b>298,561</b>
<b>Income and Expense</b>								
Revaluation adjustment	-	-	3,014	(1,116)	-	-	3,014	(1,116)
<b>Subtotal income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>3,014</b>	<b>(1,116)</b>	<b>-</b>	<b>-</b>	<b>3,014</b>	<b>(1,116)</b>
Net Operating Result	298	46,457	-	-	-	-	298	46,457
<b>Total income and expenses recognised</b>	<b>298</b>	<b>46,457</b>	<b>3,014</b>	<b>(1,116)</b>	<b>-</b>	<b>-</b>	<b>3,312</b>	<b>45,341</b>
<b>Transactions with Owners</b>								
<b>Distribution to Owners</b>								
Returns on Capital	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
<b>Contributions by Owners</b>								
Appropriation (equity injection)	-	-	-	-	16,920	11,642	16,920	11,642
Returns of Contributed Equity	-	-	-	-	-	(85,185)	-	(85,185)
Restructuring (Note 1.1)	31,800	-	-	-	-	(204,647)	31,800	(204,647)
<b>Sub-total Transactions with Owners</b>	<b>31,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,920</b>	<b>(278,190)</b>	<b>48,720</b>	<b>(278,190)</b>
<b>Transfers between equity components</b>								
Transfers between equity components	-	18,044	-	(18,044)	-	-	-	-
<b>Closing balance at 30 June</b>	<b>209,188</b>	<b>177,090</b>	<b>17,052</b>	<b>14,038</b>	<b>(108,496)</b>	<b>(125,416)</b>	<b>117,744</b>	<b>65,712</b>

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
STATEMENT OF CASH FLOWS  
for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash Received</b>			
Goods and services		4,030	9,708
Rents		296	292
Appropriations		204,012	153,079
Net GST received		11,798	7,394
Other cash received		3,137	-
<b>Total Cash Received</b>		<b>223,273</b>	<b>170,473</b>
<b>Cash Used</b>			
Employees		107,946	91,418
Suppliers		110,815	97,450
<b>Total Cash Used</b>		<b>218,761</b>	<b>188,868</b>
<b>Net Cash From or (Used By) Operating Activities</b>	12	<b>4,512</b>	<b>(18,395)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash Received</b>			
Proceeds from sales of property, plant and equipment		-	18
<b>Total Cash Received</b>		<b>-</b>	<b>18</b>
<b>Cash Used</b>			
Purchase of property, plant and equipment and intangibles		22,191	9,624
<b>Total Cash Used</b>		<b>22,191</b>	<b>9,624</b>
<b>Net Cash From or (Used By) Investing Activities</b>		<b>(22,191)</b>	<b>(9,606)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash Received</b>			
Appropriations - Contributed Equity		16,920	9,624
<b>Total Cash Received</b>		<b>16,920</b>	<b>9,624</b>
<b>Net Cash From or (Used By) Financing Activities</b>		<b>16,920</b>	<b>9,624</b>
<b>Net Increase or (Decrease) in Cash Held</b>		<b>(759)</b>	<b>(18,377)</b>
Cash at the Beginning of the Reporting Period		3,225	21,602
<b>Cash at the End of the Reporting Period</b>	6A	<b>2,466</b>	<b>3,225</b>

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 2006

	2006 \$'000	2005 \$'000
<b>BY TYPE</b>		
<b>Capital Commitments</b>		
Other capital commitments <sup>1</sup>	6,912	8,748
<b>Total Capital commitments</b>	<b>6,912</b>	<b>8,748</b>
<b>Other Commitments</b>		
Operating leases <sup>2</sup>	47,434	44,997
Project commitments <sup>3</sup>	2,221	7,929
Other commitments <sup>4</sup>	60,581	35,625
<b>Total Other Commitments</b>	<b>110,236</b>	<b>88,551</b>
<b>Commitments Receivable</b> <sup>5</sup>	<b>(10,569)</b>	<b>(1,945)</b>
<b>Net Commitments by Type</b>	<b>106,579</b>	<b>95,354</b>
<b>BY MATURITY</b>		
<b>Capital Commitments</b>		
One year or less	6,912	2,097
From one to five years	-	6,651
Over five years	-	-
<b>Total Capital Commitments</b>	<b>6,912</b>	<b>8,748</b>
<b>Other Commitments</b>		
One year or less	22,206	10,850
From one to five years	37,124	27,754
Over five years	3,472	4,950
<b>Total Other Commitments</b>	<b>62,802</b>	<b>43,554</b>
<b>Operating Lease Commitments</b>		
One year or less	11,762	9,821
From one to five years	35,556	32,369
Over five years	116	2,807
<b>Total Operating Lease Commitments</b>	<b>47,434</b>	<b>44,997</b>
<b>Commitments Receivable</b>		
One year or less	(3,636)	(1,945)
From one to five years	(6,607)	-
Over five years	(326)	-
<b>Net Commitments Receivable</b>	<b>(10,569)</b>	<b>(1,945)</b>
<b>Net Commitments by Maturity</b>	<b>106,579</b>	<b>95,354</b>

Note: Commitments are GST inclusive where relevant.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
 SCHEDULE OF COMMITMENTS (continued)  
 as at 30 June 2006

<sup>1</sup> For the current year, other capital commitments include leasehold improvements (For the comparative year, other capital commitments also included capital construction on Norfolk Island and in the Jervis Bay Territory).

<sup>2</sup> Operating leases are effectively non-cancellable and comprise:

Nature of Lease	General description of leasing arrangement
Leases for 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.

<sup>3</sup> Project commitments include projects with entities such as the Commonwealth Grants Commission.

<sup>4</sup> Other commitments relates to the provision of goods and services to the Department.

<sup>5</sup> 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 contract with Australian Government Solicitor for the provision of Legal Services is based on time and materials and is terminable by either party, with 90 days notice.
- The contract with Optus for the provision of Wide Area Network services is dependent on a number of variables.
- The contracts with United KFPW and Pickfords for the provision of office related services, the costs of which are dependent upon usage.
- 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.

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 2006

Contingent Liabilities	Guarantees		Claims for damages/costs		Total	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	228	-	228
New	-	-	3,737	-	3,737	-
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	228	-	228
Obligations expired	-	-	-	-	-	-
<b>Total Contingent Liabilities</b>	-	-	<b>3,737</b>	-	<b>3,737</b>	-
Contingent Assets	Guarantees		Claims for damages/costs		Total	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	410	-	410	-
New	-	-	100	410	100	410
Re-measurement	-	-	(410)	-	(410)	-
Assets crystallised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
<b>Total Contingent Assets</b>	-	-	<b>100</b>	<b>410</b>	<b>100</b>	<b>410</b>
<b>Net Contingent Liabilities (Assets)</b>					<b>3,637</b>	<b>(410)</b>

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 13: 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	2006 \$'000	2005 \$'000
<b>Income Administered on Behalf of Government</b> <i>for the year ended 30 June 2006</i>			
<b>Revenue</b>			
<b>Taxation</b>			
Levies, fees and fines	18A	150,098	150,554
		<b>150,098</b>	<b>150,554</b>
<b>Non-taxation</b>			
Goods and services	18B	67,791	66,946
Interest	18C	12,646	11,186
Dividends	18D	43,100	37,290
Contributions	18E	4,749	13,904
Other sources of non-taxation revenue	18F	3,496	3,669
Royalties	18G	2,165	890
Rents	18H	1,760	1,873
		<b>135,707</b>	<b>135,758</b>
<b>Total Revenues Administered on Behalf of Government</b>		<b>285,805</b>	<b>286,312</b>
<b>Gains</b>			
Other gains	18I	6,563	-
Assets first recognised	18J	30,127	-
<b>Total Gains Administered on Behalf of Government</b>		<b>36,690</b>	<b>-</b>
<b>Total Income Administered on Behalf of Government</b>		<b>322,495</b>	<b>286,312</b>
<b>Expenses Administered on Behalf of Government</b> <i>for the year ended 30 June 2006</i>			
Grants	19A	3,841,709	3,620,919
Subsidies	19B	136,301	138,849
Employees	19C	7,118	8,146
Suppliers	19D	64,462	74,510
Depreciation and Amortisation	19E	14,231	11,716
Write-down and impairment of assets	19F	750	1,281
Net loss from disposal of assets	19G	2,127	900
Other Expenses	19H	164	13,260
<b>Total Expenses Administered on Behalf of Government</b>		<b>4,066,862</b>	<b>3,869,581</b>

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2006 \$'000	2005 \$'000
<b>Assets Administered on Behalf of Government</b> <i>as at 30 June 2006</i>			
<b>Financial assets</b>			
Cash and cash equivalents	20A	222	420
Receivables	20B	172,258	179,756
Investments	20C	1,930,776	523,861
Accrued revenues	20D	15,082	15,430
<b>Total Financial Assets</b>		<b>2,118,338</b>	719,467
<b>Non-Financial assets</b>			
Land and Buildings	20E	184,955	165,295
Infrastructure, plant and equipment	20F	114,299	105,724
Heritage and cultural assets	20G	46,801	12,551
Intangibles	20H	1,924	2,077
Inventories	20I	2,155	1,802
Prepayments	20J	2,144,516	-
<b>Total Non-Financial Assets</b>		<b>2,494,650</b>	287,449
<b>Total Assets Administered on Behalf of Government</b>		<b>4,612,988</b>	1,006,916
<b>Liabilities Administered on Behalf of Government</b> <i>as at 30 June 2006</i>			
<b>Provisions</b>			
Employees	21A	1,308	1,404
Asbestos removal provision	21B	10,233	10,657
Phosphate mine rehabilitation provision	21C	2,538	-
Other provisions	21D	10	12
<b>Total Provisions</b>		<b>14,089</b>	12,073
<b>Payables</b>			
Suppliers	21E	1,604	1,703
Grants and subsidies	21F	9,505	56,836
<b>Total Payables</b>		<b>11,109</b>	58,539
<b>Total Liabilities Administered on Behalf of Government</b>		<b>25,198</b>	70,612
<b>Current assets</b>		<b>2,345,927</b>	32,470
<b>Non-current assets</b>		<b>2,267,061</b>	974,446
<b>Current liabilities</b>		<b>14,953</b>	58,850
<b>Non-current liabilities</b>		<b>10,245</b>	11,762

This schedule should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
 SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2006 \$'000	2005 \$'000
<b>Administered Cash Flows</b>			
<i>for the year ended 30 June 2006</i>			
<b>OPERATING ACTIVITIES</b>			
<b>Cash Received</b>			
Levies, fees and fines		154,661	143,200
Rendering of services		23,246	22,806
Interest		10,763	11,558
Dividends		43,100	55,790
GST Received from ATO		17,205	19,730
Other		17,682	18,846
<b>Total Cash Received</b>		<b>266,657</b>	<b>271,930</b>
<b>Cash used</b>			
Grant payments		5,999,790	3,617,835
Subsidies paid		169,968	177,434
Suppliers		79,245	62,933
Employees		7,295	8,267
Other		1,092	12,871
<b>Total cash used</b>		<b>6,257,390</b>	<b>3,879,340</b>
<b>Net Cash from Operating Activities</b>		<b>(5,990,733)</b>	<b>(3,607,410)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash Received</b>			
Repayments of advances		10,206	10,962
Sales of property, plant and equipment		991	353
<b>Total Cash Received</b>		<b>11,197</b>	<b>11,315</b>
<b>Cash Used</b>			
Advances and loans made		10,946	1,715
Purchase of property, plant and equipment		2,099	16,461
<b>Total Cash Used</b>		<b>13,045</b>	<b>18,176</b>
<b>Net Cash from Investing Activities</b>		<b>(1,848)</b>	<b>(6,861)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash Received</b>			
Proceeds from ARTC		-	4,864
<b>Total Cash Received</b>		<b>-</b>	<b>4,864</b>
<b>Net Cash from Financing Activities</b>		<b>-</b>	<b>4,864</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(5,992,581)</b>	<b>(3,609,407)</b>
Cash at the beginning of reporting period		420	73
Cash from Official Public Account for:			
- Appropriations		6,268,280	3,854,643
- Special Accounts		2,648	42,015
		<b>6,270,928</b>	<b>3,896,658</b>
Cash to Official Public Account for:			
- Other		(276,357)	(286,889)
- Special Accounts		(2,188)	(15)
		<b>(278,545)</b>	<b>(286,904)</b>
<b>Cash at End of Reporting Period</b>	20A	<b>222</b>	<b>420</b>

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2006 \$'000	2005 \$'000
<b>Administered Commitments</b> <i>as at 30 June 2006</i>		
<b>BY TYPE</b>		
<b>Capital Commitments</b>		
Other capital commitments <sup>1</sup>	-	9,391
<b>Total Capital Commitments</b>	-	9,391
<b>Other Commitments</b>		
Operating leases <sup>2</sup>	21	1,473
Project commitments <sup>3</sup>	4,065,494	5,826,227
Other commitments <sup>4</sup>	292,401	86,999
<b>Total Other Commitments</b>	4,357,916	5,914,699
<b>Commitments Receivable<sup>5</sup></b>	(26,872)	(75,298)
<b>Net Commitments by Type</b>	<b>4,331,044</b>	<b>5,848,792</b>
<b>BY MATURITY</b>		
<b>Capital Commitments</b>		
One year or less	-	3,078
From one to five years	-	6,313
Over five years	-	-
<b>Total Capital Commitments</b>	-	9,391
<b>Operating Lease Commitments</b>		
One year or less	10	507
From one to five years	11	938
Over five years	-	28
<b>Total Operating Lease Commitments</b>	21	1,473
<b>Other Commitments</b>		
One year or less	1,484,853	1,389,722
From one to five years	2,873,042	4,523,504
Over five years	-	-
<b>Total Other Commitments</b>	4,357,895	5,913,226
<b>Commitments Receivable</b>		
One year or less	(11,431)	(75,298)
From one to five years	(15,441)	-
Over five years	-	-
<b>Total Commitments Receivable</b>	(26,872)	(75,298)
<b>Net Administered Commitments by Maturity</b>	<b>4,331,044</b>	<b>5,848,792</b>

Note: All commitments are GST inclusive where relevant.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
 SCHEDULE OF ADMINISTERED ITEMS (continued)

<sup>1</sup> For the comparative year other capital commitments included the Christmas Island Storm Water Drainage Project.

<sup>2</sup> Operating leases include leases for commercial and residential accommodation on Christmas Island and Cocos (Keeling) Island.

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.

<sup>3</sup> Project Commitments relate to contracts undertaken in relation to various Administered programmes, including those related to the AusLink programme.

<sup>4</sup> Other Commitments include Service Delivery Arrangements.

<sup>5</sup> Commitments Receivable include GST recoveries in relation to project commitments.

This schedule should be read in conjunction with the accompanying notes.





DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
SCHEDULE OF ADMINISTERED ITEMS (continued)

**Administered Contingencies**  
as at 30 June 2006

	Guarantees		Indemnities		Claims for damages or costs		TOTAL	
	2006	2005 <sup>1</sup>	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered Contingent Liabilities</b>								
Balance from previous period	-	12,500	-	-	-	-	-	12,500
New	-	-	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-	-	-
Obligations expired	-	12,500	-	-	-	-	-	12,500
<b>Total Administered Contingent Liabilities</b>	-	-	-	-	-	-	-	-
<b>Administered Contingent Assets</b>								
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	-	-	-	-	-
New	-	-	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-	-	-
Assets expired	-	-	-	-	-	-	-	-
<b>Total Administered Contingent Assets</b>	-	-	-	-	-	-	-	-

<sup>1</sup> Guarantee given to underwrite the construction of the Alice Springs to Darwin Railway was extinguished in 2004-05.

Unquantifiable and remote but material contingencies are disclosed in Note 23: Administered Contingent Liabilities and Note 24: Administered Contingent Assets.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- Note 1: Summary of Significant Accounting Policies
- Note 2: The impact of the transition to AEIFRS from previous AGAAP
- Note 3: Events after the Balance Sheet Date
- Note 4: Income
- Note 5: Operating Expenses
- Note 6: Financial Assets
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- Note 30: 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 that relate to Outcome 1 are: Investigations and Safety (1.1); Transport Security (1.2); AusLink (1.3) and Transport Services (1.4). The two output groups that relate to 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 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 2005)*);
- Australian Accounting Standards (AAS) issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- Interpretations issued by the Urgent Issues Group (UIG) that apply for the reporting period.

This is the first financial report to be prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2. Additionally, as a consequence of AEIFRS adoption, there have been changes in the classification of Income Statement and Balance Sheet items for the comparative year.

The Income Statement and Balance Sheet have been prepared on an accrual basis and are 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.

However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 13).

Unless alternative treatment is specifically required by an 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.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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. Refer to Note 7A.
- 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 7A.
- The fair value of land at Badgerys Creek was determined using a Residual Value Approach as determined by an independent valuer. Refer to Note 20E.
- The fair value of artwork within the Sidney Nolan collection that is either owned or controlled by the Australian Government has been recognised in the Department's Administered Balance Sheet. The fair value of the artworks was determined by an independent valuer using indicative market rates. Refer to Note 20G.
- 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. Refer to Note 20C.

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

The financial report complies with AAS, which include Australian Equivalents to International Financial Reporting Standards (AIFRS).

AAS require the Department to disclose standards that have not been applied, for standards that have been issued but are not yet effective. The AASB has issued amendments to existing standards; these amendments are denoted by year and then number. For example 2005-1, indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the Department in the future. The nature of the impending change within the table has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change.

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.

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-1	AASB 139 <i>Financial Instruments: Recognition &amp; Measurement</i>	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact
2005-4	AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ; AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> ; AASB 1 <i>First-time Adoption of Australian Equivalents to International Financial Reporting Standards</i> ; AASB 1023 <i>General Insurance Contracts</i> ; and AASB 1038 <i>Life Insurance Contracts</i> .	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132	No expected impact

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-5	<i>AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards; and  AASB 139 Financial Instruments: Recognition and Measurement.</i>	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease.  Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact
2005-6	<i>AASB 3 Business Combinations</i>	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact
2005-9	<i>AASB 4 Insurance Contracts; AASB 1023 General Insurance Contracts; AASB 139 Financial Instruments: Recognition and Measurement; AASB 132 Financial Instruments: Disclosure and Presentation.</i>	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact
2005-10	<i>AASB 132 Financial Instruments: Disclosures and Presentation; AASB 101 Presentation of Financial Statements; AASB 114 Segment Reporting; AASB 117 Leases; AASB 133 Earnings per Share; AASB 139 Financial Instruments: Recognition and Measurement; AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards; AASB 4 Insurance Contracts; AASB 1023 General Insurance Contracts; and AASB 1038 Life Insurance Contracts.</i>	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7 Financial Instruments: Disclosures. AASB 7 locates in one place all disclosures relating to financial instruments. The consequential amendments to other existing standards are identified in this amending standard.	No expected impact
2006-1	<i>AASB 121 The Effects of Changes in Foreign Exchange Rates.</i>	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact
	<i>AASB 7 Financial Instruments: Disclosures.</i>	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB132 requirements.	No expected impact.

\* Application date is for annual reporting periods beginning on or after the date shown.

#### 1.5 Changes in Accounting Policy

There have been no changes in accounting policy for the reporting period.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.6 Revenue

*Revenues 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.

Appropriations receivable are recognised at their nominal amounts.

*Other 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 costs incurred for the transaction can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

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 entity.

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.

Interest revenue is recognised using the effective interest method as set out in AASB 139.

1.7 Gains

*Resources Received Free of Charge*

Services received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of these resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Australian Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.8).

*Other Gains*

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.8 Transactions with the Australian Government as Owners

*Equity injections*

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio Additional Estimates Statements) 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.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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*Other distributions to owners*

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. On 30 June 2005, the Finance Minister determined reductions in departmental output appropriation of \$95,374,000 following a request by the Minister for Transport and Regional Services. This largely related to the transfer of the Services to the Indian Ocean Territories Programme from a Departmental to Administered appropriation. Details of the return of contributed equity are disclosed in Note 11C.

**1.9 Employee Benefits**

As required by the FMOs, the Department has early adopted AASB 119 Employee Benefits as issued in December 2004.

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 2005. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. An exercise was undertaken by the Department at 30 June 2006 to confirm that the assumptions used by the AGA to determine the liability for long service leave remained valid.

*Separation and Redundancy*

Provision is made for separation and redundancy benefit payments when necessary. The Department made separation and redundancy payments in 2005-06 of \$341,000 (2005: \$21,000) - refer to Note 5A Employee Expenses.

*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.

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.

**1.10 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.



## DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

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.

### 1.11 Borrowing Costs

Borrowing costs are expensed as incurred.

### 1.12 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.

### 1.13 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.

### 1.14 Derecognition of Financial Assets and Liabilities

As prescribed in the FMOs, the Department has applied the option available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*; of adopting AASB 132 *Financial Instruments: Disclosure and Presentation*; and AASB 139 *Financial Instruments: Recognition and Measurement*; from 1 July 2005 rather than 1 July 2004. The adjustments between AEIFRS and the previous AGAAP have, therefore, been taken up at 1 July 2005 and the impact of the change is only shown in the 2006 financial year.

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 the obligation under the contract is discharged or cancelled or expires.

For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

### 1.15 Impairment of Financial Assets

As prescribed in the FMOs, the Department has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

#### *Financial Assets held at Amortised Cost*

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.





DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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*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.

*Comparative Year*

The above policies were not applied for the comparative year. For receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost which were not held to generate net cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets' carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

**1.16 Trade Creditors**

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

**1.17 Contingent Liabilities and Contingent Assets**

Contingent Liabilities and Assets are not recognised in the Balance Sheet but are discussed 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. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

**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 or 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 property, plant and equipment are recognised initially at cost in the Balance Sheet except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

This is particularly relevant to 'makegood' provisions in property leases taken up by the Department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'makegood' taken up.



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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

##### *Basis*

Land, buildings, plant and equipment are carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, at reporting date, from its fair value. Valuations undertaken in each year are as at 31 December.

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, 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 net amount restated to the revalued amount of the asset.

##### *Depreciation and amortisation*

Depreciable property, plant and equipment 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.

Depreciation and amortisation rates applying to each relevant class of assets are based on the following useful lives:



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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	2006	2005
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	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 5D and 19E.

#### *Heritage and Cultural Assets*

Heritage and cultural are assessed as either having an infinite useful life or a useful life of 5 to 60 years depending on the foreseeable limit over which they shall be used.

In accordance with Schedule 3D 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 3B 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.

#### *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 2006. Note 5F: 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.

### 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 (2004-05: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2006.



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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.

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 receivable and payables.

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 AAS.

*Administered Cash Transfers to and from 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 Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 22. 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 entity.

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 Indian Ocean Territory programmes and are recognised at the reporting date to the extent that they have not been settled.

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.



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Liabilities for wages and salaries (including non monetary benefits), 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 2006. Fair value has been taken to be the net assets of the entities as at balance date. For the comparative period, administered investments were measured on the cost basis, adjusted for any subsequent capital injections or withdrawals and for any impairment losses.

Administered investments were assessed for impairment at 30 June 2006. No indications of impairment were noted.

*Administered Loans*

In accordance with AASB 139 the fair value of an originated long-term loan or receivable, that carries no interest or a concessional interest rate, can be estimated as the present value of all future cash receipts discounted by the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. Loans administered by the Department on behalf of the Australian Government have been classified as 'fair value through profit and loss' and valued using the 10-year Commonwealth bond rate at balance date. Adjustments have been made to disclose the concessional value of the loan and a corresponding expense recognised, where necessary, for the interest foregone on the loan had it been made at the prevailing market rate. In accordance with AASB 1, the 2005 comparatives have not been changed. The impact of the adoption of AASB 139 on administered loans is shown at Note 2.

*Guarantees to Controlled Entities*

The Schedule of Administered Items discloses that an amount guaranteed by the Australian Government to underwrite the construction of the Alice Springs to Darwin Railway was extinguished in 2004-05.

*Indemnities*

The maximum amounts payable under the indemnities given is disclosed in the Schedule of Administered Items – Contingencies. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was, therefore, required.

*Grants and Subsidies*

The Department administers a number of grant and subsidy schemes on behalf of the 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 Schedule 3B 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.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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*Airport Land*

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.



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	2005 \$'000	2004 \$'000
<b>Note 2: The impact of the transition to AEIFRS from previous AGAAP</b>		
<b>Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS</b>		
Total equity under previous AGAAP	64,847	299,737
Adjustments to retained earnings:		
Makegood provision <sup>1</sup>	865	(678)
Intangibles <sup>2</sup>	-	(97)
Operating lease expense <sup>3</sup>		(401)
Adjustments to other reserves:		
Asset Revaluation Reserve	-	-
Total equity translated to AEIFRS	<u>65,712</u>	<u>298,561</u>
<b>Reconciliation of surplus or deficit as presented under previous AGAAP to AEIFRS</b>		
Prior year surplus as previously reported <sup>4</sup>	45,228	
Adjustments:		
Depreciation and Amortisation	(197)	
Supplier Expenses	1,836	
Operating lease expense	(411)	
Prior year surplus translated to AEIFRS	<u>46,456</u>	

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS

<sup>1</sup>AEIFRS requires the recording of assets reflecting future estimated restoration costs. Amounts for 'makegood' provisions in existing accommodation leases (operating) have been taken up accordingly.

<sup>2</sup>AEIFRS allows intangible assets to be recognised where the related expenditure meets the recognition criteria. As such, certain expenditure recorded as internally generated intangibles work in progress did not meet the recognition criteria.

<sup>3</sup>AASB 117 *Leases* requires contingent rent payments to be recognised as an expense in the period in which agreement is reached as to the amount of the increase.

<sup>4</sup>The operating result has been adjusted due to the recognition of accumulated depreciation and borrowing cost expense on the make good provision.

The Department has not restated comparatives for financial instruments. The adjustments between AEIFRS and the previous AGAAP have been taken up at 1 July 2005. No adjustment was required in relation to the transition to AEIFRS.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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	2005 \$'000	2004 \$'000
<b>Note 2: The impact of the transition to AEIFRS from previous AGAAP (Administered)</b>		
<b>Reconciliation of Total Assets Administered on Behalf of Government under previous AGAAP to that under AEIFRS</b>		
Total Assets Administered on Behalf of Government under previous AGAAP	1,008,658	935,921
Intangibles <sup>1</sup>	(1,742)	-
<b>Total Assets Administered on Behalf of Government translated to AEIFRS</b>	<b>1,006,916</b>	<b>935,921</b>
<b>Reconciliation of Expenses Administered on Behalf of Government under previous AGAAP to that under AEIFRS</b>		
Prior year Expenses Administered on Behalf of Government as previously reported	3,873,494	
Reclassification of Administered Income <sup>2</sup>	(3,758)	
Amortisation <sup>3</sup>	(155)	
Prior year Expenses Administered on Behalf of Government translated to AEIFRS	<b>3,869,581</b>	

<sup>1</sup> AEIFRS allow intangible assets to be revalued only where an active market exists. The Department has previously revalued intangible assets under AGAAP for which no active market exists. The carrying value of the revalued component of the intangible asset has therefore been derecognised.

<sup>2</sup> AEIFRS allows netting off of income and expenses where there is a direct relationship between the transactions. Accordingly, the net loss from sale of assets is reported as an expense in the financial statements. The Department has previously disclosed these transactions as gross amounts.

<sup>3</sup> The amortisation expense for the revalued component of the intangible asset was adjusted accordingly.



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### The impact of the transition for the 2006 financial year

As prescribed in the FMOs, the Department has applied the option available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*; of adopting AASB 132 *Financial Instruments: Disclosure and Presentation*; and AASB 139 *Financial Instruments: Recognition and Measurement*; from 1 July 2005 rather than 1 July 2004. The adjustments between AEIFRS and the previous AGAAP have therefore been taken up at 1 July 2005 and the impact of the change is only shown in the 2006 financial year.

### Administered Investments

FMOs require investments to be measured at fair value rather than cost. Fair value has been taken to be the net assets of the entities as at balance date. The impact of adoption of AASB 139 and AASB 132 on administered assets held at 1 July 2005 is an increase in value of \$1,420.978m. The most significant impact relates to the Australian Government's investment in Australian Rail Track Corporation Limited which increased from \$143.375m in 2005 to \$1,418.455m in 2006 – see note 20C Investments and Note 22 Administered Reconciliation Table.

### Administered Loans

AASB 139 requires that the fair value of an originated long-term loan or receivable, that carries no interest or a concessional interest rate, be estimated as the present value of all future cash receipts discounted by the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. Loans administered by the Department on behalf of the Australian Government have been classified as 'fair value through profit and loss' and valued at the 10-year Commonwealth bond rate at balance date. Adjustments have been made to disclose the concessional value of the loan and a corresponding expense recognised, where necessary, for the interest foregone on the loan had it been made at the prevailing market rate. In accordance with AASB 1, the 2005 comparatives have not been changed. The impact of the adoption of AASB 139 on administered loans is shown below:

### Impact of fair valuation of Administered Loans under AASB 139 at 30 June 2006

	2006 \$'000
Receivables: Loans to State and Territory Governments - Note 20B	(5,895)
Receivables: Other - Note 20B	(757)
Revenue: Interest Loans to State and Territory Governments - Note 18C	(118)
Expense: Write-down of assets - Note 19F	601
Decrease in closing administered assets less administered liabilities at 30 June 2006 - Note 22	(6,169)



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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**Note 3: Events after the Balance Sheet Date**

On 1 November 2005, the Minister for Finance and Administration approved the establishment of Administered Programmes for services to Jervis Bay Territory; payments to the ACT for the provision of national capital type functions; funding for the Office of Administrator of Norfolk Island, including funding for Kingston and Arthur's Vale Historic Area (KAVHA); and funding for the Office of the Administrator of the Northern Territory. It was agreed that existing Departmental funding relating to these programmes be transferred, along with assets and liabilities, to the new Administered Programmes with effect from 1 July 2006.

This transfer occurred after balance date and has, therefore, not been brought to account in the 2006 financial statements. The financial impact of this event consists of assets with a carrying amount of \$22.282m and liabilities of \$0.376m at 30 June 2006 being transferred from Departmental to the new Administered Programmes on 1 July 2006. The reduction in departmental expenses in 2006-07 as a result of the transfer is expected to be \$7.8m.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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	2006 \$'000	2005 \$'000
<b>Note 4: Income</b>		
<b><u>Revenues</u></b>		
<b><u>Note 4A: Revenue from Government</u></b>		
Appropriations: Departmental Outputs	217,367	197,095
<b>Total revenues from government</b>	<b>217,367</b>	<b>197,095</b>
<b><u>Note 4B: Goods and Services</u></b>		
Goods	100	185
Services	4,730	4,914
<b>Total sales of goods and services</b>	<b>4,830</b>	<b>5,099</b>
Provision of goods to:		
Related entities	-	11
External entities	100	174
<b>Total sales of goods</b>	<b>100</b>	<b>185</b>
Rendering of services to:		
Related entities	3,050	2,114
External entities	1,680	2,800
<b>Total rendering of services</b>	<b>4,730</b>	<b>4,914</b>
<b><u>Note 4C: Rents</u></b>		
Housing Rental	227	243
Land Rent	66	50
Commercial Premises Rental	3	-
<b>Total Rents</b>	<b>296</b>	<b>293</b>
<b><u>Note 4D: Net Gains from Sale of Assets</u></b>		
Infrastructure, plant and equipment		
Proceeds from disposal	-	18
Net book value of assets disposed	-	(5)
<b>Net gain from sale of infrastructure, plant and equipment</b>	<b>-</b>	<b>13</b>
Total proceeds from disposals	-	18
Total value of assets disposed and selling expenses	-	(5)
<b>Net gain from sale of assets</b>	<b>-</b>	<b>13</b>
<b><u>Note 4E: Write-back of Asbestos Related Disease Claims Provision</u></b>		
Asbestos related disease claim*	-	31,600
<b>Total write-back of asbestos related disease claims provision</b>	<b>-</b>	<b>31,600</b>

\* refer to notes 10B: Asbestos related disease claims provision and 11A: Departmental Restructuring



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<u>Note 4F: Other Gains</u>		
Resources received free of charge	350	450
Assets first recognised	162	-
Cost recoveries/Refunds	39	97
IT Finance Lease - gain on early payout	-	145
Write-back of provisions	460	273
<b>Total other gains</b>	<b>1,011</b>	<b>965</b>

**Note 5: Operating Expenses**Note 5A: Employee Expenses

Wages and Salaries	79,009	63,198
Superannuation	15,222	13,675
Leave and other entitlements	16,469	12,674
Separations and redundancies	341	21
Other employee expenses	658	363
<b>Total employee expenses</b>	<b>111,699</b>	<b>89,931</b>

Note 5B: Suppliers

Provision of goods - related entities	125	-
Provision of goods - external entities	3,671	2,810
Rendering of services - related entities	10,267	10,459
Rendering of services - external entities	71,689	60,107
Operating lease rentals*	10,609	8,555
Other supplier expenses	579	834
Workers compensation premiums	853	686
<b>Total supplier expenses</b>	<b>97,793</b>	<b>83,451</b>

\* These comprise minimum lease payments and anticipated rent increases.

Note 5C: Grants

State and Territory Governments	1,773	4,230
Other entities	1,573	1,325
<b>Total Grants</b>	<b>3,346</b>	<b>5,555</b>

The nature of the grants is as follows:

Other Transport and Communications	2,434	4,397
Urban and Regional Development	580	657
General Public Service	332	445
Local Government Assistance	-	22
Natural Disaster Relief	-	34
	<b>3,346</b>	<b>5,555</b>

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<u>Note 5D: Depreciation and Amortisation</u>		
<u>Depreciation</u>		
Other infrastructure, plant and equipment	819	923
Buildings	134	135
<b>Total depreciation</b>	<b>953</b>	<b>1,058</b>
<u>Amortisation</u>		
Leasehold Improvement	3,912	3,430
Leasehold make good	281	197
Assets held under finance lease	1,889	1,615
Intangibles - computer software	2,692	2,083
<b>Total amortisation</b>	<b>8,774</b>	<b>7,325</b>
<b>Total depreciation and amortisation</b>	<b>9,727</b>	<b>8,383</b>
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	135
Leasehold improvements	3,912	3,430
Leasehold make good	281	197
Plant and equipment	819	923
Assets held under finance leases	1,889	1,615
Computer Software	2,692	2,083
<b>Total depreciation and amortisation</b>	<b>9,727</b>	<b>8,383</b>
<u>Note 5E: Finance Costs</u>		
Leases	195	227
Unwinding of discount		
IT finance lease	195	306
Leasehold makegood	91	-
Lease incentives	4	-
<b>Total finance costs expense</b>	<b>485</b>	<b>533</b>
<u>Note 5F: Write-down and impairment of assets</u>		
<b>Financial assets</b>		
Bad and doubtful debt expense	113	20
<b>Non-financial assets</b>		
Plant & equipment - impairment	6	321
Intangibles - impairment	-	338
Inventories - write-down	22	-
Land and Buildings - impairment	-	32
Leasehold improvements - revaluation decrement	-	44
Internally developed software - impairment	11	-
<b>Total write-down and impairment of assets</b>	<b>152</b>	<b>755</b>
<u>Note 5G: Other Expenses</u>		
Act of grace payments*	4	-
<b>Total other expenses</b>	<b>4</b>	<b>-</b>

\* Refer to Note 29 Act of Grace Payments



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 6: Financial Assets</b>		
<u>Note 6A: Cash and cash equivalents</u>		
Departmental	2,466	3,225
<b>Total cash and cash equivalents</b>	<b>2,466</b>	<b>3,225</b>
<u>Note 6B: Receivables</u>		
Goods and services	1,269	1,292
Less: Provision for doubtful debts	(230)	(549)
	1,039	743
GST receivable from the Australian Taxation Office	1,830	2,802
Appropriations receivable		
- for existing outputs	93,892	78,523
- for previous year's outputs	1,338	1,338
- for equity injections	3,769	5,784
<b>Total receivables (net)</b>	<b>101,868</b>	<b>89,190</b>
Receivables balance is represented by:		
Current	101,868	89,190
Non-current	-	-
<b>Total receivables (net)</b>	<b>101,868</b>	<b>89,190</b>
Appropriations receivable undrawn are appropriations controlled by the Department but held in the Official Public Account under the Government's just-in-time drawdown arrangements.		
Receivables (gross) are aged as follows:		
Current	101,380	88,936
Overdue by:		
Less than 30 days	20	10
30 to 60 days	71	12
61 to 90 days	49	40
More than 90 days	578	741
<b>Total receivables (gross)</b>	<b>102,098</b>	<b>89,739</b>
The provision for doubtful debts is aged as follows:		
Current		
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(230)	(549)
<b>Total provision for doubtful debts</b>	<b>(230)</b>	<b>(549)</b>
<u>Note 6C: Accrued Revenue</u>		
Related Entities	564	358
External Entities	96	211
<b>Total accrued revenue</b>	<b>660</b>	<b>569</b>

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 7: Non-Financial Assets</b>		
<u>Note 7A: Land and Buildings</u>		
<b>Freehold land</b>		
- at fair value	3,610	3,275
<b>Total freehold land</b>	<b>3,610</b>	<b>3,275</b>
<b>Buildings on freehold land</b>		
- at fair value	10,362	8,999
- accumulated depreciation	(1)	(188)
<b>Total buildings on freehold land</b>	<b>10,361</b>	<b>8,811</b>
<b>Leasehold improvements</b>		
- at fair value	14,423	11,833
- accumulated amortisation	(1,100)	(3,261)
	<b>13,323</b>	<b>8,572</b>
- work in progress - at cost	3,914	575
<b>Total leasehold improvements</b>	<b>17,237</b>	<b>9,147</b>
<b>Leasehold makegood</b>		
- at fair value	1,833	1,495
- accumulated amortisation	(1,015)	(631)
	<b>818</b>	<b>864</b>
<b>Total land and buildings (non-current)</b>	<b>32,026</b>	<b>21,233</b>
<u>Note 7B: Infrastructure, plant and equipment</u>		
<b>Infrastructure, plant and equipment</b>		
- at fair value	16,299	16,512
- accumulated depreciation	(3,246)	(2,424)
	<b>13,053</b>	<b>14,088</b>
<b>Total Infrastructure, plant and equipment (non-current)</b>	<b>13,053</b>	<b>14,088</b>
<u>Note 7C: Heritage and Cultural Assets</u>		
Artworks - at fair value	162	-

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

In 2005-06, independent valuers PrestonRowePaterson NSW Pty Ltd and Hymans conducted the valuations.

Revaluation increments of \$335,000 for land and \$1,684,788 for buildings on freehold land (2005: decrement of \$16,378,573), \$151,074 (2005: decrement of \$776,548) for leasehold improvements and \$772,199 for infrastructure, plant and equipment (2005: decrement of \$1,777,902) 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 7D: Analysis of Property, Plant and Equipment  
**Table A - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment**

Item	Land	Building on Freehold Land	Buildings - Leasehold Improvements	Building - Leasehold Makegood	Buildings Total	Land and Buildings Total	Other IP & E	Cultural & Heritage	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	(188)	(188)	(3,261)	(631)	(4,080)	(4,080)	(2,424)	-	(6,504)
Opening Net Book Value	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	908	-	13,026
Net revaluation increment/(decrement)	335	1,684	151	71	1,906	2,241	773	-	3,014
Depreciation/amortisation expense	(134)	(134)	(3,911)	(281)	(4,326)	(4,326)	(2,708)	-	(7,034)
Write back of accumulated depreciation	-	-	-	(103)	(103)	(103)	-	-	(103)
Other Movements									
Assets first recognised	-	-	-	-	-	-	-	162	162
Recoverable amount write-down	-	-	-	-	-	-	(6)	-	(6)
Disposals:									
From disposal of operations	-	-	-	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2006</b>									
Gross book value	3,610	10,362	18,337	1,833	30,532	34,142	16,299	162	50,603
Accumulated depreciation/amortisation	-	(1)	(1,100)	(1,015)	(2,116)	(2,116)	(3,246)	-	(5,362)
<b>Closing Net book value</b>	<b>3,610</b>	<b>10,361</b>	<b>17,237</b>	<b>818</b>	<b>28,416</b>	<b>32,026</b>	<b>13,053</b>	<b>162</b>	<b>45,241</b>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7D: Analysis of Property, Plant and Equipment continued  
**Table B - Property, Plant and Equipment held under Finance Lease**

Item	Land	Building on Freehold Land	Buildings - Leasehold Improvements	Building - Total	Other IP & E
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2006</b>					
Gross Value	-	-	-	-	5,339
Accumulated depreciation/amortisation	-	-	-	-	(2,521)
Net book value	-	-	-	-	2,818
<b>As at 30 June 2005</b>					
Gross value	-	-	-	-	4,922
Accumulated depreciation/amortisation	-	-	-	-	(1,209)
Net Book value	-	-	-	-	3,713

Note 7D: Analysis of Property, Plant and Equipment continued  
**Table C - Property, Plant, Equipment under Construction**

Item	Building on Freehold Land	Buildings - Leasehold Improvements	Building - Total	Other IP & E
	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 30 June 2006</b>				
	-	3,914	3,914	-
Carrying amount at 30 June 2005	-	575	575	-



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<u>Note 7E: Intangible Assets</u>		
Computer software:		
Internally developed - in progress (non-current)	8,666	3,051
Internally developed - in use (non-current)	11,807	7,365
Accumulated amortisation	(3,353)	(971)
Externally acquired - in use (non-current)	1,016	1,016
Accumulated amortisation	(635)	(329)
<b>Total Intangibles</b>	<b>17,501</b>	<b>10,132</b>

**Table A - reconciliation of opening and closing balances of intangibles**

Item	Computer software internally developed \$'000	Computer software purchased \$'000
As at 1 July 2005		
Gross book value	10,416	1,016
Accumulated amortisation	(971)	(329)
<b>Opening Net book value</b>	<b>9,445</b>	<b>687</b>
Additions		
Purchase/Internally developed	10,072	-
Movements:		
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	-	-
<b>As at 30 June 2006</b>		
Gross book value	20,473	1,016
Accumulated amortisation	(3,353)	(635)
<b>Closing Net book value</b>	<b>17,120</b>	<b>381</b>

**Table B - Intangibles under construction**

Item	Software work in progress \$'000	TOTAL \$'000
<b>Carrying amount at 30 June 2006</b>	<b>8,666</b>	<b>8,666</b>
Carrying amount at 30 June 2005	3,051	3,051

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<u>Note 7F: Inventories</u>		
Finished goods	2	23
Inventories held for sale	2	23
<b>Total inventories</b>	<b>2</b>	<b>23</b>
All departmental inventories assets are current assets		
<u>Note 7G: Other non-financial assets</u>		
Prepayments paid	1,133	1,333
<b>Total other non-financial assets</b>	<b>1,133</b>	<b>1,333</b>
All other non-financial assets are current assets		
<b>Note 8: Payables</b>		
<u>Note 8A: Suppliers</u>		
Trade creditors	361	503
<b>Total suppliers payables</b>	<b>361</b>	<b>503</b>
<u>Note 8B: Other Payables</u>		
Unearned revenue	770	837
Accrued expenses	7,289	5,125
<b>Total other payables</b>	<b>8,059</b>	<b>5,962</b>

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

	2006 \$'000	2005 \$'000
<b>Note 9: Interest Bearing Liabilities</b>		
<u>Note 9A: Leases</u>		
Finance lease commitments		
Payable:		
Within one year		
Minimum lease payments	1,402	1,176
deduct: future finance charges	(119)	(153)
	<u>1,283</u>	<u>1,023</u>
In one to five years		
Minimum lease payments	1,400	2,567
deduct: future finance charges	(43)	(145)
	<u>1,357</u>	<u>2,422</u>
<b>Finance Lease recognised in balance sheet</b>	<u>2,640</u>	<u>3,445</u>

The finance lease exists in relation to assets provided under the Department's IT Service Agreement. The 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 5.78% (2005: 5.63%). There are no contingent rentals.

Lease liability is represented by:

Current	1,283	1,023
Non Current	1,357	2,422
<b>Net lease liability</b>	<u>2,640</u>	<u>3,445</u>

Note 9B: Other Interest Bearing Liabilities

Lease incentives	1,534	1,644
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Other interest bearing liabilities are represented by:

Current	365	534
Non-current	1,169	1,110
<b>Total other interest bearing liabilities</b>	<u>1,534</u>	<u>1,644</u>

**Note 10: Provisions**

Note 10A: Employee provisions

Salaries and wages	721	357
Leave	33,706	27,471
Superannuation	186	55
Other	224	636
<b>Total employee provisions</b>	<u>34,837</u>	<u>28,519</u>

Current	16,661	12,705
Non-current	18,176	15,814
<b>Total employee provisions</b>	<u>34,837</u>	<u>28,519</u>

In accordance with AASB 101- *Presentation of Financial Statements*, liabilities are treated as current where there is a legal right to payment within 12 months, even where payment is not expected. Accordingly there has been an increase in comparative amounts categorised as current compared with the previously published statements.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<u>Note 10B: Asbestos related disease claims provision</u>		
Current	-	-
Non-current	-	31,800
<b>Total asbestos related disease claims provision</b>	<b>-</b>	<b>31,800</b>

The Department recognised a \$31.8m provision in 2004-05 as the best estimate of the potential cost to the Department of current and future asbestos related disease claims. This provision was transferred to the Asbestos Claims Unit in the Department of Employment and Workplace Relations on 1 July 2005 - refer to Note 11A.

Note 10C: Other provisions

Provision for makegood	2,311	1,838
Asbestos removal provision	376	422
Operating lease rentals	1,009	812
	<b>3,696</b>	<b>3,072</b>
Current	422	1,195
Non-current	3,274	1,877
<b>Total other provisions</b>	<b>3,696</b>	<b>3,072</b>

	Operating lease rental expense \$'000	Provision for asbestos removal \$'000	Provision for makegood \$'000	Total \$'000
<b>Carrying amount at beginning of period</b>	<b>812</b>	<b>422</b>	<b>1,838</b>	<b>3,072</b>
Additional provisions made	197	-	588	785
Reduction of provisions	-	(18)	-	(18)
Unwinding of discounted amount arising from the passage of time	-	(28)	(115)	(143)
<b>Amount owing at end of period</b>	<b>1,009</b>	<b>376</b>	<b>2,311</b>	<b>3,696</b>

**Provision for makegood**

The Department currently has 22 agreements (2005: 11) for the leasing of premises which 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 represents the Department's best estimate of the costs of removing asbestos from affected properties in the Jervis Bay Territory.

**Operating lease rental expense**

AASB 117 Leases requires contingent rent payments to be recognised as an expense in the period in which agreement is reached as to the amount of the increase.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
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**Note 11: Restructuring**Note 11A: Departmental Restructuring

As a result of the creation of the Asbestos Claims Unit in the Department of Employment and Workplace Relations, the Department transferred \$31.8m on 1 July 2005 relating to the potential cost of current and future asbestos related disease claims for the Department.

Following a decision of the Australian Government on 31 March 2004, the provision of services to the Indian Ocean Territories (IOT's) moved from Departmental Outputs to an Administered Programme. The Government agreed that existing Departmental funding relating to the IOT's be transferred, along with the assets and liabilities. The transfer took effect from 1 July 2004.

The amounts relinquished and returned are as follows:

Total assets relinquished	-	(206,321)
Total liabilities relinquished	<b>(31,800)</b>	1,674
<b>Net assets relinquished</b>	<b>(31,800)</b>	<b>(204,647)</b>

Note 11B: Administered Restructuring

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 transferred to Administered the net book value of the assets and liabilities relinquished for no consideration and recognised at the date of transfer were:

Total assets relinquished	<b>(14,063)</b>	-
<b>Net assets relinquished</b>	<b>(14,063)</b>	-
<b>Net increase/(decrease) in administered net assets during the year</b>	<b>(14,063)</b>	-

Following a decision of the Australian Government on 31 March 2004, the provision of services to the Indian Ocean Territories (IOT's) moved from Departmental Outputs to an Administered Programme. The Government agreed that existing Departmental funding relating to the IOT's be transferred, along with the assets and liabilities. The transfer took effect from 1 July 2004.

In respect of functions transferred to Administered Programmes the net book value of the assets and liabilities relinquished for no consideration and recognised at the date of transfer were:

Total assets relinquished	-	206,321
Total liabilities recognised	-	(1,674)
<b>Net assets assumed</b>	-	<b>204,647</b>

On 16 December 2004, following a review of the Administrative Arrangement Orders, the Albury-Wodonga Development Corporation (AWDC) was transferred from the Department of Transport and Regional Services to the Department of Finance and Administration.

In respect of functions transferred to Administered Programmes the net book value of the assets and liabilities relinquished for no consideration and recognised at the date of transfer were:

Total assets relinquished	-	(99,783)
<b>Net assets relinquished</b>	-	<b>(99,783)</b>
<b>Net increase/(decrease) in administered net assets during the year</b>	<b>(14,063)</b>	<b>104,864</b>

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 11: Restructuring - continued</b>		
<u>Note 11C: Returns of Contributed Equity as a result of restructuring</u>		
<p>At the time of the transfer of provision of service to the Indian Ocean Territories (IOTs) from Departmental Outputs to an Administered Programme, the Department had an appropriation receivable relating to outputs it delivered on the IOTs 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 the Departmental appropriations of \$95.374m. After allowing for unearned income of \$10.188m, net financial assets amounting to \$85.185m were returned to the OPA.</p>		
<b>Financial assets lapsed</b>		
Appropriation Receivable	-	(95,374)
<b>Total financial asset lapsed</b>	-	(95,374)
<b>Liabilities extinguished</b>		
Unearned Income	-	10,189
<b>Total liabilities extinguished</b>	-	10,189
<b>Net assets lapsed</b>	-	(85,185)
<b>Net return of contributed equity to Government as owner during the year</b>	-	(85,185)



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 12: Cash Flow Reconciliation</b>		
<b>Reconciliation of cash per Income Statement to Statement of Cash Flows</b>		
Cash at year end per Statement of Cash Flows	2,466	3,225
Statement of Financial Position items comprising above cash: 'Financial Asset - Cash'	2,466	3,225
<b>Reconciliation of operating result to net cash from operating activities:</b>		
Operating result	298	46,457
Depreciation / amortisation	9,727	8,383
Net write down of assets	152	755
Act of Grace payment	4	-
Assets first recognised	(162)	-
Gain on disposal of asset	-	13
Decrease in net financial assets from return of capital	-	(85,185)
Non-cash makegood recognition due to AEIFRS	-	(1,307)
	<b>10,019</b>	<b>(30,884)</b>
Change in operating assets and liabilities resulting from operating activities (net of restructuring)		
(Increase)/decrease in net receivables	(12,678)	49,441
(Increase)/decrease in accrued revenue	(91)	(75)
(Increase)/decrease in inventories	21	1,679
(Increase)/decrease in prepayments	200	(193)
Increase/(decrease) in employee provisions	6,317	2,779
Increase/(decrease) in supplier payables	(142)	490
Increase/(decrease) in unearned revenue	(66)	454
Increase/(decrease) in accrued expenses	1,994	(2,075)
Increase/(decrease) in appropriation deferred	-	(10,000)
Increase/(decrease) in finance leases	(1,343)	(188)
Increase/(decrease) in asbestos related disease claims provision	-	(31,600)
Increase/(decrease) in other provisions	392	2,256
Increase/(decrease) in other debt	(110)	(479)
<b>Net cash from/(used by) operating activities</b>	<b>4,512</b>	<b>(18,395)</b>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### Note 13: Contingent Liabilities and Assets

#### Quantifiable Contingencies

##### Contingent Liabilities

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$3,737,000 (2005: nil).

##### Contingent Assets

The Schedule of Contingencies reports contingent assets in respect of monies claimed for damages/costs of \$100,000 (2005: \$410,000). The amount represents an estimate of the Department's assets based on precedent cases. The Department is pursuing the claims.

#### Unquantifiable Contingencies

The Department has two personal injury claims which it is defending in the courts. Costs that may arise from these claims cannot be determined and the liability is, therefore, unquantifiable.

- \* 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

	2006	2005
<b>Note 14: Executive Remuneration</b>		
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	1	1
\$160 000 to \$174 999	1	4
\$175 000 to \$189 999	3	11
\$190 000 to \$204 999	10	6
\$205 000 to \$219 999	2	2
\$220 000 to \$234 999	8	6
\$235 000 to \$249 999	5	4
\$250 000 to \$264 999	1	-
\$265 000 to \$279 999	1	1
\$280 000 to \$294 999	1	1
\$460 000 to \$474 999	1	-
<b>Total</b>	<b>37</b>	<b>36</b>

The aggregate amount of total remuneration of executives shown above.

	<b>\$7,990,809</b>	\$7,299,857
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The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.

	<b>\$117,925</b>	\$0
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	2006	2005
	\$'000	\$'000

**Note 15: 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	350	450
	<b>350</b>	<b>450</b>

No other services were provided by the Auditor-General.

**Note 16: Average Staffing Levels**

The average departmental staffing levels for the Agency during the year were:	<b>1196</b>	1035
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The average administered staffing levels for the Agency during the year were:	<b>91</b>	100
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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 17: Financial Instruments**

Note 17A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non - Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2006 \$'000	2005 \$'000	1 Year or Less		1 to 5 Years		>5 Years		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %	
				2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000							
<b>Financial Assets</b>																
Cash at Bank	6A	-	-	-	-	-	-	-	-	2,466	3,225	2,466	3,225	n/a	n/a	n/a
Receivables for goods and services (gross)	6B	-	-	-	-	-	-	-	-	1,269	1,292	1,269	1,292	n/a	n/a	n/a
Accrued Revenue	6C	-	-	-	-	-	-	-	-	660	569	660	569	n/a	n/a	n/a
<b>Total</b>		-	-	-	-	-	-	-	-	4,395	5,086	4,395	5,086			
<b>Total Assets</b>												<b>168,871</b>	<b>140,657</b>			
<b>Financial Liabilities</b>																
Finance lease liabilities	9A	2,640	3,445	-	-	-	-	-	-	-	-	2,640	3,445	5.78%	5.63%	
Lease Incentives	9B	1,534	1,644	-	-	-	-	-	-	-	-	1,534	1,644	5.54%	5.54%	
Trade creditors	8A	-	-	-	-	-	-	-	-	361	503	361	503	n/a	n/a	n/a
Other provisions	10C	-	-	-	-	-	-	-	-	3,696	3,072	3,696	3,072	n/a	n/a	n/a
<b>Total</b>		4,174	5,089	-	-	-	-	-	-	4,057	3,575	8,231	8,664			
<b>Total Liabilities</b>												<b>51,127</b>	<b>74,945</b>			



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17B: Fair Values of Financial Assets and Liabilities

	Notes	2006	2006	2005	2005
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
<b>Departmental</b>					
<b>Financial Assets</b>					
Cash at bank	6A	2,466	2,466	3,225	3,225
Receivables for goods and services (net)	6B	1,039	1,039	743	743
Accrued revenue	6C	660	660	569	569
<b>Total Financial Assets</b>		<b>4,165</b>	<b>4,165</b>	4,537	4,537
<b>Financial Liabilities (Recognised)</b>					
Finance lease liabilities	9A	(2,640)	(2,640)	(3,445)	(3,445)
Lease Incentives	9B	(1,534)	(1,534)	(1,644)	(1,644)
Trade creditors	8A	(361)	(361)	(503)	(503)
Other provisions	10C	(3,696)	(3,696)	(3,072)	(3,072)
<b>Total Financial Liabilities (Recognised)</b>		<b>(8,231)</b>	<b>(8,231)</b>	(8,664)	(8,664)

Note 17C: 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

	2006 \$'000	2005 \$'000
<b>Note 18: Income Administered on Behalf of Government</b>		
<b>Revenue</b>		
<b>Taxation Revenue</b>		
<u>Note 18A: Levies, Fees and Fines</u>		
Levies	89,622	91,335
Fees	59,052	56,993
Fines	1,424	2,226
<b>Total Levies, Fees and Fines</b>	<b>150,098</b>	150,554
<b>Non-Taxation Revenue</b>		
<u>Note 18B: Goods and services</u>		
Rendering of services - external entities	21,049	20,281
Rendering of services - related entities	72	665
Goods - external entities	60	-
Marine Industry Fees	46,610	46,000
<b>Total Goods and Services</b>	<b>67,791</b>	66,946
<u>Note 18C: Interest</u>		
Loans - State and Territory Governments	12,646	11,186
<b>Total Interest</b>	<b>12,646</b>	11,186
<u>Note 18D: Dividends</u>		
Commonwealth entities	43,100	37,290
<u>Note 18E: Contributions</u>		
Dairy RAP Reimbursements	1,531	4,812
AEO Contributions	682	1,186
Refund previous years payments	2,535	1,647
Reimbursement of prior years' levies - International Oil Pollution Compensation Fund	1	6,259
<b>Total Contributions</b>	<b>4,749</b>	13,904
<u>Note 18F: Other sources of non-taxation revenues</u>		
Other revenue	3,496	3,669
<b>Total Other sources of non-taxation revenues</b>	<b>3,496</b>	3,669
<u>Note 18G: Royalties</u>		
Mining Royalties	2,057	804
Lotteries	108	86
<b>Total Royalties</b>	<b>2,165</b>	890
<u>Note 18H: Rents</u>		
Housing Rental	1,760	1,873
<b>Total Revenues Administered on Behalf of Government</b>	<b>285,805</b>	286,312



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 18: Income Administered on Behalf of Government - continued</b>		
<b>Gains</b>		
<u>Note 18I: Other gains</u>		
Write-back of provision for administered loan	6,500	-
Write-back of doubtful debts provision	63	-
<b>Total Other gains</b>	<b>6,563</b>	<b>-</b>
<u>Note 18J: Assets first recognised</u>		
Donated Artworks	30,127	-
<b>Total Gains Administered on Behalf of Government</b>	<b>36,690</b>	<b>-</b>
<b>Total Income Administered on Behalf of Government</b>	<b>322,495</b>	<b>286,312</b>
<b>Note 19: Expenses Administered on Behalf of Government</b>		
<u>Note 19A: Grants</u>		
State and Territory governments	3,092,395	3,094,676
Local governments	293,850	243,752
Private Sector - Non-profit entities	171,844	141,973
Overseas	1,618	1,522
Related entities	282,002	138,996
<b>Total Grants</b>	<b>3,841,709</b>	<b>3,620,919</b>
The nature of the grants is as follows:		
Urban and regional development	138,854	130,490
Rail transport	301,046	161,697
Air transport	25,777	12,283
Road transport	1,611,363	1,635,510
Sea transport	4,539	3,042
Labour market assistance to job seeker and industry	22,276	22,890
Local government assistance	1,627,560	1,551,918
Assistance to other Governments	28,751	22,836
Natural disaster relief	75,611	73,174
General services	5,932	6,869
Financial and fiscal affairs	-	210
<b>Total Grants</b>	<b>3,841,709</b>	<b>3,620,919</b>

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 19: Expenses Administered on Behalf of Government - continued</b>		
<u>Note 19B: Subsidies</u>		
Australian Government Entities	3,660	8,535
Tasmanian Freight Equalisation Scheme	92,289	89,988
Bass Straight Passenger Vehicle Equalisation Scheme	31,090	32,410
Other	9,262	7,916
<b>Total Subsidies</b>	<b>136,301</b>	<b>138,849</b>
<u>Note 19C: Employees</u>		
Wages and Salaries	3,574	3,937
Superannuation	552	604
Leave and other entitlements	456	680
Separations and redundancies	111	459
Other employee expenses	2,425	2,466
<b>Total Employees</b>	<b>7,118</b>	<b>8,146</b>
<u>Note 19D: Suppliers</u>		
Rendering of services - related entities	1,581	1,823
Rendering of services - external entities	62,250	71,789
Operating lease rentals	631	898
<b>Total Suppliers</b>	<b>64,462</b>	<b>74,510</b>
<u>Note 19E: Depreciation and Amortisation</u>		
<b>Depreciation</b>		
Buildings	4,904	4,206
Other infrastructure, plant and equipment	8,740	6,969
Heritage and Cultural assets	434	410
<b>Total Depreciation</b>	<b>14,078</b>	<b>11,585</b>
<b>Amortisation</b>		
Intangibles - Other	153	131
<b>Total Amortisation</b>	<b>153</b>	<b>131</b>
<b>Total Depreciation and Amortisation</b>	<b>14,231</b>	<b>11,716</b>
<u>Note 19F: Write-down and impairment of assets</u>		
Write-down of Assets	-	1,092
Fair Value Adjustments - Loans	601	-
Plant and equipment - impairment	119	164
Intangibles - impairment	-	5
Land - impairment	30	20
<b>Total write down and impairments of assets</b>	<b>750</b>	<b>1,281</b>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 19: Expenses Administered on Behalf of Government - continued</b>		
<u>Note 19G: Net loss from disposal of assets</u>		
Land and buildings		
Proceeds from disposal	(965)	(3,732)
Net book value of assets disposed	3,092	3,853
<b>Net loss from disposal of land and buildings</b>	<b>2,127</b>	<b>121</b>
Infrastructure, plant and equipment		
Proceeds from disposal	(25)	(26)
Net book value of assets disposed	25	805
<b>Net loss from disposal of infrastructure, plant and equipment</b>	<b>-</b>	<b>779</b>
Total proceeds from disposal	(990)	(3,758)
Total value of assets disposed and selling expenses	3,117	4,658
<b>Total net loss from disposal of assets</b>	<b>2,127</b>	<b>900</b>
<u>Note 19H: Other Expenses</u>		
Commonwealth entities	90	91
Reimbursement of previous years' levies	1	1,394
Other	73	1,118
Asbestos removal expense	-	10,657
<b>Total other expenses</b>	<b>164</b>	<b>13,260</b>
<b>Total Expenses Administered on Behalf of Government</b>	<b>4,066,862</b>	<b>3,869,581</b>





DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 20: Assets Administered on Behalf of Government</b>		
<b>Financial assets</b>		
<u>Note 20A: Cash and Cash equivalents</u>		
Administered bank accounts	222	420
<b>Total Cash and Cash equivalents</b>	<b>222</b>	<b>420</b>
<u>Note 20B: Receivables</u>		
Loans:		
State and Territory Governments	156,011	171,271
Other Governments	12,311	9,461
Less: Provision for waiving of debts	-	(6,500)
<b>Total Loans</b>	<b>168,322</b>	<b>174,232</b>
Goods and services receivable	1,818	3,645
Less: Provision for doubtful debts	(432)	(156)
<b>Total Goods and services</b>	<b>1,386</b>	<b>3,489</b>
Other - GST receivable from Australian Taxation Office	2,550	2,035
<b>Total receivables (net)</b>	<b>172,258</b>	<b>179,756</b>
Loans are made under financial assistance legislation for the periods up to 10 years. No security is generally required. Principal is repaid in full at maturity. Interest rates are fixed. Effective interest rates average 6.2% (2005: 6.1%). Interest payments are due on the last day of each quarter.		
Current	171,378	179,356
Overdue by:		
Less than 30 days	71	87
30 to 60 days	14	27
61 to 90 days	18	12
More than 90 days	1,209	6,930
<b>Total receivables (gross)</b>	<b>172,690</b>	<b>186,412</b>
The provision for doubtful debts is aged as follows:		
Current	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(432)	(6,656)
	<b>(432)</b>	<b>(6,656)</b>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 20: Assets Administered on Behalf of Government - continued</b>		
<u>Note 20C: Investments</u>		
Shares - Commonwealth authorities		
Australian Maritime College	59,027	58,518
National Road Transport Commission	581	200
Airservices Australia	315,920	233,203
Australian Maritime Safety Authority	105,703	55,832
Civil Aviation Safety Authority	31,070	18,670
Stevedoring Industry Finance Committee	-	14,063
Commonwealth companies		
Australian Rail Track Corporation Limited	1,418,475	143,375
<b>Total Investments</b>	<b>1,930,776</b>	<b>523,861</b>
<p>As prescribed in the FMOs, the Department has applied the option available under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards; of adopting AASB 132 Financial Instruments: Disclosure and Presentation; and AASB 139 Financial Instruments: Recognition and Measurement; from 1 July 2005 rather than 1 July 2004. The adjustments between AEIFRS and the previous AGAAP have therefore been taken up at 1 July 2005 and the impact of the change is only shown in the 2006 financial year.</p> <p>FMOs require investments to be measured at fair value rather than cost. Fair value has been taken to be the net assets of the entities as at balance date. The impact of adoption of AASB 139 and AASB 132 on administered assets held at 1 July 2005 is an increase in value of \$1,420.978m. The most significant impact relates to the Australian Government's investment in Australian Rail Track Corporation Limited which increased from \$143.375m in 2005 to \$1,418.475m in 2006.</p>		
<u>Note 20D: Accrued Revenue</u>		
Levies, fees and fines	9,147	12,040
Rendering of services - external entities	2,325	289
Rental Income	95	-
Mining Royalties	500	-
Contributions - IOPC reimbursements	-	1,053
Dairy RAP reimbursements	120	898
Interest	2,895	1,369
Provision for doubtful debts	-	(219)
<b>Total accrued revenue</b>	<b>15,082</b>	<b>15,430</b>
<b>Total Financial Assets</b>	<b>2,118,338</b>	<b>719,467</b>
<b>Non-financial assets</b>		
<u>Note 20E: Land and Buildings</u>		
Land - at fair value	185,545	173,546
Accumulated depreciation	(590)	(8,251)
<b>Total Land and Buildings</b>	<b>184,955</b>	<b>165,295</b>

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 20: Assets Administered on Behalf of Government - continued</b>		
<u>Note 20F: Infrastructure, plant and equipment</u>		
Infrastructure, Plant and Equipment - at fair value	116,494	115,298
Accumulated depreciation	(2,195)	(9,574)
<b>Total Infrastructure, Plant and Equipment</b>	<b>114,299</b>	<b>105,724</b>
<u>Note 20G: Heritage and Cultural Assets</u>		
Heritage and cultural assets - at fair value	46,993	13,372
Accumulated depreciation	(192)	(821)
<b>Total Heritage and Cultural Assets</b>	<b>46,801</b>	<b>12,551</b>
All revaluations are conducted in accordance with the revaluation policy stated at Note 1.		
In 2005-06, independent valuers PrestonRowePaterson NSW Pty Ltd, Knight Frank (WA) Pty Ltd and Hymans Asset Management Pty Ltd conducted the valuations.		
Revaluation increments of \$19,301,365 for land, \$16,716,265 for infrastructure, plant and equipment, \$4,552,052 for heritage and cultural assets and \$6,645,672 for buildings on freehold land were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet; no decrements were expensed.		
<u>Note 20H: Intangibles</u>		
Phosphate mine lease - at cost	6,209	6,209
Accumulated amortisation	(4,285)	(4,132)
<b>Total Intangibles</b>	<b>1,924</b>	<b>2,077</b>

**TABLE A - Reconciliation of the opening and closing balances of Intangibles**

Item	Phosphate Mine Lease
	\$'000
As at 1 July 2005	
Gross book value	6,209
Accumulated amortisation	(4,132)
Net book value	2,077
Additions	
from acquisition of operations (including restructuring)	-
Net revaluation increment/(decrement)	-
Reclassifications	-
Amortisation expense	(153)
Recoverable amount write-downs	-
<b>As at 30 June 2006</b>	
Gross book value	6,209
Accumulated amortisation	(4,285)
<b>Net book value</b>	<b>1,924</b>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 20: Assets Administered on Behalf of Government - continued</b>		
<u>Note 20I: Inventories</u>		
Inventories held for distribution (cost) - current	1,866	1,463
Inventories held for distribution (cost) - non-current	289	339
<b>Total Inventory</b>	<b>2,155</b>	<b>1,802</b>
<u>Note 20J: Prepayments</u>		
Grant prepayments	2,144,516	-
<b>Total Prepayments</b>	<b>2,144,516</b>	<b>-</b>
<p>In April 2006, the Australian Government provided 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>		
<b>Total Non-financial Assets</b>	<b>2,494,650</b>	<b>287,448</b>
<b>Total Assets Administered on Behalf of Government</b>	<b>4,612,988</b>	<b>1,006,916</b>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 21: Liabilities Administered on Behalf of Government</b>		
<b>Provisions</b>		
<u>Note 21A: Employee Provisions</u>		
Salaries and wages	27	14
Leave and other entitlements	1,272	1,384
Superannuation	4	2
Other	5	4
<b>Total Employee Provisions</b>	<b>1,308</b>	<b>1,404</b>
Current	546	638
Non-current	762	766
<b>Total Employee Provisions</b>	<b>1,308</b>	<b>1,404</b>
<u>Note 21B: Asbestos Removal Provisions</u>		
Asbestos Removal	10,233	10,657
Current	-	806
Non-current	10,233	9,851
<b>Total Asbestos Removal Provisions</b>	<b>10,233</b>	<b>10,657</b>
<u>Note 21C: Phosphate Mine Rehabilitation Provisions</u>		
Phosphate mine rehabilitation provision	2,538	-
<b>Total Phosphate Mine Provisions</b>	<b>2,538</b>	<b>-</b>
<u>Note 21D: Other Provisions</u>		
Capital works	10	12
<b>Total Other Provisions</b>	<b>10</b>	<b>12</b>
<b>Total Provisions</b>	<b>14,089</b>	<b>12,073</b>
<b>Payables</b>		
<u>Note 21E: Suppliers</u>		
Trade creditors	1,604	1,703
<b>Total Suppliers</b>	<b>1,604</b>	<b>1,703</b>
All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.		
<u>Note 21F: Grants and Subsidies</u>		
Public sector -		
Commonwealth entities	-	33,516
State and Territory Governments	8,204	14,493
<b>Total Public Sector</b>	<b>8,204</b>	<b>48,009</b>
Private sector -		
Commercial entities	1,245	1,395
Not For-Profit entities	56	7,432
<b>Total Private Sector</b>	<b>1,301</b>	<b>8,827</b>
<b>Total Grants and Subsidies</b>	<b>9,505</b>	<b>56,836</b>
<b>Total Liabilities Administered on Behalf of Government</b>	<b>25,198</b>	<b>70,612</b>

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

**Note 20: Assets Administered on Behalf of Government (continued)**  
**TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment**

Item	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	-	(8,251)	-	(8,251)	(8,251)	(9,574)	(821)	(18,646)
Net book value	69,876	95,418	-	95,418	165,294	105,724	12,551	283,569
Additions								
by purchase	13	896	-	896	909	1,552	-	2,461
from acquisition of operations	-	-	-	-	-	-	-	-
Net revaluation increment/(decrement)	19,301	6,642	-	6,642	25,943	16,717	4,557	47,217
Reclassifications	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(4,904)	-	(4,904)	(4,904)	(8,740)	(434)	(14,078)
Recoverable amount write/downs	(30)	-	-	(30)	(30)	(119)	-	(149)
Other movements								
Transfer from work in progress	836	-	-	836	836	(836)	-	-
Assets first recognised	-	-	-	-	-	-	30,127	30,127
Disposals								
From disposal of operations	-	-	-	-	-	-	-	-
Other disposals	(3,093)	-	-	(3,093)	(3,093)	-	-	(3,093)
<b>As at 30 June 2006</b>								
Gross book value	86,903	98,642	-	98,642	185,545	116,494	46,993	349,032
Accumulated depreciation/amortisation	-	(590)	-	(590)	(590)	(2,195)	(192)	(2,977)
<b>Net book value</b>	<b>86,903</b>	<b>98,052</b>	<b>-</b>	<b>98,052</b>	<b>184,955</b>	<b>114,299</b>	<b>46,801</b>	<b>346,055</b>

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.12

**TABLE B - Assets under construction**

Item	Land	Buildings on Freehold Land	Buildings - Leasehold Improvements	Buildings - Total	Land & Buildings - Total	Other IP&E
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value at 30 June 2006	-	-	-	-	-	5,649
Gross value at 30 June 2005	-	-	-	-	-	5,836

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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	2006 \$'000	2005 \$'000
<b>Note 22: Administered Reconciliation Table</b>		
<i>Opening administered assets less administered liabilities as at 1 July</i>	936,304	853,632
<b>Opening balance fair value adjustment - administered investments</b>	<b>1,420,978</b>	-
Plus: Administered revenues	322,495	286,312
Less: Administered expenses	<b>(4,066,862)</b>	(3,869,581)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:	-	3,896,658
Annual appropriations administered expenses	<b>4,572,751</b>	-
Administered assets and liabilities appropriations	<b>16,321</b>	-
Special appropriations (limited)	<b>37,684</b>	-
Special appropriations (unlimited)	<b>1,643,649</b>	-
Special Accounts	<b>2,648</b>	-
Transfers to OPA	<b>(278,545)</b>	(332,909)
Transfers to OPA non-cash	<b>(46,611)</b>	-
Restructuring	<b>(14,063)</b>	104,864
Administered revaluations taken to/(from) reserves	<b>47,210</b>	(2,004)
Administered investments - gain/(loss)	-	1,224
Change in accounting policies	<b>(6,169)</b>	(1,893)
<b><i>Closing administered assets less administered liabilities as at 30 June</i></b>	<b>4,587,790</b>	936,304



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
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**Note 23: 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.

**Unquantifiable Administered Contingencies**

*Australian Capital Territory Funding Agreements:*

As at 30 June 2006, the Australian Government is party to ongoing funding agreements with the Australian Capital Territory (assistance for water and sewerage and compensation for national capital influences). It is not possible to estimate the amounts of any eventual payments that may be required in relation to these funding arrangements.

*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.

*Deep Vein Thrombosis Class Action:*

The Civil Aviation Safety Authority (CASA) and the Australian Government have been named in a number of writs, which allege that CASA was negligent in not making air travellers aware of the risks of Deep Vein Thrombosis during long periods of immobility. The Australian Government's exposure is limited to claims for the years 1995 to June 1998, as CASA was covered by an Australian Government Deed of Indemnity in relation to the performance of its regulatory functions. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these actions.

*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 23: 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 2006, 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 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.

*Code Management Company:*

Indemnity for the Code of Practice for the Defined Interstate Rail Network. Indemnity is limited to \$50m.

**Note 24: Administered Contingent Assets**

The Department has no Administered contingent assets at 30 June 2006. (30 June 2005: nil)



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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**Note 25: 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.
- \* Stevedoring Industry Finance Committee - manages residual matters and obligations arising from its former functions to oversee and control the disposal of levies imposed on the stevedoring industry.
- \* Australian Rail Track Corporation - manages access to the national interstate rail track and infrastructure network, as well as train control services.
- \* Maritime Industry Finance Company Limited - provides financial assistance in connection with the reform and restructuring of the maritime (shipping and stevedoring) industry. The Australian Government's investment in the entity at 30 June 2006 was valued at nil (30 June 2005: \$10) 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 20C.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

<b>Note 26: Administered Financial Instruments</b>																
Administered Interest Rate Risk																
Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non - Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2006	2005	1 Year or Less	1 to 5 Years	>5 Years	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>Financial Assets</b>																
Cash	20A	-	-	-	-	-	-	-	-	-	222	420	-	420	n/a	n/a
Loans to state and territory governments (gross)	20B	14,252	17,494	7,000	43,391	31,265	97,262	115,878	-	-	-	-	161,905	171,270	6.00%	6.00%
Loans to other governments	20B	-	-	-	-	-	-	-	-	-	12,311	9,461	12,311	9,461	n/a	n/a
Accrued revenue (interest)	20D	-	-	-	-	-	-	-	-	-	15,082	15,430	15,082	15,430	n/a	n/a
Goods and Services Receivables (gross)	20B	-	-	-	-	-	-	-	-	-	1,818	3,645	1,818	3,645	n/a	n/a
<b>Total</b>		<b>14,252</b>	<b>17,494</b>	<b>7,000</b>	<b>43,391</b>	<b>31,265</b>	<b>97,262</b>	<b>115,878</b>	<b>-</b>	<b>-</b>	<b>29,433</b>	<b>28,956</b>	<b>191,339</b>	<b>200,226</b>		
<b>Total Assets</b>													<b>4,612,988</b>	<b>1,006,916</b>		
<b>Financial Liabilities</b>																
Trade creditors	21E	-	-	-	-	-	-	-	-	-	1,604	1,703	1,604	1,703	n/a	n/a
Grants and subsidies payable	21F	-	-	-	-	-	-	-	-	-	9,505	56,836	9,505	56,836	n/a	n/a
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,109</b>	<b>58,539</b>	<b>11,109</b>	<b>58,539</b>		
<b>Total Liabilities</b>													<b>25,198</b>	<b>70,612</b>		



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 27: Appropriations**  
Note 27A: 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	2006		2005	2006		2005
	2006	2005	2006	2006	2005	2006	2005	2006	2005
Balance carried from previous period	5,566,719	21,722,144	39,169,088	97,229,521	95,818,782	141,965,328	131,896,454		
Adjustment for overstatement of prior periods s8	-	30,728	-	-	12,700,000	-	12,730,728		
Adjustment for overstatement of prior year expenses	-	-	-	-	(169,066)	-	(169,066)		
Reductions of appropriations (prior years)	(3,666,063)	(14,708,297)	(20,834,937)	-	(37,674,000)	(24,501,000)	(64,137,842)		
<b>Unspent prior year appropriations - invalid s31</b>	-	-	-	-	(80,280,821)	-	(80,280,821)		
Adjusted Balance carried for previous period	1,900,656	7,044,575	18,334,151	97,229,521	(9,605,105)	117,464,328	67,758,612		
Appropriation Act (No.1)	188,898,000	183,557,000	232,312,000	202,930,000	193,494,000	624,140,000	555,679,000		
Appropriation Act (No.3)	31,600,000	19,797,000	17,908,000	14,437,000	9,497,000	63,945,000	50,522,000		
Appropriation Act (No.5)	242,941,000	-	-	-	-	242,941,000	-		
Departmental Adjustments by the Finance Minister (Appropriation Acts)	-	-	-	-	(5,896,000)	-	(5,896,000)		
Comcover receipts (Appropriation Act s13)	-	-	-	112,811	72,491	112,811	72,491		
Advance to the Finance Minister	-	60,896,093	-	-	-	-	60,896,093		
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-		
Appropriation reduced by section 9 determinations (current year)	-	-	-	-	-	-	-		
Appropriation reduced by section 10 determination (current year)	-	-	-	(12,717,628)	-	(12,717,628)	-		
Sub-total Annual Appropriation	465,339,656	271,294,668	268,554,151	301,991,704	187,562,386	1,035,886,511	661,313,037		
Appropriations to take account of recoverable GST (FMAA s30A)	4,715,550	3,048,344	14,254,468	10,858,299	9,084,068	29,828,317	24,595,461		
Annotations to net appropriations (FMAA s31)	-	-	10,110,667	7,350,009	-	17,460,675	10,954,680		
<b>30 June 2005 variation - s31</b>	-	-	-	-	89,755,213	-	89,755,213		
Total appropriations available for payment	470,055,206	274,343,012	292,919,286	320,200,012	286,401,667	1,083,174,503	786,618,391		
Cash payment made during the year (GST inclusive)	458,518,646	268,776,293	217,354,656	222,017,217	189,172,146	897,890,519	644,653,063		
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-	-	-	-		
Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations	11,536,560	5,566,719	75,564,631	98,182,795	97,229,521	185,283,986	141,965,328		



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27A: 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		
<b>Represented by:</b>				
Cash at bank and on hand	-	-	2,465,991	2,465,991
Receivable - departmental appropriations	-	-	93,892,317	93,892,317
Receivable - GST receivable from customers	-	-	36,923	36,923
Receivables - GST receivable from ATO	-	-	1,829,765	1,829,765
Formal reductions of appropriations	-	-	-	-
Receivables - departmental appropriations (appropriations for additional outputs)	-	-	-	-
Less: Payables - GST Payable	-	-	(44,201)	(44,201)
Undrawn, unexpired prior year appropriation to be lapsed 1 July 2005	-	-	12,700,000	12,700,000
Undrawn, unexpired administered appropriations	11,536,560	75,564,631	-	87,101,191
<b>Total</b>	<b>11,536,560</b>	<b>75,564,631</b>	<b>98,182,795</b>	<b>185,283,986</b>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27B: 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	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous period	2,499,727	147,961	-	-	27,518,308	93,921,148	-	-
Correction to opening balance due to transcription error in prior year	-	-	-	-	-	-	-	-
Prior year section 8 determination	-	-	-	-	60,128	-	-	-
Reduction of appropriations (prior years)	(2,499,727)	(147,961)	-	-	(27,518,308)	(93,921,148)	-	-
Adjusted balance carried from previous period	-	-	-	-	60,128	-	-	-
Appropriation Act (No.2)	1,625,469,000	3,000,000	80,000,000	-	172,607,000	157,754,000	-	-
Appropriation Act (No.4)	-	30,147,000	290,459,000	-	-	-	-	-
Appropriation Act (No.6)	1,759,989,000	-	-	-	-	-	-	-
Departmental Adjustments and Borrowings	-	-	-	-	-	-	-	-
Advance to the Finance Minister	23,200,122	-	-	-	-	-	-	-
Adjustment of appropriations on change of equity function (FMA s32)	-	-	-	-	-	-	-	-
Refunds credited (FMA s30)	-	-	-	-	-	-	-	-
Appropriation reduced by a section 11 determination (current year)	-	-	-	-	-	-	-	-
Sub-total Annual Appropriation	3,408,658,122	33,147,000	370,459,000	-	172,667,128	157,754,000	-	-
Appropriations to take account of recoverable GST (FMA s30A)	347,870	14,727	-	-	-	-	-	-
Total appropriations available for payments	3,409,005,992	33,161,727	370,459,000	-	172,667,128	157,754,000	-	-
Cash payments made during the year (GST inclusive)	3,408,735,213	30,662,000	313,808,947	-	140,803,950	130,235,692	-	-
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	270,779	2,499,727	56,650,053	-	31,863,178	27,518,308	-	-
Represented by:								
Cash at bank and on hand	-	-	-	-	-	-	-	-
Appropriation receivable	-	-	-	-	-	-	-	-
GST receivable from the ATO	-	-	-	-	-	-	-	-
Formal reductions of appropriation revenue	-	-	-	-	-	-	-	-
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-	-	-	-	-
Undrawn, unlapsd administered appropriations	270,779	2,499,727	56,650,053	-	31,863,178	27,518,308	-	-
Total	270,779	2,499,727	56,650,053	-	31,863,178	27,518,308	-	-



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations - continued

Non-Operating						Total	
Equity		Previous Years' Outputs		Admin assets and Liabilities			
2006	2005	2006	2005	2006	2005	2006	2005
\$	\$	\$	\$	\$	\$	\$	\$
5,784,078	62,666,375	1,338,000	138	88,481,425	19,045,041	125,621,538	175,780,663
-	-	-	137,862	-	-	-	137,862
-	-	-	-	-	-	60,128	-
-	(57,700,000)	-	-	-	-	(30,018,035)	(151,769,109)
5,784,078	120,366,375	1,338,000	138,000	88,481,425	19,045,041	95,663,631	139,549,416
10,099,000	10,140,000	-	1,200,000	11,200,000	14,988,000	1,899,375,000	187,082,000
6,821,000	302,000	-	-	7,001,000	72,197,000	304,281,000	102,646,000
-	-	-	-	-	-	1,759,989,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	23,200,122	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,704,078	15,408,375	1,338,000	1,338,000	106,682,425	106,230,041	4,082,508,753	313,877,416
-	-	-	-	-	-	347,870	14,727
22,704,078	15,408,375	1,338,000	1,338,000	106,682,425	106,230,041	4,082,856,623	313,892,143
18,934,763	9,624,297	-	-	16,321,235	17,748,616	3,898,604,107	188,270,605
-	-	-	-	-	-	-	-
3,769,315	5,784,078	1,338,000	1,338,000	90,361,190	88,481,425	184,252,515	125,621,538
-	-	-	-	-	-	-	-
3,769,315	5,784,078	1,338,000	1,338,000	-	-	5,107,315	7,122,078
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	90,361,190	88,481,425	179,145,200	118,499,460
3,769,315	5,784,078	1,338,000	1,338,000	90,361,190	88,481,425	179,145,200	118,499,460



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 27C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)**

Local Government (Financial Assistance) Act 1995	Outcome 2	
	2006	2005
	\$	\$
Purpose: For payments to States, the ACT and the NT for local government purposes.		
All transactions under this act are recognised as administered items.		
Budget Estimate	<b>1,623,201,000</b>	1,540,162,329
Payments Made	<b>1,624,330,705</b>	1,540,162,329

Protection of the Sea (Oil Pollution Compensation Fund) Act 1993	Outcome 1	
	2006	2005
	\$	\$
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.		
Budget Estimate	<b>2,000,000</b>	2,000,000
Payments Made	-	2,105,847

Section 28(2) of the <i>Financial Management and Accountability Act 1997</i>	Outcome 2	
	2006	2005
	\$	\$
Purpose: For payments required or permitted by law.		
All transactions under this act are recognised as administered items.		
Budget Estimate	-	-
Payments Made	<b>2,781,847</b>	8,212,284
Totals for unlimited special appropriations		
Budget Estimate	<b>1,625,201,000</b>	1,542,162,329
Payments Made	<b>1,627,112,552</b>	1,550,480,460





DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 27D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)**

Roads to Recovery Act 2000	Outcome 1	
	2006	2005
	\$	\$
Purpose: For funding to supplement spending on roads. All transactions under this act are recognised as administered items.		
Amounts Carried Forward from Previous Period	<b>1,919,129</b>	250,000,000
Appropriations to take account of recoverable GST (FMA S30)	-	-
Available for Payments	<b>1,919,129</b>	250,000,000
Cash Payments Made During the Year (GST Inclusive) <sup>1</sup>	-	(248,080,871)
Balance Carried to the Next Period	<b>1,919,129</b>	1,919,129
Represented by:		
Cash Payments Made During the Year (GST Inclusive)	-	-
Appropriation Receivable	-	-
Undrawn, unexpired administered appropriations	<b>1,919,129</b>	1,919,129
Total	<b>1,919,129</b>	1,919,129

Stevedoring Levy (Collection) Act 1998	Outcome 1	
	2006	2005
	\$	\$
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	<b>85,283,141</b>	132,189,784
Appropriations to take account of recoverable GST (FMA S30)	<b>14,654</b>	14,968
Available for Payments	<b>85,297,795</b>	132,204,752
Cash Payments Made During the Year (GST Inclusive)	<b>(37,698,779)</b>	(46,921,611)
Balance Carried to the Next Period	<b>47,599,016</b>	85,283,141
Represented by:		
Cash Payments Made During the Year (GST Inclusive)	-	-
Appropriation Receivable	-	-
Undrawn, unexpired administered appropriations	<b>47,599,016</b>	85,283,141
Total	<b>47,599,016</b>	85,283,141

Totals for Limited Special Appropriations	Outcome 1	
	2006	2005
	\$	\$
Amounts Carried Forward from Previous Period	<b>87,202,270</b>	382,189,784
Appropriations to take account of recoverable GST (FMA S30)	<b>14,654</b>	14,968
Available for Payments	<b>87,216,924</b>	382,204,752
Cash Payments Made During the Year (GST Inclusive)	<b>(37,698,779)</b>	(295,002,482)
Balance Carried to the Next Period	<b>49,518,145</b>	87,202,270
Represented by:		
Cash Payments Made During the Year (GST Inclusive)	-	-
Appropriation Receivable	-	-
Undrawn, unexpired administered appropriations	<b>49,518,145</b>	87,202,270
Total	<b>49,518,145</b>	87,202,270



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 27D: 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*

<sup>1</sup> *Roads to Recovery Act 2000*

The 2004-05 financial statements disclosed cash payments of \$249,922,181 under the *Roads to Recovery Act 2000* Special Appropriation. While the total payments were validly made, \$1,841,310 of this total were ineligible payments under the *Roads to Recovery Act 2000* Special Appropriation, and were instead made from surplus appropriation available under the Annual Administered Expense item of Appropriation Acts (Nos.1 and 3) of 2004-05. Although this was a valid available alternative appropriation to support the payments, the Department contravened section 48 of the *Financial Management and Accountability Act 1997*.

Accordingly, the comparative total for the 2004-05 financial year in the table above has been amended to \$248,080,871. It should also be noted that the 2004-05 comparative totals to Note 22. Administered Reconciliation Table, Note 27B. Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Note 30. Reporting of Outcomes have been amended to reflect the correct disclosure.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 28: Special Accounts**

	2006	2005
	\$	\$
<b>Australian Land Transport Development Account</b>		
<i>Legal Authority: Australian Land Transport Development Act 1988 (Administered).</i>		
<i>Appropriation: Financial Management and Accountability Act 1997; s21.</i>		
<i>Purpose: to provide assistance to the States and Territories for land transport upgrading and maintenance, including funding for urban public transport and land transport research.</i>		
<i>This account is non interest bearing.</i>		
Balance Carried from previous year Year	-	-
Appropriation for Reporting Period	-	1,341,489,000
GST credits (FMAA s30A)	-	553,202
Available for payments	-	1,342,042,202
Payments made to suppliers	-	(1,342,042,202)
<b>Balance Carried to next year</b>	-	-
<i>Represented by:</i>		
Cash on call held in the OPA	-	-
<b>Total</b>	-	-

	2006	2005
	\$	\$
<b>Interstate Road Transport</b>		
<i>Legal Authority: Interstate Road Transport Act 1985 (Administered).</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 Year	-	-
Appropriation Receipts	50,062,861	43,177,122
GST credits (FMAA s30A)	-	-
Available for payments	50,062,861	43,177,122
Payments made to suppliers	(50,062,861)	(43,177,122)
<b>Balance Carried to next year</b>	-	-
<i>Represented by:</i>		
Cash on call held in the OPA	-	-
<b>Total</b>	-	-

	2006	2005
	\$	\$
<b>Rural Transaction Centres</b>		
<i>Legal Authority: Telstra Corporation Act 1991 (Administered).</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	3,472,670	14,098,417
GST credits (FMAA s30A)	-	1,079,942
Available for payments	3,472,670	15,178,359
Payments made to Official Public Account	(2,647,933)	-
Payments made to suppliers - Departmental	(824,737)	(11,705,689)
<b>Balance Carried to next year</b>	-	3,472,670
<i>Represented by:</i>		
Cash - transferred to the OPA	-	-
Cash on call held in the OPA	-	3,472,670
<b>Total</b>	-	3,472,670



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 28: Special Accounts (Continued)**

	2006	2005
	\$	\$
<b>Federation Fund</b>		
<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	15,000,076	45,347,586
GST credits (FMAA s30A)	-	-
Available for payments	15,000,076	45,347,586
Payments made to suppliers	-	(30,347,510)
<b>Balance Carried to next year</b>	<b>15,000,076</b>	<b>15,000,076</b>
<i>Represented by:</i>		
Cash on call held in the OPA	15,000,076	15,000,076
<b>Total</b>	<b>15,000,076</b>	<b>15,000,076</b>

	2006	2005
	\$	\$
<b>Christmas Island Phosphate Mining Rehabilitation Special Account</b>		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20.</i>		
<i>Purpose: To manage funding provided for the rehabilitation of phosphate mine sites on Christmas Island.</i>		
<i>This account is non interest bearing.</i>		
Balance Carried from previous year	-	-
Appropriation Receipts	2,188,103	-
Available for payments	2,188,103	-
Payments made to suppliers	-	-
<b>Balance Carried to next year</b>	<b>2,188,103</b>	<b>-</b>
<i>Represented by:</i>		
Cash on call held in the OPA	2,188,103	-
<b>Total</b>	<b>2,188,103</b>	<b>-</b>

	2006	2005
	\$	\$
<b>Services for Other Government and Non-Agency Bodies</b>		
<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</i>		
<i>This account is non interest bearing.</i>		
Balance Carried from previous year	703,452	1,368,526
Other receipts - goods and services	425	76,503
Available for payments	703,877	1,445,029
Payments made to suppliers	(479,389)	(741,577)
<b>Balance Carried to next year</b>	<b>224,488</b>	<b>703,452</b>
<i>Represented by:</i>		
Cash on call held in the OPA	224,488	703,452
<b>Total</b>	<b>224,488</b>	<b>703,452</b>



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 28: Special Accounts (Continued)**

	2006	2005
	\$	\$
<b>Other Trust Monies Account</b>		
<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	<b>785,938</b>	3,210,643
Adjustment to prior year receipts incorrectly recognised as OTM	-	(1,799,950)
Other receipts - goods and services	<b>204,748</b>	101,740
Available for payments	<b>990,686</b>	1,512,433
Payments made to suppliers	<b>(186,051)</b>	(726,495)
<b>Balance Carried to next year</b>	<b>804,635</b>	785,938
<i>Represented by:</i>		
Cash on call held in the OPA	<b>804,635</b>	785,938
<b>Total</b>	<b>804,635</b>	785,938



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006	2005
	\$	\$
<b>Note 29: Compensation and Debt Relief</b>		
<i>Administered</i>		
No 'Act of Grace' payments were made during the reporting period, and there were no amounts owing as at year end. (2005: no payments)	0	0
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> (2005: no waivers)	0	0
No ex-gratia payments were provided for during the reporting period. (2005: no payments)	0	0
<i>Departmental</i>		
One 'Act of Grace' payment was made during the reporting period, and there were no amounts owing as at year end. (2005: no payments)	3,508	0
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> (2005: no waivers)	0	0
No ex-gratia payments were provided for during the reporting period. (2005: no payments)	0	0
No payments were made under the 'Defective Administration Scheme' during the reporting period. (2005: 1 payment)	0	5,580
No payments were made under S73 of the <i>Public Service Act 1999</i> during the reporting period. (2005: no payments)	0	0



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 30: Reporting of Outcomes**  
**Note 30A: Net Cost of Outcome Delivery**  
Period From 1 July 2005 to 30 June 2006

	Outcome 1		Outcome 2		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Administered Expenses	2,093,176	1,978,108	1,973,686	1,891,473	4,066,862	3,869,581
Departmental Expenses	158,766	129,877	64,440	58,731	223,206	188,608
<b>Total Expenses</b>	<b>2,251,942</b>	<b>2,107,985</b>	<b>2,038,126</b>	<b>1,950,204</b>	<b>4,290,068</b>	<b>4,058,189</b>
<b>Costs Recovered from Provision of Goods and Services to the Non-Government Sector</b>						
Administered	111,872	109,591	13,188	16,212	125,060	125,803
Departmental	4,318	961	512	364	4,830	1,325
<b>Total Costs Recovered</b>	<b>116,190</b>	<b>110,552</b>	<b>13,700</b>	<b>16,576</b>	<b>129,890</b>	<b>127,128</b>
<b>Other External Revenue</b>						
Administered Revenues						
Levies, Fees and Fines	96,296	98,346	1,401	2,055	97,697	100,401
Interest	109	360	12,537	10,827	12,646	11,187
Dividends	43,100	37,290	-	-	43,100	37,290
Other Sources of Non-Taxation Revenue	732	6,796	6,570	4,835	7,302	11,631
Assets First Recognised	-	-	30,127	-	30,127	-
Other Gains	6,500	-	63	-	6,563	-
<b>Total Administered</b>	<b>146,737</b>	<b>142,792</b>	<b>50,698</b>	<b>17,717</b>	<b>197,435</b>	<b>160,509</b>
<b>Departmental Revenues</b>						
Goods and Services Revenue from Related Entities	-	5,114	-	1,599	-	6,713
Rents	-	-	296	293	296	293
Other Non-Taxation Revenue	-	311	-	139	-	450
Revenue from Sale of Assets	-	12	-	6	-	18
Asbestos Related Disease Claims	-	31,600	-	-	-	31,600
Other Gains	671	-	340	-	1,011	-
<b>Total Departmental</b>	<b>671</b>	<b>37,037</b>	<b>636</b>	<b>2,037</b>	<b>1,307</b>	<b>39,074</b>
<b>Total Other External Revenues</b>	<b>147,408</b>	<b>179,829</b>	<b>51,335</b>	<b>19,754</b>	<b>198,742</b>	<b>199,583</b>
<b>Net Cost/(Contribution) of Outcome</b>	<b>1,988,344</b>	<b>1,817,604</b>	<b>1,973,091</b>	<b>1,913,874</b>	<b>3,961,436</b>	<b>3,731,478</b>

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 that 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

Departmental comparatives have been restated to reflect the Output structure as it existed at 30 June 2006.

The comparative totals for Administered Grants has been amended to take account of \$1,814m that was spent against Outcome 2. (Refer Note 27D).



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs**  
Period From 1 July 2005 to 30 June 2006

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	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Departmental Expenses</b>														
Employees	11,266	10,261	8,078	7,886	29,153	23,088	11,455	10,295	6,311	5,393	14,231	11,199	80,493	68,122
Suppliers	6,444	5,995	7,300	9,282	30,403	17,732	7,191	5,983	5,810	4,760	12,008	9,541	69,156	53,293
Depreciation and Amortisation	1,130	906	968	930	1,946	1,472	912	621	405	377	873	684	6,235	4,990
Other Expenses	32	118	12	96	29	261	10	118	6	56	18	124	108	773
Borrowing Costs	42	40	37	39	129	107	46	43	28	23	60	50	342	302
Grants	36	182	834	178	1,218	3,500	-	199	300	106	45	232	2,433	4,397
<b>Total Departmental Expenses</b>	<b>18,950</b>	<b>17,502</b>	<b>17,229</b>	<b>18,411</b>	<b>62,878</b>	<b>46,160</b>	<b>19,614</b>	<b>17,259</b>	<b>12,860</b>	<b>10,715</b>	<b>27,235</b>	<b>21,830</b>	<b>158,767</b>	<b>131,877</b>
<b>Funded by:</b>														
Revenues from Government	19,102	19,983	15,087	15,987	63,781	43,330	19,741	18,463	12,080	10,872	24,531	25,093	154,322	133,728
Goods and Services Revenue	155	521	125	349	2,894	3,628	57	540	177	471	910	567	4,318	6,076
Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Taxation Revenue	-	41	-	40	-	109	-	45	-	24	-	52	-	311
Net Gain from Sale of Assets	-	2	-	2	-	4	-	2	-	1	-	1	-	12
Asbestos related Disease Claims	-	-	-	-	-	-	-	-	-	31,600	-	-	-	31,600
Other Gains	67	-	64	-	215	-	106	-	87	-	132	-	671	-
<b>Total Departmental Revenues</b>	<b>19,324</b>	<b>20,547</b>	<b>15,276</b>	<b>16,378</b>	<b>66,890</b>	<b>47,071</b>	<b>19,904</b>	<b>19,050</b>	<b>12,344</b>	<b>42,968</b>	<b>25,573</b>	<b>25,713</b>	<b>159,311</b>	<b>171,727</b>





DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30B: 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	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental Expenses</b>										
Employees	22,460	19,329	5,737	5,667	1,140	1,062	1,870	1,577	31,207	27,635
Suppliers	14,624	13,765	10,949	11,086	1,250	812	1,815	1,901	28,638	27,564
Depreciation and Amortisation	2,287	1,896	1,012	1,133	78	67	115	100	3,492	3,196
Other Expenses	35	235	9	109	1	47	2	18	47	409
Borrowing Costs	106	95	25	27	5	5	8	7	144	134
Grants	580	657	332	445	-	22	-	34	912	1,158
<b>Total Departmental Expenses</b>	<b>40,092</b>	<b>35,977</b>	<b>18,064</b>	<b>18,467</b>	<b>2,474</b>	<b>2,015</b>	<b>3,810</b>	<b>3,637</b>	<b>64,440</b>	<b>60,096</b>
<b>Funded by:</b>										
Revenues from Government	39,578	40,449	17,230	16,858	2,234	1,995	4,003	4,065	63,045	63,367
Goods and Services Revenue	395	709	(79)	897	190	23	6	40	512	1,669
Rents	1	-	295	293	-	-	-	-	296	293
Other Non-Taxation Revenue	-	98	-	28	-	5	-	8	-	139
Net Gain from Sale of Assets	-	5	-	1	-	-	-	-	-	6
Asbestos related Disease Claims	-	-	-	-	-	-	-	-	-	-
Other Gains	211	-	108	-	8	-	13	-	340	-
<b>Total Departmental Revenues</b>	<b>40,185</b>	<b>41,261</b>	<b>17,554</b>	<b>18,077</b>	<b>2,432</b>	<b>2,023</b>	<b>4,022</b>	<b>4,113</b>	<b>64,193</b>	<b>65,474</b>

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 30C: Major Classes of Administered Revenues and Expenses by Outcome**  
 Period From 1 July 2005 to 30 June 2006

	Outcome 1		Outcome 2		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Administered Revenues</b>						
Levies, Fees and Fines	148,697	148,498	1,401	2,055	150,098	150,553
Sale of Goods and Services	56,134	55,632	11,657	11,400	67,791	67,032
Interest	109	360	12,537	10,827	12,646	11,187
Dividends	43,100	37,290	-	-	43,100	37,290
Other Sources of Non-Taxation Revenue	4,069	10,603	8,101	9,647	12,170	20,250
Revenue from Sale of Assets	-	-	-	-	-	-
Asset First Recognised	-	-	30,127	-	30,127	-
Other Gains	6,500	-	63	-	6,563	-
<b>Total Administered Revenues</b>	<b>258,609</b>	<b>252,383</b>	<b>63,886</b>	<b>33,929</b>	<b>322,495</b>	<b>286,312</b>
<b>Administered Expenses</b>						
Employee Expenses	-	-	7,118	8,146	7,118	8,146
Grants	1,942,491	1,810,692	1,899,218	1,810,228	3,841,709	3,620,920
Subsidies	132,995	138,360	3,307	489	136,302	138,849
Suppliers	15,688	25,047	48,774	49,463	64,462	74,510
Depreciation and Amortisation	1,740	1,441	12,492	10,276	14,232	11,717
Other Expenses	262	2,568	2,777	12,871	3,039	15,439
<b>Total Administered Expenses</b>	<b>2,093,176</b>	<b>1,978,108</b>	<b>1,973,686</b>	<b>1,891,473</b>	<b>4,066,862</b>	<b>3,869,581</b>

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 27D).

# INDEX AND KEY TERMS



## INDEX OF COMPLIANCE WITH JCPAA REQUIREMENTS

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<b>Departmental overview: overview description of department</b>	
Role and functions	Chapter 2
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<b>Report on performance: review of performance during the year in relation to outputs and contribution to outcomes</b>	
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Factors, events or trends influencing departmental performance	Chapters 1, 3 and 4
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Description	Reference
Performance against service charter customer service standards, complaints data, and the department's response to complaints	Chapter 5 Appendix F
Social justice and equity impacts	Chapter 5 Appendix A
Discussion and analysis of the department's financial performance	Chapters 1 Financial statements
Discussion of any significant changes from the prior year or from budget	Chapters 3 and 4
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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. See page 24 for the department's organisational structure.

**Collective Agreement** 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 eg. 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 appropriated funds are going to spent.



*Glossary of Terms continued...*

**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 20.

**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

AAO	Administrative Arrangements Order
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ABC	Australian Bicycle Council
ABS	Australian Bureau of Statistics
ACC	Area Consultative Committee
ACT	Australian Capital Territory
ADRs	Australian Design Rules
AEO	airport environment officer
AES	airport environment strategy
AGCC	Australian Global Navigation Satellite System (GNSS) Coordination Committee
AGRIS	Australian Government Regional Information Service
ALC	Australian Logistics Council
ALCs	airport lessee companies
AMC	Australian Maritime College
AMSA	Australian Maritime Safety Authority
AN	Australian National Railways Commission
ANAO	Australian National Audit Office
ANEF	Australian Noise Exposure Forecast
ANEI	Australian Noise Exposure Index
APEC	Asia-Pacific Economic Cooperation
APS	Australian Public Service
APSC	Australian Public Service Commission
APTAC	Accessible Public Transport National Advisory Committee
AQIS	Australian Quarantine and Inspection Service
ARFF	aviation rescue and fire fighting
ARTC	Australian Rail Track Corporation
ASL	average staffing level
ATC	Australian Transport Council
ATSB	Australian Transport Safety Bureau
AWA	Australian workplace agreement
BTRE	Bureau of Transport and Regional Economics
CAO	Civil Aviation Order
CASA	Civil Aviation Safety Authority
CCTV	closed-circuit television
COAG	Council of Australian Governments
CPA	Competition Principles Agreement
CPG	Commonwealth Procurement Guidelines and Better Practice Guidance
CTC	competitive tendering and contracting
CVR	cockpit voice recorder
DA	development assessment
DIMA	Department of Immigration and Multicultural Affairs
DOTARS	Department of Transport and Regional Services
EL	Executive Level (officer)



*Acronyms and Abbreviations continued...*

EMS	Environmental Management System
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ESD	ecologically sustainable development
FDR	flight data recorder
FIR	Flight Information Region
FIRS	Federal Interstate Registration Scheme
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI	freedom of information
FRRR	Foundation for Rural and Regional Renewal
FTE	full-time equivalent
GJ	gigajoule (of energy)
GNSS	Global Navigation Satellite System
GST	goods and services tax
HREOC	Human Rights and Equal Opportunity Commission
HR	human resources
IAP	Intelligent Access Programme
IASC	International Air Services Commission
ICAO	International Civil Aviation Organization
ICT	information and communication technology
IGA	intergovernmental agreement
IMO	International Maritime Organization
IOPC	International Oil Pollution Compensation
IOTs	Indian Ocean Territories
IPDN	Indigenous Professional Development Network
IT	information technology
JBT	Jervis Bay Territory
JCPAA	Joint Committee of Public Accounts and Audit
KAVHA	Kingston and Authur's Vale Historic Area (Norfolk Island)
kWh	kilowatt hours
METP	Maritime Emergency Towage Programme
MIFCo	Maritime Industry Finance Company Limited
MJ	megajoule (of energy)
MP	Member of Parliament
MSIC	Maritime Security Identity Card
NAFC	National Aerial Firefighting Centre
NAS	National Airspace System
NCA	National Capital Authority
NCTC	National Counter-Terrorism Committee
NCTP	National Counter-Terrorism Plan
NDMP	Natural Disaster Mitigation Programme
NDRA	Natural Disaster Relief Arrangements
NMERA	National Maritime Emergency Response Arrangement
NSW	New South Wales
NSW RTA	New South Wales Road and Traffic Authority
NT	Northern Territory



NTC	National Transport Commission
OH&S	occupational health and safety
OECD	Organisation for Economic Cooperation and Development
OTS	Office of Transport Security
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PNG	Papua New Guinea
PRL	Phosphate Resources Limited
PSAES	Portfolio Supplementary Additional Estimates Statements
Qld.	Queensland
RAFP	Regional Airports Funding Programme
RASS	Remote Air Service Subsidy
RAWS	Registered Automotive Workshop Scheme
RCS	risk context statement
RDC	Regional Development Council
RFMP	Regional Flood Mitigation Programme
RIS	Regulation Impact Statement
RTC	Rural Transaction Centre
SA	South Australia
SES	Senior Executive Service
SEVS	Specialist and Enthusiast Vehicles Scheme
SIFC	Stevedoring Industry Finance Committee
SIIMS	Safety Investigation Information Management System
SRAC	Sustainable Regions Advisory Committee
TAAATS	The Australian Advanced Air Traffic System
Tas.	Tasmania
TAWS	terrain awareness warning system
TEU	twenty-foot equivalent units
TFES	Tasmanian Freight Equalisation Scheme
TNIP	transparent noise information package
TSA	transport security advisory
TSI Act	<i>Transport Safety Investigations Act 2003</i>
TSPACE	Transport Security Plan Assessment and Compliance Environment
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
WHCO	workplace harassment contact officer



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