

2004-05

ANNUAL REPORT



ACKNOWLEDGEMENTS

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

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Australian Government

Department of 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 2005.

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 blue ink, appearing to read 'Michael J. Taylor'.

Michael J. Taylor
SECRETARY
19 October 2005

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

ABOUT 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 2005
- 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 321. Tables throughout the report use notations as follows:

\$m \$ million – zero, nil E estimated n/a not applicable

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



How to get copies of this report or more information

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

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

Before making decisions or acting on information in this report, you are advised to contact the department. 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 or  02 6274 7111 or write (no stamp required) to:
DOTARS Annual Report Coordinator
Reply Paid 594
CANBERRA ACT 2601

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

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CHAPTER 1

ABOUT US



ABOUT US

The portfolio of Transport and Regional Services contributes to the well-being 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

The October 2004 federal election and retirement from the ministry of the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon John Anderson MP, led to a number of ministerial changes.

Mr Anderson was replaced by the Hon Warren Truss MP, former Minister for Agriculture, Fisheries and Forestry, on 6 July 2005.

At the same time, the Hon John Cobb MP, who had served as Parliamentary Secretary to Minister Anderson, became Minister for Citizenship and Multicultural Affairs. His predecessor, the Hon De-Anne Kelly MP, became Minister for Veterans' Affairs on 16 November 2004.

The Hon Jim Lloyd MP was appointed Minister for Local Government, Territories and Roads on 18 July 2004. He replaced Senator the Hon Ian Campbell who became Minister for the Environment and Heritage.

ABOUT THE PORTFOLIO

This annual report focuses on the Department of Transport and Regional Services (the department). Information on other portfolio agencies may be obtained from these agencies' annual reports and websites. The authorities and commissions in the portfolio are¹:

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

The portfolio also includes several corporations and other bodies. These are:

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

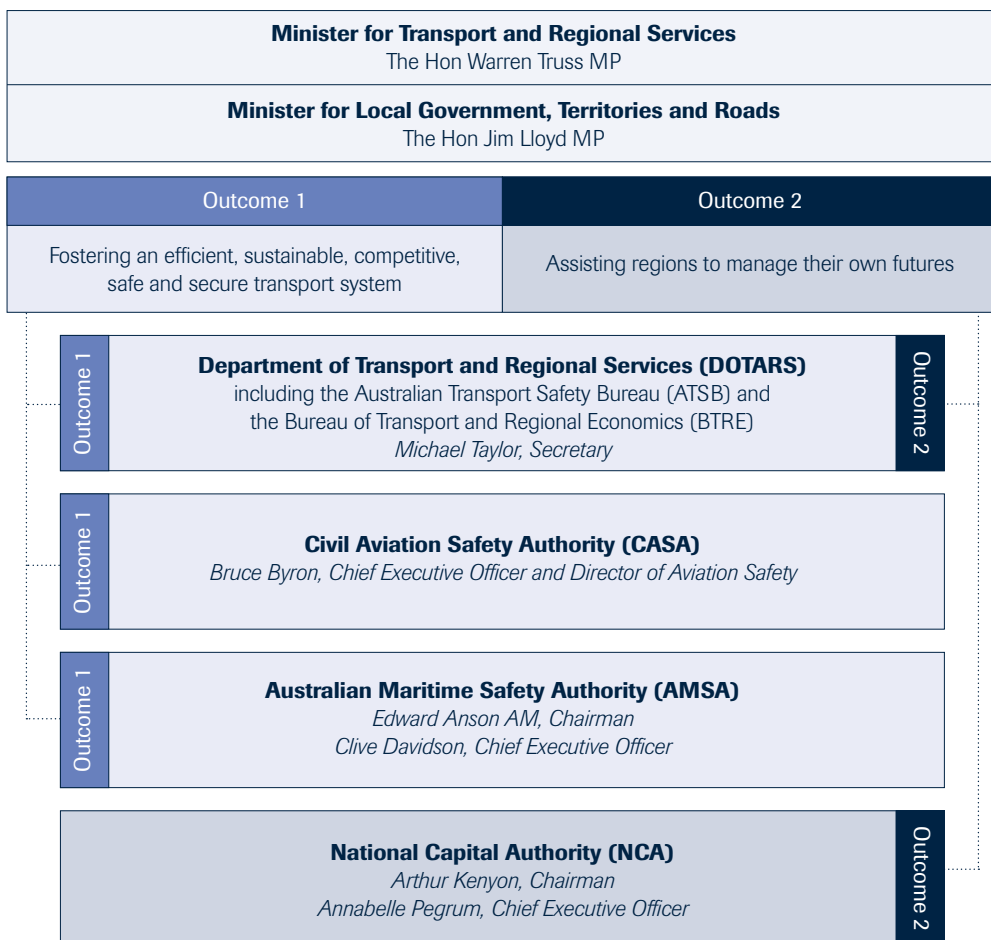
¹ Two other portfolio authorities existed in 2004-05 but were non-operational: the Tasmanian Freight Equalisation Scheme Review Authority (TFESRA) and the Christmas Island Casino Surveillance Authority (CSA). There is no casino currently operating on Christmas Island and all board positions on the CSA are vacant. 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 2004-05.



In 2004-05 the portfolio also included several other bodies. The Stevedoring Industry Finance Committee moved to the employment and workplace relations portfolio from 21 July 2005 as part of reforms to the way government asbestos claims are managed. The Albury-Wodonga Development Corporation moved to the finance and administration portfolio from 16 December 2004 in line with a government decision to move out of the land development business over the next ten years.

Four portfolio agencies including the department belong to the general government sector². Figure 1A below illustrates how these agencies contribute to portfolio outcomes.

Figure 1A – Relationship of general government sector agencies at 6 July 2005^{*}



² General government sector agencies provide public services which 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) as available at www.abs.gov.au

^{*} The portfolio structure is shown as at 6 July 2005 as this is when the current Minister for Transport and Regional Services was appointed.

ABOUT THE DEPARTMENT

Who we are

The Australian Government Department of Transport and Regional Services (the department) 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.

What we do

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

How we make a difference

The services and funding we provide affect every Australian household—on the safety and security of our transport, 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 spend roughly \$4 billion a year across a number of major business lines as illustrated in figure 1B opposite. For more information about the results we have achieved in each area, and our contribution compared to other agencies, please see our report on performance (Chapters 3 and 4).

How we do business

The department's staff of more than 1000 people is based throughout Australia and its territories—providing on the ground services from head office in Canberra to regional offices on Norfolk and Christmas Islands. We aspire to be:

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

These values underpin our approach to, and form the basis of our report on, management and accountability (Chapter 5).



Figure 1B – Departmental outcomes and outputs framework

Outcomes	Output Groups	Outputs	More info
Outcome 1 Fostering an efficient, sustainable, competitive, safe and secure transport system	1.1 Investigation and safety	1.1.1 Investigation	page 32
		1.1.2 Safety	page 40
	1.2 Transport security	1.2.1 Transport security	page 49
		1.3 AusLink	1.3.1 AusLink
	1.4 Transport services	1.4.1 Maritime and land transport	page 73
		1.4.2 Aviation and airports	page 92
	Outcome 2 Assisting regions to manage their own futures	2.1 Regional services	2.1.1 Regional services
2.2 Local government, territories and natural disaster relief		2.2.1 Services to territories	page 128
		2.2.2 Local government	page 139
		2.2.3 Natural disaster relief	page 144

How our organisation has changed over 2004-05

In 2004-05 the department was restructured to provide greater clarity for customers about who in the department provides what, and to better align our resources with key priorities. We created a number of business lines around four main streams: regional services, transport, strategic policy and projects, and corporate services.

A new Office of the Inspector of Transport Security was established to investigate major transport security incidents and conduct proactive investigations as directed by the minister, independent of the Office of Transport Security.

Our outcomes and outputs were revised to reflect the organisational changes. This means that our outcomes and outputs have changed since our last annual report and the 2004-05 Portfolio Budget Statements.

We have aligned this report with our new outcomes and outputs framework and targets published in the 2005-06 Portfolio Budget Statements. For details of the changes and examples of our previous targets please see Appendix I (page 222).

Figure 1C below highlights the alignment of our new structure with our output groups. Figure 1D opposite details our new structure and the senior staff responsible for each area at 30 June 2005.

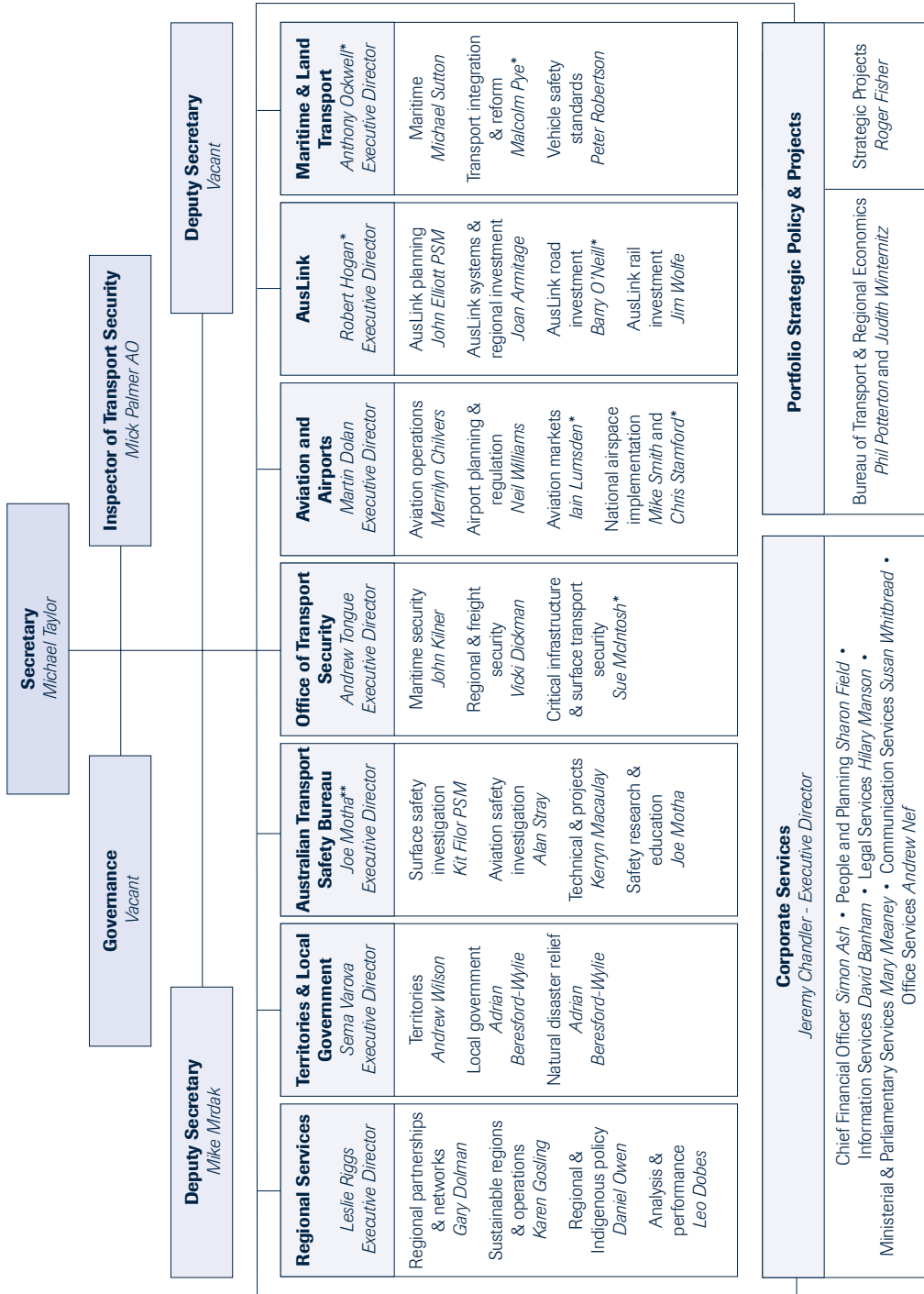
Figure 1C – Relationship between organisational structure and outputs*

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 & Land Transport Business Division Aviation and Airports Business Division Regional Services Business Division Territories & Local Government Business Division
1.1 Investigation & 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 including the Bureau of Transport and Regional Economics and Corporate Services Business Division are vital enablers for other areas, delivering essential research and business services in support of all outputs. This relationship is also reflected in their location at the bottom of Figure 1D.



Figure 1D – Organisational structure at 30 June 2005



* Acting ** Acting pending the return of Mr Kym Bills, Executive Director of the ATSB, who was seconded to the Wheeler review of aviation security and policing.

MEET OUR EXECUTIVE TEAM



Michael J. Taylor

SECRETARY

We welcomed Mike Taylor as our Secretary on 26 October 2004. As Secretary, Mr Taylor has specific responsibilities, many of which are set out in legislation. Mr Taylor also sponsors pioneering work with Indigenous communities in the remote East Kimberley and is president of the Institute of Public Administration of Australia (ACT branch).

In his previous role as Secretary of the Department of Agriculture, Fisheries and Forestry, Mr Taylor built a strong working relationship with Minister Truss on complex issues. These included national quarantine policy as well as salinity and water management across Australia.

Mr Taylor brings with him wide-ranging experience in rural and industry policy, including as the chief executive of various Victorian Government agencies and of the Australian Dairy Industry Council, representing Australia's largest processed food export industry.



Mike Mrdak

DEPUTY SECRETARY

Mike Mrdak was appointed as deputy secretary in March 2005. He is responsible for transport security, aviation and airports, AusLink, maritime and land transport and strategy and research. He also chairs the department's Audit and People Management committees.



Susan Page

DEPUTY SECRETARY

Susan Page joined the department in August 2005 as deputy secretary. She is responsible for regional services, territories and local government, safety investigation and international and multilateral forums, such as APEC and chairs the department's Strategic IT and Security committees.

CHAPTER 2

YEAR IN REVIEW



SECRETARY MIKE TAYLOR REPORTS

I have much pleasure in delivering my first report as Secretary.

One of my first tasks on arriving at the department was to identify, with my executive team, our top priorities for the year. Our list went to the very heart of what our department is about—assisting regions to manage their own futures and fostering a safe, secure and sustainable transport system.

We set ourselves some real challenges. And, I'm pleased to report, we've achieved significant results.

Infrastructure planning and investment bearing fruits

We are implementing AusLink—a revolutionary approach to the planning and funding of Australia's national road and railway infrastructure. This \$12.7 billion, five-year plan is about creating one national road and rail transport network linking cities, ports, airports and freight terminals. New legislation was put in place and bilateral agreements were signed with a number of states and territories.

AusLink will benefit future generations by supporting economic growth and development and the mobility of people and freight.

Efforts to improve transport security increased

The September 11 attacks and the Madrid and London bombings have firmly focused public attention on transport security. We are delivering a more secure aviation and maritime transport system regulated and monitored on a risk-based approach.

We implemented a major new regulatory regime for aviation and maritime security and an intergovernmental agreement on surface transport security. We've taken on responsibility to regulate security for Australia's 56 offshore oil and gas platforms, and supported a government review into security and policing at Australian airports by UK security expert Sir John Wheeler.

Regional programmes expanded

We worked to build stronger regional and rural communities. Community partnerships were developed to help manage the Sustainable Regions and Regional Partnership programmes. Extra funding of \$31 million was provided to Sustainable Regions to support two new regions and 438 new projects were implemented as part of Regional Partnerships.

These programmes enable worthwhile projects to be developed and funded based on local community priorities.

Indigenous partnerships strengthened

One of the responsibilities of the DOTARS Secretary is sponsorship of the Council of Australian Governments (COAG) East Kimberley Indigenous Trial—it is a real privilege to work in partnership with Indigenous groups to help them build self-reliant communities.



This year the COAG trial partnership focused on community activities and increased use of local resources to meet priorities. Eleven shared responsibility agreements were created to help address youth and women's issues, improve environmental health and provide community infrastructure.

Farewell

Following his retirement from the ministry, we farewelled Australia's Deputy Prime Minister and longest serving Transport Minister, the Hon John Anderson MP, along with his Parliamentary Secretary, the Hon John Cobb MP, who became Minister for Citizenship and Multicultural Affairs.

Mr Anderson served as our minister from 1998 and presided over many major achievements in the transport and regional services portfolio. We thank him for all his contributions and wish him and his family well in their new life.

We also welcomed our new Minister for Transport and Regional Services, the Hon Warren Truss MP. In my previous role as Secretary of the Department of Agriculture, Fisheries and Forestry, I had the privilege of working closely with Minister Truss and look forward to continuing our working relationship.

A number of changes also occurred within the deputy secretary ranks, with Lynelle Briggs taking up an appointment as Public Service Commissioner as foreshadowed in the department's last report.

More recently, Deputy Secretary Peter Yuile left us to be Executive Director of the Australian Quarantine and Inspection Service. I wish Peter every success in his new role—I know how challenging it is—and thank him for his invaluable support during the year.

In their place, we welcomed two new deputy secretaries, Mike Mrdak and Susan Page. Their combined skills make an excellent team and provide strong leadership support.

In short

I have very much enjoyed my first year in the department—my predecessor, Ken Matthews, left a strong legacy on which to build—and I look forward to the challenges ahead and working with our staff around Australia.

The individual and collective commitment of staff to delivering results to our customers has been integral to our many successes. I would like to thank staff for their diligence and professionalism throughout the year.

Michael J Taylor
SECRETARY

TRANSPORT SECURITY AND SAFETY

In light of the global security environment and major incidents like the 2004 Madrid train bombings, security and safety issues continued to dominate much of our work.

New capability for security investigation

A new investigative capability was established within our department with the setting up in November 2004 of the Office of the Inspector of Transport Security and the appointment of Mr Mick Palmer AO as Inspector of Transport Security.

Mr Palmer, a highly regarded former federal police commissioner, will investigate major transport security incidents at the request of the minister, independently from the department's Office of Transport Security. Draft legislation is currently with the parliament to enable him to conduct investigations into major accidents on the same 'no blame' basis that has proved so successful in transport safety investigations (page 32).

Aviation and maritime security tightened further

In March 2005 a new enhanced aviation security regime came into force. The department developed guidance materials and worked closely with industry to ensure a smooth transition to the new arrangements. This included assessing and approving transport security programmes for 186 airports, 170 airline operators and over 900 air cargo agents.

A major review of security and policing at Australian airports was announced in June 2005. The review is being conducted by UK security expert Sir John Wheeler, who ran a similar review in the UK focusing on Heathrow Airport. The department established a review secretariat and supported the inquiry until its completion in September 2005 (see Stop press page 51).

Pending the completion of the review, we continued to implement a \$48 million package—Securing our Regional Skies—to strengthen security in regional aviation. The package includes metal detection equipment and training for 140 airports, installation of hardened cockpit doors in passenger aircraft with 30 or more seats and a trial of closed circuit television (page 58-60).

New background checking requirements were introduced for around 130 000 people working in aviation and maritime security zones (page 50). We also took on responsibility for regulating security at Australia's offshore oil and gas platforms, to ensure that this critical national infrastructure is more secure against the threat of terrorism and unlawful acts (page 50).

International and national leadership on security issues continued

The government has put in place a number of initiatives to enhance transport security in South East Asia and the Pacific. The department conducted workshops and seminars throughout the region and established transport security liaison offices in Indonesia and the Philippines (see case study page 57).

In June an intergovernmental agreement to enhance security of the surface transport system (eg. public trains, trams and buses) was signed by all states and the ACT. The NT was in caretaker mode, but is expected to sign in the near future. Under the auspices of the Transport Security Working Group, we also funded and organised a forum on mass land transport passenger security, which was attended by 150 key stakeholders.



Transport safety enhanced

After consulting with industry, our minister obtained in-principle support from the Australian Transport (Ministers) Council for a new long-term national approach to emergency towage for ships. Pending finalisation of a long-term approach, and following a competitive tender process, interim arrangements were developed to maintain emergency towage capability (page 84).

In aviation, we released for public comment a draft report on the benefits of introducing a drug and alcohol testing regime for safety sensitive personnel in conjunction with the Civil Aviation Safety Authority.

As a result of increased funding for aviation safety investigations set out in the May 2004 Budget, we were able to significantly improve the numbers and timeliness of aviation accident investigations and to start work on a new and improved investigation database. We also set up a new rail investigation field team in Adelaide, to cover the key east-west rail link.

Our safety research and education activities were highly successful and our aviation and road safety research reports were well received by stakeholders. We undertook a successful safety awareness campaign for the commercial fishing industry, and are also coordinating Australian Government involvement in a road safety education programme for novice drivers in partnership with NSW and Victorian governments and industry bodies. Our safety website, www.atsb.gov.au, received a record 16 million hits.

New airspace arrangements phased in

Implementation of the National Airspace System continued to enhance the safety of our airspace, improve access, simplify operations and reduce costs. New procedures for aerodromes without air traffic control towers will be implemented in November 2005, and planning is well underway for implementing new classes of Special Use Airspace in 2006.

Work is under way to establish an office of airspace management within the department to streamline the policy, design, regulation and management of airspace. We expect to complete this process in 2005–06.

CASE STUDY—ENHANCING CORPORATE GOVERNANCE OF PORTFOLIO BODIES

Following a major government report into the corporate governance of statutory authorities—the Uhrig Report—the department has undertaken detailed reviews to enhance governance in five portfolio agencies:

- Airservices Australia
- Australia Maritime College
- Australian Maritime Safety Authority
- Civil Aviation Safety Authority
- National Capital Authority

The Uhrig Report called for clearer lines of accountability and for governance arrangements to be appropriate to the particular role and risks of individual agencies.

In response to the report, we are assessing agencies against the principles and templates, and advising the Department of Finance and Administration on possible improvements to governance arrangements. We have already completed one assessment and expect to complete the other four by the end of 2005.

TRANSPORT AND REGIONAL INFRASTRUCTURE

AusLink white paper turning into concrete, steel and bitumen

Last year the government launched Australia's first national transport infrastructure plan—the \$12.7 billion, five year AusLink plan.

This year the government spent around \$2.2 billion on Australian land transport infrastructure, including the Westlink M7 (which links the M5 and the M2 in NSW), Melbourne's Craigieburn bypass, the upgrade of the Pacific Highway and many other projects.

Key legislation was passed, to bring six separate infrastructure programmes—including the Roads to Recovery, Black Spot and former National Highways programmes—into a single legal framework, thereby facilitating a strategic approach to managing these programmes.

Bilateral agreements on future AusLink projects have now been signed with most states and territories. Negotiations are continuing with other states.

Work has begun on the next five-year AusLink plan for government consideration, with four pilot studies underway as part of 24 studies of key road and rail corridors to be completed by mid 2007 (page 65).

Ports and export infrastructure in the spotlight

During the year, we continued to support the government in its efforts to secure greater access for Australian airlines and exporters to key international markets, including the important European and Asian markets (page 93).

We supported work by the Prime Minister's Exports and Infrastructure Taskforce, which examined physical and regulatory bottlenecks in Australia's export infrastructure and how they may impede Australia's export performance.

Following discussion of the taskforce's report at the Council of Australian Governments (COAG) meeting in June 2005, COAG agreed in principle to hasten the long-term planning being undertaken by AusLink, to extend AusLink planning and coordination to ports and associated shipping channels, and to establish one-stop-shops in each state and territory for project facilitation and approvals. The taskforce also recommended that the government support the establishment of arrangements to coordinate logistics chains of national importance.

For a copy of the taskforce report, visit www.infrastructure.gov.au



CASE STUDY—AUSLINK CHANGES THE FACE OF WESTERN SYDNEY

AusLink's largest project—the 40 km Westlink M7 linking the M5 and the M2—is well on the way to completion and is well ahead of schedule. Originally set for completion at the end of 2006, the road could be opened to traffic before Christmas 2005.

Less traffic, more jobs and fewer accidents

This \$1.5 billion, two lane dual carriageway will link the M5 at Prestons with the M2 at West Baulkham Hills, and connect Sydney's high growth areas with Port Botany and Sydney Airport. It will redirect around 60 000 vehicles from local roads, including 10 000 heavy vehicles, and allow fast, efficient freight distribution to emerging industrial zones.

That means more jobs locally and more equitable access to employment for the people of western Sydney—expected to be half of Sydney's population by 2020.

Motorists using the M7 will bypass up to 56 sets of traffic lights and save up to one hour's travel across western Sydney. Based on 1996 traffic levels, it is also estimated the new motorway will prevent about 200 crashes, including 17 fatalities or serious injuries, each year.

Community and environmental concerns addressed

A major effort has also been made to involve the community in the project and to take into account environmental and urban design concerns.

Community liaison groups, comprising representatives from local communities and councils, meet monthly with the construction company, the Abigroup Leighton Joint Venture Group. Newsletters, advertisements, letterbox notifications, website alerts and e-mail are also used to keep the community updated.

A detailed environmental management plan incorporates mitigation measures and environmental safeguards to be followed both during construction and operation of the motorway. One tangible benefit of this plan has been the protection of a colony of endangered Cumberland land snails found in the motorway reserve.

Particular care has also been taken with urban design to ensure that it complements the surrounding landscape. A single design has been developed for the entire motorway, and native seed collected prior to construction from local areas has been used to grow thousands of plants for motorway landscaping.

Supporting future generations

The M7 project is a leading example of what AusLink is all about—providing benefits to future generations by enhancing safety, reducing congestion and encouraging economic growth by making it easier for commuters and freight carriers to travel throughout Australia.

For more information about the M7 project, visit www.WestlinkM7.com.au

REGIONAL SERVICES

Local government supported to deliver essential services

Australia's 703 local governments received more than \$1.55 billion in 2004–05 to deliver essential services like health, community, recreational, cultural and environmental and to provide and maintain infrastructure, including roads. This amount is set to exceed \$1.6 billion for the first time ever in 2005–06 (page 139).

SA councils received extra funding of \$4.25 million—the first of three planned instalments from additional funding of \$26.25 million to address particular local road needs (page 143).

We continued to consult local and state governments about the Hawker report on local government, which recommended sweeping reforms to local government relationships and funding, and assisted the Australian Government to finalise its response to the report (tabled on 22 June 2005).

Regional grants programmes expanded

Regional and remote communities were assisted to improve their economic, social and environmental well-being, with grants approved for 438 projects under the Regional Partnerships Programme and 60 projects under the Sustainable Regions Programme.

Projects funded have continued to attract strong community support, with private sector and other partners contributing an average of \$3 for every \$1 spent by the Australian Government.

The department has been tasked with delivering 40 regionally-based election commitments including:

- the Rural Medical Infrastructure Fund (RMIF)—this fund is helping smaller communities set up medical centres by providing up to \$200 000 towards the cost of each centre
- Bank@Post—this project is extending banking services to more than 200 regional communities through Australia Post outlets
- six regional icons projects to create jobs and ancillary business opportunities and to increase local identity and pride, and
- two new Sustainable Regions (page 121).

As at 30 June 2005, on behalf of the government the department had made initial payments totalling \$25 million towards 22 commitments. Bank@Post facilities had been installed in 20 licensed post offices, and the RMIF became operational on 1 July 2005.



Territory infrastructure and governance improving

In the Indian Ocean Territories, \$16.0 million was spent on capital works. We completed work on an all weather seaport, a sport/recreation facility on Christmas Island and a state of the art power station on Home Island in the Cocos (Keeling) Islands (page 135).

Norfolk Island celebrated 25 years of self-government, an occasion marked with a commitment by the Australian Government to continue the transfer of Crown leases to freehold title so Norfolk Islanders can own the land on which they live.

A commitment was made to establish an environmental trust fund in honour of the island's late Minister for Land and the Environment, Ivens (Toon) Buffet. The trust will help Norfolk Islanders improve environmental and land management and will be funded from revenue received from the transfer of Crown leases.

In the ACT, the minister set up a consultative committee to advise government on the future of the Aboriginal tent embassy site, which has attracted a broad range of protesters and campers since it was first set up as part of Indigenous land rights protests in 1972.

The committee comprises representatives of the local Indigenous communities, the National Indigenous Council and the original protestors who created the site. It is expected to report to government later in 2005 after a nation-wide consultation process with the Indigenous and broader Australian community.

Indigenous partnerships strengthened

Tangible outcomes were delivered for Indigenous communities in the remote East Kimberley, as part of our ongoing sponsorship of a COAG pilot programme.

A series of community safety/grog workshops were facilitated, as a result of which all communities have put in place plans to deal with these issues.

In partnership with the communities, eleven shared responsibility agreements were created to support youth and women's activities, improve environmental health and provide infrastructure such as airstrip lights and community sport and recreational facilities.

Disaster mitigation programmes expanded

In response to the devastating bushfires of 2002–03, a new three-year \$15 million bushfire mitigation programme was implemented to enhance and maintain Australia's fire trail networks (page 148).

A total of \$32.3 million was spent on natural disaster mitigation research, community education and structural works including not only fire trails but also flood warning systems, levees and national aerial firefighting (page 144).

Relief and recovery funding continued to be provided for natural disasters. Throughout 2004–05 the department was notified of 29 eligible disaster events including nine bushfires, eight floods, and 12 other events. Changes to disaster relief arrangements are currently being reviewed in consultation with states and territories (page 152).

MANAGEMENT

New challenges

In response to changing demands from government, transport security staffing numbers more than doubled from 108 to 240. Our graduate intake increased from 15 to 31. Overall staff numbers increased 28 per cent from 901 to 1154.

This has resulted in increased demand for accommodation. This is being addressed through a refit of national office accommodation as well as other offices including Melbourne, Darwin and Sydney over 2005-06.

New training programmes were put in place over 2004-05 to build and enhance the department's workforce capabilities with attention to core areas such as effective writing, procurement and contract management and working in the public service. The specific needs of transport security auditors and safety investigators are also receiving attention (see case study page 36).

We are working to strengthen our capabilities in 2005-06 by increasing our graduate intake and reviewing our long-term workforce planning (page 166).



Left: Staffing growth has put pressure on accommodation throughout Australia. In our national office (left) this is being partly addressed by a refit to make better use of space. (Photo Liz O'Donnell DOTARS).

Industry fees reduced

In line with government policy, we reviewed departmental cost recovery arrangements against Department of Finance and Administration's guidelines. We released three cost recovery statements covering

- noise amelioration for Sydney and Adelaide airports (page 101)
- vehicle safety standards (page 44), and
- arrangements associated with airport leases, trade permits, statistics, and the Australian Transport Safety Bureau.

In almost every case we found that our cost recovery arrangements complied with the guidelines or with specific government decisions not to recover certain costs due to legal considerations.

The government announced a reduction in the fees paid by the mainstream vehicle industry to address a potential for ongoing over-recovery of revenue against the cost of the related regulatory activity. These arrangements are subject to a follow-up review in two years.



FINANCIAL PERFORMANCE

Parliament provides the department with two types of funding: departmental and administered. We use departmental funds to produce goods and services (outputs) at a quantity, quality and price endorsed by government. We also administer funds, assets and liabilities on behalf of the parliament, which controls how we use them and requires us to account for them separately.

Departmental finances

In 2004–05, the department reported an operating surplus of \$45.2 million—significantly higher than that projected at the time of the 2005–06 Budget. This result largely reflected a reduction in the provision for asbestos-related disease claims that saw revenue increase by \$31.6 million and the liability reduce accordingly.

Other issues which affected our performance and position included continued growth in revenues and expenses associated with the transport security output (up \$30.0 million over the last two years) and the government decision to reclassify resources for services to the Indian Ocean Territories (IOTs) foreshadowed in our last annual report. The IOTs decision saw:

- expenses of \$100.1 million and revenues of \$77.6 million in 2004–05 classified as administered (previously departmental)
- net assets worth \$204.6 million moved from departmental to administered, and
- \$85.2 million returned to the Official Public Account (see our financial statements note 12C).

Taking into account these changes, a net asset position in the order of \$63 million would have been expected. Our actual net asset position was \$65.6 million, reflecting our ongoing efforts to maintain and improve the strength of our balance sheet.

Table 2.1 – Summary of departmental financial performance and position^a

	2000–01 \$m	2001–02 \$m	2002–03 \$m	2003–04 \$m	2004–05 \$m	Change last year
Revenue from government	190.7	213.0	229.3	222.8	197.1	11.5%▼
Other revenue	20.6	20.7	17.5	18.9	40.1	112.2%▲
Total revenue	211.3	230.4	246.8	241.7	237.2	1.9%▼
Employee & supplier expenses	155.0	169.7	194.2	195.8	176.6	9.8%▼
Depreciation	11.9	11.2	12.8	14.0	8.2	41.4%▼
Other expenses	29.6	14.6	19.6	91.2	7.2	92.1%▼
Total expenses	196.5	195.5	226.6	301.1	192.0	36.2%▼
Operating result (Loss)	14.7	34.7	20.1	(59.4)	45.2	176.1%▲
Financial assets A	43.6	38.8	109.6	160.7	93.0	42.1%▼
Non-financial assets B	208.9	225.0	250.9	247.9	46.8	81.1%▼
Liabilities C	38.0	40.3	48.3	108.9	74.1	32.0%▼
Net assets = A + B - C	214.5	223.5	312.1	299.7	65.6	78.1%▼

^a 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

At the beginning of 2004-05, the Australian Government made \$3.8 billion available for grants, subsidies and other administered expenses. A further \$179.3 million became available during the additional estimates update, mainly for:

- AusLink programmes including the National Network (\$73 million) and Roads To Recovery programmes (\$30 million)
- Local Government Financial Assistance Grants (\$20.3 million), and
- expansion of the Regional Partnerships (\$12.6 million) and Services to the IOTs (\$6.4 million) programmes.

Subsequent to the Additional Estimates update, the estimates were revised down by \$75.6 million. This mainly reflected the decision to move \$160.5 million from 2004-05 to the forward years (including \$103.0 million for the Scoresby Freeway project), and to make available extra funds for rail infrastructure (\$100.0 million) and the upgrade of the Eyre Peninsula rail system (\$15.0 million).

Expenses totalling \$3.9 million were paid during the year as required by government. While many small programmes underspent by more than 10 per cent, only two programmes reported an underspend greater than \$5 million. If the provision for natural disaster relief is excluded, our estimate of expenses in 2004-05 was 99.7 per cent accurate, up from 99 per cent last year.

Table 2.2 – Administered programmes reporting underspends of more than \$5 million

Programme	Underspend	More info
Bass Strait Passenger Vehicle Equalisation Scheme	\$5.4m	page 81
Roads to Recovery programme	\$6.5m	page 66

While most taxation revenues fell, overall taxation revenue collected on behalf of government rose by \$4.5 million in 2004-05. This result reflected increased revenue from airport noise levies at Sydney and Adelaide airports (\$6.0 million).

Non-taxation revenues fell \$4.3 million overall, reflecting a fall in dividends received (\$13.3 million) and Dairy Regional Assistance Programme reimbursements (\$5.5 million). The transfer of IOTs from departmental to administered partially offset this trend, increasing revenue by \$14.4 million.

The transfer of IOTs resources from departmental to administered also had a substantial impact on our administered balance sheet, increasing net assets by \$204.6 million. Other issues which also affected our financial position included:

- the government decision to transfer the Albury Wodonga Development Corporation out of the portfolio in December 2004—this decision reduced net assets by \$99.8 million
- a drop in the value of the guarantee to cover borrowings by the Maritime Industry Finance Company (MIFCo) Ltd—as MIFCo repaid its borrowings, our liability dropped \$38.1 million, and
- the decision to make a provision for potential future costs associated with the removal of asbestos from buildings on the IOTs (\$10.7 million).



As at 30 June 2005, administered assets exceeded quantifiable liabilities by a ratio of 14:1, up from 11:1 in 2003–04. Figure 2A below illustrates the mix of assets we administered at 30 June 2005. For more information, see our audited financial statements (page 227).

Figure 2A – Value of administered assets held at 30 June 2005

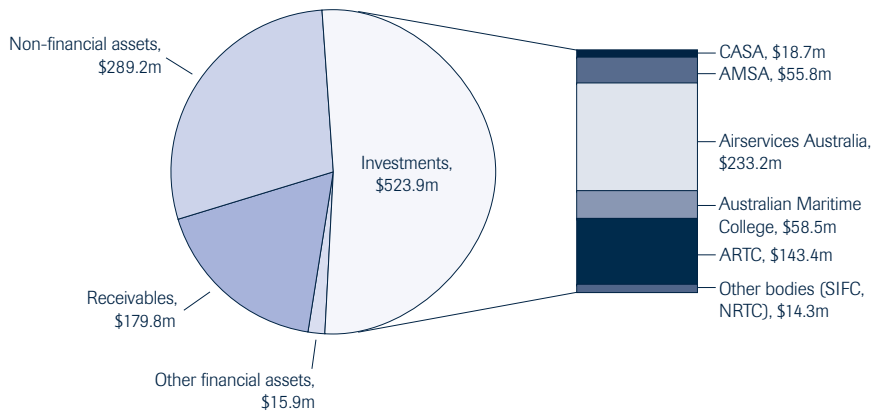


Table 2.3 – Summary of administered financial performance and position^a

	2000–01 \$m	2001–02 \$m	2002–03 \$m	2003–04 \$m	2004–05 \$m	Change last year
Taxation revenue	169.9	275.9	294.9	147.2	151.6	3.0%▲
Non-taxation revenue	2 728.8	75.7	132.4	142.7	138.4	3.0%▼
Total Revenue	2 898.7	351.6	427.3	289.9	290.1	0.0%
Grants	2 398.1	3 366.0	2 966.6	3 549.8	3 620.9	2.0%▲
Subsidies	85.4	92.3	147.9	134.3	138.8	3.4%▲
Other expenses	603.2	65.5	38.7	44.7	113.7	154.4%▲
Total expenses	3 086.7	3 523.8	3 153.2	3 728.8	3 873.5	3.9%▲
Financial assets	1 296.7	845.4	797.5	850.4	719.5	15.4%▼
Non-financial assets	341.3	90.4	85.9	85.5	289.2	238.2%▲
Liabilities	157.0	137.5	114.1	82.3	70.6	14.2%▼
Net assets	1 481.0	798.3	769.3	853.6	938.0	9.9%▲

^a 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



Natural and cultural heritage protected. We began work on a formal heritage strategy to identify and assess the heritage values of all our assets and prepare plans to protect them. The department, through the Kingston and Arthur's Vale Historic Area Management Board, also assists in protecting the cultural and heritage values of this pre-eminent site on Norfolk Island.

Left: Heritage management strategies are already in place for federal airports (Photo courtesy of and © Archerfield Airport)



Human settlements made more sustainable. We worked with the Australian Greenhouse Office to build a power station on Home Island in the Cocos (Keeling) Islands which combines automated diesel power with four wind turbines. We are looking at a range of options to put the area's water supply onto a more sustainable footing (page 138).

Left: The new power station will generate 10 per cent of Home Island's power needs from renewable sources, reduce emissions and save \$60 000 a year in fuel costs. (Photo courtesy of and © Karenn Singer)



Land use managed. We administered funding to more than 160 major construction projects in 2004-05. No breaches of environmental laws were reported for any of these projects, or for any other activity for which we were responsible. Funds have also been set aside for removal of asbestos from buildings in the IOTs.

Left: Also in the IOTs, we collect a levy from Phosphate Resources Ltd towards the costs of minesite rehabilitation on Christmas Island. (Photo DOTARS)



Emissions reduced. In consultation with industry, the government introduced tighter emission standards for light motor vehicles from 1 January 2005 and incentives for heavy vehicle operators to reduce emissions from 1 July 2005 (page 76).

Right: Our research suggests that, while cleaner fuels and engines have dramatically reduced levels of airborne lead and other pollutants, emissions may have accounted for 900 to 2000 premature deaths in 2000, mainly in urban areas. (Photo www.shutterstock.com)



Coasts and oceans protected. An in-principle agreement was reached with states and territories for a long term national approach to emergency towage around the Australian coastline. We also put in place a new programme to ensure current capabilities are maintained in the meantime.

Right: While the IOTs were amongst the first to experience the tsunami on 26 December, no casualties or damage to property were reported (see case study page 134). (Photo DOTARS)



'Think globally, act locally'. We introduced an environmental management system in our national office in line with the international standard ISO 14001:2004. This system improves performance and supports sustainability by helping cut energy and water consumption, greenhouse gas emissions and waste. We are applying these principles to other premises as the opportunity permits.

Right: A comprehensive recycling system is just one of our new environmental initiatives (page 206). (Photo Craig Avery DOTARS)



SOCIAL PERFORMANCE



Tsunami support recognised. After the devastating Boxing Day Tsunami, 111 of our staff worked in the Department of Foreign Affairs and Trade emergency call centre. Many staff chose to come back from holidays early to help handle the thousands of calls from Australians trying to reach family and friends. All 111 staff were honoured with a DOTARS Australia Day award.

Left: Mike McCartney from OTS, who coordinated our response, accepting his award from Secretary Mike Taylor (Photo Craig Stone DOTARS).



Other honours for staff. Almost 40 other staff received awards for their contribution to the department in 2004-05. Former departmental Secretary Ken Matthews, who now heads the National Water Commission, received an Order of Australia for his leadership on a range of issues.

Left: General Manager for AusLink planning, John Elliott, was awarded a Public Service Medal in the Queen's Birthday Honours list for his contribution to AusLink. (Photo DOTARS/Geoff Comfort Photography)



Indigenous partnerships strengthened.

We continued to lead whole-of-government efforts to build partnerships with and improve services to remote Indigenous communities in the East Kimberley (pages 10 and 17). We also supported staff to participate in the Indigenous Community Volunteer Program (ICV) (see case study page 173).

Left: Tracey Svensson spent a month in Katherine NT coaching an Indigenous community in business planning through the ICV. (Photo courtesy Burrudj Aboriginal Group Training Company)



Regional focus expanded. We continued to advise government on issues affecting Australia's regions including access to telecommunications. We also expanded our ability to evaluate the regional impacts of government policy, releasing major new research on taxable income by region. Further research is planned for 2005-06 (page 187).

Right: Our second annual Regional Colloquium brought together more than 150 staff (page 170) (Photo DOTARS)



Health Week a 'runaway' success. We ran a health week to encourage staff to balance work and home and raise awareness of general health and OH&S issues. Health checks, bone density testing, yoga, massage and walking were just some of the activities offered. Pedometers distributed to staff were particularly popular and many teams are continuing to take regular lunchtime walks.

Right: Health Week was overwhelmingly embraced by staff, with all sessions fully booked. (Photo DOTARS)



Staff active and caring. In 2004-05 our social club raised and donated around \$2500 to a range of charities in support of cancer research, guide dog training, diabetes research and education, overseas aid, war veterans and the homeless. Staff in one business division also sponsored a nine year old girl in Columbia through PLAN International.

Right: Many staff also made time to attend Minister Anderson's farewell and to contribute to a memory book presented to him at the function. (Photo DOTARS)



PROGRESS AGAINST OUR BUSINESS PRIORITIES FOR 2004-05

This report card summarises progress against the department's business priorities for 2004-05, and where to find more information on these within this report.

Table 2.4 – Report card on the department's business priorities for 2004-05

Priority	Progress*	More info
1. Implement AusLink to improve planning and investment in Australia's land transport infrastructure	✓✓✓	page 14
2. Realise rail's potential as a major freight mover through reforms to rail planning, regulatory and workplace arrangements in cooperation with the states and industry	✓✓✓	page 62
3. Minimise the risk of terrorist activities that could impact on transport through cooperation with relevant agencies, jurisdictions and industry	✓✓✓	page 12
4. Support the Australian Government's introduction of new airspace arrangements and governance framework for airspace policy, design and management	✓✓✓	page 13
5. Provide an environment and tools that encourage regional communities to lead their own development	✓✓✓	page 16
6. Assist with the implementation of the National Water Initiative	✓✓✓	page 116
7. Advise the Australian Government on its relationship with local government	✓✓✓	page 16
8. Support sustainable growth and opportunities in each of the territories	✓✓✓	page 17
9. Review and improve governance of portfolio bodies	✓✓✓	page 13
10. Implement the Australian Government's new cost recovery guidelines	✓✓✓	page 18
11. Prepare for the incoming government and implement election commitments	✓✓✓	page 16
12. Deliver effective performance, learning and development and good conditions for staff	✓✓✓	page 166
13. Improve communication on the department's governance and corporate performance	✓✓✓	page 156
14. Improve our resourcing and its management	✓✓✓	page 19

*Status: ✓✓✓ fully achieved ✓✓ mostly achieved ✓ partly achieved not achieved

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 major airports handle 1 million flights and 54 million passengers, while 3300 ships make 23 000 port calls at our 70 major ports¹.

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

What we do

In 2004-05 the department contributed to the well-being 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 and industry productivity through to technical standards for motor vehicles
- grants to state, territory and local governments and the Australian Rail Track Corporation (ARTC) towards 260 major road and rail construction projects and more than 3300 smaller projects under AusLink (page 61)
- regulation of aviation and shipping in partnership with bodies including the Civil Aviation Safety Authority (CASA), Australian Maritime Safety Authority (AMSA) and Airservices Australia, and
- investigations into more than 100 major transport safety incidents (page 36), with a new capacity to investigate security incidents also being established (page 49).

What this chapter covers

This chapter reports on the transport outputs and programmes the department was funded to deliver in 2004-05. It:

- sets out the annual financial and other targets we published in our 2005-06 *Portfolio Budget Statements* (PBS)²
- explains 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 our results, and
- 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

As part of delivering our outputs and programmes, we also work towards specific priorities. Our performance against transport and other priorities is discussed in Chapter 2 (page 26).

¹ Source: BTRE *Australian Transport Statistics* June 2005 (various tables).

² We would usually report against the PBS for the year we are reporting against—in this case, 2004-05. However, as explained in Chapter 1, our outcomes and outputs framework changed over 2004-05. To make this report as useful as possible, we have aligned it with the new framework and targets published in the 2005-06 PBS. For details of the changes and examples of our performance against previous targets please see Appendix I (page 221).


Table 3.1 – Transport outputs and programmes in 2004-05

	Budget ^a 2004-05 \$,000	Actual 2004-05 \$,000	Variance ^b	Rating	More info
Output 1.1.1 – Investigation	20 308	17 502	-13.8%	✓✓✓	page 32
Output 1.1.2 – Safety	16 181	18 410	13.8%	✓✓✓	page 40
Output 1.2.1 – Transport Security	45 573	46 162	1.3%	✓✓✓	page 49
<i>Administered programmes</i>					
Aviation security enhancements					
– assistance to regional passenger aircraft	4 740	2 781	-41.3%	✓✓✓	page 59
– regional airport 24hr closed circuit television pilot study	821	666	-18.9%	✓✓✓	page 60
– regional passenger screening	3 822	400	-89.5%	✓✓✓	page 58
Output 1.3.1 – AusLink	18 539	17 259	-6.9%	✓✓✓	page 61
<i>Administered programmes</i>					
AusLink National Network ^c	1 399 989	1 296 989	-7.4%	✓✓✓	page 64
AusLink Rail Infrastructure Investment	-	100 000	100.0%	✓✓✓	page 61
AusLink Road Safety Black Spot	44 500	44 500	-	✓✓✓	page 68
AusLink Roads to Recovery				✓✓✓	page 66
– National programme	280 000	249 922	-10.7%		
– Indian Ocean Territories and unincorporated areas	2 160	2 159	-		
– Northern Territory unincorporated areas	1 000	1 000	-		
Alice Springs to Darwin Rail Link	-	12 500	100.0%	✓✓✓	page 70
Federation Fund Projects					
– Caboolture Motorway	9 886	9 886	-	✓✓✓	page 70
– Murray River Bridges	22 500	20 462	-9.1%	✓✓✓	page 70
Gold Coast Light Rail Project	147	147	-	✓✓✓	page 70
Management of residual issues of former Australian National Railways Commission	920	54	-94.1%	✓✓✓	page 72
Upgrade to Eyre Peninsula Railway	-	15 000	100.0%	✓✓✓	page 71
Upgrade of Mainline Interstate Railway Track	-	-		✓✓✓	page 70

	Budget ^a 2004-05 \$,000	Actual 2004-05 \$,000	Variance ^b	Rating	More info
Output 1.4.1 - Maritime and Land Transport	10 916	10 715	-1.8%	✓✓✓	page 73
<i>Administered programmes</i>					
Bass Strait Passenger Vehicle Equalisation	43 150	32 410	-24.9%	✓✓✓	page 81
Contributions to international organizations					
– International Maritime Organization	310	292	-5.8%	✓✓✓	page 90
– OECD Road Transport	40	24	-40.0%	✓✓✓	page 90
Interstate Road Transport Fees	48 020	46 156	-3.9%	✓✓✓	page 83
Maritime Salvage	2 000	2 750	37.5%	✓✓✓	page 84
National Transport Commission	2 499	2 450	-2.0%	✓✓✓	page 82
Oil Pollution Compensation Fund	2 000	2 331	16.6%	✓✓✓	page 86
Payments to MIFCo	8 735	8 775	0.5%	✓✓✓	page 87
Tasmanian Freight Equalisation Scheme	89 400	89 341	-0.1%	✓✓✓	page 79
Tasmanian Wheat Freight Scheme	1 050	647	-38.4%	✓✓✓	page 80
Transport and Logistics Centre of Excellence	2 000	2 000	-	✓✓✓	page 88
Output 1.4.2 - Aviation and Airports	25 372	21 830	-14.0%	✓✓✓	page 92
<i>Administered programmes</i>					
Australia's response to foot and mouth disease and other quarantine risks	3 477	1 707	-50.9%	✓✓✓	page 92
Compensation for land acquisition – Sydney Airport	3 405	3 405	-	✓✓✓	page 103
Compensation for sale of airport land	3	-	100%	✓✓✓	page 103
Contributions to international organizations					
– International Civil Aviation Organization	1 319	1 206	-8.6%	✓✓✓	page 90
Implementation of noise amelioration					
– for Sydney Airport	9 201	6 231	-32.3%	✓✓✓	page 101
– for Adelaide Airport	16 250	7 623	-53.1%	✓✓✓	page 101
Payment scheme for Airservices Australia's enroute charges	6 020	4 729	-21.4%	✓✓✓	page 105
Airport lessee companies – reimbursement of parking fines	2 448	1 720	-29.7%	✓✓✓	page 103



	Budget ^a 2004–05 \$,000	Actual 2004–05 \$,000	Variance ^b	Rating	More info
Subsidy for transition to location-specific pricing for airport control towers	7 000	7 000	-	✓✓✓	page 106
Sydney West Airport – rental properties	1 759	1 725	-1.9%	✓✓✓	page 104
Tamworth Australasian-Pacific Aeronautical College	234	230	-1.7%	✓✓✓	page 107
Outcome 1 – all outputs					
Total price of departmental outputs	136 890	131 877	-3.7%		
Less reduction in asbestos provision ^d	0	31 600	100.0%		
Less receipts from independent sources	3 162	6 088	92.5%		
Net price to government (appropriation)	133 727	93 878	-29.8%		
Administered programmes summary					
Total cost of administered programmes	2 024 072	1 979 218	-2.1%		
Plus depreciation, write down of assets etc.	1 464	1 441	-1.6%		
Total administered operating expenses	2 025 536	1 980 659	-2.1%		
Less administered revenues	240 656	255 789	6.3%		
Net cost to government	1 784 880	1 724 870	-16.6%		
Average Staffing Level (ASL)	641↑	705↑	10.0%		

^a The budget shown for administered programmes is the revised budget published in our 2004–05 Portfolio Additional Estimates Statements. The budget shown for outputs is the revised published in our 2005–06 PBS and includes own source revenue. For details of our previous output budgets and outcomes see Appendix I (page 221).

^b The variance is the change in our 2004–05 actuals over our revised 2004–05 budget.

^c Includes the former National Highways and Roads of National Importance Programme.

^d The department's provision for asbestos liabilities has been reduced on the basis of actuarial analysis. For more information see our financial statements note 4D (page 258).

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*. The Act empowers the Australian Transport Safety Bureau (ATSB) to:

- investigate safety incidents and accidents involving civil aviation, shipping and the defined interstate rail network
- have primacy in investigation unless there is a clear case of unlawful interference such as terrorism, and
- conduct 'no blame' investigations where the focus is on learning to improve future safety rather than on criminal or civil liability.

Aviation investigation regime 'highly satisfactory'

The International Civil Aviation Organization (ICAO) is the United Nations (UN) body that sets international standards for civil aviation. In May/June 2004 ICAO conducted an audit, at the ATSB's request, of Australia's transport safety investigation regime.

The audit provided an opportunity to establish Australia's level of compliance with its international obligations under Annex 13 to the ICAO treaty, and to assess our performance against international best practice. In its October 2004 report, ICAO:

- commended the positive and professional approach we took in proactively seeking the audit, as well as our very comprehensive training policy and programme
- was 'highly satisfied' with the legislative and organisational framework set up by Australia and the ATSB
- reviewed sample investigations in depth, reporting that 'despite multiple difficult circumstances in each of the investigations reviewed, the investigators appeared to have managed the investigation tasks in a professional and efficient manner', and
- found that 'safety issues were properly addressed and the processing of reports of the investigations was generally accomplished in a timely manner'.

As expected, ICAO recommended changes to some processes and documentation. We have formally responded to all ICAO recommendations and ICAO's report rates our proposed response as 'fully acceptable'.

For a copy of ICAO's report, visit www.atsb.gov.au/aviation/icao/index.cfm



Effectiveness

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

Helping re-write the book on major accident investigation

Australia is one of only six countries that ICAO has invited to help rewrite its major accident manual—the Manual of Aircraft Accident and Incident Investigation. The manual is being updated in stages and the ATSB is contributing to updates of the various modules as required.

Setting new standards for rail and maritime investigation

Australia has also made significant progress in standards for rail and maritime investigations. We are:

- among only a few countries in the world to investigate rail safety accidents on a national basis
- helping redraft the International Maritime Organization (IMO) Code for the Investigation of Marine Casualties and Incidents, and
- co-sponsors with Canada and Vanuatu of a proposal that the revised IMO code be made mandatory under the provisions of the *Safety of Life at Sea Convention 1974*.

Our maritime and rail investigation teams are also implementing, where relevant, recommendations arising from the ICAO audit of civil aviation safety investigation.

Quality

Stakeholders accept safety action recommended through investigation reports

Industry and regulators taking safety action earlier

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

This approach saw fewer recommendations issued in 2004–05 than in previous years, particularly in aviation where we only issued 21 recommendations compared to 62 in 2002–03.

Aviation safety messages well accepted

In 2004–05 the ATSB instigated and released reports on around 30 per cent more investigations than in 2003–04, reflecting a boost in funding for aviation safety investigation. High profile reports released in 2004–05 included reports on:

- a fatal Cessna C404 accident at Jandakot Airport WA
- a fatal emergency medical services (EMS) helicopter accident near Mackay Qld, and
- the Boeing 737 terrain proximity warning incident near Canberra.

Output 1.1.1 – Transport Investigation continued...

Quality

Stakeholders accept safety action recommended through investigation reports (continued)

Aviation safety messages continued to be well accepted, with operators, manufacturers and regulators undertaking significant safety actions in cooperation with our investigations.

For example, following ATSB's investigation into the EMS helicopter accident, the Queensland Emergency Services Department is improving standards and support for community helicopter providers, and all pilots will be required to train to the Command Instrument Rating standard.

A key priority for 2005–06 is to implement the second stage of a new aviation investigation IT system—the Safety Investigation Information Management System (SIIMS). This will enhance our ability to assess the more than 8000 reports of aviation events we receive every year.

Marine investigations lead to regulatory changes

In 2004–05 the ATSB completed 11 maritime investigations. High profile reports released in 2004–05 included reports on:

- a lifeboat accident aboard the *Lowlands Grace* in Port Hedland last year, and
- the breakdown of the *Maersk Tacoma* in Bass Strait following a bearing failure.

Both these investigations have led to safety actions: the Australian Maritime Safety Authority has expanded their port state control investigations to include lifeboats; and ship owners and operators are now required to promptly notify local rescue coordination centres if their ship becomes disabled.

Safety messages have, however, been slow getting through to the commercial fishing industry. Since 1990 we have investigated 23 collisions between fishing boats and much larger cargo vessels, with two recent collisions resulting in the sinking of the fishing boat and the death of its skipper. We have now initiated measures to raise awareness in the industry (see Transport Safety page 42).

Rail safety investigations make valuable recommendations

We released three rail safety reports in 2004–05. These covered the Chiltern train derailment in Victoria and subsequent collision between a passenger and freight train, and derailments at Ararat in Victoria and Bates in SA. These reports have led to a number of new safety measures being introduced:

- The Victorian Department of Infrastructure has expanded its audit programme to include wheel bearing maintenance and communications between train control centres.
- Rail freight operator Pacific National has implemented new distance-and-time based maintenance schedules, and mandated inspections of rolling stock entering service after extended periods, including wheel bearing lubrication tests.
- The Australian Rail Track Corporation is reviewing procedures associated with tamping and the monitoring and inspection of correct track prestressing.



Quality

Stakeholders accept safety action recommended through investigation reports (continued)

Work continued on the joint Queensland Transport investigation into the Cairns tilt train accident which occurred north of Bundaberg in November 2004. A preliminary report on this accident was released by the Queensland Minister for Transport in February 2005, and the final report in October 2005.

Drawing on an enhanced IT capacity for aviation investigations, a national database of rail accidents and incidents is being developed in cooperation with rail regulators in the states and territories. The database will serve as a valuable resource to industry, regulators, investigators and researchers.

Investigations are completed on average within one year

Best turnaround times yet for aviation and marine

In 2004–05 our median report completion time for aviation investigations fell to 247 days, down from 330 last year. This result reflects the injection of increased resources announced in the 2004–05 Budget.

The median report completion time for marine investigations was 372 days, slightly above the targeted 365 days but a substantial improvement on the previous year's result of 484 days.

For the first two rail reports under the *Transport Safety Investigation Act 2003*, a completion time of 519 days was well above our target of 365 days, but this is expected to improve as investigators in our relatively new rail unit become more experienced.

Major accident investigation capabilities are reviewed and tested annually

High level of response readiness maintained

In 2004–05 we continued to maintain a high response capability against the possibility of a major transport safety accident in Australia.

Sadly, our response capabilities were put to the test following Australia's worst commercial air crash in 35 years—the Lockhart River crash—in which 15 people died. We were able to mobilise rapidly and operate effectively in remote and difficult terrain (see case study page 36).

A major desktop aviation accident exercise will be held next year in line with the Australian Government's new aviation disaster response plan (CAVDISPLAN).

Quantity

More than 5000 aviation, maritime and rail safety accident and incident reports are assessed

In 2004–05, more than 6000 accident and incident reports were assessed—well over the 5000 reports we had expected. This result reflects several factors including the incorporation of marine data, growth in rail and aviation reports based on greater awareness of reporting requirements, and increased aviation reporting through Airservices Australia's electronic safety information reporting system.

Output 1.1.1 – Transport Investigation continued...

Quantity

Fatal accidents and other serious occurrences are investigated to improve future safety

In 2004-05 we released 112 reports, up from 82 last year. This included 98 aviation reports, up 30 per cent from last year due to additional resourcing for this function. The aviation result was partially offset by a drop in the number of maritime reports released (11). Three rail reports were also released.

Next year we plan to complete around 100 aviation, 10 marine and 10 rail investigations, including reports on fatal accidents at Benalla and Lockhart River and on the tilt train accident.

Price

\$20.3m

The actual price of this output in 2004-05 was \$17.5 million.

Overall performance



CASE STUDY— ATSB FORGING NEW GROUND IN TRANSPORT SAFETY INVESTIGATOR TRAINING

The Australian Transport Safety Bureau (ATSB) is forging a reputation as a world leader in the training and professional development of its transport safety investigators.

ATSB investigators are those specialists responsible for the independent investigation of accidents and incidents involving civil aircraft, merchant ships and nationally operated trains.

Not a desk job

This can mean working in extremely remote, inaccessible and hazardous environments, and investigators have to be physically and mentally prepared to operate in any environmental setting.

'In recent times our investigators have been exposed to the full range of extreme conditions, from operations in tropical far north Queensland—where they had to be winched in by helicopter—to the sub-zero temperatures of the Victorian Alps in winter,' said Mr Colin McNamara, manager of training and development for the ATSB.

Operating in these types of conditions is tough enough, however the real dangers present themselves at the actual crash sites. Here, investigators are often confronted with a cocktail of hazards, including blood borne pathogens, dangerous goods, chemicals, explosive devices and carcinogens, just to name a few.



Case study continued...

Training to succeed

To provide investigators with the basic skills, knowledge and confidence to operate within these conditions, the ATSB has recently introduced a nationally endorsed Diploma of Transport Safety Investigation (TSI)—the first of its kind anywhere in the world.

Trainee investigators are recruited from relevant industries, and include people like pilots, ships captains, train controllers, engineers and psychologists specialised in human factors including behaviour, stress and fatigue.

'We deliberately recruit people with specialist industry knowledge and a strong performance background, as this is essential when establishing credibility as an investigator,' Mr McNamara explained.

The TSI Diploma is structured on 700 hours (approx) of training conducted over 12–18 months. Training is based on three core components:

- Recognition of prior learning—the skills and knowledge base of trainees (ie. communication, information technology and management) are assessed.
- Theoretical training in key areas such as human factors, OH&S, media, negotiation, interviewing, coronial witness and technical courses in collecting, recording and evaluating evidence.
- On-the-job training and experience—trainees attend accident sites initially as observers and gradually progress to actively participating in investigations with the support of a senior mentor.

Training external organisations

The TSI diploma is highly regarded and has attracted interest from many other organisations, including transport operators, emergency services and overseas industry training providers.

While the ATSB is not geared to offer the diploma externally, it offers short courses in human factors and advanced OH&S as part of its ongoing commitment to improving safety.

Future plans

Plans are already underway to build on the success of the ATSB's ground-breaking approach to training.

'Next year we hope to roll out an Advanced Diploma to better prepare our organisation to deal with large-scale accidents, while also establishing a platform for individual investigators to then complete their Masters certificate,' Mr McNamara said.

This development will further position ATSB transport safety investigators as among the very best in the world.

Table 3.2 – Trends in transport safety investigation

	2001-02	2002-03	2003-04	2004-05	2005-06 ^E
Civil aviation					
Accident and incident notification ^a					
Incidents notified	5 468	5 797	4 404	5 890	
Accidents notified	179	151	152	157	
Total accidents & incidents notified	5 647	5 948	4 556	6 047	^b
Volume of investigations					
Investigations started during year	83	62	75	109	100
Investigations completed ^c	118	78	63	98	100
Investigations continuing at 30 June	90	66	76	86	86
Timeliness of investigations					
Median time to completion (days)	317	279	347	247	<365
Number of ongoing investigations more than one year old at 30 June	16	14	15	14	
Outcome of investigations					
Recommendations issued	42	62	46	21	20
Maritime investigations					
Accident and incident notification					
Total accidents and incidents notified	not reported	not reported	not reported	92	^b
Volume of investigations					
Investigations started during year	10	15	8	13	10
Investigations completed	6	13	17	11	10
Investigations continuing at 30 June	18	20	9	12	12
Timeliness of investigations					
Median time to completion (days)	469	399	484	372	<365
Number of ongoing investigations more than one year old at 30 June	8	6	6	3	-



Table 3.2 continued...

	2001–02	2002–03	2003–04	2004–05	2005–06 ^E
Outcome of investigations					
Recommendations issued	13	42	47	42	no set target
Safety notices issued under the Marine Confidential Reporting System	n/a	n/a	0	10	
Rail investigations^d					
Accident and incident notification					
Total accidents and incidents notified	n/a	n/a	38	60	^b
Volume of investigations					
Investigations started during year	2	4	5	7	10
Investigations completed	3	5	3 ^e	3	10
Investigations continuing at 30 June	1	4	6	11	10
Timeliness of investigations					
Median time to completion (days)	f	f	f	519	<365
Number of ongoing investigations more than one year old at 30 June	0	0	1	3	-
Outcome of investigations					
Recommendations issued	25	23	23	22	no set target
Total price of output^g	\$11.4m	\$11.3m	\$12.5m	\$17.5m	\$21.3m

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

^b At least 5000 aviation, maritime and rail accident and incident reports are expected to be received in 2005–06.

^c While the government has provided extra funding for more investigations from 2004–05, the time required to recruit and train investigators means that this will take some time to impact on the 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 reports before their release. Completion times for the first two rail investigation reports under the ATSB's new powers are in the 2004–05 figures.

^e This count 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 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.

^g This includes the direct cost of investigations as well as indirect costs such as 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 and improved

Within the department, the ATSB publishes safety reports and papers based on its research activities and accident investigations for the information of governments, industry and the wider community. The department also promotes ways to make travel safer and makes sure vehicles entering Australia meet safety standards.

Road deaths in 2004 the lowest since 1949

Australia recorded 1589 road deaths during 2004—the lowest level in more than 50 years. This reflects a continuing downward trend in road deaths since the introduction of the National Road Safety Strategy on 1 January 2001.

The result translates to 7.8 deaths per 100 000 population, a 17.4 per cent reduction from the 2000 rate. However, with a target of no more than 5.6 deaths per 100 000 people by 2010 (see figure 3A opposite), the government is continuing to introduce new initiatives, such as a driver education scheme for P-plate holders (page 43).

Aviation safety improving

Over the 10 years from 1 July 1995, accidents and serious incidents have dropped from 240 to 153, and fatal accidents have more than halved from 24 to 11 (see figure 3B opposite). However there is never room for complacency as demonstrated by the 15 fatalities in one accident at Lockhart River in 2004-05.



Figure 3A – Trends in road safety outcomes

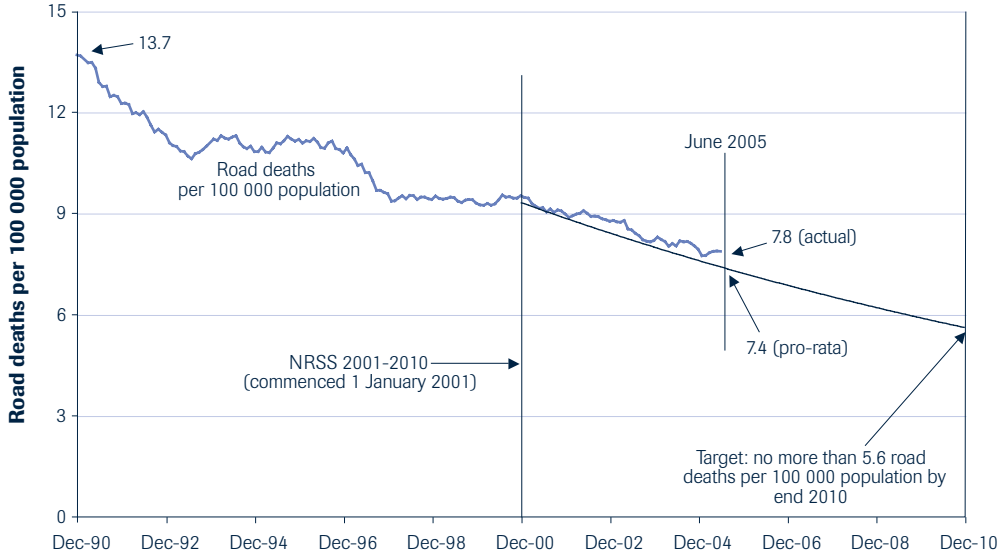
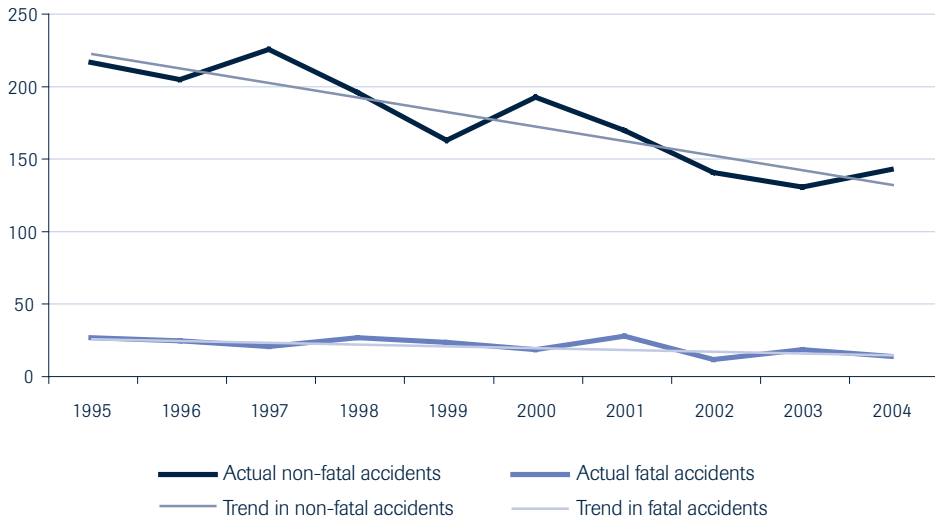


Figure 3B – Trends in air safety outcomes



Output 1.1.2 – Transport Safety continued...

Effectiveness

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

Commercial fishing in the safety spotlight

In 2004-05, the ATSB initiated a proactive safety awareness programme aimed at the Australian commercial fishing industry. The programme is based around a series of face to face meetings with the fishing industry peak bodies, state marine regulators and fishers to outline the recurring factors we find in our investigations.

A new safety bulletin was prepared for the meetings along with a selection of other safety materials including a DVD produced in conjunction with the Australian Maritime Safety Authority and marine regulatory authorities in Queensland and NSW.

Nationally consistent rail safety regulations on the way

Investigations into a number of rail accidents—most notably the NSW Waterfall train crash which killed seven people in January 2003—have highlighted the need for a more proactive approach to assessing and monitoring the health of key rail workers.

In 2004-05 the department continued to work with all states, the NT and the rail industry on developing a new national standard, through a process facilitated by the National Transport Commission. The outcome of this process—model legislation to deliver a nationally consistent approach—is to be considered by the Australian Transport (Ministers) Council in November 2005.

Quality

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

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 47)
- coordinating national road safety action plans under the National Road Safety Strategy 2001-2010, and
- piloting safety education programmes (see driver education opposite).

National Road Safety Action plan 2005 and 2006 launched

The third action plan under the National Road Safety Strategy 2001-10 was developed jointly with state and territory governments with input from a broad range of organisations through the National Road Safety Strategy Panel.

It highlights three key priority areas for policy makers and planners to focus on in 2005 and 2006—safer roads and roadsides (infrastructure), safer speeds and safer vehicles.

The new plan will contribute significantly to the goal of the National Road Safety Strategy—saving 3600 lives by reducing yearly road fatalities by 40 per cent per 100 000 people over the decade to 2010.



Quality

A novice driver education trial is initiated in NSW and Victoria

National driver education trial being established

We responded to the Australian Government's policy initiative to facilitate the introduction of a national compulsory driver education scheme. The scheme is expected to apply to all new provisional licence holders (P-platers).

In 2004–05 we began the task of putting together the basic course curriculum, in partnership with Australian and international experts. The aim was to develop an innovative programme built on international best practice and drawing on 'insight' learning processes that have shown promise in overseas trials. This approach focuses on raising awareness of driver risk factors and providing inexperienced drivers with an appreciation of their own limitations.

Following the publication of our initial work in December 2004, former Transport Minister Anderson convened a national forum on young driver safety (at Parliament House), where he announced the next stage of the project—a 12-month trial of the course in partnership with the NSW and Victorian Governments, as well as the Federal Chamber of Automotive Industries, the Insurance Australia Group and the Royal Automobile Club of Victoria.

Starting in 2006, about 7000 P-platers in each state will go through the course. A control group in each state will be made up of a similar number of P-platers. 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.

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?

The Australian Government has jurisdiction over motor vehicles up 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. Our role is to:

- develop and monitor compliance with standards
- approve workshops under the Registered Automotive Workshops Scheme (RAWS) as well as motor vehicle imports, and
- investigate reports of safety defects and monitor safety recalls.

Output 1.1.2 – Transport Safety continued...

Quality

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

New vehicle safety 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* (MVS Act). The Act, which applies to imported as well as locally manufactured vehicles, requires all vehicles to meet national safety and environment standards. These standards are the Australian Design Rules (ADRs).

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 2004-05 we:

- gazetted changes to ADR 18/03 relating to speedometers, to harmonise with the UNECE regulation
- completed consultation on and recommended the repeal of ADR 17/00 on fuel systems—this uniquely Australian standard was repealed on 1 August 2005 meaning that importers no longer needed to replace fuel tanks
- completed consultation on regulation impact statements to harmonise door, seat, seatbelt, safety glazing and rear mirror standards with the corresponding UNECE regulations (ADRs 2, 3, 4, 8/01 and 14)
- released regulation impact statements for public comment on heavy vehicle standards so that UNECE compliant vehicles require only minor modification¹ (ADRs 35/01, 38/02 and 62/01)
- released a regulation impact statement on audible seatbelt reminder systems for cars
- drafted two statements relating to heavy vehicles to harmonise with UNECE regulations—one for a new ADR for underrun barriers the other relating to speed limiting (ADR 65/00), and
- drafted a statement relating to occupant protection in buses (ADR 68/00).

¹ The Australian heavy vehicle fleet is a mix of products from Europe, the USA, Japan and those manufactured locally. Complete harmonisation could lead to compatibility problems, particularly when newer trucks are coupled with older trailers and vice versa.



Quality

Australia's motor vehicle safety standards are aligned with international standards (continued)

In 2005–06, we will implement the 1958 UNECE harmonisation agreement governing approvals and certification of automotive products, to enhance export opportunities for Australian manufacturers. The government will also consider the 1998 agreement, which offers even greater scope for global harmonisation as its membership includes the USA and Canada, neither of whom are signatories to the 1958 agreement.

Vehicle and workshop processes getting quicker

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 vehicles to the mainstream market and used vehicles to the specialist and enthusiast market. We assess whether a vehicle is a specialist or enthusiast model under the Specialist and Enthusiast Vehicle Scheme (SEVS).

Only vehicles approved under SEVS can be supplied to the market under the low volume scheme (new vehicles) or Registered Automotive Workshop Scheme (RAWS) (used imported vehicles).

As a result of additional funding announced in the 2004–05 Budget, the department achieved substantial improvements in timeliness for vehicle and workshop approval processes. We:

- achieved 93 per cent of approvals to import vehicle types within our target of 17 working days
- completed approximately 80 per cent of RAWS inspections within the target of six weeks, down from an 18 week turnaround time in February 2004
- raised around 95 per cent of post-inspection discussion items electronically within the target of one week of inspecting officers returning to the office, and
- examined approximately 80 per cent of evidence submitted for assessment within 20 working days.

We are working to improve timeliness further in 2005–06—to complete at least 85 per cent of all vehicle and workshop processes within target timeframes.

Output 1.1.2 – Transport Safety continued...

Quantity

	Demand increases for vehicle and workshop approvals
<i>50 Registered Automotive Workshops are approved and 40 RAWS inspections are conducted</i>	In 2004-05 the department approved 64 RAWS workshops and conducted more than 160 inspections to address the backlog of approvals associated with the establishment of the scheme ² . In 2005-06 we expect to conduct around 155 inspections, including inspections for new approvals, inspections for approval to handle additional vehicle models and audit activities.
<i>16 000 approvals to import vehicles are issued</i>	In 2004-05 we issued 23 246 approvals to import vehicles, up 43 per cent from last year largely due to the growth of imports in vehicles not intended for road use, such as scooters, 'pocket bikes', and off-road motorcycles. We now expect to issue around 25 000 approvals in 2005-06, up from the 16 000 estimated in our 2005-06 PBS.
<i>3400 vehicle types are approved for identification plates and supply to the Australian market</i>	There was a modest 1.3 per cent increase in the number of vehicle types approved for identification plates and supply to the Australian market. A total of 3462 approvals were issued, with a similar number expected in 2005-06.
<i>50 vehicle production and/or test facilities are audited</i>	In 2004-05 58 vehicle production and/or test facilities were audited, up from 25 last year. We expect this number to stabilise at around 50 audits a year from 2005-06.



Did you know?

Under the *Trade Practices Act 1974*, suppliers must recall goods which will or may cause injury. In 2004-05 we continued to investigate reports of safety defects and to monitor the effectiveness of each vehicle safety recall. The actual number of reports and recalls fluctuates from year to year.

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

² RAWS, which replaces the former low volume scheme for used vehicles, began on 1 April 2002 and became mandatory from 8 May 2003 for imported used vehicles.



Quantity

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

Forty-one research publications released

In 2004–05 the number of statistical and research publications released was 41 in all, comprising 9 aviation and 32 road.

The ATSB released and published on its website seven road safety research reports including reports on road texture and crash risk and community attitudes, as well as 25 road safety and rail statistics publications, including 13 road fatality statistical reports. The other 12 special-issue statistical reports included:

- *Deaths and serious injuries among female motorcyclists*, in which trends in crash rates among female as well as male motorcyclists are analysed
- *Fatal road crashes involving articulated trucks* in which it is shown that crash rates in this sector during the last decade have plateaued despite the increase in the sector size, and
- *Cycle safety: a national perspective* which presents data on trauma due to road crashes involving cyclists.

In 2005–06 the ATSB will continue to research transport safety issues, including motor vehicle side impact protection, pedestrian and vehicle compatibility, the role of human error in road crashes and truck safety.

Price

\$16.2m

The actual price of this output in 2004–05 was \$18.4 million.

Costs to industry reduced

Under the MVS Act, the costs of regulatory and compliance services provided are recovered through industry fees.

In 2004–05 the government announced a reduction in the fees paid by the mainstream vehicle industry to address a potential for ongoing over-recovery of revenue against the cost of related regulatory activity. These arrangements are subject to a follow-up review in two years.

Overall performance



Table 3.3 – Trends in transport safety research and regulation

	2001-02	2002-03	2003-04	2004-05	2005-06 ^E
Research					
Total research publications	25	30	36	41	35
Aviation research publications	-	3	10	9	10
Road research publications	25	25	22	32	25
Other research publications	-	2	4	-	-
Activity regulated under <i>Motor Vehicle Standards Act 1989</i>					
ADRs (re)issued	23	22	11	1	35
Compliance of motor vehicles					
Audits of production and/or test facilities	77	51	25	58	50
Approvals to fit identification plates to vehicle type	3 241	3 302	3 417	3 462	3 400
Registered Automotive Workshop Scheme (RAWS)^a					
Workshop applications	7	97	55	34	25
Workshops approved	0	10	45	64	40
Inspections conducted	1	64	145	163	155
Used import plate approvals	0	112	2 916	6 319	9 000
Inspections completed within 6 weeks	n/a	n/a	n/a	80%	>85%
Post-inspection discussion items electronically within one week of inspecting officers returning to the office	n/a	n/a	n/a	95%	>85%
Examination of evidence submitted completed within 20 working days	n/a	n/a	n/a	80%	>85%
Motor vehicle imports					
Approvals to import vehicle type	15 865	15 092	16 236	23 246	25 000 ^c
Vehicles covered by import approvals ^b	55 163	104 119	152 880	328 584	300 000
Import approvals issued within 17 working days	86%	89%	85%	93%	90%
Activity regulated under <i>Trade Practices Act 1974</i>					
Safety investigations	72	95	110	96	no set target
Safety recalls notified	104	99	126	165	

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

^b 2001-02 data does not include approvals to import non-transport equipment ie motorised scooters, all terrain vehicles, off-road motorcycles etc.

^c This estimate has been adjusted from that published in our 2005-06 PBS, to reflect actual levels of industry activity in 2005-06.



OUTPUT 1.2.1 – TRANSPORT SECURITY

(Inspector of Transport Security, Office of Transport Security)

Effectiveness

Transport security is maintained and enhanced

Australia's response to terrorism relies on strong cooperation between governments, government departments and agencies and industry. The Australian Government leads work to improve the security of Australia's transport system and reduce the likelihood of transport being a target of, or vehicle for, terrorism.

In 2004–05 a new capability to investigate major security incidents was established within the department. In addition, the department

- continued to advise the government on how best to manage security risks in light of world events and international practice
- implemented new legislation to enhance Australia's maritime and aviation security regime, and
- worked with industry to learn from and enhance its risk readiness, including through the \$48 million Securing our Regional Skies package (pages 58–60)

A new intergovernmental agreement on surface transport security was endorsed by the Council of Australian Governments (COAG), and work continued with targeted countries in our region to improve their transport security capabilities.

Quality

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

New capability for security investigation established

No major transport security incidents were reported in Australia in 2004–05. However, in light of ongoing international events, the government established a new capability for security investigation within our department—the Office of the Inspector of Transport Security.

The new office, launched in November 2004, is headed by former federal police commissioner Mr Mick Palmer AO. As Inspector of Transport Security, Mr Palmer will investigate:

- aviation and maritime security incidents as directed by the minister, and
- major land transport security incidents as directed by the minister and subject to agreement from the relevant state or territory government.

Proactive as well as reactive investigations are planned. These might include reviews of industry security systems, practices and procedures. All investigations will be done independently from the Office of Transport Security (OTS).

Draft legislation is being finalised to enable Mr Palmer to conduct investigations into major incidents on the same 'no blame' basis consistent with the approach applied in relation to transport safety investigations.

Pending the passage of the legislation, Mr Palmer has supported the Wheeler review of aviation security and policing, which reported to government in September 2005 (see Stop press overleaf).

Output 1.2.1 – Transport Security continued...

Quality

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

Threat environment ever changing

While there was no change to Australia’s national alert level—it remained on medium—international events like the Madrid, Jakarta and London terrorist attacks provided new information and are important reminders of the need to continually review security measures.

In 2004–05, acting on advice from the department and in line with international practice, the Australian Government:

- increased the number of regulated airports from 40 to 185 and regulated airlines from 60 to 170
- applied more stringent and visible measures at Australian airports and ports, including enhanced access controls to airport secure areas
- strengthened the criteria for background checks on workers holding aviation security identification cards
- following consultation with industry, introduced security identification cards for people working in maritime security zones
- strengthened relationships with key agencies in Canada, New Zealand, the UK and the USA to facilitate better enforcement of the International Ship and Port Security Code, and
- enacted legislation to bring Australia’s 56 offshore oil and gas platforms—which deliver around \$18 billion a year in export and trade revenue—into the maritime security regime.

Briefings were arranged for industry and other governments to enable them to make more informed decisions about their security in response to various world events including the London terrorist attacks of 7 and 21 July 2005.

As mentioned in Chapter 2, the government announced a major review of security and policing at Australian airports in June 2005. The department established a review secretariat and supported the inquiry until its completion in September. The government has now announced a number of new security measures (see Stop press opposite).



STOP PRESS—WHEELER REPORT HANDED DOWN

In June 2005 the government announced a major review of security and policing at Australian airports. This followed concerns about possible criminal activity at airports as any weaknesses exploited by criminals could also be utilised by terrorists.

The review, headed up by former minister and UK security expert the Right Hon Sir John Wheeler, examined the threat from serious and organised crime at airports, the integration of ground-based security and law enforcement arrangements, and the adequacy of existing security requirements.

The department established and contributed senior staff to the 13-member review secretariat including Kym Bills from ATSB and Andy Turner from OTS, and supported the inquiry until its completion in September 2005.

Responding to the report on 21 September, the Prime Minister announced a number of new security measures, several of which directly involve our department. They include:

- \$38.0 million to strengthen air cargo security arrangements—this includes funding for the Australian Customs Service to improve its explosive detection capabilities
- \$23.4 million for improved security and crime information exchange arrangements for aviation, with another \$20.5 million to be provided to the Australian Crime Commission
- an immediate review of the *Aviation Transport Security Act 2004* and associated regulations
- further tightening of background checking and processing arrangements for the issue of Aviation Security Identification Cards, and
- \$3.8 million to introduce a new national aviation security training framework to support the aviation industry.

Implementing these measures in partnership with industry and other agencies will be a major priority for the department in 2005–06.

A copy of the Wheeler Report is available at www.aspr.gov.au

Output 1.2.1 – Transport Security continued...

Quality

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

Aviation and maritime security laws tightened

Aviation and maritime security are regulated through the *Aviation Transport Security Act 2004*, and *Maritime Transport and Offshore Facilities Security Act 2003*. These Acts require bodies based in air and sea ports and related facilities to:

- conduct regular security risk assessments
- develop security plans based on that assessment
- implement appropriate security measures including security zones and signage, and
- ensure all staff working in security zones hold an appropriate security identification card.

Similar requirements apply to airlines operating in Australia—who must also contact our security operations centre for curfew dispensations at four airports and permits required under the *Air Navigation Act 1920* (page 100)—and to Australian flagged shipping.

Special arrangements apply to operators of general aviation aircraft—while there is no requirement to develop a full security plan, operators must implement anti-theft devices when their aircraft are unattended.

Special arrangements also apply to foreign flagged vessels operating in Australian waters. These vessels are required to:

- maintain appropriate international ship security certificates
- notify us of their movements, and to
- contact our operations centre for approval to engage in coastal trade under the *Navigation Act 1912* (page 74).

All bodies are required to notify us as soon as practical of any unlawful interference to their operations. We maintain a 24-hour operations centre to facilitate prompt action on notifications and other processes.

Regulated bodies 100 per cent compliant

As a result of changes to the aviation and maritime transport security legislation in 2003-04, more than 650 bodies were required to put in place formal security programmes for the first time in 2004-05.

Major airlines and airports continued to implement longstanding security arrangements consistent with security plans. Another 255 airports and airlines submitted plans to us for the first time in 2004-05 and over 600 cargo agents introduced new measures for domestic air cargo. The vast majority were of a high standard and all have now been approved. Likewise, audit activity confirms that general aviation operators are generally complying with the requirement to secure unattended aircraft against theft.

In the maritime industry, all bodies had submitted security plans to the department as required by 30 June 2004. New entrants or amendments to existing plans saw another 82 plans submitted to us in 2004-05. The vast majority of these were of a high standard and have been approved. Five were withdrawn or did not proceed and twelve are still under assessment.



Quality

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

In anticipation of the need to establish relationships with the growing number of bodies we regulate, the department appointed and trained more transport security inspectors in 2004–05. As at 30 June 2005, more than 60 transport security inspectors are based in offices across Australia. These inspectors:

- audited 69 per cent of airlines and 18 per cent of airports, and
- audited 17 per cent of maritime security plans, with 100 per cent of Australian flagged vessels subject to audit over the last two years, and
- made many more security related visits including partial inspections and attendance at security meetings and exercises.

All regulated bodies were assessed as being fully compliant with relevant security requirements at 30 June 2005.

Foreign flagged vessels subject of close scrutiny

Since 1 July 2004, every foreign flagged ship seeking entry to Australia has been subject to risk assessment to enable inspections to be prioritised. Many of these ships are also subject to a hands-on security inspection. In 2004–05 the department:

- risk assessed and monitored the activities of every foreign-flagged ship entering Australian waters
- issued six foreign flagged vessels with control directions for a failure to hold valid security certificates—these ships will not be permitted to re-enter Australia until they have a valid certificate
- authorised officers of the Australian Maritime Safety Authority to conduct first-line inspections in conjunction with their port state control function, and
- undertook some 153 detailed ship inspections—an average of three ships a week.

Operations centre now operating 24/7

On 1 July 2004 the OTS Operations Centre, established in 2003–04, moved to around the clock operations—24 hours a day, 7 days a week. In addition to supporting all of the above enforcement and compliance activity, it:

- received more than 12 328 calls about possible aviation and maritime security incidents
- coordinated the department's response to a range of events including the Boxing Day tsunami (see Chapter 2 page 24), and
- authorised the transportation by air of persons in custody, mainly arising from immigration and illegal fishing offences.

Table 3.4 – Transport security workload and resourcing

	2004-05	2005-06 ^E
Aviation security		
Bodies regulated		
Airports		
• international ^a	11	} 180
• domestic	174	
Airlines		
• international	57	} 160
• domestic	126	
Registered cargo agents	901	no set target
General aviation aircraft	7500	7500
Total bodies regulated	8769	
Proportion of bodies covered by approved plan at any time	100%	100%
Regulatory and compliance workload		
Security plans registered ^b	1236	no set target
Audits of plans	261	
Airline audits	126	
Airport audits	33	
General aviation inspections	651	
Registered Air Cargo Agent Inspections	146	
Maritime security		
Bodies regulated		
Australian flagged vessels	57	
Ports	71	70
Facilities	179	} 300
Port service providers	100	
Total bodies regulated	407	
Proportion of bodies covered by approved plan/certificate at any time	100%	100%
Regulatory and compliance workload		
Security plans registered ^b	252	240
Audits of plans	52	no set target



Table 3.4 continued...

	2004–05	2005–06 ^E
Other bodies of interest – foreign flagged vessels entering Australian waters		
Number of voyages into Australia from overseas	n/a	11 000
Vessels issued with control directions for not holding valid international ship security certificates	6	no set target
Detailed inspections involving the department	153	no set target
Departmental resources		
Price of output ^c	\$46.2	\$53.4m

^a Airports at which there is a counter-terrorism first response mechanism.

^b A security plan can cover more than one regulated body. In the case of the maritime industry, 252 plans covered 407 participants at 30 June 2005.

^c Financial data for this output is only available from 2004–05. For details of the department's previous outputs framework see Appendix I (page 221).

Output 1.2.1 – Transport Security continued...

Quality

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

Work continues to enhance industry risk readiness

In 2004–05 the department continued to work with the aviation and maritime industries to reduce the risk of acts of terrorism. We:

- developed a best practice model to provide industry with briefings on nationally classified assessments of the terrorist threat, in conjunction with ASIO
- developed and distributed declassified risk context statements to industry to inform transport security planning
- developed guidance material on better practice and ran workshops around Australia to help operators conduct security risk assessments and prepare security programmes
- delivered funding to enable hardened cockpit doors to be installed in aircraft used on regional routes (page 59)
- put in place arrangements to deliver metal detector kits and training to regional airports over 2005–06 (page 58), and
- started a trial of closed-circuit television as an aid to security at four regional airports (page 60).

Output 1.2.1 – Transport Security continued...

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.

In 2004–05 the department continued to provide secretariat support to the Transport Security Working Group as the main forum for progressing transport security issues. The group, set up in 2003, comprises senior transport officials from each state and territory and reports through the chief executive officers of transport departments to all transport ministers (the Australian Transport Council). In 2004–05 the group:

- developed and coordinated the signing of an intergovernmental agreement on surface transport security
- implemented key recommendations agreed by the Australian Transport Council and Overseas Mission on Transport Security following the Madrid terrorist attacks, and
- supported state and territory governments to progress priorities identified in the National Transport Security Strategy we developed in 2003–04 and to participate in a national counter-terrorism exercise program.

The department also:

- hosted a national forum on mass passenger surface transport security in June 2005—this was attended by over 140 Australian and New Zealand delegates including owners and operators, government transport officials and police.
- participated in emergency meetings in the days immediately following the London terrorist attacks of 7 and 21 July 2005—to review Australia’s surface transport security arrangements, and
- accompanied Australian police to the UK following the attacks, to report back on protective security and planning implications especially for mass urban transit.

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

Overseas presence and projects expanded

In 2004–05 the department continued to work with targeted countries in the Asia-Pacific region to improve both aviation and maritime security. We:

- established transport security liaison officers in South East Asia, working out of the Australian missions in Jakarta and Manila (see case study opposite)
- worked with the Singaporean government through APEC to provide maritime security training to countries in the region,
- participated in audits of aviation and maritime security in Fiji and Nauru under the Australian Government’s Pacific Governance Support Programme, and
- placed security advisors in Papua New Guinea (PNG) to assist local authorities to improve compliance with international aviation and maritime security standards, under the Enhanced Cooperation Programme with PNG.

In 2005–06 we expect to expand our overseas presence, with three officers based in Jakarta, two in Manila and two Pacific liaison officers.



Quantity

Various targets A number of quantitative workload indicators were identified in our 2005–06 PBS. For details, see table 3.4 (page 54, 2005–06 column).

Price

\$45.6m The actual price of this output in 2004–05 was \$46.2 million and is expected to increase to \$53.4 million in 2005–06.

Overall performance ✓✓✓

CASE STUDY—WORKING WITH OUR NEIGHBOURS IN SOUTHEAST ASIA TO IMPROVE SECURITY

The Australian Embassy bombing in Jakarta in September 2004 was a brutal and direct reminder of the importance of regional security.

In 2003 the Australian Government directed our department to establish transport security liaison sections in embassies in Indonesia and the Philippines to gain a better understanding of and help our neighbours improve transport security in the region.

The first section was due to open in September 2004 in the Jakarta Embassy, but the bombing on the 9th of that month changed that—the explosion killed 11 people, injured 200 and caused serious damage to the vacant office where the section was to be housed.

With the embassy in disarray, Singapore provided a temporary home. The section eventually relocated to Jakarta in early 2005, and will soon start managing a \$1 million training-based project to improve aviation security in Indonesia.

The Manila section is also up and running. Based in the Australian embassy, it is working with the Philippines Government on a major 18-month project to enhance port security.

Aside from Indonesia and the Philippines, the two sections also share responsibility for transport security issues across all other Southeast Asian countries and are working on a number of other regional initiatives.

Administered programme – Aviation security – regional passenger screening
(Office of Transport Security)

Effectiveness

Security is enhanced at regional airports handling regular public transport services

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.

As part of the Securing our Regional Skies package, the regional passenger screening programme is meeting the cost of hand wand metal detecting kits and staff training at 140 regional airports that handle regular public transport services.

This will enable airport operators to scan passengers and hand luggage at short notice—for example, if the government announces a change in the alert level.

While airports are only required to scan passengers and hand luggage when specified by the government, we encourage routine use of these procedures to allow staff to practice their skills and assure the local community of their airport's commitment to aviation security.

Quantity/Location

Metal detection equipment and training is provided to 140 regional airports

In 2004-05 we completed an open tender process and awarded contracts to support equipment as well as training for up to 10 people at 140 airports across Australia.

Training will start in early September 2005, initially in regional NSW with a roll out across Australia to follow. All training is expected to be completed towards the end of 2006.

Cost

\$3.8m (announced at Additional Estimates)

The actual cost of this programme in 2004-05 was \$0.4 million due to delays in contract signing. Unspent funds will now be spent in 2005-06.

Overall performance





Administered programme – Aviation security – assistance to regional passenger aircraft
(Office of Transport Security)

Effectiveness/Location

Security is enhanced on regular public transport and open charter services operating in regional Australia

Consistent with government decisions in December 2003, all passenger aircraft with 30 or more seats are required to install hardened cockpit doors. In recognition of the unique circumstances in regional aviation, the government has made \$4.7 million available to fund the purchase and installation of hardened cockpit doors in eligible regional aircraft.

Quality

Hardened cockpit doors are installed in passenger aircraft with 30 or more seats

As at 30 June 2005, hardened cockpit doors had been installed in 74 aircraft serving regional Australia.

The installation of hardened cockpit doors in another eight aircraft was delayed because of global demand for these types of doors and the technical limitations for some aircraft types. Operators of these aircraft have put in place additional security measures, pending installation of the doors in 2005–06.

Cost

\$4.7m (up from \$3.2m at Budget)

The actual cost of this programme in 2004–05 was \$2.8 million, less than expected due to delays in getting doors installed in all aircraft by 30 June 2005. Unspent funds will now be spent in 2005–06.

Overall performance



Administered programme – Aviation security – regional airport 24-hour closed circuit television pilot study (Office of Transport Security)

Quality/Location

Closed circuit television is evaluated as an aid to security at four regional airports

As part of the Securing our Regional Skies package, this programme will supply and install CCTV in four regional airports to evaluate its value as an aid to security.

As at 30 June 2005 we had selected four regional airports to participate in the trial—Dubbo in NSW, Geraldton in WA, Gladstone in Queensland, and Moorabbin in Victoria—based on their diverse locations and risk profiles.

We also completed an open tender process, awarded contracts and approved plans for equipment to be installed at all four airports.

The cameras will provide 24 hour surveillance of all key aspects of each airport's operations and must be used in line with relevant privacy legislation in each state. To support responses to any activity of interest or concern, surveillance feed will be made available to:

- local police
- airport management and
- the Office of Transport Security Operations Centre

After cameras have been in place for 12 months, we will assess the research data and make a recommendation concerning the most effective use of CCTV at regional airports.

Cost

\$0.8m (announced at Additional Estimates)

The actual cost of this programme in 2004-05 was \$0.7 million.

Overall performance





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

AusLink White Paper turning into concrete, steel and bitumen

Last year the Australian Government launched Australia's first national land transport infrastructure plan—the \$12.7 billion, five-year AusLink plan.

In 2004–05, the first full year of the plan, the department administered a total of \$1.7 billion in funding for national infrastructure on behalf of the Australian Government. We:

- distributed \$1.3 billion for more than 160 major projects including the Westlink M7 (see case study page 15), Melbourne's Craigieburn bypass and the upgrade of the Pacific Highway
- contributed more than \$300 million to over 2000 smaller Roads to Recovery and Black Spot projects to ensure local needs received attention, and
- worked with the Australian Rail Track Corporation (ARTC), which is wholly owned by the Australian Government, on its five-year \$1.4 billion programme of works on the key Melbourne-Sydney-Brisbane rail line and Hunter Valley corridors¹.

As well as improving national infrastructure, AusLink is stimulating economic growth by making it easier for commuters and freight operators to move around Australia and delivering long term benefits through a safer, less congested land transport system.

The proposed works by the ARTC, for example, will significantly reduce the travel time for trains on the Melbourne, Sydney, Brisbane corridor, with estimated time savings of over:

- 2 hours Melbourne to Sydney
- 4 hours Sydney to Brisbane, and
- 9 hours Melbourne to Brisbane.

For up-to-date information about AusLink including maps of funded projects, visit the AusLink website www.auslink.gov.au

¹ This includes an additional \$100 million made available to the ARTC in the lead-up to the 2005–06 Budget.

Output 1.3.1 – AusLink continued...

Quality

Infrastructure planning and investment decision making processes are improved

AusLink already transforming how we plan and invest

One of the government’s top priorities in 2004–05 was the passage of the *AusLink (National Land Transport) Act 2005*, which was proclaimed on 28 July 2005. The Act:

- takes the place of the *Australian Land Transport Development Act 1988* and expiring legislation including the *Roads to Recovery Act 2000*, and
- brings six separate administered and supporting programmes into a single legal framework.

The department started negotiating bilateral agreements with states and territories to clarify respective responsibilities for a new national network that incorporates rail and is more extensive than the former national highways system (page 65).

Programmes are administered in line with relevant legislation

In 2004–05 the department administered the following programmes:

- the AusLink National Network (page 64)
- the AusLink – Roads to Recovery programme (page 66)
- the AusLink – Road Safety Black Spot (page 68), and
- various legacy programmes (page 70).

For more information about how these programmes were administered, please see the relevant programme reports below.

Price

\$18.5 million

The actual price of this output in 2004–05 was \$17.3 million. It is expected to remain at this level in 2005–06.

Overall performance



**Table 3.5 – Trends in AusLink and infrastructure spending**

	2001–02	2002–03	2003–04	2004–05	2005–06 ^E
Departmental activities^a					
Total price of output	n/a	n/a	n/a	\$17.3m	\$17.3m
Administered programmes					
<i>AusLink National Network Programme^b</i>					
Cost of programme	\$1 021.4m	\$980.7m	\$931.7m	\$1 297.0m	\$1 320.4m
<i>Roads to Recovery Programme</i>					
New projects registered	3 311	4 049	3 440	1 900	no set target
Cost of programme ^c	\$302.2m	\$202.2m	\$302.2m	\$253.1m	\$340.6m
<i>Road Safety Black Spot Programme</i>					
Total projects funded	339	384	368	375	370
Projects in rural areas ^d	150	183	150	157	no set target
Cost of rural projects	not reported	\$27.9m	\$24.6m	\$23.8m	\$23.9m
Total cost of programme	\$41.9m	\$44.5m	\$44.5m	\$44.5m	\$44.5m
<i>Australian Rail Track Corporation (ARTC)</i>					
Grant to ARTC	-	-	\$450.0m	\$100.0m	-
Equity injection ^e	-	-	\$143.0m	-	-
<i>Other programmes – Australian National Railways Commission and others per page 70</i>					
Cost of programmes	\$168.7m	\$21.6m	\$33.5m	\$58.0	\$30.2m
<i>Total programmes administered^f</i>					
Cost of programmes	\$1 534.2m	\$1 249m	\$1 762m	\$1 752.6m	\$1 736m

^a Financial data for this output is only available from 2004–05. For details of the department's previous outputs framework see Appendix I (page 221).

^b Historical data refers to the previous National Highway and Roads of National Importance Programme.

^c Includes payments in respect of unincorporated areas in the NT, Indian Ocean Territories, NSW, Victoria and SA.

^d Rural area is defined as an ABS Statistical Division with a population of less than 100 000. The distinction does not apply in TAS, NT or the ACT.

^e This payment is an equity injection not an administered programme as such, but is included here due to its materiality.

^f Total does not include equity injection to ARTC.

Administered programme – AusLink – National Network *(AusLink Business Division)*

Effectiveness

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

New national network

The AusLink National Network comprises 24 transport corridors in all. It takes in Australia's major roads and railways, as well as freight terminals at our major sea and air ports.

In 2004-05 the Australian Government invested \$1.3 billion in projects, a number of which were jointly funded by relevant state and territory governments and other parties. Work was completed on:

- the first section of the Craigieburn bypass, Victoria (\$306m)
- the 9.8km Karuah bypass on the Pacific Highway in NSW (\$123m)
- the Great Western Highway upgrade, NSW (\$100m)
- widening of the F3 to six lanes between the Hawkesbury River and Mt White, NSW (\$80m)
- Johnson Creek and Nowranie Creek bridge upgrades along the Barkley Highway, north Queensland (\$24.2m and \$24.1m)
- the first five kilometre section of the Port River Expressway, SA (\$39.7m)
- the upgrade of Summerland Way, north eastern NSW (\$20m), and
- four new bridges on the Great Northern Highway in the Kimberley region, WA (\$13.5m).

Many other projects underway

Work also continued on many other projects, including

- four major projects on the Pacific Highway to provide an extra 36.8 km of dual carriageway
- extension of the rail line at Fremantle Port to the North Quay container terminals, and construction of a new rail terminal, and
- ARTC work to develop the next generation of train control technology—satellite-based technology which can track trains to within half a metre of where they are and alert drivers to impending dangers.

In May 2005, work also started on a \$524 million Albury-Wodonga project to build a new four lane crossing on the Murray River and connect the Hume Freeway with the Murray Valley Highway. The new freeway, expected to open in mid-2007, will bypass 17 sets of traffic lights, remove trucks from residential streets in south Albury, eliminate six rail level crossings and also provide road and pedestrian crossings to link the community.



Quality

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

Bilateral agreements with states and territories negotiated

To enable AusLink to proceed on a strong footing, the government is negotiating bilateral agreements with all states and territories. These agreements establish new partnership arrangements with the states and territories which include:

- sharing the costs of some projects
- improving long term planning to meet and manage future transport demands, and
- making better decisions about proposed investments.

As at 30 June 2005, bilateral agreements had been signed with Victoria and SA. Negotiations were well advanced with NSW, WA, Queensland, and the NT, and underway with Tasmania and the ACT.

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

AusLink—where to next

AusLink is a five-year funding plan with a twenty-year planning horizon. This means that, while we are only one year into the first five-year plan (2004–09), planning has already started for the next stage of AusLink.

Long-term corridor strategies are being developed to inform future investment by the Australian Government and help develop the next five-year National Land Transport Plan (2009–14). While corridor planning is not new to most states and territories, the AusLink approach offers enhanced benefits as it will:

- be focused on a whole corridor eg. Perth to Adelaide, not just sections within individual jurisdictions such as WA or SA
- be multi-modal rather than focused on a single mode of transport (road or rail), and
- establish agreed objectives and performance measures for each corridor.

In 2004–05 the department started work with state and territory counterparts on four pilot studies to inform how we will approach studies for all the remaining corridors. The pilots cover the road and rail corridors, including port and intermodal connections, from Sydney to Melbourne, Perth to Adelaide, Brisbane to Cairns, and around urban Adelaide.

We expect to complete these pilot studies in 2005–06 and start at least another eight corridor studies as well as a north-south rail corridor study. All corridor studies are to be completed by mid-2007.

AusLink – National Network continued...

Quality

Projects are administered in line with relevant legislation

In 2004-05 this programme was administered under the *Australian Land Transport Development Act 1988*. The Act remains in force for projects which were approved but not yet completed under the former Roads of National Importance Programme and which do not form part of the national network.

New projects are now being administered under Parts 2 through 5 of the *AusLink (National Land Transport) Act 2005* as proclaimed on 28 July 2005.

Cost

\$1400m (up from \$1327m at Budget)

The actual cost of this programme in 2004-05 was \$1297 million with funding for the Scoresby Freeway project (\$103 million) moved forward in the 2005-06 Budget.

Overall performance



Administered programme – AusLink–Roads to Recovery (*AusLink Business Division*)

Effectiveness

Local councils use funds to maintain and improve land transport infrastructure

Local councils nominate the projects to be funded. Funding can be used for a range of purposes, including road works, traffic lights and signs, street lights, ferries, bridges, tunnels and bike paths, but not moveable capital equipment items such as graders and other plant.

Councils have so far used the money to undertake about 15 000 road projects, including 2300 new projects in 2004-05. Of the projects allocated funding over the life of this programme:

- almost 34 per cent involved reconstruction, rehabilitation and widening of local roads
- 14.3 per cent involved sheeting and re-sheeting gravel roads with a new surface
- 11.6 per cent involved sealing along sections of gravel roads, and
- 10.1 per cent involved bridge or drainage works, with about 700 bridges replaced or repaired.

Councils must lodge audited financial statements confirming how they spent programme funds as well as an annual assessment of the works undertaken against desired outcomes. All councils met this requirement during 2004-05.

The Australian Government has decided to extend the programme until June 2009.



Quality

Payments are made in line with AusLink legislation

The programme was administered until 30 June 2005 under the *Roads to Recovery Act 2000*. This Act remains in force only insofar as it requires councils to meet various obligations, such as the requirement to acquit funds received.

Administration of the programme under the old Act is the subject of a current audit by the Australian National Audit Office. The audit report is scheduled for tabling in parliament in February 2006.

Since 1 July 2005, new projects have been funded under Part 8 of the *AusLink (National Land Transport) Act 2005*.

Quantity

Approximately 700 local governments are eligible for funding

Every council in Australia is guaranteed a share of Roads to Recovery funding. In 2004–05 we distributed funding to approximately 500 councils—222 councils had already received the maximum funds available to them under the old Act.

Funding is also provided for roads in unincorporated areas, that is, places where there are no councils. In 2004–05 \$3.2 million went towards these areas in NSW, Victoria, SA, the NT and the Indian Ocean Territories (IOTs).

Cost

\$283.1m (up from \$253.1m at Budget)

In 2004–05 this programme cost \$253.1 million, bringing to \$1.2 billion the amount spent on this programme since January 2001.

As confirmed in the 2005–06 Budget, a further \$1.35 billion will be spent on the new Roads to Recovery Programme over the four years from 2005–06. This comprises:

- \$1.2 billion for local councils, to be allocated in accordance with the recommendations of state/NT local government grants commissions (\$300 million in 2005–06)
- \$30 million for unincorporated areas of NSW, Victoria, SA, the NT and IOTs (\$7.5 million in 2005–06), and
- \$120 million for strategic regional projects to be identified through a competitive process (\$40.6 million in 2005–06).

More than \$90 million of the total \$120 million available for strategic regional projects and unincorporated areas has been committed to priority projects. Remaining funds are to be allocated following a competitive process in 2006–07.

Overall performance



Administered programme – AusLink—Road Safety Black Spot (*AusLink Business Division*)

Effectiveness

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

Australia’s first Road Safety Black Spot Programme was set up in 1990 to reduce road trauma. The current Black Spot Programme was started in 1996 and is now in its ninth year, having been extended on three occasions.

The programme has reduced the risk of crashes by funding measures such as traffic lights, roundabouts, signage and edge sealing at dangerous locations on our roads. These measures:

- prevented more than 1500 serious crashes and 32 fatalities between 1996 and 1999 alone, and
- have saved the community many times the cost of the works, returning approximately \$14 in benefits for every \$1 spent.

The BTRE, which evaluated the programme in 2001, is to re-evaluate the programme in 2005-06.

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

The relevant state or territory roads authority assesses nominations taking into account the crash history of the site and possible treatments. Nominations are then considered by a consultative panel which includes representatives of all levels of government, motoring organisations, police and road freight industry groups.

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

Up to 20 per cent of funding is available for proposals which do not meet the above criteria but which are recommended on the basis of a road safety audit. In 2004-05, less than five per cent of funding went to such proposals.

Approximately 50 per cent of Black Spot funding is reserved for projects in rural areas, consistent with the proportion of road deaths and serious injuries that occur in these areas. In 2004-05, more than 54 per cent of funding continued to go to rural projects.

Payments are made in line with the AusLink legislation

This programme was administered under the *Australian Land Transport Development Act 1988* until 30 June 2005. This programme is now administered under Part 7 of the *AusLink (National Land Transport) Act 2005*.

The maximum funding available for projects in each state/territory is determined by population and the level of road crash casualties. Actual funding allocations for 2004-05 are shown in figure 3C opposite.



AusLink – Road Safety Black Spot continued...

Quantity

Approximately 370 black spots are approved for funding

The number of projects approved each year varies depending on the cost of approved works. In 2004–05, 375 new black spots were approved for treatment.

Cost

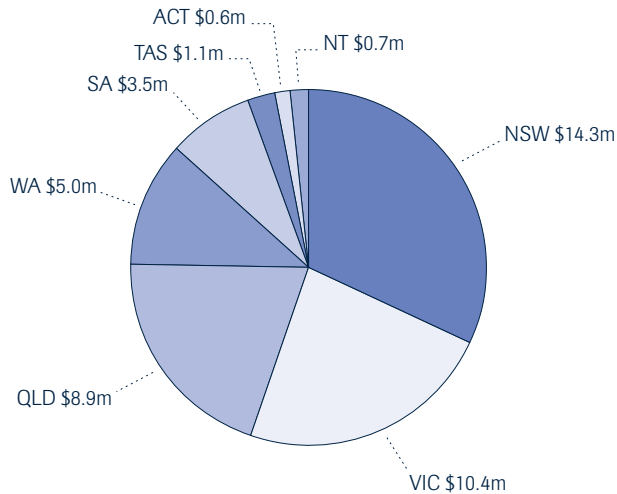
\$44.5m

This programme cost \$44.5 million in 2004–05 and is expected to cost the same again in 2005–06. The Australian Government has made a further \$90 million available to continue this programme over 2006–07 and 2007–08.

Overall performance



Figure 3C – Black Spot funds distribution in 2004–05



Administered programmes – Other infrastructure programmes (*AusLink Business Division*)
Effectiveness

Funded projects improve transport infrastructure and planning

While a number of projects are ongoing, in 2004–05 work was completed on:

- The Caboolture Motorway—this project has widened the motorway from four lanes to six from Dolhes Rocks Roads to Boundary Road in Brisbane.
- The Corowa-Wahgunyah Bridge—this project has provided a more reliable, safer and flood-free regional link between Victoria and NSW.
- The Gold Coast Light Rail feasibility study—this study concluded that light rail is the preferred long term public transport solution. For a copy of the Gold Coast Light Rail feasibility study, visit www.pb.com.au/gclightrail

Table 3.6 – Details of Federation Fund and other infrastructure programmes

	Alice Springs to Darwin rail link	Caboolture Motorway ^c	Gold Coast light rail feasibility study	Corowa-Wahgunyah Bridge ^c
Australian Government role				
<i>Total cost of project</i> ^E	\$1 300.0m	\$40m	\$1.3m	\$22.0m
<i>Amount of grant</i> ^a	\$191.4m	\$40m	\$0.650m	\$12.0m
<i>Project manager</i>	NT Chief Minister's Department	Queensland Main Roads	Gold Coast City Council	NSW RTA
<i>Major contractor</i>	Australasian Rail Corporation	Bielby Holding Pty Ltd	Parson Brinckerhoff	John Holland Constructions
Project progress				
<i>Work started</i>	2001	May 2003	July 2002	July 2003
<i>Work (due to be) finished</i>	December 2003	late 2004	December 2004	January 2005
<i>Amount paid in 2004–05</i> ^b	\$12.5m ^d	\$9.9m	\$0.147m	\$3.9m
<i>Performance in 2004–05</i>	✓✓✓	✓✓✓	✓✓✓	✓✓✓

^a The Australian Government contribution to these projects is capped at the amounts shown.

^b Amount paid refers to the Australian Government's contribution to the project during 2004–05.



Other infrastructure programmes continued...

Quality

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

Payments are generally tied to project progress. In 2004–05 most projects and payments progressed as planned, with payments made on completion bringing to an end the Australian Government's role in these projects. Payments were deferred for the:

- Echuca-Moama bridge—work has been delayed while the Victorian Government and the Yorta Yorta National Aboriginal Corporation hold discussions to identify a culturally acceptable alignment for the new bridge crossing.
- Wodonga rail bypass—work has been delayed so that the project can be integrated into ARTC planning and to enable ongoing discussions between the Victorian Government, local councils and industry.

In 2004–05, the Australian Government agreed to contribute \$15 million towards the upgrade of the Eyre Peninsula rail network. The SA Government and industry are developing a plan of work and expect to start work early in 2006.

Location/Cost

Various – for details see table 3.6 below.

	Robinvale-Euston Bridge ^c	Eyre Peninsula rail upgrade	Echuca-Moama Bridge ^c	Wodonga rail bypass
<i>Total cost of project</i> ^E	\$50.8m	\$30.0m	\$37m	to be advised
<i>Amount of grant</i> ^a	\$17.0m	\$15.0m	\$15m	\$20.0m
<i>Project manager</i>	NSW RTA	SA Department of Transport	Vicroads	Victorian Department of Infrastructure
<i>Major contractor</i>	Boulderstone Hornibrook	to be advised	to be advised	to be advised
<i>Work started</i>	August 2004	early 2006	not yet started	to be advised
<i>Work (due to be) finished</i>	August 2006	to be advised	to be advised	to be advised
<i>Amount paid in 2004–05</i> ^b	\$16.6m	\$15.0m	-	-
<i>Performance in 2004–05</i>	✓✓✓	✓✓✓	✓✓✓	✓✓✓

^c These projects are administered under the Federation Fund, which funds projects of national significance, including a diverse range of construction, renovation and restoration projects. The fund is administered under the *Financial Management and Accountability Act 1997*.

^d The amount paid in 2004–05 was a contingent equity contribution to the project which the NT Government asked the Australian Government to bring forward and which completes the Australian Government's commitment to the railway.

Administered programme – Management of residual issues of former Australian National Railways Commission (AN) (AusLink Business Division)

Effectiveness

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

In 1998, when the Australian Government sold its rail business, it established this programme to meet the cost of any residual issues that might arise. In 2004–05, the main residual issue was the AN plan room in Adelaide, which houses more than 180 000 plans and drawings of rolling stock and infrastructure.

While the department was unable to resolve the future of the plan room in 2004–05 as planned, work began on more sustainable long-term arrangements in consultation with the National Archives of Australia and the rail industry. The future of the plan room is now expected to be resolved in 2005–06.

Quality

Public access to plans of heritage value is maintained

In 2004–05 we delivered funding to assist management of public access to plans, which are located in the Australian Rail Group’s offices in Islington, SA.

Cost

\$0.920m (up from \$0.5m at Budget)

The actual cost of this programme in 2004–05 was \$0.054 million, down from \$0.080 million in 2003–04. Up to \$0.7 million has been set aside to cover any residual, legal or other issues that may arise in 2005–06.

Overall performance



Did you know?

In our last annual report, we provided a detailed case study on an historic agreement in which NSW signed its interstate and Hunter Valley rail tracks over to the ARTC under a 60 year lease.

The lease, which the ARTC took over on 5 September 2004, is already paying dividends.

On 22 January 2005, the Hunter Valley rail network carried a record tonnage of export coal—more than 280 000 tonnes of coal was hauled to the Port of Newcastle.

This is an excellent result for Australia’s export coal producers and reflects the close liaison between the ARTC, Pacific National (Australia’s major rail freight operator) and the coal industry.



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 environment²

The maritime and land transport industries are the backbone of Australia's economy. Shipping, carrying Australia's international and domestic trade, represented more than 11 per cent of the world's maritime trade, while our road and rail industries carried well over 1.5 billion tonnes of freight in 2002–03.

In relation to shipping, Australian Government policy balances the role of overseas shipping companies which provide most international cargo services and Australian shipping which has a preference for coastal trade. The department:

- registered agreements enabling ocean liner carriers to collaborate to provide regular cargo shipping services to importers and exporters, and
- administered regulations governing coastal trade as well as related programmes (page 74).

In relation to land transport, the department supports the government's efforts to secure more uniform and efficient regulatory arrangements across the states and territories, as they affect interstate carriage. The department progressed national road and rail regulatory reform through the National Transport Commission (page 82).

Trade Practices Act immunity for shipping under review

Liner shipping carried almost half of Australia's seaborne exports and over three quarters of Australia's seaborne imports in 2002–03 (worth \$43 and \$74 billion respectively).

Part X of the *Trade Practices Act 1974* gives ocean liner carriers immunity from key parts of Australia's trade practices laws. It permits them to form Conference Agreements³ to provide regular scheduled cargo shipping services. Similar exemptions are provided by the USA, the European Union, Japan, Korea, Canada and New Zealand.

A wide range of agreements is registered with the department under the Act, each of which is specific to an individual trade route. In 2004–05 we:

- registered fewer agreements and variations to existing agreements, and
- continued to register all agreements and variations within 14 days of receipt.

We also made a submission to and advised government on a Productivity Commission review of the operation of Part X of the Act. The Commission presented its final report to the government in February 2005.

² An additional performance indicator was nominated in our 2005-06 Portfolio Budget Statements, namely that 'a national reform agenda for transport systems is developed and implemented'. Our performance against this indicator will be covered in our next annual report.

³ Conference Agreement means an unincorporated association of two or more ocean carriers providing international liner cargo shipping services.

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 cargo trade up

Coastal shipping, which carried almost 30 per cent of all tonnage moved around Australia in 2002–03, is vital to the economy of coastal and island communities, particularly Tasmania.

The *Navigation Act 1912* requires all vessels trading interstate to be licensed or 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 3.7 page 77). In 2004–05 the department issued all permits within target timeframes. This included:

- more 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, and
- more 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.

The department also administered programmes to alleviate the costs of shipping items between Tasmania and mainland Australia, with rebates reaching a record \$122.3 million in 2004–05 (page 77).

National and international reform supported

In addition to contributing to the reviews mentioned above, in 2004–05 the department:

- started detailed reviews of governance in the Australian Maritime Safety Authority and Australian Maritime College in response to the Uhrig Report (see case study page 13)
- delivered funding to help establish a new Transport and Logistics Centre of Excellence (page 88), and
- participated in National Transport Commission (NTC) working groups on compliance and enforcement, driver health and fatigue, heavy vehicle charges and performance, and rail reform (page 82).

We also supported bodies including the:

- International Maritime Organization and OECD Transport Research programme (page 90)
- Australian Transport (Ministers) Council (ATC) and its supporting Standing Committee on Transport
- Australian Logistics Council—a partnership between the Australian Government and senior leaders created to drive the Australian Logistics Industry Strategy, and
- Accessible Public Transport National Advisory Committee—created to progress national transport access issues for people with disabilities and their families and carers.



Effectiveness

Exposure to environmental damage from maritime and land transport operations 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 2004–05 the department:

- obtained in-principle agreement from the Australian Transport Council (ATC) for a national system for emergency towage
- put in place interim arrangements to ensure towage services are available pending finalisation of a long-term approach (page 84)
- continued to collect levies from oil companies towards the cost of cleaning up major oil spills (page 86), and
- contributed to the management of marine pests and ballast water issues through participation in the National Introduced Marine Pests Coordination Group and project teams.

The government introduced legislation to amend:

- the *Navigation Act 1912* to remove impediments to the successful prosecution of seafarers who breach collisions regulations, and
- four Acts relating to ship safety, the marine environment, maritime navigation and various miscellaneous matters, including increasing penalties for certain breaches under the *Lighthouses Act 1911* and the *Navigation Act 1912*.

Legislation was also progressed to give effect to four international conventions to reduce pollution 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—this will come into effect when ratified by 18 nation states, currently four have signed
- the Hazardous and Noxious Substances (HNS) Convention, which provides compensation for victims of accidents involving HNS such as chemicals
- the Anti-Fouling Systems Convention, which prohibits the use of environmentally harmful anti-fouling systems on ships entering Australian ports from 1 January 2008, and
- the Convention for the Prevention of Pollution from Ships, which sets limits on sulphur and nitrogen oxide in ship exhausts and prohibits deliberate emission of ozone-depleting substances.

For a comprehensive list of relevant treaties and legislation on protection of the sea, visit www.amsa.gov.au/Marine_Environment_Protection/Protection_of_Pollution_from_Ships/Conventions_and_Legislation.asp

Output 1.4.1 – Maritime and Land Transport continued...

Effectiveness

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

Green vehicle guide launched and more to come

Motor vehicle emissions remain a significant contributor to urban air pollution, although cleaner fuels and engines have reduced levels of airborne lead and other pollutants.

In 2004–05 the department continued to work with other agencies and the broader community to reduce emissions from Australia’s 13.1 million vehicles. We:

- published reports highlighting the health impact of emissions and options for reducing truck emissions in Sydney (see Appendix B page 185)
- launched the Green Vehicle Guide to help consumers rate and compare the environmental performance of passenger cars, which comprise 80 per cent of vehicles in Australia (see case study page 78)
- developed environmental performance criteria for heavy vehicles, which operators must meet in order to receive fuel excise credits from 1 July 2006, and
- supported the Australian Bicycle Council to review the National Cycling Strategy 1999-2004.

A new National Cycling Strategy for 2005–10 is to be released later in 2005 which promotes safe cycling as a means of enhancing Australians’ health and well-being, improving transport access and reducing greenhouse emissions, air pollution and congestion.

Price

\$10.9m

In 2004–05 the actual price of this output was \$10.7 million.

Overall performance



**Table 3.7 – Trends in regulation of and support for maritime and land transport**

	2001–02	2002–03	2003–04	2004–05	2005–06 ^E
Departmental activities					
Price of output	n/a	n/a	n/a	\$10.7m	\$12.2m
Maritime regulations and programmes administered under this output					
Activity regulated under Part X of the <i>Trade Practices Act 1974</i>					
Shipping conference agreements registered	16	21	12	9	no set targets
Variations of existing agreements registered	16	22	29	15	
Agreements registered within 14 days	100%	100%	100%	100%	100%
Activity regulated under the <i>Navigation Act 1912</i>					
Coastal shipping licences issued	52	56	60	63	no set targets
Single voyage permits issued	642	803 ^a	669	687	
Continuing voyage permits issued	116	105	126	166	
Permits issued within target timeframes ^b	100%	100%	100%	100%	100%
Oil Pollution Compensation Fund					
Entities levied	not reported	not reported	not reported	6	
Payments made in respect of Funds	\$2.5m	– \$0.5m	\$12.1m	\$2.3m	\$2.0m
Tasmanian Freight Equalisation Scheme (page 79) ^c					
Shippers assisted ^d	not reported	1 300	1 376	1 300	no set targets
Claims paid	4 868	5 377	5 871	6 377	
Cost of programme ^e	\$71.9m	\$77.2m	\$83.6m	\$89.3m	\$89.4m
Tasmanian Wheat Freight Scheme (page 80) ^c					
Tonnes of wheat shipped	61 418	55 587	73 469	27 433	no set targets
Shipments	10	10	10	4	
Cost of programme	\$1.2m	\$1.2m	\$1.2m	\$0.6m	\$1.1m
Bass Strait Passenger Vehicle Equalisation Scheme (page 81)					
Vehicles shipped	138 707	219 000	228 300	216 986	
Cost of programme	\$17.1m	\$31.8m	\$34.3m	\$32.4m	\$41.0m
Total cost of Tasmanian schemes	\$89.0m	\$109.0m	\$117.9m	\$122.3m	\$131.5m

Table 3.7 continued...

	2001-02	2002-03	2003-04	2004-05	2005-06 ^E
Road, rail and intermodal programmes administered under this output					
NTC and its predecessor (page 82)					
Payments made	\$1.2m	\$1.2m	\$2.4m	\$2.5m	\$2.6m
Federal Interstate Registration Scheme (page 83)					
Cost of programme	\$33.9m	\$37.0m	\$41.5m	\$46.2m	\$48.0m
Contributions to international organisations administered under this output – see table 3.8 page 91					

^a Includes 47 amended permits.

^b Target timeframe for issuing continuing voyage permits is 10 working days and for single voyage permits is four working days unless an urgent application fee is paid (in which case target is next working day).

^c Rebates on shipments of containerised wheat were paid under the TWFES until 1 July 2004, when they became eligible for rebates under the main TFES programme.

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

^e 2004-05 cost includes 1119 containers (approximately 27 400 tonnes) of wheat at a cost of \$0.754 million.

CASE STUDY—GREENING AUSTRALIA'S CARS

In August 2004 the Australian Government launched the Green Vehicle Guide, a world-leading tool to help consumers rate and compare cars according to their impact on the environment.

The guide provides environmental ratings and fuel consumption data on over 1400 different models—from the smallest passenger cars to large 4WDs and light commercials—and is regularly updated as new models are released.

In 2004-05 the department actively promoted the guide through print and internet advertising, displays at key conferences and through face to face contact with organisations buying new vehicles.

Our website www.greenvehicleguide.gov.au has received over 80 000 visits and the guide itself is increasingly used in vehicle assessments, including the *Australia's Best Cars* annual awards.

Labels on the windscreens of new cars are also helping educate consumers about each car's likely fuel consumption and carbon dioxide emissions, similar to those used to rate the energy and water consumption of new white goods.



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 provides rebates to shippers based on the cost of shipping a standard twenty-foot container (TEU) between northern Tasmania and Victoria, less the cost of sending it the same distance by road (420km). 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, and/or
- 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, and*

As in 2003–04, 80 percent of rebates paid were for goods produced in Tasmania and shipped to the Australian mainland for use or sale. Rebates paid on this northbound trade reached \$70 million in 2004–05, with the major northbound items subsidised being:

- paper and paper products including newsprint (\$19.6 million)
- vegetable and vegetable products (\$17.9 million)
- timber, wood and cork products (\$10.4 million)
- beverages (\$6.0 million), and
- metal waste (\$1.7 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 \$19.3 million in 2004–05, with raw materials for the manufacturing and mining sectors remaining the major goods shipped.

In 2004–05, eligibility for this scheme was extended to containerised wheat. This resulted in 27 407 tonnes or 1119 containers of wheat being shipped, with approximately \$754 000 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 in 2005–06 will enable us to report against this target from 2005–06.

Cost

\$89.4m (up from \$83.9m at Budget)

This scheme is demand driven. An increase in the number of claims saw the cost of the scheme rise from \$83.6 million in 2003–04 to \$89.3 million in 2004–05. The scheme is expected to cost in the order of \$89.4 million in 2005–06.

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 2004-05.

Quality

Claims from shippers are processed efficiently and accurately

As with TFES, claims from shippers are processed by Centrelink's Hobart office. An internal audit in 2005-06 will enable us to report against this target from 2005-06.

Cost

\$1.1m (announced at Additional Estimates)

The bulk scheme cost \$0.6 million in 2004-05. The cost of the programme is capped at \$1.1 million for 2005-06.

Overall performance

✓✓✓



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 alleviates 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 Bureau of Transport and Regional Economics (BTRE) within the department. Relevant reports can be obtained from the BTRE website 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
- travelling between Melbourne and King Island as the ferry operator on this route carries vehicles only.

The ferry operator is then reimbursed for the total rebate provided to eligible passengers under the scheme. In 2004–05 the major recipient continued to be TT-Line, which operates three major passenger ferries between Devonport and Melbourne/Sydney.

As with the main TFES, claims are processed by Centrelink's Hobart office. An internal audit in 2005–06 will enable us to report against this target from 2005–06.

Cost

\$43.2m

The scheme is demand driven⁴. Its costs vary with the number and mix of vehicles shipped across Bass Strait. In 2004–05 a decrease in the number of passengers travelling by sea saw the cost of the scheme fall from \$41 million to \$32.4 million.

Overall performance

✓✓✓

⁴ Funding is uncapped for existing services between Victoria and Tasmania, with funding for new services on the Sydney to Devonport route capped at \$8 million for all operators from 2004–05.

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 National Transport Commission (NTC) advises Australian transport ministers on the regulatory and operational regimes for road, rail and intermodal transport, with a particular focus on safety, efficiency and sustainability.

In 2004–05 the NTC continued to work closely with industry bodies, regulators and police to develop practical national solutions and monitor their implementation. Amongst other things, it delivered:

- An innovative set of performance-based standards. These are helping our trucking industry—already one of the most efficient in the world—identify areas where it can become even more efficient, safe and sustainable.
- A fatigue management system that moves beyond hours of work to look at all aspects of the fatigue problem. The system will be easy to check and enforce when implemented, and is expected to improve road safety significantly.
- New compliance and enforcement measures. These are now being applied across the entire logistics chain and are robust enough to make both on-road and off-road offenders accountable.
- Significant progress towards a co-regulatory framework for rail safety, including a new national standard for health assessment of rail workers.

For more information about the NTC, visit www.ntc.gov.au

Quality

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

The Australian Government contributes 35 per cent of the commission's total annual operating budget. In 2004–05 the NTC received the full amount payable in quarterly instalments.

Cost

\$2.5m

This programme cost \$2.5 million in 2004–05, about the same as in 2003–04. The amount payable is set to increase slightly to \$2.6 million in 2005–06.

Overall performance



Did you know?

The NTC's predecessor, the National Road Transport Commission, delivered net benefits to Australia's economy of around \$400 million from road reforms over the twelve years to 2003.



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

The Federal Interstate Registration Scheme (FIRS) was set up in 1987 as an alternative to state-based registration for heavy vehicles weighing 4.5 tonnes or more. It provides uniform charges and operating conditions for heavy vehicles engaged solely in interstate operations.

In 2004–05 around three per cent of Australia's heavy vehicles—8000 vehicles and 9000 trailers—were registered through the scheme. While there was a small increase in the volume of FIRS registrations from 2002–03, the proportion of FIRS registered vehicles compared to Australia's total heavy vehicle fleet remains the same.

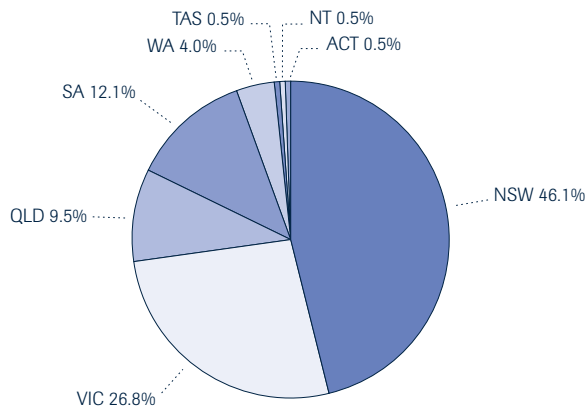
The future of the scheme is under consideration as part of broader reforms to road transport including AusLink (page 61).

Quality

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

Revenue collected by state and territory authorities is passed on to the Australian Government. It is then redistributed based on an agreed formula designed to meet the costs of damage to roads caused by heavy vehicles. The agreed formula splits funds as illustrated in figure 3D below.

Figure 3D - Distribution of interstate road transport fees in 2004–05



Cost

\$48.0m

Vehicle registrations under this scheme have risen as noted above, and the resultant increase in revenue has been passed on to state and territory governments in full.

The cost of this scheme was \$46.2 million in 2004–05. It is expected to increase to approximately \$48.0 million in 2005–06 as a result of increases to registration charges from 1 July 2005.

Overall performance



Administered programme – Maritime Salvage
(Maritime and Land Transport Business Division)

Effectiveness

Emergency towage and maritime salvage capabilities are maintained

This programme ensures that emergency towage is available to commercial shipping around the Australian coastline until early 2006, pending consideration of more sustainable long-term arrangements by the ATC.

The initial component of this programme ran from January through April 2005. Following the government announcement of an additional component of this programme in early May 2005, a selective tender process was begun to identify businesses able to provide suitable vessels, crew and fire-fighting equipment on short notice 365 days a year^{5,6}. As at 30 June 2005, two organisations had been selected:

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

A process is also underway to station a dedicated tug boat in north Queensland to respond to any accidents that may occur on the Great Barrier Reef. One of Australia's busiest shipping lanes, this world-famous heritage area supports 54 000 tourism-related jobs and contributed \$6 billion to the Australian economy in 2003-04. A final decision is to be announced later in 2005.

Risk to human life and the marine environment are reduced

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

- Around 3300 ships enter Australian waters each year⁷, making more than 23 000 calls at 70 major ports.
- Depending on its type, each ship may carry up to 3800 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.

⁵ The Australian Government is not involved in actually providing towage, salvage or any other services using this capability—these would be matters for agreement between the provider of capacity and the owner, operator or other party requiring services.

⁶ The requirement for vessels to be available 365 days a year means that at least two vessels must be used given the down-time required for mandatory maintenance and safety checks.

⁷ Excludes vessels that do not leave the Australian coast.



Administered programme – Maritime Salvage
(Maritime and Land Transport Business Division)

Cost

\$2.0m (announced at Additional Estimates)

The actual cost of this programme in 2004–05 was \$2.750 million. This comprised:

- \$2.000 million as announced in January 2005, and
- \$0.750 million as the first instalment of the additional maritime emergency towage component of the programme announced in the 2005–06 Budget⁸.

Overall performance



⁸ Our 2005-06 PBS specifically noted (page 15,16) that this funding would be made available on the basis of a competitive tender, with provision for it being included in the Contingency Reserve.

Administered programme – Oil Pollution Compensation Funds
(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 million⁹.

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 by the 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(s)

Levies are collected from all entities who 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.

In 2004-05 contributions to the funds were made by 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.

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

Payments to the IOPC Funds were delivered in line with Australia's obligations as a party to IOPC Fund Convention.

Cost

\$2.0m

In 2004-05 the department reported payments totalling \$2.331 million in relation to the funds. This comprised:

- transfers to the IOPC Funds of levies received from oil companies (\$1.394 million), as well as
- transfers from the IOPC Funds to oil companies refunding excess levies paid in previous years (\$0.937 million).

Overall performance ✓✓✓

⁹ Actual compensation limits are expressed in Standard Drawing Rights which is an artificial currency managed by the International Monetary Fund.



Administered programme – Payments to MIFCo (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. It:

- provided funding for 1487 redundancies, finalising all redundancy claims in 2000–01, and
- funded its obligations through a government guaranteed loan of \$220 million.

In 2004–05 MIFCo continued to repay the loan, with repayments for the year totalling \$21.750 million.

Quality

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

The department collects levies from industry to cover the cost of MIFCo loan repayments under the *Stevedoring Levy (Collection) Act 1998*. In 2004–05 levy revenue totalling \$39.7 million was passed on to MIFCo.

Under this programme MIFCo also received \$8.8 million for its administrative expenses (\$0.240 million) and interest charges associated with its loan facility (\$8.535 million).

Cost

\$8.7m (\$40 million in cash payments)

In 2004–05 levy revenue payments to MIFCo increased due to higher than expected levy collections. MIFCo is currently reviewing levy collection forecasts and expects to report to government on the outcomes in 2005–06.

Overall performance



Administered programme – Transport and Logistics Centre of Excellence
(Maritime and Land Transport Business Division)

Effectiveness

Specialist vocational training is available to the transport and logistics industry

Around 10 per cent of the transport and logistics workforce will retire over the next decade, at the same time as demand for freight transport is forecast to increase dramatically.

In response, the Australian and NSW governments agreed to co-sponsor the establishment of a new national Transport and Logistics Centre of Excellence.

While the centre will be located in Sydney NSW, online training and education programmes being developed by the centre will be accessible to students across Australia.

This model builds on the success of two other industry-focused educational institutions, the Australasian-Pacific Aeronautical College (page 107) and the Australian Maritime College.

Both these colleges received seed funding and are now highly regarded, self-reliant institutions—the Australian Maritime College was recently ranked the number two university for teaching performance in Australia.

Quality

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

The Australian Government has agreed to contribute \$4.0 million over two years to this project, with funds being matched by the NSW Government.

Cost

\$2.0m

The actual cost of this programme in 2004-05 was \$2.0 million as planned.

Overall performance





CASE STUDY—PLANNING TOMORROW'S TRANSPORT SYSTEM TODAY

In May 2005 the BTRE hosted a highly successful two-day transport colloquium with the theme of 'tomorrow's transport infrastructure'.

Held at Parliament House in Canberra, the colloquium was the fifth and biggest ever run by the BTRE. It brought together more than 200 transport business leaders, policy makers and researchers from across Australia.

Twenty-five speakers from industry, government (including BTRE) and the wider research community spoke about: the challenges of meeting the future transport task; the tension between competing objectives in regulation; infrastructure pricing; the role of public private partnerships; and infrastructure investment and economic growth.

Keynote addresses were delivered by the former Deputy Prime Minister, Mr John Anderson, and Professor Jose Gomez-Ibanez, a world expert on transportation policy and urban development from the Kennedy School of Government at Harvard University.

Events like the colloquium provide unique networking opportunities and play an important role in forging links between all levels of government and industry.

'The colloquium was an incredibly important meeting,' DOTARS Secretary, Mike Taylor said. 'Not only because it looks towards tomorrow but also because it brings together leading people in transport in an environment where broad-ranging issues can be openly discussed.'

BTRE plans to hold its next transport colloquium in June 2006, followed by a regional colloquium in 2006–07.

For more information, visit www.btre.gov.au/colloquium/index.aspx

*Right: 18 of the 25 speakers at the colloquium.
(Photo smileyrileyfadstudio/DOTARS)*



Administered programmes – Contributions to International Organisations
(Maritime and Land Transport Business Division, Aviation and Airports Business Division)

Effectiveness

Australia is able to participate in international discussions

We administer payments to and represent the Australian 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 aviation¹⁰
- the International Maritime Organization (IMO)—an agency of the UN that promotes ‘safe, secure and efficient shipping on clean oceans’, and
- the OECD Transport Research programme—this focuses on road, rail and intermodal transport research.

In 2004–05 we:

- *on civil aviation*
 - maintained a presence at ICAO headquarters at Montreal as required given Australia’s status as a Category One member¹¹
 - represented Australia on the ICAO Council and ICAO air transport and unlawful interference committees
 - asked ICAO to audit our aviation safety investigation regime (page 32)
- *on maritime transport*
 - contributed to the development of a number of IMO instruments that will promote the aims of IMO and advance Australia’s interests including:
 - preparation of guidelines on the control and management of ships’ ballast water and sediments
 - revision of the Convention on the Suppression of Unlawful Acts Against the Safety of Maritime Navigation
 - preparation of a new international convention on wreck removal, and
- *on road, rail and intermodal transport*
 - represented the Australian Government at international forums 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

In 2004–05 the department continued to pay Australia’s contributions promptly. Payment is made in either US dollars or UK pounds depending on the body—for details see table 3.8 opposite.

Cost

\$1.7m in aggregate (up from \$1.4m at Budget)

In 2004–05 the total cost of our contributions to international organisations was \$1.5 million.

Overall performance



¹⁰ To minimise repetition we have included our report on our contribution to ICAO here rather than under Output 1.4.2 Aviation and Airports, under which this programme is administered.

¹¹ The Australian representative on the ICAO Council is not included in the workforce statistics at Appendix H.

**Table 3.8 – Trends in payments to international organisations**

	2001–02	2002–03	2003–04	2004–05	2005–06 ^a
Administered payments to international organisations					
Contributions to ICAO					
in US dollars	US\$0.793m	US\$0.825m	US\$0.818m	US\$0.952m ^a	US\$0.972m ^a
in Australian dollars	\$1.990m	\$1.462m	\$1.101m	\$1.206m	\$1.235m ^a
Contributions to IMO					
in UK pounds	£109 510	£111 311	£113 097	£119 808	£134 600 ^a
in Australian dollars	\$0.307m	\$0.307m	\$0.265m	\$0.292m	\$0.310m ^a
Contributions to OECD road transport					
in Euros	€0.015m	€0.014m	€0.014m	€0.015m	not known ^a
in Australian dollars	\$0.025m	\$0.024m	\$0.025m	\$0.024m	\$0.040m ^a
Total contributions	\$2.322m	\$1.793m	\$1.390	\$1.522m	\$1.585m ^a

^a 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 December 2005.

OUTPUT 1.4.2 – AVIATION AND AIRPORTS

(Aviation and Airports Business Division)

Effectiveness

Industry operates in a robust and stable regulatory environment

Significant regulatory workload in 2004–05

The Australian aviation industry employs more than 50 000 people and carries more than 50 million passengers and 10 million tonnes of freight around, into and out of Australia each year.

It has undergone significant changes in recent years as a result of the Asian economic crisis of 1998–99, the events of 11 September 2001, the collapse of Ansett on 12 September 2001, the 2002 Bali bombing, the SARS pandemic of 2002–03, the Iraq War, and changing oil prices.

Both industry and government are continuing to adapt to an environment of rapid change. In 2004–05 the department:

- undertook reviews to examine governance in CASA and Airservices Australia in response to the Uhrig report (see case study page 13)
- began planning for a new regulatory system for aviation information, meteorological and tower, fire-fighting and rescue services
- consulted with airlines and airports on price monitoring arrangements for seven major airports
- completed a review of the *Airports Act 1996* taking into account submissions from more than 60 stakeholders, and
- administered leases for 22 federal airports in line with the Act (page 97).

Also in 2004–05 works at Melbourne Airport to enable customs and quarantine staff to screen and inspect much larger amounts of passenger luggage were completed at a cost of \$6.3 million.

While this work brings to an end the Airports Quarantine Infrastructure Programme announced in 2001, the department continued to work with border control agencies on security and facilitation arrangements at international airports. Our current focus is on ensuring airport infrastructure can handle:

- the current and expected growth in tourist numbers over the next ten years, and
- the introduction of the Airbus A380 in late 2006, which can carry over 555 passengers per flight (almost 40 per cent more than other aircraft operating in Australia at present).



Effectiveness

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

International air services

Today, 47 airlines operate services into and out of Australia. They carry 99 per cent of the 18.1 million people who come into or out of Australia and around 600 000 tonnes of freight each year.

In 2004–05 we continued to support the Australian Government to improve Australia's access to key international markets, including the important European and Asian markets. The government:

- signed a bilateral aviation safety agreement with the US which will facilitate access by Australian manufacturers to the massive US market
- gained European Commission agreement to seek a mandate to negotiate a single, liberalised Australia–Europe air services agreement
- negotiated new air services arrangements with Mexico, Ireland and the Czech Republic and improved existing arrangements with India, Russia, Taiwan and Egypt.

In addition, the department:

- drafted legislation to allow mutual recognition with New Zealand of air operators certificates for larger aircraft, reducing regulatory red tape for airlines
- continued to provide secretariat services to the International Air Services Commission www.iasc.gov.au, which allocates access to international markets for Australian airlines, and
- was tasked by government to review Australia's international aviation policies, including the implications of the Singapore Government's request to assess the Australia-US route—the review is due to be completed by the end of 2005.

The department also continued to support the government's efforts to pursue cooperative international approaches through the ICAO (page 90), the World Trade Organization, Asia Pacific Economic Cooperation (APEC), Papua New Guinea Enhanced Cooperation Program and the Pacific Islands Forum.

To facilitate discussions, Australia is preparing to host meetings including the 42nd annual conference of senior officials of all government and aviation regulation authorities in the Asia-Pacific in September 2005.

Output 1.4.2 – Aviation and Airports continued...

Effectiveness

Businesses and consumers have access to competitive international and domestic air services (continued)

Regional aviation services expanding

Despite the collapse of Ansett in 2001, domestic and regional air services have continued to grow with the number of scheduled passenger flights increasing 11 per cent over the decade to 2003-04. Recent developments have included:

- Virgin Blue steadily expanding its route network, and
- Qantas' low cost domestic airline Jetstar adding new routes and capacity across the country.

In 2004-05 the department implemented a number of government initiatives. We:

- met in full the Australian Government's obligations to help set up the Australasian-Pacific Aeronautical College (page 107)
- wound up the scheme to subsidise the cost of air-traffic control charges at smaller regional and general aviation airports as planned (page 106), and
- continued to reimburse eligible air operators for en-route navigation charges incurred in the provision of regular public transport and aeromedical services to regional communities (page 105).

Table 3.9 (opposite) footnotes

- ^a A total of 22 lease reviews are expected to have been completed by the end of October 2005.
- ^b Two further master plans are due to be submitted in 2006-07 and 2007-08. Master plans are not required for Mt Isa and Tennant Creek airports.
- ^c This scheme only started on 1 January 2002.
- ^d Includes programmes administered as part of the aviation and airports output. Does not include assistance provided to airports and aviation operators to enhance aviation security.

**Table 3.9 – Trends in aviation and airports**

	2001–02	2002–03	2003–04	2004–05	2005–06
Departmental activities					
Price of output	n/a	n/a	n/a	\$21.8m	\$23.9m
Activity regulated under the <i>Air Navigation Act 1920</i>					
Aircraft noise permits issued	not reported	68	25	48	no set target
Activity regulated under the <i>Airports Act 1996</i> (see also tables 3.10 and 3.11, page 99)					
Annual reviews of airport leases	4	8	17	17 ^a	22
Airport master plans approved	1	1	3	13	2 ^b
Variations to master plans approved	2	2	1	0	
Airport environment strategies approved	not reported	not reported	not reported	18	
Major development plans approved	not reported	not reported	5	7	
Decisions made on development proposals infringing on federal airspace	not reported	not reported	27	18	
Administered programmes					
Payments to airport lessees					
• parking fines (page 103)	-	-	\$1.5m	\$1.7m	\$2.6m
• sale of airport land (page 103)	-	\$2.7m	-	-	-
• land acquisition (page 103)	-	-	-	\$3.4m	-
Payment Scheme for Airservices Australia's en route charges (page 105)					
Operators supported	30	44	43	41	no set target
Cost of programme	\$1.4m ^c	\$4.8m	\$4.3m	\$4.7m	\$5.6m
Subsidy for transition to location-specific pricing for airport control towers (page 106)					
Price cap per tonne (GST inclusive)	not reported	\$7.42	\$7.42	\$8.68	-
Cost of programme	\$7.0m	\$7.0m	\$7.0m	\$7.0m	-
Tamworth Australasian-Pacific Aeronautical College (page 107)					
Trainees studying	20	>100	134	n/a	
Graduates produced	none due – 3 year course		44	n/a	
Cost of programme	\$1.3m	\$0.9m	\$1.3m	\$0.2m	-
Other programmes administered					
Cost of other programmes including contribution to ICAO (page 90) and airport noise programmes (page 101) ^d	\$50.6m	\$35.4m	\$42.1m	\$18.6m	\$15.2m
Total cost of administered programmes	\$60.3m	\$50.8m	\$56.2m	\$35.6m	\$23.4m

Output 1.4.2 – Aviation and Airports continued...

Effectiveness

Airspace is managed efficiently within international standards

Continued support for airspace reform

Australia’s national airspace system (NAS) is modelled on the US system which has operated for the past 40 years and which handles 20 times the volume of air traffic that exists in Australia. It is simple, compliant with airspace practices endorsed by ICAO, and involves different arrangements for different parts of airspace based on risk.

Implementing the system has been a long process. NAS Stage 1 was rolled out in November 2002 and Stages 1a, 2a and 2b were introduced in March 2003, July 2003 and November 2003, respectively.

In 2004–05 new procedures were developed for non-towered aerodromes to improve overall safety and efficiency—these will be introduced in November 2005 and supported with industry forums and a training package (NAS Stage 2c).

In 2005–06 work will proceed on the final major NAS reforms—Stage 3a—allowing more freedom of movement for civilian aircraft in airspace used by the Australian Defence Forces.

We also expect that Airservices Australia’s remaining airspace regulatory functions, which have been consolidated into the Airspace Environment Regulatory Unit within Airservices Australia, will be reviewed and transferred to a new Office of Airspace Management within the department. This will:

- free Airservices Australia up to focus on its role as an air navigation services provider, and
- provide the government with a focus for airspace policy and regulation.

Figure 3E – Location of 22 leased federal airports





Effectiveness

Australian Government investments in transport infrastructure are managed responsibly

Leased federal airports managed responsibly

Between 1997 and 2003 a total of 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 taking the potential lease period up to 2102¹².

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*.

Under the Act, airport lessees must produce a master plan with a 20-year planning horizon—these are mainly focused on the development of the airport site itself but must have regard to the surrounding area—and an environmental management strategy for the airport. Both must be submitted to the minister for approval and be reviewed every five years. In 2004–05 the department advised the minister on:

- 13 airport master plans
- seven major development plans, and
- 18 environment strategies.

In addition, during the course of 2004–05, the Federal Court handed down a major ruling on the Act in the Australian Government's favour (page 164).

The department is also responsible for overseeing contractual obligations outlined in airport sale and lease agreements and conducts annual reviews to ensure compliance with lease conditions. In 2004–05:

- 17 reviews were completed by 30 June 2005 and another four reviews in July 2005
- the remainder are to be completed by October 2005, and
- no significant issues affecting lease compliance were identified.

Building controllers and environmental officers at lessee airports also helped the department to monitor and ensure compliance with environmental and building standards.

¹² With one exception, all airports are leased for 50 years with an option to extend for another 49 years. The exception is Hoxton Park airport in Sydney. The lease on Hoxton Park expires in 2008 with an option to extend to 2010, after which it converts to freehold title.

Output 1.4.2 – Aviation and Airports continued...

Effectiveness

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

Investment in aeronautical infrastructure tops \$380 million

Lessees for 10 airports—Adelaide, Brisbane, Melbourne, Perth, Alice Springs, Darwin, Canberra, Coolangatta, Hobart and Launceston—have also committed to invest a total of \$700 million over the first 10 years of the leases in aeronautical infrastructure¹³. In 2004–05 the department continued to monitor this type of investment at these airports.

As at 30 June 2004, more than \$380 million had been invested by the ten airports in aeronautical infrastructure. Eight lessees had met or exceeded their period one obligations (see table 3.10 opposite). Of the two remaining lessees:

- Hobart is expected to exceed its period one obligation to invest \$3.8 million following the opening of its new domestic terminal building in April 2005, and
- Alice Springs is expected to have met its period one obligation to invest \$1.2 million in 2004–05.

Overall indications are that most airports will exceed their ten year development obligations in 2004–05:

- two lessees—Melbourne and Adelaide—have proceeded to exceed their total ten-year obligations and are no longer required to submit plans or reports to the department
- Adelaide's new \$260 million passenger terminal is to open in October 2005, and
- Melbourne has started taxiway, runway and terminal upgrades to facilitate the new 555 seat Airbus A380.

While all airports continued to submit their expenditure plans and audited reports to us as required, timeliness continued to be an issue (see table 3.11 opposite). We are working to address this in 2005–06.

In 2004–05 the department also:

- made significant progress in implementing the nine recommendations contained in the ANAO Report 50 of 2003–04
- worked with the Department of Environment and Heritage on the approval process for the proposed development of the new parallel runway at Brisbane airport
- acquired land at Sydney Airport to facilitate further on-airport development (page 103), and
- continued to make sure government-owned rental properties at Badgerys Creek were appropriately maintained (page 104).

¹³ There were no specific development obligation requirements under the sale agreements for Archerfield, Bankstown, Camden, Hoxton Park, Jandakot, Essendon, Moorabbin, Mount Isa, Parafield, Tennant Creek, Townsville and Sydney airports.

**Table 3.10 – Airport development expenditure at major airports**

Airport	Sale phase ^a	Expenditure to 30 June 2004 ^b	Period one commitment ^c	Total 10 year commitment
Adelaide	2	\$72.3m	\$41.4m	\$64.0m
Alice Springs	2	\$0.5m ^d	\$1.2m	\$3.1m
Brisbane	1	\$82.1m	\$44.4m	\$337.3m
Canberra	2	\$32.2m	\$11.0m	\$57.9m
Coolangatta	2	\$19.2m	\$19.2m	\$27.7m
Darwin	2	\$4.2m	\$3.3m	\$6.0m
Hobart	2	\$1.8m ^d	\$3.8m	\$5.5m
Launceston	2	\$2.7m	\$2.2m	\$3.1m
Melbourne	1	\$107.8m	\$78.3m	\$107.3m
Perth	1	\$64.8m	\$54.6m	\$87.9m
TOTAL		\$387.6m	\$259.4m	\$699.8m

^a Phase 1 was completed in 1997 and phase 2 in 1998. The date of sale affects the deadline for completion of period one obligations.

^b Data for 2004–05 is due to the department by 30 September 2005 and hence was not available in time for inclusion in this report.

^c Period one commitment is in line with Schedule 11 of each Sale Agreement.

^d Both airports are expected to meet their period one obligations in 2004–05.

Table 3.11 – Timeliness of airport expenditure plans and audit reports

	2004–05
Expenditure plans (due 1 July each year)	
On time	1
Late	8
Not received	-
Audited reports (due September each year for previous financial year)	
On time	5
Late	4
Not received	-

Output 1.4.2 – Aviation and Airports continued...

Effectiveness

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 Act 1920*.

In order to manage night-time aircraft noise, curfews apply from 11pm to 6am at four major airports—Sydney, Adelaide, Coolangatta and Essendon¹⁴. Under the curfews strict controls apply to what types and numbers of aircraft can operate and what runways can be used.

In 2004-05 the department continued to manage the curfew system. We:

- assessed 161 applications for curfew dispensation (112 for Sydney, 36 for Adelaide and 13 for Coolangatta), and
- approved 81 curfew dispensations (50 for Sydney, 22 for Adelaide and 9 for Coolangatta), and
- provided secretariat support for the Sydney Airport Community Forum, www.sacf.dotars.gov.au, which advises the government on noise and related environmental issues at Sydney Airport.

The department also continued to administer programmes to insulate homes and public buildings near Sydney and Adelaide airports assessed as being exposed to unacceptable levels of aircraft noise (see opposite).

Price

\$25.4 million

The actual price of this output in 2004-05 was \$21.8 million. This price is expected to increase to \$23.9 million in 2005-06.

Overall performance ✓✓✓

¹⁴ 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.



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, health and aged care facilities and churches.

Eligibility for insulation is based on aircraft noise exposure as assessed under the Australian Noise Exposure Forecast (ANEF) system. This system takes into account the relative noise and numbers of aircraft overflights.

To be eligible, a public building must fall within the 25 noise exposure contour under the ANEF system and a residence within the 30 noise exposure contour. To avoid neighbouring houses being treated differently the boundaries of contours are extended out to the nearest break in continuity of housing—normally the next street.

Quality

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

Residents are routinely asked to rate the quality of our work through post-insulation surveys. In 2004–05, 100 per cent of residents rated the work done as 'very good' or better.

Quantity

Approximately 4755 eligible homes and 96 eligible public buildings are insulated from aircraft noise

Both programmes are nearing completion. As at 30 June 2005, all eligible buildings have been identified. All 4733 eligible residences whose owners had accepted the offer of insulation had been insulated. Around 100 public buildings had been insulated, with only a few public buildings remaining to be insulated.

Location

Adelaide, Sydney

For details of the properties that have been insulated, visit www.dotars.gov.au/transprog

For information on noise and flight path monitoring at major airports, visit www.airservicesaustralia.com/reports/nfpms

Cost

\$25.5m (up from \$22.8m at Budget)

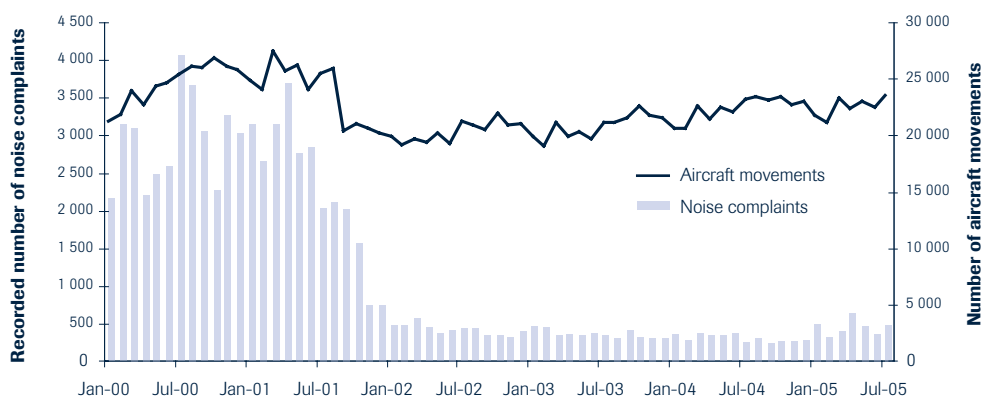
The actual cost of these programmes in 2004–05 was \$13.9 million, less than planned in both cases due to the nature of the programme and difficulties in accurately forecasting the timing of building projects.

Overall performance



Table 3.12 – Trends in airport noise amelioration

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 ^E
Adelaide Airport						
Programme outcomes						
Private homes insulated	13	220	208	240	4	
Public buildings insulated	0	0	2	1	2	
Work rated very good or better by clients	not reported	90%	88%	83%	100%	
Cost of works to government	\$1.9m	\$11.1m	\$13.2m	\$13.9m	\$7.6m	\$7.0m
Sydney Airport						
Programme outcomes						
Private homes insulated	474	268	119	12	12	
Public buildings insulated	3	7	2	1	3	
Work rated very good or better by clients	not reported	82%	> 80%	82%	100%	
Cost of works to government	\$37.2m	\$24.9m	\$7.7m	\$3.9m	\$6.2m	\$4.3m
Other relevant information						
Aircraft movements	307 867	250 326	246 061	258 526	272 172	
Noise complaints recorded by Airservices Australia	37 539	119 53	4 556	4 044	4 213	
Persons making complaints to Airservices Australia	6 384	2 637	1 910	1 643	1 628	

Figure 3F – Trends in noise complaints for Sydney Airport versus aircraft movements


Source: Airservices Australia, monthly Sydney Airport operational statistics (preliminary data)



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 reimburses seven airport lessees a proportion of parking fines collected for parking offences in airport precincts.

In 2004–05 we continued to make payments to airport lessees based on a formula set by the Minister for Finance and Administration, namely 80 per cent of the revenue collected from parking fines after administrative costs.

Location

Sydney, Melbourne, Brisbane, Perth, Coolangatta, Townsville, Hobart and Launceston airports

Only eight of the 22 federal airport lessees opted to join the government's parking infringement regime, with the remaining airports making alternative arrangements.

Cost

\$2.4m

The actual cost of this programme was \$1.7 million, up from \$1.5 million in 2002–03. Up to \$2.6 million is available for this programme in 2005–06.

Overall performance

✓✓✓

Administered programmes – Compensation for acquisition and sale of airport lands (Aviation and Airports Business Division)

Quality/Location/Cost

Airport lessees receive appropriate compensation

- *for the acquisition of airport land to improve access within Sydney airport (\$3.4m)*
- *for the sale of small portions of airport land not essential for airport operation (\$0.003m)*

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. We administer compensation to airport lessees after an appropriate price is agreed with parties including the Department of Finance and Administration.

In 2004–05, we paid \$3.4 million as planned for the air and land access rights for Sydney Airport to provide access to land previously acquired for aviation related development.

We executed a land transfer agreement on 13 July 2005 to enable road widening and other traffic improvements off the Hobart airport site, and are working on amendments to Airport Regulations 1997 to reflect the change in the leased area.

Negotiations are continuing over:

- the sale of land from the south-west corner of Essendon Airport to facilitate the upgrade of the Tullamarine/Calder Freeway interchange (cost to be determined), and
- the sale of land from Coolangatta Airport to facilitate the Tugun Bypass project.

Overall performance

Sydney land acquisition ✓✓✓ otherwise ✓✓✓

Administered programme – Sydney West Airport – rental properties
(Aviation and Airports Business Division)

Effectiveness

The Australian Government meets its obligations to tenants

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 2004-05, costs included water and land rates, and maintenance to ensure properties remain in reasonable condition. There is limited scope to scale back work given our duty of care to tenants and our responsibility to keep the assets we administer in good condition.

Cost

\$1.8m

The actual cost of this programme in 2004-05 was \$1.7 million, and was offset by revenue from tenants. In 2005-06 we expect to spend \$2.7 million on general maintenance.

Overall performance





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 into the ongoing need for en-route subsidies for regional aviation services, which are due to cease at the end of 2005–06.

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.

Over 2004–05 no complaints were received from recipient operators on the accuracy or timeliness of processed claims.

Quantity

Approximately 40 airlines are reimbursed for Airservices Australia's enroute air traffic control charges

In 2004–05 we processed claims from a total of 41 airlines, down from 43 last year.

Cost

\$6.0m (down from \$6.1m at Budget)

The actual cost of this programme in 2004–05 was \$4.7 million, up from \$4.3 million in 2003–04. The target published in our 2005–06 PBS suggests payments will reach \$5.6m and this is inclusive of additional costs expected with the extension of the scheme to a certain category of eligible aircraft in WA only.

Overall performance

✓✓✓

Administered programme – Subsidy for transition to location-specific pricing for airport control towers (*Aviation and Airports Business Division*)

Effectiveness

Air traffic control services at regional and general aviation airports are maintained at a reasonable cost to users

In mid-1998, Airservices Australia introduced a new pricing regime to remove cross-subsidisation of some part of the aviation industry by other parts. As some smaller airport users faced large fee rises, the government introduced a subsidy for a transitional period.

The subsidy was due to have ceased in 2003-04 but was extended for one year only, to enable Airservices Australia to review its pricing arrangements. The subsidy continued to be paid directly to Airservices Australia on a monthly basis.

Quantity

Air traffic control services are subsidised at 15 airports

In 2004-05 subsidies continued to be paid for services at 14 airports in all: Albury, Archerfield, Bankstown, Camden, Coffs Harbour, Essendon, Jandakot, Launceston, Mackay, Maroochydore, Moorabbin, Parafield, Rockhampton and Tamworth. Hobart Airport was not directly subsidised but has benefited from price capping arrangements.

Cost

\$7.0m

The actual cost of this programme in 2004-05 was \$7.0 million.

Overall performance





Administered programme – Tamworth Australasian-Pacific Aeronautical College
(Aviation and Airports Business Division)

Effectiveness

Additional aircraft maintenance engineers are trained in regional Australia

A licensed aircraft maintenance engineer (LAME) is the only person who can certify that work is completed to regulatory requirements and standards or supervise other people doing maintenance work on an aircraft.

The Australasian-Pacific Aeronautical College was set up in 2001 to address the shortage of aircraft engineers in regional Australia. It offers a Certificate IV in Aeroskills—one of several prerequisites for people wanting to become a LAME—and vocational education to schools in the Tamworth area and to TAFE students.

In 2004, 134 students were enrolled at the college and 44 people graduated with a Certificate IV in Aeroskills. The number of graduates in 2005 will not be known until later in the year.

Quality

Clients are satisfied

Sixty per cent of students at the college are employed by major companies like Qantas, Boeing, and British Aerospace. The remainder are employed by smaller regional airlines such as REX.

Cost

\$0.2m

The actual cost of this programme in 2003–04 was \$0.2 million, bringing to \$4.1 million the total contributed by the Australian Government over the last four years. This brings to an end the Australian Government's obligations to help set up the college.

Overall performance



Did you know?

Tamworth was chosen as the site for the college because of the number of aviation engineering firms based in the New England and NorthWest region of NSW—about 30 in all including Eastern Australia Airlines's major engineering and administrative operations.

Tamworth is also home to BAE Systems' Flying College, which provides commercial licence pilot training for domestic and international airlines as well as the Australian Defence Force and Defence Forces from overseas.

CHAPTER 4

REGIONAL OUTPUTS AND PROGRAMMES



REGIONAL

OVERVIEW

One third of Australians and two thirds of our export income come from regional, rural and remote Australia. Our national prosperity depends significantly on the strength of our regions, now and into the future.

Regional areas face social and economic change as a result of increasing competition from globalisation, ongoing population shifts and natural disasters. Partnership is the key to helping regions face these challenges, grow and diversify.

What we do

In 2004-05 the department contributed to the well-being of all Australians by *assisting regions to manage their own futures*. Amongst other things, we delivered:

- advice to the Australian Government on regional issues ranging from national water policy (page 116) through to localised issues such as the performance of, and appointments to, the National Capital Authority (NCA)
- grants for community development initiatives in regional, rural and remote Australia— about one quarter of all public and private funding earmarked for such projects (page 116)
- roughly nine per cent of funding for Australia's 700 or so local governments (page 142)—this is on top of what the government already provides under the Roads to Recovery Programme (page 66), and
- health, education, water and other vital services to the 2700 people who live in Australia's non-self-governing territories, often through the WA, ACT and NSW governments (page 132 and 135), and
- between 33 and 75 per cent of public funding for natural disaster mitigation and relief works and research, in partnership with other governments and Geoscience Australia (page 144).

What this chapter covers

This chapter reports on the regional outputs and programmes the department was funded to deliver in 2004-05. It:

- sets out the annual financial and other targets we published in our 2005-06 *Portfolio Budget Statements* (PBS)¹
- explains 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 our results, and
- 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

As part of delivering our outputs and programmes, we also work towards specific priorities. Our performance against regional and other priorities is discussed in Chapter 2 (page 26).

¹ We would usually report against the PBS for the year we are reporting against—in this case, 2004-05. However, as explained in Chapter 1, our outcomes and outputs framework changed over 2004-05. To make this report as useful as possible, we have aligned it with the new framework and targets published in the 2005-06 PBS. For details of the changes and examples of our performance against previous targets please see Appendix 1 (page 221).


Table 4.1 – Regional outputs and programmes in 2004–05

	Budget 2004–05 ^a \$,000	Actual 2004–05 \$,000	Variance ^b	Rating	More info
Output 2.1.1 - Regional Services	41 436	35 977	-13.2%	✓✓✓	page 113
<i>Administered programmes</i>					
Construction of the Bert Hinkler Hall of Aviation Museum ^c	-	-	-		
Foundation for Rural and Regional Renewal	260	187	-28.1%	✓✓✓	page 126
Regional and Rural Research Info and Data	68	66	-2.9%	✓✓✓	page 127
Regional and Rural Development Grants	160	160	-	✓✓✓	page 127
Regional Partnerships	103 431	94 967	-8.2%	✓✓✓	page 118
Remote Air Services Subsidy Scheme	3 267	2 698	-19.8%	✓✓✓	page 125
Sustainable Regions	33 444	22 609	-32.4%	✓✓✓	page 121
Output 2.2.1 - Services to Territories	17 727	18 466	4.2%	✓✓✓	page 128
<i>Administered programmes</i>					
Norfolk Island – Refurbishment of Kingston Pier	3 000	328	-89.1%	✓✓✓	page 131
Payments to the ACT					
– assistance for water and sewerage services	9 051	9 051	-	✓✓✓	page 137
– compensation for the effects of National Capital Influence on the costs of providing municipal services	22 508	22 508	-	✓✓✓	page 137
Services to Indian Ocean Territories	61 746	75 211	21.9%	✓✓✓	page 135
Output 2.2.2 - Local Government	2 001	2 015	0.7%	✓✓✓	page 139
<i>Administered programmes</i>					
Local Government Financial Assistance Grants	1 553 371	1 547 668	-0.4%	✓✓✓	page 142
Supplementary funding to SA Councils for local roads	4 250	4 250	-	✓✓✓	page 143

Table 4.1 continued...

	Budget 2004-05 ^a \$,000	Actual 2004-05 \$,000	Variance ^b	Rating	More info
Output 2.2.3 - Natural Disaster Relief	4 074	3 637	-10.7%	✓✓✓	page 144
<i>Administered programmes</i>					
Bushfire Mitigation	5 000	5 000	-	✓✓✓	page 148
Natural Disaster Mitigation	17 500	10 500	-40.0%	✓✓✓	page 146
Flood Assistance Package - small business grants	60	32	-46.7%	✓✓✓	
National Aerial Firefighting	5 500	5 500	-	✓✓✓	page 149
National Disaster Memorials	-	210	100.0%	✓✓✓	page 144
Natural Disaster Relief Arrangements	89 540	67 674	-24.4%	✓✓✓	page 152
Regional Flood Mitigation	12 100	11 253	-7.0%	✓✓✓	page 150
Outcome 2 - all outputs					
Total price of departmental outputs	65 239	60 096	-7.9%		
Less receipts from independent sources	1 872	1 969	5.2%		
Net price to government (appropriation) for outputs	63 367	57 990	-8.5%		
<i>Administered programmes summary</i>					
Total cost of administered programmes	1 920 989	1 879 872	-2.1%		
Plus depreciation, write downs, value of assets sold	14 561	12 963	-11.0%		
Total administered operating expenses	1 935 550	1 892 835	-2.2%		
Less administered revenues	27 718	34 281	2.4%		
Net cost to government of administered activities	1 907 832	1 858 591	-2.6%		
Average Staffing Level (ASL)	330†	312†	-5.7%		

^a The budget shown for administered programmes is the revised budget published in our 2004-05 Portfolio Additional Estimates Statements. The budget shown for outputs is the revised budget published in our 2005-06 PBS and includes own source revenue. For details of our previous output budgets and outcomes see Appendix I (page 221).

^b The variance is the change in our 2004-05 actuals over our revised 2004-05 budget.

^c Construction of the Bert Hinkler Hall of Aviation Museum was allocated \$0.725 million in the 2004-05 Budget but this amount was rolled over into 2005-06 at Additional Estimates to reflect project progress. The programme is likely to be rolled into the Regional Partnerships Programme, which is also providing funding towards the project, from 1 July 2006 to streamline programme administration.



OUTPUT 2.1.1 – REGIONAL SERVICES

(Regional Services)

Effectiveness

Regions are assisted to manage their own futures

In 2004–05 the department assisted regions to manage their own futures by:

- making information available on Australian government programmes and services
- supporting communities to plan for their own development,
- providing grants for projects nominated by communities as important to their well-being and sustainability, and
- 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

Over 2004–05 the department significantly expanded its capacity to evaluate and inform decision-makers about conditions in Australia's regions. We:

- worked with other agencies to finalise the National Regional Evaluation Framework—this will make it easier to compare the economic, social and environmental well-being of different regions
- published in-depth profiles on the two new regions being targeted for assistance through the Sustainable Regions Programme (page 121), and
- released major new research on taxable income—a key indicator of economic activity—by region.

The Bureau of Transport and Regional Economics (BTRE) *Focus on Regions* series has proved extremely popular with reprints necessary to keep up with demand for hard copies. *Focus on Regions* titles are:

1. Industry Structure
2. Education, Skills and Qualifications
3. Taxable Income

A previous report on *Investment Patterns in the Murray-Darling Basin* has been set as a textbook by Charles Sturt University in the first ever water policy course at an Australian university.

All BTRE publications are available free online (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 to grow

In 2004-05 the department continued to deliver information to people in regional Australia through the Australian Government Regional Information Service. In 2004-05 this free service:

- delivered information on more than 650 government programmes and services to 2.8 million households in regional areas, and
- handled over one million inquiries online and by phone.

While the vast majority of people preferred to use our website www.regionalaustralia.gov.au, a toll-free hotline (1800 026 222) was also provided to ensure information was accessible to the widest possible audience.

We also made information available on how community groups can access government grants, through our website www.grantslink.gov.au. In 2004-05 this free service:

- promoted 174 Australian Government grants programmes, as well as contacts for each state and territory, and
- fielded more than 1.4 million inquiries, up from 1.2 million inquiries last year.

Regional and Indigenous communities have opportunities to establish and advance local priorities and partnerships

Regional and Indigenous partnerships strengthened

The department also continued to assist regional communities to plan for their own development. In 2004-05 our regional offices worked with:

- a national network of 56 Area Consultative Committees (ACCs) to deliver the Regional Partnerships Programme (page 118), and
- 10 locally appointed advisory committees and executive officers to deliver the Sustainable Regions Programme (page 121), and
- Indigenous communities in the remote East Kimberly as part of a Council of Australian Governments (COAG) pilot programme (pages 10 and 17).



Did you know?

The department has a particular focus on the needs of Indigenous Australians because 70 per cent of Australia's Indigenous population lives outside our capital cities^a.

By comparison, just over 15 per cent of Australians born overseas choose to live outside a major city^b and of these, less than five per cent reported speaking English 'not well or not at all'^a.

The ten most commonly used languages—other than English—outside our capital cities are Croatian, German, Italian, Greek, Arabic, Spanish, Tagalog, Polish, Vietnamese and Chinese^c.

Source: ^a BTRE *About Australia's Regions* August 2005.

^b Major city is an urban centre with a population of at least 250 000.

^c Australian Government Regional Information Service.



Quality

Regional and Indigenous communities have opportunities to establish and advance local priorities and partnerships (continued)

Regional women's aspirations recognised

The department also continued to provide secretariat and other services to the Regional Women's Advisory Council. In 2004–05 we supported the council to:

- co-host a conference on water, family violence and access to services with the Burdekin Dry Tropics Women on the Move Committee, which was attended by over 130 people
- sponsor a series of events for women in the Launceston region, which provided feedback on access to services, trade, family and domestic violence, women's representation and community change
- co-host a Women on the Move event in Katanning, Western Australia, with local coordinators and the support of the Alcoa Research Centre for Stronger Communities, which highlighted issues including isolation, leadership development, health and skills shortages
- take stock of women's representation on rural industry boards and other formal boards and committees which have an influence on rural and regional communities, and
- bring together chief executive women, rural researchers, and business and industry leaders to suggest strategies for increasing women's representation.

In June 2005 the government announced an inquiry into ways to increase women's participation in both decision-making and representative roles to support the longer term sustainability and competitiveness of rural and regional Australia.

In addition to supporting the inquiry in 2005–06, the department expects to advise the government on:

- the future of the Regional Women's Advisory Council following the expiry of the current council's term in September 2005, and
- the scope to establish new mechanisms to provide a youth perspective on issues affecting regional communities.

Output 2.1.1 – Regional Services continued...

Quality

Grants are administered for projects that maintain or improve regional well-being and sustainability

Record level of grants administered

In 2004–05 the department administered a record \$120.7 million in grants through:

- the Regional Partnerships Programme (page 118)
- the Sustainable Regions Programme (page 121)
- the Remote Air Services Subsidy (RASS) scheme (page 125)
- the Foundation for Rural and Regional Renewal (page 126), and
- the Regional and Rural Development Grants and Research Information and Data programmes (page 127).

During the year the department made several submissions to a Senate inquiry into our administration of the Regional Partnerships and Sustainable Regions programmes. The inquiry, which began in December 2004, concluded in October 2005. The department will assist the government to prepare and implement a formal response to the report in due course.

Other agencies/governments work with us on issues affecting regions

Other issues affecting regions receiving attention

We continued to work within the Australian Government and with other governments on issues affecting Australia’s regions including telecommunications, water and native vegetation policy. We:

- advised the Australian Government on reform of the way native vegetation and biodiversity issues are regulated
- contributed to high-level work to scope and consider issues arising from the full privatisation of Telstra, Australia’s largest telecommunications service provider
- continued to assist with the implementation of the National Water Initiative, and
- with key agencies, started looking at broader issues of water pricing and trading.

Price

\$41.4m

The actual price of this output in 2004–05 was \$36.0 million. It is set to increase to \$39.4 million in 2005–06.

Overall performance



Table 4.2 (opposite) footnotes

- ^a As this output only came into existence in 2004–05, the historical data shown here relates 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 was only launched in January 2002.
- ^c As this programme was only launched on 26 June 2003, the historical data shown here relates to the nine programmes it replaced and includes expenses incurred by the Department of Employment and Workplace Relations before the transfer of some programmes to us in late 2001.
- ^d The 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 only be accessed until 30 June 2005.
- ^e An aggregate total of 202 RTCs and RTCs with personal banking services had been approved as at 30 June 2002.

**Table 4.2 – Trends in regional services**

	2001–02	2002–03	2003–04	2004–05	2005–06 ^E
Departmental activities					
Total price of output ^a	\$49.7m	\$39.6m	\$35.5m	\$36.0m	\$39.4m
Australian Government Regional Information Service (page 116)					
www.regionalaustralia.gov.au ^b	0.7m hits	1.4m hits	1.6m hits	1.0m hits	no set target
www.grantslink.gov.au	not reported	1.0m hits	1.2m hits	1.4m hits	no set target
Calls to hotline 1800 026 222	31 908	38 519	23 241	28 481	no set target
Regional Partnerships programme^c (page 118)					
Regional Partnership Projects					
Applications received	1 308	954	736	627	no set target
New projects approved	685	533	266	438	no set target
Rural Transaction Centres (RTCs) ^d					
New sites approved	34	67	74	0	-
Sites approved to date	not reported ^e	164	239	239	no change
Sites operating at 30 June	52	80	115	175	225
RTCs with electronic point of sale (personal banking service) ^d					
New sites approved	98	21	33	0	-
Sites approved to date	not reported ^e	119	141	141	no change
Sites operating at 30 June	98	101	130	140	no change
Cost to government	\$91.4m	\$73.7m	\$78.5m	\$95.0m	\$111.6m
Sustainable Regions programme (page 121)					
New projects approved	not applicable	72	86	60	no set target
Cost to government	\$0.4m	\$6.2m	\$20.9m	\$22.6m	\$48.3m
Remote Air Services Subsidy (RASS) scheme (page 125)					
Communities assisted	>200	250	220	225	225
Operators engaged	5	8	7	7	6
Cost to government	\$2.0m	\$2.3m	\$2.6m	\$2.7m	\$3.6m
Total programmes administered – includes RASS from 2004–05 only					
Number of programmes	10	11	3	7	6
Total cost of programmes	\$91.7m	\$78.0m	\$99.3m	\$120.7m	\$165.6m

Administered programme – Regional Partnerships (*Regional Services*)

Effectiveness

Funded projects improve regional growth and opportunities, access to services, planning and structural adjustment

Since setting up this programme in July 2003, the government has committed over \$160 million to 700 projects. These projects have helped communities in every region of Australia improve their well-being by:

- promoting regional growth and opportunities
- restoring—or in some cases providing for the first time—access to services that many Australians take for granted
- supporting structural adjustment—the process by which jobs and capital are reallocated among sectors of the economy in response to changes in the economy and in government policy, and
- facilitating planning by local communities

Because every region is unique, the proposals lodged with the department vary considerably in their size and scope. Some of the projects funded in 2004–05 were:

- buildings and infrastructure to help establish Brambuk National Park and Cultural Centre as the pre-eminent site for the appreciation of Aboriginal culture, heritage and environmental values in Hall's Gap, Victoria (\$1.4 million)
- a facility to enable farmed goat meat to be processed in Oberon, NSW, for both domestic and export markets (\$0.6 million), and
- a video/DVD and a drive map to promote tourism in the Bowen region in Queensland (\$0.011 million).

Job creation is a common benefit of many projects. Recent independent evaluations of predecessors of the Regional Partnerships Programme suggest that three jobs are created for every \$50 000 spent.

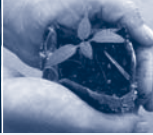
Quality

Regional priorities are established by an ACC in each region

In 2004–05 the department continued to work with 56 Area Consultative Committees (ACCs) throughout Australia to identify and support projects to benefit regional communities. ACCs draw members from the local business, industry and government sector to:

- help develop and maintain three year strategic regional plans to address the issues facing their communities, and
- provide on-the-ground support to potential applicants to help meet their goals within their local communities.

In 2004–05 extra funding was provided to enable ACCs to broker project partnerships and facilitate whole of government initiatives at the local level.



Quality

90% of applications for funding are assessed within 12 weeks of submission

In 2004–05 the department received 627 applications for funding from every region in Australia.

New procedures were implemented to fast-track applications for up to \$25 000 (about 20 per cent of all applications). The new procedures, which were put in place in November 2004, have succeeded in reducing the average time required to assess smaller applications.

The department expects to assess 75 per cent of applications received in 2005–06 within 12 weeks of submission, and to improve on this performance over time.

Grants are provided for projects which meet programme guidelines, including consistency with ACC regional priorities and partnership funding

Each application for funding is fully and competitively assessed by the department against the Regional Partnerships assessment criteria. To be successful, applications must:

- be consistent with regional priorities
- demonstrate that they are likely to provide benefits or to create or enhance opportunities
- have significant partnership support, and
- be viable and sustainable.

ACCs also provide advice on each project. When required the department arranges independent due diligence checks. Recommendations and advice are presented to the minister for decision.

In 2004–05, projects selected for funding have 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.

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 agreed milestones, outcomes and timeframes.

Even after funding agreements are put in place, the department continues to work closely with project proponents to ensure that projects remain on track as much as possible and comply with conditions of funding. We analyse progress reports received against the obligations identified in funding agreements and conduct site visits as appropriate.

Regional Partnerships continued...

Quality

Payments are made in line with project progress and funding agreements (continued)

Over 2004-05, the department also worked closely with Rural Transaction Centre (RTC) proponents to wind up this legacy element of the programme as required by 30 June 2005².

As a result, about 50 new RTCs are expected to become operational in the next few months, providing their communities with access to services and technology that enable them to obtain information and carry out transactions.

Other legacy elements of the programme are to be wound up in 2005-06. These include the former:

- Dairy Regional Assistance Programme, which was set up in 2000 to help regional communities adjust to the effects of dairy de-regulation, and
- the former Regional Solutions Programme, which was set up in 2000 to fund worthwhile regional projects which did not qualify for funding under other federal programmes.

90% of project proponents and ACCs are satisfied with the programme's administration

A survey of ACC members and project proponents was conducted for the first time in December 2004, to enable the quality of the programme to be assessed. The overwhelming majority of respondents rated the overall performance of the Regional Partnerships Programme as fair or better, and the level of support we provided as 'effective' or 'extremely effective'.

Unsuccessful applications or project proponents who receive less funding than requested may request a formal review of the relevant decision. While 19 requests were received from unsuccessful applicants over 2004-05:

- this equates to roughly three per cent of all applications received in 2004-05, and
- only two decisions were reversed after an independent review.

Quantity/Location

Regional priorities and projects are established in every region of Australia (56 regions)

For details of the priorities for and projects in every region of Australia, visit www.regionalaustralia.gov.au

Cost

\$103.4m (up from \$90.8m at Budget)

The actual cost of this programme in 2004-05 was \$95.0 million, up from \$90.9 million in 2003-04. It is set to increase to \$111.6 million in 2005-06.

No funds were diverted to fund the 38 election commitments now being delivered through the programme as the Australian Government has provided an extra \$66.8 million over five years to cover the costs of these commitments.

Overall performance



² The RTC programme was funded through the Rural Transaction Centres Reserve as established by the *Telstra (Further Dilution of Public Ownership) Act 1999*. Under the act, funds from the reserve could only be accessed until 30 June 2005.



Administered programme – Sustainable Regions (*Regional Services*)

Effectiveness

Funded projects improve economic, social and/or environmental well-being in the region

Since 2001 the government has committed over \$77.6 million to 218 projects to help communities in eight regions deal with major economic, social and environmental change.

Sixty new projects were approved in 2004–05, down from 86 in 2003–04. Some of the projects funded in 2004–05 included:

- construction of the Cradle Mountain Centralised Sewerage Scheme—this will ensure tourism development does not damage this world heritage area (\$0.5 million plus \$4.1 million in partner contributions)
- a new food processing facility in Bundaberg Queensland—this is enabling value to be added to locally grown produce and creating up to 53 new jobs over three years (\$0.5 million plus \$2.8 million in partner contributions)
- a new cultural precinct in Campbelltown—this links the Bicentennial Art Gallery with the Japanese and Sculpture Gardens and includes a new venue for community activities (\$0.5 million plus \$0.3m in partner contributions)
- capacity building for Djubugay Aboriginal people, who are now providing guided tours of and restoring culturally significant locations such as the Bare Hill Rock Art site in Queensland (\$0.2 million, matched by partner contributions), and
- expansion of a successful recycling and repair business in the north Salisbury region of SA—this is helping long-term unemployed, mature age and young people, and people with a disability to enter the workforce (\$0.1 million plus \$0.2 million in partner contributions).

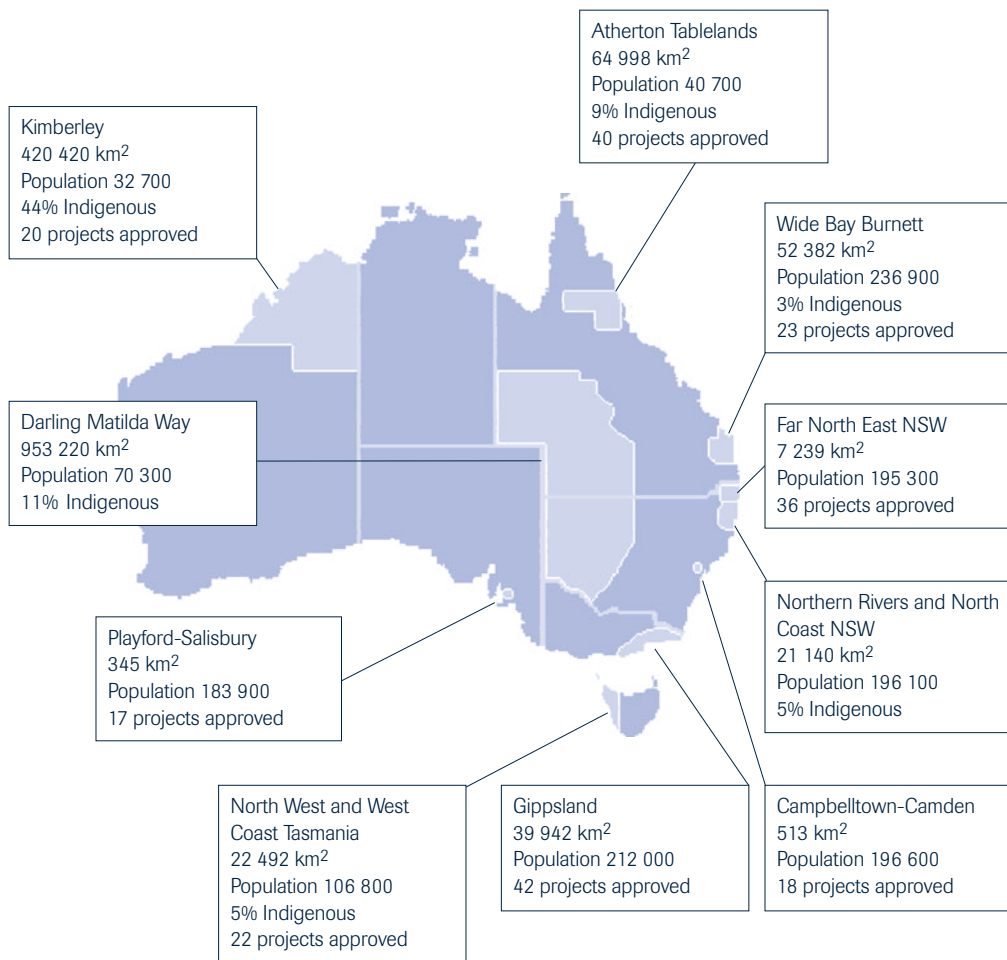
For details of the priorities for and projects in every region of Australia, visit www.sustainableregions.gov.au

Quality

Regional priorities are established by a Sustainable Regions Advisory Committee (SRAC) in each region

In 2004–05 the department continued to provide secretariat and other support to an advisory committee in each region. The committees—who comprise business, community and local government representatives—provide advice to the Australian Government on issues associated with the regions, recommendations on project funding and on-the-ground support for potential applications.

Figure 4A – Profile of the ten Sustainable Regions as at 30 June 2005





Sustainable Regions 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 against the Sustainable Regions assessment criteria. To be successful, applications must:

- be consistent with regional priorities
- demonstrate that they are likely to achieve sustainable outcomes, and
- have significant regional support.

The department also confirms that recommended proposals meet the programme guidelines and arranges any required due diligence checks. Recommendations and advice are presented to the minister for decision.

Funded projects have attracted approximately \$150 million from private sector and other partners since the programme began in 2001. This equates to a \$2 benefit for every \$1 the Australian Government invests, although the actual amount 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, which sets out the terms and conditions governing Australian Government funding. Funding agreements include a negotiated schedule of payments linked to agreed milestones, outcomes and timeframes.

Even after funding agreements are put in place, we continue to work closely with project proponents to ensure that projects remain on track as much as possible and comply with conditions of funding. We analyse progress reports received against the obligations identified in funding agreements and conduct site visits as appropriate.

Quantity/Location

Regional priorities and projects are established for two new regions (Northern Rivers and North Coast NSW, Darling Matilda Way)

Two new regions set up

Following the federal election in late 2004, the government committed another \$33 million over four years to two new regions. This comprises

- up to \$21 million for Darling Matilda Way—this region covers 26 local government areas and unincorporated areas of western NSW and Queensland, and
- up to \$12 million for Northern Rivers and North Coast NSW—this region covers six local government areas south and south-west of the existing Far North East NSW region.

As at 30 June 2005, advisory committees had been appointed for the two new regions and were developing draft regional priorities for consideration by the minister. Both committees are expected to identify a number of possible projects in 2005–06.

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 million is available to each existing region over the life of the programme with the exception of the Atherton Tablelands (up to \$18 million) and Wide Bay Burnett (up to \$8 million).

As at 30 June 2005, a total of \$70.5 million had been committed to 218 projects across the eight regions. Up to \$27.2 remained available for projects in these regions (for details see Figure 4B opposite).

Funding for the original eight regions is due to wind up on 30 June 2006. Advisory committees are expected to make final recommendations to the minister early in 2005-06 so projects can be finalised and investment maximised prior to the deadline.

Cost

\$33.4m (up from \$32.5m at Budget)

The actual cost of this programme in 2004-05 was \$22.6 million, up from \$20.9 million in 2003-04. Up to \$48.3 million has been made available for the programme in 2005-06.

Overall performance



Did you know?

There is no commonly accepted definition of Australia's regions. Regions can be defined:

- by natural environments and landscapes such as water catchments
- by legal boundaries as in the case of local governments—you will find a map of these in our 2003-04 report on the operation of the local government act (page 142)
- by a sense of economic and social interdependence, and
- by other connections that distinguish them from neighbouring areas.



Administered programme – Remote Air Services Subsidy (RASS) Scheme (*Regional Services*)

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 2004–05 increased to around 2100, up from 1600 in previous years, while the amount of freight carried to or from communities declined slightly from 39 220 kg in 2003–04 to 37 672 kg in 2004–05.

Quality

Weekly air services are provided to communities who would otherwise have no regular access to transport

Remote and isolated communities were invited to apply or reapply for the scheme as part of a national mail out and advertising campaign in 2003. Communities that did not reapply were contacted to ensure they were aware of the need to reapply.

The department then began an open tender process to identify air operators able to service these communities, engaging six operators to provide weekly air services for two years from December 2005. Operators are paid monthly in arrears based on agreed service levels, and set passenger fares and freight rates taking into account the associated risks.

Quantity/Location

Air services are provided to approximately 225 isolated communities in remote parts of Queensland, NT, WA, SA and Tasmania

As at 30 June 2005, 225 communities were covered by the scheme. There were no changes during the year.

- Around 30 per cent of communities were traditional Indigenous communities while others included cattle and sheep stations.
- Most were in remote areas of northern Australia where road access is cut off for months at a time during the wet season and a regular air service is the only reliable means of transport.
- The remainder were in remote parts of SA and Tasmania (Cape Barren Island), where communities lack access to any regular transport services.

Cost

\$3.3m

The actual cost of this programme in 2004–05 was \$2.7 million, reflecting a lower than anticipated number of new communities applying for RASS services.

Overall performance



Administered programme – Foundation for Rural and Regional Renewal (FRRR) (*Regional Services*)

Effectiveness/location

Additional funds are leveraged 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.

To date FRRR has allocated \$6.6 million to projects that stimulate the renewal of whole communities. It estimates that it has leveraged another \$59.4 million in support of projects from 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.

A recent departmental review confirmed that the FRRR has stimulated the business sector to assist regional communities, is developing a niche in providing small grants to small communities, and is well regarded by both communities.

For more information about the FRRR, visit www.frrr.org.au

Quality

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

In line with the Australian Government's obligations, 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. It cost \$0.2 million in 2004-05. An amount of \$0.3 million has been allocated to this programme for 2005-06.

Overall performance



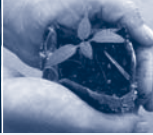
» Did you know?

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 WA had the highest rate of 45 per cent.

Source: BTRE *About Australia's Regions* August 2005



Administered programme
 – Regional and Rural Research Information and Data
 – Regional and Rural Development Grants
(Regional Services)

Effectiveness

Issues affecting Australia's regions are researched and communicated to national and regional decision makers

Projects funded under these programmes in 2004–05 focused on:

- research on the impact of gender diversity on regional board performance, and on the link between cultural diversity/social inclusion and economic development in regional communities
- the International Conference on Engaging Communities, which was co-sponsored by the United Nations and Queensland Government—for more information see www.engagingcommunities2005.org
- improvements to the Australian New Zealand Regional Science Association website www.uq.net.au/~zzanzrsa, and
- detailed statistical profiles for the two new regions set up under the Sustainable Regions Programme (page 121).

Cost

\$0.2m

The total cost of these programmes in 2004–05 was \$0.226 million and is not expected to change significantly in 2005–06. The programmes will be streamlined into one from 1 July 2005 for ease of administration.

Overall performance



OUTPUT 2.2.1- SERVICES TO TERRITORIES

(Territories and Local Government)

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 (see figure 4.B opposite).

Each territory is different economically, socially and culturally, and its relationship with the Australian Government also differs depending on whether they are self-governing or non-self-governing.

In 2004-05, the department continued to work with all territories that fall within the portfolio, to assist them to manage their own futures and to manage the Australian Government's interests in them.

In the case of the non-self governing territories, the department also provided a range of infrastructure and services in the absence of a state or territory government.

A brief report on each of the territories we administer follows.

Quality

Territories funding is administered in line with relevant legislation, policies and agreements

In 2004-05 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 our financial statements (page 227).

Price

\$17.7m (down from \$22.5m at Budget)

The actual price of this output in 2004-05 was \$18.5 million and is expected to reach \$17.1 million in 2005-06.

Overall performance



**Table 4.3 - Location and profile of Australia's territories^a**

Territory	Area	Population	Cultural/linguistic features
Self-governing territories			
Australian Capital Territory	2 358 km ²	324 021	
Norfolk Island	35 km ²	2037 ^b	
Northern Territory	1 349 129 km ²	199 913	25% Indigenous
Non self-governing territories			
Christmas Island	135 km ²	1 516	70% Chinese, 10% Malay speakers
Cocos (Keeling) Islands	14 km ²	598	70% Cocos-Malay speakers
Coral Sea Islands	81 km ²	4	
Jervis Bay	73 km ²	556	About 40% Indigenous
Other			
Ashmore and Cartier Islands	2 km ²	Uninhabited	
Australian Antarctic Territory ^c	5 896 500 km ²	Transient	
Heard and McDonald Islands ^c	367 km ²	Uninhabited	
All territories	7 248 694 km ²	527 967	

^a Source: BTRE, About Australia's Regions, Aug 2005 Table 6 unless indicated otherwise.

^b Source: Norfolk Island Census of Population and Housing 7 August 2001. Includes permanent residents.

^c Australia's antarctic/subantarctic territories are administered by the Australian Government Department of the Environment and Heritage www.deh.gov.au

Table 4.4 – Trends in services to territories

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 of depreciation of administered assets.

	2001–02	2002–03	2003–04	2004–05	2005–06 ^E
Price of department output	\$91.9m	\$106.2m	\$108.1m	\$18.5m	\$17.1m
Administered expenses					
• services to the IOTs	n/a	n/a	n/a	\$75.2m	\$58.8m
• ACT municipal services	\$21.1m	\$21.6m	\$22.1m	\$22.5m	\$23.0m
• ACT water & sewerage services	\$8.5m	\$8.7m	\$8.9m	\$9.1m	\$9.3m
• other (Norfolk Island)	-	-	-	\$0.3m	\$3.0m
Total cost of services to territories (departmental and administered)	\$121.4m	\$137.1m	\$139.0m	\$125.6m	\$111.1m

Australian Capital Territory (ACT)

Effectiveness/Quality

Territories are assisted to manage their own futures

The ACT is a self-governing territory. In 2004-05, on behalf of the Australian Government, the department continued to:

- monitor the performance of the National Capital Authority, which ensures that Canberra is planned and developed in accordance with its national significance, and
- advise our ministers on options for responding to recent parliamentary reports on national capital issues (page 165).

Australian Government interests in all territories are managed

In 2004-05 the minister set up a committee to advise government on the future of the Aboriginal tent embassy site, which has attracted a broad range of protesters and campers since it was set up as part of Indigenous land rights protests in 1972 (see Chapter 2 page 17). In addition to supporting the committee, the department:

Territories funding is administered in line with relevant legislation, policies and agreements

- undertook a detailed review of corporate governance in the National Capital Authority in response to the Uhrig report (see case study page 13).
- continued to advise our ministers on their obligations under 22 pieces of ACT-related legislation, including in relation to self government legislation, cross border water supply and Googong Dam, and
- administered payments to the ACT for costs associated with being the nation's capital (page 137).

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 2004-05, on behalf of the Australian Government, the department continued to:

Australian Government interests in all territories are managed

- support 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

- administer loans for assets transferred to the NT when it gained self-government—these mainly related to 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 25 years of self-government in 2004–05. In 2004–05, on behalf of the Australian Government, the department continued to:

- support the Office of the Norfolk Island Administrator, the Hon Grant Tambling (appointed late 2003)—the office provides, amongst other things, a shopfront for some Australian Government services including the Passport Office
- advise our ministers on options for responding to recent parliamentary reports on Norfolk Island issues (page 165)
- work with the Kingston and Arthur's Vale Historic Area Management Board to maintain and interpret heritage values on the island, and
- administer an interest-free loan for the Cascade Cliff safety project to stabilise a dangerous cliff face overlooking one of the island's two piers, and

Government agreement was also obtained to:

- set up a trust fund to improve environmental and land management (see Chapter 2 page 17)—this will be funded from the anticipated transfer of up to 129 Crown leases to freehold title during 2005–06
- increase the size of the interest-free loan to the Norfolk Island Government to \$12 million, for resurfacing of the island's airport runways, and
- provide a grant to the Norfolk Island Government of \$3 million for urgent works to stabilise and refurbish the island's historic Kingston Pier.

In 2005–06 we expect the Norfolk Island Government to engage a prime contractor and start work on the pier. This work will address safety concerns, protect an important historical asset and ensure it remains useable by the community.

Jervis Bay Territory (JBT)

Effectiveness/Quality

Territories are assisted to manage their own futures

This 73km² non-self-governing territory is located on the east coast of NSW 200 km south of Sydney. Its diverse population comprises people from HMAS Creswell, the Wreck Bay Aboriginal community, and residents of Jervis Bay Village and lease holders on the western boundary of the territory.

In 2004-05 the department continued to assist the Jervis Bay community to manage its own future. We:

- progressed efforts to resolve a land claim in Jervis Bay by the Wreck Bay Aboriginal community, and
- chaired the Justice Issues Group improving the situation in respect of welfare, child protection and justice issues.

Australian Government interests in all territories are managed

In 2004-05 the department also continued to deliver a range of services on behalf of the Australian Government, including health, education, motor registry, library, dog control, electricity, water and sewage treatment services. Services were delivered either directly, through the private sector or through state and territory governments. In addition, in 2004-05 the department:

- produced and distributed a free local directory with contact details for government and community groups
- began major repairs to the territory's sea wall
- introduced new driver training programmes, and
- started reviewing the provision of aged and disability services.

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*

Services to JBT residents are generally delivered at standards and prices equivalent to the surrounding district.

• *in a way which recognises the cultural and linguistic diversity of territory residents*

We aspire to operate in a way which recognises the cultural and linguistic diversity of territory residents, about 40 per cent of whom are Indigenous.

In 2004-05 we continued to work with the Wreck Bay Aboriginal Community to promote cultural awareness and provided funding to commemorate the hand over of the national park to community.

Territories funding is administered in line with relevant legislation, policies and agreements

In providing services to this territory on behalf of the Australian Government, the department spent approximately \$5 million and collected over \$800 000 in fees for services including rent, electricity and water charges.



Indian Ocean Territories (IOTs)

Effectiveness/Quality

Territories are assisted to manage their own futures

The IOTs consist of Christmas Island and the Cocos (Keeling) Islands. Their economies rely heavily on the ongoing support of the Australian Government.

In 2004–05, the department continued to support the IOT's administrator, the Hon Evan Williams (appointed late 2003), as the Australian Government's representative in the territories. The department also:

- implemented the government decision to reclassify resources relating to the IOTs from departmental to administered as of 1 July 2004, to make funding arrangements for the territories more transparent
- supported economic development committees on both Christmas Island and the Cocos (Keeling) Islands—both committees are chaired by the administrator, and
- provided funding for the administrator to engage a consultant to develop an economic development strategy for the IOTs—this is in draft form and is to be completed in 2005–06.

Australian Government interests in all territories are managed

The department continued to manage a portfolio of properties in the IOTs on behalf of the Australian Government. As part of this, in 2004–05 we:

- completed the subdivision of Australian Government land in Buffett Close on Cocos' West Island, to create 18 new residential blocks
- continued strata titling houses identified as suitable for sale on Christmas Island, and property upgrades to facilitate strata titling, and
- started assessing suspected contaminated sites in the IOTs, to enable remediation in line with best practice public health and environmental standards.

The department also paid compensation to Phosphate Resources Limited (PRL) as the lessee of the Christmas Island Immigration Reception and Processing Centre site before it was resumed by the Commonwealth in 2002.

In the absence of a state or territory government, non-self governing territories are provided with infrastructure and services

In 2004–05 we continued to provide territory residents with health, housing and other services, either directly or through the private sector or WA government. For information about the infrastructure and services we provided in the IOTs see page 135.

CASE STUDY—IOTS NOW ON AUSTRALIA'S TSUNAMI ALERT FRONTLINE

Australia's Indian Ocean Territories (IOTs) were amongst the first to experience the 26 December tsunami that has had devastating consequences for over 200 000 people in 11 countries.

The first wave passed the Cocos (Keeling) Islands and Christmas Island two and a half hours after the earthquake that triggered it.

Luckily for their 2100 residents, these islands have little or no continental shelf—the waves just passed the islands by. No casualties or damage to property was reported.

The situation for mainland Australia is however quite different.

Australia is surrounded by 8000 kilometres of active tectonic plate boundary capable of generating tsunamis with the potential to reach our coastline within two to four hours—one third of earthquakes worldwide occur along these boundaries.

According to Geoscience Australia, data from Cocos and Christmas islands could 'provide an early, direct indication of a tsunami (enabling) a warning three to four hours before it has an impact on the Australian coast.'

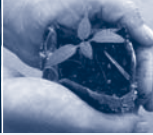
This assessment has been backed by the Australian Government which is providing \$68.9 million for an Australian tsunami warning system (ATWS), including an increased monitoring capacity in the IOTs.

The ATWS will alert Australians to any tsunami threats and also play a major role in an international tsunami warning system for the Indian Ocean. Geoscience Australia, the Bureau of Meteorology and Emergency Management Australia have already begun its implementation.

'A temporary seismographic station has been set up on Christmas Island and is already providing useful data. We expect to have a permanent station built within the next 12 months,' Mr Spiro Spiliopoulos, ATWS Project Leader from Geoscience Australia said.

'A tidal gauge will be built on Christmas Island by the Bureau of Meteorology, and communication systems at a seismographic station on Cocos Island are being upgraded to enhance information sharing in the region.'

When completed, the ATWS will form a vital part of the Indian Ocean warning system and serve the interests of both Australia and its regional neighbours.



Administered programme – Services to Indian Ocean Territories (Territories and Local Government)

Quality

In the absence of a state or territory government, IOT residents and visitors are provided with a range of infrastructure and services:

In 2004–05 the department continued to deliver a range of services and undertook major works to upgrade health, housing, airport, marine water, power and sewerage services in the IOTs. We:

- built an all weather seaport for Christmas Island, which is otherwise inaccessible for days or even weeks during the wet season from November to May each year
- completed a dedicated sport and recreational facility on Christmas Island and finalised arrangements for its management
- finished a 'state of the art' power station for Home Island in the Cocos (Keeling) Islands, with about 10 per cent of the island's power needs now produced by wind turbines (see also Chapter 2 page 22), and
- started work to further expand Christmas Island's water supply.

Christmas Island's analogue mobile phone network was also replaced with a new digital network, funded in part by a grant under the Regional Partnership Programme (page 118).

In 2005–06 the department will:

- start planning new freight handling facilities on West Island (Cocos)
- finalise plans to supplement the water supply on Home Island (Cocos) to reduce the frequency and severity of water shortages on the island (see case study page 138)
- acquire land for additional fresh water infrastructure on Christmas Island to cater for the increased demand generated by the Immigration Reception and Processing Centre, and
- continue to investigate opportunities for a tourism development on Cocos (Keeling) Islands.

Services to Indian Ocean Territories continued...

Quality

- *at a reasonable standard and cost compared to similar mainland communities*

The government requires us to deliver infrastructure and services in the IOTs at a reasonable standard and cost compared to similar mainland communities. In 2004–05 the department continued to deliver efficiencies by:

 - benchmarking existing delivery mechanisms
 - market testing some services, with a decision on the market testing of health services expected later in 2005–06
 - contracting out delivery of services including airport management and air services between the IOTs and Perth, and
 - entering into agreements with WA agencies to extend their service delivery into the territories as agents of and funded by the Australian Government.

- *in a way which recognises the cultural and linguistic diversity of residents¹ and visitors*

Recognition is given to the cultural and linguistic diversity of territory residents, many of whom speak Chinese, Malay or Cocos-Malay. For example we produce regular newsletters and radio bulletins for residents in all major community languages.

Cost

\$61.7m (up from \$55.4m at Budget) The actual cost of this programme in 2004–05 was \$75.2 million. An amount of \$58.8 million has been allocated to this programme in 2005–06.

Overall performance ✓✓✓

¹ Approximately 2100 people live in the IOTs, namely on Christmas Island and the Cocos (Keeling) Islands

»» Did you know?

Ninety years ago, the Cocos Islands were the site of what would be the Australian Navy's first battle.

For months the 188m German vessel SMS *Emden* had ranged the Indian Ocean, seizing or sinking 30 merchant vessels and two warships. It was being hunted by no less than 60 allied warships by the end of October 1914.

On the morning of 9 November 1914, 50 of *Emden's* crew crept onto Cocos to disable the cable relay station—but they were too late to stop a message slipping out that the warship was in the area. Coincidentally, an Australian convoy carrying troops to Egypt happened to be only 50 miles away and the 139m HMAS *Sydney* was dispatched to deal with the intruder.

Heavy shell fire was exchanged over the next hour and half, ending with the *Emden* running aground on North Keeling with more than 134 dead. More than 100 German seamen were taken prisoner. Some escaped onto North Keeling where, without water or food, they perished.

Meanwhile, the German raiding party—left ashore when the *Sydney* showed up—stole a schooner. In one of the most amazing war escape stories, they eventually made it back to Germany after six months travelling over sea and land.



Administered programme – Payment to the ACT – compensation for the effects of National Capital influence on the cost of providing municipal services – assistance for water and sewerage services
(Territories and Local Government)

Effectiveness/Location

The national capital influence on the cost of ACT water and sewerage services/municipal services is ameliorated

The Australian Government makes payments to the ACT Government for costs associated with being 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, and
- adjusted for increases in the consumer price index.

Quality

Payments are made in line with the agreed schedule

In 2004–05 the ACT Government received the full amount payable in fortnightly instalments.

Cost

\$31.6m

The actual cost of these programmes in 2004–05 was \$31.6 million.

Overall performance

✓✓✓

CASE STUDY—DAM GOOD SOLUTIONS TO LOCAL WATER PROBLEMS

They say necessity is the mother of invention—and there is no doubt that extreme drought conditions of recent years have focused national attention on finding new ways to better manage our precious water supply.

SA council leads the way

In Adelaide, the capital of the driest state in Australia, one local council is leading the way with an ambitious water recycling project which could be adapted to other urban areas.

Salisbury Council, with funding assistance from the Australian Government's Sustainable Regions Programme (page 121), has begun harvesting stormwater by trapping it, cleaning it and then storing it underground for future use.

According to Mr Mike Purdie, Salisbury water manager, the council is currently harvesting around 3000 megalitres of stormwater a year—in a recent downpour they collected 250 million litres of water, enough to fill 250 Olympic pools.

'Through this we've been able to supply water to external customers and also reduce our reliance on mains water for irrigating parks and reserves to less than 50 per cent,' Mr Purdie said.

Meeting demand in the IOTs

The department is also involved in delivering a number of government initiatives to help meet current and future demands for water in the non-self-governing Indian Ocean Territories (IOTs).

In the Cocos (Keeling) Islands, the bulk of freshwater comes from large natural reserves called lenses in the coral sand and gravel beneath the islands. The lenses float on top of the ocean's denser salt water and are recharged only by rain.

Below average rainfall during three out of the last four summers has meant severe water restrictions for the community on Home Island, the main inhabited island.

Options to supplement Home Island's water supply are being investigated.

On Christmas Island, the construction and operation of a new immigration reception and processing centre has increased the demand for water.

Tapping into natural springs on Christmas island has been identified as the most economical and environmentally sound way to help meet increased demand, and work is continuing to design and establish appropriate infrastructure.



OUTPUT 2.2.2 – LOCAL GOVERNMENT

(Territories and Local Government)

Effectiveness

Local governments are assisted to serve their communities

The department delivers Australian Government funding to local governments across Australia so they can deliver essential services like planning and development, community services and infrastructure, such as roads. We also actively promote and support best practice in local government.

Quality

Grants are allocated and distributed to local governments in line with national principles

In 2004–05, the department continued to administer financial assistance grants to Australia's 703 local governments under the *Local Government (Financial Assistance) Act 1995* (page 142). Payments topped \$1.5 billion in 2004–05 and, with indexation, will top \$1.6 billion in 2005–06.

The department also administered the first of three planned instalments for SA councils, providing an extra \$4.25 million to address particular local road needs (page 143).

Local and state governments were consulted about the Hawker Report, which recommended substantial reforms to local government relationships and funding, and assisted the Australian Government to finalise its response to the 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 request the Commonwealth Grants Commission to review the distribution between states of local road grants.

The government also agreed to progress an intergovernmental agreement on local government issues. Work has already begun with state, territory and local governments to develop such an agreement. The Local Government and Planning Ministers Council will consider a draft agreement in March 2006.

Better practice in local government is recognised and promoted eg. through a national awards process

In 2004–05 the department continued to promote local government successes and achievements through:

- the Australian Government's annual National Awards for Local Government
- leading practice seminars—these included a Perth seminar on partnerships which attracted 60 local government and ACC delegates as well as a two-day seminar on cultural diversity hosted by the City of West Torrens in SA, and
- an online database of the more than 2000 projects nominated for awards since 1997.

Output 2.2.2 - Local Government continued...

Quality

Better practice in local government is recognised and promoted eg. through a national awards process (continued)

The 2005 National Awards for Local Government attracted more entries than last year—286 compared to 250. They featured sixteen categories including asset management, health services, IT, environment, diversity, ageing and innovation.

Category winners were announced in late July 2005. Eight were a rural or small council. Five national award winners, to be chosen from this group, will be announced in November 2005.

More information about the awards and a list of category winners can be found on our website (www.dotars.gov.au/localgovt).

In response to the Australian Government's commitment to enhance the awards, we are working through the Local Government Joint Officers Group to explore options for giving the awards a greater state and territory focus from 2006.

Local governments are assisted to improve their land use planning and development assessment systems

In 2004-05 the department continued to support the Development Assessment Forum to reform and harmonise Australia's development assessment (DA) systems. Some of the projects the forum worked on in 2004-05 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, and
- National Standards in DA Definitions to harmonise DA practices and systems throughout Australia.

For more information about the forum visit www.daf.gov.au

Quantity

Information and funding is provided to approximately 700 local governing bodies across Australia

In 2004-05 funding and information was provided to 703 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

\$2.0m

The actual price of this output in 2004-05 was \$2.0 million is set to increase slightly to \$2.4 million in 2005-06.

Overall performance



**Table 4.5 - Trends in services to and funding for local government**

	2001–02	2002–03	2003–04	2004–05	2005–06 ^E
Financial assistance grants					
Local road grants	\$408m	\$445m	\$466m	\$476m	\$497m
General purpose grants	\$920m	\$1 004m	\$1 049m	\$1 072m	\$1 120m
Supplementary funding for SA councils	-	-	-	\$4m	\$9m
Total grants	\$1 328m	\$1 449m	\$1 508m	\$1 552m	\$1 626m
Bodies funded	722	721	722	703	Approx 700
Annual report in respect of grants (to be) tabled	26 March 2003	24 Dec 2003	26 May 2005	Dec 2005	Dec 2006
Local government awards					
Nominations closed	July 2001	July 2002	July 2003	July 2004	June 2005
Nominations received	294	373	335	250	286
Categories of award	11	11	19	18	16
Awards presented	Nov 2001	Nov 2002	Nov 2003	Nov 2004	Nov 2005
Price of output	\$1.2m	\$3.9m	\$3.4m	\$2.0m	\$2.4m

» Did you know?

Over the five years to 2004, the ten local government areas with the fastest decreases in population were all remote and outer regional areas of WA, SA and the NT.

The local government areas with the fastest population increases predictably included parts of Melbourne, Perth, Darwin and Sydney—but also held some surprises.

Remote and regional centres, such as Capel near Bunbury and Mandurah near Perth in WA, made the list in place of favourites like Brisbane and the Gold Coast—the latter two areas only recorded a five year average annual growth rates of 2.1 to 3.5 per cent.

Source: BTRE *About Australia's Regions*, August 2005

**Administered programme – Local Government Financial Assistance Grants
(Territories and Local Government)**

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 2004–05 Australia's 703 local governing bodies received payments of more than \$1.5 billion in financial assistance grants.

- 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 by councils based on local priorities.
- Overall, roughly two thirds or \$1061 billion went to councils in regional and rural Australia including \$28 million to Indigenous councils.

Grants represented roughly nine per cent of local government revenue overall, but provide more than half the revenue of some councils.

Quality

Grants are administered in line with the Local Government (Financial Assistance) Act 1995

In 2004–05 as required by the Act, the federal Minister for Local Government calculated the amount of grants 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 or as soon as possible after the 15 August each year.

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.

Our 2003–04 annual report was developed in consultation with the states and territories as required by the Act and tabled in the Australian Parliament on 26 May 2005. The report was made available on CD for the first time and is also on our website www.dotars.gov.au. Highlights of the report included:

- an overview of the impact of health and ageing on local governments, and
- a special report on local government in the Federal Republic of Germany.

Work on the 2004–05 report started in July 2005 with a formal request for input by 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 for 703 local governments in each state and the NT. While the ACT has no local government, it also receives a share.

Cost

\$1553.4m (up from \$1533.1m at Budget)

The actual cost of this programme in 2004–05 was \$1547.7 million.

Overall performance

✓✓✓

Administered programme – Supplementary funding to South Australian councils for local roads (Territories and Local Government)

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 funding of \$26.25 million over three years to SA councils. In 2004–05 the first instalment of \$4.25 million was provided to 74 councils. The funding is distributed on the same basis as the local road grants component of financial assistance grants.

Grants are distributed in line with the local roads grants component of financial assistance grants

A review by the Commonwealth Grants Commission into distribution of local road grants, which is due to report in June 2006, will inform the development of a longer term response to SA funding.

Supplementary funding is distributed to 74 local governments in South Australia

Cost

\$4.3m

The actual cost of this programme in 2004–05 was \$4.3 million as planned. This amount is due to increase to \$9.0 million in 2005–06 and \$13.0 million in 2006–07 in line with the Australian Government's obligations.

Overall performance

✓✓✓

OUTPUT 2.2.3– NATURAL DISASTER RELIEF

(Territories and Local Government)

Effectiveness

Damage from natural disasters is ameliorated, along with trauma and associated costs to the community

Floods, fire and other natural disasters pose major challenges to Australia's communities.

While natural disaster management is a state and territory responsibility, the department delivers a range of policy advice and programmes on behalf of government to help communities anticipate, mitigate against and recover from natural disasters.

Quality

Information on natural disaster events and risks is collected systematically for Australian communities

In mid 2004 the department, in collaboration with Geoscience Australia and Emergency Management Australia, met with its state and territory counterparts to agree implementation of natural disaster risk assessment and data collection reforms approved in principle by COAG.

These meetings were followed in early 2005 with a series of workshops to progress the agreed approach, including development of a framework for risk assessments and data collection.

Other agencies and governments are assisted to evaluate and improve bushfire and natural disaster management

The department also continued to provide 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 continued to administer a range of grants and loans to help communities mitigate against and recover from disasters. In 2004-05 these mainly related to

- a new Bushfire Mitigation Programme introduced in 2004-05 (page 148)
- Natural Disaster Mitigation (page 146)
- Regional Flood Mitigation (page 150)
- the National Aerial Firefighting Strategy (page 149), and
- Natural Disaster Relief Arrangements (page 152).

The department also administered a one-off contribution on behalf of the Australian Government towards the Pentagon Memorial Fund, for the building and maintenance of a Memorial Park, to ensure the people who lost their lives on 11 September 2001 will never be forgotten (\$0.210 million).

Price

\$4.1m

The actual price of this output in 2004-05 was \$3.6 million.

Overall performance



**Table 4.6 – Trends in natural disaster mitigation and relief programmes**

	2001–02 ^a	2002–03	2003–04	2004–05	2005–06 ^E
Administered expense by type of disaster^b					
Flood mitigation	\$11.0m	\$8.8m	\$7.3m	\$17.1m	\$17.3m
Bushfire mitigation ^c	-	\$8.2m	\$6.7m	\$13.0m	\$10.5m
Other/not allocated by type	-	-	\$1.7m	\$2.2m	\$16.0m
All mitigation	\$11.0m	\$17.0m	\$15.7m	\$32.3m	\$43.8m
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	\$89.5m
All relief	\$93.7m	\$85.5m	\$47.9m	\$67.7m	\$89.5m
Natural Disaster Mitigation					
New projects approved	n/a	n/a	128	211	no set target
Total projects funded	n/a	n/a	141	225	no set target
Total cost of programme	n/a	n/a	\$5.5m	\$10.5m	\$33.3m
Regional Flood Mitigation					
New projects approved	45	49	22	25	no set target
Total projects funded	70	81	78	61	no set target
Total cost of programme	\$7.0m	\$8.8m	\$4.7m	\$11.3m	-
Natural Disaster Relief Arrangements (NDRA)					
Disasters notified	13	27	39	29	n/a
Total cost of NDRA	\$72.4m	\$83.0m	\$46.9m	\$67.7m	\$89.5m
Price of output	\$1.1m	\$3.2m	\$3.4m	\$3.6m	\$4.7m

^a Data for 2001–02 includes expenses incurred by other agencies before the NDRA and certain other programmes were transferred to us 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 programme as well as mitigation funding where allocated.

Administered programme – Natural Disaster Mitigation (*Territories and Local Government*)

Effectiveness

Communities are assisted to identify and treat natural disaster risks

To the end of 2004–05, this programme has provided \$22 million towards 280 projects to help communities better withstand the effects of natural disasters. Costs are generally shared on a one third basis between the Australian, state/territory and local governments.

In 2004–05 the department continued to support a diverse range of projects on behalf of the Australian Government. Recent projects have helped:

- establish 28 additional Community Fire Units in NSW to promote community safety and awareness, and enable communities to deal with bushfire risk locally (\$250 000)
- relocate levees that are causing hydraulic constriction in the lower Goulburn River floodplain of Victoria (\$250 000)
- acquire land and construct fire trails in Queensland to substantially reduce the threat of wildfire in Toowoomba escarpment bushland parks and adjoining land (\$240 000)
- upgrade SA's Oodnadatta airport for 24-hour all-weather access (\$92 000)
- construct a cyclone evacuation centre in Onslow, WA (\$200 000)
- develop a natural disaster hazard website providing Tasmanians with up to date information about current events (nature, severity, location, road closures, etc) (\$33 000)
- undertake edge clearing to improve access and fire fighting safety along Mt Franklin road, ACT (\$560 098), and
- undertake a bushfire risk management initiative for seven remote locations in the NT (\$262 500).

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 on a notional basis which is largely 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 2004–05, see table 4.7 opposite.

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.



Quality

Payments are made in line with project progress

Fifty per cent of programme funds are paid up front on approval of projects with remaining funds paid out in instalments on satisfactory progress of works.

Cost

\$17.5m

The implementation of the Natural Disaster Mitigation Programme in late 2003–04 and the need to align the funding cycle of this programme with the Regional Flood Mitigation Programme saw the announcement of successful projects in 2004–05 occur in December 2004, some six months into the start of the financial year.

This had a significant impact on the progress of works and expenditure of programme funds. While the programme's budget was fully committed, the actual cost of this programme in 2004–05 was \$10.5 million with \$7 million in unspent funds rolled over into 2005–06.

A total of \$33.3 million is available for projects in 2005–06. This increase reflects:

- the rollover of funds from 2004–05 (\$7.0 million), and
- the inclusion of the Regional Flood Mitigation Programme (page 150) from 1 July 2005 (\$17.3 million).

Overall performance



Table 4.7 - Distribution of Natural Disaster Mitigation Programme funds in 2004–05

State/territory	Allocation (\$000)	Total payment (\$000)
NSW	4 774	2 877
VIC	2 423	863
QLD	3 495	2 304
SA	1 623	811
WA	3 108	2 092
TAS	344	247
NT	263	263
ACT	1 052	1 043
Total	17 082	10 500

Administered programme – Bushfire Mitigation (*Territories and Local Government*)
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 on a one third basis between the Australian, state/territory and local governments.

A total of 1246 projects received funding in 2004-05. 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, comprised of key stakeholder representatives, prior to Australian Government approval.

Quality

Payments are made in line with project progress

Fifty per cent of programme funds are paid up front on approval of projects with remaining funds paid out in instalments on satisfactory progress of works.

For details of the allocations and actual payments made in 2004-05, see table 4.8 below.

Cost

\$5.0m (introduced at Additional Estimates)

The actual cost of this programme in 2004-05 was \$5.0 million as planned. \$5.0 million is available for approved projects in both 2005-06 and 2006-07. Applications for the 2005-06 funding round closed on 30 September 2005, with the programme oversubscribed.

Overall performance

✓✓✓

Table 4.8 - Distribution of Bushfire Mitigation Programme funds in 2004-05

State/territory	Allocation (\$)	Total payment (\$)
NSW	\$1 581 818	\$1 581 818
VIC	\$1 115 000	\$1 115 000
QLD	\$636 182	\$636 182
WA	\$650 000	\$650 000
SA	\$502 000	\$502 000
TAS	\$275 000	\$275 000
NT ^a	-	-
ACT	\$240 000	\$240 000
Total	\$5 000 000	\$5 000 000

^a The NT did not participate in the first year of the programme.



Administered programme – National Aerial Firefighting (*Territories and Local Government*)

Effectiveness

The National Aerial Firefighting Centre is able to acquire and deploy firefighting aircraft around Australia

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.

The NAFC covers all states and territories except for the NT, which decided not to participate in this national arrangement, but works with the NAFC to determine how it can benefit from the scheme.

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.

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.

For more information about NAFC activities, visit www.nafc.org.au

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 value for money.

Cost

\$5.5m

The actual cost of this programme in 2004–05 was \$5.5 million as planned. \$5.5 million a year is available until the end of 2006–07.

Overall performance



Did you know?

Bushfire seasons vary across different parts of Australia:

- northern Australia experiences most of its fires during its dry and sunny winter and spring (the 'dry season')
- for NSW and southern Queensland, the peak risk occurs in spring and early summer before the onset of the rainy weather common in summer, and
- for the rest of Australia, summer and autumn are the most dangerous times of year.

For more information about bushfire weather, visit www.bom.gov.au/inside/services_policy/fire_ag/bushfire

Administered programme – Regional Flood Mitigation (*Territories and Local Government*)

Effectiveness

Reduced cost to communities from the effects of flooding

To the end of 2004-05, this programme has provided over \$53 million for 220 projects throughout Australia. Over 75 per cent of funds have gone to communities in NSW and Queensland—Australia’s most flood prone states. Recent projects have included:

- major flood mitigation schemes in Gawler (SA) and Carnarvon (WA)
- construction and upgrading of levees in Lismore (NSW), Charleville (Queensland) and Longford (Tasmania)
- installation of flood warning systems at Trebonne (Queensland) and Shepparton-Mooroopna (Victoria), and
- relocation of a flood prone power station at Nauiyu (NT).

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.

From 1 July 2005, funding for the programme will be incorporated into the Natural Disaster Mitigation Programme. The Regional Flood Mitigation Programme will however continue to operate under its own guidelines and eligibility criteria for a further two years until it is fully integrated into the Natural Disaster Mitigation Programme from 1 July 2007.

Quality

Average annual damage estimate is reduced

The actual damage caused by floods varies considerably from year to year, depending on the location and amount of rainfall. However, a 2001 report by the BTRE found that floods are Australia’s most costly disaster type and cost Australia over \$370 million a year on average.

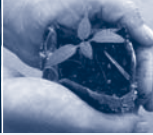
In 2004-05 severe and widespread flooding caused significant damage in south Queensland and in central and northern NSW, to the point where Coolangatta International Airport had to close briefly.

Despite the extent of flooding and damage, it was pleasing to see how many flood mitigation projects we had previously funded on behalf of the Australian Government prevented significant damage (see case study opposite).

Location

Rural and regional Australia and outer metropolitan areas

Funds are allocated on a notional basis according to flood risk and average annual damages. As with other disaster mitigation programmes, funds not taken up are offered for reallocation. For details of allocations and actual payments made in 2004-05, see table 4.9 opposite.



Cost

\$12.1m

The need to align the funding cycle of this programme with the Natural Disaster Mitigation Programme saw the announcement of successful projects in 2004–05 occur in December 2004, some six months into the start of the financial year. This had a significant impact on the progress of works and expenditure of programme funds.

Thus, while the programme's budget was fully committed, the actual cost of this programme in 2004–05 was \$11.3 million.

Overall performance



Table 4.9 - Distribution of Regional Flood Mitigation funds in 2004–05

State/territory	Allocation (\$000)	Total payment (\$000)
NSW	6720	4630
VIC	227	485
QLD	3506	3632
SA	1138	341
WA	2452	1534
TAS	274	156
NT	475	475
ACT	n/a	n/a
Total	14 792	11 253

CASE STUDY— IT'S OFFICIAL: LISMORE'S FLOOD LEVEE WORKS!

Lismore's one-in-ten-year flood in June 2005 was the first test for a new levee wall funded under the Regional Flood Mitigation Programme—a test it passed with flying colours.

The \$19 million, 3km long and 11m high levee was only completed a few months before the flood hit. Its success in protecting homes in the southern suburbs and businesses in the CBD was hailed by government, emergency services and local businesses.

'The levee saved the city, and saved hundreds of thousands of dollars in infrastructure repairs, lost trade and damaged goods,' Lismore Mayor, Mr Merv King, said.

Speaking at the official launch of the levee one month after the flood, Deputy Prime Minister Mark Vaile echoed these thoughts.

'Here we are on the banks of the Wilsons River celebrating the new levee and one thing we know for sure is that it works,' Mr Vaile said.

The levee is just one Lismore initiative funded under the Regional Flood Mitigation Programme and its predecessors. Others include the voluntary purchase of houses in high flood prone areas and the raising of houses above regular flood levels.

Visit www.dotrs.gov.au/localgovt/rfmp/index.aspx for more information about flood mitigation.

Administered programme – Natural Disaster Relief Arrangements *(Territories and Local Government)*

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 2004–05 this programme reimbursed most states and territories for costs associated with:

- relief of personal hardship and distress, such as provision of emergency food, clothing, accommodation and house repairs (\$8.4 million)
- restoration or replacement of essential public assets damaged as a direct result of a disaster (\$59.3 million), and
- concessional loans to farmers, small businesses, individuals and voluntary non-profit bodies to replace assets that have been significantly damaged (\$0.72 million).

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 surge, landslides (resulting from an eligible disaster), tornados and meteorite strikes.

In 2004–05, 29 major disasters were notified affecting all states and the NT. Disasters included nine bushfires, 10 storms, seven floods and three cyclones.

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 affected by disasters from receiving 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 2004–05 the department continued to pay most claims within 21 days of the claim being received. Most funding went to NSW (\$38 million), followed by Queensland (\$15 million) and WA (\$11 million).

Cost

\$89.5m

The actual cost of this programme in 2004–05 was \$67.6 million, and a provision of \$89.5 million has been made for this programme in 2005–06. This amount is subject to regular review in light of the claims we expect to receive.

Overall performance



CHAPTER 5

MANAGEMENT AND ACCOUNTABILITY



MANAGEMENT AND ACCOUNTABILITY

The department is required to manage the resources entrusted to it efficiently, effectively and ethically. This report describes how we manage and account for those resources, and how we are:

- results oriented (opposite)
- honest, professional and accountable (page 157)
- client and stakeholder focused (page 160)
- committed to improving our skills (page 166), and
- diverse, trusting and respectful of each other (page 172).

We also work towards particular priorities within and across the department, and in 2004-05 many of these related to management and accountability in the department and the broader portfolio. Our performance against these priorities is summarised in Chapter 2 (page 26).



WE ARE RESULTS ORIENTED

We plan for and monitor performance at all levels of our organisation.

Departmental outcomes and output framework changed

We publish detailed plans in May each year as part of the Federal 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, and
- forecast our financial statements as at the start of the year and for a period of years into the future.

As mentioned earlier, we revised our outcomes and outputs framework in 2004–05. While the framework was only published in our 2005–06 PBS, it forms the basis for our report in Chapters 3 and 4 (pages 27 and 109). For details of the changes and examples of our previous targets, see Appendix I (page 221).

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 variances from budget and also feeds into the monthly analysis of the Australian Government's finances as 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 5A – The department's planning and reporting framework

	Key planning documents	Monitoring processes	Formal reporting
Agency level	Portfolio Budget Statements	Monthly financial reports to the Department of Finance and Administration	Annual report(s) to parliament and other agencies
Division level	Business Plan	Monthly financial and human resource reports to the Department's Executive Quarterly performance report to the Executive	Quarterly review meetings with the Executive
Personal level	Plan on a Page	Mid year and end year reviews	Results on a page with supervisor

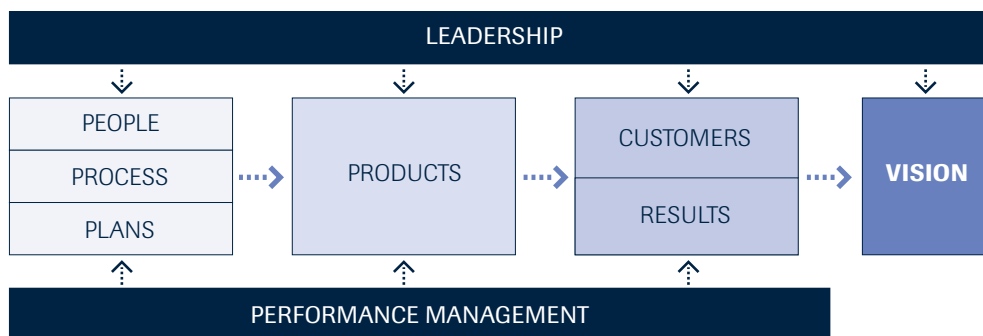
New tools introduced for internal planning and reporting

In 2004-05, improving the quality of our internal budgeting and performance reporting were two of our top priorities. We:

- adopted a new business excellence framework based on that promoted by the Australian Quality Council (see figure 5B below)
- ran a series of workshops for all staff focusing on who our customers are, what results we will deliver and what we need from others to do the job well
- developed a new business planning template with a strong focus on the three 'Rs' – results, risks and resources, and
- introduced a new quarterly reporting template in the final quarter of 2004-05, which maintains a strong focus on the three Rs as well as any issues which may have come up since business planning.

Further improvements are planned for 2005-06.

Figure 5B – Our business excellence framework



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—'Results on a Page'. This assessment focuses on recognising what has been achieved and what lessons have been learnt.



WE ARE HONEST, PROFESSIONAL AND ACCOUNTABLE

Leadership, decision making and consultation—what it means in DOTARS

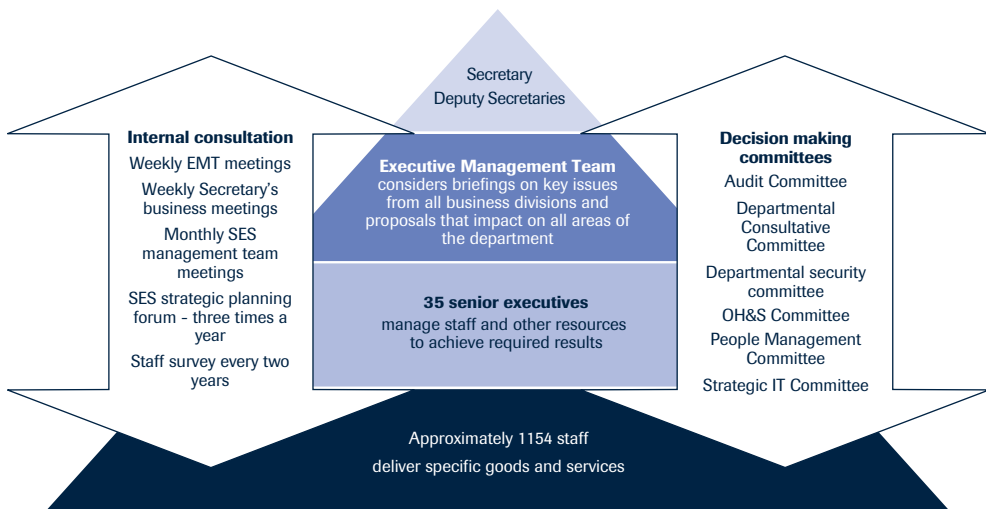
While we encourage all staff to show leadership, our Secretary and deputy secretaries decide how we manage issues that relate to the department as a whole or affect more than one division.

Our Secretary also has a number of specific responsibilities. Many of these responsibilities are set out in legislation such as the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*.

As outlined in Chapter 1 (page 8), two deputy secretaries support the Secretary in determining how the department can best deliver required results.

Several broadly based groups work with the Secretary and executive team on issues across our organisation. Figure 5C below illustrates the main groups in place at 30 June 2005.

Figure 5C – Internal consultation and decision making framework at 30 June 2005



Risk management focus expanded

The department's business plans for 2004–05 continued to recognise risks including the competency of people, processes, IT systems, and management. The effectiveness of risk management, adequacy of internal controls and compliance, and maintenance of an ethical culture were also issues that we kept under review. In addition, we:

- expanded the focus of our internal business plans to include external risks and our relationships with those key service providers we rely on
- required business divisions to provide a formal update of their risk profile as part of the new quarterly review process
- updated our business continuity plans, and
- created a new risk and insurance coordinator role.

To reduce the cost of certain risk events, the department continued to purchase general insurance from ComCover and workers' compensation cover from Comcare (page 175).

Major risks—one new risk, no change in existing risks

The department continued to disclose fiscal risks and contingent liabilities with a large potential impact in the Budget papers each year as required. None of the risks we disclosed for 2004–05 materialised or resolved. They related to:

- borrowings of and indemnities issued to the Maritime Industry Finance Company Limited,
- deep vein thrombosis claims, and
- tripartite deeds applying to 12 leased federal airports—these provide for limited step-in rights for the financiers in circumstances where the airport lease is terminated to enable the financiers to correct the circumstances that triggered such a termination event.

In 2005–06 we disclosed a new risk relating to Airservices Australia in the event it experiences any financial detriment as a result of complying with government directions about airspace control services.

Protective security and fraud controls tested

In 2004–05 the department continued to review and upgrade its security risk assessments, policies and infrastructure to maintain the safety and security of our staff, premises and assets. Amongst other things, we:

- upgraded the reception area at our main Canberra office
- secured certain areas occupied by the Office of Transport Security (OTS)
- acquired an incident reporting system which will make it much easier for us to track and analyse incidents across a range of corporate areas, and
- began implementing closed circuit television cameras and signage in areas where people would normally expect to be observed and/or were at higher risk of unlawful incidents.



We also continued to ensure appropriate processes and procedures were in place to prevent, detect and investigate fraud, security and other risks. Key procedures included our:

- *Chief Executive Instructions*—these direct staff who become aware of or suspect a fraud to report the matter immediately to the 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 advisor or the Executive Director of Corporate Services, and
- *Whistleblowing Guidelines*—these encourage staff who have evidence of fraud, waste or misconduct but who wish to protect their identity to contact the Section Head, Employee Services, or the Secretary.

Suspected incidents were referred promptly to authorities such as the Australian Federal Police as appropriate, and specific data on fraud was provided to the Attorney-General's Department as required by the Commonwealth Fraud Control Guidelines.

Internal audit restructured

In 2004–05 the department reviewed its internal audit arrangements in light of the ANAO better practice guide for audit committees. We restructured the audit committee from February 2005, increasing the number of independent members from one to three members and reducing the number of internal members. Details of current committee members are set out in table 5.1 below.

Internal audits continued to provide assurance to our executive team that our internal controls are effective and appropriate, and that we are implementing the recommendations of previous ANAO and internal audit reports. Issues covered in 2004–05 included

- the Roads to Recovery Programme (page 66)
- maritime and aviation security (page 49), and
- corporate record keeping and credit card usage.

Table 5.1 - Details of new audit committee membership and meetings to 30 June 2005

Member	Role	Meetings held	Meetings attended
Mike Mrdak	Chair	1	1
Leslie Riggs	Member	5	4
Jeremy Chandler	Member	5	4
Johanna Barker	Independent	2	2
Jenny Morrison	Independent	2	2
Paul McGrath	Independent	5	5

WE ARE CLIENT AND STAKEHOLDER FOCUSED

The department values 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 an average working day the department delivers more than 40 briefs, letters and other documents to its ministers and their staff.

We ask our ministers and their staff to rate the quality of the documents we prepare. In 2004-05 we were unable to maintain exceptional ratings in the face of a 20 per cent increase in the volume of briefs provided but still achieved a 94 per cent satisfaction level. To improve this result, we:

- launched a new eWorks system in April 2005—this has made it much easier for us to track individual documents and to analyse our performance
- made 'Writing For Results' one of the first training courses to be developed and delivered as part of new learning and development initiatives (page 170), and
- set up short-term placements in our ministers' offices during sitting weeks, to expose key staff including graduates to the demands of the parliamentary environment.

We meet with ministers' offices regularly to discuss emerging issues and provide a range of additional support services. In 2004-05, we provided four full-time departmental liaison officers to our parliamentary offices, two for Minister John Anderson, one for Minister Jim Lloyd and one for the Parliamentary Secretary, John Cobb. In support of ministers' broader portfolio responsibilities, we also supported regular meetings with other portfolio agencies.

Table 5.2 - Trends in ministerial workflows

	2000-01	2001-02	2002-03	2003-04	2004-05
Letters	5 743	8 059	7 615	7 771	6 235
Meeting briefs and speeches	291	188	433	450	467
Other briefs	1 762	1 814	1 796	1 732	2 156
Satisfaction with briefs and letters	96.7%	98.9%	97.0%	97.9%	94.2%
Cabinet submissions made	9	9	9	10	11
Cabinet submissions commented on	104	144	167	114	99



Regional and online presence expanded to provide better service

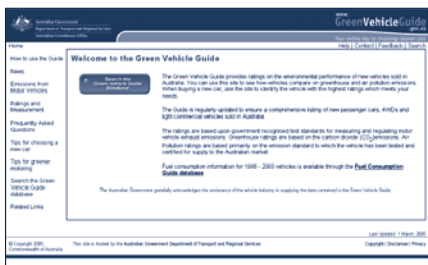
To help us keep in contact with our clients wherever they are located, we operate a number of phone hotlines and regional offices—for details see the inside back cover of this report. In 2004–05 we continued to expand our regional presence. We:

- recruited 47 additional full-time equivalent staff to work on our regional programmes
- set up a new rail safety investigation team in Adelaide to service the key Adelaide–Perth rail corridor (page 65), and
- recruited additional transport security inspectors across Australia, as well as established a presence in selected countries in our region (page 57).

Regional office staff now comprise more than 15 per cent of our staff, up from 12 per cent in 2003–04. This trend is expected to continue into 2005–06 and 2006–07 as our transport security audit and compliance functions expand (page 50).

We seek to meet with customers and peak bodies directly. In 2004–05 we met with over 120 international, national and regional bodies (for a full list see Appendix F, page 206). Around 500 community leaders from every region of Australia regularly share their time and local knowledge with us on a voluntary basis.

We also expanded our online presence in 2004–05, launching new websites to support the Green Vehicle Guide in August 2004 (page 78) and AusLink in July 2005 (page 61). We started a review of our main website www.dotars.gov.au and of our intranet to make information easier to find. For a complete list of the websites we host, visit www.dotars.gov.au/websites.aspx



We make all public documents available online as soon as practical after release. Our websites are mainly text-based to ensure they are accessible to people in regional areas and people with disabilities. Where information is provided in other formats, we usually offer a choice of format to ensure it is accessible to all readers.

We routinely provide publications (like the printed version of this annual report) to stakeholders including more than 40 libraries around Australia. We make information available in other languages and formats as needed (for details see Appendix A page 178).

We also continued to provide information to more than 2.8 million households in regional Australia and released an updated edition of the Australian Government Regional Information Directory in April 2005 with information on more than 650 Australian Government programmes and services (page 114).

New surveys helping us get a better handle on your views

In 2004-05 the department continued to ask its clients to rate the quality of service provided. We also introduced several new surveys, asking

- Area Consultative Committees and regional grant proponents about their satisfaction with the support provided through the Regional Partnerships Programme (page 118), and
- airline operators about the administration of the payment scheme for Airservices Australia's en route charges (page 105).

The department continued to work with the Australian Bureau of Statistics to minimise the impact of such 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—for details of the department's surveys, search by agency.

Customer feedback is encouraged as issues arise and the department has service charters explaining how customers can provide us with feedback. In addition to an overarching departmental charter, specific charters apply to motor vehicle compliance (page 44) and to services we provide to non self-governing territories (page 128).

We are currently reviewing our charter and arrangements for client feedback.

Complaints to the Commonwealth Ombudsman declining

Clients who are not satisfied with how we handled their complaint are advised to contact the Commonwealth Ombudsman. In 2004-05 there was a 66.3 per cent drop in complaints to the Commonwealth Ombudsman, and no findings of defective administration. Vehicle importation and compliance was the main issue investigated by the Ombudsman.

Our clients may also have rights of complaint to the Federal Privacy Commissioner and/or the Human Rights and Equal Opportunity Commission (HREOC). In 2004-05, as in 2003-04, neither body received any complaints about our actions.

Other forms of scrutiny continue

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, and
- the Auditor-General and parliament.

**Table 5.3 – Trends in external complaints and scrutiny**

	2000–01	2001–02	2002–03	2003–04	2004–05
Complaints recorded by Ombudsman					
Complaints received	65	40	50	104	35
Issues investigated	23	18	30	115	42
Finding of defective administration	6	4	7	3	0
Formal reports to the minister under the <i>Ombudsman Act 1976</i>	-	-	-	-	-
Complaints recorded by other external bodies					
Complaints to HREOC	not reported	not reported	not reported	-	-
Complaints to Privacy Commissioner	not reported	-	-	-	-
FOI requests					
Volume of FOI requests handled					
Requests on hand at 1 July A	8	15	20	9	15
New requests received B	64	83	53	68	69
Requests withdrawn C	17	25	21	24	21
Requests on hand at 30 June D	15	20	9	15	13
Total FOI requests resolved (A + B – C – D)	40	53	43	38	50
Timeliness of response to FOI request*					
Resolved in under 30 days	17	14	12	9	10
Resolved within 31–60 days	16	31	14	13	27
Resolved within 61–90 days	6	6	11	8	8
Resolved in more than 90 days	1	2	6	8	5
Total FOI requests resolved	40	53	43	38	50
<i>*These statistics cannot be compared with the deadlines set in the Act as the Act allows for extensions of time to allow for consultation with third parties, negotiation of fees and other issues.</i>					
Parliamentary Questions on Notice					
Parliamentary questions	not reported	213	269	253	252
Questions tabled at Senate Estimates	not reported	330	451	436	591
Total questions received	769	543	720	689	843

Freedom of Information requests increased

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 page 206).

In 2004-05 there were more requests than in previous years and requests continued to be for business rather than personal information. Despite the 25 per cent increase in requests, we succeeded in resolving 74 per cent of requests within 60 days, up from 57 per cent in 2003-04.

We continued to contribute to a detailed annual report on the operation of the FOI Act. This report is published by the Attorney-General's Department (see www.ag.gov.au). A summary of this information is provided in table 5.3 (previous page).

Major ruling made on Airports Act

In 2004-05 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 for asbestos-related disease and coronial inquests. Some of these matters are ongoing.

A major ruling was made in the matter of *Westfield Management Ltd v Brisbane Airport Corporation Ltd and others*. The Federal Court held that the minister's approval of the Brisbane Airport's master plan and the major development plan for an outlet centre were valid and effective. This decision has confirmed that an airport lessee may engage in non-aeronautical on-airport development within the constraints of the *Airports Act 1996* and the terms of the lease.

Audit office and parliamentary scrutiny ongoing

The ANAO, parliament and other public bodies release reports on matters relating to us from time to time. Reports released on matters relating to us in 2004-05 are listed in table 5.4 opposite.

We respond to ANAO reports formally in writing, and the ANAO includes our response in its reports. The ANAO makes its reports available online at www.anao.gov.au

The Australian Government usually tables its response to parliamentary inquiries and other reports in the parliament. For details of the government response to a specific parliamentary inquiry visit www.aph.gov.au/committee

As well as attending specific inquiries, the department's senior executive attends Senate Estimates several times each year to answer questions about our activities. We receive questions on notice at such hearings and from individual parliamentarians throughout the year.

In 2004-05 843 questions on notice were received, up from 649 in 2003-04 (see table 5.3 previous page). The largest volumes of questions related to regional programmes, aviation issues and corporate services.


Table 5.4 – External reports on the department issued in 2004–05

Author/type	Report details
ANAO (www.anao.gov.au)	
Financial audits	<p><i>Financial Statements of Australian Government Entities for the Period Ended 30 June 2004</i> Report 21 of 2004–05</p> <p><i>Interim Phase of the Audit of Financial Statements of General Government Sector Entities for the Year Ending 30 June 2005</i> Report 56 of 2004–05</p>
Other audits	<p><i>Performance Management in the Australian Public Service</i> Report 6 of 2004–05</p> <p><i>Superannuation Payments for Independent Contractors working for the Australian Government</i> Report 13 of 2004–05</p> <p><i>Financial Management of Special Appropriations</i> Report 15 of 2004–05</p> <p><i>Legal Services Arrangements in the Australian Public Service</i> Report 52 of 2004–05</p> <p><i>Workforce Planning</i> Report 55 of 2004–05</p> <p><i>Purchasing Procedures and Practices</i> Report 57 of 2004–05</p>
Parliamentary inquiries (available at www.aph.gov.au)	
Joint Committee of Public Accounts and Audit (JCPAA)	<i>Report 402 - Review of Auditor-General's Reports, 2003-2004, First and Second Quarters</i> Parliamentary Paper 218/2004 Tabled 13 August 2004
Joint Standing Committee on the National Capital and External Territories	<p><i>A national capital, a place to live: Inquiry into the Role of the National Capital Authority</i> Tabled 2 July 2005</p> <p><i>Norfolk Island – Review of the Annual Reports of the Department of Transport and Regional Services and the Department of the Environment and Heritage (Australia's external territories)</i> Tabled 2 July 2004</p> <p><i>Indian Ocean Territories – Review of the Annual Reports of the Department of Transport and Regional Services and the Department of the Environment and Heritage (Australia's external territories)</i> Tabled 31 August 2004</p> <p><i>Difficult Choices: Inquiry into the role of the National Capital Authority in determining the extent of redevelopment of the Pierces Creek Settlement in the ACT</i> Tabled 31 August 2004</p>
Other	
International Civil Aviation Organization Universal Safety Oversight Audit Programme	<i>Audit report of the Australian Transport Safety Bureau of Australia</i> Released October 2004 and available at www.atsb.gov.au

WE ARE COMMITTED TO IMPROVING OUR SKILLS

We employ a variety of people management practices to ensure we are aware of, and have the capability to respond to, current and emerging issues. These practices go to:

- workforce planning
- employee relations and remuneration
- learning and development, and
- recognition and reward.

More information on each of these areas follows.

Workforce planning a priority for 2005-06

Staffing needs are reviewed as part of normal business planning in the lead-up to each financial year. However, as mentioned in Chapter 2, we reviewed our plans during the year in response to changing government priorities. As at 30 June 2005:

- our overall staffing numbers had increased 28 per cent to 1 154 staff
- the Office of Transport Security (OTS) had become the single largest division of the department, with staff numbers more than doubling from 108 to 240
- our graduate intake had more than doubled from 15 to 31, and
- only two staff had been made redundant, with both redundancies occurring on a voluntary basis.

These trends have already driven significant changes to our accommodation arrangements (Chapter 2 page 18) and our learning and development programmes (page 170).

Further changes are likely as we start to look more systematically at what we as a department can do to make better use of the people we have now, including a large group of staff nearing retirement age, and expand the department's workforce planning horizon from one year to three to five years.

For more information about our current staff profile, including the number of staff by location and by hours of work, see Appendix H (page 218).





CASE STUDY— GROWING OUR GRADUATES

Every year Australian Government departments seek to attract the best university graduates from across Australia to their graduate programmes.

These programmes provide unique opportunities to experience what a career in the public service entails, from learning about the legal and ethical responsibilities of 'public service' to hands on work experience.

They can also be the catalyst to a successful public service career—departmental Deputy Secretary, Mike Mrdak, started his career as a member of the department's graduate programme 17 years ago.

This year we welcomed 31 graduates, twice as many as in 2004, and next year we expect this number to increase again to around 40 to meet our growing need for skilled staff.

The diversity of DOTARS

A major attraction of the department's graduate programme is the enormous diversity it offers in both their choice of work and programme elements.

'Our portfolio covers a vast array of areas and offers graduates many career opportunities,' Sue McDonald, coordinator of the department's graduate programme, said. 'Our regional network also enables graduates to apply for jobs anywhere in Australia.'

Maximising the experience

To help graduates get as much as possible out of the 10-month programme, we typically rotate them across three different business areas. Each rotation lasts around 14 weeks.

A graduate's first work rotation is determined by the graduate coordinator, based on the graduates skills and experience. For their second and third work rotations, graduates nominate preferences and are guided in this process by a mentor—an SES or executive.

Snap shot of our graduates

'We look for a broad range of skills and experiences in our graduates,' Sue McDonald said. 'Intakes are based on the department's capability framework which matches the skills of graduates with the department's needs.'

The current intake split is 50/50 between males and females. Of mixed ages, with an average age of 24, they are from diverse ethnic backgrounds and life experience. Their formal qualifications range across graphic design, engineering, commerce, economics, statistics, arts and aviation.

For more information about our graduate programme, visit www.dotars.gov.au/dept/graduate/program.aspx

Previous page (from left to right): 2004 graduate recruits Nicole Russel, Dinukshi Ferdinand, Catherine Bunney, Michael Merriman, Andrew Zile and Darryl Miller. (Photo Craig Stone DOTARS)

Financial incentives for staff improved

We set our pay and conditions for employees within the government's policy parameters for agreement making. These arrangements are formalised in a certified agreement (CA) and in Australian workplace agreements (AWAs) for SES and some other specialist staff. In 2004–05 we:

- offered more AWAs in order to attract or retain staff with particular skills (see table 5.6 opposite for details)
- continued to implement the certified agreement for 2004–06, and
- were pleased to learn from the staff survey that our competitive pay rates mean financial incentives are no longer a major driver for staff to leave the department as in 2002.

While the pay the department offers puts us within the top 50 per cent of Australian Government agencies, as mentioned in Chapter 2, the labour market for people with the skills we need remains tight. We are working to improve our workforce capabilities over 2005–06 by:

- improving workforce planning (page 166)
- increasing our graduate intake further to around 40 places, and
- negotiating a new CA with our employees.

We know from the staff survey that our staff stay with the department mainly because they find the work we offer interesting and a great opportunity to make a difference to the broader community. They view positively their conditions of service, which include:

- flexible working hours and home-based work subject to operational requirements
- study assistance including up to eight hours a week paid study leave—almost 90 employees received some form of study assistance during the 2005 academic year
- an annual close down for the two working days between Christmas and New Year, although many staff chose to return to work early in 2005 to assist tsunami efforts (see page 24)
- access to a carers' room and nursing parents' room in our national office
- free professional counselling for staff and their immediate families on personal or work-related issues through the department's employee assistance programme (page 176)
- five weeks' personal circumstances leave on full pay for each year of full-time service, with another five weeks accruing on engagement
- flexible access to personal circumstances leave—this can cover absences for illness and bereavement as well as parental, caring, ceremonial and short-term volunteer/community service work such as in the case study on page 173, and
- return to work assistance for employees returning to work after an extended absence and/or after extenuating personal circumstances—this has contributed to an ongoing decline in time lost to illness and injury (page 176).

**Table 5.5 – Trends in staff recruitment and retention – non-IOT staff**

	2000–01	2001–02	2002–03	2003–04	2004–05
Recruitment^a					
Graduates recruited externally	16	18	18	15	31
Other external recruits	169	292	126	134	427
Total external recruits	185	310	144	149	458
Retention^b					
Retention rate	84.4%	89.5%	87.5%	81.0%	85.8%
Separations of ongoing staff^c					
Transfers/promotions to another APS agency	23	20	46	68	58
Resignations and retirements	36	55	60	71	61
Retrenchments ^d	8	5	20	7	4
Other ^e	46	3	4	28	0
Total separations	113	83	130	174	123

^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 2001–02 through 2002–03 is as published by the 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 were two in 2004–05. Reasons for dismissal may include unsatisfactory conduct, performance and/or compliance with conditions of employment.

^e Other reasons for separation may include fixed term appointments, invalidity and death.

Table 5.6 – Trends in nature of employment agreement with staff – non-IOT staff^a

As at 30 June	2001	2002	2003	2004	2005
Australian Workplace Agreement (AWA)					
SES (all)	33	41	41	38	35
non SES	25	40	40	68	97
Certified Agreement					
SES	0	0	0	0	0
non SES	802	889	840	795	1022
Total staff	860	970	921	901	1154

^aThese statistics do not include inoperative or casual staff or holders of public office.

Learning and development programmes expanded

Learning and development was a consistent theme in our 2004 staff survey and is something we are working to address over 2005-06. As at 30 June we had:

- made good progress in developing a comprehensive induction programme—this is now being run every six to eight weeks
- expanded our successful seminar programme, where senior managers from all divisions speak on topical aspects of their business¹, and
- developed and delivered courses on 12 core topics, with staff consistently rating the quality of this training as excellent.

The main topics covered were working in and writing for the APS, giving and receiving feedback and contract management and procurement, with a particular focus on changes in the Commonwealth Procurement Guidelines (page 187).

Learning and development opportunities will be expanded over 2005-06 to cover a broader range of the capabilities required by the department. Our capability framework is based on the capabilities used by the Australian Public Service Commission and focuses on achieving results, cultivating productive working relationships, shaping strategic thinking, communicating with influence, exemplifying personal drive and integrity, and applying professional and technical proficiency.

Business-specific training also expanding

Many business divisions within the department also provided business-specific training and development opportunities to their staff. For example:

- The Australian Transport Safety Bureau continued to provide staff with training towards a nationally recognised Diploma in Transport Safety Investigations and hopes to introduce an advanced diploma from 2006 (see case study page 36).
- The Office of Transport Security started developing a maritime and aviation toolkit for staff. The toolkit, which is now available online, was developed by in-house experts and includes fact sheets and tutorials to ensure all staff are operating from the same knowledge base.
- Regional Services Business Division held its second Regional Colloquium. The colloquium, which was held at Old Parliament House in Canberra, brought together more than 150 staff and provided ‘time out’ to discuss a range of topical issues.

Below: Road trips to Orange and Wollongong also helped Regional Services staff see and hear about the projects they have helped deliver first-hand. (Photos DOTARS)



¹ These seminars are organised through our graduate programme but advertised and open to all staff in Canberra



Public honours and other recognition for departmental staff

In 2004–05 we were delighted to have a significant number of current and former staff receive public honours and recognition.

- Former Secretary Ken Matthews received an Order of Australia for his services to the community, to the national transport system and to promoting the highest standards of public administration (page 24).
- AusLink general manager John Elliott was awarded a Public Service Medal for his contribution to the AusLink national land transport investment and planning initiative (page 24).
- Chris Brooks, a former team leader in the ATSB, received an AustRoads Achievement Award for his outstanding contributions to road safety over many years.

Departmental awards also help us recognise the efforts, strength and determination of staff. In 2004–05 almost 150 staff received awards as individuals and as teams, including three staff nominated by our internal Diversity and Equity Network (page 194).

Below: Some of the award winners and other faces at the department's 2005 Australia Day Awards.



Our remuneration policies also encourage discussion about and reward performance:

- senior executive (SES) remuneration includes a 'pay at risk' component and performance pay for exceptional performance. In 2004–05 39 SES staff received a total of \$284 907 in pay at risk and performance pay, with seven SES staff receiving the maximum amount available. For more information on SES remuneration, see our financial statements (page 276).
- Non-SES staff who are on AWAs are also eligible for performance pay. In 2004–05, some 14 non-SES staff on AWAs received a total of \$77 121 in performance pay. For details, see Appendix H page 218.
- 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 CA. More than 60 per cent of staff were at the top salary point at 30 June 2005.

WE ARE DIVERSE, TRUSTING AND RESPECTFUL 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, and
- occupational health and safety.

Social justice and equity supported

The department aspires to communicate effectively with and serve 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, and
- take into account the diverse needs of consumers in purchasing and providing services, and in seeking feedback from them.

The Department of Immigration and Multicultural and Indigenous Affairs continued to rate our report on access and equity for 2004-05 as 100 per cent compliant with the Australian Government's *Charter of Service in a Culturally Diverse Society*.

A full report on the implementation of the charter is at Appendix A (page 178). A report on implementation of the *Commonwealth Disability Strategy* in 2004-05 is at Appendix D (page 194).



CASE STUDY—VOLUNTEERING IN THE OUTBACK

One of our staff members, Tracy Svensson, was the first Australian public servant to volunteer with Indigenous Community Volunteers (ICV), a national, not-for-profit company which provides skilled volunteers to help Indigenous communities grow their business and employment potential.

While the ICV programme has been running in the private sector for a number of years, its introduction to the public sector is recent. Tracy heard about the opportunity after Dr Peter Shergold, Secretary of the Department of Prime Minister and Cabinet, wrote to all departmental heads seeking support for the programme.

Tracy's successful application saw her seconded to Katherine in the Northern Territory to mentor the first Indigenous female manager of a group training organisation, Didge Campbell. The training organisation, Burridj, employs apprentices and trainees and places them with 'host' employers to gain on-the-job training.

Tracy's secondment lasted around 12 weeks and was completed over two time periods. It was a lifetime experience which achieved much and helped forge a strong partnership between the two women.

Didge said the opportunity provided by ICV has given her immediate hands on help in her new role, including helping enhance her knowledge about work practices to better deal with everyday management issues.

'I now have a vision of where I want to take Burridj and am very excited about working towards that goal,' Didge said.

'Tracy has been instrumental in assisting me to settle into my new role. She has brought a lot of expertise to Burridj, and we will now use this experience to grow and improve services for our clients.'

Tracy too gained much. 'I now have a greater understanding of life in a place where a number of very different cultures come together,' she said.

In fact, the volunteers appear to get just as much, if not more, out of the programme.

'We have seen that the results of volunteering extend well beyond the skills transfer provided to a community,' said Paul Tyrrell, ICV's Chief Executive Officer.

'Some of our volunteers have embarked on full time employment with us while others have gained life changing experiences as a result of the mutual exchange experienced through volunteering projects.'

Since its inception in 2000, a total of 226 ICV skills transfer projects have been completed. Projects are community designed and driven, with volunteers invited and selected by the community. ICV also provides cross-cultural training and 24-hour support for all volunteers on projects.

For more information about ICV, visit www.volindigenous.org.au/index.htm



Workplace diversity a priority for 2005–06

The department respects and values the diversity of its workforce. In 2004–05 we continued to:

- offer flexible working conditions to help attract and retain staff (page 168)
- implement the workplace diversity programme we launched in 2001
- provide financial support to our internal Diversity and Equity Network for activities to help embed the needs of diversity groups into the fabric of the department (page 194), and
- consult widely on guidelines put in place as part of the implementation of our new CA (page 168).

While we have received positive feedback about these measures from staff, the number of our staff from an Indigenous background remains low (see table 5.7 below). We are working to address this over 2005–06, for example, by:

- sponsoring a member of staff to participate in a twelve-month APSC programme to build the leadership capability of executive-level staff from Indigenous backgrounds
- targeting Indigenous graduates as part of our 2006 graduate intake, and
- finalising a broader Indigenous employment strategy in consultation with a working group of staff drawn from across the department.

The number of staff reporting a disability more than doubled from 13 to 27. Ninety-five per cent of staff are now volunteering their information, up from 80 per cent for 2003–04.

Despite the numerical improvement, the proportion of our workforce reporting a disability remains half the APS average. This is another area we are working to address over 2005–06.

Table 5.7 - Trends in workforce diversity – non-IOT staff

These statistics focus on staff employed under the *Public Service Act 1999* and hence do not include our IOT staff or Indigenous consulting agents in WA. It is possible that our actual workforce is more diverse than indicated—five per cent of APS staff chose not to volunteer their personal information for 2004–05.

	2000–01	2001–02	2002–03	2003–04	2004–05
Women	393	467	439	409	527
People from NESB	81	81	75	112	119
People with a disability	23	18	22	13	21
Indigenous people	2	2	3	3	4
All employees	861	996	945	901	1154
Proportion of staff volunteering diversity info	86%	75%	75%	78%	95%



Workplace harassment being addressed

Our 2004 staff survey showed a slight decline in perceived harassment from colleagues. Perceived sexual harassment showed as three per cent, while perceived racial or ethnically-based harassment was substantially lower than in the rest of the Australian Public Service (APS).

While these results were lower than or in line with APS averages, we do not consider them acceptable and aspire to provide a harassment-free workplace. Amongst other things, we have:

- reinvigorated our network of workplace harassment contact officers (WHCOs)—we now have 25 WHCOs supported by two executive sponsors
- provided in-depth training to contact officers on what our legal obligations are and how best to handle issues if/as they arise, and
- engaged an external expert to provide a refresher on relevant case law to our senior executive team and to discuss how best to handle common scenarios.

OH&S results better than ever

In 2004–05 a range of occupational health and safety (OH&S) initiatives were continued under the guidance of our OH&S committee. The committee, which includes representatives from all business divisions, expanded in 2004–05. It now includes 16 representatives, with five regional representatives.

The 2004 staff survey confirmed that the vast majority of staff are aware of their OH&S responsibilities and consider that we protect their health and safety. To maintain these results, we developed a safety, health and wellbeing strategy for 2005–07 that addresses issues including harassment and emphasises early intervention. Consistent with this strategy, we also:

- conducted OH&S audits of all departmental sites across Australia in partnership with local health and safety representatives and building managers
- set up an asbestos register for buildings we administer in the IOTs as part of our commitment to injury prevention, and
- held a week-long series of events in May 2005 to help raise staff awareness of a range of health issues (Health Week).

High numbers of staff took advantage of free health checks, seminars and other activities offered during Health Week. Sessions were fully booked and were consistently rated as excellent by staff. Some health checks, which included blood pressure and bone density testing, also alerted people to potential problems. Many staff have continued with activities such as lunchtime walks (page 25).

While OH&S claims rose in 2004–05, the number of new claims remained below historical norms and we achieved our best results on record for the average time off work per injury and the total time lost to incapacity (see table 5.8 overleaf). The department's Comcare premiums remained below APS averages as a proportion of employee-related expenses.

Table 5.8 – Workplace health and safety trends

	2000-01	2001-02	2002-03	2003-04	2004-05
Proactive measures					
Workplace assessments	> 60	> 60	> 60	> 60	> 150
Staff health assessments	230	351	254	144	200
Staff influenza vaccinations	225	331	350	236	341
Well-being indicators					
Staff using employee assistance	9.1%	6.2%	5.7%	8.4%	8.2%
Rate of unscheduled absence per FTE employee ^a	not reported	8.1 days	8.7 days	10.4 days	8.95 days
Incident management^b					
New claims submitted to Comcare	25 claims	20 claims	20 claims	9 claims	18 claims
Total weeks lost from new claims through incapacity	142.1	220.1	171.6	28.9	22.7
Average time off work per injury (weeks)	5.7	11.0	8.6	3.2	1.2
Special or serious incident requiring Comcare investigation	-	1	-	-	-
Directions or notices issued to the department under the OH&S Act	-	-	-	-	-

^a Excludes IOT staff from 1 July 2005, when these staff ceased to be departmental employees.

^b These figures are as advised by Comcare, with historical data having been updated to reflect the outcome of 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 our 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, challenges agencies to consider how they approach, and requires us to report our performance in terms of, five broad roles: policy adviser, purchaser, regulator, provider and employer.

CASE STUDY— SUPPORTING ACCESS AND EQUITY IN THE TRANSPORT INDUSTRY

A new national strategy aims to enhance access and equity in the transport and logistics industry and address a looming labour shortage. The strategy was announced in June 2005 by then Deputy Prime Minister and Minister for Transport and Regional Services, John Anderson.

'One of the transport sector's major challenges is to recruit new staff to replace its ageing workforce and retain its existing workers. Sixteen per cent of the transport industry's workforce is aged 55 and over, compared to 12 per cent across all industries,' Mr Anderson said.

The strategy, *All Aboard*, will examine how the industry can broaden its recruitment to include more young people, women, people with disabilities and Indigenous Australians. It includes developing better training arrangements to support the existing workforce, including people in rural and remote areas.

One of the ways our department is working with governments, other agencies and industry to implement this strategy includes helping establish a national Transport and Logistics Centre of Excellence to promote better education and training in the transport and logistics sector (see page 88).

For a copy of the strategy visit www.dotars.gov.au/transinfra/docs/alc/all_aborard.pdf



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 researches and advises ministers on a range of transport and regional issues, across all outputs. On an average working day we deliver more than 40 briefs, letters and other documents to our ministers and their staff.

Ministers generally rate our advice highly: in 2004–05 we were able to maintain high ratings in the face of a 20 per cent increase in the volume of briefs provided, still achieving a 94 per cent satisfaction level (page 160).

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 (page 206). We also set up or target groups for consultation in the context of particular initiatives. In 2004–05 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 (see page 10)
- events sponsored through the Regional Women's Advisory Council (page 115), and
- the Indigenous Road Safety Working Group, which is working to address the fact that indigenous road death rates are three times higher than for other Australians.

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:

- continued to post announcements of new policies and programmes on its websites promptly—generally within 24 hours of release
- received record numbers of hits on many of our websites, including 1.4 million hits on the whole of government website www.grantslink.gov.au, and
- answered more than 28 000 calls from people wanting information about government services through the Australian Government Regional Information Service (AGRIS) (page 114).

New or revised policy/ programme initiatives have a communication strategy developed and sufficiently resourced to inform people from relevant cultural and linguistic backgrounds.

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 49)
- maritime and land transport (output 1.4.1 page 73), and
- aviation and airports (output 1.4.2 page 92).

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 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
- use charts and diagrams where appropriate to communicate issues, and
- 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 2004-05, 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 2004-05 we continued to work with the Australian Transport Council 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 2004–05 the department administered grants, subsidies and other payments on behalf of the Australian Government totalling \$3.9 billion. These payments mainly related to:

- national road and rail infrastructure (Output 1.3.1 page 61)
- regional services (Output 2.1.1 page 113)
- services to territories (Output 2.2.1 page 128)
- services to local government including a number of Indigenous councils (Output 2.2.2 page 139), and
- natural disaster mitigation and relief arrangements (Output 2.2.3 page 144).

In our day-to-day operations, the department also purchased a range of good and services costing \$81 million in supplier expenses.

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. In 2004–05 consultations occurred on:

- deferring work on the Echuca-Moama bridge (page 71), to allow VicRoads to consult further with the local Yorta Yorta Aboriginal people about the best route
- bringing six separate infrastructure programmes—including the Roads to Recovery, Black Spot and former National Highways programmes—into a single legal framework (page 62), and
- work with regionally-based advisory committees who provided advice on major discretionary grants programmes.

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*, *Sex Discrimination Act 1984*, and *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 2004–05 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 118), and Sustainable Regions Programme (page 121).

Purchaser continued...

Performance indicators

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 under the 'provider role' (below).

We also consult with staff about purchasing issues that may impact on the lives of staff from different backgrounds (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 the department delivers directly to individuals are:

- the infrastructure and services we provide to the 2700 residents of Australia's non self-governing territories, and
- the Australian Government Regional Information Service.

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 66)
- client surveys where the beneficiaries of services can be identified, such as the individual households in airport noise insulation programmes (page 101), and
- formal evaluations of programmes, usually on a three to five-yearly cycle.

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 which incorporate diversity data published by the Australian Bureau of Statistics include:

- the latest version of *About Australia's Regions* (August 2005) as cited on page 114, and
- individual profiles of all ten regions targeted for funding under the Sustainable Regions programme—a summary of this information is presented on page 121.



Performance indicators

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 2004–05 the department reviewed its overarching outcomes and outputs framework, publishing more specific and measurable targets than in previous years (see Appendix I page 221). We also:

- continued to ask our clients to rate the quality of our services and introduced several new client surveys (page 162), and
- 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 no complaints about us in 2004–05, as in 2003–04. The number of complaints made about us to the Commonwealth Ombudsman fell to a record low (page 162).

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 which 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/or the Joint Standing Committee on the National Capital and External Territories (page 165).

Australian Government Regional Information Service (AGRIS)

AGRIS, which is a national service, helps people find out what government help is available, without assuming they know anything about the structure of government or read English well.

People can obtain information over the phone in English by ringing AGRIS's freecall number 1800 026 222, or in languages other than English by ringing the Australian Government's Translating and Interpreting Service on 13 14 50 during business hours.

AGRIS booklets explain how to access this service in the ten languages most commonly used outside capital cities. For more information about AGRIS, visit www.regionalaustralia.gov.au

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 2005, we employed 89 people in the Indian Ocean Territories, and 1154 people in other locations around Australia.

Our employment policies and practices reflect the requirements of relevant laws including the *Racial Discrimination Act 1975*, *Sex Discrimination Act 1984* and *Disability Discrimination Act 1992*.

In the event that a member of staff has a specific complaint or grievance, we encourage them to take the matter up with their supervisor. If this does not resolve the matter, our certified agreement sets out the process for resolving disputes.

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 2004-05, the department had a range of mechanisms in place for communicating and consulting with staff (page 157) and for attracting and retaining a diverse range of staff (page 166-171).

While we have received positive feedback about these measures from staff, the number of our staff from an Indigenous background remains low. As mentioned in Chapter 5, we are working to address this over 2005-06, for example, by:

- sponsoring a member of staff to participate in a twelve-month Australian Public Service Commission programme to build the leadership capability of executive-level staff from Indigenous backgrounds
- targeting Indigenous graduates as part of our 2006 graduate intake, and
- finalising a broader Indigenous employment strategy in consultation with a working group of staff drawn from across the department.

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 2004-05, see page 194.



APPENDIX B – BTRE RESEARCH

This appendix provides an overview of the activities of the Bureau of Transport and Regional Economics (BTRE). It also meets the requirement to report on how research by the BTRE contributes to the achievement of the National Research Priorities announced by the Prime Minister in late 2002.

ABOUT BTRE

Who we are

BTRE is a specialist economic research arm of the Department of Transport and Regional Services. Its research and analysis enables the department and its customers to understand and make more informed decisions about transport and regional issues.

What we do

BTRE contributes to the wellbeing of all Australians by providing economic analysis, research and statistics on transport and regional issues for use by the Australian Government and by other government, industry and community customers.

How we make a difference

BTRE maintains unique data collections and is the sole source of data in a number of areas. BTRE's data and research is widely cited in public and private sector analysis as well as the media and is also cited in this annual report.

In 2004–05, BTRE hosted a two-day transport colloquium that brought together more than 200 business leaders, policy makers and academics from across Australia to discuss tomorrow's transport infrastructure (see case study page 89). It released reports on:

- risk in cost-benefit analysis for use in project evaluation and decision making
- trends and issues in general aviation, and economic activity in Australia's regions, and
- economic activity in Australia's regions using 20 years of taxable income data.

Free data and statistical updates were also provided to industry and the community on maritime, rail, aviation and road transport including through the BTRE website www.btre.gov.au

In 2005–06, BTRE expects to:

- release new research on freight measurement and modelling in Australia, future demand for AusLink national network corridors and Australia's major ports, rail industry harmonisation, the cost of remoteness and welfare dependency by region
- complete a trial of national land transport data sharing arrangements to provide the basis for an improved future national land transport statistics capability, and
- start new projects on public private partnerships, freight terminals and the cost of road crashes and on the economic turnaround in Tasmania.

How we do business

BTRE's annual workplan is developed with input from external stakeholders and is subject to approval by the Minister for Transport and Regional Services. BTRE's costs—mainly those of its 44 staff—are attributed to and reported as part of the price of specific outputs.

BTRE CONTRIBUTION TO NATIONAL RESEARCH PRIORITIES

As the table below shows, BTRE research focuses mainly on issues relevant to the portfolio but does accord with the national research priorities in some instances. For copies of research and other publications, visit www.btre.gov.au

Table 6.1 – Major BTRE publications in 2004–05

BTRE publication		National Research Priority			
		1	2	3	4
		achieving environmental sustainability ^a	promoting health and wellbeing	developing new technologies and industries	safeguarding Australia
BTRE reports					
R110	<i>Risk in cost-benefit analysis</i>				
R111	<i>General Aviation: An industry overview</i>				
Working papers					
WP61	<i>Is the world running out of oil? A review of the debate</i>	✓			
WP62	<i>Modelling Responses of Urban Freight Patterns to Greenhouse Gas Abatement Scenarios</i>	✓			
WP63	<i>Health impacts of transport emissions in Australia: Economic costs</i>		✓		
Information papers^c					
IP53	<i>Australian Sea Freight, 2002–2003</i>				
IP54	<i>Focus on Regions 3: Taxable Income</i>		✓		
Information sheets					
IS24	<i>Public road-related expenditure and revenue in Australia (2005 update)</i>				
Other major publications					
June 2005	<i>Australian Transport Statistics pocketbook</i>		✓		
Issue 5 & 6	<i>Avline</i>		✓		
Issue 37 & 38	<i>Waterline</i>				

^a Environmental sustainability is broadly interpreted per the principles set out in the *Environment Protection and Biodiversity Conservation Act 1999*. A report against that Act is at Appendix E (page 201).

^b Released 1 July 2005.

^c IP52 is to be released in 2005–06.



APPENDIX C – PROCUREMENT PRACTICES AND OUTCOMES

This appendix focuses the department's procurement practices and outcomes, with attention to:

- procurement policies and practices
- competitive tendering and contracting arrangements
- use of consultancies, and
- payments of market research and advertising.

PROCUREMENT POLICIES AND PRACTICES

New Commonwealth Procurement Guidelines (CPGs) came into force from 1 January 2005. In response the department set up a Procurement Advisory Unit to develop and advise staff on procurement policies and guidelines and to provide advice on specific procurement issues.

Our procurement policies and practices continue to reflect the principles set out in the CPGs and associated Financial Management Guidance:

- value for money
- encouraging competition
- efficient, effective and ethical use of government resources
- accountability and transparency, and
- 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 supplies or entering into contracts. As part of these arrangements, in 2004–05 we published:

- a procurement plan providing details of anticipated procurements for 2005–06 and listed details of publicly available procurement opportunities with a value of \$10 000 or more on AusTender www.tenders.gov.au
- details of all contracts or standing offers awarded above a certain value¹ in the Purchasing and Disposals Gazette www.contracts.gov.au, and
- details of all contracts with a value of \$100 000 or more on our website www.dotars.gov.au as required by Senate Order 192.

Requests for access to contracts are considered in line with the *Freedom of Information (FOI) Act 1982*. For more information about FOI issues, see Appendix F (page 206).

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 (GST) unless annotated to the contrary.

¹ The value was \$2000 for the period up to 1 January 2005 and then \$10 000 in line with the changes in the CPGs.

COMPETITIVE TENDERING AND CONTRACTING

Competitive tendering and contracting (CTC) is the process by which responsibility for services previously performed in-house is transferred to an outside body². We have contracted:

- certain services delivered on behalf of the Australian Government, and
- a range of corporate services.

More information on contracts valued at \$100 000 or more follows. All such contracts routinely include a requirement for Australian National Audit Office access to contractor premises.

Services delivered on behalf of the Australian government

The department delivers a number of services on behalf of the Australian Government. Services that have been contracted out relate to:

- transport safety research and information services
- management of leased airports
- management of properties at the Sydney West airport site
- air services to remote communities
- the Australian Government Regional Information Service (AGRIS), and
- services to non self-governing territories.

Transport safety research and information services

A small number of contracts continued in 2004-05 relating to road safety data collection, analysis and research, and for the distribution of transport safety information. A new contract was let relating to road safety vehicle crash testing research.

Management of leased airports

Airport building control and parking control services at federal airports are provided by private contractors. Following an open tender process in 2004-05, eight contracts for building control services were let for an initial term of four years from 1 July 2005. Twelve airport environment officers were appointed commencing 1 July 2005.

Parking control services are contracted out to airport lessee companies (ALCs) annually for parking at eight airports (for details see page 103). Contracts cannot be offered to bodies other than ALCs under the Airports (Control of On-airport Activities) Regulations 1997.

² This definition is in the Requirements for Annual Reports issued by the Joint Committee for Public Accounts and Audit.



Management of properties at Sydney West airport site

Management of properties owned on and around the proposed Sydney West Airport site (Badgerys Creek) has been contracted out to Zeckendorf Holdings Pty Ltd following an open tender process. This contract was signed on 1 January 2003 for an initial term of three years with an option to extend for two years.

Air services to remote communities

A national mail out and advertising campaign in 2003 invited remote and isolated communities with no regular access to transport services to apply for weekly air services under the Remote Air Services Subsidy Scheme.

Once the communities were identified, the department used an open tender process to identify air operators able to service these communities, engaging six operators to provide weekly air services for two years from December 2005. For more information on the scheme, see page 125.

AGRIS

Call centre services were contracted out to Cooma Monaro Technology Centre Ltd following a select tender process. This contract was signed on 20 August 2001. It had an initial term of six months and now operates on a month-to-month basis. Market research and advertising associated with the service is also contracted out. A total of \$2.5m was spent on market research and advertising in 2004-05, as detailed in table 6.2 (page 191). For more information on AGRIS, see page 114.

Services to non-self-governing territories

A range of services are delivered to Australia's non self-governing territories in the absence of a state government (page 128). 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/ contracts with state and territory governments such as the West Australian Government in the case of the Indian Ocean Territories (IOTs) and ACT/NSW in the case of Jervis Bay Territory (JBT).

In 2004-05, a number of new arrangements were put in place, some existing arrangements expired and we made several other changes. We:

- entered into an agreement with the NSW Illawarra Health Service for the delivery of health services to the JBT community
- renegotiated an agreement with the NSW Rural Fire Service for bush fire protection services for the JBT community
- engaged Emerald Oak Pty Ltd to manage airports in the IOTs following an open tender process—these contracts have an initial term to 30 June 2007 with options to extend for one year then one year.

In addition, as disclosed in our last annual report, an agreement was reached with National Jet Systems to provide regular air services between Perth and the IOTs following an open tender process. This arrangement commenced in April 2004 for a term of five years.

For more information on services to territories, including services we provide directly, see page 128.

Corporate activities

The department has carried out detailed analysis of our corporate activities in line with government requirements for market testing of these activities. Corporate activities that have been contracted fall into three broad areas:

- information and communication technology (ICT) services
- professional services, and
- property and office services.

Like most organisations, the department has a range of contracts and standing offers in place for the supply of professional services, energy, office equipment, and other consumables.

ICT services

Desktop, help desk and related information technology services were contracted to Ipex ITG Pty Ltd (now part of Volante Pty Ltd) following an open tender process. The contract took effect from 1 July 2005 and has an initial term of four years.

Wide area network, data communication and voice communication services were contracted to Optus Networks Pty Ltd following a select tender process. These contracts were also signed in late 2003. They have an initial term of two to three years.

A panel of ICT service providers was set up in 2004-05 following an open tender process and will continue for at least three years. This provides the department with access to specialist project management, software development and IT security services as needed.

Professional services

Several panels of professional services providers have been set up and are used where sufficient capacity or specialist expertise is not available in-house. These panels are subject to regular review and several are to put to market during 2005-06. Panels cover:

- communications services
- legal services
- accounting services, and
- SAP services.

Internal audit services were contracted to KPMG following a select tender process. The contract was signed on 6 December 2002 and had an initial term of two and a half years. The department recently exercised an option to extend the contract for a further two year period.

Other services

Property and security services were contracted to United KFPW Ltd following a select tender process. This contract was signed on 11 December 2002. It has an initial term of five years, with an option to extend for two years and then two years.

Office services were contracted to Pickfords Pty Ltd following a select tender process. This contract was signed on 4 April 2003. It has an initial term of five years, with an option to extend for two years and then two years.



Travel services were contracted to American Express following a select tender process. The contract was signed after the collapse of the Ansett group of companies and was extended in early 2004 until 31 December 2006.

CONSULTANCIES

The department generally engages consultants to carry out research or provide professional or technical advice that cannot be provided by departmental staff. We select consultants in the same way we procure other goods and services.

In 2004–05 the department engaged 159 new consultancies involving expenditure of \$5.6 million, and continued to use 46 consultancies that were engaged in prior years, involving expenditure of \$2.0 million. More was spent on consultants than in previous years due to increased activities particularly in the Office of Transport Security. Details of consultancy contracts valued at \$10 000 or more let in 2004–05 are available on our website www.dotars.gov.au

Table 6.2 – Trends in procurement

	2000–01	2001–02	2002–03	2003–04	2004–05
Purchasing outcomes					
Invoices paid within 30 days	not reported	not reported	91.8%	95.1%	96.7% ^a
Consultancies					
All consultancies including consultancies let in previous years					
Total expenditure	\$10.7m	not reported	\$6.0m	\$4.0m	\$7.6m
New consultancies valued at \$10,000 or more					
Number let	88	49	62	54	129
Total value over the life of these contracts	\$10.4m	\$5.3m	\$3.8m	\$3.7m	\$8.5m
Market research and advertising payments – not including payments less than \$1500^b					
Creative advertising	–	\$0.8m	\$0.0m	\$0.4m	\$0.6m
Market research/polling	\$0.3m	\$0.3m	\$0.5m	\$0.4m	\$0.2m
Direct mail	\$0.1m	–	\$0.5m	\$0.0m	\$0.4m
Media advertising	\$0.5m	\$0.4m	\$3.4m	\$0.8m	\$3.1m
Total payments	\$0.9m	\$1.5m	\$4.4m	\$1.7m	\$4.3m

^a The figure represents the status as at 31 December 2004 as per the department's response to the Small Business Survey coordinated by the Department of Industry, Tourism and Resources.

^b 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.

MARKET RESEARCH AND ADVERTISING

In 2004-05, the department paid \$3.9 million for market research and advertising (see table 6.2 above). Our main focus was on AGRIS and the Green Vehicle Guide.

A list of payments of \$1500 or more made during the financial year follows, as required by section 311A of the *Commonwealth Electoral Act 1918*.

Table 6.3 – Detail of advertising and market research payments of \$1500 or more

Firm	Service provided	Payment made in 2004-05
Creative advertising agencies		
Colmar Brunton Social Research	Conduct exploratory and benchmarking research for the Green Vehicle Guide	\$77 534
Colmar Brunton Social Research	Market test creative material for the Green Vehicle Guide	\$36 907
Curriculum Corporation	Produce an education plan and make recommendations regarding appropriate materials for use in Australian secondary schools	\$30 424
Singleton, Ogilvy and Mather ^a	Develop and produce the AGRIS advertising campaign	\$248 197
Singleton Ogilvy & Mather	Develop AusLink advertising campaign ^b	\$87 175
The Social Research Centre	Conduct a national survey of community attitudes to road safety	\$85 370
All creative advertising		\$565 607
Market research/polling organisations		
Quantum Market Research	Market research and test the AusLink campaign	\$72 380
Quantum Market Research ^a	Conduct further development research for AGRIS	\$57 200
Quantum Market Research ^b	Market test revised advertising, print and direct mail book for AGRIS advertising campaign	\$20 900
All market research/ polling		\$150 480
Direct mail organisations		
Australia Post	Distribute the Australian Government Regional Information Booklet	\$431 309
All direct mail		\$431 309



Table 6.3 continued...

Firm	Service provided	Payment made in 2004–05
Media advertising organisations		
Australian Farmers Information and Buyers Guide Pty Ltd	Advertise AGRIS in Farm Business Magazine	\$1 999
Executive Media Pty Ltd	Advertise AGRIS in Australian Local Government Environment Year Book	\$2 200
Fairfax	Advertise Green Vehicle Guide in Eco Supplement (October 2004)	\$1 891
HMA Blaze Pty Ltd	Advertise National Disaster Mitigation Programme/ Regional Flood Mitigation Programme through State/ Territory newspapers ^c	\$26 825
HMA Blaze Pty Ltd	Advertise for expressions of interest in the Maritime Emergency Towing Programme (May 2005)	\$23 718
HMA Blaze Pty Ltd	Advertise AGRIS in NFF Bulletin and State Farm Guide	\$14 193
HMA Blaze Pty Ltd	Prepare and lodge advertisement for expressions of interest for a resort on Cocos (Keeling) Islands in the IOTs	\$6 104
HMA Blaze Pty Ltd	Prepare and lodge advertisement for expressions of interest in providing health services in the IOTs	\$4 138
HMA Blaze Pty Ltd	Prepare and lodge advertisements for job vacancies ^c	\$448 487
Universal McCann ^c	Advertise AGRIS	\$1 746 224
Universal McCann	Advertise Green Vehicle Guide in newspapers, magazines and online (May-June 2005)	\$591 942
Universal McCann	Advertise Green Vehicle Guide in newspapers (August-November 2004)	\$227 855
Walsh Media Pty Ltd	Advertise AGRIS in NFF Annual Review	\$2 139
All media advertising		\$3 097 715

^a contract also listed as a new consultancy with a value of \$10 000 or more

^b contract previously listed as a consultancy with a value of \$10 000 or more

^c may include payments under \$1500

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 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 terms of five broad roles: policy advisor, purchaser, regulator, provider and employer.

Did you know?

In 2004-05 the department's internal Diversity and Equity Network continued its efforts to embed the needs of diversity groups into the fabric of the department. The network:

- organised the celebration of NAIDOC Week
- sponsored staff around Australia to attend presentations on women's needs and work-life balance in celebration of International Women's Day in March 2005
- promoted broader issues of diversity of style through
 - a seminar by Dr Rhonda Galbally, one of the founders of a pioneering online organisation offering practical resources to Australia's 700 000 community groups
 - a panel discussion which included Professor Maryann Bil-Salik from Charles Darwin University's executive think-tank of Indigenous leaders developing Indigenous research and education strategies
- supported training in business writing skills including one-on-one tutoring to staff from diverse cultural and linguistic backgrounds, and
- presented awards to individual staff members nominated for their contribution to workplace diversity as part of the department's Australia Day awards ceremony.

Award winners included:

- Heather Wark from Aviation and Airports for her initiative in the workplace and outstanding support for her team members
- Catherine Garratt from Regional Programme Operations for her strong professional standards, contribution to her team and for maintaining her work/life balance, and
- Leigh Crutchley from Aviation Security for the work he did to foster a supportive working environment for his team.



POLICY ADVISOR

Description

The policy advisor is responsible for initiating and developing government policy. They consider the needs of different groups and advise on what the government should achieve the community as a whole.

The department researches and advises ministers on a range of transport and regional issues, across all outputs. On an average working day we deliver more than 40 briefs, letters and other documents to our ministers and their staff.

Ministers generally rate our advice highly: in 2004–05 we were able to maintain high ratings in the face of a 20 per cent increase in the volume of briefs provided, still achieving a 94 per cent satisfaction level (page 160).

Performance indicators

New or revised policy/ programs 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 (page 206).

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) (page 74), and
- Accessible Public Transport Jurisdictional Committee—established to discuss issues raised at APTNAC meetings

New or revised policy/ program proposals assess the direct impact on the lives of people with disabilities 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/ program initiatives have a communication strategy developed and sufficiently resourced to inform people with disabilities.

- continued to post announcements of new policies and programmes on its websites promptly—generally within 24 hours of release
- received record numbers of hits on many websites, including 1.4 million hits on the whole of government website www.grantslink.gov.au, and
- answered more than 28 000 calls from people wanting information about government services through the Australian Government Regional Information Service (AGRIS) (page 114).

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 49)
- maritime and land transport (output 1.4.1 page 73), and
- aviation and airports (output 1.4.2 page 92).

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, and
- 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 2004-05, nationwide workshops were held to learn from and enhance the security risk readiness of hundreds of aviation, maritime and other industry participants.



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 2004-05 the department administered grants, subsidies and other payments on behalf of the Australian Government totalling \$3.9 billion. These payments mainly related to:

- national road and rail infrastructure (Output 1.3.1 page 61)
- regional services (Output 2.1.1 page 113)
- services to territories (Output 2.2.1 page 128)
- services to local government including a number of Indigenous councils (Output 2.2.2 page 139), and
- natural disaster mitigation and relief (Output 2.2.3 page 144).

In our day-to-day operations, the department also purchased a range of good and services costing \$81 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. In 2004-05 consultations occurred on:

- deferring work on the Echuca-Moama bridge (page 71), to allow VicRoads to consult further with the local Yorta Yorta Aboriginal people about the best route
- bringing six separate infrastructure programmes—including the Roads to Recovery, Black Spot and former National Highways programmes—into a single legal framework (page 62), and
- work with regionally-based advisory committees who provided advice on major discretionary grants programmes (see below).

Tendering specifications and contract requirements for the purchase of goods or services are consistent with the requirements of the Disability Discrimination Act 1992.

All the entities receiving payments are required to comply with relevant state and federal laws including the *Disability Discrimination Act 1992*, *Racial Discrimination Act 1975*, and *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 2004-05 focused on assisting people with a disability to enter the workforce. For examples of these and other projects, see the Regional Partnerships Programme (page 118), and Sustainable Regions Programme (page 121).

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 have provided a single report on our complaints mechanisms under the 'provider role' (below).

We also consult with staff about purchasing issues that may impact on the lives of staff from different backgrounds (see 'employer' role).

PROVIDER

Description	
<p><i>The provider delivers services, often under contract by government. Providers can be government, private or not-for-profit organisations.</i></p>	<p>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:</p> <ul style="list-style-type: none"> • the infrastructure and services we provide to the 2700 residents of Australia's non self-governing territories, and • the Australian Government Regional Information Service.
<p><i>Providers have established mechanisms for planning for implementation, monitoring and review that comply with the Disability Discrimination Act 1992.</i></p>	<p>The department seeks feedback about the activities it delivers or administered funding 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:</p> <ul style="list-style-type: none"> • reports from the bodies who receive funding, usually as projects pass key milestones but sometimes on a regular basis as in the Roads to Recovery Programme (page 66) • client surveys where the beneficiaries of services can be identified, such as the individual households in airport noise insulation programmes (page 101), and • formal evaluations of programmes, usually on a three to five-yearly cycle.
<p><i>Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for people with disabilities.</i></p>	<p>In 2004-05 the department reviewed its overarching outcomes and outputs framework, publishing more specific and measurable targets than in previous years (see Appendix I page 221). We also:</p> <ul style="list-style-type: none"> • continued to ask our clients to rate the quality of our services and introduced several new client surveys (page 162), and • had service charters in place explaining how customers can provide us with feedback.
<p><i>Complaints mechanisms enable people with disabilities to address issues and raise concerns about the performance of providers.</i></p>	<p>The Human Rights and Equal Opportunity Commission received no complaints about us in 2004-05, as in 2003-04. The number of complaints made about us to the Commonwealth Ombudsman fell to a record low (page 162).</p>



EMPLOYER

Description	
<p><i>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.</i></p>	<p>The department is an employer under the <i>Public Service Act 1999</i>. At 30 June 2004, we employed 89 people in the Indian Ocean Territories, and 1154 people in other locations around Australia.</p> <p>Over 2004-05 the number of our staff reporting a disability more than doubled from 13 to 27. Despite this improvement, the proportion of our workforce reporting a disability remains half the APS average. This is an area we are working to address over 2005-06.</p>
Performance indicators	
<p><i>Employment policies, procedures and practices comply with the requirements of the Disability Discrimination Act 1992.</i></p>	<p>Our employment policies and practices reflect the requirements of relevant laws including the <i>Racial Discrimination Act 1975</i>, <i>Sex Discrimination Act 1984</i> and <i>Disability Discrimination Act 1992</i>. In addition we:</p> <ul style="list-style-type: none"> • include a specific clause in our certified agreement reminding staff of these legislative requirements, and • offer flexible working arrangements and opportunities for personal and professional development to staff (page 168).
<p><i>Recruitment information for potential job applicants is available in accessible formats on request.</i></p>	<p>The department publishes details of employment opportunities weekly in the Commonwealth Public Service Gazette www.psgazetteonline.gov.au and also (on occasion) in the press.</p> <p>More detailed recruitment information is available on our website www.dotars.gov.au and on request from the contact for each opportunity.</p>
<p><i>Agency recruiters and managers apply the principle of 'reasonable adjustment'.</i></p>	<p>Assistance is readily available to ensure that any applicants with impairments receive fair, equitable and non-discriminatory consideration. This may include interpreters or, for hearing or speech-impaired applicants, the relay services of the Australian communication Exchange. Diversity data for new staff is recorded at induction.</p> <p>Once recruited, staff can access occupational health and safety services as appropriate. These have included workstation assessments (page 176), disabled car parking spaces, telephone equipment for hearing-impaired staff, and voice recognition software and special computer keyboards for staff at risk of occupational overuse injury.</p>
<p><i>Training and development programmes consider the needs of staff with disabilities.</i></p>	<p>The department provides access to a range of learning and development activities to cater to varying staff needs, including:</p> <ul style="list-style-type: none"> • online training, such as the toolkit developed by the Office of Transport Security (page 170) • face-to-face classroom training, and • one-on-one tutoring in business writing skills (page 194).

Employer continued...

Performance indicators

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 which cover disability issues include training for:

- new starters—our new induction programme gives an overview of support mechanisms in place for all occupational health and safety issues
- fire wardens—staff with a disability may have specific evacuation arrangements
- occupational health and safety representatives are made aware of staff with particular needs to ensure the workplace is free of hazards for all staff, and
- workplace harassment contact officers are made aware of the types of issues that may arise for people with disabilities.

Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised by staff.

In the event that 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 certified 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, and
- 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 second chapter (see Environmental Performance page 22). Further examples of how the department has implemented ESD principles are as follows:

1. The integration principle

Environmental, social, economic and equitable considerations are integrated into decision-making. For example, in 2004–05:

- 132 projects were funded by government to help targeted regions deal with major economic, environmental and social changes through the Sustainable Regions Programme (page 121), and
- the department assisted the government to establish an environmental trust fund in honour of Norfolk Island's late Deputy Chief Minister (page 17).

2. The precautionary principle

Lack of scientific certainty is not used as a reason for postponing measures to prevent environmental degradation. For example, tighter emission standards were introduced for light motor vehicles from 1 January 2005.

3. The intergenerational principle

Conservation of the environment is supported for the benefit of future generations. For example, in 2004–05 the department:

- made information on greenhouse gas and air pollution emissions of new cars available on our website www.greenvehicleguide.gov.au which received more than 80,000 visits, and
- began work on a formal heritage strategy to articulate how we protect the heritage assets we administer (page 22).

4. The biodiversity principle

Biodiversity and ecological integrity are taken into account where these are identified as at risk in particular programmes. For example, in 2004-05:

- the department administered funding to protect a colony of endangered Cumberland Land Snails as part of Westlink M7 motorway project (see case study page 15), and
- international leadership was demonstrated by the government through its work with international organisations on protection of the sea (page 90).

5. The valuation principle

Valuation, pricing and incentive mechanisms are being improved to ensure the true cost of activities—environmental, social and economic—are recognised. For example, in 2004-05 we released new research on the health impacts of transport emissions (page 186).

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 other matters. These are as set out in the Administrative Arrangements Order (AAO) for the Commonwealth of Australia. More than 20 pieces of our portfolio legislation go to ESD issues. The main Acts relate to:

- noise and damage caused by aircraft (six Acts) and regulation of leased airports including environment protection (one Act)
- protection of the sea and the marine environment (ten Acts), and
- 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 or www.com.law.gov.au and search for AAO.

HOW OUR OUTCOMES CONTRIBUTE TO ESD

ESD is integral to our two outcomes: transport and regional services.

In transport, we seek 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 2004-05, see Chapter 3 (page 28).

Particular emphasis is placed on sustainable development, local development practices and natural disaster risks by the government in assisting regions to manage their own futures. For more information on this outcome, see Chapter 4 (page 110).



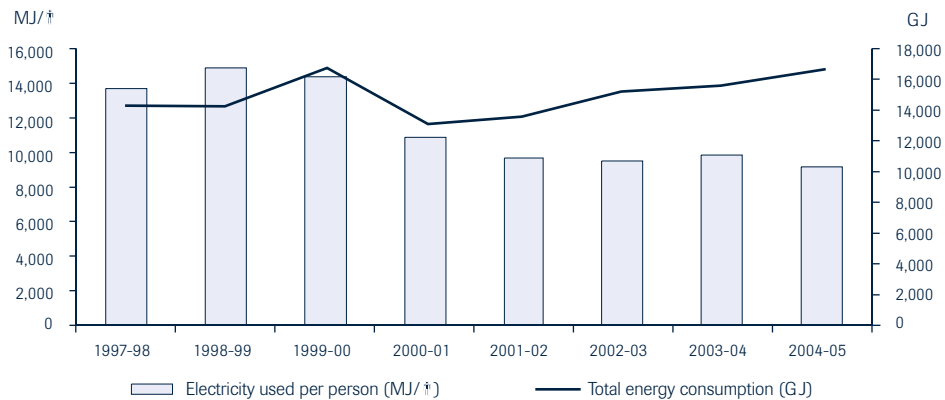
HOW OUR ACTIVITIES AFFECT THE ENVIRONMENT AND HOW WE MINIMISE HARM

While many of the department's activities have a positive impact on the environment, as highlighted in Chapter 2 and above, its day-to-day operations consume resources such as electricity, water, petrol and paper. Waste is also created in various forms.

Government targets met

In 2004-05 we continued to meet the Australian Government target for energy usage of less than 10 megajoules per person (see figure 6A below). We also decreased energy consumption by vehicles. No breaches of environmental laws or licenses were reported.

Figure 6A – Trends in departmental electricity consumption



'Rethink, reduce, recycle' – some other achievements

To reduce any harm that our operations may cause to the environment, the department aspires to 'rethink, reduce and recycle'. In 2004-05 we:

- sourced 3.5 per cent of the building electricity we used from renewable sources, namely solar, wind, biomass, tidal or hydroelectric power that does not use dam water, and
- put in place a contract with office machine supplier Fuji Xerox, who remanufactures more than 80 per cent of the printer cartridges and other parts we return to them.

We also started work to put in place an environmental management system with a particular focus on our main offices in Canberra (page 23).

Table 6.4 – Trends in departmental energy consumption

	1997-98	2001-02	2002-03	2003-04	2004-05
Buildings and electricity					
<i>Office buildings</i>					
Area occupied	19 018 m ²	24 840 m ²	29 159 m ²	25 864 m ²	28 235 m ²
Occupants ^a	727 †	1 037 †	1 128 †	1 114 †	1 326 †
Area per person	26.2 m ² /†	24.0 m ² /†	25.9 m ² /†	23.2 m ² /†	21.3 m ² /†
Electricity used	10 022 GJ	10 110 GJ	10 785 GJ	11 041 GJ	12 259 GJ
Electricity used per person ^b	13 785 MJ/†	9 749 MJ/†	9 561 MJ/†	9 911 MJ/†	9 254 MJ/†
Electricity used by area	527 MJ/m ²	407 MJ/m ²	370 MJ/m ²	427 MJ/m ²	434 MJ/m ²
Electricity sourced from renewable sources	not reported	not reported	not reported	not reported	3.5%
<i>Other buildings</i>					
Area occupied	1306 m ²	1306 m ²	1306 m ²	1306 m ²	1306 m ²
Electricity used	144 GJ	97 GJ	101 GJ	91 GJ	118 GJ
Electricity used by area	110 MJ/m ²	74.3 MJ/m ²	77.7 MJ/m ²	69.7 MJ/m ²	90 MJ/m ²
Transport^c					
<i>Passenger vehicles</i>					
Total petrol used	119 415 L	100 159 L	122 828 L	135 269 L	124 425 L
Average fuel economy/ 100km	10.0 L	10.4 L	10.3 L	8.8 L	11.1 L
Total fuel used	4 084 GJ	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	n/a	35.2%
<i>Other transport</i>					
Total automotive diesel used	0 L	3963 L	4233 L	0 L	0 L
Total petrol used	5029 L	0 L	2656 L	0 L	0 L
Total fuel used	172 GJ	153 GJ	254 GJ	0 GJ	0 GJ
Total of the above					
Direct energy consumed	14 422 GJ	13 785 GJ	15 342 GJ	15 789 GJ	16 644 GJ
Greenhouse gas emissions (CO ₂ tonnes)	not reported	not reported	not reported	not reported	3 777 t

^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 any vehicles staff may have chosen to receive in lieu of remuneration and make private use of under salary packaging.



HOW WE REVIEW AND INCREASE THE EFFECTIVENESS OF ENVIRONMENTAL MEASURES

Each year the department contributes to a detailed annual report on energy use in Australian Government operations. This report is published by the Australian Greenhouse Office and is available at www.greenhouse.gov.au. Our energy consumption is summarised in table 6.4 opposite.

New environmental measures implemented and more planned

In 2004-05 the department commissioned Level 1 and Level 2 energy audits of our major ACT and regional sites. We introduced an environmental management system to improve environmental performance in our main Canberra offices, in line with the international standard ISO 14001:2004.

In 2005-06, we will:

- complete the upgrade and standardisation of recycling practices, to minimise the amount of general waste going to landfill
- reuse existing furniture and fittings and improve how we use space and natural light in the reconfiguration of our national office accommodation
- implement new purchasing guidelines which incorporate environmental criteria
- start works to reduce our water consumption by five per cent a year over the three years from 2005-06, and
- continue with the third year of a five-year programme of works with DASCEM/United KFPW to minimise the amount of energy we consume.

APPENDIX F – REPORT UNDER THE FOI ACT

This appendix explains how you can request access to department records under the *Freedom of Information Act 1982* (FOI Act), what records we hold 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. If you need more information or wish to discuss your request, please:

- email foi@dotars.gov.au
- write to:
Freedom of Information Coordinator
Department of Transport and Regional Services
GPO Box 594
CANBERRA ACT 2601
- fax 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 notices under the FOI Act. We recommend that you also include:

- as much detail as possible about the record(s) you wish to access
- the \$30 application fee—this can be refunded in some cases, and
- 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, and
- the administrations of Jervis Bay Territory, Christmas Island, the Cocos (Keeling) Islands, and
- the Office of the Administrator, Norfolk Island.

Like many other Australian Government agencies, we hold 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 which we service or participate in
- codes of practice
- documents prepared by international agencies
- documents relating to the development of legislation
- environmental impact statements
- internal administration documents
- international treaties, memoranda of understanding and international conventions
- legal documents, including legislation, contracts, leases and court documents
- maps and other geographical information
- ministerial responses to parliamentary questions, interdepartmental and general correspondence and papers
- policy documents, recommendations and decisions
- programme, fund and grant administration papers
- registers of documents, agreements, approvals, exemptions, permits and licences
- service delivery agreements
- statistics and databases, and
- technical standards, guidelines, specifications, charts, photographs, drawings and manuals.

A digest of the personal information we hold is available at www.privacy.gov.au/government/digest

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 are as set out in the Administrative Arrangements Order (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 of Commonwealth responsibilities on Norfolk Island
- constitutional development of the Australian Capital Territory
- constitutional development of the Northern Territory of Australia, and
- natural disaster relief and mitigation in the form of financial assistance to the states and territories.

For a complete and up-to-date copy of the AAO, visit www.pmc.gov.au or www.com.law.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

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 6.5 - External bodies consulted by the department in 2004-05

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
Accessible Public Transport National Advisory Committee					✓				
Aerial Agricultural Association of Australia www.aerialag.com.au		✓	✓			✓			
Aircraft Owners and Pilots Association of Australia www.aopa.com.au		✓	✓			✓			
Airport Environment Consultative Committees						✓			
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			✓		✓	✓			✓
Association of Australian Ports and Marine Authorities www.aapma.org.au			✓		✓				
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.aal.com.au		✓	✓			✓			

Table 6.5 continued...

Body		Main contact point(s) within the department							
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government	Portfolio Strategic Policy & Projects
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Australian and International Pilots Association www.aipa.org.au		✓	✓						
Australian Bicycle Council www.abc.dotars.gov.au		✓							
Australian Coroners Society Inc		✓							
Australian Federation of Air Pilots www.afap.org.au		✓	✓			✓			
Australian Freight Councils Network www.freightcouncils.com.au			✓		✓				✓
Australian Global Navigation Satellite System Coordination Committee www.agcc.gov.au						✓			
Australian Government Agencies' Airport Security Committees			✓						
Australian Institute of Petroleum					✓				
Australian Licenced Aircraft Engineers Association www.alaea.asn.au		✓							
Australian Local Government Association www.alga.asn.au			✓	✓				✓	
Australian Logistics Council www.ozlogistics.org			✓		✓				
Australian Marine Pilots Association		✓							
Australian Motor Vehicle Certification Board					✓				
Australian Peak Shippers Association Inc					✓				






















Body	Main contact point(s) within the department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government	Portfolio Strategic Policy & Projects
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
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 Shipowners Association www.asa.com.au									
Australian Transport Council www.atcouncil.gov.au									
Australian Trucking Association									
Australian Ultralight Federation [see Recreational Aviation Australia]									
Aviation Security Identity Card Working Group									
Aviation Security Training Working Group									
Aviation Stakeholders' Conference									
Aviation Working Group									
Board of Airline Representatives of Australia									
Bus Industry Confederation									
Cargo Working Group									
Christmas Island Minister's Advisory Council									
Committee to Advise on Recall and Safety									

Table 6.5 continued...

Body	Main contact point(s) within the department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government	Portfolio Strategic Policy & Projects
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Commonwealth/State Emergency Services Officials Group 								✓	
Commonwealth/State/Local Government Officials Group 								✓	
Commonwealth/State/Local Government Regional Development Task Force 							✓		
Commonwealth/State Planning Officials Group 								✓	
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 								✓	
Fatigue Management Pilot Working Group 		✓							
Federal Chamber of Automotive Industries 		✓							
Flag State Implementation Subcommittee of the International Maritime Organization 		✓			✓				
Flight Attendants Association of Australia www.faaa.net 		✓				✓			
Flight Safety Forums 		✓							





Body	Main contact point(s) within the department								
International body  Ministerial body  Other national body  Regionally based body 	Category of body	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
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)			✓						
International Air Transport Association www.iata.org		✓	✓			✓			
International Civil Aviation Organisation www.icao.int		✓	✓			✓			
International Maritime Organization www.imo.org		✓	✓		✓				
International Transportation Safety Association www.itsasafety.org		✓							
Jervis Bay Territory JBT Emergency Management Committee								✓	
Justice Issues Group, Jervis Bay Territory								✓	
Kingston and Arthur's Vale Historic Area Management Board [Norfolk Island]								✓	

Table 6.5 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 								
Ministerial body 								
Other national body 								
Regionally based body 								
Land Transport Environment Committee www.ephc.gov.au/ltec								
Local Government and Planning Ministers Council www.dotars.gov.au/lgpmcouncil								
Local Government Association Roundtable								
Local Government Managers' Association www.lgma.org.au								
Long-term Operating Plan Implementation Monitoring Committee								
Marine Accident Investigators International Forum www.maif.net								
Maritime Industry Security Consultative Forum								
Maritime Safety Committee of the International Maritime Organization								
Maritime Security Identification Card Working Group								
Motorcycle Safety Consultative Committee								
National Advisory Facilitation Committee								
National Awards for Innovation in Local Government - judging panel								
National Road Safety Strategy Panel								
National Tourism and Aviation Advisory Committee								




Body	Main contact point(s) within the department								
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government	Portfolio Strategic Policy & Projects
International body 									
Ministerial body 									
Other national body 									
Regionally based body 									
Overnight Air Operators Association			✓						
Public Health and Environment Committee, Jervis Bay Territory								✓	
Recreational Aviation Australia www.auf.asn.au		✓							
Regional Aviation Association of Australia www.raaa.com.au		✓	✓			✓			
Regional Aviation Working Group			✓						
Regional Development Council www.dotars.gov.au/regional/rdcouncil/ rdcabout.aspx							✓		✓
Regional Women's Advisory Council www.dotars.gov.au/regional/rwac							✓		✓
Research Coordination Advisory Group		✓							
Road Safety Black Spot Programme Consultative Panels				✓					
Road Safety Marketing and Public Education Forum		✓							
Screening Improvement Group			✓						
Secretariat of the Pacific Community			✓						
Shipping Australia Ltd www.shippingaustralia.com.au					✓				
Standing Committee on Regional Development							✓		✓
Standing Committee on Transport		✓	✓		✓				✓

Table 6.5 continued...

Body		Main contact point(s) within the department							
	Category of body	Australian Transport Safety Bureau	Office of Transport Security	AusLink	Maritime and Land Transport	Aviation & Airports	Regional Services	Territories and Local Government	Portfolio Strategic Policy & Projects
International body									
Ministerial body									
Other national body									
Regionally based body									
Standing Committee on Transport – Transport Security Working Group			✓						
Sustainable Regions Advisory Committees www.sustainableregions.gov.au								✓	
Sydney Airport Community Forum www.sacf.dotars.gov.au						✓			
Technical Liaison Group					✓				
Technology Working Group			✓						
Transport Emissions Liaison Group					✓				
Transport Security Working Group			✓						
Truck Industry Council					✓				
Trusted Information Sharing Network			✓						
Wreck Bay Aboriginal Community Council [JBT]								✓	



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 6.6 – List of discretionary grants programmes

Programme name	More info	Details of grant recipients
Outcome 1 – Transport		
ATSB Road Safety Research Grants		For information about grant recipients, see www.atsb.gov.au
ATSB Aviation Safety Research Grants		
Outcome 2 – Regional Services^a		
Regional Partnerships Programme ^b	page 118	
Sustainable Regions Programme	page 121	For information about grant recipients, see dynamic.dotars.gov.au/regional/approved_grants/grants_all.cfm
Regional and Rural Development Grants Programme ^c	page 127	
Regional and Rural Research Information and Data Programme ^c	page 127	

^a From 1 July 2005 a variety of grants relating to services to territories will be reported as discretionary grants programmes. Details of grant recipients will be published in our next annual report as required.

^b Legacy elements of the Regional Partnerships Programme including grants for Rural Transaction Centres are not completely discretionary.

^c From 2005-06 these programmes have been merged into the Regional and Rural Research and Development Grants Programme.

APPENDIX H – ADDITIONAL HUMAN RESOURCE (HR) STATISTICS

This appendix addresses the requirement for us to publish a range of HR 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, and
- details of the extra salary payments made to non-SES staff on AWAs in 2003-04.

These statistics include non-ongoing staff but exclude inoperative and casual staff unless noted otherwise.

Table 6.7 – Workforce profile by classification^a and location

	APS 1-4 and equiv		APS 5-6 and equiv		EL1 and equiv		EL2 and equiv		SES/SEC and equiv		Holder of Public Office		Total	
	03-04	04-05	03-04	04-05	03-04	04-05	03-04	04-05	03-04	04-05	03-04	04-05	03-04	04-05
Employees and public office holders other than IOT staff														
ACT	162	207	243	316	199	241	150	174	38	37	0	2	792	977
NSW	5	5	13	28	3	4	1	1	0	0	0	0	22	38
Vic	3	3	13	19	4	3	2	1	0	0	0	0	22	26
Qld	3	3	12	28	4	7	5	7	0	0	0	0	24	45
SA	0	3	5	11	2	3	1	4	0	0	0	0	8	21
WA	4	4	12	22	6	9	3	4	0	0	0	0	25	39
Tas	0	0	2	3	1	1	0	0	0	0	0	0	3	4
NT	0	0	1	0	1	1	0	0	0	0	1	1	3	2
Norfolk Island	0	0	0	0	1	1	0	0	0	0	1	1	2	2
Total	177	225	301	427	221	270	162	191	38	37	2	4	901	1154
IOT employees														
Total	80	76	13	3	6	5	2	2	5	2	1	1	107	89

^a Equivalent staff may include employees performing legal, public affairs, transport safety investigation or other specialist duties.

**Table 6.8 – Workforce gender profile by tenure and hours of work**

	Female		Male		Total	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
Employees other than IOT staff						
Holder of Public Office	0	1	2	3	2	4
Ongoing full-time	333	429	462	577	795	1006
Ongoing part-time	47	57	14	16	61	73
Non-ongoing full-time	22	30	13	22	35	52
Non-ongoing part-time	7	9	1	10	8	19
Total	409	526	492	628	901	1154
IOT employees						
Holder of Public Office	0	0	1	1	1	1
Ongoing full-time	28	26	42	33	70	59
Ongoing part-time	6	6	0	0	6	6
Non-ongoing full-time	14	9	8	7	22	16
Non-ongoing part-time	8	7	0	0	8	7
Total	56	48	51	41	107	89

Table 6.9 – Salary ranges^a for departmental employees by classification^b

	30 June 2002		30 June 2003		30 June 2004		30 June 2005		30 June 2006 ^c	
	From	To	From	To	From	To	From	To	From	To
APS1	\$27 459	\$30 245	\$28 557	\$31 455	\$30 002	\$33 047	\$31 202	\$34 369	\$32 450	\$35 744
APS2	\$31 098	\$34 333	\$32 342	\$35 706	\$33 978	\$41 618	\$35 337	\$43 534	\$36 751	\$40 574
Graduate	\$33 088	\$33 088	\$34 412	\$34 412	\$36 154	\$36 154	\$37 600	\$37 600	\$39 104	\$39 104
APS3	\$35 276	\$45 000	\$36 687	\$45 000	\$38 544	\$50 847	\$40 318	\$52 881	\$41 931	\$45 275
APS4	\$39 312	\$43 766	\$40 884	\$48 926	\$42 953	\$54 489	\$44 671	\$52 881	\$46 458	\$50 483
APS5	\$43 888	\$47 679	\$45 644	\$49 460	\$47 953	\$56 984	\$49 871	\$59 263	\$51 866	\$54 996
APS6	\$47 585	\$62 998	\$49 488	\$72 612	\$51 992	\$71 597	\$54 072	\$85 627	\$56 235	\$65 576
EL1	\$60 683	\$72 550	\$63 110	\$78 369	\$66 303	\$90 372	\$69 267	\$93 987	\$72 038	\$85 738
EL2	\$70 025	\$140 000	\$72 826	\$150 000	\$76 511	\$151 000	\$79 571	\$122 557	\$82 754	\$97 746
SES1	\$89 000	\$99 500	\$121 973	\$164 142	\$129 717	\$160 979	\$134 906	\$178 433	\$130 977	\$130 977
SES2	\$107 000	\$121 500	\$141 916	\$161 482	\$156 986	\$164 970	\$174 115	\$178 433	\$152 246	\$152 246
SES3	\$132 000	\$147 000	\$184 634	\$184 634	\$188 444	\$188 444	\$214 626	\$214 626	\$182 471	\$182 471
Secretary	The Secretary's remuneration is as determined by the Prime Minister after taking into account the recommendations of the Remuneration Tribunal									

^a Salary includes allowances and 'at risk' pay but excludes employer superannuation contributions and other non-salary benefits payable to most staff in the department.

^b 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 our certified agreement.

^c Salary ranges as at 30 June 2006 reflect our certified agreement and SES remuneration policy rather than the range of salaries that may be payable to staff under existing or future AWAs.

Table 6.10 – Details of performance pay^a made to non-SES staff on AWAs in 2004-05

Classification ^b	Number of people paid	Total cost of payments	Average payment	Range of payments
APS6 and equiv	1	\$4 000	\$4 000	n/a
EL1 and equiv	2	\$6 699	\$3 350	\$2 000 – 4 699
EL2 and equiv	11	\$66 422	\$6 038	\$270 – \$10 000
Total	14	\$77 121	\$5 509	\$270 – \$10 000

^a Actual performance pay paid in the 2004-05 financial year.

^b Equivalent staff at these levels may include employees performing legal, public affairs, transport safety investigation or other specialist duties.



APPENDIX I – OLD AND NEW PERFORMANCE FRAMEWORKS

This appendix addresses the fact that the department's performance information changed during the year. It meets the requirement to provide 'details of both the former and the new performance information ... with reasons for the change, so as to fully inform the reader'.

NEW OUTCOMES AND OUTPUTS FRAMEWORK

The department's outcomes and outputs framework has changed from that presented in the 2004–05 *Portfolio Budget Statements* and *Portfolio Additional Estimates Statements*.

The new framework reflects consultation and discussions with ministers and staff following the staff survey and executive workshop in late 2004. The new framework is providing for a strong customer focus and clear alignment of resources with the outcomes that we seek to achieve.

The relationship between our old and new outcomes and outputs framework is as illustrated in Figures 6B and 6C below.

Figure 6B - Changes to transport outcomes and outputs

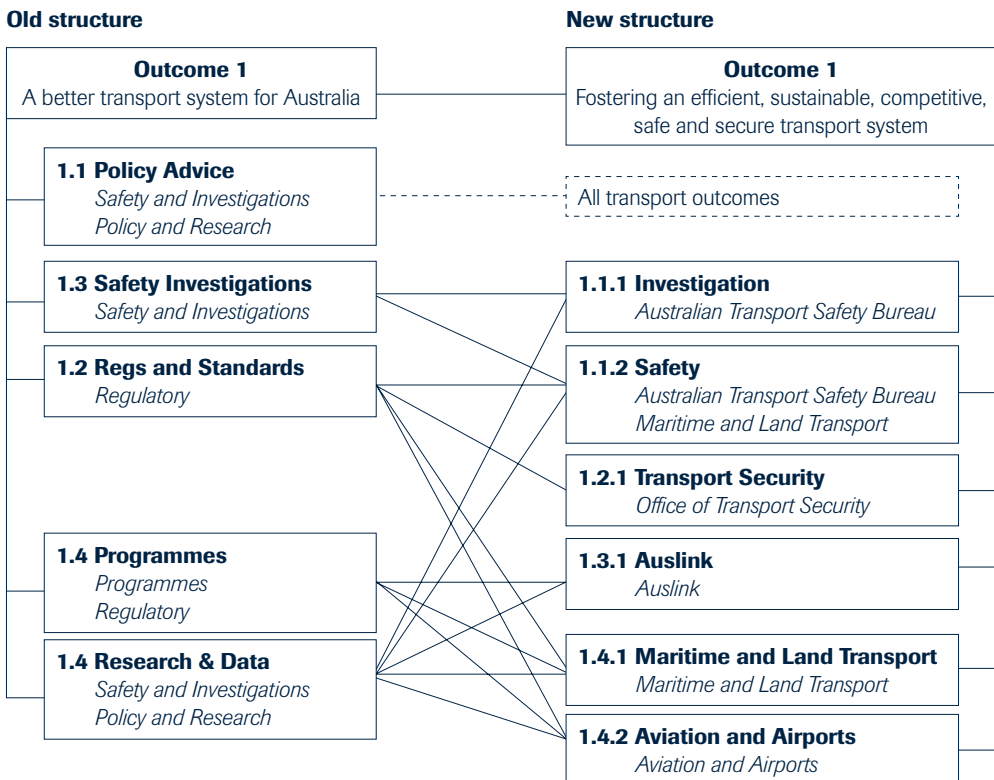
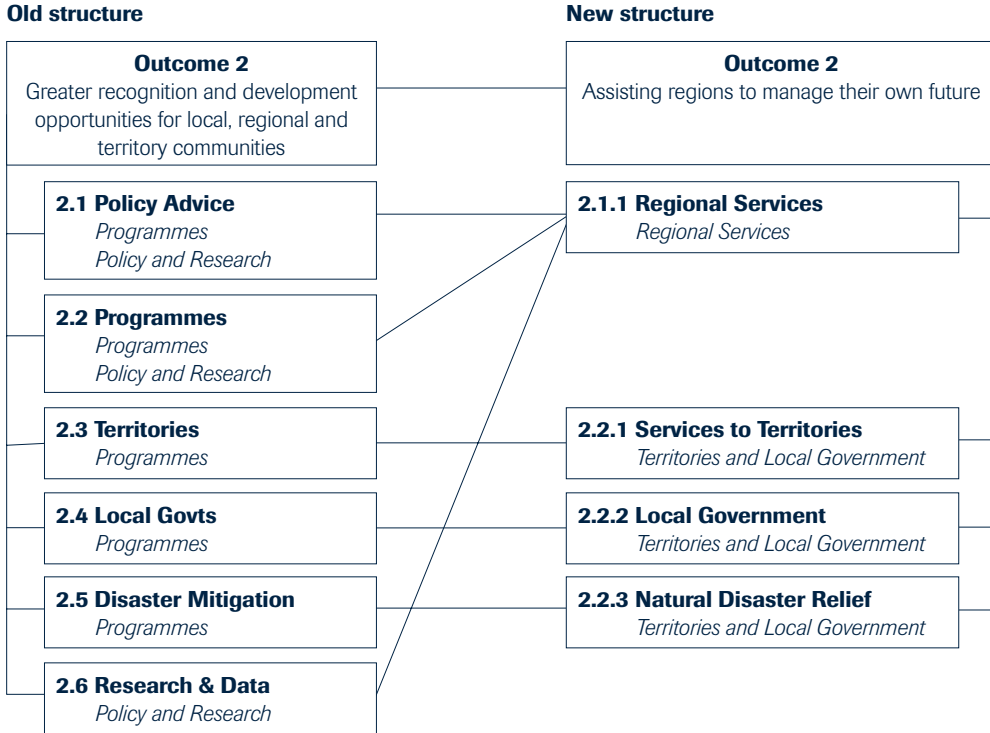


Figure 6C - Changes to regional outcomes and outputs





FINANCIAL PERFORMANCE UNDER THE OLD FRAMEWORK

The financial performance reported in the main body of this report focuses on our new outputs framework. For details of actual performance against our previous output targets, see table 6.11 below.

The budget allocations for administered programmes were not affected by the change in our outputs structure and were as reported in the main body of this report.

Table 6.11 – Financial performance against old output framework

Output	Budget ^a 2004–05 \$,000	Actual 2004–05 \$,000
Outcome 1 Transport		
Output 1.1 – Transport policy advice	16 413	23 016
Output 1.2 – Transport regulation and standards	77 618	67 307
Output 1.3 – Transport safety investigations	16 257	15 546
Output 1.4 – Transport programmes	19 740	12 156
Output 1.5 – Transport research and data	12 131	13 852
Total price of departmental outputs – Outcome 1^b	142 159	131 877
Outcome Regional		
Output 2.1 – Regional development policy advice	5 886	5 580
Output 2.2 – Regional development programmes	29 599	29 199
Output 2.3 – Services to territories	19 849	18 468
Output 2.4 – Services to local government	3 162	2 018
Output 2.5 – Natural disaster mitigation and relief arrangements	3 306	3 632
Output 2.6 – Regional research and data	3 500	1 199
Total price of departmental outputs – Outcome 2^b	65 302	60 096
Total price of all departmental outputs^b	207 461	190 070

^a The budget is the revised budget published in our 2004–05 Additional Estimates Statements.

^b Includes receipts from independent sources.

NON-FINANCIAL PERFORMANCE UNDER THE OLD FRAMEWORK

In moving to a new outputs structure in 2004–05, the department reviewed its non-financial performance indicators for all outputs and programmes, and made a number of improvements.

Several examples of our old and new performance indicators are provided in table 6.11 below.

A complete list of the old and new indicators for all outputs and ongoing programmes is included in the online version of this report at www.dotars.gov.au/dept/annrpt/0405/index.aspx

Table 6.12 – Examples of reconciliation of old and new performance information

Old performance indicators	New performance indicators
Outcome 1 Transport	
Output 1.3 Transport safety investigations	Output 1.1.1 Investigations
Transport safety and public confidence in transport safety is maintained and improved	Australia's transport safety investigation regime meets international standards
Stakeholder acceptance of safety messages, including consideration and implementation of recommendations, safety advisory notices and other safety actions	Stakeholders accept safety action recommended through investigation reports
Safety occurrence and research investigations are completed in a timely manner	Investigations are completed on average within one year
Development of a new aviation database reflecting the reporting requirements of ICAO and ATSB operational needs	Major accident investigation response capabilities are reviewed and tested annually
	More than 5000 aviation, marine and rail safety accident and incident reports are assessed
	Approximately 120 fatal accidents and other serious occurrences are investigated to improve future safety
	Output 1.1.2 Safety
	Transport safety and public confidence in transport safety is maintained or improved
	Other agencies, governments and industry are assisted to evaluate and improve transport safety interventions and outcomes
	A novice driver education trial is initiated in NSW and Victoria
	10 aviation and 25 road safety statistical and research publications are released
	Australia's motor vehicle safety standards are aligned with international standards*
	85% of vehicle and workshop processes are completed within target timeframes*
	50 vehicle production and/or test facilities are audited*
	3 400 vehicle types are approved for identification plates and supply to the Australian market*
	50 Registered Automotive Workshops applications are assessed and 40 RAWs inspections are conducted*
	16 000 applications to import vehicles are assessed*



Old performance indicators	New performance indicators
<p>Administered programme - AusLink</p> <p>Improved standard of infrastructure and effectiveness of transport infrastructure spending in support of national trade, commerce and connectivity</p> <p>Payments made in accordance with legal obligations under the applicable Land Transport Legislation</p>	<p>AusLink–National Network</p> <p>Road, rail and related infrastructure is maintained and enhanced along designated transport corridors</p> <p>Planning and investment decision making processes are improved in partnership with state and territory governments</p> <p>Transport corridor objectives, strategies and priorities are established for future investment</p> <p>Projects are administered in line with relevant legislation</p>
Outcome 2 Regional	
<p>Output 2.2 Regional development programmes</p> <p>Regional partnerships between government, communities and the private sector are strengthened</p> <p>Stakeholders are satisfied with programmes</p> <p>Administration of programmes is in accordance with legislation, Government policy, and departmental standards</p>	<p>Output 2.1.1 Regional Services</p> <p>Regions are assisted to manage their own futures</p> <p>Other agencies/governments are assisted to evaluate and improve services to regional and Indigenous Australians</p> <p>Information on Australian Government programmes and services is available to all Australians</p> <p>Regional and Indigenous communities have opportunities to establish and advance local priorities and partnerships</p> <p>Grants are administered for projects that maintain or improve regional well-being and sustainability</p> <p>Other agencies/governments work with us on issues affecting regions</p>
<p>Administered programme - Sustainable Regions</p> <p>Regional partnerships between government, communities and private sector are strengthened in targeted regions</p> <p>Increased opportunities in targeted regions</p> <p>Clients are satisfied with the programme</p> <p>Number and geographic spread of grants approved</p> <p>Eight targeted regions</p>	<p>Sustainable Regions</p> <p>Funded projects improve economic, social and/or environmental well-being in the region</p> <p>Regional priorities are established by a Sustainable Regions Advisory Committee (SRAC) in each region</p> <p>Grants are provided for projects which meet programme guidelines, including consistency with SRAC regional priorities and partnership funding</p> <p>Payments are made in line with project progress and funding agreements</p> <p>Regional priorities and projects are established for two new regions (Northern Rivers and North Coast NSW, Darling Matilda Way)</p> <p>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</p>

* These activities were previously reported under the Transport Regulations and Standards Output with transport security and a range of other regulatory functions. A total of four effectiveness indicators applied to the entire output.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005





INDEPENDENT AUDIT REPORT

To the Minister for Transport and Regional Services

Scope

The financial statements and Chief Executive's responsibility

The financial statements comprise:

- Statement by the Chief Executive and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- 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 2005.

The Department's 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*, accounting standards and other mandatory financial reporting requirements in Australia. The Department's 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.

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*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the

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Department's financial position, and of its performance as represented by the statements of 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 2005 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

As detailed in note 28 of the financial statements, the Department Transport and Regional Services has contravened Section 83 of the Constitution.

Australian National Audit Office

Allan Thompson
Executive Director

Delegate of the Auditor-General

Canberra
6 September 2005



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 2005 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 previous annotated appropriation agreement, as disclosed in Note 28 - Appropriations.

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

Michael J. Taylor
SECRETARY

5 September 2005

A handwritten signature in black ink, appearing to read 'Simon A. Ash'.

Simon A. Ash
Chief Financial Officer

5 September 2005



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

		30 June	30 June
		2005	2004
	Notes	\$'000	\$'000
Revenues from ordinary activities			
Revenues from Government	4A	197,095	222,596
Goods and services	4B	8,038	15,299
Revenue from sale of assets	4C	18	626
Write-back of asbestos related disease claims provision	4D	31,600	-
Other revenues	4E	450	3,201
		237,201	241,722
Expenses from ordinary activities (excluding borrowing costs expense)			
Employee expenses	5A	95,757	82,116
Supplier expenses	5B	80,857	107,400
Depreciation and amortisation	5C	8,186	14,044
Write down and impairment of assets	5D	755	117
Value of assets sold	4C	5	27,454
Grants	5E	5,555	6,281
Asbestos related disease claims expense	5F	-	63,400
Other expenses	5G	422	180
		191,537	300,992
Borrowing Costs Expense			
	6A	436	133
Net surplus / (deficit) from ordinary activities before income tax		45,228	(59,403)
Net surplus / (deficit) from ordinary activities after income tax		45,228	(59,403)
Net credit/(debit) to asset revaluation reserve from revaluation	1.12	(1,115)	20,748
Total revenues, expenses and valuation adjustments recognised directly in equity		(1,115)	20,748
Total changes in equity other than those resulting from transactions with the Australian Government as owners		44,113	(38,655)

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

		30 June 2005 \$'000	30 June 2004 \$'000
	Notes		
ASSETS			
Financial Assets			
Cash	7A,12C	3,225	21,602
Receivables	7B,12C	89,190	138,630
Accrued revenue	7C	569	494
Total Financial Assets		92,984	160,726
Non-Financial Assets			
Land and buildings	8A,C	21,233	116,306
Infrastructure, plant and equipment	8B,C	14,089	120,095
Inventories	8E	23	1,702
Intangibles	8D	10,132	8,689
Other non-financial assets	8F	1,332	1,139
Total Non-Financial Assets		46,809	247,931
Total Assets		139,793	408,657
LIABILITIES			
Interest Bearing Liabilities			
Leases	9A	3,445	-
Other interest bearing liabilities	9B	1,645	2,124
Total Interest Bearing Liabilities		5,090	2,124
Provisions			
Asbestos related disease claims provision	10A	31,800	63,400
Employee provisions	10B	28,519	25,623
Other provisions	10C	2,258	-
Total Provisions		62,577	89,023
Payables			
Supplier payables	11A	5,629	7,213
Other payables	11B	837	10,560
Total Payables		6,466	17,773
Total Liabilities		74,133	108,920
NET ASSETS		65,660	299,737
EQUITY			
Contributed Equity	12A	(125,416)	152,774
Reserves	12A	14,038	33,197
Retained Surpluses	12A	177,038	113,766
TOTAL EQUITY	12A	65,660	299,737
Current Assets		94,339	162,671
Non-current Assets		45,454	245,986
Current Liabilities		20,995	25,669
Non-current Liabilities		53,138	83,251

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 2005

	30 June	30 June
	2005	2004
Notes	\$'000	\$'000
OPERATING ACTIVITIES		
Cash Received		
Goods and Services	9,696	15,960
Appropriations	153,079	187,435
Other	-	2,971
Total Cash Received	162,775	206,366
Cash Used		
Employees	91,418	84,597
Suppliers	88,670	113,308
GST paid to ATO	1,082	385
Total Cash Used	181,170	198,290
Net Cash From / (Used By) Operating Activities	(18,395)	8,076
13		
INVESTING ACTIVITIES		
Cash Received		
Proceeds from sales of property, plant and equipment and intangibles	18	631
Total Cash Received	18	631
Cash Used		
Purchase of property, plant and equipment and intangibles	9,624	18,879
Total Cash Used	9,624	18,879
Cash From/ (Used By) Investing Activities	(9,606)	(18,248)
FINANCING ACTIVITIES		
Cash Received		
Appropriations - contributed equity	9,624	18,879
Total Cash Received	9,624	18,879
Total Cash Used		
	-	-
Net Cash From / (Used By) Financing Activities	9,624	18,879
Net Increase or (Decrease) in Cash Held	(18,377)	8,707
Cash at the beginning of the reporting period	21,602	12,895
Cash at the End of the Reporting Period	3,225	21,602
7A		

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 2005

	30 June 2005 \$'000	30 June 2004 \$'000
BY TYPE		
Capital Commitments		
Infrastructure, plant and equipment ¹	-	1,322
Other capital commitments ²	8,748	511
Total Capital Commitments	8,748	1,833
Other Commitments		
Operating leases ³	44,997	54,701
Project commitments ⁴	7,929	-
Other commitments ⁵	35,625	20,826
Total Other Commitments	88,551	75,527
Commitments Receivable⁶	(1,945)	(8,313)
Net Commitments by Type	95,354	69,047
BY MATURITY		
Capital Commitments		
One year or less	2,097	1,833
From one to five years	6,651	-
Over five years	-	-
Total Capital Commitments	8,748	1,833
Operating Lease Commitments		
One year or less	9,821	9,417
From one to five years	32,369	34,237
Over five years	2,807	11,047
Total Operating Lease Commitments	44,997	54,701
Other Commitments		
One year or less	10,850	10,862
From one to five years	27,754	9,964
Over five years	4,950	-
Total Other Commitments	43,554	20,826
Commitments Receivable		
One year or less	(1,945)	(2,102)
From one to five years	-	(5,160)
Over five years	-	(1,051)
Total Commitments Receivable	(1,945)	(8,313)
Net Commitments by Maturity	95,354	69,047

NB: Commitments are GST inclusive where relevant.

¹ Infrastructure, plant and equipment commitments for the comparative year were in respect of development on Christmas Island and Cocos (Keeling) Island.

² Other capital commitments include capital construction on Norfolk Island and in the Jervis Bay Territory.

³ Operating leases are effectively non-cancellable and for the current year comprise leases for office accommodation and agreements for the provision of motor vehicles. For the comparative year, operating leases also included leases for commercial and residential accommodation on Christmas Island and Cocos (Keeling) Island.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 SCHEDULE OF COMMITMENTS
 as at 30 June 2005

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office accommodation	The Department has entered into operating leases for office accommodation purposes. Most Departmental leases contain a clause permitting market indexation, subject to agreement by both parties. In general, the rent reviews take place at least once every two years.
Agreement for the provision of motor vehicles	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.

⁴ Project commitments include projects with local government and other bodies such as the French Australia School.

⁵ Other Commitments relates to the provision of goods and services to the Department.

⁶ Commitments Receivable include GST recoveries in relation to the commitments payable and, for the comparative year, operating lease receivables in relation to leases for commercial and residential accommodation on Christmas and Cocos (Keeling) Island.

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 operating lease component of the IT Service Agreement with Volante Pty Ltd for IT services is dependent on a number of variables related to usage.
- 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 (WAN) 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.
- A contract exists for the provision of bulk electricity supply for the Jervis Bay Territory. The cost for supply is based purely on demand/usage.

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF CONTINGENCIES

as at 30 June 2005

Contingent Liabilities	Guarantees		Claims for damages/costs		Total	
	2005	2004	2005	2004	2005	2004
Balance from previous period	-	-	228	155	228	155
New	-	-	-	138	-	138
Liabilities crystallised	-	-	228	65	228	65
Total Contingent Liabilities	-	-	-	228	-	228
Contingent Assets	Guarantees		Claims for damages/costs		Total	
	2005	2004	2005	2004	2005	2004
Balance from previous period	-	-	-	-	-	-
New	-	-	410	-	410	-
Re-measurement	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Total Contingent Assets	-	-	410	-	410	-
Net Contingencies	-	-	(410)	228	(410)	228

NB: Contingencies are GST inclusive where relevant.

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 14: 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

		30 June	30 June
		2005	2004
	Notes	\$'000	\$'000
Revenues Administered on Behalf of Government			
<i>for the year ended 30 June 2005</i>			
Taxation Revenue			
Levies, fees and fines	19	151,621	147,162
Total Taxation Revenue		151,621	147,162
Non-taxation Revenue			
Goods and services	19	68,820	57,867
Interest	19	11,186	11,945
Revenue from sale of assets	20	3,758	-
Dividends	19	37,290	50,600
Contributions	19	13,904	19,676
Other sources of non-taxation revenue	19	3,491	2,622
Total Non-taxation Revenue		138,449	142,710
Total Revenues Administered on Behalf of Government		290,070	289,872
Expenses Administered on Behalf of Government			
<i>for the year ended 30 June 2005</i>			
Grants	20	3,620,919	3,549,820
Subsidies	20	138,849	134,334
Employees	20	8,184	-
Suppliers	20	74,472	29,951
Depreciation	20	11,871	2,200
Write-down and impairment of assets	20	1,281	97
Value of assets sold	20	4,658	220
Other expenses administered on behalf of government	20	13,260	12,194
Total Expenses Administered on Behalf of Government		3,873,494	3,728,816

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 SCHEDULE OF ADMINISTERED ITEMS *continued*

		30 June	30 June
		2005	2004
	Notes	\$'000	\$'000
Assets Administered on Behalf of Government			
<i>as at 30 June 2005</i>			
Financial Assets			
Cash	21	420	73
Receivables	21	179,756	194,887
Investments	21	523,861	622,419
Accrued revenue	21	15,430	33,035
Total Financial Assets		719,467	850,414
Non-Financial Assets			
Land and buildings	21	165,293	66,500
Infrastructure, plant and equipment	21	105,724	6,045
Heritage and cultural assets	21	12,550	12,962
Intangibles	21	3,819	-
Inventories	21	1,802	-
Total Non-Financial Assets		289,188	85,507
Total Assets Administered on Behalf of Government		1,008,655	935,921
Liabilities Administered on Behalf of Government			
<i>as at 30 June 2005</i>			
Provisions			
Employee provisions	22	1,405	-
Asbestos removal provision	22	10,657	-
Provision for capital works	22	12	-
Total Provisions		12,074	-
Payables			
Suppliers	22	1,310	2,912
Grants and subsidies	22	57,229	79,377
Total Payables		58,539	82,289
Total Liabilities Administered on Behalf of Government		70,613	82,289
Net Assets Administered on Behalf of Government	23	938,042	853,632
Current Assets		32,470	55,645
Non-current Assets		976,185	880,275
Current Liabilities		58,850	23,856
Non-current Liabilities		11,763	58,433

This schedule should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF ADMINISTERED ITEMS *continued*

	30 June	30 June
	2005	2004
	\$'000	\$'000
Administered Cash Flows		
<i>for the year ended 30 June 2005</i>		
Operating Activities		
Cash Received		
Levies, fees and fines	143,200	160,471
Rendering of services	22,806	9,573
Interest	11,558	12,067
Dividends	55,790	43,100
GST received from ATO	19,730	8,098
Other	18,846	23,095
Total Cash Received	271,930	256,404
Other		
Grant payments	3,617,835	3,568,056
Subsidies paid	177,434	163,030
Suppliers	62,933	31,676
Employees	8,267	-
Other	12,871	116
Total Cash Used	3,879,340	3,762,878
Net Cash From / (Used By) Operating Activities	(3,607,410)	(3,506,474)
Investing Activities		
Cash Received		
Repayments of advances	10,962	10,407
Equity repayments	-	70,000
Sale of property, plant and equipment	353	-
Total Cash Received	11,315	80,407
Cash Used		
Purchase of investments	-	143,375
Advances and loans made	1,715	343
Purchase of property, plant and equipment	16,461	-
Total Cash Used	18,176	143,718
Net Cash From / (Used By) Investing Activities	(6,861)	(63,311)
Cash Received		
Proceeds from ARTC	4,864	-
Total Cash Received	4,864	-
Net Cash From / (Used By) Financing Activities	4,864	-
Net Increase / (Decrease) in Cash Held	(3,609,407)	(3,569,785)
Cash at the beginning of the reporting period	73	246
Cash from Official Public Account for:		
- Appropriations	3,854,643	3,859,124
- Special accounts	42,015	47,385
Cash to Official Public Account for:		
- Special accounts	(15)	(1,212)
- Other	(286,889)	(335,685)
Cash at the End of the Reporting Period	420	73

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 SCHEDULE OF ADMINISTERED ITEMS *continued*

	30 June	30 June
	2005	2004
Notes	\$'000	\$'000
Administered Commitments		
<i>as at 30 June 2005</i>		
BY TYPE		
Capital Commitments		
Other capital commitment ¹	9,391	-
Total Capital Commitments	9,391	-
Other Commitments		
Operating leases ²	1,473	-
Project commitments ³	5,826,227	2,753,587
Other commitments ⁴	86,999	1,273
Total Other Commitments	5,914,699	2,754,860
Commitments Receivable⁵	(75,298)	(3,315)
Net Commitments by Type	5,848,792	2,751,545
BY MATURITY		
Capital Commitments		
One year or less	3,078	-
From one to five years	6,313	-
Over five years	-	-
Total Capital Commitments	9,391	-
Operating Lease Commitments		
One year or less	453	-
From one to five years	938	-
Over five years	28	-
Total Operating Lease Commitments	1,419	-
Other Commitments		
One year or less	1,389,776	1,189,655
From one to five years	4,523,504	1,565,205
Over five years	-	-
Total Other Commitments	5,913,280	2,754,860
Commitments Receivable		
One year or less	(75,298)	(3,156)
From one to five years	-	(159)
Over five years	-	-
Total Commitments Receivable	(75,298)	(3,315)
Net Administered Commitments by Maturity	5,848,792	2,751,545

NB: All commitments are GST inclusive where relevant.

¹ Other capital commitments include the Christmas Island Storm Water Drainage Project.

² Operating leases include leases for commercial and residential accommodation on Christmas Island and Cocos (Keeling) Island.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
SCHEDULE OF ADMINISTERED ITEMS *continued*

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for commercial and residential accommodation	The Australian Government has entered into operating leases for commercial and residential accommodation purposes. Most of these leases contain a clause permitting market indexation, subject to agreement by both parties. In general, the rent reviews take place at least once every two years.

³ Project Commitments relate to contracts undertaken in relation to various Administered programmes, including those related to the AusLink programme and the construction of the Wodonga Rail Bypass.

⁴ Other Commitments include Service Delivery Arrangements on Christmas and Cocos (Keeling) Islands.

⁵ Commitments Receivable include GST recoveries in relation to the commitments payable and, for the current year, operating lease receivables in relation to leases for commercial and residential accommodation on Christmas and Cocos (Keeling) Islands.

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 2005*

Administered Contingent Liabilities	Guarantees to controlled entities		Other Guarantees ¹		Total	
	2005	2004	2005	2004	2005	2004
Balance from previous period	-	-	12,500	12,500	12,500	12,500
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-
Obligations expired	-	-	12,500	-	12,500	-
Total administered contingent liabilities	-	-	-	12,500	-	12,500
Administered Contingent Assets	Guarantees to controlled entities		Other Guarantees		Total	
	2005	2004	2005	2004	2005	2004
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Total administered contingent assets	-	-	-	-	-	-
Net contingencies	-	-	-	12,500	-	12,500

¹ 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 24: Administered Contingent Liabilities and Assets.

Statement of Activities Administered on Behalf of Government

The major administered activities of Department of Transport and Regional Services agency are directed towards achieving the two outcomes described in Note 1 to the Financial Statements. The major activities are the collection of levies charged to the transport industries and the administration of grants to assist the States and Territories improve Australia's transport system and develop opportunities for their local communities. Details for planned activities for the year can be found in the Transport and Regional Services' Portfolio Budget and Portfolio Additional Estimates Statements for 2004-05, which have been tabled in the Parliament.

From 1 July 2004, Administered activities also include services provided to the Indian Ocean Territories.

This schedule should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

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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 works to achieve two outcomes specified by the Australian Government. At the time of the 2004-05 Portfolio Additional Estimates Statements, the Department's outcomes were:

- Outcome 1: A better transport system for Australia; and
- Outcome 2: Greater recognition and development opportunities for local, regional and territory communities.

Following the agreement of the Minister for Transport and Regional Services on 7 March 2005, these outcomes were re-expressed such that the Department of Transport and Regional Services Portfolio contributes to the well-being of all Australians by:

- Outcome 1: Fostering an efficient, sustainable, competitive, safe and secure transport system; and
- Outcome 2: Assisting regions to manage their own futures.

At the time of the 2004-05 Portfolio Additional Estimates, the Department's activities were identified under five outputs for Outcome 1 and six outputs for Outcome 2. The five outputs that relate to Outcome 1 were: Transport Policy Advice (1.1); Transport Regulation and Standards (1.2); Transport Safety Investigation (1.3); Transport Programmes (1.4); and Transport Research and Data (1.5). The six outputs that relate to Outcome 2 were: Regional Development Policy Advice (2.1); Regional Development Programmes (2.2); Services to Territories (2.3); Services to Local Government (2.4); Natural Disaster Mitigation (2.5); and Regional Research and Data (2.6).

Following the Department's restructure on 7 March 2005, the Department's 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).

In accordance with Finance Minister's Orders, Note 30 - Reporting of Outcomes is based on the Departmental structure that existed at the time of the 2004-05 Portfolio Additional Estimates.

The continued existence of the Agency in its present form, and with its present programmes, is dependent on Government policy and on continuing appropriations by Parliament for the Agency's administration and programmes.

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general-purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2005)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board (AAS and AASB); and
- Consensus Views of the Urgent Issues Group (UIG).

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Assets and liabilities are recognised in the Statement of Financial Position when, and only when, it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an AAS. Liabilities and assets which 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 14).

Revenues and expenses are recognised in the Statement of Financial Performance when, and only when, the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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 Agency items, except where otherwise stated at Note 1.21.

1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2003-04.

Property plant and equipment assets are being revalued progressively as explained in Note 1.12. Revaluations up to 30 June 2002 were done on a 'deprival' basis; since that date, revaluations have been done on a fair value basis. Revaluation increments and decrements in each year of transition to fair value that would otherwise be accounted for as revenue or expenses are taken directly to accumulated results in accordance with transitional provisions of AASB 1041 *Revaluation of Non-current Assets*.

In 2002-03, the FMOs introduced an impairment test for non-current assets that were carried at cost and not subject to AAS10 *Recoverable Amount of Non-current Assets*. In 2004-05, impairment write downs were recorded for departmental and administered intangible assets - refer to notes 1.14 and 1.21.

1.4 Revenue

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (less any formal additions and reductions) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

In 2003-04, the Department of Transport and Regional Services undertook two activities that were funded on a reciprocal basis and thus an appropriation receivable in the next period was recognised for additional outputs supplied in the current period (Note 7B) and a payable (appropriation deferred) for funded but undelivered outputs as at 30 June 2004 (Note 11B).

Appropriations receivable are recognised at their nominal amounts.

Resources Received Free of Charge

Services received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.5).

Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear on the estimated total costs of the transaction.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

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.

Revenue on disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.5 Transactions with the Government as Owner

Equity injections

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 agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Return of Contributed Equity

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 function from a Departmental item to an Administered appropriation. Details of the return of contributed equity are disclosed in Note 12C.

1.6 Employee Entitlements

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave and sick 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.

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 Agency 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 agency'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 liabilities for recreation and long service leave have been determined by the Australian Government Actuary in May 2005. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Provision is made for separation and redundancy benefit payments. A provision is raised when a detailed formal plan for the terminations has been produced, and the Department has informed the employees affected that it will carry out the terminations.

Superannuation

Staff of the Department of Transport and Regional Services are members of the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government, and is settled by the Australian Government in due course.

The Department of Transport and Regional Services makes employer contributions to the Schemes at rates determined by an actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the Agency's employees.

1.7 Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits incidental to ownership over the life of the asset.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the 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 basis that is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays, are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability over the life of the lease.

1.8 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amount of costs incurred in that period.

The Department of Transport and Regional Services has no qualifying assets for which funds were borrowed specifically in 2004-05. (Refer Note 8A).

1.9 Cash

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.

1.10 Other Financial Instruments

Accounting policies for financial instruments are summarised at Notes 18 and 27.

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).

Term Deposits

Term deposits are recognised at cost.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Contingent Liabilities and Contingent Assets

Contingent liabilities (assets) are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (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 (asset) is recognised. A liability (asset) is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

1.11 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.12 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000 (2003-04: \$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).

Revaluations

Freehold land, buildings on freehold land and leasehold improvements subject to formal valuations have to date been revalued on a geographical basis. In between formal valuations, these assets were revalued using an appropriate index reflecting movements in the value of similar assets. In 2004-05, the independent valuations were conducted by Heron Todd White (Canberra) Pty Ltd.

Fair values for each class of asset are determined as shown below.

Asset class	Fair value measured at:	Deprival value measured at:
Land	Market selling price or the best available market evidence	Current market buying price
Buildings on freehold land	Market selling price or the best available market evidence	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price or the best available market evidence	Depreciated replacement cost



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. The financial effect of this change in policy relates to those assets recognised at fair value for the first time in the current period, where the measurement basis for fair value is different to that previously used for deprival value. The financial effect of the change is given by the difference between the fair values obtained for these assets in the current period and the deprival-based values recognised at the end of the previous period. A revaluation of Canberra based assets was undertaken in 2004-05, the financial effect by class in the current year is as follows:

<i>Asset class</i>	<i>Decrement</i>	<i>Contra Account</i>
Buildings - leasehold improvements	\$ 209,000	Revaluation Reserve
Buildings on freehold land	\$ 627,000	Revaluation Reserve
Infrastructure, plant and equipment	\$ 279,000	Revaluation Reserve
Total	\$ 1,115,000	Revaluation Reserve

Assets purchased after the valuation date are deemed to be at fair value.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department, in all cases using the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2005	2004
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	2 to 80 years	3 to 80 years
Heritage and cultural assets	5 to 60 years	5 to 60 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

1.13 Impairment of Non-Current Assets

Non-current assets carried at up-to-date fair value at the reporting date are not subject to impairment testing.

The non-current assets carried at cost or deprival value, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost and is written down to that value if greater.

Indications of impairment were identified in 2004-05 for building assets located in Jervis Bay Territory, Christmas Island and Cocos (Keeling) Island. The impact of these impairment write-downs are disclosed at Note 5D (Jervis Bay Territory) and Note 20 (Christmas Island and Cocos (Keeling) Island).

1.14 Intangibles

The Department of Transport and Regional Services' intangibles comprise the acquisition of software configured for internal use. These assets are carried at cost. The Department's threshold for intangible assets is \$5,000 (2003-04: \$5,000).

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the Department of Transport and Regional Services' software is 3 to 5 years (2003-04:3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2005. An impairment write-down of \$338,000 has been recognised for the current financial year.

1.15 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

1.16 Taxation

The Department of Transport and Regional Services is exempt from all forms of taxation, except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

1.17 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.18 Insurance

The Department of Transport and Regional Services has insured for risks through the Australian Government's insurable risk managed fund, 'Comcover'. Workers' compensation is insured through the Australian Government's Comcare Australia.

1.19 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.20 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors; and
- appropriation note disclosures.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.21 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application of the Australian Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Department of Transport and Regional Services 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 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 23. Thus the Schedule of Administered Items largely reflects the Australian Government's transactions, through the Department, with parties outside the Australian Government.

Administered Revenue

All administered revenues are revenues relating to the core operating activities performed by the Agency on behalf of the Australian Government. Levies, fees and fines revenue is recognised when it is probable that the economic benefits comprising the consideration will flow to the entity.

Revenue from the rendering of service is recognised on delivery of that service to customers.

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.

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.

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 and Cocos (Keeling) Island Act 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.

Liabilities for wages and salaries (including non-monetary benefits), annual leave and sick 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 20-year 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 Statement of Accounting Concept (SAC) 4 Definition of the Elements 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. Section 3C.2 of the 2004-05 FMOs states that intangible assets must be measured at cost.

In addition, an impairment write-down of \$5,000 has been recognised for the current year in relation to administered software assets.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Administered Loans

Administered loans are recognised at the balance of principal outstanding. Collectability is reviewed at balance date. Provision is made for bad and doubtful loans where collection of the loan or part thereof is judged to be less rather than more likely. In rare circumstances, loan repayment may be waived. Interest is credited to revenue as it accrues.

Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level.

The Australian Government's investment in other controlled authorities and companies in this portfolio is valued at the aggregate of the Australian Government's share of the net assets or net liabilities of each entity fixed at 30 June 1997, adjusted for any subsequent capital injections or withdrawals.

Grants and Subsidies

The Department of Transport and Regional Services administers a number of grant and subsidy schemes on behalf of the Australian Government.

Airport Land

The Department of Transport and Regional Services has not placed a monetary valuation on freehold land at airports leased by the Australian Government to private sector interest. This policy takes account of the fact that the land at the 20 civilian airports owned by the Australian Government 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 purposes 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.

Note 2: Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from the first reporting period commencing on or after 1 January 2005. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian reporting entities, reporting under the *Corporations Act 2001*, to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying with AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS), as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions that will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with IFRS and, therefore the Department will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

AAS 29 Financial Reporting by Government Departments will continue to apply under AEIFRS.

AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires that the financial statements for 2004-05 disclose:

- an explanation of how the transition to AEIFRS is being managed;
- narrative explanations of the key policy differences arising from the adoption of AEIFRS;
- any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006 *(continued)*

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of the key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.

Management of the transition to AEIFRS

The Department has taken the following steps for the preparation towards the implementation of AEIFRS:

- The Audit Committee was tasked to oversee the transition to and implementation of AEIFRS. The Chief Financial Officer is formally responsible for the project and reports to the Audit Committee on progress against the formal plan.
- The plan requires the following key steps to be undertaken and sets deadlines for their achievement:
 - All major accounting policy differences between the AASB and AEIFR standards were identified by 31 October 2004.
 - System changes necessary to be able to report under the AEIFRS, including those necessary to capture data under both sets of rules for 2004-05, were completed by June 2005. This included the testing and implementation of those changes.
 - A transitional balance sheet as at 1 July 2004 under AEIFRS was completed and presented to the Chief Financial Officer on 30 October 2004. Opening departmental Balance Sheet and administered assets and liabilities, as at the date of transition to AEIFRS, were provided to the Department of Finance and Administration by 30 April 2005 in accordance with Finance Brief 24 - Adoption of AEIFRS - Provision of Information on Implementation.
 - An AEIFRS compliant balance sheet, as at 30 June 2005, will also be prepared during the preparation of the 2004-05 statutory financial reports.
- The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines. Independent experts were engaged where necessary.

Major changes in accounting policy

The Department believes that the first financial report prepared under AEIFRS, that is at 30 June 2006, will be prepared on the basis that the Department will be a first time adopter under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Changes in accounting policies under AEIFRS are applied retrospectively, as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

A first time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 25E. When developing the accounting policies applicable to the preparation of the 1 July opening balance sheet, no exemptions were applied. However, it should be noted, that in accordance with paragraph 36A, an exemption from the requirement to restate comparative information for AASB 132, AASB 139, AASB 4, AASB 1023 and AASB 1038 has been applied.

Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimates of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- Continuing review of the impacts of AEIFRS on the Department's operations;
- Potential amendments to the AEIFRS and AEIFRS interpretations; and
- Emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS interpretations.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006 *(continued)*

Property, Plant and Equipment

It is expected that the 2005-06 FMOs will continue to require property, plant and equipment assets to be valued at fair value. The Department currently performs valuations progressively on a geographical basis. This practice has been permitted under the FMOs and section 8.2 of the *Guidelines on Accounting for Non-Current Assets*. AASB 116 states that a class of asset can be revalued on a rolling basis provided that the revaluations are completed in a short period and valuations are kept current. In conclusion, the ability to revalue assets on a rolling basis will, in all likelihood, be prescribed by FMOs. Finance Brief 20 - *International Adoption - Non-financial Assets* states that entities are to ensure that all assets within a class of assets are revalued at the same date. This will have an impact on the Department's current asset revaluation procedures, as asset valuations will no longer be undertaken on a geographical basis.

Impairment of Intangibles and Property, Plant and Equipment

The Department's policy on impairment of non-current assets is at Notes 1.13 and 1.14.

Under AEIFRS, these assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell or (b) its value in use. 'Value in use' is the net present value of net cash inflows for cash generating units of the Agency and depreciated replacement cost for other assets which would be replaced if the Department were deprived of them.

An impairment assessment of departmental and administered assets has been performed in 2004-05, the resulting impairment write-downs are disclosed in Notes 1.13 and 1.21. There is no additional impairment impact arising from the adoption of AEIFRS.

Decommissioning, Restoration and Make-good

AASB 116 *Property, Plant and Equipment* states that the cost of an item of property, plant and equipment should include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during the period.

Dismantling costs should, therefore, be included in determining an asset's cost where a provision is required in relation to those dismantling costs. A typical example of this would be make good dismantling costs on leasehold improvements. The Department's leasehold agreements were reviewed to determine whether they have an obligation to restore the site at the end of the lease. An estimate has been prepared for the costs of dismantling and making good the leasehold improvement. The requirement to include restoration and make good costs will also affect the cost base for leasehold improvement assets.

The impact of this requirement is that an asset is recognised in the 1 July 2004 transitional balance sheet with a cost of \$1,390,196 and accumulated amortisation of \$434,461. The impact on the Departmental surplus for the 2004-05 financial year, at 30 June 2005, is an increase in the surplus from ordinary activities of \$1,640,000.

Inventory

The Department recognises inventory not held for sale at cost, except where no longer required, in which case net realisable value is applied.

The new AEIFRS will require inventory held for distribution for no consideration or at a nominal amount to be carried at the lower of cost or current replacement cost.

An assessment was made and it was found that in all instances the current replacement cost of inventory was equal or greater than the original cost. Therefore no adjustment is required.

Employee Benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006 *(continued)*

The 2003-04 Financial Report noted that the AEIFRS standards may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high quality corporate bonds does not exist and, therefore, national government bonds will be referenced.

AASB 119 requires annual leave that is not expected to be taken within 12 months of balance date to be discounted to its present value. An actuarial assessment of the Department's employee leave profile was undertaken in 2004-05 by the Australian Government Actuary that estimated 10% of accrued recreation leave was non-current. A total discounted liability estimate has then been derived, which is intended to be suitable for reporting under AASB 119.

The impact of AEIFRS on employee benefits is, therefore, not considered significant but has been calculated for the balance at 30 June 2005. The total impact is to disclose a discounted liability under AASB 119 of \$1,052,000, which is \$117,000 less than the undiscounted non-current liability of \$1,543,000.

Administered Items

The impact of AEIFRS on Administered reserves is limited to two areas: the requirement to discount the non-current proportion of recreation leave liabilities under AASB 119, and the measurement of the Christmas Island phosphate mining lease at fair value.

The impact of the requirement to discount the non-current proportion of recreation leave liabilities for Administered programme employees has been calculated as a reduction in Total Expenses Administered on Behalf of Government of \$6,332 for the year ended 30 June 2005.

The Christmas Island phosphate mining lease is measured under AGAAP at a deemed cost of \$5,000,000. This complies with Schedule 3C.2 of FMOs which states that the cost basis must be applied to intangible assets. AASB 138 - Intangible Assets, however, allows intangible assets to be measured at fair value where an active market exists, and revaluations are undertaken with sufficient regularity to ensure the carrying amount of the asset does not differ materially from its fair value.

The phosphate mining lease was revalued by the Australian Valuation Office at 31 December 2003 to \$6,250,000. The revaluation was calculated at the present value of future, expected income streams. The phosphate mining lease will therefore be measured at its fair value of \$6,250,000 less accumulated amortisation under AEIFRS.

Overall impact of AEIFRS to the Department

The impact of AEIFRS on Departmental reserves, shown below, is not significant and is limited to two main areas: the non-current proportion of recreation leave (\$117,000 Cr) and the requirement to capitalise leasehold makegood expenses (\$1,640,000 Cr).

Reconciliation of Impacts - AGAAP to AEIFRS

	30 June 2005*	30 June 2004
	\$'000	\$'000
Reconciliation of Departmental Equity		
Total Departmental Equity under AGAAP	65,660	299,737
Adjustments to accumulated results	1,660	(760)
Total Equity under AEIFRS	67,320	298,977

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

	30 June 2005*	30 June 2004
	\$'000	\$'000
Reconciliation of Departmental Accumulated Results		
Total Departmental Accumulated Results under AGAAP	177,038	113,766
Adjustments:		
Leasehold makegood asset - gross value	1,495	1,390
Leasehold makegood asset - accumulated amortisation	(631)	(434)
Employee leave expenses	117	-
Leasehold makegood provision - borrowing cost expense	(97)	-
Total Accumulated Results under AEIFRS	177,922	114,722
Reconciliation of Departmental Asset Revaluation Reserve		
Total Departmental Asset Revaluation Reserve under AGAAP	14,038	33,197
Total Departmental Asset Revaluation Reserve under AEIFRS	14,038	33,197
Reconciliation of Departmental Contributed Equity		
Total Departmental Contributed Equity under AGAAP	(125,416)	152,774
Total Contributed Equity under AEIFRS	(125,416)	152,774
Reconciliation of Net surplus / (deficit) from ordinary activities		
	Year ending	
	30 June 2005	
Total Departmental Results under AGAAP	45,228	
Adjustments:		
Depreciation and amortisation	(196)	
Supplier Expenses	1,836	
Borrowing cost expense	(97)	
Employee expenses	117	
Net surplus / deficit from ordinary activities under AEIFRS	46,888	

* 30 June 2005 total represents the accumulated impacts of AEIFRS from the date of transition



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Events Occurring After Balance Date

In the 2005-06 Budget, the Australian Government announced the establishment of an Asbestos Claims Unit in the Employment and Workplace Relations portfolio. Accordingly, with effect 1 July 2005, the provision for asbestos related disease claims will be transferred to the Department of Employment and Workplace Relations. As this transfer will not occur until 1 July 2005, it has not been brought to account in the 2004-05 Financial Statements. The financial effect on the Department's result will be to increase contributed equity and decrease departmental provisions by \$31,800,000 on 1 July 2005.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 4: Operating Revenues		
Note 4A: Revenues from Government		
Appropriations for outputs	197,095	222,596
Total revenues from government	197,095	222,596
Note 4B: Goods and Services		
Provision of Goods	184	291
Rendering of Services	7,854	15,008
Total sales of goods and services	8,038	15,299
Provision of goods to:		
Related entities	10	-
External entities	174	291
Total sales of goods	184	291
Rendering of services to:		
Related entities	4,761	9,398
External entities	3,093	5,610
Total rendering of services	7,854	15,008
Note 4C: Net Gains from Sale of Assets		
Land and buildings:		
Proceeds from disposal	-	578
Net book value of assets disposed	-	(25,723)
Net gain / (loss) from disposal of land and buildings	-	(25,145)
Infrastructure, plant and equipment:		
Proceeds from disposal	18	48
Net book value of assets disposed	(5)	(1,731)
Net gain / (loss) from disposal of infrastructure, plant and equipment	13	(1,683)
TOTAL proceeds from disposals	18	626
TOTAL value of assets disposed	(5)	(27,454)
TOTAL net gain / (loss) from disposal of assets	13	(26,828)
Note 4D: Write-back of Asbestos Related Disease Claims Provision		
Asbestos related disease claim revenue	31,600	-
Total write-back of asbestos related disease claims provision	31,600	-

On the basis of an actuarial analysis, the Department has recognised a \$31.8m [2004: \$63.4m] provision as the best estimate, at this time, of the potential cost to the Department of current and future asbestos related disease claims. The reduction in the provision is due largely to \$30.5m of the provision previously disclosed, being written back in the current year, following the actuary's identification that Comcare does hold a provision for its actuarial estimate of common law entitlements, including asbestos related disease claims determined under pre-1989 legislation. To that extent, the actuary identified that previous estimates included amounts that were also disclosed in Comcare's balance sheet.

Following the Australian Government's decision to establish an Asbestos Claims Unit in the Department of Employment and Workplace Relations portfolio, the provision for asbestos related disease claims will be transferred to the Department of Employment and Workplace Relations with effect 1 July 2005.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 4E: Other revenues		
Other revenues	-	2,971
Resources received free of charge	450	230
Total other revenues	450	3,201

Note 5: Operating Expenses

Note 5A: Employee Expenses

Wages and salaries	64,607	58,038
Superannuation	13,675	11,138
Leave and other entitlements	13,399	9,277
Separation and redundancies	21	374
Other employee expenses	3,369	2,691
Total employee benefits expense	95,071	81,518
Workers' compensation premiums	686	598
Total employee expenses	95,757	82,116

The prior year balances have been restated to more accurately reflect the categories of employee expenses.

Note 5B: Supplier Expenses

Goods from external entities	2,807	6,657
Services from related entities	10,459	11,910
Services from external entities	59,350	80,721
Operating lease rentals*	8,241	8,112
Total supplier expenses	80,857	107,400

* These comprise minimum lease payments only.

Note 5C: Depreciation and Amortisation

Depreciation

Other infrastructure, plant and equipment	1,019	7,206
Buildings	135	2,679
Total depreciation	1,154	9,885

Amortisation

Purchased software	2,083	2,847
Leasehold improvements	3,430	1,312
Assets held under finance leases	1,519	-
Total amortisation	7,032	4,159
Total depreciation and amortisation	8,186	14,044

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Buildings	135	2,679
Leasehold improvements	3,430	1,312
Other infrastructure, plant and equipment	1,019	7,206
Computer Software	2,083	2,847
Assets held under finance leases	1,519	-
Total depreciation and amortisation	8,186	14,044

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 5D: Write Down and Impairment of Assets		
Financial assets		
Bad and doubtful debts expense	20	89
Non-financial assets		
Plant & equipment - impairment	321	-
Intangibles - impairment	338	3
Inventories - write down	-	25
Land & buildings - impairment	32	-
Leasehold improvements - impairment	44	-
Total write-down of assets	755	117
Note 5E: Grants		
State and Territory governments	4,230	1,542
Local governments	-	4,423
Other entities	1,325	316
Total grants	5,555	6,281
Note 5F: Asbestos Related Disease Claims Expense		
Asbestos related disease claim expense	-	63,400
Total asbestos related disease claim expenses	-	63,400
<p>The comparative relates to the initial recognition of a provision in 2003-04, on the basis of actuarial analysis, of the potential cost to the Department of current and future asbestos related disease claims. This provision was reduced by \$31.6m in 2004-05 (refer to Note 4D - Write-back of Asbestos Related Disease Claims Provision).</p>		
Note 5G: Other Expenses		
Rebates and subsidies	-	180
Asbestos removal expense	422	-
Total other expenses	422	180
Note 6: Borrowing Costs Expense		
Note 6A: Borrowing Costs Expense		
Leases	436	133
Total borrowing costs expense	436	133
Note 7: Financial Assets		
Note 7A: Cash		
Cash - other	3,225	21,602
Total cash	3,225	21,602

All cash recognised is a current asset.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 7B: Receivables		
Goods and services	1,292	2,473
Less: Provision for doubtful debts	(549)	(548)
	743	1,925
GST receivable from the Australian Taxation Office	2,802	1,720
Appropriations receivable		
- undrawn appropriation	85,645	134,985
Total receivables (net)	89,190	138,630

All receivables are current assets.

Credit terms are net 30 days (2004: 30 days). No interest is charged on outstanding debtors.

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	88,936	137,624
Overdue by:		
Less than 30 days	10	186
30 to 60 days	12	105
61 to 90 days	40	62
More than 90 days	741	1,201
	803	1,554
Total receivables (gross)	89,739	139,178

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	549	548
	549	548
Total provision for doubtful debts	549	548

Note 7C: Accrued Revenue

Accrued Revenue - Related Entities	358	181
Accrued Revenue - External Entities	211	313
Total accrued revenue	569	494

All accrued revenue recognised is a current asset.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 8: Non-Financial Assets		
Note 8A: Land and Buildings		
Freehold land		
- at valuation 31 December 2003 (fair value)	3,275	4,225
Total freehold land	3,275	4,225
Buildings on freehold land		
- at cost	-	93
- Accumulated depreciation	-	(1)
	-	92
- at valuation 31 December 2003 (fair value)	8,999	100,055
- Accumulated depreciation	(188)	(1,222)
	8,811	98,833
- work in progress - at cost	-	4,014
Total buildings on freehold land	8,811	102,939
Leasehold improvements		
- at cost	-	2,038
- Accumulated amortisation	-	(631)
	-	1,407
- at valuation 31 December 2002 (deprival)	-	7,503
- Accumulated amortisation	-	(1,776)
	-	5,727
- at valuation 31 December 2004 (fair value)	7,137	-
- Accumulated amortisation	(1,904)	-
	5,233	-
- at valuation 30 June 2005 (fair value)	4,696	-
- Accumulated amortisation	(1,357)	-
	3,339	-
Leasehold improvements - work in progress - at cost	575	2,008
Total leasehold improvements	9,147	9,142
Total Land and Buildings (non-current)	21,233	116,306



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 8B: Infrastructure, Plant and Equipment		
Infrastructure, plant and equipment		
- at cost	-	389
- Accumulated depreciation	-	(23)
	<u>-</u>	<u>366</u>
- at valuation 30 June 2002 (deprival)	-	2,259
- Accumulated amortisation	-	(671)
	<u>-</u>	<u>1,588</u>
- at valuation 30 June 2003 (fair value)	107	107
- Accumulated depreciation	(48)	(27)
	<u>59</u>	<u>80</u>
- at valuation 31 December 2003 (fair value)	8,424	102,135
- Accumulated depreciation	(941)	(3,003)
	<u>7,483</u>	<u>99,132</u>
- at valuation 31 December 2004 (fair value)	1,189	-
- Accumulated depreciation	(108)	-
	<u>1,081</u>	<u>-</u>
- at valuation 30 June 2005 (fair value)	6,793	-
- Accumulated depreciation	(1,327)	-
	<u>5,466</u>	<u>-</u>
Infrastructure, plant and equipment - work in progress - at cost	-	18,929
Total Infrastructure, Plant and Equipment (non-current)	<u>14,089</u>	<u>120,095</u>

All revaluations are conducted by an independent valuer in accordance with the revaluation policy stated in Note 1.12.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8C: Analysis of Property, Plant and Equipment
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	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2004 (previous year)							
Gross book value	4,225	104,162	11,549	115,711	119,936	123,819	243,755
Accumulated depreciation/amortisation	n/a	(1,223)	(2,407)	(3,630)	(3,630)	(3,724)	(7,354)
Opening net book value	4,225	102,939	9,142	112,081	116,306	120,095	236,401
Additions:							
by purchase	-	-	3,688	3,688	3,688	2,051	5,739
by finance lease	-	-	-	-	-	4,922	4,922
Net revaluation increment/(decrement)	-	(627)	(209)	(836)	(836)	(279)	(1,115)
Depreciation/amortisation expense	n/a	(135)	(3,430)	(3,565)	(3,565)	(2,538)	(6,103)
Other movements - impairment write down	-	(32)	(44)	(76)	(76)	(321)	(397)
Disposals:							
From restructuring (Note 12B)	(950)	(93,334)	-	(93,334)	(94,284)	(109,836)	(204,120)
Other disposals	-	-	-	-	-	(5)	(5)
As at 30 June 2005 (current year)							
Gross book value	3,275	8,999	12,408	21,407	24,682	16,513	41,195
Accumulated depreciation/amortisation	n/a	(188)	(3,261)	(3,449)	(3,449)	(2,424)	(5,873)
Closing net book value	3,275	8,811	9,147	17,958	21,233	14,089	35,322



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE B - Assets at valuation

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land & Buildings - Total \$'000	Other IP&E \$'000	TOTAL \$'000
As at 30 June 2005 (current year)							
Gross value	3,275	8,999	11,833	20,832	24,107	16,513	40,620
Accumulated depreciation / amortisation	-	(188)	(3,261)	(3,449)	(3,449)	(2,424)	(5,873)
Net book value	3,275	8,811	8,572	17,383	20,658	14,089	34,747
As at 30 June 2004 (previous year)							
Gross value	4,225	100,055	7,503	107,558	111,783	104,501	216,284
Accumulated depreciation / amortisation	-	(1,222)	(1,776)	(2,998)	(2,998)	(3,701)	(6,699)
Net book value	4,225	98,833	5,727	104,560	108,785	100,800	209,585

TABLE C - Assets held under finance lease

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land & Buildings - Total \$'000	Other IP&E \$'000	TOTAL \$'000
As at 30 June 2005 (current year)							
Gross value	-	-	-	-	-	4,922	4,922
Accumulated depreciation / amortisation	-	-	-	-	-	(1,209)	(1,209)
Net book value	-	-	-	-	-	3,713	3,713
As at 30 June 2004 (previous year)							
Gross value	-	-	-	-	-	-	-
Accumulated depreciation / amortisation	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-

All finance lease assets were purchased in 2004-05, amounts shown are at fair value and are included in Table B - Reconciliation of the opening and closing balances of property, plant and equipment.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE D - Assets under construction

Item	Buildings on Freehold Land	Buildings - Leasehold Improvements	Buildings - Total	Land & Buildings - Total	Other IP&E	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value at 30 June 2005 (current year)	-	575	575	575	-	575
Gross value at 30 June 2004 (previous year)	4,014	2,008	6,022	6,022	18,929	24,951



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 8D: Intangibles		
Computer software:		
Internally developed - in use (non-current)	7,365	6,875
- Accumulated amortisation	(971)	(1,856)
	6,394	5,019
Externally acquired - at cost (non-current)	1,016	6,003
- Accumulated amortisation	(329)	(5,168)
	687	835
Software:		
Software - in progress (non-current)	3,051	2,835
	3,051	2,835
Total intangibles (non-current)	10,132	8,689

TABLE A - Reconciliation of the opening and closing balances of intangibles

Item	Computer Software	Software work in progress	Intangibles - Total
	\$'000	\$'000	\$'000
As at 1 July 2004 (previous year)			
Gross book value	12,878	2,835	15,713
Accumulated depreciation/amortisation	(7,024)	-	(7,024)
Net book value	5,854	2,835	8,689
Additions			
by purchase	3,669	216	3,885
Net revaluation increment/(decrement)	-	-	-
Depreciation/amortisation expense	(2,083)	-	(2,083)
Other movements - impairment write down	(338)	-	(338)
Disposals			
From disposal of operations (including restructuring)	(21)	-	(21)
Other disposals	-	-	-
As at 30 June 2005 (current year)			
Gross book value	8,381	3,051	11,432
Accumulated depreciation/amortisation	(1,300)	-	(1,300)
Net book value	7,081	3,051	10,132

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE B - Intangibles under construction

Item	Computer Software	Software work in progress	TOTAL
	\$'000	\$'000	\$'000
Gross value at 30 June 2005 (current year)	-	3,051	3,051
Gross value at 30 June 2004 (previous year)	-	2,835	2,835

Note 8E: Inventories

	30 June 2005	30 June 2004
	\$'000	\$'000
Finished goods (cost)	23	38
Inventories held for sale	23	38
Inventories not held for sale (cost)	-	1,664
Total inventories	23	1,702
Inventories are represented by:		
Current	23	806
Non-current	-	896
	23	1,702

Note 8F: Other Non-Financial Assets

Prepayments	1,332	1,139
Total other non-financial assets	1,332	1,139

All other non-financial assets are current assets.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 9: Interest Bearing Liabilities		
Note 9A: Leases		
IT Finance Lease Liability		
Payable:		
Within one year	1,176	-
In one to five years	2,567	-
In more than five years	-	-
Minimum lease payments	3,743	-
Deduct: future finance charges	(298)	-
Net lease liability	3,445	-
Lease liability is represented by:		
Current	1,023	-
Non-current	2,422	-
Net lease liability	3,445	-
Finance leases exist in relation to assets provided under the Department's IT Service Agreement. The leases are non-cancellable and for a fixed term of 48 months commencing 1 July 2004. The interest rate implicit in the leases averaged 5.63%.		
Note 9B: Other Interest Bearing Liabilities		
Lease incentives	1,645	2,124
Total other interest bearing liabilities	1,645	2,124
Other interest bearing liabilities are represented by:		
Current	534	504
Non-current	1,111	1,620
Total other interest bearing liabilities	1,645	2,124

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 10: Provisions		
Note 10A: Asbestos Related Disease Claims Provision		
Asbestos related disease claims provision	31,800	63,400
Total asbestos related disease claims provision	31,800	63,400
Asbestos related disease claims provision is represented by:		
Current	-	-
Non-current	31,800	63,400
	31,800	63,400
<p>On the basis of an actuarial analysis, the Department has recognised a \$31.8m [2004: \$63.4m] provision as the best estimate, at this time, of the potential cost to the Department of current and future asbestos related disease claims. The reduction in the provision is due largely to \$30.5m of the provision previously disclosed, being written back in the current year, following the actuary's identification that Comcare does hold a provision for its actuarial estimate of common law entitlements, including asbestos related disease claims determined under pre-1989 legislation. To that extent, the actuary identified that previous estimates included amounts that were also disclosed in Comcare's balance sheet.</p> <p>Following the Australian Government's decision to establish an Asbestos Claims Unit in the Department of Employment and Workplace Relations portfolio, the provision for asbestos related disease claims will be transferred to the Department of Employment and Workplace Relations with effect 1 July 2005.</p>		
Note 10B: Employee Provisions		
Salaries and wages	993	102
Leave	27,471	24,990
Superannuation	55	474
Separations and redundancies	-	57
Aggregate employee entitlement liability	28,519	25,623
Employee provisions are represented by:		
Current	12,588	7,392
Non-current	15,931	18,231
	28,519	25,623
Note 10C: Other Provisions		
Leasehold makegood provision	1,836	-
Asbestos removal provision	422	-
Total other provisions	2,258	-
Provision represented by:		
Leasehold makegood provision		
Current	69	-
Non-current	1,767	-
Asbestos removal provision		
Current	315	-
Non-current	107	-
	2,258	-



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 11: Payables		
Note 11A: Supplier Payables		
Trade creditors	504	14
Other creditors	5,125	7,199
Total supplier payables	5,629	7,213
All supplier payables are current liabilities.		
Note 11B: Other Payables		
Appropriations deferred	-	10,000
Unearned revenue	837	372
Other payables	-	188
Total other payables	837	10,560
All other payables are current liabilities.		

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Equity
Note 12A: Analysis of Equity

Item	Accumulated Results		Asset Revaluation Reserves		Contributed Equity		TOTAL EQUITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening balance as at 1 July	113,766	173,169	33,197	12,449	152,774	126,494	299,737	312,112
Net surplus/deficit	45,228	(59,403)	n/a	n/a	n/a	n/a	45,228	(59,403)
Net revaluation increment / (decrement)	n/a	n/a	(1,115)	20,748	n/a	n/a	(1,115)	20,748
Transactions with owner:								
Distributions to owner:								
Returns of Capital								
Restructuring	-	-	-	-	(204,647)	-	(204,647)	-
Returns of contributed equity	-	-	-	-	(85,185)	-	(85,185)	-
Contributions by owner:								
Appropriations (equity injections)	-	-	-	-	11,642	26,280	11,642	26,280
Transfer to / (from) reserves	18,044	-	(18,044)	-	-	-	-	-
Closing balance as at 30 June	177,038	113,766	14,038	33,197	(125,416)	152,774	65,660	299,737
Total equity attributable to the Commonwealth - closing balance as at 30 June	177,038	113,766	14,038	33,197	(125,416)	152,774	65,660	299,737

The FMOs require that where assets are transferred, asset revaluation increments recorded in the asset revaluation reserve relating to those assets are not transferred, but remain with the transferring Agency. The revaluation increment recorded for those assets may be transferred to the retained surpluses/accumulated deficits section of equity. In accordance with these requirements, an amount of \$18,044m relating to the asset revaluation reserve of assets transferred to the administered Indian Ocean Territory programme, has been transferred from the departmental asset revaluation reserve to the retained surpluses section of equity.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 12B: Restructuring		
There were no restructurings in 2003 - 04.		
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:		
Non-financial assets relinquished		
Land and Buildings	(94,284)	-
Infrastructure, Plant and Equipment	(109,836)	-
Inventories	(1,679)	-
Intangibles	(21)	-
Prepayments	(501)	-
Total non-financial assets relinquished	(206,321)	-
Liabilities relinquished		
Employee Entitlements	1,486	-
Provision for Capital Works	188	-
Total liabilities relinquished	1,674	-
Net assets relinquished	(204,647)	-
Net distribution to Government as owner during the year	(204,647)	-

Note 12C: Returns of Contributed Equity as a result of restructuring

At the time of the transfer, the Department had an appropriation receivable relating to outputs it delivered on the IOT's 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 Departmental appropriations of \$95.374m. After allowing for unearned income \$10.188m, net financial assets amounting to \$85.185m were returned to the OPA.

The amounts relinquished and returned are as follows:

Financial assets lapsed		
Appropriation Receivable	(95,374)	-
Total financial assets lapsed	(95,374)	-
Liabilities extinguished		
Unearned Income	10,189	-
Total liabilities extinguished	10,189	-
Net assets lapsed	(85,185)	-
Net return of contributed equity to Government as owner during the year	(85,185)	-

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 13: Cash Flow Reconciliation		
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	3,225	21,602
Statement of Financial Position items comprising above cash:		
'Financial Asset - Cash'	3,225	21,602
Reconciliation of net surplus to net cash from operating activities:		
Net surplus / (deficit)	45,228	(59,403)
Depreciation and amortisation	8,186	14,044
Write down of non-current assets	755	117
Loss on disposal of assets	-	26,828
Gain on disposal of assets	13	-
Decrease in net financial assets from return of capital (Note 12C)	(85,185)	-
	(31,003)	(18,414)
Change in operating assets and liabilities resulting from operating activities (net of restructuring):		
(Increase) / decrease in net receivables	49,440	(35,566)
(Increase) / decrease in accrued revenue	(75)	415
(Increase) / decrease in inventories	1,679	215
(Increase) / decrease in other assets	(193)	850
Increase / (decrease) in employee provisions	2,896	(2,485)
Increase / (decrease) in suppliers payable	(1,584)	(334)
Increase / (decrease) in other payables	(9,734)	13
Increase / (decrease) in asbestos related disease claims provision	(31,600)	63,400
Increase / (decrease) in other provisions	2,258	-
Increase / (decrease) in other debt	(479)	(18)
Net cash from / (used by) operating activities	(18,395)	8,076



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14: Contingent Liabilities and Assets

Quantifiable Contingencies

Contingent Liabilities

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of nil (2004: \$227,500).

Contingent Assets

The Schedule of Contingencies reports contingent assets in respect of monies claimed for damages/costs of \$410,000 (2004: nil). 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 three 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.

The Schedule of Unquantifiable Contingencies at 30 June 2004 reported that Department had resumed 42.5 hectares of mining lease from Phosphate Resources Ltd (PRL) to build an immigration detention centre on Christmas Island and that the Department would compensate PRL for loss of phosphate mining capacity. This matter was settled in 2004-05.

The following Departmental commitments are not disclosed in monetary terms as the contracted costs are expected to vary each year and can only be determined at that point in time.

- KAVHA - This is an ongoing Departmental 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.
- Aero Structures Technologies Pty Ltd - Services agreement for development and implementation of system for testing structural integrity of a typical helicopter used during course of standard Australian mustering season.
- Civil Aviation Safety Authority - Indemnity in relation to safety regulation functions.
- 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.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Executive Remuneration

	2005	2004
The number of executives, comprising those Senior Executive Service (SES) or equivalent officers, who received or were due to receive total remuneration of \$100,000 or more:		
\$110 000 to \$119 999	2	-
\$130 000 to \$139 999	-	1
\$140 000 to \$149 999	-	2
\$150 000 to \$159 999	1	4
\$160 000 to \$169 999	1	6
\$170 000 to \$179 999	8	7
\$180 000 to \$189 999	6	4
\$190 000 to \$199 999	4	3
\$200 000 to \$209 999	2	3
\$210 000 to \$219 999	2	5
\$220 000 to \$229 999	5	1
\$230 000 to \$239 999	3	1
\$240 000 to \$249 999	2	-
\$250 000 to \$259,999	-	1
\$260 000 to \$269 999	1	-
\$290 000 to \$299 999	1	-
\$380 000 to \$389 999	-	1
The aggregate amount of total remuneration of executives shown above.	\$6,941,272	\$7,357,333
The aggregate amount of separation and redundancy/termination benefit expenses during the year to executives shown above.	-	\$346,578

Note 16: Remuneration of Auditors

	2005	2004
	\$	\$
Financial statement audit services are provided free of charge to the Department.		
The fair value of audit services provided was:		
Department of Transport and Regional Services		
Audit Services	450,000	230,000
	450,000	230,000

In addition to the amount disclosed above, there is an additional amount of auditor remuneration totalling \$6,000 relating to the 2005-06 financial statements audit arising from work done on the opening balance sheet to be prepared under Australian Equivalents to International Reporting Standards. No other services are provided by the Auditor-General.

Note 17: Average Staffing Levels

	2005	2004
The average departmental staffing levels for the Agency during the year were:	1,035	953
The average administered staffing levels for the Agency during the year were:	100	-
Average staffing levels include both full-time employees 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 18: Financial Instruments - Departmental

Note 18A: Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
FINANCIAL ASSETS		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	7A	Deposits are recognised at their nominal amounts.	
Receivables for goods and services	7B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (2004: 30 days).
Appropriations receivable	7B	These receivables are recognised at their nominal amounts.	
Accrued revenue	7C	Revenues are recognised at nominal amounts and are recognised as the Department becomes entitled to the revenue.	When the entitlement is generated, revenue is recorded through the Accrued Revenue balance. Should the Department have issued an invoice then the revenue would be captured through the receivables balance - Note 7.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

 Note 18A: Terms, Conditions and Accounting Policies *continued*

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
FINANCIAL LIABILITIES			
Finance lease liabilities	9A	<p>Financial liabilities are recognised where it is probable that a future sacrifice of economic benefits will be required and the amount of the liability can be measured reliably. All Expenses are recognised on an accrual basis.</p> <p>Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the lease.</p>	At reporting date the Department had a finance lease with a remaining term of 3 years. The interest rate implicit in the lease is 5.63%.
Unearned revenue	11B	Unearned income is recorded when the Department of Transport and Regional Services receives a revenue stream in advance of performing the services that generated that revenue.	This balance represents a liability to the department as a responsibility to perform the services is assumed by the receipt of the revenue.
Lease incentives	9B	Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.	Lease incentives relate to receipt of: <ul style="list-style-type: none"> • Rent-free periods for several offices; and • Contributions towards the cost of fit-out for two offices.
Trade creditors	11A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Asbestos related disease claims provisions	10A	Asbestos related disease claims provision to cover possible claims against the Department of Transport and Regional Services in relation to a liability for future asbestos related disease claims.	Claims will be reviewed on a case-by-case basis.
Other provisions	10C	Other provisions relate to the leasehold makegood provision and the asbestos removal provision.	At reporting date the Department uses the 10 year Treasury bond rate for leasehold makegood provision. This rate varies between 5.47% and 5.93% depending on the lease date.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18B: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2005 \$'000	2004 \$'000	1 Year or Less		1 to 5 Years		> 5 Years		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %
				2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000						
Financial Assets															
Cash at ban	7A	-	-	-	-	-	-	-	3,225	21,602	3,225	21,602	n/a	n/a	n/a
Appropriation receivable	7B	-	-	-	-	-	-	-	85,645	134,985	85,645	134,985	n/a	n/a	n/a
Receivables for goods and services (gross)	7B	-	-	-	-	-	-	-	1,292	2,473	1,292	2,473	n/a	n/a	n/a
Accrued revenue	7C	-	-	-	-	-	-	-	569	494	569	494	n/a	n/a	n/a
Tota		-	-	-	-	-	-	-	90,731	159,554	90,731	159,554			
Total Assets									139,793	408,657	139,793	408,657			
Financial Liabilities															
IT Finance lease liabilities	9A	-	-	-	-	-	-	-	3,445	-	3,445	-	5.63%	n/a	n/a
Lease incentives	9B	-	-	-	-	-	-	-	1,645	-	1,645	-	n/a	n/a	n/a
Asbestos related disease claims provision	10A	-	-	-	-	-	-	-	31,800	63,400	31,800	63,400	n/a	n/a	n/a
Trade creditors	11A	-	-	-	-	-	-	-	504	14	504	14	n/a	n/a	n/a
Other creditors	11A	-	-	-	-	-	-	-	5,125	7,199	5,125	7,199	n/a	n/a	n/a
Other provisions	10C	-	-	-	-	-	-	-	2,258	-	2,258	-	5.54%		
Unearned revenue	11B	-	-	-	-	-	-	-	837	372	837	372	n/a	n/a	n/a
Total		-	-	-	-	-	-	-	45,614	70,985	45,614	70,985			
Total Liabilities									74,133	108,920	74,133	108,920			

The prior year balances have been restated to more accurately reflect the categories of financial instruments.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18C: Net Fair Values of Financial Assets and Liabilities

	Notes	2005		2004	
		Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
		\$'000	\$'000	\$'000	\$'000
Departmental Financial Assets					
Cash at bank and on hand	7A	3,225	3,225	21,602	21,602
Appropriation receivable	7B	85,645	85,645	134,985	134,985
Receivables for goods and services (net)	7B	743	743	1,925	1,925
Accrued revenue	7C	569	569	494	494
Total Financial Assets		90,182	90,182	159,006	159,006
Financial Liabilities (Recognised)					
Lease incentives	9B	1,645	1,645	2,124	2,124
Trade creditors	11A	504	504	14	14
Other creditors	11A	5,125	5,125	7,199	7,199
Asbestos related disease claims provision	10A	31,800	31,800	63,400	63,400
IT finance lease liability	9A	3,445	3,445	-	-
Unearned revenue	11B	837	837	372	372
Other provisions	10C	2,258	2,258	-	-
Total Financial Liabilities (Recognised)		45,614	45,614	73,109	73,109

The prior year balances have been restated to more accurately reflect the categories of financial instruments.

Financial Assets

The net fair value of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

None of the classes of financial assets are readily traded on organised markets in standardised form.

Financial Liabilities

The net fair values of trade, other creditors and the asbestos related claims provision are approximated at their carrying amounts.

None of the classes of financial liabilities are readily traded in organised markets in standardised form.

The net fair values of the finance lease and lease incentives are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

Note 18D: 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 Statement of Financial Position.

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

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 19: Revenues Administered on Behalf of Government		
Taxation revenues		
Other taxes, levies, fees and fines		
Levies	91,335	98,885
Fees	57,256	43,711
Fines	2,226	3,231
Royalties	804	1,335
Total taxation revenues	151,621	147,162
Non-taxation revenues		
Goods and services		
Rendering of services - external entities	22,166	9,560
Rendering of services - related entities	654	-
Marine industry fees	46,000	48,307
Total goods and services	68,820	57,867
Interest		
Loans - State and Territory governments	11,186	11,939
Other	-	6
Total interest	11,186	11,945
Dividends		
Commonwealth entities	37,290	50,600
Total dividends	37,290	50,600
Contributions		
Dairy RAP Reimbursements	4,812	10,285
AEO Contributions	1,186	1,432
Refund previous years payments	1,647	1,505
Reimbursement of prior years' levies - International Oil Pollution Compensation Fund	6,259	6,454
Total contributions	13,904	19,676
Other revenue		
Lease	2,620	2,587
IOT Utilities Revenue	703	-
Other	168	35
Total other revenue	3,491	2,622
Total Revenues Administered on Behalf of Government	290,070	289,872

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 20: Expenses Administered on Behalf of Government		
Grants		
Commonwealth entities	138,996	457,000
State and Territory governments	3,088,506	2,647,685
Local governments	249,922	300,000
Private sector	141,973	143,744
Overseas	1,522	1,391
Total grants	3,620,919	3,549,820
The nature of grants are as follows:		
Urban and regional development	130,490	84,376
Rail transport	142,121	450,310
Air transport	12,283	44,355
Road transport	1,655,086	1,352,560
Sea transport	3,042	265
Labour market assistance to job seekers and industry	22,890	28,533
Local government assistance	1,551,918	1,508,436
Assistance to other Governments	22,836	22,067
Natural disaster relief	73,174	58,908
General Services	6,869	10
Financial and Fiscal Affairs	210	-
Total Grants	3,620,919	3,549,820
Subsidies		
Commonwealth entities	8,535	9,477
Tasmanian Freight Equalisation Scheme	89,988	83,632
Bass Strait Passenger Vehicle Equalisation Scheme	32,410	34,340
Other	7,916	6,885
Total subsidies	138,849	134,334
Employees		
Wages and salaries	3,937	-
Leave and other entitlements	680	-
Superannuation expense	604	-
Separation and redundancies	459	-
Allowances and subsidies	2,466	-
Workers Compensation Premiums	38	-
Total employee expenses	8,184	-
Suppliers		
Services from Commonwealth entities	1,785	-
Rendering of services to external entities	72,687	29,951
Total suppliers	74,472	29,951
Depreciation and amortisation		
Buildings	4,207	1,441
Other infrastructure, plant and equipment	6,953	349
Heritage and cultural assets	411	410
Amortisation - other intangibles and computer software	300	-
Total depreciation and amortisation	11,871	2,200



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 20: Expenses Administered on Behalf of Government <i>continued</i>		
Write-down and impairment of assets		
Financial assets		
Receivables	2	96
Non-financial assets		
Plant & equipment - impairment	164	-
Intangibles - impairment	5	-
Land - impairment	20	-
Land and buildings - stocktake adjustments	-	1
Write down of assets	1,090	-
Total write-down and impairment of assets	1,281	97
Net gain / (loss) from sale of assets		
Land and buildings:		
Revenue from sale of assets	(3,732)	-
Value of assets sold	3,853	(220)
Net gain / (loss) from sale of land and buildings	121	(220)
Infrastructure, plant and equipment:		
Proceeds from disposal	(26)	-
Net book value of assets disposed	805	-
Net loss from disposal of infrastructure, plant and equipment	779	-
TOTAL proceeds from disposals	(3,758)	-
TOTAL value of assets disposed	4,658	(220)
Net loss from sale of assets	900	(220)
Other expenses		
Commonwealth Entities	90	-
Oil Pollution Compensation Fund	937	5,612
Reimbursement of prior years' levies	1,394	6,454
Other	182	128
Asbestos removal expense	10,657	-
Total other expenses	13,260	12,194
Total Expenses Administered on Behalf of Government	3,873,494	3,728,816

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 21: Assets Administered on Behalf of Government		
Financial Assets		
Cash		
Cash - other	420	73
Total cash	420	73
Receivables		
Loans		
State and territory governments	171,271	181,263
Other	9,461	8,653
Less: Provision for waiving of debts	(6,500)	(6,500)
	174,232	183,416
GST receivable from the Australian Taxation Office	2,035	7,267
Levies, fees and fines	-	1
Goods and Services	3,645	4,359
Less: Provision for doubtful debts	(156)	(156)
Total receivables (net)	179,756	194,887
Receivables (gross) are aged as follows:		
Not overdue	179,355	194,671
Overdue by:		
Less than 30 days	87	-
30 to 60 days	27	-
61 to 90 days	12	-
More than 90 days	6,930	6,872
Total receivables (gross)	186,411	201,543
The provision for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(6,656)	(6,656)
Total provision for doubtful debts	(6,656)	(6,656)
Investments		
Shares - Commonwealth authorities		
Airservices Australia	233,203	233,203
Albury Wodonga Development Corporation (refer to Note 26)	-	99,783
Australian Maritime Safety Authority	55,832	54,617
Civil Aviation Safety Authority	18,670	18,670
Stevedoring Industry Finance Committee	14,063	14,053
Australian Maritime College	58,518	58,518
National Road Transport Commission	200	200
Commonwealth companies		
Australian Rail Track Corporation Limited	143,375	143,375
Total investments	523,861	622,419



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 21: Assets Administered on Behalf of Government <i>continued</i>		
Accrued revenue		
Levies, fees and fines	14,280	13,013
Dividends	-	18,500
Interest	1,369	1,741
Less: Provision for doubtful debts	(219)	(219)
Total accrued revenue	15,430	33,035
Other financial assets		
Total other financial assets	-	-
Total financial assets	719,467	850,414
Non-financial Assets		
Land and buildings		
Land - at valuations 31 December 2003 (fair value)	60,863	-
Land - at valuation 30 June 2003 (fair value)	9,013	8,859
	69,876	8,859
Buildings - at valuation 30 June 2002 (deprival value)	-	60,270
Accumulated depreciation/amortisation	-	(2,881)
	-	57,389
Buildings - at valuation 30 June 2003 (fair value)	14,399	255
Accumulated depreciation/amortisation	(4,325)	(3)
	10,074	252
Buildings - at valuation 31 December 2003 (fair value)	76,160	-
Accumulated depreciation/amortisation	(3,917)	-
	72,243	-
Buildings - at 30 June 2005 (fair value)	13,110	-
Accumulated depreciation/amortisation	(10)	-
	13,100	-
Total land and buildings	165,293	66,500
Infrastructure, plant and equipment		
Plant and equipment - at valuation 30 June 2003 (fair value)	2	2
Accumulated depreciation/amortisation	(1)	-
	1	2
Plant and equipment - at valuation 31 December 2003 (fair value)	97,937	6,250
Accumulated depreciation/amortisation	(9,097)	(207)
	88,840	6,043
Plant and equipment - at valuation 30 June 2005 (fair value)	11,523	-
Accumulated depreciation/amortisation	(476)	-
	11,047	-
Plant and equipment - work in progress - at cost	5,836	-
	5,836	-
Total infrastructure, plant and equipment	105,724	6,045
Heritage and cultural assets		
Heritage and cultural assets - at cost	-	1
Heritage and cultural assets - at valuation 30 June 2003 (fair value)	13,342	13,342
Accumulated depreciation/amortisation	(820)	(410)
	12,522	12,932
Heritage and cultural assets - at valuation 31 December 2003 (fair value)	30	30
Accumulated depreciation/amortisation	(2)	(1)
	28	29
Total heritage and cultural assets	12,550	12,962

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: Assets Administered on Behalf of Government (continued)
TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land & Buildings - Total \$'000	Other IP&E \$'000	Heritage & Cultural \$'000	TOTAL \$'000
As at 1 July 2004								
Gross book value	8,859	60,525	-	60,525	69,384	6,252	13,373	89,009
Accumulated depreciation/amortisation	n/a	(2,884)	-	(2,884)	(2,884)	(207)	(411)	(3,502)
Net book value	8,859	57,641	-	57,641	66,500	6,045	12,962	85,507
Additions								
by purchase	3,405	9,184	-	9,184	12,589	3,871	-	16,460
from acquisition of operations	950	93,334	-	93,334	94,284	109,836	-	204,120
Net revaluation increment/(decrement)	-	-	-	-	-	-	-	-
Reclassifications	60,112	(60,112)	-	(60,112)	-	(6,107)	-	(6,107)
Depreciation/amortisation expense	n/a	(4,207)	-	(4,207)	(4,207)	(6,952)	(412)	(11,571)
Recoverable amount write-downs	(20)	-	-	-	(20)	(164)	-	(184)
Other movements	-	-	-	-	-	-	-	-
Disposals								
From disposal of operations	-	-	-	-	-	-	-	-
Other disposals	(3,430)	(423)	-	(423)	(3,853)	(805)	-	(4,658)
As at 30 June 2005								
Gross book value	69,876	103,669	-	103,669	173,545	115,298	13,372	302,215
Accumulated depreciation/amortisation	n/a	(8,252)	-	(8,252)	(8,252)	(9,574)	(822)	(18,648)
Net book value	69,876	95,417	-	95,417	165,293	105,724	12,550	283,567

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.12

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE B - Assets at valuation

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land & Buildings - Total \$'000	Other IP&E \$'000	Heritage & Cultural \$'000	TOTAL \$'000
As at 30 June 2005								
Gross value	69,876	103,669	-	103,669	173,545	109,462	13,372	296,379
Accumulated depreciation / amortisation	n/a	(8,252)	-	(8,252)	(8,252)	(9,574)	(822)	(18,648)
Net book value	69,876	95,417	-	95,417	165,293	99,888	12,550	277,731
As at 30 June 2004								
Gross value	8,859	60,525	-	60,525	69,384	6,252	13,372	89,008
Accumulated depreciation / amortisation	n/a	(2,884)	-	(2,884)	(2,884)	(207)	(411)	(3,502)
Net book value	8,859	57,641	-	57,641	66,500	6,045	12,961	85,506

TABLE C - Assets under construction

Item	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land & Buildings - Total \$'000	Other IP&E \$'000	TOTAL \$'000
Gross value at 30 June 2005						
	-	-	-	-	5,836	5,836
Gross value at 30 June 2004						
	-	-	-	-	-	-

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 21: Assets Administered on Behalf of Government <i>continued</i>		
Intangibles		
Phosphate mine lease - at cost	5,000	-
Accumulated amortisation	(1,181)	-
	3,819	-
Total intangibles	3,819	-

TABLE A - Reconciliation of the opening and closing balances of intangibles

Item	Computer Software	Other Intangibles	Intangibles Total
	\$'000	\$'000	\$'000
As at 1 July 2004			
Gross book value	-	-	-
Accumulated depreciation/amortisation	-	-	-
Net book value	-	-	-
Additions			
from acquisition of operations (including restructuring)	21	-	21
Net revaluation increment/(decrement)	-	(2,004)	(2,004)
Reclassifications	-	6,107	6,107
Depreciation/amortisation expense	(16)	(284)	(300)
Recoverable amount write-downs	(5)	-	(5)
As at 30 June 2005			
Gross book value	-	5,000	5,000
Accumulated depreciation/amortisation	-	(1,181)	(1,181)
Net book value	-	3,819	3,819

In the 2003-04 financial statements, this asset (a phosphate mine lease) was disclosed as other infrastructure, plant and equipment, and accordingly, valued at fair value, based on the present value of future royalty payments over the term of the lease. This asset has been reclassified as an intangible in the current year. As the FMOs do not permit intangibles to be revalued, an adjustment has been made in the current financial year to ensure the asset is carried at cost.

Inventories

Inventory not held for sale (cost) - current	1,463	-
Inventories not held for sale (cost) - non-current	339	-
Total inventories	1,802	-
Total non-financial assets	289,188	85,507
Total Assets Administered on Behalf of Government	1,008,655	935,921



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 22: Liabilities Administered on Behalf of Government		
Employee provisions		
Salaries and wages - current	14	-
Leave - current	619	-
Superannuation - current	2	-
Leave - non-current	766	-
Other - current	4	-
Total employee provisions	1,405	-
Asbestos removal provision		
Asbestos removal provision - current	806	-
Asbestos removal provision - non-current	9,851	-
Total asbestos removal provision	10,657	-
Provision for capital works	12	-
Total provisions	12,074	-
Suppliers		
Trade creditors	1,310	2,912
Total suppliers	1,310	2,912
All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.		
Grants and subsidies		
Public Sector		
State & Territory governments	14,493	4,008
Commonwealth entities	33,516	71,648
Private sector - Non-profit entities	7,825	1,998
Private sector - Commercial entities	1,395	1,723
Total grants and subsidies	57,229	79,377
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
Total payables	58,539	82,289
Total Liabilities Administered on Behalf of Government	70,613	82,289

Note 23: Administered Reconciliation Table

Opening administered assets less administered liabilities as at 1 July	853,632	769,253
Plus: Administered revenues	290,070	289,872
Less: Administered expenses	(3,873,494)	(3,728,816)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA	3,896,658	3,906,509
Transfers to OPA	(332,909)	(385,203)
Restructuring	104,864	-
Administered revaluations taken to/from reserves	(2,004)	2,017
Investments in associated entities	1,225	-
Closing administered assets less administered liabilities as at 30 June	938,042	853,632

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Administered Contingent Liabilities and Assets

Quantifiable Administered Contingencies

Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

Unquantifiable Assets and Liabilities

Indian Ocean Territories Programme

Under the terms of the phosphate-mining lease between the Department and Phosphate Resources Limited (PRL), PRL is required to pay a conservation levy to the Department quarterly. The lease requires that the levy be used for the purpose of mine site rehabilitation in accordance with an agreed Environment Management Plan. Accordingly, the Australian Government has both a liability for the future rehabilitation costs that will be incurred under the Environment Management Plan, and an asset comprising the future levy income streams that will be received from PRL's phosphate-mining lease. However, prior year receipts were incorrectly recorded as Other Trust Monies (OTM) and neither the liability for future rehabilitation costs nor the future levy receipts have previously been recognised.

Following a review of the nature of the lease requirements in the current year, the Department determined that the levy receipts are Australian Government, rather than third party funds, and transferred all levy receipts from OTM to Administered Non-taxation revenue (Note 28E - Special Accounts refers). However, as a detailed Environment Management Plan with accurate costings is still in the development stage and insufficient data on future production levels is available to calculate future levy receipts accurately, the Department is currently unable to measure reliably either the rehabilitation liability or the associated levy receipts asset. Accordingly, the liability and asset have not been recognised in the Administered financial statements.

Unquantifiable Administered Contingencies

Australian Capital Territory Funding Agreements:

As at 30 June 2005, 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 maybe 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 maybe 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.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 2005, no claims have been made.

Stevedoring Industry Finance Committee (SIFC) Members' Indemnity:

Indemnities for SIFC committee members have been provided to protect against civil claims relating to employment and conduct as committee members of SIFC. These indemnities are unquantifiable and no expiry date has been set. As at 30 June 2005, no claims have been made.

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 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 is valued at \$10 which is below the rounding threshold for the Schedule of Administered Items and accordingly, is not included in either the Schedule of Assets Administered on Behalf of Government or the Investments balance at Note 21.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	30 June 2005	30 June 2004
	\$'000	\$'000
Note 26: Restructuring		
There were no restructurings in 2003-04.		
Following a decision by the Australian Government on 31 March 2004, the provision of services to the Indian Ocean Territories (IOT's) moved from Departmental to an Administered Programme. The Government agreed that existing Departmental funding arrangements relating to the IOT's be transferred, along with the assets and liabilities. The transfer took effect from 1 July 2004. Notes 12B and 12C provide more detail.		
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 recognised	206,321	-
Total liabilities recognised	(1,674)	-
Net assets assumed	204,647	-
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 from Administered, the net book value of assets and liabilities relinquished for no consideration and recognised at the date of transfer were:		
Total assets relinquished	(99,783)	-
Net assets relinquished	(99,783)	-
Net increase in administered net assets during the year	104,864	-



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Administered Financial Instruments

a) Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
FINANCIAL ASSETS			
Cash	21	Deposits are recognised at their nominal amounts.	Balances of the administered bank accounts are non interest bearing.
Loans	21	Loans are recognised at the amounts lent. Collectability of amounts outstanding is reviewed at balance date. Provision is made for bad and doubtful loans where collection of the loan or part thereof is judged to be less rather than more likely. In rare circumstances, loan repayment may be waived. Interest is credited to revenue as it accrues.	Loans are made under contract. No security is generally required. Interest rates are fixed. The effective interest rate averaged 6% p.a. (2004 - 7%). Loan repayments are generally made annually. Some loan repayments are required bi annually and loan payments are split between principle and interest.
Receivables for goods and services	21	These receivables are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	All receivables are with entities external to the Australian Government. Credit terms are net 30 days.
Accrued revenue	21	Interest is credited to revenue as it accrues. Other revenues are recognised as the administered entity becomes entitled to the revenue.	The majority of interest payments are received annually, at the time that loan repayments are received.
Investments	21	Administered investment in other Australian Government agencies are valued at the aggregate of the Australian Government's share of the net assets or net liabilities of each entity, fixed as at 30 June 1997, as adjusted for subsequent capital injections or withdrawals.	Dividends may be received from investments. Capital repayments are accounted for as a reduction in the carrying value of the investment.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

a) Terms, Conditions and Accounting Policies (continued)

Financial Instrument	Notes	Accounting Policies and Methods (Including recognition criteria and measurement basis)	Nature of Underlying Instrument (Including significant terms and conditions affecting the amount, timing and certainty of cash flows)
FINANCIAL LIABILITIES			
Trade creditors	22	Creditors are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	All creditors are entities that are not part of the Australian Government legal entity. Settlement is usually made net 30 days.
Grants and subsidies payable	22	Grant liabilities are recognised to the extent that: <ul style="list-style-type: none"> the services required to be performed by the grantee have been performed; or the grant eligibility criteria have been satisfied and settlement is outstanding. 	Grant payments are normally required to be made as specified by each individual grant agreement.
Other provisions	22	Other provisions relate to the asbestos removal provision and the capital works provision.	
UNRECOGNISED FINANCIAL LIABILITIES			
Guarantees	24	The maximum amount payable under the guarantees given is disclosed in the Schedule of Administered Items - Administered Contingencies. The guarantee included in the 2004 comparative statements has now lapsed.	A guarantee has been given by the Australian Government to underwrite the construction of the Alice Springs to Darwin Railway. This guarantee was extinguished in the current year following completion of the project and therefore there is no further liability.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

b) Administered Interest Rate Risk																
Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2005 \$'000	2004 \$'000	1 Year or Less	1 to 5 years		> 5 years		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %
Financial Assets																
Cash	21	-	-	-	-	-	-	-	-	420	73	420	73			
Loans to State and Territory Governments	21	17,494	20,128	6,633	31,265	29,120	115,878	124,656	-	-	1,000	171,270	181,263	6	7	
Other loans	21	-	-	-	-	-	-	-	9,461	8,653	9,461	8,653				
Investments	21	-	-	-	-	-	-	-	523,861	622,419	523,861	622,419				
Accrued revenue	21	-	-	-	-	-	-	-	15,649	33,034	15,649	33,034				
Fees and other revenues receivable (gross)	21	-	-	-	-	-	-	-	3,644	4,316	3,644	4,316				
Total		17,494	20,128	6,633	31,265	29,120	115,878	124,656	553,035	669,495	724,305	849,758				
Total Assets											1,008,655	935,921				

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

b) Administered Interest Rate Risk (continued)

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2005 \$'000	2004 \$'000	1 Year or Less		1 to 5 years		> 5 years		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %
				2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000						
Financial Liabilities															
Trade creditors	22	-	-	-	-	-	-	-	-	1,310	2,912	2,912	2,912		
Grants and subsidies payable	22	-	-	-	-	-	-	-	-	57,229	79,377	79,377	79,377		
Asbestos removal provision	22	-	-	-	-	-	-	-	-	10,657	-	-	10,657		
Other provisions	22	-	-	-	-	-	-	-	-	12	-	-	12		
Total		-	-	-	-	-	-	-	-	69,208	82,289	82,289	82,289		
Total Liabilities										70,613			82,289		
Liabilities Not Recognised															
Other guarantees	24	-	-	-	-	-	-	-	-	-	12,500	12,500	-	12,500	
Total Financial Liabilities (Unrecognised)		-	-	-	-	-	-	-	-	-	12,500	12,500	-	12,500	



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Administered Financial Instruments

c) Net Fair Values of Administered Financial Assets and Liabilities

	Notes	2005		2004	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Administered Financial Assets					
Cash	21	420	420	73	73
Loans to State and Territory Governments (net)	21	171,271	171,271	181,263	194,553
Other loans (net)	21	2,961	2,961	2,153	2,153
Investments	21	523,861	523,861	622,419	622,419
Accrued revenue	21	15,430	15,430	33,034	33,034
Fees and other revenues receivable (net)	21	3,488	3,488	4,160	4,160
Total Financial Assets		717,431	717,431	843,102	856,392
Financial Liabilities (Recognised)					
Trade creditors	22	1,310	1,310	2,912	2,912
Grants and subsidies payable	22	57,229	57,229	79,377	79,377
Employee Provisions	22	1,405	1,405	-	-
Asbestos removal provision	22	10,657	10,657	-	-
Other provisions	22	12	12	-	-
Total Financial Liabilities (Recognised)		70,613	70,613	82,289	82,289
Financial Liabilities (Unrecognised)					
Other guarantees	24	-	-	12,500	12,500
Total Financial Liabilities (Unrecognised)		-	-	12,500	12,500

Financial Assets

The net fair values of cash and non interest bearing monetary financial assets approximate their carrying amounts. Loans to State and Territory Governments are carried at cost, which is below their net fair value. It is intended that these loans will be held to maturity. The net fair value of loans receivable are based on discounted cash flows using current interest rates for assets with similar risk profiles. The net fair values of investments in Australian Government authorities approximate their carrying amounts.

Financial Liabilities

The net fair values of Trade Creditors and Grants and Subsidies Payable are approximated by their carrying value. The fair values of unrecognised guarantees are zero because the likelihood that they will be called upon has been assessed as remote.

d) Credit Risk Exposures

The maximum exposure of Administered to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

Administered has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Appropriations**Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations**

Particulars	Administered Expenses		Departmental	Total
	Outcome 1	Outcome 2	Outputs	
Year ended 30 June 2005	\$	\$	\$	\$
Balance carried from previous year	21,722,144	14,355,528	95,818,782	131,896,454
Adjustment for overstatement of prior periods s8	30,728	-	12,700,000	12,730,728
Adjustment for overstatement prior year expenses	-	-	(169,066)	(169,066)
Reductions of appropriations (prior years) ²	14,708,297	11,755,545	37,674,000	64,137,842
Unspent prior year appropriations - invalid s31 ¹	-	-	(80,280,821)	(80,280,821)
Adjusted balance carried for previous period	7,044,575	2,599,983	(9,605,105)	39,453
Appropriation Act (No. 1) 2004 - 2005	183,557,000	178,628,000	193,494,000	555,679,000
Appropriation Act (No. 3) 2004 - 2005	19,797,000	21,228,000	9,497,000	50,522,000
Appropriation Act (No. 5) 2003-2004 - basic appropriation 2004 - 2005	-	-	-	-
Adjustments by the Finance Minister	-	-	(5,896,000)	(5,896,000)
Comcover receipts (Appropriation Act s13)	-	-	72,491	72,491
Advance to the Finance Minister	60,896,093	-	-	60,896,093
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-
Appropriation reduced by section 9 determinations (current year)	-	-	-	-
Sub-total 2004 - 05 Annual Appropriation	271,294,668	202,455,983	187,562,386	661,313,037
Appropriations to take account of recoverable GST (FMAA s30A)	3,048,344	12,463,049	9,084,068	24,595,461
Annotations to 'net appropriations' (FMAA s31)	-	10,954,680	-	10,954,680
30 June 2005 variation - s31³	-	-	89,755,213	89,755,213
Total Appropriations available for payments	274,343,012	225,873,712	286,401,667	786,618,391
Cash payments made during the year (GST inclusive)	268,776,293	186,704,624	189,172,146	644,653,063
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-
Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations	5,566,719	39,169,088	97,229,521	141,965,328
<i>Represented by:</i>				
Cash at bank and on hand	-	-	3,225,000	3,225,000
Receivables - departmental appropriations	-	-	78,522,582	78,522,582
Receivables - GST receivable from customers	-	-	35,602	35,602
Receivables - GST receivable from the ATO	-	-	2,801,847	2,801,847
Receivables - departmental appropriations - drawing rights withheld by the Finance Minister (FMAA s27(4))	-	-	-	-
Other - Undrawn, unexpired prior year appropriation to be lapsed 1 July 2005	-	-	12,700,000	12,700,000
Undrawn, unexpired administered appropriations	5,566,719	39,169,088	-	44,735,807
Less: Payable - Suppliers - GST Portion	-	-	(55,510)	(55,510)
Total	5,566,719	39,169,088	97,229,521	141,965,328



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations (continued)

1 Under Section 31 of the *Financial Management and Accountability Act 1997* (the FMA Act), the Finance Minister may enter into a net appropriation agreement with an agency Minister. Appropriation Acts Nos. 1 and 3 (for the ordinary annual services of government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with its Section 31 Agreement eg, receipts from charging for goods and services.

One of the conditions which must be satisfied under Section 31 of the FMA Act in order for an annual net appropriation to be increased lawfully in this way is that the Agreement is made between the Finance Minister and the agency Minister or by officials expressly delegated (where permitted) or authorised by them. An agency's Chief Executive is taken to be so authorised.

An official of the Department of Finance and Administration and the then Chief Executive Officer of the Department executed a Section 31 Agreement on 30 July 1999 to cover the period from 1 July 1999 until replaced by a new agreement executed on 3 March 2005. Accordingly, the Department has operated and recorded Section 31 monies as though an effective agreement existed. It has subsequently been determined Finance's signatory did not have an express delegation or authority for signing the agreement, with the result that the 30 July 1999 agreement was ineffective and which means the Department did not have a valid authority to spend Section 31 receipts.

The Department's current Section 31 Agreement was executed on 3 March 2005 between the Department's Chief Executive Officer and a delegate of the Finance Minister. Acknowledging the ineffectiveness of the prior agreement, the Chief Executive Officer of the Department of Finance and Administration varied this agreement on 24 June 2005, with effect from 30 June 2005, to capture retrospectively all monies that were subject to the prior agreement. This variation does not validate past breaches of section 83 of the Constitution.

Accordingly:

- amounts disclosed in previous financial years as available for spending under our departmental outputs appropriations up to 30 June 2004 were overstated by \$87,008m.
 - Of this amount, \$80,281m was unspent as at 30 June 2004 and so was incorrectly reflected in the balance brought forward to 1 July 2004;
- the 30 June 2005 variation to the agreement increased appropriation by the amount of invalid receipts (\$96,482m);
 - Of this amount, \$6,727m, which has already been spent in the period 1999 - 2005, is not available to be spent;
- In addition, spending totalling \$6,727m during 2001-02 was made without the authority of the Parliament, in contravention of Section 83 of the Constitution.

A year-by-year analysis of overstatement of the departmental output appropriations and overspending since the introduction of the accrual appropriation framework is given below.

	1998-99 (\$,000)	Total Pre-accrual Budgeting (\$,000)	1999-00 (\$,000)	2000-01 (\$,000)	2001-02 (\$,000)	2002-03 (\$,000)	2003-04 (\$,000)	Sub-total (\$,000)	2004-05 (\$,000)	Total 1 July 1999 to 30 June 2005 (\$,000)
Receipts affected	7,988	7,988	14,225	18,594	18,754	15,873	19,562	87,008	9,474	96,482
Unspent	7,988	7,988	14,225	18,594	18,754	15,873	19,562	87,008	9,474	96,482
Amount spent without appropriation	-	-	-	-	6,727	-	-	-	-	-

- 2 On 30 June 2005, the Finance Minister determined reductions in departmental outputs appropriations following a request by the Minister for Department of Transport and Regional Services. The amount determined under section 10 of Appropriation Act (No.3) of 2003-04 was \$37,674m and the amount determined under section 12 of Appropriation Act (No.4) of 2003-04 was \$57,700m. In addition, a reduction of \$5,896m was determined under section 9 of Appropriation Act (No.1) of 2004-05.
- 3 This amount represents receipts of \$96,482m appropriated by the Chief Executive of the Department of Finance and Administration's variation of 30 June 2005, less the amount spent without appropriations prior to 2004-05 of \$6,727m.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations *(continued)*

Particulars	Administered Expenses		Departmental	Total
	Outcome 1	Outcome 2	Outputs	
Year ended 30 June 2004 (comparative period)	\$	\$	\$	\$
Balance carried from previous year	15,303,214	5,260,532	51,370,623	71,934,369
Appropriation Act (No.1) 2003 - 2004	175,005,000	115,909,000	220,806,000	511,720,000
Appropriation Act (No.3) 2003 - 2004	17,640,000	-	1,260,000	18,900,000
Appropriation Act (No.5) 2003 - 2004	471,759,000	-	-	471,759,000
Departmental adjustments by the Finance Minister (Appropriation Acts)	n/a	n/a	-	-
Advance to Finance Minister	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-
Appropriations to take account of recoverable GST (FMA s30A)	6,272,490	7,845,53	7,256,159	21,374,182
Annotations to 'net appropriations' (FMAA s31)	-	-	19,562,000	19,562,000
Adjustments by the Finance Minister	-	(11,056,000)	-	(11,056,000)
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-
Appropriation lapsed	8,822,907	3,412,147	-	12,235,054
Total appropriations available for payments	677,156,797	114,546,918	300,254,782	1,091,958,497
Payments made during the year (GST inclusive)	655,434,653	100,191,390	204,436,000	960,062,043
Appropriations credited to Special Accounts	-	-	-	-
Balance carried to the next period	21,722,144	14,355,528	95,818,782	131,896,454



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Administered			Non-operating				Total
	Outcome 1		Outcome 2	NAE	Equity	Loans	Previous years' outputs	
	SPPs	NAE	SPPs	NAE	Equity	Loans	Previous years' outputs	Admin assets and liabilities
Year ended 30 June 2005	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	147,961	-	93,921,148	-	62,666,375	-	138	19,045,041
Correction to opening balance due to transcription error in prior year	-	-	-	-	-	-	137,862	-
Reduction of appropriations (prior years)	147,961	-	93,921,148	-	57,700,000	-	-	-
Adjusted balance carried forward from previous period	-	-	-	-	4,966,375	-	138,000	19,045,041
Appropriation Act (No.2) 2004 - 2005	3,000,000	-	157,754,000	-	10,140,000	-	1,200,000	14,988,000
Appropriation Act (No.4) 2004 - 2005	30,147,000	-	-	-	302,000	-	-	72,197,000
Departmental Adjustments and Borrowings	-	-	-	-	-	-	-	-
Advance to the Finance Minister	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-	-
Refunds credited (net) (FMAA s30)	-	-	-	-	-	-	-	-
Appropriation reduced by a section 11 determination (current year)	-	-	-	-	-	-	-	-
Sub-total 2004 - 05 Annual Appropriation	33,147,000	-	157,754,000	-	15,408,375	-	1,338,000	106,230,041
Appropriations to take account of recoverable GST (FMAA s30A)	14,727	-	-	-	-	-	-	-
Total appropriations available for payments	33,161,727	-	157,754,000	-	15,408,375	-	1,338,000	106,230,041
Cash payments made during the year (GST inclusive)	30,662,000	-	130,235,692	-	9,624,297	-	-	17,748,616
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the CRF for Other Than Ordinary Annual Services Appropriations	2,499,727	-	27,518,308	-	5,784,078	-	1,338,000	88,481,425
Represented by:								
Appropriations not drawn from the OPA	-	-	-	-	-	-	-	-
Departmental appropriation receivable	-	-	-	-	5,784,078	-	1,338,000	-
Undrawn, unexpended administered appropriations	2,499,727	-	27,518,308	-	-	-	-	88,481,425
Total	2,499,727	-	27,518,308	-	5,784,078	-	1,338,000	88,481,425

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations (continued)

Particulars	Outcome 1		Outcome 2		Non-operating				Total
	SPPs	New	SPPs	New	Equity	Loans	Previous years' outputs	Admin assets and liabilities	
Year ended 30 June 2004 (Comparative Period)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	1	-	48,019,694	-	60,465,013	-	-	122,888,094	231,372,802
Total annual appropriation - basic appropriations 2004 - 2005	2,220,000	-	150,740,000	-	24,890,000	-	138	5,000,000	182,850,138
Appropriation Act (No.4) 2004 - 2005	159,000	-	42,410,000	-	1,390,000	-	-	34,875,000	78,834,000
Adjustments by the Finance Minister	-	-	(10,135,000)	-	-	-	-	-	(10,135,000)
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMAA s30A)	23,000	-	-	-	-	-	-	-	23,000
Annotations to 'net appropriations' (FMAA s31)	-	-	-	-	-	-	-	-	-
Other cash adjustments	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-	-	-
Appropriation lapsed	(1)	-	(48,019,694)	-	(5,200,000)	-	-	-	(53,219,695)
Total appropriation available for payments	2,402,000	-	183,015,000	-	81,545,013	-	138	162,763,094	429,725,245
Cash payments made during the year (GST inclusive)	2,254,039	-	89,093,852	-	18,878,638	-	-	143,718,053	253,944,582
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-
Balance carried to the next year	147,961	-	93,921,148	-	62,666,375	-	138	19,045,041	175,780,663



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)

Local Government (Financial Assistance) Act 1995	2005	2004
	Outcome 2	
	\$	\$
<i>Purpose:</i> For payments to States and Territories for local government purposes.		
All transactions under this act are recognised as administered items.		
Cash Payment made during the year	1,540,162,329	1,514,467,455
Budget estimate	1,540,162,329	1,514,467,455
Protection of the Sea (Oil Pollution Compensation Fund) Act 1993	2005	2004
	Outcome 1	
	\$	\$
<i>Purpose:</i> For payments of contributions and late penalties relating to oil compensation from the CRF into the International Oil Pollution Compensation Fund 1992.		
All transactions under this act are recognised as administered items.		
Cash payment made during the year	2,105,847	4,445,129
Budget estimate	2,000,000	5,900,000
Section 28(2) of the Financial Management and Accountability Act 1997	2005	2004
	Outcome 1	
	\$	\$
<i>Purpose:</i> To allow the repayment of amounts received by the Commonwealth, required or permitted by an Act or other law.		
All transactions under this act are recognised as administered items.		
Cash payment made during the year	8,212,283	12,106,712
Budget estimate	-	-
Totals for unlimited special appropriations		
Payments made	1,550,480,459	1,531,019,296
Budget estimate	1,542,162,329	1,520,367,455

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)

Roads to Recovery Act 2000	2005	2004
	Outcome 1	
	\$	\$
<i>Purpose:</i> For funding to supplement spending on roads.		
All transactions under this act are recognised as administered items.		
Amount available carried from previous period	250,000,000	550,000,000
Available for payments	250,000,000	550,000,000
Cash payments made during the year (GST inclusive)	249,922,181	300,000,000
Amount available carried to the next period	77,819	250,000,000
<i>Represented by:</i>		
Appropriation receivable	-	250,000,000
Undrawn, unexpired administered appropriations	77,819	-
Total	77,819	250,000,000

Stevedoring Levy (Collection) Act 1998	2005	2004
	Outcome 1	
	\$	\$
<i>Purpose:</i> For payments in connection with stevedoring industry reform.		
All transactions under this act are recognised as administered items.		
Amount available carried from previous period	132,189,784	168,703,230
Appropriations to take account of recoverable GST (FMAA s30A)	14,968	-
Available for payments	132,204,752	168,703,230
Cash payments made during the year (GST inclusive)	46,921,611	36,513,446
Amount available carried to the next period	85,283,141	132,189,784
<i>Represented by:</i>		
Appropriation receivable	-	132,189,784
Undrawn, unexpired administered appropriations	85,283,141	-
Total	85,283,141	132,189,784

Totals for limited special appropriations	2005	2004
	Outcome 1	
	\$	\$
Totals for limited special appropriations		
Amount available carried from previous period	382,189,784	718,703,230
Appropriations to take account of recoverable GST (FMAA s30A)	14,968	-
Available for payments	382,204,752	718,703,230
Cash payments made during the year (GST inclusive)	296,843,792	336,513,446
Amount available carried to the next period	85,360,960	382,189,784
<i>Represented by:</i>		
Appropriation receivable	-	382,189,784
Undrawn, unexpired administered appropriations	85,360,960	-
Total	85,360,960	382,189,784

The Department also has responsibility for a range of Unlimited Special Appropriations, which are current but have no funds appropriated or payments made. These Unlimited Special Appropriations are:

- Section 21(4) of the Sydney Airport Demand Management Act 1997;
- Section 23 (2) of the Air Passenger Ticket Levy (Collection) Act 2001; and
- Section 67 AH(4) of the Australian National Railway Commission Sale Act 1997



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
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30 June 2005 30 June 2004
\$'000 \$'000

Note 28E: Special Accounts

Australian Land Transport Development Account

Legal Authority: Australian Land Transport Development Act 1988 (administered)

Appropriation: Financial Management and Accountability Act 1997; s21

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.

This account is non interest bearing.

Balance carried from previous year	-	-
Appropriations for reporting period	1,341,489,000	976,184,999
GST credits (FMAA s30A)	553,202	311,632
Available for payments	1,342,042,202	976,496,631
Payments made to suppliers	(1,342,042,202)	(976,496,631)
Balance carried to next year	-	-
<i>Represented by:</i>		
Cash held on call in the OPA	-	-
Total balance carried to the next period	-	-

Interstate Road Transport Act

Legal Authority: Interstate Road Transport Act 1985 (Administered)

Appropriation: Financial Management and Accountability Act 1997; s21

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.

This account is non interest bearing.

Balance carried from previous year	-	-
Appropriations for reporting period	43,177,122	41,107,875
GST credits (FMAA s30A)	-	-
Available for payments	43,177,122	41,107,875
Payments made to suppliers	(43,177,122)	(41,107,875)
Balance carried to next year	-	-
<i>Represented by:</i>		
Cash held on call in the OPA	-	-
Total balance carried to the next period	-	-

Rural Transaction Centres

Legal Authority: Telstra Corporation Act 1991 (Administered)

Appropriation: Financial Management and Accountability Act 1997; s21

Purpose: Enabling people in rural areas to have access to services and technology that enable them to obtain information or carry out transactions.

This account is non interest bearing.

Balance carried from previous year	14,098,417	34,471,533
Adjustment to balance bought forward	-	(7,518,263)
GST credits (FMAA s30A)	1,079,942	1,212,568
Available for payments	15,178,359	28,165,838
Payments made to suppliers	(11,705,689)	(14,067,421)
Balance carried to next year	3,472,670	14,098,417
<i>Represented by:</i>		
Cash held on call in the OPA	3,472,670	14,098,417
Total balance carried to the next period	3,472,670	14,098,417

The \$7,518,263 adjustment to the 2003-04 opening balance relates to expenses incurred against amounts directly appropriated to the Department for costs of operating the program, which it was later determined should have been credited to the Special Account and then drawn down to reimburse the Department.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

30 June 2005	30 June 2004
\$'000	\$'000

Note 28E: Special Accounts (continued)

Federation Fund		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20</i>		
<i>Purpose: To fund projects of national significance to mark the Centenary of Federation</i>		
This account is non interest bearing.		
Balance carried from previous year	45,347,586	78,666,076
Available for payments	45,347,586	78,666,076
Payments made to suppliers	(30,347,510)	(33,318,490)
Balance carried to next year	15,000,076	45,347,586
<i>Represented by:</i>		
Cash held on call in the OPA	15,000,076	45,347,586
Total balance carried to the next period	15,000,076	45,347,586
Services for Other Government and Non-Agency Bodies		
<i>Legal Authority: Financial Management and Accountability Act 1997; s21</i>		
<i>Purpose: For expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies.</i>		
This account is non interest bearing.		
Balance carried from previous year	1,368,526	1,311,520
Other receipts - goods and services	76,503	1,017,672
Available for payments	1,445,029	2,329,192
Payments made to suppliers	(741,577)	(960,666)
Balance carried to next year	703,452	1,368,526
<i>Represented by:</i>		
Cash held on call in the OPA	703,452	1,368,526
Total balance carried to the next period	703,452	1,368,526
Other Trust Monies Account		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20</i>		
<i>Purpose: Expenditure of money temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>		
This account is non-interest bearing.		
Balance carried from previous year	3,210,643	2,545,967
Adjustment for prior year receipts incorrectly recognised as OTM	(1,799,950)	-
Other receipts - goods and services	101,740	1,247,143
Available for payments	1,512,433	3,793,110
Payments made to suppliers	(726,495)	(582,467)
Balance carried to next year	785,938	3,210,643
<i>Represented by:</i>		
Cash held on call in the OPA	785,938	3,210,643
Total balance carried to the next period	785,938	3,210,643

As a result of reclassification of the phosphate conservation levy as Administered Revenue, prior year receipts of \$1,799,950 have been transferred from OTM to Administered Revenue.

The current year FMOs do not require COMCARE receipts to be disclosed as a separate account. These receipts and payments are disclosed as Other Trust Monies and the comparatives have been amended to take account of this.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29: Specific Payment Disclosures

	2005	2004
	\$	\$
<i>Administered</i>		
No 'Act of Grace' payments were made during the reporting period, and there were no amounts owing as at year end. (2004: 1 payment)	0	5,933
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2004: No waivers)	0	0
No ex-gratia payments were provided for during the reporting period. (2004: No payments)	0	0
<i>Departmental</i>		
No 'Act of Grace' payments were made during the reporting period, and there were no amounts owing as at year end. (2004: 1 payment)	0	19,043
One payment was made under the 'Defective Administration Scheme' during the reporting period. (2004: No payments)	5,580	0
No payments were made under S73 of the Public Service Act 1999 during the reporting period. (2004: 1 payment)	0	1,650

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30: Reporting of Outcomes

Where possible, actual usage of the service or resource is the basis for the attribution of shared costs. The basis of attribution in the table below is consistent with the basis used for the 2004-05 Budget.

Note 30A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Total	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Expenses</i>						
Administered expenses	1,983,356	2,024,689	1,890,138	1,704,127	3,873,494	3,728,816
Departmental expenses	131,877	151,687	60,096	149,439	191,973	301,126
Total expenses	2,115,233	2,176,376	1,950,234	1,853,566	4,065,467	4,029,942
<i>Costs recovered from provision of goods and services to the non-government sector</i>						
Administered	109,592	106,069	17,999	10,285	127,591	116,354
Departmental	961	872	364	5,029	1,325	5,901
Total costs recovered	110,553	106,941	18,363	15,314	128,916	122,255
<i>Other external revenues</i>						
Administered						
Levies, fees and fines	98,346	99,857	3,123	3,122	101,469	102,979
Interest	360	395	10,826	11,550	11,186	11,945
Dividends	37,290	19,600	-	31,000	37,290	50,600
Revenue from sale of assets	3,405	-	352	-	3,757	-
Other sources of non-taxation revenue	6,796	6,830	1,981	1,163	8,777	7,993
Total Administered	146,197	126,682	16,282	46,835	162,479	173,517
Departmental						
Goods and Services Revenue from Related Entities	5,114	2,096	1,599	7,302	6,713	9,398
Revenue from Sale of Assets	12	8	6	618	18	626
Asbestos Related Disease Claims	31,600	-	-	-	31,600	-
Other Revenues	312	663	138	2,308	450	2,971
Total Departmental	37,038	2,767	1,743	10,228	38,781	12,995
Total other external revenues	183,235	129,449	18,025	57,063	201,260	186,512
Net cost/(contribution) of outcome	1,821,445	1,939,986	1,913,846	1,781,189	3,735,291	3,721,175

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 the revenue and expenses have been allocated on a per capita basis, which most closely reflects actual usage.



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

Outcome 1	Output Group 1.1		Output Group 1.2		Output Group 1.3	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Departmental expenses

Employees	12,321	7,935	33,854	22,323	8,431	6,875
Suppliers	9,576	4,212	28,719	19,622	6,027	4,741
Depreciation and amortisation	702	332	2,522	1,564	804	542
Other expenses	131	16	384	62	93	15
Asbestos Related Disease Claims	-	12,926	-	48,164	-	-
Borrowing Costs	51	-	158	-	34	-
Grants	235	-	1,670	-	157	-
Total departmental expenses	23,016	25,421	67,307	91,735	15,546	12,173

Funded by:

Revenues from government	16,328	12,539	75,654	43,479	16,167	12,087
Sale of goods and services	574	208	4,236	1,172	472	331
Other non-taxation revenues	53	97	162	342	35	103
Revenue from Sale of Assets	2	-	7	-	1	-
Asbestos Related Disease Claims	8,035	-	21,196	-	-	-
Total departmental revenues	24,992	12,844	101,255	44,993	16,675	12,521

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 1 (continued)	Output Group 1.4		Output Group 1.5		Output Group Not Classified		Outcome 1 Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses								
Employees	6,806	5,485	6,711	5,561	-	-	68,123	48,179
Suppliers	4,675	5,036	4,294	3,291	-	-	53,291	36,902
Depreciation and amortisation	428	263	534	320	-	-	4,990	3,021
Other expenses	81	80	84	11	-	-	773	184
Asbestos Related Disease Claims	-	2,310	-	-	-	-	-	63,400
Borrowing Costs	30	-	30	-	-	-	303	-
Grants	136	-	2,199	-	-	-	4,397	-
Total departmental expenses	12,156	13,174	13,852	9,183	-	-	131,877	151,686
Funded by:								
Revenues from government	15,606	10,423	12,084	9,145	-	-	135,839	87,673
Sale of goods and services	434	993	359	264	-	-	6,075	2,968
Other non-taxation revenues	31	68	31	61	-	-	312	671
Revenue from Sale of Assets	1	-	1	-	-	-	12	-
Asbestos Related Disease Claims	2,369	-	-	-	-	-	31,600	-
Total departmental revenues	18,441	11,484	12,475	9,470	-	-	173,838	91,312

The prior year balances have been adjusted to allocate \$63.4m Asbestos Disease Related Claims expense, which could not be allocated to outputs previously due to insufficient information being available at the time the expense was first recognised. More extensive and reliable information has now been provided by the Government Actuary and accordingly this prior year balance of this expense has been allocated to outputs.



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 Group 2.1		Output Group 2.2		Output Group 2.3	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses						
Employees	3,256	7,100	15,333	10,638	5,667	13,154
Suppliers	1,736	6,275	11,645	7,450	11,087	58,288
Depreciation and amortisation	243	530	1,606	728	1,133	9,356
Other expenses	37	19	190	30	109	27,503
Borrowing Costs	15	-	76	-	27	-
Grants	293	-	349	-	445	-
Total departmental expenses	5,580	13,924	29,199	18,846	18,468	108,301
Funded by:						
Revenues from government	5,818	13,507	26,559	18,875	18,927	94,898
Sale of goods and services	107	713	586	307	1,191	10,563
Other non-taxation revenues	16	88	78	169	28	2,610
Revenue from Sale of Assets	1	-	3	-	2	-
Total departmental revenues	5,942	14,308	27,226	19,351	20,148	108,071

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 (continued)	Output Group 2.4		Output Group 2.5		Output Group 2.6		Outcome 2 Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses								
Employees	1,062	949	1,577	964	739	1,132	27,634	33,937
Suppliers	815	2,098	1,896	2,192	387	609	27,566	76,912
Depreciation and amortisation	67	177	100	189	47	43	3,196	11,023
Other expenses	47	6	18	7	8	2	409	27,567
Borrowing Costs	5	-	7	-	3	-	133	-
Grants	22	-	34	-	15	-	1,158	-
Total departmental expenses	2,018	3,230	3,632	3,352	1,199	1,786	60,096	149,439
Funded by:								
Revenues from government	3,158	2,950	3,301	3,131	3,493	1,792	61,256	135,153
Sale of goods and services	23	390	40	334	15	24	1,962	12,331
Other non-taxation revenues	5	17	8	27	3	15	138	2,926
Revenue from Sale of Assets	-	-	-	-	-	-	6	-
Total departmental revenues	3,186	3,357	3,349	3,492	3,511	1,831	63,362	150,410

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.



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 Outcomes

	Outcome 1		Outcome 2		Total	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Administered Revenues

Levies, fees and fines	148,498	144,041	3,123	3,121	151,621	147,162
Sale of goods and services	55,633	57,867	13,187	-	68,820	57,867
Interest	360	395	10,826	11,550	11,186	11,945
Dividends	37,290	19,600	-	31,000	37,290	50,600
Revenue from sale of assets	3,405	-	352	-	3,757	-
Other sources of non-taxation revenue	10,603	10,850	6,793	11,447	17,396	22,297
Total Administered Revenues	255,789	232,753	34,281	57,118	290,070	289,871

Administered Expenses

Employee Expenses	-	-	8,185	-	8,185	-
Grants	1,812,533	1,847,491	1,808,387	1,702,329	3,620,920	3,549,820
Subsidies	138,360	134,335	489	-	138,849	134,335
Suppliers	25,047	29,132	49,425	819	74,472	29,951
Depreciation and Amortisation	1,441	1,441	10,429	759	11,870	2,200
Other expenses	5,976	12,289	13,223	221	19,199	12,510
Total Administered Expenses	1,983,357	2,024,688	1,890,138	1,704,128	3,873,495	3,728,816

Note: 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.

INDEX AND KEY TERMS



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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 parliament and 'prescribed agencies' for the purposes 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. For a list of business divisions see page 7.

Certified Agreement (CA) A collective agreement relating to employment conditions made directly between an employer and a group of employees.

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

Competitive tendering and contracting (CTC) The process of contracting out the delivery of government activities previously performed by an Australian Government agency to another organisation.

Equity Also known as net assets, it is the residual interest in the assets of an entity after deduction of its liabilities.

Incident An occurrence that affected, or could have affected, the safety or security of an activity 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 outputs 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 or 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 be spent.

Portfolio agencies The different government agencies which are accountable to the Minister for Transport and Regional Services under the AAO. For a list of portfolio agencies see page 2.

Price of outputs The government's contribution to the department's direct costs in producing required outputs and associated indirect costs, such as corporate overheads. It does not include, for example, revenue from independent sources.

Reasonable adjustment 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

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
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
APEC	Asia-Pacific Economic Cooperation
APS	Australian Public Service
APSC	Australian Public Service Commission
APTNARC	Accessible Public Transport National Advisory Committee
AQIS	Australian Quarantine and Inspection Service
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
CA	Certified agreement
CASA	Civil Aviation Safety Authority
CCTV	Closed circuit television
COAG	Council of Australian Governments
CPG	Commonwealth Procurement Guidelines and Better Practice Guidance
CTC	competitive tendering and contracting
DA	development assessment
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
DOTARS	Department of Transport and Regional Services
EL	Executive Level (officer)
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ESD	ecologically sustainable development

FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI	Freedom of Information
FRRR	Foundation for Rural and Regional Renewal
GJ	gigajoule (of energy)
GST	Goods and Services Tax
HREOC	Human Rights and Equal Opportunity Commission
HR	human resources
IASC	International Air Services Commission
ICAO	International Civil Aviation Organization
IGA	Intergovernmental agreement
IMO	International Maritime Organization
IOPC	International Oil Pollution Compensation
IOTs	Indian Ocean Territories
IT	information technology
JBT	Jervis Bay Territory
JCPAA	Joint Committee of Public Accounts and Audit
KAVHA	Kingston and Arthur's Vale Historic Area [Norfolk Island]
KWh	kilowatt hours
MIFCo	Maritime Industry Finance Company Limited
MJ	megajoule (of energy)
MP	Member of Parliament
NAS	National Airspace System
NCA	National Capital Authority
NCTP	National Counter-Terrorism Plan
NDMP	Natural Disaster Mitigation Programme
NDRA	Natural Disaster Relief Arrangements
NSW	New South Wales
NSW RTA	New South Wales Road 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
QLD	Queensland
RASS	Remote Air Service Subsidy
RAWS	Registered Automotive Workshop Scheme

Acronyms continued...

RDC	Regional Development Council
RFMP	Regional Flood Mitigation Programme
RIS	Regulation Impact Statement
RTC	Rural Transaction Centre
SA	South Australia
SARS	Severe Acute Respiratory Syndrome
SES	Senior Executive Service
SIFC	Stevedoring Industry Finance Committee
TAS	Tasmania
TEU	20 foot equivalent units
TFES	Tasmanian Freight Equalisation Scheme
UK	United Kingdom
UN	United Nations
UNECE	United Nations Economic Commission for Europe
US	United States of America
VIC	Victoria
WA	Western Australia



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