

Department of Transport and Regional Services | **ANNUAL REPORT 2003-04**



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**Australian Government**

**Department of Transport and Regional Services**

**Secretary**

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

Dear Minister

I am pleased to present the Annual Report of the Department of Transport and Regional Services for the year ended 30 June 2004.

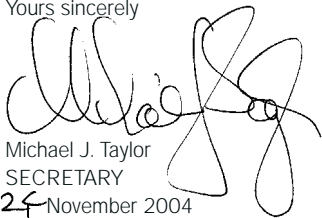
The report has been prepared in accordance with section 63 of the *Public Service Act 1999*, which also requires that you table the report in the parliament.

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 on the contents page.

The report also incorporates a range of other information to put our activities into context, such as an overview of the department's financial, environmental and social performance (our 'triple bottom line').

Yours sincerely



Michael J. Taylor  
SECRETARY  
24 November 2004

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

The Hon John Cobb MP  
Parliamentary Secretary to the Minister for Transport and Regional Services

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## Acknowledgements

This report reflects the efforts of many people. Special thanks go to the following executives, who provided strategic guidance and/or facilitated relevant clearance processes:

Peter Yuile, Deputy Secretary  
Jeremy Chandler, First Assistant Secretary, Corporate Group  
Simon A. Ash, Chief Financial Officer, and  
John Elliott, executive sponsor.

In preparing this report, business groups were fortunate to be able to draw on the project management and writing skills of:

Liz O'Donnell, Director, Business Performance Centre, and  
Adrienne Day, Day & Hodge Associates.

Thanks are also due to the many people who took the time and trouble to collect, validate and/or proof-read material. In addition to line managers, contributors included:

Skye Campbell-Ward, Julia Dawson, Chris Fitzpatrick, Kim Huegill, John Izzard, Karla Juranek, Gaye Lindfield, Jann Ollerenshaw, Craig O'Neill, Prasad Satya, Craig Stone, Rohan Wong, Anne Wright and Nicholas Young from Corporate Group.

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Leah Harris, Neil Christopher and Verner Verass from Design Direction laid out the printed and online versions of this report, and Barry Howarth Editing, Indexing and Researching Services indexed the printed version.

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.

If you have comments or queries about this report, please contact our annual report team (for details see inside back cover).

## Styles and conventions in use

The following notation is used in tables throughout this report:

\$m	\$ million
–	zero, nil
est	estimated and subject to change e.g. through the Additional Estimates process
n/a	not applicable

Figures in the text and in tables are generally rounded. 'Totals' are generally the rounded sum of unrounded figures and so may not be the strict sum of the figures presented.

## Warning

This report may contain images of deceased persons and of places that could cause sorrow.

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

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*Opposite: Ken Matthews, secretary of the department from November 1999 until October 2004. Mr Matthews is now heading up a new National Water Commission within the Prime Minister's portfolio.*



CHAPTER 1 | Year in review

# 1





**Australian Government**

**Department of Transport and Regional Services**

**Secretary**

## **YEAR IN REVIEW**

The department is in the business of helping to deliver a better transport system for Australia and of helping regional communities to face their challenges and take opportunities to further develop and grow.

The department focuses on what matters to the community. Is Australia's transport system secure and safe? Is it sustainable in economic, social and environmental terms? Do people and businesses in our many regions and territories enjoy comparable services and opportunities as in similar parts of Australia? Do local councils have the capacity to serve their communities well? And, what sensible steps can communities take to protect themselves, prepare and recover from natural disaster?

In 2003-04 we set ourselves an ambitious agenda.

After two years of planning and consultation, AusLink—Australia's first national land transport plan since federation—was launched. This \$12 billion, five-year plan will enhance road safety, reduce congestion and support faster, easier freight transportation. History was also made with the opening of the Alice Springs to Darwin rail link. The 1420 km track completes Australia's interstate rail system, and stands as one of the nation's great engineering feats.

The needs of regional communities also received attention. We made it easier for communities to access funding grants by merging nine programmes into one—the Regional Partnerships Programme. We also led the way on natural disaster management, working closely with all levels of government to develop a new five-year plan for preparing for natural disasters before they happen.

The threat of global terrorism continued to have a profound impact on the Australian community. Security issues dominated much of our work. We gained international recognition for our success in implementing maritime and aviation security measures. We also provided leadership in the Asia-Pacific region, helping our neighbours meet their obligations under international security treaties.

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Within the department, due to the financial pressures identified in our annual report last year, we made major changes to the way we manage ourselves. These changes were encapsulated in the Work out/Work up plan. I would like to thank staff who made significant sacrifices and an enormous effort to support these reforms. Their efforts and professionalism have already delivered results—an independent audit has confirmed that we are now on a sustainable long term financial path.

All in all, we have achieved remarkable results while continuing to deliver the everyday services Australians rely on us to provide. Our success is the result of the hard work of our people, and the strong partnerships we have built with clients, industry and other governments.

It is a legacy I am proud of, especially now, when after five rewarding years, I am leaving the department to take up the position of Chief Executive of the new National Water Commission.

Mike Taylor, formerly Secretary of the Department of Agriculture, Fisheries and Forestry, will be the new secretary and I wish him every success. We have good quality systems and processes in place, as well as solid teams throughout the department who will provide stability and corporate memory in the months ahead.

The department also will bid farewell to one of our two deputy secretaries, Lynelle Briggs, who has been appointed as Public Service Commissioner. We are delighted at this recognition of Lynelle and I know she will have a great impact as the new head of the Australian Public Service Commission.

The department will continue to benefit from the expertise and experience of Deputy Secretary Peter Yuile. He is a fine Australian public servant who models the very best collegiate behaviour and will provide continuity of direction from the executive.

I want to take this opportunity to thank publicly all members of the department for their friendship and hard work over our years together. I have enjoyed every one of my five years as departmental secretary. DOTARS is a fine department and is making a real contribution to Australia.

Ken Matthews  
Secretary

26 October 2004

## TRANSPORT AND REGIONAL INFRASTRUCTURE

### A national plan for land transport

After two years of detailed work and consultation the Australian Government launched the AusLink White Paper, *AusLink – Building our National Transport Future*, in June 2004.

AusLink is the government's plan for land transport infrastructure planning, funding and operation. It is a new approach to the way Australia plans, makes decisions about and invests in national transport infrastructure (see case study opposite).

### A new national rail network

We helped broker an end to 150 years of division in the management of Australia's railways. In December 2003, NSW Rail agreed to hand over its interstate and Hunter Valley tracks to the Australian Rail Track Corporation (ARTC) under a 60 year lease.

The lease enables one body, the ARTC, to provide interstate track access to operators from Perth to the Queensland border—over 3400 km in all. Negotiations to bring the last 100 km of track, between the Queensland border and Brisbane, into the network will begin in 2004–05.

The ARTC, which is wholly owned by the Australian Government, has already begun to invest \$450 million in improving the main north-south route. Under AusLink, the Australian Government and the ARTC will invest \$1.8 billion on rail projects over the next five years, particularly on the vital north-south interstate corridor.

Another development in 2003–04 was the opening of the Alice Springs to Darwin rail link in January 2004. The 1420 km track, built and operated by a private firm, completes Australia's interstate rail system and stands as one of the nation's great engineering feats. We are contributing up to \$190 million to the project on behalf of the government.

### Accessible and sustainable infrastructure

In the aftermath of the September 11 attacks and major insurance industry upheavals, we had to take a number of steps including providing war risk and terrorism insurance indemnities to maintain vital air services. In 2003–04 we were able to end this support as the global insurance market again provided suitable insurance coverage to airports and airlines.

We maintained our efforts to ensure transport is accessible for all parts of our community. We administered payments worth more than \$140 million to make key regional air and sea services more affordable (table 4.12 page 89). We provided another \$1.7 billion to make roads safer under various programmes (table 4.10 page 76).

We made good progress also in policies and programmes to ensure transport and regional development is socially and environmentally sustainable (see pages 14–17 for details). Working with other government departments to implement the National Water Initiative will be one of our priorities for 2004–05.



## CASE STUDY—BUILDING A BETTER TRANSPORT SYSTEM THROUGH AUSLINK

AusLink differs from the previous approach in that it focuses on key transport corridors and the best way to address transport needs. It goes well beyond the existing National Highway system (page 79) and includes nationally significant urban links as well as rail.

Investment in these corridors will be focused on those projects and solutions that deliver the best results from a national perspective

– whether this is a new road, a rail enhancement or a new technology (such as might be used to change speed limits to reflect conditions).

Consistent with a much broader National Network, the Australian Government will share funding responsibility with the states and territories. This will mean a new way of working with states and territories. Private sector partnerships will also be encouraged where appropriate.

Funding also will be guided and underpinned by a five-year national plan with a 20-year horizon. This provides the longer-time frames and certainty to ensure strategic investment, which is so important in the planning and construction of major infrastructure works.

In recognition of the unique opportunity AusLink provides, the Australian government has committed significant additional investment to road and rail. Over the next five years, we will administer payments totalling:

- \$7.7 billion on the AusLink National Network, with substantial increases in funding to all states and the Northern Territory on road and rail, and
- \$1.5 billion to local councils for spending on local and regional road priorities (Roads to Recovery).

Combined with funding for roads through Financial Assistance Grants (page 127) and the National Black Spot Programme (page 80), this package will bring total Australian Government funding for road and rail over the next five years to \$12 billion—the equivalent of two Snowy Mountain schemes<sup>a</sup>.

<sup>a</sup> This estimate reflects additional funding announced since the release of the white paper.



## REGIONAL SERVICES

### Regional growth

The launch of the Regional Partnerships Programme on 26 June 2003 signalled a new partnership between government and regional communities. By merging nine regional programmes into one, the government has made it simpler for regional communities to access grants for development projects. Communities now only have to deal with one programme, one application form and one standardised funding agreement.

The role of 56 Area Consultative Committees (ACCs) has also been strengthened under the programme. ACCs now have a hands-on role, helping local people and businesses turn good ideas into great projects. They are the main conduit for funding applications and they help ensure funding decisions reflect local and regional priorities.

#### Did you know?

While our rural and remote regions are home to around one third of our population, they generate two thirds of our export income.

Rapid population shifts pose a particular challenge to our regions. While there is a steady decline in some bush populations, coastal populations are rising by 53 000 to 68 000 people each year.

A population jump of just 10 000 people equates to 3700 new households, \$25 million in supermarket spending and \$70 million in other retail spending. A loss of 10 000 people means the reverse.

*Source: Bernard Salt, Population Movement—Myths and Realities, presentation to DOTARS  
11 June 2004*

Through the programme, we have begun to tackle the major challenges facing regional businesses: access to finance, infrastructure and skilled staff. These issues were brought into focus with the release of the independent report, *Regional Business—A Plan for Action*, in mid 2003. We expect to take more steps to address these issues in the year ahead.

### Better arrangements for territories

Australia's territories are home to more than half a million people.

In 2003–04, we advised ministers on the appointment of four key office holders, and on legislative changes to bring Norfolk Island's electoral and land use regimes into line with the rest of Australia. We expect to take further steps to improve territory governance in 2004–05, as the Australian Government responds to relevant parliamentary inquiries (see page 152).

We also made good progress in improving essential services to the 2700 residents of non self-governing territories (see case study page 120).



## Relationships with local government

Funding for local councils, which provide essential services to all Australians, has been the subject of vigorous public debate for several years. Last year was no exception, with the release of the Hawker Report in November 2003. Prepared by the House of Representatives Standing Committee on Economics, Finance and Public Administration, it recommends sweeping reforms to local government relations and Australian Government funding for local government.

In response to the report, we immediately set up a departmental taskforce and briefed the Local Government and Planning Ministers' Council. We used our annual meeting with staff from local government grants commissions to discuss possible responses to the report. We also convened a roundtable between the council and the presidents of local government associations in June 2004.

As part of the government's response to the report, we have been asked to administer additional payments of \$26.3 million over three years to help South Australian councils with the cost of local roads. Future arrangements for local government funding will be a key issue as the Australian Government finalises its response to the Hawker report.

## Natural disasters

In 2003–04, we led reforms in natural disaster management in Australia. We built on work carried out with all levels of government to review how we manage natural disasters. The group of senior officials who undertook the review was chaired by our secretary. We also contributed staff to the review secretariat, as did the Queensland Department of Emergency Services.

The review recommended that we move beyond disaster response and reaction towards anticipation and mitigation—an approach that was endorsed by the Council of Australian Governments (COAG) in December 2003. We will administer increased funding for disaster mitigation projects, a key part of the new approach, over the next five years.



## TRANSPORT SECURITY AND SAFETY

### Leadership in transport security

Security issues dominated much of our work in 2003-04. We set up a new Office of Transport Security to strengthen Australia's transport security framework.

We launched a new maritime security regime and expanded the aviation security regime. Implementing change was not easy for industry or the department due to the sheer amount of work involved within tight deadlines (page 48). We have gained international and national recognition for the way in which the new maritime security regime was rolled out.

We worked closely with state and territory governments and industry to develop a cohesive National Transport Security Strategy. The Australian Transport Council endorsed this strategy in April 2004, and will consider a detailed agreement on land transport security in November 2004. We have also started work with regional airports to improve their security capabilities.

We shared our expertise internationally, and helped our neighbours in the Asia Pacific to meet their obligations under international security treaties. We will continue to build these relationships in 2004-05 through staff based in Jakarta and Manila, as well as through close cooperation with Papua New Guinea and other Pacific neighbours.

We also worked with the United Nations to develop international standards on a range of issues, most notably transport provisions for dangerous goods. We led a parallel process to develop the 7th edition of the Australian Dangerous Goods Code. We expect to release the revised national code later in 2004-05.







## Safety focus widened to rail and freight

We implemented legislation to replace the National Road Transport Commission with a broader National Transport Commission (NTC), as planned in early 2004. The NTC will facilitate more cohesive and consistent regulatory reform in and across road and rail transport (page 62). Similar changes are taking place at an international level (page 47).

We took on a greater role in rail safety with the implementation of the *Transport Safety Investigation Act 2003*. The Act empowers the department's Australian Transport Safety Bureau (ATSB) to investigate incidents on the Defined Interstate Rail Network. It carries across to rail ATSB's highly successful, independent, 'no blame' approach to investigating aviation and maritime accidents and incidents.

We also worked with the Australian Logistics Council to improve handling of domestic freight. The council agreed proposals on the handling and transport of dangerous goods, which will be reflected in the 7th edition of the Australian Dangerous Goods Code. It also endorsed rail infrastructure investment totalling \$450 million in key transport corridors (page 77).

### Did you know?

Australia's transport system is vast. Each year:

- our airports handle 1.1 million flights and 45 million passengers
- 3100 ships make 23 000 port calls
- we export 500 million tonnes of freight and move another 2.3 billion tonnes within Australia
- transport employs over 400 000 people—roughly 1 in 20 jobs.

*Source: BTRE, Australian Transport Stats (May 2004)*

## Continued support for aviation safety and airspace reforms

We brought forward legislation to give effect to Australian Government decisions on the reform of the Civil Aviation Safety Authority (CASA). Once passed, the *Civil Aviation Amendment Act 2003* abolished the CASA Board and made the Director of Aviation Safety the Chief Executive Officer of CASA. These changes provide our minister, who appoints the director, with stronger and more direct control over the governance of CASA.

The next stage of the new National Airspace System (stage 2b) was implemented in November 2003 under the auspices of the Aviation Reform Group, chaired by the secretary, Airservices Australia, as the airspace safety decision maker, is now preparing changes in light of operational experience. The final phase of stage 2 (stage 2c) was postponed to allow more time for industry consultation, training and education and for passage of enabling regulations.

We have prepared for the consolidation of regulatory functions within Airservices Australia, pending their transfer to a new airspace directorate to be set up in 2004–05. Once relevant legislation is passed to effect the transfer, it will free up Airservices Australia to focus on air navigation services.

## MANAGEMENT REFORMS

### Work out/Work up

In 2003 real and increasing financial pressures made us rethink the way we manage ourselves. We took control of our own future through a plan to 'work out' to secure our financial sustainability and to 'work up' our organisational performance to a higher level. Implementing the two-year Work out/Work up plan has not been easy but we have achieved what we set out to do in 2003–04. We have:

- implemented a new structure (page 32) and revised governance arrangements (page 144)
- set and met tough financial targets, with most groups achieving a 10 per cent reduction in their operating budgets, and
- managed the associated reduction in staff numbers responsibly (page 154).

We are now focusing on building capabilities in all areas. Through the Work out/Work up plan we have had the financial capacity to deliver:

- fair pay rises to staff at all levels, as part of our new certified agreement (page 156)
- a new 'Developing in DOTARS' programme (page 157)
- changes to accommodation to reflect our new organisational structure, and
- enhancements to our IT systems to deliver better services and performance.

An independent financial consultant has confirmed that we are on a sustainable financial path provided we maintain our strong financial focus. This advice is reflected in our management priorities for 2004–05.

### Information technology (IT)

We rely on our IT to access the information we need to do our jobs, and to communicate effectively with clients, particularly people in regional Australia and people with disabilities.

IT was a particular issue for us in 2003–04. The Group 5 contract, to which we were a party along with several other agencies, was due to expire on 30 June 2004. We had already begun an open tender process to identify our preferred IT service provider at 1 July 2003. We signed a four-year contract with Ipex, an Australian small to medium enterprise, in late 2003<sup>1</sup>.

The new arrangements have exceeded all expectations. The transition was achieved on time and within budget, with minimal disruption to business areas. It was all the more remarkable in that it involved substantial upgrades to our IT infrastructure, including the bulk of our PC and printer fleet, and with the ongoing costs being less than under the previous contract.

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<sup>1</sup> In early 2004 Ipex merged with Volante to form Australia's largest domestic IT services provider in terms of revenue.



## FINANCIAL PERFORMANCE

The parliament provides us 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 Commonwealth Parliament, which controls how these resources are to be managed.

### Departmental finances

In 2003-04 we reported an operating loss of \$59.4 million. This loss was greater than planned mainly due to the government decision that agencies should make specific provisions for asbestos-related disease claims<sup>2</sup>. This decision increased our expenses and liabilities by \$63.4 million. Other issues also affected our financial performance:

- the transfer of immigration staff housing on Christmas Island to the Department of Immigration, Multicultural and Indigenous Affairs increased our expenses and reduced our non-financial asset base by \$23.8 million
- the revaluation of our asset holdings in the Indian Ocean Territories (IOTs) and Jervis Bay Territory resulted in the value of our non-financial asset base rising by \$20.7 million<sup>3</sup>, and
- despite substantial increases in workload, employee and supplier expenses rose only a modest amount due to self-imposed expenditure restraint under the Work out/Work up plan and slippage in some projects.

Our net assets fell by \$12.4 million overall and our financial assets rose by \$51.1 million<sup>4</sup>. This was a strong result in the circumstances. Roughly two-thirds of our financial assets will be transferred from departmental to administered funding in 2004-05, along with non-financial assets and transactions associated with services to the IOTs (see page 118).

**Table 1.1 – Summary of departmental financial performance and position**

		2002-03	2003-04	Change
Revenue from government		\$229.3m	\$222.8m	2.8% ▼
Other revenue		\$17.5m	\$18.9m	7.6% ▲
<b>Total revenue</b>		<b>\$246.8m</b>	<b>\$241.7m</b>	<b>2.1% ▼</b>
Employee and supplier expenses		\$194.2m	\$195.8m	0.8% ▲
Depreciation		\$12.8m	\$14.0m	9.4% ▲
Other expenses		\$19.6m	\$91.2m	364.8% ▲
<b>Total expenses</b>		<b>\$226.6m</b>	<b>\$301.1m</b>	<b>32.9% ▲</b>
<b>Operating result (loss)</b>		<b>\$20.1m</b>	<b>(\$59.4m)</b>	
Financial assets	A	\$109.6m	\$160.7m	46.6% ▲
Non-financial assets	B	\$250.9m	\$247.9m	1.2% ▼
Liabilities	C	\$48.3m	\$108.9m	125.5% ▲
<b>Net assets = A + B - C</b>		<b>\$312.1m</b>	<b>\$299.7m</b>	<b>3.9% ▼</b>

## Administered finances

At the beginning of 2003–04 parliament made \$3.3 billion available for grants, subsidies and other administered payments. A further \$513.8 million became available during the year, mainly due to government decisions to:

- invest in rail infrastructure (\$450.0 million)
- enhance aviation security at regional airports (\$35.0 million), and
- adjust funding for demand-driven programmes (\$26.7 million net increase).

We made payments totalling \$3.7 billion during the year. While many small programmes underspent by more than 10 per cent, only four programmes reported underspends greater than \$5 million (see table 1.2 below). If the provision for natural disaster relief is excluded<sup>5</sup>, our estimate of the total funds required in 2003–04 was 99 per cent accurate.

**Table 1.2 – Major underspends in administered programmes**

Programme	Underspend	See also page
Natural Disaster Relief Arrangements (NDRA)	\$88.1m	133
Federation Fund projects	\$15.9m	82
Regional Partnerships Programme	\$12.5m	111
Regional Flood Mitigation Programme	\$5.2m	131

While most taxation revenues rose, overall taxation revenue collected on behalf of government fell by \$147.7 million in 2003–04. This fall reflected the government decision to cease the Air Passenger Ticket Levy (\$165.2 million).

Non-taxation revenues rose \$10.3 million overall. This rise reflected an extra \$18.5 million dividend payable by the Albury Wodonga Development Corporation, which more than offset a decline in other non-taxation revenues.

There was no real change in the value of non-financial assets, which are mainly land and buildings at Badgerys Creek and on Norfolk Island. However, financial assets rose by three per cent due to government decisions to invest in the ARTC (\$143.4 million) and reduce investment in Airservices

<sup>2</sup> The Australian Government first disclosed a \$0.9 billion provision for current and future asbestos-related disease claims in the Consolidated Financial Statements for the year ended 20 June 2003. In light of actuarial analysis, the Department of Finance and Administration advised agencies to report specific provisions in their 2003–04 financial statements.

<sup>3</sup> We take stock of and revalue assets on a three-yearly cycle in accordance with Australian Accounting Standards (*AASB 1041 Revaluation of Non-Current Assets*) and the Finance Minister's Orders. For details of our asset management policies and practices, see our audited financial statements (page 231, Notes 1.11 through 1.15, 1.21 and 2).

<sup>4</sup> Our financial assets include cash on hand and appropriations receivable. These assets may not be invested or used to earn income except as permitted by the Minister for Finance and Administration.

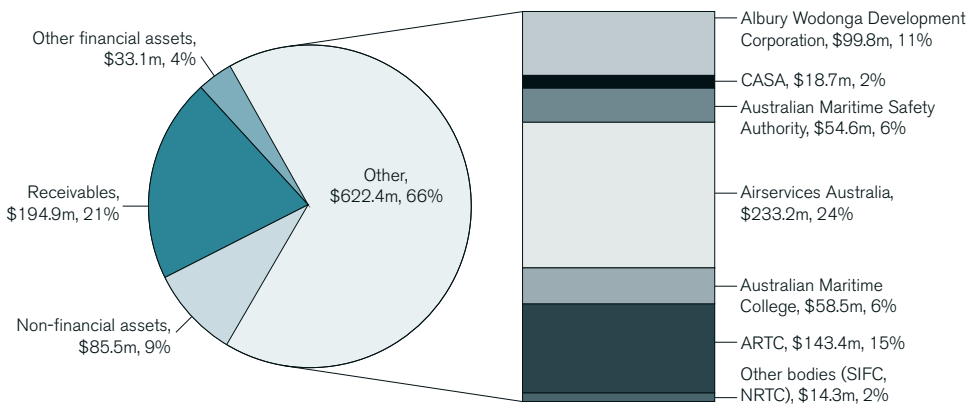
<sup>5</sup> The actual level of payments for disaster relief depends on the incidence and severity of natural disasters, and on the costs incurred and claims made by state and territory governments.



Australia (\$70.0 million). At the same time liabilities, which largely comprise a guarantee to cover borrowings by the Maritime Industry Finance Company (MIFCO) Ltd, fell 28 per cent as MIFCO continued to repay borrowings.

As at 30 June 2004, administered assets exceeded quantifiable liabilities by a ratio of 10:1. Figure 1A below illustrates the mix of assets we administered at 30 June 2004. For more information, see our audited financial statements (page 211).

**Figure 1A – Value of administered assets held at 30 June 2004**



**Table 1.3 – Summary of administered financial performance and position**

	2002–03	2003–04	Change
Taxation revenue	\$294.9m	\$147.2m	50.1% ▼
Non-taxation revenue including dividends	\$132.4m	\$142.7m	7.8% ▼
<b>Total revenue</b>	<b>\$427.3m</b>	<b>\$289.9m</b>	<b>32.2% ▼</b>
Grants	\$2 966.6m	\$3 549.8m	19.7% ▼
Subsidies	\$147.9m	\$134.3m	9.2% ▼
Other expenses including depreciation	\$38.7m	\$44.7m	15.5% ▲
<b>Total expenses</b>	<b>\$3 153.2m</b>	<b>\$3 728.8m</b>	<b>18.3% ▲</b>
Financial assets	\$797.5m	\$850.4m	2.9% ▲
Non-financial assets	\$85.9m	\$85.5m	0.5% ▼
Liabilities	\$114.1m	\$82.3m	27.9% ▼

## ENVIRONMENTAL PERFORMANCE



**Biodiversity.** The territories we administer contain many unique species and habitats. We work closely with Parks Australia and local communities to conserve biodiversity (page 120). We also work with local councils to recognise and promote better practice in this area (page 124).

*Left: We have built 32 'crab crossings' on Christmas Island to protect its unique red crabs from road traffic during their annual migration (Photo courtesy of and © Parks Australia North)*



**Natural and cultural heritage.** The territories we administer each have a long and unique history. On Norfolk Island, we manage the best remaining examples of Georgian architecture in Australia (page 118). In the IOTs, we manage numerous places of worship. A number of our assets are listed on the Register of the National Estate.

*Left: Modern school buildings we own on Christmas Island reflect the Islamic heritage of most islanders. (Photo DOTARS)*



**Land use.** From 2004–05 we will lead reform of land use planning to reduce avoidable risks and damage from natural disasters such as fires, floods and landslides. This will build on our work in 2003–04 with all levels of government to improve how we manage the risk of natural disasters (page 7).

*Left: Major bushfires in 2002–03 highlighted the need for land use planning to address natural hazards. (Photo courtesy of and © Department of Sustainability and Environment Victoria)*



**Inland waters.** Access to water is restricting growth opportunities for agriculture and rural towns. In 2003–04, we sponsored work with communities to find solutions to the critical water issues facing our nation, including through the Regional Women's Advisory Council (page 106).

*Left: As drought and dryland salinity forces industries and regions to adjust, competition for grants will rise (page 108). (Photo courtesy of and © Environment Australia)*



**Human settlement.** Noise and its effect on people is rising as residential density and traffic volume rises. We monitor and regulate the environmental and social impact of airport operations (page 52). We are also putting noise insulation into homes and public buildings around Sydney and Adelaide airports (page 94).

*Right: Selected airport curfews are one of the ways we reduce the impact of aircraft noise on communities. (Photo Communications Unit DOTARS)*



**Coasts and oceans.** Shipping and port activity are legitimate uses of our seas. We have introduced regulations to prohibit ships from discharging untreated sewage near coastal areas (page 55). We also collect compensation from oil companies to cover the clean-up costs for oil spills (page 97).

*Right: Wreck Bay in Jervis Bay Territory is a place of special significance to local indigenous peoples. (Photo DOTARS)*



**Atmosphere.** Transport is a vital element of our economy. In that context, we are working to reduce transport emissions by informing consumer choices and regulating to improve vehicle efficiency (page 58). We have also modelled the environmental, economic and regional impact of setting targets for the use of biofuels based on current technologies (Appendix B page 174).

*Right: By reducing traffic congestion, the AusLink initiative will also help reduce emissions and noise. (Photo Communications Unit DOTARS)*



**'Think globally, act locally.'** We are committed to reducing our own energy usage and waste generation. In 2003–04, we met government energy targets for the third year running, although our overall consumption rose due to changes in our business (Appendix E page 191).

*Right: Centralised building control systems control lighting and air conditioning in many locations including in our national office. (Photo Liz O'Donnell DOTARS)*





## SOCIAL PERFORMANCE



**Community participation.** We aspire to communicate and consult effectively with all stakeholders. We are in regular contact with over 150 different groups (table 7.5 apge 200), and meet with or set up groups as required on specific issues such as water reform (see case study page 106).

*Left: One reason for our success—the 500 community leaders who advise us on the issues facing their regions. (Photo Brian Hartigan DOTARS)*



**Social justice and equity.** We are working to address the disadvantage faced by remote indigenous communities. We are sponsoring the pilot of a new 'whole of government' approach in the East Kimberley involving the WA Government and the Australian Government, together with local government and communities (page 160) as well as indigenous women's gatherings (page 106).

*Left: Minister Anderson with children from Billiluna in the East Kimberley. (Photo DOTARS)*



**Client service.** We maintained very high levels of client satisfaction in 2003–04, and no overdue ministerial correspondence for a significant part of the year (figure 6D page 147). The Commonwealth Ombudsman made a finding against us in just three cases, down 60 per cent from last year (page 150).

*Left: Some people talk about 'going the extra mile'. Our staff drove over 1.5 million kilometres on official business in 2003-04. (Photo David Loch DOTARS)*



**Value for money.** In 2003–04 we made grants, subsidies and other payments on behalf of the Australian Government totalling \$3.7 billion. We received \$222.8 million from government for our services, which include research, policy advice and regulation—this equates to six cents for every dollar that goes to the community.

*Left: Many of the projects we fund continue to benefit the community long after funding has ceased. (Photo Communications Unit DOTARS)*





**Workforce planning.** In 'working out' of our financial difficulties (page 10), we experienced significant staff reductions mainly through natural attrition and tight controls on recruitment. We modified our plans mid-year to take on a greater role in transport security (see case study page 48).

*Right: Graduates continue to be a key focus for recruitment and development. Here, some of our 2003 graduates help each other climb Jacob's Ladder. (Photo Erin Cain DOTARS)*



**Employee relations and remuneration.** We negotiated a new certified agreement (CA) over 2003–04, which received a resounding 'yes' vote in July 2004. Our new CA continues to provide a range of non-financial benefits to help staff balance their work and home lives and to support diversity principles (page 156).

*Right: Each year our staff raise thousands of dollars for good causes. (Photo Nonnie Oldham DOTARS)*



**Occupational health and safety.** We achieved our best results on record in terms of claims made and weeks lost through incapacity in 2003–04. We are monitoring other indicators of staff wellbeing to ensure we remain a healthy place to work (see page 163).

*Right: Extreme heat, snakes and feral camels were all in a day's work for rail safety investigators flying in to inspect 1.2km of damaged track on the Nullarbor. (Photo ATSB Rail Safety Team DOTARS)*



**Competitive tendering and contracting.** We lead by example in giving smaller regional firms a chance to win our business. Our new contract for the provision of IT services went to an Australian small-to-medium enterprise, Ipex (page 10). We exceeded government targets for the use of regional airlines. For more information on purchasing outcomes see Appendix C (page 176).

*Right: Want to do business with us? We list all publicly available business opportunities on AusTender [www.tenders.gov.au](http://www.tenders.gov.au)*



## SUMMARY OF PROGRESS ON OUR PRIORITIES FOR 2003–04

This scorecard summarises our top 20 priorities for 2003–04, how far we have progressed against each one and where to find more information within this report.

**Table 1.4 – Progress report on our top 20 priorities for 2003-04**

Priority	Progress*	More info
1. Develop a national transport security framework and implement enhanced transport security arrangements throughout the supply chain including maritime and aviation security	✓✓✓	page 8
2. Lead the development nationally of more consistency in rail operational and safety regulatory arrangements	✓✓✓	page 9
3. Establish the NTC to lead the development nationally of more consistency in road, rail and intermodal transport regulatory arrangements	✓✓✓	page 9
4. Develop a single, flexible funding programme (AusLink), with increased private sector participation, to replace the separate programmes for different types of transport with specially earmarked funds for regional Australia	✓✓✓	page 6
5. Lead the development nationally of interstate rail network investment and access arrangements and finalise the lease of NSW interstate rail track by the ARTC and access agreements with Queensland and Western Australia	✓✓✓	page 4
6. Manage and progress transport policy issues in relation to energy, technology and the environment, including energy taxation, vehicle emissions, noise and greenhouse effects	✓✓✓	page 15
7. Articulate and progress the government's policy approach to aviation, with special attention to aviation in regional Australia	✓✓✓	page 4
8. Implement government decisions on reform of CASA and develop regulatory and administrative arrangements that complement the reforms introduced in the new Civil Aviation legislation	✓✓✓	page 9
9. Continue airspace reform through implementation of NAS, integrating Australian aviation into a global model while drawing on the US system as world's best practice	✓✓✓	page 9
10. Establish a firm public policy base for the future governance of Airservices Australia	✓✓✓	page 9
11. Conduct safety investigations under the new <i>Transport Safety Investigation Act 2003</i> , including the expanded ATSB role in rail investigations	✓✓✓	page 9
12. Identify opportunities for more effective cooperation between government and the logistics industry	✓✓✓	page 9



Table 1.4 continued ...

Priority	Progress*	More info
13. Manage programmes that support equitable access of regional communities to transport services and infrastructure	✓✓✓	page 6
14. Implement new regional programme arrangements and work further to improve regional and territory services and regional development	✓✓✓	page 6
15. Lead the development and assist implementation of the government's response to the Regional Business Development Analysis	✓✓✓	page 6
16. Lead the development nationally of research into the cost of natural disasters and the benefits of mitigation	✓✓✓	page 7
17. Deliver all DOTARS' responsibilities for the delivery of services to the planned Christmas Island Immigration Reception and Processing Centre	✓✓✓	page 120
18. Assist in providing efficient and effective local government by reviewing the current local government financial assistance policies	✓✓✓	page 7
19. Improve departmental IT and information management systems	✓✓✓	page 10
20. Establish a more adequate departmental budget	✓✓✓	page 10

\* Progress: fully achieved ✓✓✓ mostly achieved ✓✓✓ partly achieved ✓✓✓ not achieved ✓✓✓

*Opposite: Two of our 2003 graduate recruits, Choong Tia and Lucy Williams, helping each other climb Jacob's Ladder. (Photo Erin Cain DOTARS)*

CHAPTER 2 Outlook for 2004–05 and beyond

2







## OUTLOOK FOR 2004–05 AND BEYOND

In making its contribution to the well being, productivity and development of the Australian community, the department is conscious of the major influences shaping our future and of the need for appropriate policies, programmes and regulations in relation to transport and regional services.

### MAJOR INFLUENCES SHAPING TRANSPORT AND REGIONAL SERVICES

The one thing of which we can be certain is that dynamic economic, social and environmental change will continue apace. The work and planning of the department will continue to be shaped by critical factors including:

- globalisation and the impacts and opportunities that it opens for our regions<sup>1</sup>
- continued rapid technological change<sup>2</sup> and the drive for greater productivity and competitiveness
- demographic growth<sup>3</sup>, population ageing<sup>4</sup> and internal migration<sup>5,6</sup>, and
- associated changes in needs and expectations among and between communities.

We will also need to continue to maintain a strong focus on sustainable development, and to manage issues such as noise pollution, greenhouse gas emissions, biodiversity and water.

*Below: Pioneering work to improve services to and outcomes for remote indigenous communities in the East Kimberley will continue over 2004–05 (see case study page 160). (Photo DOTARS)*





*Above: The government has provided extra funds to enable us to promote the new Green Vehicle Guide (page 58) [www.greenvehicleguide.gov.au](http://www.greenvehicleguide.gov.au) (Photo courtesy of Australian Greenhouse Office)*



*Above: The Adams Creek project is harvesting stormwater for urban and industrial use, creating a wetland habitat and reducing northern Adelaide's reliance on the Murray. (Photo courtesy of Leanne Muffet, Playford-Salisbury Sustainable Region Advisory Committee)*



*Above: The amount of freight carried around Australia is forecast to double over the next twenty years, while urban road traffic including cars is forecast to grow by almost 40 per cent? (Photo Communications Unit DOTARS)*

The Australian Government is continuing to address the social, economic and environmental changes that are happening now and are likely to happen. We do this by working closely with industry and communities to achieve better outcomes.

For example, Australia's ongoing changeover to cleaner fuels and cleaner engines is expected to cut major pollutants linked with respiratory and cardiovascular diseases by up to 76 percent in metropolitan areas within ten years, saving billions of dollars in health care costs.

Equally, the government's National Water Initiative will bring certainty, increased investment and improved productivity from our scarce water resources, addressing also the need for the improved health of our rivers and catchments.

Within the department, ongoing research will continue to increase and improve Australians' understanding of transport, regional and safety issues. Key contributors include:

- the Bureau of Transport and Regional Economics (BTRE), and
- the Australian Transport Safety Bureau (ATSB).

More strategic and flexible models of planning and funding will also enable us to meet the challenges and opportunities that the future may bring. These include:

- AusLink (page 71)
- the Regional Partnerships Programme (page 111), and
- the Sustainable Regions Programme (page 113).





## OUR PRIORITIES FOR 2004–05

In 2004–05 the department will continue to advise on and lead national efforts to tackle transport and regional issues. We will focus on fourteen priorities endorsed by our ministers. These priorities, and the groups that are leading work on them, are set out in table 2.1 below.

The Australian Government has also endorsed quantity, quality and financial targets for the outputs and programmes we will deliver in 2004–05. We published these targets in our *2004–05 Portfolio Budget Statements* and will review them at several points during the year.

**Table 2.1 – Our priorities for 2004–05**

Priority	Lead Group
1. Improve planning and investment in Australia's land transport infrastructure (AusLink)	Programmes
2. Work to realise rail's potential as a major freight mover through reforms to planning, regulatory and workplace arrangements in cooperation with the states and industry	Policy and Research
3. Work to minimise the risk of terrorist activities that could impact on transport through cooperation with relevant agencies, jurisdictions and industry	Regulatory
4. Support the Australian Government's introduction of new airspace arrangements and governance framework for airspace policy, design and management	Regulatory
5. Deliver the Australian Government's policy on achieving regional growth through providing an environment and tools that encourage regional communities to lead their own development	Programmes
6. Assist the minister with the implementation of the National Water Initiative	Policy and Research
7. Advise the Australian Government on its relationship with local government	Programmes
8. Support sustainable growth and opportunities in each of the territories	Programmes
9. Review and improve governance of portfolio bodies	Policy and Research
10. Implement the Australian Government's new Cost Recovery Guidelines for Commonwealth Information and Regulatory Agencies across the portfolio	Corporate
11. Prepare for the incoming government and any machinery of government changes	Corporate
12. Deliver effective performance, learning and development and good conditions for staff	Corporate
13. Improve communication on the department's governance and corporate performance	Corporate
14. Improve our resourcing and its management	Corporate

## REFERENCES

- <sup>1</sup> Regional Business Development Analysis Panel, *Regional Business – A Plan for Action*, 2003, as available at [www.rbda.gov.au](http://www.rbda.gov.au)
- <sup>2</sup> Julian Cribb, science communicator and co-author of *Sharing Knowledge: A Guide to Effective Science Communication*, 2002. Mr Cribb's book is available from CSIRO, for more information visit [www.csiro.au](http://www.csiro.au)
- <sup>3</sup> Australian Bureau of Statistics (ABS), *Yearbook Australia 2004*, Cat. no. 1301.0 – 2004. Parts of the yearbook are available online at [www.abs.gov.au](http://www.abs.gov.au)
- <sup>4</sup> Australian Government, *Intergenerational Report* (Budget paper No. 5 2002–03), as available online at [www.budget.gov.au](http://www.budget.gov.au), see also [demographics.treasury.gov.au](http://demographics.treasury.gov.au)
- <sup>5</sup> ABS *Seachange - new coastal residents*, 2004, ABS Cat. no. 2. Australian Social Trends, 2004 also available online at [www.abs.gov.au](http://www.abs.gov.au)
- <sup>6</sup> Bernard Salt, *Population Movement—Myths and Realities*, presentation to DOTARS 11 June 2004. Similar issues are covered in Mr Salt's column in the Australian newspaper and on his website [www.thebigshift.com.au](http://www.thebigshift.com.au)
- <sup>7</sup> Department of Transport and Regional Services, *AusLink White Paper*, 2004, as available at [www.dotars.gov.au](http://www.dotars.gov.au)

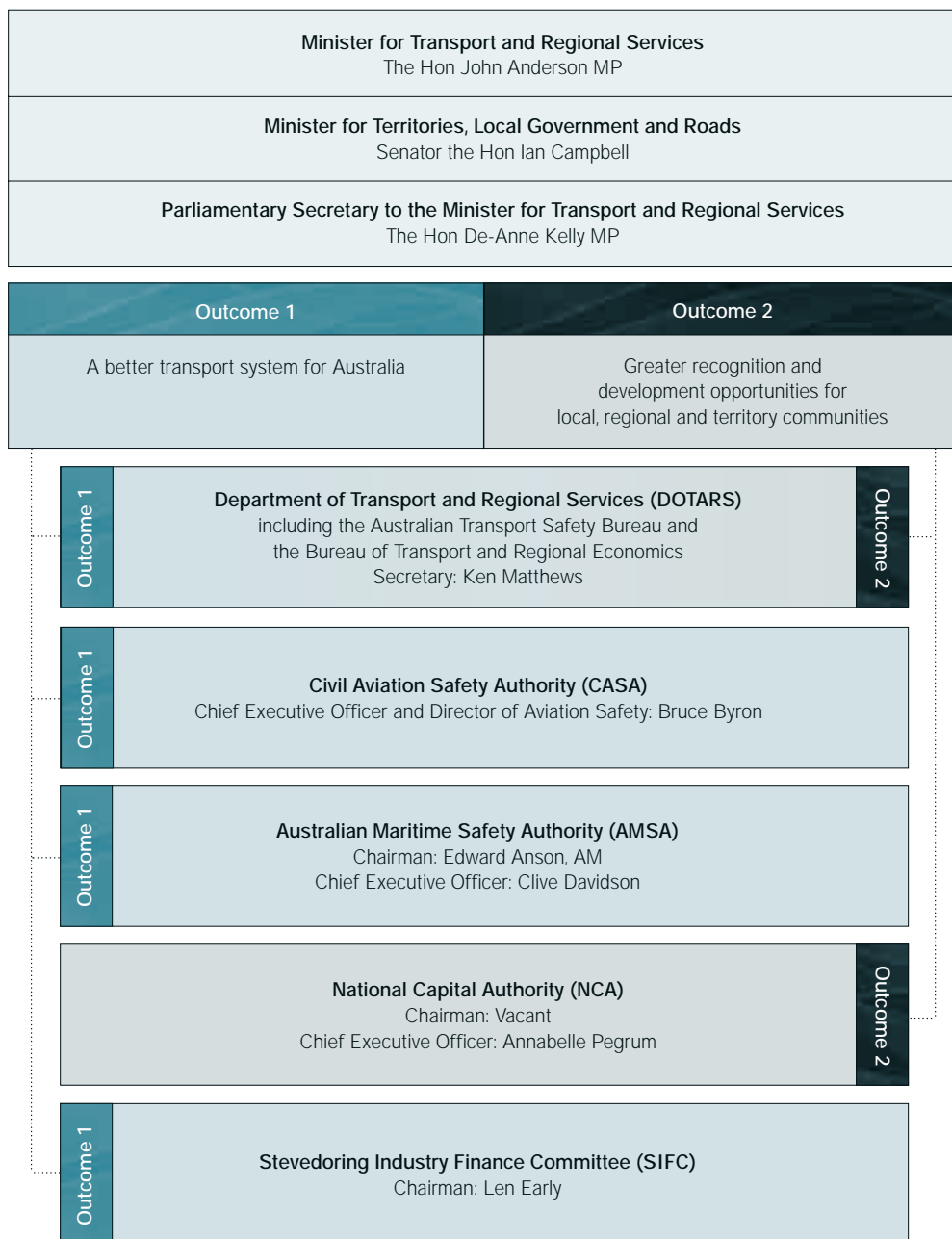
*Opposite: Staff celebrating the launch of the Natural Disaster Mitigation programme.  
(Photo Communications Unit DOTARS)*

CHAPTER 3 | About us

3



Figure 3A – Relationship of General Government Sector agencies at 30 June 2004<sup>1</sup>





## ABOUT US

### ABOUT THE PORTFOLIO

The portfolio of Transport and Regional Services strives to help its ministers achieve the government's desired outcomes:

*a better transport system for Australia, and  
greater recognition and development opportunities for local, regional and territory communities.*

Agencies within the portfolio contribute to these outcomes, as illustrated in figure 3A (opposite).

### Ministers

The Hon John Anderson MP is the Deputy Prime Minister and Minister for Transport and Regional Services.

Until October 2003, Mr Anderson was assisted by the Hon Wilson Tuckey MP as Minister for Regional Services, Territories and Local Government, and Senator the Hon Ron Boswell as the parliamentary secretary.

For the rest of 2003–04, Mr Anderson was assisted by Senator the Hon Ian Campbell as Minister for Territories, Local Government and Roads and by the Hon De-Anne Kelly MP as the parliamentary secretary.

In July 2004, Senator Campbell moved on to the portfolio of Environment and Heritage. He was replaced by the Hon Jim Lloyd MP as Minister for Local Government, Territories and Roads.

The Hon De-Anne Kelly continued in her role as parliamentary secretary until October 2004, when she became Minister for Veteran's Affairs. She was replaced by the Hon John Cobb MP.

### Portfolio agencies

This annual report focuses on the Department of Transport and Regional Services (the department), including the Australian Transport Safety Bureau (ATSB) and Bureau of Transport and Regional Economics (BTRE). Information on the other portfolio agencies may be obtained from agencies' annual reports and websites.

The authorities and commissions in the portfolio are:

- Airservices Australia [www.airservicesaustralia.com](http://www.airservicesaustralia.com)
- Australian Maritime Safety Authority [www.amsa.gov.au](http://www.amsa.gov.au)
- Christmas Island Casino Surveillance Authority
- Civil Aviation Safety Authority [www.casa.gov.au](http://www.casa.gov.au)
- International Air Services Commission [www.iasc.gov.au](http://www.iasc.gov.au)
- National Capital Authority [www.nationalcapital.gov.au](http://www.nationalcapital.gov.au)

- Stevedoring Industry Finance Committee, and
- Tasmanian Freight Equalisation Scheme Review Authority.

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

- Albury-Wodonga Development Corporation [www.awdc.gov.au](http://www.awdc.gov.au)
- Australian Maritime College [www.amc.edu.au](http://www.amc.edu.au)
- Australian Rail Track Corporation, and
- Maritime Industry Finance Company Ltd.

For part of 2003–04, the portfolio also included three government-owned companies. The three companies were sold and passed into private ownership in December 2003. They manage metropolitan airports at Bankstown, Camden and Hoxton Park in Sydney.

Five portfolio agencies including the department are classified as General Government Sector agencies<sup>1</sup>. Figure 3A (page 28) illustrates how these agencies contribute to portfolio outcomes.

## ABOUT THE DEPARTMENT

### Our outcomes

We lead portfolio agencies in helping our ministers achieve:

*a better transport system for Australia, and  
greater recognition and development opportunities for local, regional and territory communities.*

Our vision is for an Australia where:

- national transport and logistics systems are safe, secure, nationally and internationally competitive, sustainable and accessible
- regional communities have better access to opportunities and services and support for the achievement of their change and development aspirations
- territories are well served in providing for their residents the equivalent opportunities and responsibilities as other Australians enjoy in comparable communities, and
- local governments are supported in serving their communities efficiently, effectively and responsively.

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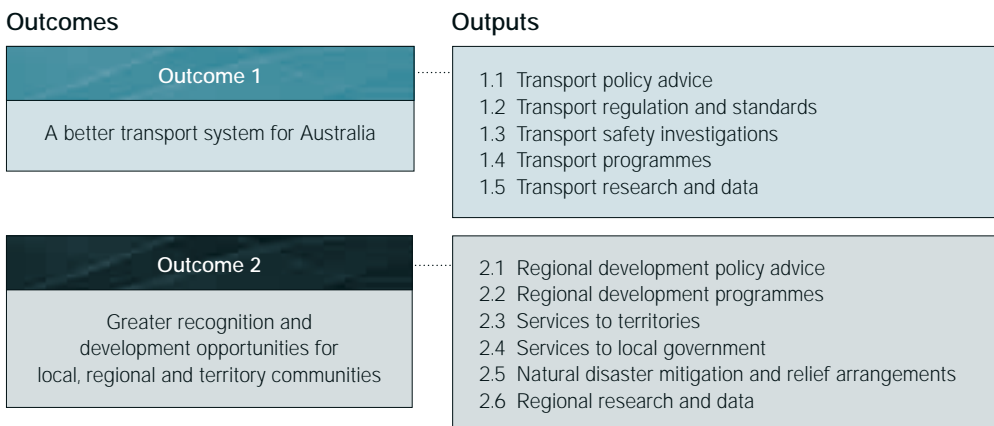
<sup>1</sup> This classification reflects the Government Finance Statistics (GFS) framework. The GFS framework is designed to support economic analysis of government activity and reflects standards issued by the International Monetary Fund. It is explained in the Australian Bureau of Statistics publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2003* (Cat. No. 5514.0.55.001), as available at [www.abs.gov.au](http://www.abs.gov.au)



## Our outputs

To help our ministers achieve desired outcomes, we produce a range of goods and services (our outputs). The link between these outputs and our outcomes is illustrated in figure 3B below.

**Figure 3B – The department’s outcomes and outputs framework**



## Our responsibilities

Our main responsibilities are to:

- carry out research and provide policy advice on transport and regional matters
- deliver transport and regional services and programmes, including services to territories and to local government
- administer regulations and standards for all modes of transport (sea, air and land), and
- conduct investigations into transport safety.

We also:

- work towards particular priorities across the department and portfolio, as identified by government from time to time
- administer specific resources on behalf of the government<sup>2</sup>, such as natural disaster mitigation and relief programmes, and
- support the Minister for Transport and Regional Services, the Hon John Anderson MP, in his broader portfolio responsibilities.

Our achievements in 2003–04 are described in Chapters 4 and 5.

<sup>2</sup> The parliament provides us with two types of resources: departmental and administered. We use our departmental resources to produce the goods and services (outputs) we provide to ministers and other clients. We have less control over how we use administered resources, and we report on administered transactions and programmes separately. More information on government finances can be obtained from the Department of Finance and Administration [www.finance.gov.au](http://www.finance.gov.au)

### Our organisational structure

In 2002–03, we were organised into eleven divisions with a strong demarcation between regional and transport services, and between different modes of transport. However, as detailed in our 2002–03 annual report, financial and other pressures prompted us to rethink the way we do business.

After consulting with staff, we announced the ‘Work out/Work up’ package of reforms in May 2003 (page 10). We also implemented a new structure from 1 July 2003 with five groups based on functional lines to simplify the way we manage and report our performance. Figure 3C below highlights how this structure aligns more closely with our outputs.

We made one other change to our structure in 2003–04. In December 2003, we set up a new Office of Transport Security to oversee all transport security matters. The activities of the office are described in Chapter 4 (page 50).

Figure 3D opposite sets out our structure and the senior staff responsible for each area as at 30 June 2004. For an up-to-date version of our organisational structure, visit our website [www.dotars.gov.au](http://www.dotars.gov.au)

Figure 3C – Relationship between outputs and organisational structure

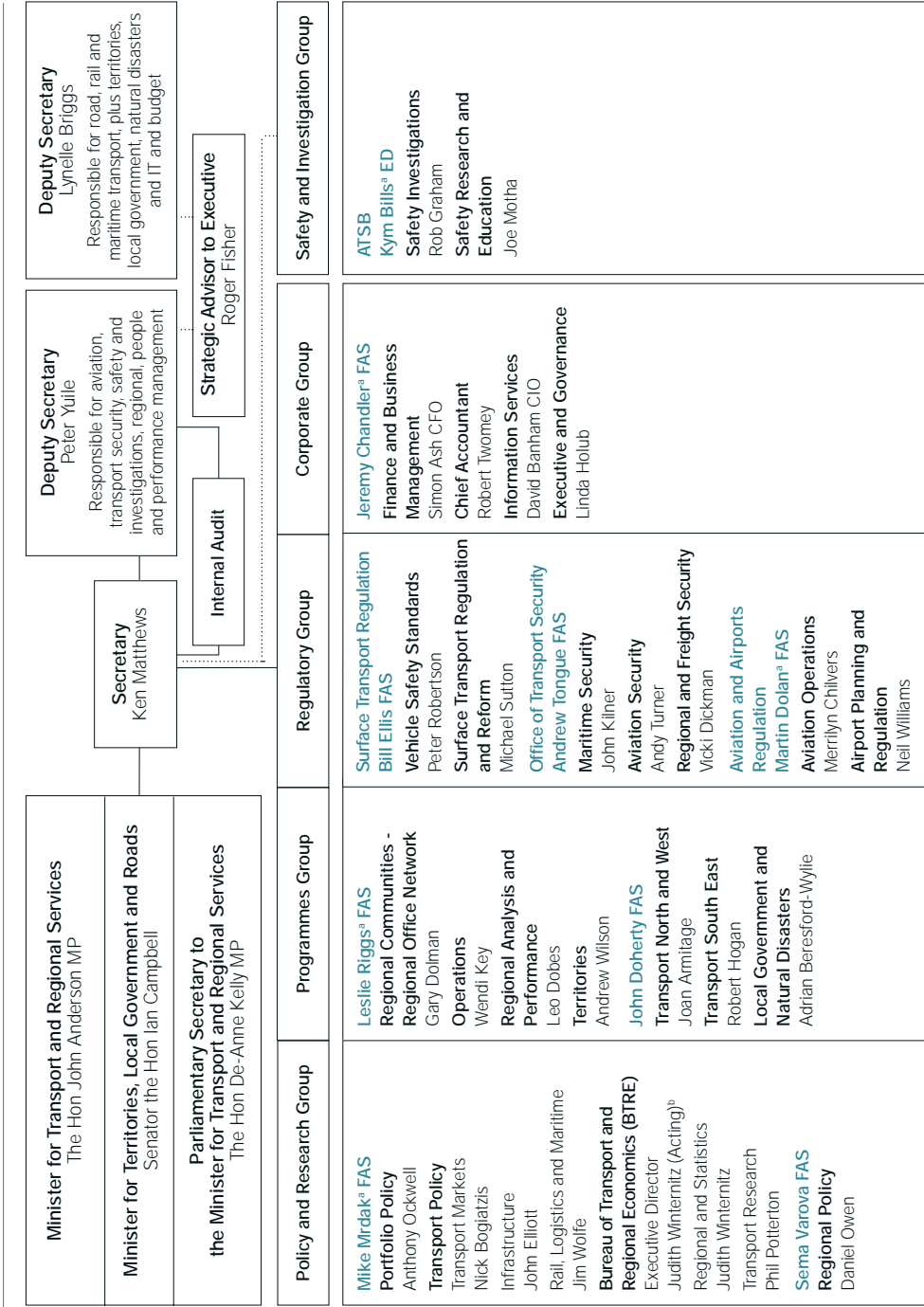
Output		Policy and Research Group	Regulatory Group	Programmes Group	Safety and Investigation Group (ATSB)	Corporate Group <sup>a</sup>
1.1	Transport Policy Advice	✓	✓		✓	
1.2	Transport Regulation and Standards	✓	✓			
1.3	Transport Safety Investigations				✓	
1.4	Transport Programmes		✓	✓		
1.5	Transport Research and Data	✓			✓	
2.1	Regional Development Policy Advice	✓		✓		
2.2	Regional Development Programmes			✓		✓
2.3	Services to Territories			✓		
2.4	Services to Local Government			✓		
2.5	Natural Disaster Mitigation and Relief Arrangements			✓		
2.6	Regional Research and Data	✓				

<sup>a</sup> Corporate Group also provides support services to other groups and advises on systems, processes, structure, governance and performance throughout the department.





Figure 3D – Organisational structure at 30 June 2004



<sup>a</sup> These executives are also members of the department's executive team.

<sup>b</sup> Phil Potterton has since been appointed to this position. His appointment was announced on 2 July 2004 and took effect on 5 July 2004.

## Our values

We embrace the APS Values and Code of Conduct, as set out in the *Public Service Act 1997*. These define our relationship with the government, the parliament, the public and each other. We also recognise that, to deliver high quality service, we must be:

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

These values underpin our approach to management and accountability (see Chapter 6 page 137).

## ABOUT THIS REPORT

We are required to provide an annual report to the parliament on how we have used the resources it has entrusted to us.

We publish our annual report on our website [www.dotars.gov.au/dept/annrpt](http://www.dotars.gov.au/dept/annrpt). We provide it in several electronic formats, to make it accessible to people in regional areas and people with a disability. We have also distributed 1000 hard copies to stakeholders including 42 libraries around Australia<sup>3</sup>.

## Report coverage and contents

We have prepared our annual report for 2003–04 taking into account the Requirements for Annual Reports issued by the Joint Committee of Public Accounts and Audit in June 2004 (see compliance index at page 293).

We have also included other material to put our activities into context. We have acknowledged the source of data, photographs and other materials close to where they are used. Where we do not do so, it is because we are the source of the material.

## Contact for annual report matters

We value feedback about what we have done well and can do better. If you have comments or queries about our annual report, please email [annualreport@dotars.gov.au](mailto:annualreport@dotars.gov.au) or call 1800 075 001 or write to:

Annual Report Coordinator  
Department of Transport and Regional Services  
Reply Paid 594  
Canberra ACT 2601

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<sup>3</sup> A list of the 42 libraries participating in the Australian Government library deposit and free issue scheme can be obtained from the Australian Government Information Management Office [www.agimo.gov.au](http://www.agimo.gov.au).

CHAPTER 4 | Transport outputs and programmes

4



## TRANSPORT OUTPUTS AND PROGRAMMES

Australia's major roads and rail lines, which connect us to the global economy via our sea and air ports, are vital enablers of wealth creation. This is especially true for regional Australia, which generates two thirds of our export income.

With increasing globalisation and reliance on international trade, 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.

### OUR ROLE

We lead portfolio agencies in helping the Australian Government achieve 'a better transport system for Australia'. Other agencies and governments also contribute to this outcome:

- the Civil Aviation Safety Authority (CASA) sets and enforces compliance with aviation safety standards, registers aircraft and issues licences to industry participants
- Airservices Australia provides air traffic control and navigation services as well as airport rescue and firefighting services
- the Australian Maritime Safety Authority (AMSA) is responsible for search and rescue for both the maritime and aviation sectors, seaworthiness of vessels over 300 gross registered tonnes in Australia, and marine oil spill and pollution response
- the Australian Maritime College provides education and training for the shipping and fishing industries
- the Stevedoring Industry Finance Committee (SIFC) manages residual matters and obligations arising from historical levies on the industry
- the Maritime Industry Finance Company (MIFCo) helps finance further reform and restructuring of the shipping and stevedoring industry
- state and territory governments own key infrastructure including major seaports and are constitutionally responsible for land transport
- the National Transport Commission advises governments on land transport issues as well as reforms to achieve safe, uniform and sustainable policies
- the Australian Rail Track Corporation (ARTC) manages the national interstate rail track and infrastructure network as well as train control services to that track, and
- local governments, including indigenous governing bodies, maintain local roads and deliver a range of other services (see also Output 2.4 Services to Local Government page 123).

Private and not-for-profit bodies also contribute to this outcome.

*Previous page and opposite: From left, NT Chief Minister Clare Martin, SA Premier Mike Rann, Halliburton Chairman, President, and CEO Dave Lesar and Senator Nick Minchin at the ceremony to mark the departure of the inaugural train from Adelaide to Darwin, 15 January 2004. (Photo courtesy AustralAsia Railway Corporation and SA Government)*



## OUR CONTRIBUTION

We are funded to deliver a range of transport-related outputs and programmes. This chapter reports on the outputs and programmes we were funded to deliver in 2003–04, as set out in table 4.1 overleaf. It:

- sets out the annual financial and other targets published in documents such as our 2003–04 Portfolio Budget Statements (PBS)
- explains our actual results in 2003–04 and compares them with previous years' results where applicable
- discusses factors that are affecting or that are likely to affect our results, such as our relationship with the stakeholders as identified above, 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. In 2003–04, thirteen of our top 20 priorities related to transport. Our performance against these priorities is reported in Chapter 1 (page 1). Our priorities for 2004–05 are set out in Chapter 2 (page 25).

### CASE STUDY—WORKING BEHIND THE SCENES TO HELP ANSETT STAFF

After the collapse of the Ansett group of companies in September 2001, the government announced a \$10 ticket levy to fund employee entitlements.

Since then, around \$335 million has been paid to 12 900 former Ansett staff to ensure they receive all of their basic entitlements—unpaid wages, leave, pay in lieu of notice and redundancy entitlements up to a community standard of eight weeks.

While actual payments were handled by the Department of Employment and Workplace Relations (DEWR), we administered the scheme on behalf of the government. We provided guidance to airlines, monitored compliance to minimise errors and kept in touch with DEWR about when the levy could be ceased<sup>a</sup>.

Our efforts were acknowledged in a report released by the Australian National Audit Office (ANAO) in 2003–04, which found that we implemented the levy well.

<sup>a</sup> The decision to cease the levy, which was announced after the 2003–04 Budget, explains why our administered revenues were much lower than originally forecast for 2003–04 (page 12).

Table 4.1 – Transport outputs and programmes in 2003–04

	Budget <sup>a</sup> 2003–04 \$,000	Actual 2003–04 \$,000	Variance <sup>b</sup>	Progress	See also page
Output 1.1 – Transport policy advice	15 979	12 844	19.6% ▼	✓✓✓	41
<i>Administered programmes</i>					
Contributions to international organizations					
– International Civil Aviation Organization	1 391	1 101	20.8% ▼	✓✓✓	46
– International Maritime Organization	310	265	14.5% ▼	✓✓✓	47
– OECD Road Transport	40	25	37.5% ▼	✓✓✓	47
Output 1.2 – Transport regulation and standards	47 506	44 993	5.3% ▼	✓✓✓	50
<i>Administered programmes</i>					
Payments to airport lessees					
– Compensation for sale of airport land	3	-	100.0% ▼	✓✓✓	60
– Reimbursement of parking fines	2 279	1 483	34.9% ▼	✓✓✓	60
Sydney West Airport					
– rental properties	1 679	2 219	32.2%▲	✓✓✓	61
– land acquisitions and works	100	80	20.0% ▼	n/a	n/a
National Road Transport Commission	620	620	-	✓✓✓	62
National Transport Commission	1 830	1 830	-	✓✓✓	62
Interstate Road Transport Fees	42 030	41 537	1.2% ▼	✓✓✓	63
Output 1.3 – Transport safety investigations	13 403	12 521	6.6% ▼	✓✓✓	64
<i>Administered programmes – nil</i>					
Output 1.4 – Transport programmes	11 876	11 484	3.3% ▼	✓✓✓	71
<i>Administered programmes</i>					
Aviation security enhancements – regional airport security	35 000	35 000	-	✓✓✓	74
Airports Quarantine Infrastructure	6 000	4 283	28.6% ▼	✓✓✓	75
AusLink – Grant to ARTC	450 000	450 000	-	✓✓✓	77
National Highway and Roads of National Importance	931 685	931 685	-	✓✓✓	78
Road Safety Black Spot	44 500	44 500	-	✓✓✓	80
Roads to Recovery	302 163	302 161	-	✓✓✓	81
Federation Fund Projects					
– Caboolture Motorway	30 000	24 780	17.4% ▼	✓✓✓	82
– Murray River Bridges	19 236	8 538	55.6% ▼	✓✓✓	82



Table 4.1 continued ...

	Budget <sup>a</sup> 2003–04 \$,000	Actual 2003–04 \$,000	Variance <sup>b</sup>	Progress	See also page
Gold Coast Rail Project	377	230	39.0% ▼	✓✓✓	87
Payments to MIFCo	9 677	9 684	0.1% ▲	✓✓✓	88
Tasmanian Freight Equalisation Scheme	82 000	83 632	2.0% ▲	✓✓✓	92
Bass Strait Passenger Vehicle Equalisation	38 980	34 340	11.9% ▼	✓✓✓	93
Subsidy for transition to location-specific pricing for airport control towers	7 000	7 000	-	✓✓✓	90
Payment Scheme For Airservices Australia's Enroute Charges	6 000	4 295	28.4% ▼	✓✓✓	90
Remote Air Services Subsidy Scheme	2 970	2 590	12.8% ▼	✓✓✓	91
Tamworth Australasian-Pacific Aeronautical College	1 258	1 255	0.2% ▼	✓✓✓	92
Implementation of noise amelioration					
– for Sydney Airport	8 191	3 927	52.1% ▼	✓✓✓	94
– for Adelaide Airport	16 628	13 931	16.2% ▼	✓✓✓	94
Management of residual issues of former Australian National Railways Commission	500	80	84.0% ▼	✓✓✓	96
Oil Pollution Compensation Fund	2 000	12 066	503.3% ▲	✓✓✓	
Output 1.5 – Transport research and data	12 685	9 470	25.3% ▼	✓✓✓	98
<i>Administered programmes – nil</i>					
Total price of departmental outputs	101 449	91 312	10.0% ▼		
Plus provision for asbestos claims	-	63 400	n/a		11
Less receipts from independent sources	1 273	3 639	185.9% ▲		
<b>Net price to government for outputs (Appropriation)</b>	<b>100 176</b>	<b>151 073</b>	<b>50.8% ▲</b>		
Total cost of administered programmes	2 044 447	2 023 137	1.0% ▼		
Plus other costs including depreciation	1 464	1 551	5.9% ▲		
Total administered operating expenses	2 045 911	2 024 688	1.0% ▼		
Less administered revenues	225 275	232 765	3.3% ▲		
<b>Net cost to government of administered activities</b>	<b>1 820 636</b>	<b>1 791 923</b>	<b>1.6% ▼</b>		
Average Staffing Level (ASL)	524.6 †	508.9 †	3.0% ▼		

<sup>a</sup> The budget is the revised budget published in our 2004–05 *Portfolio Budget Statements* rather than that published in our 2003–04 *Portfolio Additional Estimates Statements*. This change reflects the government decision to bring forward a third set of appropriation bills in 2003–04 in support of several new initiatives.

<sup>b</sup> The variance is the change in our 2003–04 actuals over our revised 2003–04 budget.



*Above: The 2003 National Aviation Ball celebrated 100 years of manned flight and 75 years of the Royal Flying Doctor Service (RFDS). It brought together staff from the department, CASA and Airservices Australia as well as Minister John Anderson and Secretary Ken Matthews. The ball, which is an annual event, raised over \$5,000 for the RFDS. (Photo Nonnie Oldham DOTARS)*





## OUTPUT 1.1 – TRANSPORT POLICY ADVICE

(Policy and Research Group, Regulatory Group, Safety and Investigation Group)

Description	Performance indicators	Progress
<p>The department provides policy advice and other services to its ministers in relation to:</p> <ul style="list-style-type: none"> <li>• safety and security of transport infrastructure and operations</li> <li>• competitiveness of Australian international and domestic transport within, and between, all modes</li> <li>• access and sustainability of transport systems and the consideration of social, environmental and community impact.</li> </ul>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>• transport and logistics systems meet international or national standards or benchmarks related to safety, security, competitiveness, sustainability and accessibility</li> <li>• stakeholders' interests are considered in policy development</li> <li>• priority policies are substantially progressed</li> <li>• ministers and ministers' offices are satisfied with the quality of policy advice and legislation development, and the department meets standards for policy advice, legislation and ministerial services.</li> </ul> <p><i>Price:</i> \$16.0m (down from \$35.7m at Budget)</p>	<p>✓✓✓</p>

### Report on performance

We provide advice and other services to our ministers in anticipation of being needed, or as required by them. In 2003–04, we continued to achieve more than 95 per cent satisfaction with the briefs and correspondence we prepared. In doing so, we supported our ministers to:

- exercise powers and meet their responsibilities under approximately 80 pieces of portfolio legislation relating to transport
- develop the AusLink White Paper—*Building our National Transport Future*—which sets out the Australian Government's new land transport policy (for details see Chapter 1 page 4)
- chair the Australian Transport Council (ATC), which endorsed the National Transport Security Strategy we took to it in April 2004
- make submissions and respond to relevant inquiries, including the National Competition Council review of the application for declaration of airside services at Sydney Airport and the Neville Inquiry into Maritime Salvage in Australian Waters
- respond to representations from other ministers, members of parliament and constituents on related issues, and
- decide which standards and agreements to endorse in a national and international context (see also Output 1.2 Transport regulation and standards page 50).

We nominated experts to help draft and review international standards and practices for all modes of transport (sea, air, road and rail). We also administered payments to three key international bodies in line with Australia's membership of these bodies (pages 46–47).

We generally aim to deliver our outputs at an agreed price. For this output, our final result for 2003–04 was \$12.8 million. This result was significantly lower than planned and than in previous years (see table 4.2 opposite). It reflects self-imposed expenditure restraint under the Work out/Work up plan as discussed in Chapter 1 (page 10).

### **Safety and security of transport infrastructure and operations**

Security and safety issues dominated much of our work in 2003–04. We led work to develop a new maritime security regime and to expand Australia's aviation security regime, as highlighted in Chapter 1 (see also case study page 48). In addition, we:

- worked as a member of the National Counter-Terrorism Committee to reduce the likelihood of transport being targeted or used by terrorists
- participated in contingency planning in response to other emerging issues, such as avian (bird) flu and Severe Acute Respiratory Syndrome (SARS), and
- funded and released a study into Deep Vein Thrombosis (DVT) in air travellers, in collaboration with the Department of Health and Ageing.

### **Competitiveness of international and domestic transport within and between all modes**

We also made good progress towards our vision of a competitive transport system for Australia. The government finalised negotiations and signed the lease for key rail infrastructure in NSW, as highlighted in Chapter 1 (see also case study page 85). In addition, we:

- developed national processes and guidelines for evaluating road, rail and multi-modal proposals to promote national consistency in infrastructure planning and management
- worked with the Department of Finance and Administration to effect the sale of the Sydney Basin Airports (Bankstown, Camden and Hoxton Park) in December 2003
- continued to work with the Australian Tax Office to administer agreements under the Infrastructure Borrowings Tax Offset scheme, which provides tax offsets for income earned on loans to approved projects
- advised the government on policy settings on regional aviation, including options for responding to the Neville parliamentary report on regional aviation and island transport
- pursued more liberal air services arrangements through bilateral and multilateral negotiations (see case study page 44)
- managed nine projects funded by the Asia-Pacific Economic Cooperation forum (APEC) to help liberalise trade and enhance transport capacity in the region, and
- provided policy advice on global navigation satellite systems, and secretariat support for the Australian Global Navigation Satellite System Coordination Committee.



### Access and sustainability of transport systems

In 2003–04 we continued to provide advice and comment as required by the *Environment Protection and Biodiversity Act 1998*, to assist the government to meet its broader environmental obligations. We also:

- worked with the Energy Task Force on the White Paper—*Securing Australia's Energy Future*—which recommended reforms to fuel excise arrangements
- supported the Australian Bicycle Council to implement the *Australian National Cycling Strategy 1999–2004* and to increase cycling for transport and recreation, and
- worked with the Attorney-General's Department to implement new national standards to help make public transport more accessible to people with disabilities.

For more information on the disability standards for public transport, see Appendix D (page 184) or visit [www.ag.gov.au/DSFAPT](http://www.ag.gov.au/DSFAPT)

**Table 4.2 – Trends in transport policy advice and related programmes**

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Departmental activities</b>				
Price of output	\$25.0m	\$33.1m	\$12.8m	\$14.8m
<b>Administered payments to international organisations</b>				
Contributions to ICAO				
in US dollars	US\$0.793m	US\$0.825m	US\$0.818m	To be determined
in Australian dollars	AU\$1.990m	AU\$1.462m	AU\$1.101m	AU\$1.096m <sup>a</sup>
Contributions to IMO				
in UK pounds	UK£109 510	UK£111 311	UK£113 097	To be determined
in Australian dollars	AU\$0.307m	AU\$0.307m	AU\$0.265m	AU\$0.310m <sup>a</sup>
Contributions to OECD road transport				
in Euros	€0.015m	€0.014m	€0.014m	To be determined
in Australian dollars	AU\$0.025m	AU\$0.024m	AU\$0.025m	AU\$0.040m <sup>a</sup>
Total contributions	AU\$2.322m	AU\$1.793m	AU\$1.390m	AU\$1.446m <sup>a</sup>

<sup>a</sup> 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 2004.

## CASE STUDY—IMPROVING ACCESS TO AVIATION ROUTES AND RIGHTS

In 2003–04 we reached important agreements about air services with three major international markets: the People's Republic of China (China), the Hong Kong Special Administrative Region of China (Hong Kong) and the Republic of Singapore.

### **A stronger relationship with China**

Australia reached an agreement with China in 1984 and negotiated a supporting memorandum of understanding (MOU) in 1996. We have been attempting to negotiate an updated, more liberal agreement with China since 2000. An informal visit in December 2002 seemed to break the ice. We agreed to go back in March 2003, but were delayed by the outbreak of SARS.

We returned to Beijing in July 2003, with a delegation including representatives of Qantas, the Department of Foreign Affairs and Trade, and the Department of Industry, Tourism and Resources (DITR). Great goodwill developed over two long days, and some major breaks in the aviation 'great wall' developed. A new agreement, which was formally signed by our minister in March 2004, provides Australia with:

- the right to fly to any international airport in China, compared to just four airports previously
- fully liberalised freight rights—something we had not anticipated, and
- increases in passenger capacity to meet forecast growth in the market.

China has stated that it is the most liberal agreement that it has yet signed. It has opened up valuable new markets to Australian airlines in the world's fastest growing region. It has also added a new impetus to liberalisation in the region.

### **Hong Kong – a new aviation hub**

Another landmark deal was negotiated in April 2004 between Australia and Hong Kong. Although part of China since 1997, Hong Kong maintains its own air services arrangements under the 'one country two systems' policy. It is a major transport hub in the world's fastest growing region.

After six rounds of unsuccessful negotiations since 1999, we returned to Hong Kong in April 2004 with a delegation including representatives of Qantas and DITR. Australia's Consul General and Deputy Consul General to Hong Kong also participated in these talks.



### *Case study continued ...*

The new deal benefits tourism and aviation operators in both countries, and provides new inbound tourism and export trade opportunities for regional Australia. It:

- doubles the level of capacity available on the Australia–Hong Kong route over two years, to 70 frequencies each week
- allows Australian carriers to operate services beyond Hong Kong to the United Kingdom (UK) and relaxes restrictions on services to other destinations in Asia and Europe
- allows Hong Kong's second carrier, Dragonair, to commence services to Sydney in 2005, and
- allows airlines on both sides to operate unrestricted passenger and all-cargo flights to all international airports in Australia other than Sydney, Melbourne, Brisbane and Perth.

Hong Kong has the potential to grow into Australia's third major Asian hub, particularly on the 'kangaroo' route between Australia and the UK/Europe.

### **Other markets**

China and Hong Kong are clearly important markets—but these were not the only major negotiations we pursued. Singapore, for example, is currently Australia's largest trade and investment partner in South-East Asia and our eighth-largest trading partner overall.

An MOU signed in September 2003 has removed limits on numbers of flights/passengers between Australia and Singapore. It is only the second time we have agreed to remove capacity limits, the first time being with New Zealand three years ago.

By removing capacity restrictions, the MOU provides all gateways in Australia with greater opportunities to market their destinations and to attract direct flights from Australian and Singaporean carriers. It complements the Singapore–Australia Free Trade Agreement signed in July 2003.

We will continue to negotiate for more liberal aviation routes and rights with other countries, and to pursue global liberalisation of air services through multilateral bodies such as the International Civil Aviation Organization (ICAO) and Asia-Pacific Economic Cooperation (APEC).

We have also amended the International Air Services Commission regulations to enable fast-tracking of uncontested applications for air services capacity negotiated bilaterally.

Administered programme – International Civil Aviation Organization – contribution <i>(Regulatory Group)</i>		
Description	Performance indicators	Progress
The ICAO is an agency of the United Nations. It promotes the safety, regularity and efficiency of international civil aviation.	<p><i>Effectiveness:</i> draft international aviation safety and operational standards reflect Australia's interests</p> <p><i>Quantity:</i> payments made in accordance with agreed schedule</p> <p><i>Cost:</i> \$1.4m</p>	✓✓✓

Australia has been an active member of ICAO since it was set up in 1947. Australia's annual contribution to the ICAO is assessed in US dollars around December each year. In 2003–04, we continued to pay Australia's contribution promptly. It cost less than expected and than in previous years, largely due to a favourable exchange rate at the time of payment (see table 4.2 page 43).

Australia has been elected to the ICAO Council as a Category One State of Chief Importance in Civil Aviation every year except 1971. Australia continued to be recognised as such in 2003–04 and had a permanent presence at ICAO headquarters at Montreal<sup>1</sup>. The department currently represents Australia on the ICAO Council and on ICAO committees on air transport and unlawful interference.

The 30/30 working group of ICAO recently released a case study on implementing a 30 nautical mile separation standard to allow more aircraft to cruise at the most fuel-efficient cruising height. This new standard will be applied to trans-Tasman flights from 2004–05.

<sup>1</sup> All Category One member states are required to maintain a permanent presence in Montreal. Australia's representatives are provided by DOTARS and other portfolio aviation bodies. Departmental staff seconded to the ICAO are not included in the workforce statistics at Appendix H as they are paid through the ICAO during their secondment.


**Administered programme – International Maritime Organization – contribution** *(Policy and Research Group)*

Description	Performance indicators	Progress
The IMO is an agency of the United Nations (UN). It aims for 'safer shipping and cleaner oceans'.	<i>Effectiveness:</i> international agreements for shipping operators, ship safety and protection of the marine environment reflect Australia's interests  <i>Cost:</i> \$0.3m	✓✓✓

Australia has been an active member of the IMO since it was set up in 1959. Our contribution to the IMO is assessed in British pounds. In 2003–04, Australia's contribution cost less than expected and than in previous years due to a favourable exchange rate at time of payment (see table 4.2 page 43).

One of the smallest of all UN agencies, the IMO has successfully led international efforts to cut ship casualty rates and the amount of oil entering the sea from ships. In recent years, the IMO has focused on working with member states to enhance maritime security and to implement the International Ship and Port Facility Security Code. The code, which came into force on 1 July 2004, requires all international ships and port facilities to have an approved security plan.

Compliance with the code is important to minimise technical barriers to trade, and we worked closely with state governments and industry to implement new maritime security arrangements over 2003–04 (see case study overleaf).

**Administered programme – OECD Road Transport– contribution** *(Policy and Research Group)*

Description	Performance indicators	Progress
OECD research has historically focused on road transport. Its focus was formally broadened to include rail and intermodal issues from 1 January 2004.	<i>Effectiveness:</i> efficiency, safety and environmental performance of road transport in Australia improve through international cooperation  <i>Cost:</i> \$0.040m	✓✓✓

Australia is a member of the Organisation for Economic Cooperation and Development (OECD) and we support its transport research programme. Australia's contribution to the OECD is assessed in US dollars. In 2003–04, it cost less than expected and than in previous years due to a favourable exchange rate at time of payment (see table 4.2 page 43).

## CASE STUDY—INVESTING IN AUSTRALIA'S SECURITY

Security issues dominated much of our work in 2003–04. Implementing change was not easy for industry or the department due to the sheer amount of work involved within tight deadlines. The change was led by a new Office of Transport Security and supported, as the year progressed, by a new 24-hour Transport Security Operations Centre within the department.

### Positive report card for aviation security

Australia's current aviation security measures fit well with current threat levels and are flexible enough to adapt to any change in threat, according to a parliamentary review of aviation security released in June 2004.

The department is pleased with this public recognition of our work. We have worked closely with other agencies, governments and industry to achieve this. In 2003–04, we held workshops nationwide to ensure airports, airlines and other key players were aware of, and would comply with, the enhanced security regime. We also worked with industry to:

- begin installing hardened cockpit doors on all regular passenger and charter aircraft
- extend the existing regimes for international air freight to domestic services, and improved compliance checking of international air cargo agents
- complete background checks for all pilots and trainee pilots, and prepare a Bill to prevent people who receive adverse background checks from holding a pilot's licence<sup>a</sup>
- re-issue some 65 000 Aviation Security Identification Cards to people working in the industry in a new tamper evident format (completed August 2004), and
- develop the capacity to screen 100 per cent of baggage going out of Australia on international flights by 31 December 2004, a full year ahead of the ICAO deadline.

Our challenges for 2004–05 will be to continue to monitor and respond to changes in compliance and in the broader security environment. As part of this we will:

- continue to audit the security of all major airports and of every domestic and foreign airline operating in Australia at each of their operating ports
- develop the capacity for 100 per cent baggage screening at all major domestic airport passenger terminals, and
- work with regional airports and aviation operators to improve their security capabilities.

### Maritime security tightened

In December 2004 the Australian Government introduced a new maritime security regime through the *Maritime Transport Security Act 2003*. Implementing the new regime, which affected around 400 industry participants, was a major effort.





### *Case study continued ...*

To ensure a smooth transition to the new arrangements and minimise impacts on industry, we:

- gazetted details of the 70 ports subject to new security regulations
- worked closely with industry and developed guidance materials to help it meet mandatory requirements for measures such as security plans and signage
- reviewed and revised guidelines on coastal trade licences and permits, and
- worked closely with government agencies including AMSA, Customs, the Australian Quarantine and Inspection Service, Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) and the Department of Defence.

As at 1 July 2004, we assessed, reviewed and approved 248 port and ship security plans in line with the requirements of the IMO's International Ship and Port Facility Security Code. We will monitor compliance with security plans on an ongoing basis from 2004–05.

### **Land transport security under review**

After the Madrid bombings of March 2004, the Australian Government increased its focus on land transport security issues. Once again, we worked closely with other governments and industry. Our secretary also led a working group of senior transport and police officials on an official mission to North America, Europe and Asia.

The group developed an action plan on land transport which was agreed by Australian Transport Ministers. Ministers are to consider a detailed intergovernmental agreement on land transport security in November 2004. If accepted, the agreement will then be considered by the Council of Australian Governments (COAG).

### **Australian support for international efforts**

In 2003–04, Australia undertook to help its neighbours in the Asia Pacific to meet their obligations under international security treaties. We worked with the Australian Customs Service to deliver capacity building workshops in the Philippines, Thailand, Vietnam, Papua New Guinea (PNG) and Indonesia. We will continue to build these relationships in 2004–05 through:

- staff based in Jakarta and Manila for an initial period of three years
- capacity building projects to tackle aviation security at Denpasar and Jakarta Airports in Indonesia and port security in the Phillipines, and
- staff deployed to PNG as part of Australia's Enhanced Cooperation Package.

The Australian Government will provide more than \$5.7 million over four years to assist regional countries to improve transport security and strengthen border control mechanisms<sup>b</sup>.

<sup>a</sup> This Bill was introduced into the Parliament in August 2004.

<sup>b</sup> The costs of the tri-partite border strengthening measure will be absorbed by relevant agencies including Customs (\$0.3 million), DIMIA (\$0.4 million) and DOTARS (\$0.3 million).

## OUTPUT 1.2 – TRANSPORT REGULATION AND STANDARDS

(Regulatory Group, Policy and Research Group)

Description	Performance indicators	Progress
<p>The department aims to be efficient, effective, responsive and ethical in administering the relevant legislation and regulations through:</p> <ul style="list-style-type: none"> <li>transparent identification of the contribution that regulatory activity makes to the achievement of the department's outcomes and outputs</li> <li>identification of the costs and benefits of regulatory activity and a commitment to increasing the benefits and reducing the costs associated with these activities.</li> </ul>	<p><i>Effectiveness</i></p> <ul style="list-style-type: none"> <li>transport standards, regulations and agreements contribute to improved transport safety, security, competitiveness, sustainability and accessibility</li> <li>benefits of regulatory activity are identified and increased and costs reduced</li> <li>new and amended standards, regulations and agreements are developed, reviewed and administered in accordance with government policy and departmental standards</li> <li>revenue is collected and reported in accordance with legislation and departmental standards.</li> </ul> <p><i>Price: (\$475m (up from \$28.1m at Budget)</i></p>	<p>✓✓✓</p>

### Report on performance

We monitor, advise on and administer regulations relating to all modes of transport. Our role extends to advising on issues that go to the role of other transport regulators including CASA, Airservices Australia and AMSA. In this capacity, and as reported in Chapter 1 (page 9), we:

- continued to support aviation safety and airspace reforms
- worked with the Australian Logistics Council to improve the handling and transport of dangerous goods, and
- implemented legislation to replace the National Road Transport Commission (NRTC) with a broader National Transport Commission (NTC) as planned in early 2004.

We also continued to administer payments to the NTC (page 62), and to collect and make payments under the Federal Interstate Registration Scheme (page 63).

We directly regulate aspects of transport across all modes of transport, and review the legislation that we administer on a regular basis. In 2003–04, we:

- published our annual regulatory plan early in the financial year as required
- completed or continued work on reviews of aspects of aviation regulation in line with our regulatory plan (page 52)



- continued to issue adequate Regulation Impact Statements (RISs) for most proposals for new and amended regulations which affect business
- obtained a definitive decision on the minister's powers in the area of motor vehicle imports through a landmark Federal Court decision, as discussed in Chapter 6 (page 150), and
- prepared our regulatory plan for 2004–05, which was released in July 2004 and is available online at [www.dotars.gov.au/dept/regulatory\\_plan/index.aspx](http://www.dotars.gov.au/dept/regulatory_plan/index.aspx)

More information about our performance in 2003–04 by sector follows overleaf.

### Price of output

We aim to deliver our outputs at an agreed price but a number of government decisions saw us take on substantial new functions and resourcing during 2003–04. Additional resources were mainly associated with decisions to:

- enhance aviation security (\$42.7 million over five years)
- implement new maritime security arrangements in line with the IMO's International Ship and Port Facility Security Code (\$12.2 million over two years)
- improve aviation security information collection and dissemination capacity from Indonesia and the Philippines (\$2.4 million over four years)
- strengthen Australia's counter-terrorism capability by seconding transport security analysts to the National Threat Assessment Centre in ASIO (\$2.1 million over five years), and
- implement the National Airspace System (\$2.1 million in 2003–04).

Our final result, \$45.0 million, was less than our revised budget for 2003–04 but was above our 2002–03 result (see table 4.3 overleaf).

The price of this output is forecast to increase further in 2004–05. As announced in the 2004–05 Budget, the government will provide the department with substantial additional resources to:

- establish an Inspector of Transport Security to identify and address security vulnerabilities (\$1.6 million over four years)
- assist countries in the Asia-Pacific region to improve transport security (\$4.7 million over four years)
- progress critical infrastructure protection in partnership with states and industry (\$2.4 million over four years)
- promote specific initiatives to reduce vehicle emissions (\$3.2 million over four years), and
- improve the department's capacity to carry out audit and compliance work under the *Motor Vehicle Standards Act 1989* (\$3.1 million in 2004–05).

Table 4.3 – Trends in transport regulation resourcing

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Departmental activities</b>				
Price of output	\$19.1m	\$22.6m	\$45.0m	\$61.9m
<b>Administered activities</b>				
Payments to airport lessees				
For sale of airport land	–	\$2.7m	\$0.0m	\$0.0m
For reimbursement of parking fines <sup>a</sup>	–	–	\$1.5m	\$2.4m
Management of Sydney West airport site (Badgerys Creek)				
Properties administered	not reported	254 <sup>b</sup>	254	254
Cost of management	\$0.1m	\$1.6m	\$2.2m	\$1.8m
Oil pollution compensation fund				
Payments made in respect of fund	\$2.5m	– \$0.5m	\$12.1m	\$2.0m
NTC and predecessor				
Payments made	\$1.2m	\$1.2m	\$2.4m	\$2.5m
Interstate road transport registration scheme				
Revenue collected	\$33.9m	\$37.0m	\$41.5m	\$48.0m
Payments made	\$33.9m	\$37.0m	\$41.5m	\$48.0m

<sup>a</sup> This activity was funded through departmental resources until 2003–04.

<sup>b</sup> Due to a transposition error, this was reported as 245 in our 2002–03 annual report (page 65)

### Aviation regulation

The aviation industry provides crucial transport services linking Australia with other countries and domestically providing affordable and convenient links between communities. The industry has rebounded strongly in the three years since the events of 9/11 and the collapse of the Ansett group of companies. The department's role is to:

- monitor the security of airports and aircraft (see case study page 48)
- minimise the impact of airport operations on nearby communities, and
- manage the Commonwealth's interests in 22 leased airports nationwide.



**Aircraft noise.** Regardless of its size, purpose or ownership, all aircraft in Australia are required to comply with aircraft noise regulations under the *Air Navigation Act 1920*. In 2003–04, we issued fewer aircraft noise permits than in previous years due to a decline in the number of applications (see table 4.4 overleaf). We also started a review of the *Air Navigation (Aircraft Noise) Regulations 1984* as planned.

Curfews apply at four airports to minimise the impact of airport operations on nearby communities. In 2003–04 we continued to manage the curfew system, and issued occasional curfew exemptions, in line with the legislation. We also brought forward changes to the Sydney Airport Curfew Regulations 1995, to deal with changed circumstances in the air freight industry. This regulatory activity, combined with noise amelioration work, has contributed to a substantial reduction in noise complaints, particularly around Sydney airport (see page 94).

**Leased airports.** Between 1997 and 2003 a total of 22 airports owned and operated 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. We are responsible for administering Commonwealth interests in the ongoing operation and management of privatised airports under the *Airports Act 1996*.

Under the Act, airport lessees must produce a master plan with a 20-year planning horizon and revisit the master plan every five years. Master plans are focused mainly on development of the airport site itself, but must also have regard to surrounding land or the associated needs of non-airport users. Lessees must also invest in infrastructure at airport sites and submit major development plans to the minister for approval. In 2003–04, we reviewed and the minister subsequently approved:

- three airport Master Plans, and
- five Major Development Plans.

We confirmed that six airport lessees had met their Period One Development Commitment obligations worth more than \$186 million. In addition, we:

- undertook 19 reviews of federally leased airports, to ensure compliance with lease conditions, of which 17 were completed by 30 June 2004
- managed a number of contracts for building controllers and environmental officers who monitor compliance by airport lessees and tenants with environmental and building standards
- reviewed tolerances for water pollution set in the Airports (Environment Protection) Regulations 1997 (Schedule 2)

#### Did you know?

Airservices Australia provides a noise enquiry hotline 1300 302 240 to enable the community to express their concerns about specific aircraft noise events or aircraft noise in general. You can also provide feedback online at [www.airservicesaustralia.com/ncm](http://www.airservicesaustralia.com/ncm)

- administered payments to airport lessees totalling \$1.5 million, mainly in respect of parking infringement notices (page 60)
- undertook a review of the *Airports Act 1996*, taking into account 61 submissions received from a broad range of stakeholders, and
- brought forward changes to the *Airports Regulations 1997*.

Also in 2003–04, the Australian National Audit Office (ANAO) released a report on our administration of lessee obligations entered into as part of the sale of the first 17 airports. The report, which followed up on audits of early sales, found that the department took some time to develop procedures to administer key aspects of contracts, but that our approach has been influenced by profound changes in the aviation environment and has improved since 2002. While we question some of the ANAO's analysis, we have agreed with six recommendations and agreed with qualification to the remaining three recommendations.

**Other.** In 2003–04, we administered a range of properties at Badgerys Creek (page 61). We also conducted safety checks at 58 remote landing strips belonging to indigenous communities to assess compliance with CASA regulations.

**Table 4.4 – Trends in aviation regulation**

	2001–02	2002–03	2003–04
<b>Activity regulated under the <i>Aviation Transport Security Act 2003</i><sup>a</sup></b>			
Airline security inspections conducted	135	129	121
Airport security inspections conducted	38	34	40
<b>Activity regulated under the <i>Air Navigation Act 1920</i></b>			
Aircraft noise permits issued	not reported	68	25
<b>Activity regulated under the <i>Airports Act 1996</i></b>			
Reviews of airport leases completed	4	8	17
Airport Master Plans approved	1	1	3
Variations to Master Plans approved	2	2	1
Major development plans approved	Not reported	Not reported	5
Decisions made on development proposals infringing on the prescribed airspace of federal airports	Not reported	Not reported	27

<sup>a</sup> These statistics refer to scheduled inspections of relevant airlines and airports, and do not include unscheduled inspections, incident investigations or other workload such as industry workshops. The level of inspections scheduled varies over time and takes into account factors such as levels of airline activity and global events such as occurred on September 11, 2001.



### Maritime regulation

Australia depends almost exclusively on shipping to move its exports and imports and has the fifth largest shipping task in the world, in terms of tonnes of cargo shipped and kilometres travelled. The department's role is to:

- ensure the security of port and shipping facilities (see case study page 48)
- regulate trade, and
- protect the sea and marine environment from maritime pollution.

**Regulation of trade.** All vessels trading interstate must be licensed or have a coastal permit to carry cargo or passengers under the *Navigation Act 1912*. The volume of applications for licences and permits fluctuates from year to year with demand for coastal shipping services. As detailed in table 4.5 overleaf, in 2003–04:

- slightly more vessels held coastal trading licences<sup>2</sup>
- fewer single voyage permits but more continuing voyage permits (valid for three months) were issued to other vessels in the public interest, and
- we continued to issue 100 per cent of permits within target timeframes.

**Efficient operation of shipping.** Part X of the *Trade Practices Act 1974* gives ocean liner carriers immunity from key parts of Australia's trade practices laws: it allows them to form conference agreements to provide regular scheduled cargo shipping services to importers and exporters. These agreements operate on nearly all Australian trade routes and cover varying amounts of trade on each route.

A wide range of agreements are registered with the department under the Act, each of which is specific to an individual trade route. In 2003–04, ongoing changes in the ocean liner industry saw us register fewer new shipping agreements but more variations to existing agreements. We continued to register 100 per cent of agreements and variations within 14 days of receipt.

The Productivity Commission also began a review of the operation of Part X of the Act, and is expected to present its final report to government in 2005.

**Protection of the sea.** Being an island continent, Australia is economically dependent on its sea lanes and port operations—resulting in a continual risk of pollution to the marine environment. In 2003–04 we:

- enacted regulations to prohibit ships from discharging untreated sewage into waters within 12 nautical miles of land (Annex IV of MARPOL<sup>3</sup>), and
- continued to collect compensation from oil companies in connection with oil spills and to pass this on to a special fund to cover associated clean-up costs (page 97).

<sup>2</sup> Licences are issued on condition that the crew are paid Australian wages while trading on the Australian coast and have access to the vessel's library.

<sup>3</sup> The MARPOL Convention is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. It is a combination of two treaties adopted in 1973 and 1978 respectively and updated by amendments through the years.

Table 4.5 – Trends in maritime regulation

	2001–02	2002–03	2003–04
<b>Activity regulated under the <i>Maritime Transport Security Act 2003</i></b>			
Maritime security plans approved at 30 June	n/a	n/a	248
Proportion of facilities covered by approved maritime security plans	n/a	n/a	100%
International Ship Security Certificates issued	n/a	n/a	55
Proportion of ships covered by approved security plan and international certificate	n/a	n/a	100%
<b>Activity regulated under the <i>Navigation Act 1912</i></b>			
Coastal shipping licences	52	56	60
Single voyage permits	642	803 <sup>a</sup>	669
Continuing voyage permits	116	105	126
Permits issued within target timeframes <sup>b</sup>	100%	100%	100%
<b>Activity regulated under Part X of the <i>Trade Practices Act 1974</i></b>			
Shipping conference agreements registered	16	21	12
Variations of existing agreements registered	16	22	29
Agreements registered within 14 day target	100%	100%	100%

<sup>a</sup> Includes 47 amended permits.

<sup>b</sup> Target timeframe for issuing continuing voyage permits is ten working days and for single voyage permits is four working days unless urgent application fee is paid (in which case target is next working day).

### Motor vehicle imports and standards

The Australian Government has jurisdiction over motor vehicles up to the point of first supply to the market. Once a vehicle has been supplied to the market, it falls within the purview of individual state and territory governments. In this context, our role is limited to:

- developing standards for motor vehicles
- assuring compliance of vehicle 'types' with these standards
- registering workshops which supply limited numbers of used vehicles to the specialist and enthusiast market
- approving motor vehicle imports, and
- investigating reports of safety defects and monitoring safety recalls.





**Standards for motor vehicles.** Before any road vehicle can be supplied to the market in Australia, it must comply with the *Motor Vehicle Standards Act 1989*. The Act, which applies to imported as well as locally manufactured vehicles, requires all vehicles to meet national safety and environment standards. These standards are the Australian Design Rules (ADRs).

We are progressively reviewing the ADRs to harmonise them, where possible, with international standards developed under the United Nations Economic Commission for Europe framework. In 2003–04 we continued our review of the ADRs. We repealed seven regulations and made good progress on:

- two RISs on underrun protection for heavy vehicles and on intrusive seatbelt reminders, and
- three heavy vehicle regulations for public comment—subject to feedback, these will probably be released later in 2004.

In 2003–04 we also worked with the Australian Greenhouse Office to develop the Green Vehicle Guide. The guide, which was launched in August 2004, is a world-leading internet tool to help consumers rate and compare vehicles according to their impact on the environment. We will receive an extra \$3.2 million over four years from 2004–05 to:

- promote the Green Vehicle Guide [www.greenvehicleguide.gov.au](http://www.greenvehicleguide.gov.au), and
- develop environmental performance criteria for heavy vehicles which operators must meet to qualify for excise credits.

**Compliance of motor vehicles.** Manufacturers and importers must demonstrate that their vehicle types meet the ADRs before the vehicle types can be supplied to the market in Australia. The vehicle certification process involves the department assessing test data electronically and verifying it through quality assurance audits of manufacturers and inspections of test facilities.

In 2003–04 we scaled back our audit programme in response to greater than expected demand for approvals and inspections, particularly under the Registered Automotive Workshop Scheme (RAWS). Inspection and audit activities are expected to return to more normal levels in 2004–05 as a result of the government decision to provide an extra \$3.1 million for this function. This amount includes funding for research, as well as \$1.1 million capital for information technology to support compliance activities.

**RAWS.** Special compliance arrangements apply for manufacturers and importers who supply limited numbers of used vehicles to the specialist and enthusiast market. RAWS, which replaces the former low volume scheme for used vehicles, began on 1 April 2002 and became mandatory on 8 May 2003 for imported used vehicles.

Workshops are inspected when the first approval is obtained and again for each vehicle model that the workshop is approved to process. In 2003–04, it became difficult to keep pace with demand for inspections. However, we were able to reduce turnaround times from 18 weeks in February 2004 to around five weeks at the end of June 2004 by recruiting extra staff.

**Motor vehicle imports.** In 2003–04 the number of import approvals processed rose by eight per cent. At one point, we had difficulty maintaining our service charter target of 17 working days and this resulted in a number of complaints. We were able to reduce turnaround times to within target levels by the end of June 2004 by recruiting extra staff.

**Safety defects and recalls.** Occasionally vehicles sold in Australia are found to contain a safety defect. Under the *Trade Practices Act 1974*, suppliers must recall goods which will or may cause injury. We investigate reports of vehicle safety defects and monitor the effectiveness of each vehicle safety recall. The number of reports and recalls fluctuates from year to year. For complete and up-to-date information on safety recalls, visit [dynamic.dotars.gov.au/recalls/index.asp](http://dynamic.dotars.gov.au/recalls/index.asp)

For more information on trends in motor vehicle regulation over time, see table 4.6 opposite.

**Did you know?**

New cars are now labelled with fuel consumption and carbon dioxide emissions information under ADR81/01. For more information on the environmental impact of different makes and models of new vehicles up to 3.5 tonnes, visit [www.greenvehicleguide.gov.au](http://www.greenvehicleguide.gov.au)

The information on labels and in the guide is based on laboratory tests using a standard drive cycle. Actual results depend on traffic conditions, driver behaviour and vehicle maintenance.

Fuel consumption information for 1986 through 2003 makes of vehicle is also available online at [www.greenhouse.gov.au/fuelguide/index.html](http://www.greenhouse.gov.au/fuelguide/index.html)

Tighter emission standards will apply to all new light vehicles from 1 January 2005<sup>a</sup> under ADR79/01. Standards take some time to implement fully because of the lead times involved in developing and modifying new models of cars.

<sup>a</sup> 1 January 2006 for diesels



Table 4.6 – Trends in motor vehicle regulation

	2001–02	2002–03	2003–04
<b>Activity regulated under the <i>Motor Vehicle Standards Act 1989</i></b>			
ADRs (re)issued	23	22	11
<b>Compliance of motor vehicles</b>			
Audits of production and/or test facilities	77	51	25
Approvals to fit identification plates to vehicle type	3 241	3 302	3 417
<b>Registered Automotive Workshops Scheme<sup>a</sup></b>			
Workshop applications	7	97	55
Workshops approved	0	10	45
Inspections conducted	1	64	145
Used import plate approvals	0	112	2 916
<sup>a</sup> This scheme began on 1 April 2002 and became mandatory on 8 May 2003 for used imported vehicles.			
<b>Motor vehicle imports</b>			
Approvals to import vehicle type	15 865	15 092	16 236
Vehicles covered by import approvals <sup>b</sup>	55 163	104 119	152 880
Import approvals issued within 17 working days	86%	89%	85%
<sup>b</sup> 2001–02 data does not include approvals to import non-transport equipment i.e. motorised scooters, all terrain vehicles, off-road motorcycles etc.			
<b>Activity regulated under the <i>Trade Practices Act 1974</i></b>			
Safety investigations	72	95	110
Safety recalls notified	104	99	126

Administered programme – Compensation to Airport Lessees for sale of airport land <i>(Regulatory Group)</i>		
Description	Performance indicators	Progress
This programme compensates airport lessees for the sale of land.	<i>Effectiveness:</i> clients are satisfied with the level of service	✓✓✓
	<i>Quality:</i> compensation provided to airport operators in relation to the sale of airport land within 10 working days from receipt of a valid tax invoice following completion	
	<i>Cost:</i> \$3,000 (down from \$0.1m at Budget)	

We administer compensation payable to airport lessees following the sale of airport land. In 2003–04 the only airport where compensation was identified was Hobart Airport. Funding has been held over to 2004–05 to be paid once Hobart International Airport Ltd and the Tasmanian Government have finalised their agreement on the land transfer in question.

Administered programme – Airport lessee companies - reimbursement of parking fines <i>(Regulatory Group)</i>		
Description	Performance indicators	Progress
This programme provides incentives for airport lessees to enforce parking zones in airport precincts.	<i>Effectiveness:</i> reduced net costs to Airport Lessee Companies of issuing parking infringement notices	✓✓✓
	<i>Cost:</i> \$2.3m	

We make payments to airport lessee companies based on a formula set by the Minister for Finance and Administration, namely 80 per cent of the revenue collected from parking fines after our administrative costs.

We revise programme budgets several times each year in light of the total funds that may be required. Our final result for 2003–04, \$1.5 million, reflects lower than usual levels of parking infringements and fines.


**Administered programme – Sydney West Airport – rental properties** (*Regulatory Group*)

Description	Performance indicators	Progress
This programme pays for water and land rates, maintenance and other costs associated with renting out properties on and around the proposed site of the Sydney West Airport.	<p><i>Effectiveness:</i> Commonwealth's interests in Sydney West Airport are managed</p> <p><i>Quality:</i> management of the rental properties at the Sydney West Airport site</p> <p><i>Quantity:</i> management of approximately 254 properties</p> <p><i>Cost:</i> \$1.7m (up from \$1.6m at Budget)</p>	

The Commonwealth owns and leases out a number of commercial and residential properties at Badgerys Creek. The properties are on and around the proposed site for a second international airport for Sydney and are managed by Zeckendorf Asset Management to ensure they remain in a reasonable condition.

We revise programme budgets several times each year in light of the total funds that may be required. Our final result for 2003–04, \$2.2 million, was higher than expected and than in previous years. This result reflects the costs of repairing extensive storm and bushfire damage and of meeting more stringent local council requirements for septic tanks.

We will continue to monitor the costs of this programme closely in 2004–05. There is limited scope, however, to scale back maintenance and repair work given our duty of care to tenants and our responsibility to government to keep the assets we administer in good condition.

Administered programmes		
– National Road Transport Commission (NRTC)		
– National Transport Commission (NTC)		
<i>(Regulatory Group)</i>		
Description	Performance indicators	Progress
Like the NRTC before it, the NTC is an independent statutory authority.	<i>Effectiveness:</i> nationally harmonised regulations contribute to improved road transport efficiency, safety and environmental performance	✓✓✓
It operates under the <i>National Transport Commission Act 2003</i> .	<i>Quantity:</i> payments made in accordance with agreed schedule	
	<i>Cost:</i> NRTC - \$0.6m NTC - \$1.8m	

Under Australia's Constitution, the states and territories are largely responsible for regulating road transport. Each state and territory has traditionally made its own laws in such areas as road rules, vehicle standards and driver licensing. Over time differences between these laws became more and more of an impediment to the efficient movement of freight and law reform between jurisdictions, especially for heavy vehicle freight transport, became problematic.

The NRTC was established in 1991 to develop uniform arrangements for vehicle regulation and operation, and consistent charging principles for vehicle registration. As reported in Chapter 1 (page 9), the NRTC was replaced by the NTC as planned in early 2004.

The NTC has a broader charter to continue reform of road transport regulation and operations and to undertake reform of rail and intermodal regulation and operations. It reports to the Australian, state and territory transport ministers through the Australian Transport Council.

While the NTC only came into existence on 15 January 2004, in practice its predecessor the NRTC took on a broader role in rail from 1 July 2003. This explains why, in 2003–04, the contribution of the Australian Government to the NTC rose to \$2.4 million, compared to \$1.2 million in 2002–03. The Commission's total budget was around \$7 million and was used to develop a range of transport reforms. In 2003–04, the NTC also:

- gained ministerial approval for a Performance Based Standards policy which, when finalised, will improve productivity, safety and ecological sustainability
- obtained ministerial approval for guidelines to help transport contractors carrying dangerous goods to prepare an Emergency Response plan, and
- released a draft code on managing fatigue in heavy vehicle drivers, as part of a review of hours of work and rest for drivers.

In 2004–05 the NTC is expected to focus on identifying improvements to the existing rail safety co-regulatory framework and developing model legislation and other supporting processes and documentation for adoption on a national basis.

For more information about the activities of the NTC, see [www.ntc.gov.au](http://www.ntc.gov.au)


**Administered programme – Interstate Road Transport Fees** (*Regulatory Group*)

Description	Performance indicators	Progress
<p>This programme passes registration charges for vehicles engaged in interstate trade on to state and territory governments.</p> <p>It is administered under the <i>Interstate Road Transport Act 1985</i>, the <i>Interstate Road Transport Charge Act 1985</i> and related regulations.</p>	<p><i>Effectiveness:</i> national road transport reform continues to support improved transport efficiency, safety and environmental performance</p> <p><i>Quality:</i> contribution to the implementation of national road transport reform through the Federal Interstate Registration Scheme</p> <p><i>Cost:</i> \$42.0m (up from \$38.1m at Budget)</p>	

The Federal Interstate Registration Scheme was set up in 1987 as an alternative to state based registration for heavy vehicles weighing 4.5 tonnes or more. The scheme was designed to provide uniform charges and operating conditions for heavy vehicles engaged solely in interstate operations.

Vehicles registered under the scheme may not be used for intrastate work, and must deliver goods to an interstate address in a continuous journey with the origin/destination documented in a consignment note. Special purpose vehicles such as mobile cranes cannot be registered under the scheme. State/territory permits may be required for vehicles carrying large loads or operating in combinations (such as in a road train).

To register, operators apply to the registration authority in their jurisdiction of residence and pay the same charges as for a state-registered vehicle. Federally registered vehicles must also comply with relevant ADRs and any other relevant standards, and must have compulsory third party insurance for the period of registration.

Revenue collected by state and territory authorities is passed on to the Australian Government and then redistributed based on an agreed formula designed to meet the costs of damage to roads caused by heavy vehicles.

Heavy vehicle registration charges were increased as of 1 July 2003. The resultant increase in revenue has been passed on to state and territory governments in full, and explains why the cost of this programme rose to \$41.5 million in 2003–04.

## OUTPUT 1.3 – TRANSPORT SAFETY INVESTIGATIONS

(Safety and Investigation Group)

Description	Performance indicators	Progress
<p>The department, through the Australian Transport Safety Bureau (ATSB), contributes to the maintenance and improvement of transport safety and public confidence by undertaking:</p> <ul style="list-style-type: none"> <li>• independent transport accident, incident and safety deficiency investigations</li> <li>• safety communication and education.</li> </ul>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>• transport safety and public confidence in transport safety is maintained and improved</li> <li>• stakeholder acceptance of safety messages, including consideration and implementation of recommendations, safety advisory notices and other safety actions</li> <li>• safety investigations are completed in a timely manner.</li> </ul> <p><i>Price: \$13.4m</i></p>	<p>✓✓✓</p>

### Report on performance

The ATSB contributes to transport safety, and to public confidence in public safety, by independently investigating and openly reporting on aviation, maritime and rail transport safety matters.

#### Did you know?

You can report an accident or incident to the ATSB 24 hours a day on our toll-free hotline 1800 011 034 or via the web, phone, fax or email.

Notifications are also received via other sources including Electronic Safety Incident Reports from Airservices Australia and from AMSA.

In 2003–04 air accident and incident notifications totalled 4556, fewer than in 2002–03 (see table 4.7 page 66).

Most hotline calls related to serious air accidents and incidents which must be reported within 24 hours.

All our investigations are ‘no blame’—our emphasis is on learning to improve future safety. We also prefer to report positive safety action, but we do make formal recommendations to safety regulators, manufacturers and other stakeholders where necessary.

The *Transport Safety Investigation Act 2003*, which came into effect on 1 July 2003, has consolidated and modernised our powers in aviation and marine safety and has expanded the ATSB’s powers to enable us to undertake rail investigations on the Defined Interstate Rail Network. The Act has also confirmed that the ATSB has primacy in investigation unless there is a clear case of ‘unlawful interference’ such as terrorism. It further protects sensitive information from use in criminal or civil proceedings other than coronial inquiries.

In support of the Act, we have signed MOUs with five rail safety regulators, Comcare, and Airservices Australia. These MOUs will facilitate cooperation including where both parties are conducting parallel investigations. Stakeholders with whom we are finalising MOUs include police authorities, safety regulators (CASA, AMSA) and the Australian Defence Force (Defence Flight Safety).





## Aviation safety

All accidents and incidents relating to flight safety in Australia or by Australian operators must be reported to us. We record accident and investigation data for possible future safety analysis and selectively investigate serious occurrences including fatal accidents that we believe will yield the most useful safety benefits especially for fare-paying passengers.

In 2003–04, we released 68 investigation and technical reports including important reports on fatal accidents at Hamilton Island, Bankstown, Moorabbin and Toowoomba and on a Saab 340 serious icing incident near Bathurst.

We completed fewer investigations than in previous years and the median completion time for investigations increased. This trend reflects factors including the three years it took to finalise the Toowoomba air crash investigation and preparations for a major audit by ICAO.

Resourcing was also an issue, and the government has recognised this by providing extra funding over the four years from 2004–05, for more investigations into aviation accidents and incidents (\$8.2 million) and to replace our aviation investigation database (\$6.1 million).

Aviation safety messages continued to be well accepted by stakeholders including CASA and Airservices Australia. Changes have been made in response to our recommendations on:

- Certain aspects of the National Airspace System following a close proximity incident near Launceston in December 2003—Airservices and CASA agreed to relevant ATSB recommendations on education, training and chart frequency material.
- Robinson helicopter rotor blades—in March the US Federal Aviation Administration and CASA issued safety directives to reduce the calendar life of Robinson R22 main rotor blades.
- The use of alcohol and cannabis in the aviation industry—a joint CASA/departmental inquiry on this issue will report to the government later in 2004–05.

*From top to bottom: The anatomy of an air crash. Debris from the wreckage is scattered over a 200m radius. The sound of sirens permeates the scene as emergency crews arrive. Fire crews set about making the scene secure, enabling rescue and ambulance personnel to go about their work safely. Media representatives are not far behind, to document the wreckage and speculate on its causes. ATSB staff begin the painstaking task of collecting and analysing evidence such as the flight recorder. This time, it was just an exercise. See also case study page 67. (Photos ATSB)*



Australia's aviation safety in the decade to December 2003 has improved markedly. The fatality rate for the general aviation sector has fallen from 3.0 per 100 000 hours flown to 2.1 per 100 000 hours flown. Over the same period the accident rate has dropped from 12.2 per 100 000 to 7.9 per 100 000 hours flown. However, one major crash would change this picture—there is no room for complacency.

We maintain a high response capability against the possibility of a major fatal air crash in Australia. We coordinated an on-site scenario exercise called 'Popplot' in October 2003 (see case study opposite). We also worked with Emergency Management Australia on a new umbrella plan for handling a major aviation disaster called AVDISPLAN which was released in March 2004.

As resources permit, we send investigators overseas to assist with, and gain experience in, major accidents. In 2003–04, we completed the joint investigation into the fatal crash of a Lao-registered Ilyushin IL76 Russian cargo aircraft near Baucau East Timor with the Australian Defence Force and in cooperation with Russian investigators.

ATSB also released ten aviation research reports in 2003–04. These are reported under Output 1.5 Transport research and data (page 98).

**Table 4.7 – Trends in aviation safety investigation<sup>a</sup>**

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Accident and incident notification</b>				
Accidents notified	179	151	152	150
Incidents notified	5 468	5 797	4 404	4 850
Total accidents and incidents notified	5 647	5 948	4 556	5 000
<b>Volume of investigations</b>				
Investigations started during year	83	62	75	100
Investigations completed <sup>b</sup>	118	78	63	75
Investigations continuing at 30 June <sup>b</sup>	90	66	76	100
<b>Timeliness of investigations</b>				
Median time to completion (days) <sup>b</sup>	317	279	347	330
Number of ongoing investigations more than one year old at 30 June	16	14	15	15
<b>Outcome of investigations</b>				
Recommendations issued	42	62	46	50

<sup>a</sup> 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.

<sup>b</sup> 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 time for investigations.



## CASE STUDY—TESTING EMERGENCY RESPONSE CAPABILITIES



More than 200 emergency service personnel tested their skills as they tackled the nightmare simulation of a plane crash at Wirlinga Army Base just outside Albury—codename Operation Popfot.

The mock alarm was raised by a '000' phone call at 7am on 1 October 2003. Five emergency crews were on the scene within half an hour, closely followed by police, ambulance and State Emergency Service crews.

The accident scene was frighteningly realistic, with casualties sporting makeup and fake blood. Further hurdles like a fictitious fuel spill were also thrown into the mix, but the potential environmental disaster was promptly dealt with by alert crews.

Umpires were on hand to judge the overall exercise, and senior personnel were unanimous in their view that all nine separate emergency services worked well together. The lessons learnt are also being disseminated throughout Australia.

The exercise, which was coordinated by the ATSB, took more than six months of painstaking planning and involved numerous volunteers from the ATSB and the rest of the department.

*Above: Image reprinted courtesy of the Border Mail.*

## Maritime safety

Accidents and incidents involving Australian registered ships and foreign flag ships in Australian waters must be reported to us. Often such information will be received through a report to AMSA. As with aviation safety, we do not investigate all marine incidents, but record all data for possible future safety analysis.

In 2003–04, we released 17 marine investigation reports and completed two ferry reports on behalf of the NSW Office of Transport Safety Investigation. Reports released included the *Doric Chariot* grounding in the Great Barrier Reef and the Star Sea Bridge/*Sue M* collision, which had been held over pending a criminal trial and was released 32 months after the incident. This explains the slight decrease in the number of investigations more than one year old and the increase in the median completion time for investigations.

The ATSB distributes its marine investigation reports and safety and educational material nationally and internationally and promotes marine safety in Australia and overseas. In 2003–04 the ATSB issued 47 marine recommendations to marine safety regulators, operators and stakeholders.

On 20 May 2004, we launched the Confidential Marine Reporting Scheme. This scheme offers seafarers the opportunity to report unsafe conditions, practices or procedures on board merchant ships without fear of being identified. By being able to do this, seafarers are able to promote their own safety and, by reporting their concerns, they are able to assist with preventing, or minimising the risk of, marine accidents.

Maritime safety messages contained in our reports are widely distributed and well received by all sections of the marine industry. In several cases, the recommendations have been taken up within the industry. In 2004–05, we will be conducting a safety awareness campaign aimed at commercial fishermen around the country. This campaign is designed to reduce the risk of collisions by raising awareness of causal factors identified in our investigations into collisions between fishing vessels and merchant ships.

## Rail safety

The *Transport Safety Investigation Act 2003*, which came into effect on 1 July 2003, empowers us to investigate incidents on the Defined Interstate Rail Network. However, in 2003–04, we also gave priority to completing legacy investigations requested by state authorities under state legislation.

We completed three investigations—the Spencer Street ‘runaway train’, Alooomba Queensland and Chiltern Victoria rail accidents. The Spencer Street and Alooomba investigation reports were released in December 2003 and we forwarded the Chiltern Report to the Victorian Transport Minister for his consideration. We expect to complete the fourth investigation, into an accident at Benalla in Victoria, later in 2004–05 along with new investigations into five rail accidents that occurred on the Defined Interstate Rail Network in 2003–04.

Rail safety messages have been accepted by relevant state authorities. Common themes included the need for engineering changes to rolling stock to ensure operations were more tolerant of human error, changes to procedures, and training of personnel.



In late 2004 the ATSB will open a rail investigation field office in Adelaide. Existing ATSB rail investigation offices in Adelaide, Canberra and Brisbane facilitate onsite accident response throughout the defined interstate rail network plus important industry liaison activities.

### **Road safety**

The ATSB coordinates the National Road Safety Strategy and two-yearly action plans on behalf of the Australian Transport Council. It also undertakes transport safety research and statistical work and releases associated reports. These activities are reported under Output 1.5 Transport research and data (page 98).

### **Price of output**

We generally aim to deliver our outputs at an agreed price. Our final result for Output 1.3 in 2003–04 was \$12.5 million. This result reflects lower than planned expenditure for more complex aviation and rail accident investigations in 2003–04.

Table 4.8 – Trends in other aspects of transport safety investigation

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Maritime safety</b>				
Volume of investigations				
Investigations started during year	10	15	8	10
Investigations completed during year	6	13	17	13
Investigations continuing at 30 June	18	20	9	6
Timeliness of investigations				
Median time to completion	469	399	484	350
Number of ongoing investigations more than one year old at 30 June	8	6	6	3
Outcome of investigations				
Recommendations issued	13	42	47	30
Safety notices issued under the marine confidential reporting system	n/a	n/a	0	10
<b>Rail investigations<sup>a</sup></b>				
Volume of investigations				
Investigations started during year	2	4	5	10
Investigations completed during year	3	5	3 <sup>b</sup>	9
Investigations continuing at 30 June	1	4	6	7
Timeliness of investigations				
Median time to completion	not reported	not reported	not reported	not known
Number of ongoing investigations more than one year old at 30 June	0	0	1	0
Outcome of investigations				
Recommendations issued	25	23	23	25
<b>Price of output (all investigations)<sup>c</sup></b>	<b>\$11.4m</b>	<b>\$11.3m</b>	<b>\$12.5m</b>	<b>\$16.8m</b>

<sup>a</sup> 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.

<sup>b</sup> This count includes the Chiltern rail investigation report submitted to the Victorian Government in late 2003–04. This report is expected to be released to the public in late 2004.

<sup>c</sup> This includes the direct costs of aviation, maritime and rail investigations, as well as indirect costs such as corporate overheads.



## OUTPUT 1.4 – TRANSPORT PROGRAMMES

(Programmes Group, Regulatory Group, Policy and Research Group)

Description	Performance indicators	Progress
<p>The department facilitates major transport infrastructure investment that serves the national interest and promotes a strong economy nationally and within regions by:</p> <ul style="list-style-type: none"> <li>• administering transport initiatives that are nationally focused, safe, efficient, competitive and environmentally responsible</li> <li>• managing ongoing road, rail, aviation, maritime and industry programmes</li> <li>• collecting general taxes, levies, fees and loan repayments, both departmental in nature and on behalf of the Commonwealth.</li> </ul>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>• transport, logistics and infrastructure programmes contribute to increased safety, security, competitiveness, accessibility and sustainability of transport and logistics systems</li> <li>• administration of programmes is in accordance with legislation, government policy and departmental standards</li> <li>• stakeholder interests are considered in programme administration</li> <li>• revenue collected and reported in accordance with legislation.</li> </ul> <p><i>Price:</i> \$11.9m (up from \$11.0m at Budget)</p>	<p>✓✓✓</p>

### Report on performance

We administer a range of grants, subsidies and other payments on behalf of the Australian Government. In 2003–04 we administered more than twenty transport programmes. These programmes:

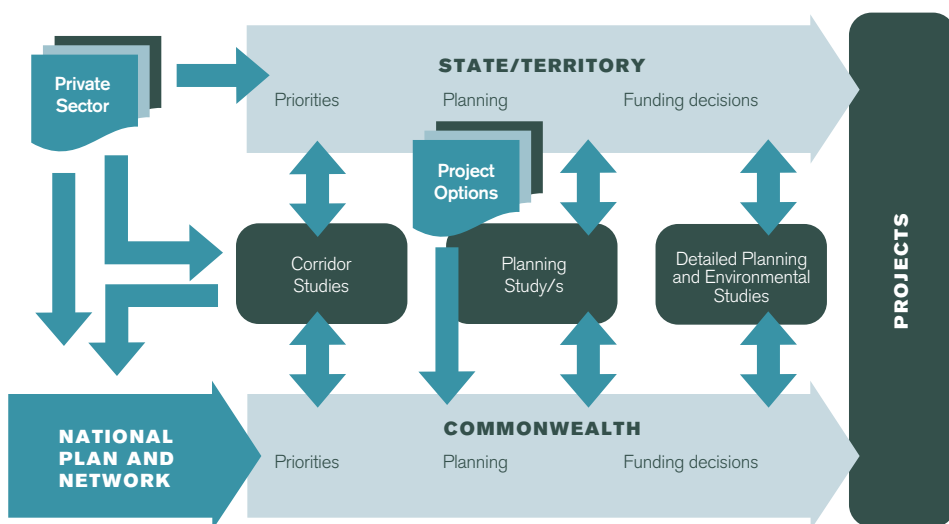
- improved security and quarantine facilities at airports at a cost of \$39.3 million
- invested \$1.3 billion in land transport planning, projects and infrastructure of national importance such as National Highways, Roads of National Importance, Black Spot and Federation Fund projects
- reduced the cost of regional air, shipping and related support services to consumers by \$133.3 million, and
- funded works to reduce aircraft noise and address other transport externalities at a cost of \$17.9 million.

We also collect a range of taxation and non-taxation revenues on behalf of the Australian Government. In 2003–04 we collected less revenue than in previous years due to the government decision to cease the Air Passenger Ticket Levy (see case study page 37).

In 2004–05 we will implement the government's new approach to land transport—AusLink. As discussed in Chapter 1 (page 4), the new AusLink programme will fundamentally transform the way we fund land transport in Australia. Amongst other things, it will replace the former National Highway and Roads of National Importance programme (page 78) and focus on projects within a defined network of key corridors.

While we will continue to fund many projects fully, particularly on the former National Highway system, we will place much more emphasis on shared responsibility and funding of projects with other levels of government and the private sector, so as to increase the return on every dollar spent by the Australian Government. Figure 4A below illustrates the new AusLink model of transport investment.

Figure 4A – The new AusLink model of transport investment



We aim to deliver our outputs at an agreed price, but review our budget throughout the year in light of changing priorities and actual results. Our final result for 2003–04, \$11.5 million, was less than in previous years but is likely to rise in 2004–05 as we gear up to implement AusLink.

Table 4.9 – Trends in transport programmes

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Departmental activities</b>				
Revenue collected	\$0.7m	\$0.8m	\$0.5m	\$0.2m
Price of output (net)	\$14.0m	\$13.0m	\$11.5m	\$21.6m
<b>Programmes and revenues administered</b>				
Number of programmes	22	20	19	18
Cost of programmes	\$1 901m	\$1 439m	\$1 962m	\$1 834m
Revenues administered	\$185m	\$238m	\$85m	\$79m



## CASE STUDY—ASSESSING THE FEASIBILITY OF MAJOR PROJECTS

The department has been publicly recognised for its contribution to a study to select the route for the F3 to Sydney Orbital Link—a tunnel linking the M2/WestLink Motorway and the F3 Sydney–Newcastle Freeway.

Conducted by consultants Sinclair Knight Merz, the study was highly commended by Engineers Australia Sydney Division Excellence Awards in September 2004<sup>a</sup>.

According to judges, it 'set new benchmarks for feasibility studies of major road infrastructure projects': Approximately 120 000 households and businesses were consulted in the complex study, which began in March 2002 and ended in early 2004.

Two departmental officers worked alongside consultants from Sinclair Knight Merz and officers of the NSW Roads and Traffic Authority to complete the project.

'A key aspect of our success was the cooperation, good will and good humour of the DOTARS members of the project team,' acknowledged John French, the NSW quality manager for Sinclair Knight Merz.

The judges also commented favourably on the team's commitment to social inclusion, emphasis on sustainability and use of interactive design tools and risk management to execute the project successfully. Future road and rail growth, land use in the corridor and public transport needs were amongst the economic, environmental and social issues studied.



*Above: The route recommended by the study, and adopted by government, follows Pennant Hills Road closely.*

<sup>a</sup> Engineers Australia was formerly known as The Institution of Engineers, Australia.

Administered programme – Aviation security enhancements – regional airport security <i>(Regulatory Group)</i>		
Description	Performance indicators <sup>4</sup>	Progress
This programme enables 140 regional airports to undertake security risk assessments and related works.	<p><i>Effectiveness:</i> improved security at 140 regional airports</p> <p><i>Cost:</i> \$35.0m</p>	✓✓✓

After finalising the 2003–04 Budget, the Australian Government decided to provide grants to help regional airports upgrade their security at a cost of \$14.0 million over two years from 2004–05. This measure was described in our 2003–04 *Portfolio Additional Estimates Statements*.

The government later reviewed the programme in light of wider aviation security issues and the ability of regional aviation operators to match government funds. It agreed to bring the programme forward to 2003–04 and to increase its budget to \$35.0 million. This change was described in our 2003–04 *Portfolio Supplementary Additional Estimates Statements*.

Regional airports can now access funds to install basic security infrastructure such as fencing, lighting and alarms/surveillance systems to improve security.

We expect regional aviation security will continue to improve over 2004–05, as a related programme starts up. This programme will pay for hardened cockpit doors to be installed on existing regional passenger aircraft with 30 or more seats, and will cost \$3.2 million.

<sup>4</sup> Performance indicators for this programme have not been published before due to the timing of its introduction. The indicators shown here are consistent with those used for related programmes e.g. aviation security enhancements to regional passenger aircraft in 2004–05.



#### Administered programme

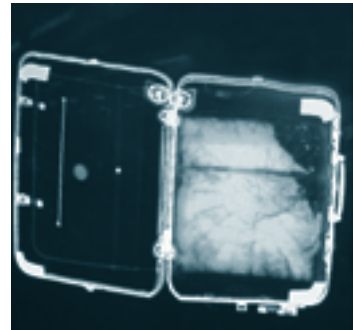
- Australia's response to foot and mouth disease and other quarantine risks
- Airports Quarantine Infrastructure programme  
(Programmes Group)

Description	Performance Indicators	Progress
This programme funds works to enable more passengers and bags to be screened for quarantine risks such as foot and mouth disease as they arrive in Australia.	<p><i>Effectiveness:</i> improved international airport infrastructure facilities, increased quarantine intervention rates</p> <p><i>Location:</i> Melbourne Airport</p> <p><i>Cost:</i> \$6.0m (down from \$7.76m at Budget)</p>	✓✓✓

Following a major outbreak of foot and mouth disease in the UK in early 2001, the government announced a range of measures to strengthen Australia's quarantine borders against exotic pests and diseases.

In previous years, this programme funded new and improved infrastructure at Sydney, Perth, Adelaide, Darwin and Cairns international airports, to enable Customs and AQIS to screen and inspect a much larger amounts of passenger luggage. Together with other measures, it has contributed to increased quarantine intervention rates. Intervention rates currently average around 81 per cent, up from approximately 25 per cent in early 2001.

Works at Melbourne Airport could not be completed in 2003–04 due to unforeseen delays in other important upgrades being carried out at the airport. We now expect to complete construction of queuing and staff facilities in 2004–05.



*Above: By increasing baggage screening capabilities, aviation security measures (page 48) may help deter people from attempting to smuggle prohibited items such as the cocaine hidden in this suitcase. (Photo courtesy of and © Australian Customs Service)*

Table 4.10 – Trends in land transport programmes

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Programmes administered under Output 1.4</b>				
<b>AusLink</b>				
Grant to ARTC	n/a	n/a	\$450.0m	–
Equity injection for ARTC <sup>a</sup>	n/a	n/a	\$143.0m	n/a
Other grants	n/a	n/a	\$0.0m	\$1 327.0m
<sup>a</sup> This payment is an equity injection not an administered programme, but is included here due to its materiality.				
<b>National Highways and Roads of National Importance</b>				
Total funds distributed	\$1 093.4m	\$980.7m	\$931.7m	Incorporated into AusLink
National Highway smooth travel exposure	> 95%	> 95%	> 95%	
<b>Road Safety Black Spot</b>				
Total projects funded	339	384	368	370
Projects in rural areas <sup>b</sup>	150	183	150	160
Cost of rural projects	not reported	\$27.9m	\$24.6m	\$23.8m
Total cost of programme	\$41.9m	\$44.5m	\$44.5m	\$44.5m
<sup>b</sup> Rural area is defined as an ABS Statistical Division with a population of less than 100 000. The distinction does not apply in Tasmania, the NT or the ACT				
<b>Roads to Recovery</b>				
Total projects registered	3 311	7 360	10 800	12 700
Cost to government	\$302.2m	\$202.2m	\$302.2m	\$253.1m
<sup>c</sup> The <i>Roads to Recovery Act 2000</i> specifies the funds available to each council over the life of the programme.				
<b>Other programmes</b> eg. Federation Fund projects				
Cost to government	\$168.7m	\$21.6m	\$33.5m	\$29.2m
<b>Total programmes administered under Output 1.4</b>				
Cost to government	\$1 730m	\$1 249m	\$1 762m	\$1 654m
<b>Programmes administered under other outputs</b>				
<b>Financial Assistance Grants to local governments for roads</b> (page 127)				
Cost to government	\$408m	\$445m	\$466m	\$473m



#### Administered programme – AusLink – Grant to the ARTC (*Programmes Group*)

Description	Performance indicators <sup>5</sup>	Progress
This one-off grant will enable the ARTC to invest in rail infrastructure including rail realignments on parts of the NSW north coast line to Brisbane.	<i>Effectiveness:</i> reduction in rail transit time between Sydney and Brisbane  <i>Cost:</i> \$450.0m	✓✓✓

This one-off grant will enable the ARTC to invest in rail infrastructure, particularly the unreliable NSW north coast line. The average speed of trains on the north coast line is currently just 47 kilometres an hour.

Better track conditions will reduce the time it takes for freight trains to travel between Sydney and Brisbane by at least 3 hours, and will make rail more competitive on this key route.

#### Administered payment – AusLink – Equity injection into the ARTC (*Programmes Group*)

Description	Performance indicators <sup>6</sup>	Progress
The equity injection will assist the ARTC to fund its investment commitments made under an agreement with NSW for the lease of the NSW interstate and Hunter Valley rail networks.	<i>Effectiveness:</i> improved performance of rail operations on the NSW interstate and Hunter Valley rail networks  <i>Cost:</i> \$143.0m	✓✓✓

In 2002–03, the Australian Government allocated \$250 million for upgrading interstate rail networks. Part of this, \$143 million, was to be spent on the NSW interstate track subject to NSW reaching agreement with the ARTC on suitable track access arrangements<sup>7</sup>.

The agreement was finalised in June 2004 (see case study page 85). We have now made the payment in the form of an equity injection to the ARTC, which will use these funds to meet its obligations to upgrade the rail infrastructure it is leasing.

<sup>5</sup> Performance indicators for this programme have not been published before due to the timing of its introduction.

<sup>6</sup> Performance indicators for this programme have not been published before due to the timing of its introduction.

<sup>7</sup> This condition was consistent with the 1997 Intergovernmental Agreement for the establishment of the ARTC.

Administered programme – National Highway and Roads of National Importance (Programmes Group)		
Description	Performance Indicators	Progress
<p>This programme funds state and territory governments to maintain the National Highway and declared Roads of National Importance. It is administered under the <i>Australian Land Transport Development Act 1988</i>.</p>	<p><i>Effectiveness:</i> improved standard and effectiveness of transport infrastructure supports regional economic growth and improves access to communities</p> <p><i>Quality</i></p> <ul style="list-style-type: none"> <li>• payments made in accordance with legal obligations under the <i>Australian Land Transport Development Act 1988</i> and intergovernmental agreements</li> <li>• percentage of smooth travel exposure on the National Highway classified by % vehicle kilometres exposed to &lt;110 NRM (NAASRA roughness measure).</li> </ul> <p><i>Cost:</i> \$931.7m</p>	<p>✓✓✓</p>

This programme, which will be replaced by AusLink from 2004–05 (page 76), has funded all maintenance, rehabilitation and construction on the National Highway as well as declared Roads of National Importance such as the Pacific Highway.

In 2003–04, we continued to make payments in line with our legal and other obligations. Major projects completed in 2003–04 included:

- Great Western Highway—dual carriageway to Katoomba and mostly three lanes to Mt Victoria (\$100 million).
- Murchison East Deviation—part of the Goulburn Valley highway opened in February 2003. Work included landscaping and construction of roadside amenities (\$87.7 million).
- Yandina to Cooroy—construction of approximately 11 km of four-lane divided road and two split interchanges on the Bruce Highway from Eumundi to Cooroy, opened in September 2003 (\$110 million).
- Gatton Bypass—the four-lane Gatton bypass, which has eliminated a section of road with a poor crash record and connected Toowoomba and Brisbane via a continuous divided highway, opened October 2003 (\$46 million).
- Roe Highway—Stage 6 between Nicholson Street and South Street in Perth opened April 2004 (\$38.5 million). It is part of a \$76 million commitment by the Australian Government to extend the Roe Highway to the Kwinana Freeway in a project jointly funded with the WA Government.
- Arthur Highway in Tasmania—the upgrade of road near Whamby's Corner and Torenus Mill and the construction of overtaking lanes at Gunns Hills (\$3.6 million).



New works are designed to meet the latest safety standards. The National Highway, which covers roughly 18 500 km in all as illustrated in figure 4B below, is among the safest roads when traffic volume is taken into account. At least \$36.4 million or four per cent of programme funding was spent on safety and urgent minor works in 2003–04.

Smooth travel exposure (the absence of roughness) on the National Highway remained above 95 per cent in 2003–04. Smooth travel exposure is a major indicator of road condition and user satisfaction with roads. It is reported by state authorities and assessed against an Austroads standard.

Figure 4B – Australia's 18 500 km National Highway system



Administered programme – Road Safety Black Spot ( <i>Programmes Group</i> )		
Description	Performance indicators	Progress
<p>This programme identifies sites with a history of serious road crashes and pays for treatments such as installation of roundabouts, traffic lights, signage and edge sealing.</p> <p>It is administered under the <i>Australian Land Transport Development Act 1988</i>.</p>	<p><i>Effectiveness:</i> improved safety of Australia's roads and reduced cost to the community from road trauma</p> <p><i>Quality:</i> reduction in the number of serious crashes at identified and treated sites with a consequent reduction in the cost to the community of road trauma</p> <p><i>Quantity:</i> approx 400 projects approved for funding</p> <p><i>Cost:</i> \$44.5m</p>	<p>✓✓✓</p>

Australia's first Road Safety Black Spot Programme was set up in 1990 as a direct response to the unacceptable nature of road trauma statistics. The current Black Spot Programme was started in 1996 and is now in its eighth year, having been extended twice.

Funding is mainly available for the treatment of black spot sites with a proven history of crashes<sup>8</sup>. To be eligible, sites must have a history of at least three casualty accidents over a five year period and proposals must demonstrate a safety-benefit cost ratio of at least 2:1. Up to 20 per cent of funds are available for treatment of sites which don't meet the above criteria, but which have been recommended on the basis of an official road safety audit report.

From 1996 to 30 June 2004, more than 2900 projects at crash sites across Australia have been approved to receive funding from the Black Spot Programme—an investment in road safety of more than \$316 million. The number of projects approved each year varies depending on the cost of approved works (see table 4.10 page 76).

Roughly half of all black spot funds in each state (other than Tasmania, ACT and NT) are reserved for projects in rural areas, as around 60 per cent of all fatal crashes and 50 per cent of serious injury crashes occur outside metropolitan areas. In 2003-04 roughly 55 per cent of funding went to rural projects.

A Bureau of Transport and Regional Economics (BTRE) evaluation of the current programme in 2001 estimated that it had prevented at least 32 fatalities and more than 1500 serious crashes in its first three years of operation, and returned an average \$14 in benefits for every \$1 invested.

Since the national Black Spot Programme was introduced, total funding by state and territory governments for black spot treatment has increased. Several jurisdictions have also introduced and funded black spot programmes along similar lines to the national programme.

<sup>8</sup> By law, Black Spot Programme funding cannot be used on the National Highway, or on sections of declared Roads of National Importance where separate funding is available.





The national and state black spot programmes have played a major role in reducing the number of people killed and injured on Australia's roads. Other measures which have contributed to this outcome include continuing improvements in design rules for vehicle safety (page 56) as well as increased enforcement of seat belt wearing, random breath testing and speed limits by state and territory authorities.

Administered programme – Roads to Recovery (Programmes Group)		
Description	Performance indicators	Progress
<p>This programme helps local councils replace and expand local roads.</p> <p>It is administered under the <i>Roads to Recovery Act 2000</i>.</p>	<p><i>Effectiveness:</i> improved local transport infrastructure supports economic growth and provides improved access to communities</p> <p><i>Quality:</i> recipients comply with all programme conditions</p> <p><i>Location:</i> Australia-wide and Indian Ocean Territories</p> <p><i>Cost:</i> \$302.2m</p>	<p>✓✓✓</p>

The Roads to Recovery Programme addresses the fact that many local roads are about to reach the end of their economic life but that replacing them is beyond the means of many councils. The *Roads to Recovery Act 2000* specifies the funds available to each council over the life of the programme—from 1 January 2001 to 30 June 2005. As at 30 June 2004, 222 out of 715 councils had received their full allocation under the Act<sup>9</sup>.

Councils can use programme funds to construct, upgrade or maintain roads. 'Roads' are defined broadly and include traffic lights and signs, street lights, vehicular ferries, bridges and tunnels and bike paths. Funds cannot be used for capital items such as road building plant. Approximately 12 700 projects have been registered for funding over the life of the programme (see table 4.10 page 76).

Councils must lodge audited financial statements confirming how they have spent programme funds and an annual assessment of the works undertaken against desired outcomes. All councils met this requirement in 2003–04.

Feedback from councils indicates that they often use programme funds to leverage funding from other sources, create economies of scale and meet multiple objectives such as indigenous employment. On average, there is a return of \$1.80 in benefits for every \$1 invested under the Roads to Recovery Programme.

The programme has recently been extended at a cost of \$1.2 billion over four years from 2005–06, and is being integrated into the AusLink framework (page 5).

<sup>9</sup> The actual number of councils eligible for funding under this programme changes from year to year due to factors such as council amalgamations.

Administered programmes – Federation Fund Project – Caboolture Motorway Federation Fund Project – Murray River Bridges (Programmes Group)		
Description	Performance Indicators	Progress
The Federation Fund funds projects of national significance, including a diverse range of construction, renovation and restoration projects. It is administered under the <i>Financial Management and Accountability Act 1997</i> s20.	<i>Effectiveness:</i> improved transport productivity and enhanced accessibility, economic prosperity and employment	
	<i>Location:</i> Queensland, Victoria and NSW	
	<i>Cost:</i> Caboolture Motorway – \$30.0m (up from \$19.0m at Budget)	✓✓✓
	Murray River Bridges – \$19.2m (down from \$24.0m at Budget)	✓✓✓

The Federation Fund has contributed funding towards a number of transport projects, including the Alice Springs to Darwin rail link (page 85) and the Beaudesert Shire Railway (page 111). The projects to receive funding in 2003–04 were the Caboolture Motorway and the Murray River bridges.

### Caboolture project

The Caboolture project is widening the Caboolture Motorway/Bruce Highway from four lanes to six from Dolhes Rocks Road to Boundary Road in Brisbane. Unfortunately bad weather has delayed the completion of the project by around 81 days. We expect the new section will open to traffic later in late 2004 and anticipate making associated payments then.

### Murray River bridges project

The Australian Government has committed \$44 million towards three new bridges across the Murray River between the towns of Corowa-Wahgunyah, Robinvale-Euston and Echuca-Moama.

Delays due to planning and native title issues have meant that less than one third of funds have been spent. While construction work started promptly on the bridge at Corowa, there was no work done on the bridge at Robinvale during 2003–04, Victoria has yet to sign the deed of grant for the Echuca-Moama bridge. Arrangements to carry funds over until required.

For details of each project, see table 4.11 opposite.



Table 4.11 – Federation Fund project details

Project	Caboolture		Murray River Bridges Project		
	Motorway Project	Corowa-Wahgunyah Bridge	Robinvale-Euston Bridge	Echuca-Moama Bridge	
Estimated total cost	TBA	\$22.0m	\$50.8m	\$37m	
Amount of grant	\$40m	\$12.0m	\$17.0m	\$15m	
Deed of grant signed	April 2003	April 2003	June 2003	not signed	
Project manager	Queensland Main Roads	NSW RTA	NSW RTA	Vicroads	
Major contractor	Bielby Holding Pty Ltd	John Holland Constructions	Boulderstone Hornibrook	to be advised	
Work started	May 2003	July 2003	August 2004	to be advised	
Work due to be finished	late 2004	January 2005	August 2006	to be advised	

Administered programme – Alice Springs to Darwin Rail Link <i>(Programmes Group)</i>		
Description	Performance indicators	Progress
This programme contributes to the costs of laying 1420 km of new track and associated works to link Alice Springs and Darwin by rail.	<p><i>Effectiveness:</i> transport services improve access to the Alice Springs–Darwin region</p> <p><i>Quality:</i> ensure Commonwealth obligations under the deed of grant are met</p> <p><i>Location:</i> Northern Territory</p> <p><i>Cost:</i> \$0 (Expenditure estimated to occur in 2005–06)</p>	n/a

The Darwin–Alice Springs railway is now completed. The first freight train left Alice Springs on 15 January 2004 and arrived in Darwin on 17 January 2004. However, we did not make any payments in 2003–04 because, as noted in our last annual report, payments planned for 2003–04 were brought forward to 2002–03.

The railway is of national importance. It has been estimated that the railway will return as much as \$1.88 for every dollar spent on it<sup>10</sup>, and will increase national GDP by \$4.5 billion during its first twenty years of operation<sup>11</sup>. A November 2003 report by Access Economics<sup>12</sup> confirms that the railway is also delivering benefits to the region. The railway:

- \* has helped the NT out-perform the wider Australian economy in terms of average output and job growth over the last decade
- \* will deliver cheaper supplies from the south, freeing up disposable income for NT residents to use on other things
- \* will deliver some tourists (as will the development of a new convention centre in Darwin and more visits from cruise ships), and
- \* may deliver more significant benefits over time if the railway enables Darwin to become a cost-effective freight and logistics hub for goods to and from Asia (the 'land bridge to Asia').

While the railway is effectively complete, work is continuing on related infrastructure at the East Arm Port and beside the rail terminal in Darwin.

<sup>10</sup> 1999 analysis by Booz-Allen and Hamilton. Such estimates are normally based on existing activity. They would not normally include multiplier effects or likely new activity such as freight generated by mining or transhipped from ships at East Arm Port.

<sup>11</sup> Access Economics Pty Ltd, June 1999

<sup>12</sup> Access Economics Pty Ltd, *Economic Outlook for the Northern Territory*, 10 November 2003.



## CASE STUDY—CELEBRATING THE BICENTENARY OF RAIL IN STYLE

Two hundred years ago, in February 1804, Richard Trevithick tested the world's first steam railway locomotive at the Pennydarren Iron Works in South Wales.

There were many sceptics. The master of one ironworks bet a vast amount of money, 500 guineas, that the wheels of the locomotive would just spin around uselessly. Instead, it pulled 10 tons of iron and 70 men along the tramway.

It inspired other engineers—including George Stephenson—to develop the locomotives that powered the first commercial railways, starting with the Stockton to Darlington line in 1825.

### **New national rail network announced in New South Wales**

Almost two hundred years later and half a world away, New South Wales signed its interstate and Hunter Valley rail tracks over to the ARTC under a 60 year lease.

We played a key role in brokering the historic agreement, which has ended 150 years of division in the management of Australia's railways. It enables one body, the ARTC, to sell interstate track access to train operators from Perth to the Queensland border—over 3400km in all.



*Above: Symbolically, the ARTC agreement was signed in the old Everleigh railway workshops in Sydney. (Photo courtesy ARTC)*

While the lease only came into effect in September 2004, the ARTC is already setting new records for rail. For the first time, during March 2004, it shifted more than 2.8 billion gross tonne kilometres in one month. This is even more remarkable since this is traditionally one of the quieter times of the year for rail.

### **The Ghan arrives in Darwin**

Australia marked the bicentenary of rail in style with the historic arrival of the Ghan in Darwin on 3 February 2004.

It was the end of a long journey that began in August 1929 when the first steam train left Adelaide for Alice Springs. The passengers had to change trains onto the Ghan at Quorn, near Port Augusta, because it ran on narrow gauge tracks.

*Case study continued ...*

Now the Ghan, built to a standard of comfort and style that would have astounded its original passengers, has arrived in Darwin as the longest passenger train in Australian history.

The Adelaide to Darwin railway stands as one of the world's great engineering achievements. It completes Australia's interstate rail system and will become our land bridge to Asia. Over the years, the Port of Darwin will be able to develop into a great freight hub for Australia's exports.

The department administered payments totalling \$179 million to the project on behalf of the government. These payments equated to roughly 14 per cent of the estimated \$1.3 billion cost of the railway.

**Administered programme – Upgrade of Mainline Interstate Railway Track (removal of interstate rail track from Wodonga CBD) (Programmes Group)**

Description	Performance indicators	Progress
This programme funds work to upgrade the mainline interstate track.	<p><i>Effectiveness:</i> improved road and rail access and safety in Wodonga</p> <p><i>Quality:</i> Commonwealth obligations under the MOU are met, and a Deed of Grant is developed for the project</p> <p><i>Location:</i> Victoria</p> <p><i>Cost:</i> \$0 (Expenditure estimated to occur in 2004-05)</p>	n/a

This programme was set up in 1998 and has funded projects including a major crossing loop extension (\$53.4m), track upgrades in Victoria (\$24.5m), and rail rectification and sleeper replacement over the 127km between Perth and Kalgoorlie (\$18m).

Work on the Wodonga Rail Bypass was originally planned for 2001-02 but has been delayed by issues within Victoria. As reported in our 2002-03 annual report, we expect the Australian Government's \$20 million contribution towards the project to be paid in 2004-05.

The Wodonga Rail Bypass will be the last project funded through this programme. Proposals for future investment in rail will be considered through AusLink (see page 4).



#### Administered programme – Gold Coast Rail Project (Programmes Group)

Description	Performance indicators	Progress
This programme contributes towards a study of the feasibility of a proposed light rail system for the Gold Coast.	<p><i>Effectiveness:</i> future Government involvement in the proposed project is determined</p> <p><i>Location:</i> Gold Coast, Queensland</p> <p><i>Cost:</i> \$0.4m (up from \$0.2m at Budget)</p>	✓✓✓

More people are moving to the Gold Coast than to any other local government area in south east Queensland. In anticipation of the impact this will have on the area, the Gold Coast City Council and Queensland Transport are jointly managing a feasibility study for a proposed light rail project. The study is being undertaken by private consulting firm Parson Brinckerhoff.

While normally a state and local government responsibility, the Commonwealth contribution recognises the scale and potential impact on the region of such a proposal.

The Australian Government provided \$0.230 million for the project in 2003–04, bringing its total contribution to date to \$0.503 million. The Australian and Queensland Governments have each committed up to \$0.650 million to the project.

The study is well advanced, and has identified four options for linking existing heavy rail routes (the Gold Coast rail line near Parkwood) to major destinations in Broadbeach via Southport. Further work is needed to understand the likely financial, social and environmental impacts of the project. We expect this work to be completed by the end of 2004.

The Australian Government is not committed to any particular option or to funding any other work once the feasibility study is completed.

Administered programme – Payments to MIFCo ( <i>Programmes Group</i> )		
Description	Performance indicators	Progress
MIFCo is a wholly government-owned company limited by guarantee. It was set up in 1998 to make redundancy-related payments associated with important waterfront reforms.	<p><i>Effectiveness:</i> waterfront reform initiatives contribute to improved stevedoring performance</p> <p><i>Quality:</i> department ensures sufficient funding is provided for MIFCo to meet its financial obligations</p> <p><i>Cost:</i> \$9.7m (\$34.7m in cash payments)</p>	✓✓✓

We make payments to MIFCo to meet its financial obligations, namely loan repayments and administrative expenses. The \$9.7 million represents expenses relating to the administration costs of the programme and interest charges associated with MIFCo's loan facility. Other expenses relating to the balance of actual payments to MIFCo have been recognised in previous years. Cash payments to MIFCo in 2003–04 totalled \$36.3 million, reflecting higher than anticipated levy collections.

Waterfront productivity is reported quarterly by the Bureau of Transport and Regional Economics (BTRE) in its *Waterline* publication and has improved markedly since 1998:

- the net crane rate for terminals at the five main container ports met the Australian Government's target of 25 containers per hour in the December quarter 2000
- all five major ports are continuing to improve their container handling rates, and
- the cost of 20 foot equivalent units (TEU) has declined by about 20 per cent in real terms since 1993.





Table 4.12 – Trends in support for regional aviation and shipping

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Support for regional aviation</b>				
Subsidy for transition to location-specific pricing for airport control towers				
Regional airports assisted	14	14	14	14
Price cap per tonne (GST inclusive)	not reported	\$7.42	\$7.42	\$8.68
Cost to government	\$7.0m	\$7.0m	\$7.0m	\$7.0m
Payment Scheme for Airservices Australia's Enroute Charges				
Operators supported	30	40	45	approx 46
Cost to government	\$1.4m <sup>a</sup>	\$4.8m	\$4.3m	\$6.1m
Remote Air Services Subsidy				
Communities assisted	> 200	250	220	225
Operators engaged	5	8	7	7 <sup>b</sup>
Cost to government	\$2.0m	\$2.3m	\$2.6m	\$3.3m
Tamworth Australasian-Pacific Aeronautical College				
Trainees studying	20	> 100	> 100	not known
Graduates produced	none expected – three year course		44	not known
Cost to government	\$1.3m	\$0.9m	\$1.3m	\$0.2m
Total cost of support <sup>c</sup>	\$11.7m	\$14.9m	\$15.1m	\$16.6m
<b>Bass Strait Equalisation Schemes</b>				
Tasmanian Freight Equalisation Scheme <sup>d</sup>				
Shippers assisted	not reported	1 350	1 350	not known
Claims paid	4 868	5 377	5 871	not known
Cost to government	\$71.9m	\$77.2m	\$83.6m	\$83.9m
Bass Strait Passenger Vehicle Equalisation Scheme				
Vehicles shipped	138 707	219 000	228 300	not known
Cost to government	\$17.1m	\$31.8m	\$34.3m	\$43.2m
Total cost of support	\$89.0m	\$109.0m	\$117.9m	\$127.1m

<sup>a</sup> This scheme only started on 1 January 2002.

<sup>b</sup> A tender process is currently underway.

<sup>c</sup> This total does not include the one-off costs of assistance provided to regional airports and regional aviation operators to enhance aviation security.

<sup>d</sup> Eligibility for rebates under TFES has been extended to shipments of containerised wheat from 1 July 2004. Rebates for these shipments were previously paid under the Tasmanian Wheat Freight Scheme.

Administered programme – Subsidy for transition to location-specific pricing for airport control towers (Regulatory Group)		
Description	Performance indicators	Progress
This programme subsidises the cost of Airservices Australia's air traffic control services at smaller regional airports.	<p><i>Effectiveness:</i> air traffic control services at regional and general aviation airports are maintained at a reasonable cost to users</p> <p><i>Quantity:</i> air traffic control services at 15 airports subsidised</p> <p><i>Cost:</i> \$7.0m</p>	✓✓✓

In mid-1998 Airservices Australia introduced a new pricing regime to remove cross-subsidisation of some parts 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.

In 2003–04 subsidies were 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.

The subsidy was due to have ceased in 2004–05 but has been extended for one year only, to enable Airservices Australia to review its pricing arrangements. In the meantime:

- the price cap for terminal navigation at these locations will increase to \$8.68 per tonne including GST, up from \$7.42 per tonne and
- existing excise and customs duty arrangements will be continued until 31 October 2005 to offset the costs of the subsidy.

For more information on this and other support for regional aviation, see table 4.12 (page 89).

Administered programme – Payment Scheme For Airservices Australia's Enroute Charges (Programmes Group)		
Description	Performance indicators	Progress
This programme reduces the cost of Airservices Australia's enroute air traffic control charges for smaller airlines providing regional public transport and/or aero-medical services.	<p><i>Effectiveness:</i> access to air services in regional Australia is improved through subsidised charges for low capacity regular public transport airlines and aero-medical services</p> <p><i>Quality:</i> clients are satisfied</p> <p><i>Cost:</i> \$6.0m</p>	✓✓✓

Under this programme, certain small airlines are exempt from Airservices Australia's Enroute Charges. These airlines provide regular public transport and/or aero-medical services to regional areas, using aircraft with a maximum take off weight of less than 15 tonnes.



In 2003–04, a total of \$4.3 million was reimbursed to 45 operators. The programme, which is essentially demand driven, cost less than in 2002–03 because a backlog of payments was made in that year.

A survey was sent to all airlines registered for the scheme in October 2004 to assist in a review of the programme and assess client satisfaction.

For more information on this and other support for regional aviation, see table 4.12 (page 89).

Administered programme – Remote Air Services Subsidy Scheme (RASS) (Programmes Group)		
Description	Performance indicators	Progress
This scheme subsidises the cost of weekly air services to 220 isolated communities in remote parts of Australia.	<p><i>Effectiveness:</i> access to regional air services is improved through subsidised air services, where there are no alternative forms of transport, for passenger transport, goods delivery and other transport needs</p> <p><i>Quality:</i> communities use the air services for passenger transport and essential services</p> <p><i>Cost:</i> \$2.6m (down from \$3.0m at Budget)</p>	✓✓✓

This scheme ensures weekly air services to around 220 isolated communities in remote parts of Queensland, NT, WA, SA and Tasmania. As the communities are in remote areas where road access is often cut off for months at a time during the wet season, a regular air service is the only reliable means of transport.

Communities rather than operators apply to be in the scheme, and rely on these services for passenger transport and for goods such as fresh food, prescription medicines, spare parts and educational materials. Around 30 per cent of communities receiving support under the scheme are identified as indigenous communities. Other communities include cattle/sheep stations and tourist centres.

Air operators providing RASS services are selected through a competitive tender process and engaged for a fixed term. We began an open tender process to select operators for new two-year contracts in May 2004.

We pay operators monthly in arrears based on agreed services levels. Operators are responsible for setting passenger fares and freight rates, and bear the risks associated with this. The actual number of passengers carried has remained steady at around 1600 a year, while 39 220 kg of freight was carried to or from communities in 2003–04.

The cost of the scheme has continued to rise by more than 10 per cent a year due to rises in the cost of aviation fuel, parts and insurance. However, the overall cost of the scheme remains modest. In 2003–04 it equated to less than \$230 per community per week.

The government will provide an additional \$7.7 million over four years from 2004–05 to continue the scheme at its current size. Without this funding, services would have to be withdrawn from approximately 60 communities.

For more information on this and other support for regional aviation, see table 4.12 (page 89).

Administered programme – Tamworth Australasian-Pacific Aeronautical College (Programmes Group)		
Description	Performance indicators	Progress
This programme assists the college to provide extra training in aviation and to establish a reputation as a training provider.	<i>Effectiveness:</i> additional aircraft maintenance engineers are trained in regional Australia	✓✓✓
	<i>Quality:</i> clients are satisfied	
	<i>Cost:</i> \$1.3m (up from \$1.0m at Budget)	



The college, which is based in regional Australia, offers accredited training to enable students to become licensed aircraft maintenance engineers. The college also offers vocational education to schools in the Tamworth area and to TAFE students.

In 2003–04, 134 students were enrolled in the college, with 60 per cent of students employed by major companies like Qantas, Boeing, and British Aerospace. The remainder are employed by smaller regional airlines such as REX. The college intends to market its services in China next year.

More information on this and other support for regional aviation is provided in table 4.12 (page 89).

*Left: A licensed aircraft maintenance engineer is the only person who can certify that work is completed to regulatory requirements and standards or who can supervise other people doing maintenance work on aircraft. (Photo courtesy of and © CASA)*

Administered programme – Tasmanian Freight Equalisation Scheme (Programmes Group)		
Description	Performance indicators	Progress
This scheme provides a rebate on the cost of shipping containers of goods between Tasmania and mainland Australia.	<i>Effectiveness:</i> Tasmanian industries have equal opportunities to compete in mainland Australian markets	✓✓✓
Bulk shipments are not eligible for assistance under the scheme.	<i>Cost:</i> \$82.0m (up from \$80.1m at Budget)	

This scheme, which is demand driven, has succeeded in enabling Tasmanian industries to compete on an equal footing in markets on the Australian mainland. The number and overall cost of claims continued to rise in 2003–04. Higher than anticipated demand saw a modest increase in the cost of the scheme, which reached \$83.6 million in 2003–04.

Around 80 per cent of rebates paid are for goods produced in Tasmania and shipped to the Australian mainland for use or sale. Rebates paid on this northbound trade reached \$66.2 million in 2003–04.



The major northbound items subsidised were:

- vegetables and vegetable products (\$17.3 million)
- paper and paper products including newsprint (\$15.1 million)
- timber, wood and cork products (\$8.8 million)
- beverages (\$2.6 million), and
- metal waste (\$2.1 million).

Goods shipped to Tasmania as an input to a production process may also be eligible for assistance. Rebates paid on southbound trade reached \$17.4 million in 2003–04. Raw materials for the manufacturing and mining sectors were the major goods shipped (\$14.6 million).

More information on this and the Bass Strait Passenger Vehicle Equalisation Scheme is provided in table 4.12 (page 89).

Administered programme – Bass Strait Passenger Vehicle Equalisation Scheme ( <i>Programmes Group</i> )		
Description	Performance indicators	Progress
This scheme provides a rebate against the fare charged by a ferry operator to carry vehicles accompanied by a passenger across the Bass Strait.	<p><i>Effectiveness:</i> efficient and equitable access to Tasmania through reduced cost of travel across Bass Strait</p> <p><i>Quality:</i> more accessible travel</p> <p><i>Cost:</i> \$39.0m (up from \$30.8m at Budget)</p>	✓✓✓

This scheme, which is demand driven, enables ferry operators to offer reduced fares. It has contributed to a substantial increase in the number of people choosing to take self-drive motoring holidays in Tasmania. When the scheme was introduced in 1996–97, around 63 000 cars crossed the strait each year. This number had doubled by the end of 2001–02. It then jumped significantly in 2002–03 due to:

- the decision to extend rebates to motor homes, caravans, motorcycles and cycles, and
- the introduction of two new ferries in September 2002 by the TT-Line.

In 2003–04, the number of vehicles shipped continued to rise, reaching 228 300 vehicles. The total cost of the scheme also rose to \$34.3 million. This was slightly more than expected, in part due to a new ferry service between Sydney and Devonport from January 2004.

Some 87 per cent of all vehicles shipped were cars, with motor homes and campervans, motorbikes and cars towing trailers accounting for most of the balance of vehicles being shipped.

The rebates payable for each crossing did not change in 2003–04 and will remain the same in 2004–05. The rebates are:

- up to \$150 for cars and buses
- up to \$300 for motor homes, campervans and cars towing caravans
- up to \$75 for motor bikes, and
- \$21 for bicycles.

For more information on this and the Tasmanian Freight Equalisation Scheme, see table 4.12 (page 89).

Administered programmes – Implementation of noise amelioration for Sydney and Adelaide Airports (Programmes Group)		
Description	Performance indicators	Progress
These programmes pay for works to reduce the effect of aircraft noise on residents and public buildings located under major airport flight paths.	<p><i>Effectiveness:</i> agreed eligible residences and public buildings are insulated to assist the environmental sustainability of operations at the nominated airports</p> <p><i>Quality:</i> clients are satisfied with the level of service provided within the framework of the insulation programme</p> <p><i>Cost:</i> Sydney Airport \$8.2m (down from \$11.1m at Budget) Adelaide Airport \$16.6m (down from \$25.2m at Budget)</p>	✓✓✓

The Sydney Airport Noise Amelioration Programme was introduced in November 1994, and the Adelaide Airport Noise Insulation Programme in May 2000. Under both programmes, the Australian Government pays for noise insulation to be installed in eligible homes and public buildings such as schools and colleges, preschools, health and aged care facilities and churches.

Both programmes are nearing completion. All eligible residences and public buildings have been identified and the majority insulated. There is no marked change in the noise contours for 2004.

To date, over \$400 million has been spent, with over 4500 eligible residential dwellings and over 100 eligible public buildings insulated against aircraft noise. Lower than expected take-up of the programmes and delays in council approvals saw us spend less than planned in both programmes. Our 2004–05 estimates will be adjusted accordingly.

We require works to be completed to a high standard, and ask residents to rate the quality of work through a post-insulation survey. In 2003–04, over 80 per cent of respondents continued to rate the quality of work done as very good or better.

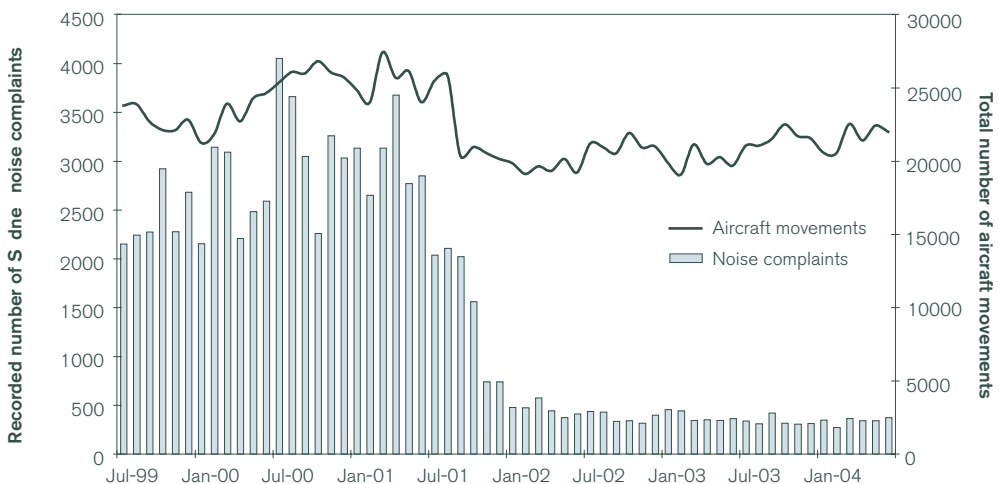
The programmes have been effective in reducing the impact of aircraft noise on homes and public buildings under flight paths. As illustrated in figure 4C opposite, complaints about aircraft noise in Sydney have dropped from 4000 complaints a month to about 4000 complaints a year. Airport curfews and other regulatory measures have also contributed to this outcome.



Table 4.13 – Trends in airport noise amelioration

	2000–01	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Adelaide Airport</b>					
Private homes insulated	13	220	208	240	not known
Public buildings insulated	0	0	2	1	not known
Work rated very good or better by clients	not reported	90%	88%	83%	not known
Cost of works to government	\$1.9m	\$11.1m	\$13.2m	\$13.9m	\$13.6m
<b>Sydney Airport</b>					
Programme outcomes					
Private homes insulated	474	268	119	12	not known
Public buildings insulated	3	7	2	1	not known
Work rated very good or better by clients	not reported	82%	> 80%	82%	>80%
Cost of works to government	\$37.2m	\$24.9m	\$7.7m	\$3.9m	\$9.2m
Other relevant information					
Aircraft movements	307 867	250 326	246 061	258 526	not known
Noise complaints recorded by Airservices Australia	37 539	11 953	4 556	4 044	not known
Persons making complaints to Airservices Australia	6 384	2 637	1 910	1 643	not known

Figure 4C – Trends in noise complaints for Sydney Airport versus aircraft movements



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

Administered programme – Management of residual issues of former Australian National Railways Commission (AN) <i>(Programmes Group)</i>		
Description	Performance indicators	Progress
This programme funds resolution of issues relating to the former Australian National Railways Commission (AN).	<p><i>Effectiveness:</i> resolution of outstanding issues and completion of environmental remediation of affected properties following the winding up of AN</p> <p><i>Quality:</i> payments made in accordance with legal obligations and intergovernmental agreements</p> <p><i>Cost:</i> \$0.5m</p>	✓✓✓

In November 1996 the Australian Government announced that it would sell AN, apart from its interstate track elements. Parts of the business were progressively sold over 1997 and 1998.

In 2002-03 we completed environmental remediation of more than 600 sites belonging to AN at a cost of \$50 million. All legal obligations were met and responsibility for the ongoing environmental management of these sites was transferred to the relevant state governments.

In 2003-04 we continued to enable industry and enthusiasts to access more than 180 000 plans and drawings of rolling stock and infrastructure as housed in the AN's Plan Room. The future of the Plan Room, including archiving arrangements for historic documents of national significance, will be addressed in 2004-05.





#### Administered programme – Oil Pollution Compensation Fund (*Regulatory Group*)

Description	Performance Indicators	Progress
<p>The International Oil Pollution Compensation (IOPC) Fund pays compensation for the costs of an oil spill where these costs exceed the tanker owner's ability to pay.</p> <p>Contributions to the IOPC fund are levied under the <i>Protection of the Sea (Oil Pollution Compensation Fund) Act 1993</i>.</p>	<p><i>Effectiveness:</i> environmental impacts of oil spills are addressed</p> <p><i>Quality:</i> compensation, funded by contracting states including Australian oil companies, provided in the event of major oil spills</p> <p><i>Cost:</i> \$2.0m (down from \$5.9m at Budget)</p>	<p>✓✓✓</p>

The owners of oil tankers must take out insurance to cover the cost of any oil spills from the tankers. However, the owners do not have unlimited liability. Their liability depends on the size of the tanker—the bigger the ship, the larger the liability with the maximum liability for the biggest tanker being approximately \$180 million.

Where the cost of compensation resulting from an oil spill exceeds the tanker owner's liability or, for some other reason, the tanker owner is unable to pay those costs, compensation is payable by the IOPC Fund. The maximum aggregate amount payable by the tanker owner and the IOPC Fund is limited to approximately \$415 million for any one particular incident.

Contributions to the IOPC Fund are made by all persons who receive more than 150 000 tonnes of crude oil or heavy fuel oil in a calendar year by sea in a country that is a party to the *International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage*. Australia has been a party to that Convention since January 1995.

Receivers of oil are levied annually by the IOPC Fund to meet the anticipated payments of compensation and the estimated administrative expenses during the forthcoming year.

In 2003–04, we reported payments totalling \$12.1 million in relation to the fund. This comprised transfers to the IOPC fund of levies received from oil companies (\$5.6 million) as well as transfers from the IOPC fund to oil companies to refund excess levies paid in previous years (\$6.5 million).

There has never been an oil spill in Australian waters that exceeded the tanker owner's liability, so there has been no need for the IOPC Fund to make any contribution towards the costs of an oil spill in Australia.

#### Did you know?

If you witness a vessel polluting, you should report the incident to AMSA's 24 hour hotline 1800 641 792 or to your local port, marine or transport authority.

You will need to provide details such as when and where the incident occurred, the name of the vessel if known, type and extent of pollution and any other information which you may think pertinent.

## OUTPUT 1.5 – TRANSPORT RESEARCH AND DATA

(Safety and Investigation Group, Policy and Research Group)

Description	Performance indicators	Progress
<p>The department undertakes research and collects, maintains and disseminates relevant data including:</p> <ul style="list-style-type: none"> <li>transport safety statistical analysis and public interest research</li> <li>dissemination of transport safety information to industry and the Australian public</li> <li>research and data on current and emerging transport issues.</li> </ul>	<p><i>Effectiveness</i></p> <ul style="list-style-type: none"> <li>transport safety research and analysis increases and improves stakeholder knowledge and improves safety outcomes</li> <li>transport research and analysis activities contribute to improved transport policy development and programme delivery.</li> </ul> <p>Price: \$12.7m (down from \$13.4m at Budget)</p>	<p>✓✓✓</p>

### Report on performance

Within the department, two main areas contribute to transport research and data: the ATSB and BTRE. Each area maintains unique data collections and is the sole source of data available on particular transport issues. More information about the contribution of each area follows.

We generally aim to deliver our outputs at an agreed price. The combined result for this output in 2003–04, \$9.5 million, was significantly less than planned and than in previous years. This result partly reflects a \$1.0m transfer of ATSB funding from 2003–04 to 2004–05 for a proposed new novice driver training initiative.

Table 4.14 – Trends in transport research

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>ATSB activities</b>				
Website hits (includes activity reported under Output 1.3 and 1.5)	4 million	5 million	7 million	8 million
Reports and publications distributed	25	30	36	40
<b>BTRE activities relevant to transport</b>				
Major publications	7	11	14	11
Periodic statistics releases	not applicable	37	45	51
<b>Cost of output</b>	<b>\$11.3m</b>	<b>\$13.8m</b>	<b>\$9.5m</b>	<b>\$15.8m</b>



### ATSB transport safety statistics and information

In 2003–04, the ATSB released 22 road safety research and statistical publications. These included research reports on changing rural speed limits, retrofitting seat belt reminder systems in cars, using daytime running lights and improving safety at passive level train crossings, 17 statistical reports and a special report on *Road Safety in Australia* to commemorate World Health Day 2004.

The ATSB also coordinates the National Road Safety Strategy and two-yearly action plans on behalf of the ATC. ATSB analysis indicates that:

- Much has been done to improve road safety—Australia's overall road deaths have fallen to levels last seen in the 1940s.
- Vehicle safety standards (page 56) are continuing to reduce road deaths.
- Investing in roads to improve safety (page 76) is highly justified and the single most practical option for reducing road deaths open to government.

However, ATSB analysis also indicates that more needs to be done if Australia is to achieve the current national target, of no more than 5.6 deaths per 100 000 people by 2010. ATSB's ongoing challenge is to work with state and territory authorities to find new ways to:

- tackle problem behaviour such as speed, use of seatbelts and other restraints, substance abuse and fatigue, and
- reduce the risks associated with specific vehicle types, community groups and locations.

The ATSB also researches and analyses data on the safety of other modes of transport. This work is closely linked with ATSB's investigations of actual accidents as reported under Output 1.3 Transport safety investigations (page 64).

The ATSB released 10 aviation safety reports including on alcohol and cannabis use in aviation, general aviation accidents, and the aviation safety climate survey. These generated widespread interest. The alcohol and cannabis report along with the ATSB Hamilton Island accident report underpin the joint departmental/CASA inquiry on alcohol and cannabis in aviation. Four reports based on the national rail occurrence database were also released.

The ATSB also continued to publish and distribute a range of educational materials to key groups such as learner drivers, parents of young children, and motorcycle riders. Most items, which include posters, wallet cards and videos, are available free of charge. For more information visit [www.atsb.gov.au](http://www.atsb.gov.au) or ring 1800 621 372 or email [public@atsb.gov.au](mailto:public@atsb.gov.au)

#### Did you know?

- Every 22 minutes somebody is killed or seriously injured on Australia's roads.
- For every Australian who has died in war, almost two Australians have died in road crashes.
- Road crashes cost the community \$41 million every day—the equivalent of \$750 per Australian per year.

Source: Road Safety in Australia, ATSB 2004

## BTRE transport research and analysis

BTRE's transport research and analysis is used in policy development and to inform industry and the community. The focus of our research in 2003–04 included freight transportation, rail industry harmonisation, the external impacts of transport and project evaluation.

We published 14 major research and statistical publications. A list of these and their relevance to Australia's national research priorities are set out in Appendix B (page 174).

BTRE's transport research is widely cited in, for example:

- the AusLink White Paper—*Building Our National Transport Future*—included transport trend and projection analysis
- an energy White Paper—*Securing Australia's Energy Future*—included research findings on urban air quality trends and the health impact of motor vehicle pollution
- BTRE Report 109—*Rail Infrastructure Pricing: Principles and Practice*—has been a key source for government and industry reports and submissions on rail regulation, and
- this annual report (see Chapter 2 page 21).

We also collect a large range of transport statistics and offer regular monthly or quarterly digests of these. During 2003–04 we added a new dataset to our collection so Australian travellers can now access information on the timeliness of major domestic carriers.

We are proactive about communicating our findings. All our publications are available free online ([www.btre.gov.au](http://www.btre.gov.au)). We also made presentations to 13 conferences and seminars on transport issues and are planning our fifth transport research colloquium for 2004–05.

*Opposite: From left, Deputy Prime Minister John Anderson and WA Kimberley Minister Tom Stephens chat with Tjurabalan community chairman David Skeahan and community member Lennie Manson. (Photo DOTARS)*

CHAPTER 5 | Regional outputs and programmes

5



## REGIONAL OUTPUTS AND PROGRAMMES

Regional, rural and remote Australia accounts for over one third of the population and two thirds of Australia's export income. Our national prosperity depends significantly on the strength of our regions, now and into the future.

In recent times, ongoing population shifts, drought, floods and fire have presented major challenges to regional communities. Partnership is the key to helping these communities face their challenges and take opportunities to further develop and grow.

### OUR ROLE





We lead portfolio agencies in helping the Australian Government achieve 'greater recognition and development opportunities for local, regional and territory communities'. Other agencies and governments which contribute to this outcome include:

- the National Capital Authority
- state governments
  - the Western Australian (WA) government also provides a number of services to the Indian Ocean Territories (IOTs) on our behalf
- the governments of the Australian Capital Territory (ACT), Northern Territory (NT) and Norfolk Island, and
- more than 700 local governments including 90 indigenous councils.

Private and not-for-profit bodies also contribute to this outcome.

### OUR CONTRIBUTION

We are funded to deliver a range of regional outputs and programmes. This chapter reports on these outputs and programmes. It:

- sets out the annual financial and other targets published in documents such as our 2003–04 *Portfolio Budget Statements* (PBS)
- explains our actual results in 2003–04 and compares them with previous years' results where applicable
- discusses factors that may be affecting or are likely to affect our results, such as our relationship with the stakeholders identified above, 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 work towards specific priorities. In 2003–04, five of our top 20 priorities related to regional services. Our performance against these priorities is reported in Chapter 1 (pages 2–19). Our priorities for 2004–05 are listed in Chapter 2 (page 25).



Table 5.1 – Regional outputs and programmes in 2003–04

	Budget <sup>a</sup> 2003–04 \$000	Actual 2003–04 \$000	Variance <sup>b</sup>	Progress	See also page
Output 2.1 – Regional development policy advice	8 390	14 308	70.5% ▲	✓✓✓	105
<i>Administered programmes - nil</i>					
Output 2.2 – Regional development programmes	23 791	19 351	18.7% ▼	✓✓✓	108
<i>Administered programmes</i>					
Regional Partnerships	90 944	78 457	13.7% ▼	✓✓✓	111
Sustainable Regions	20 865	20 889	0.1% ▲	✓✓✓	113
Construction of the Bert Hinkler Hall of Aviation Museum	725	-	100.0% ▼	✓✓✓	116
Output 2.3 – Services to territories	88 082	108 071	22.7% ▲	✓✓✓	117
<i>Administered programmes</i>					
Payments to the ACT					
– assistance for water and sewerage services	8 873	8 873	-	✓✓✓	122
– compensation for the effects of National Capital Influence on the costs of providing municipal services	22 067	22 067	-	✓✓✓	122
Output 2.4 – Services to local government	3 292	3 357	2.0% ▲	✓✓✓	123
<i>Administered programmes</i>					
Local Government Financial Assistance Grants	1 508 436	1 508 436	-	✓✓✓	127
Output 2.5 – Natural disaster mitigation and relief arrangements	5 181	3 492	32.6% ▼	✓✓✓	128
<i>Administered programmes</i>					
Disaster Mitigation	5 500	5 472	0.5% ▼	✓✓✓	130
Regional Flood Mitigation	9 900	4 747	52.1% ▼	✓✓✓	131
National Aerial Firefighting	5 500	5 500	-	✓✓✓	132
Natural Disaster Relief Arrangements	135 000	46 936	65.2% ▼	✓✓✓	133
Assistance for ACT Softwood Sawmills	1 000	1 000	-	✓✓✓	132
Bushfire appeals and other ex-gratia relief	-	10	n/a	n/a	n/a

Table 5.1 continued ...

	Budget <sup>a</sup> 2003–04 \$000	Actual 2003–04 \$000	Variance <sup>b</sup>	Progress	See also page
Output 2.6 – Regional research and data	2 360	1 831	22.4% ▼	✓✓✓	134
<i>Administered programmes</i>					
Regional and Rural Research Info and Data	68	67	1.5% ▼	✓✓✓	135
Regional and Rural Development Grants	160	171	6.9% ▲	✓✓✓	135
Foundation for Rural and Regional Renewal	650	524	19.4% ▼	✓✓✓	136
Total price of departmental outputs	131 096	150 410	14.7% ▲		
Less receipts from independent sources	9 206	15 257	65.7% ▲		
Net price to government for outputs (appropriation)	121 890	135 153	10.9% ▲		
Total cost of administered programmes	1 809 688	1 703 149	5.9% ▼		
Plus other costs including depreciation	696	979	40.7% ▲		
Total administered operating expenses	1 810 384	1 704 128	5.9% ▼		
Less administered revenues	43 213	57 106	32.2% ▲		
Net cost to government of administered activities	1 767 171	1 647 022	6.8% ▼		
Average Staffing Level (ASL) <sup>c</sup>	421.8 †	444.6 †	5.4% ▲		

<sup>a</sup> The budget is the revised budget published in our 2003–04 *Portfolio Additional Estimates Statements*.

<sup>b</sup> The variance is the change in our 2003–04 actuals over our revised 2003–04 budget.

<sup>c</sup> The average staffing level includes 115 staff based in the IOTs. From 1 July 2004 services to the IOTs will be reclassified from departmental to administered (see page 118).

Table 5.2 – Trends in regional development policy advice

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
Price of output	\$12.8m	\$9.3m	\$14.3m	\$5.8m





## OUTPUT 2.1 – REGIONAL DEVELOPMENT POLICY ADVICE

(Policy and Research Group, Programmes Group)

Description	Performance indicators	Progress
<p>The department provides policy advice and other services to its ministers in relation to:</p> <ul style="list-style-type: none"> <li>• regional communities and their development</li> <li>• effective governance, economic and social development of Australian territories</li> <li>• local governments, including advice on local government financing.</li> </ul>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>• improvement in cooperative work and action across agencies</li> <li>• improved understanding and communication of regional issues nationally</li> <li>• ministers and ministers' offices are satisfied with the quality of policy advice and legislation development, and the department meets standards for policy advice, legislation and ministerial services.</li> </ul> <p><i>Price:</i> \$8.4m (down from \$11.8m at Budget)</p>	<p>✓✓✓</p>

### Report on performance

We work with many other agencies to improve the way regional issues are understood, communicated and addressed. For example, in 2003–04, we:

- participated in the Secretaries' Group on Indigenous Issues which has taken on a broader role since the government decided to adopt a whole-of-government approach to delivering programmes and services to Australia's indigenous peoples
- sponsored one of eight Council of Australian Governments (COAG) trials of a 'whole of government' approach to delivering services to indigenous communities in the East Kimberley, WA (see case study page 160)
- supported the Regional Women's Advisory Council to host three significant events in Gippsland, Armidale and Alice Springs (see case study pages 106–107)
- met with various groups to progress the National Water Initiative (page 107) and other important reforms to the way we manage natural resources, and
- worked with other agencies to develop a draft National Regional Evaluation Framework for assessing the impact of government programmes in regional Australia (page 135).

We provide advice and other services to our ministers in anticipation of these being needed, or as required by them. In 2003–04, we continued to achieve more than 90 per cent satisfaction with the briefs and correspondence we prepared. In doing so, we supported our ministers and executive to:

- exercise powers and meet their responsibilities under more than 40 pieces of portfolio legislation on local government, territories and regional development
- appoint people to key positions in the National Capital Authority, the IOTs, Norfolk Island and the NT

- chair and participate in key forums, including the new Regional Development Council (RDC), which met for the first time on 30 July 2003
- participate in negotiation of key agreements including two water reform agreements endorsed at the COAG meeting on 25 June 2004
- represent the Australian Government on official visits to Norfolk Island in September and October 2003 and in March 2004
- make submissions and respond to relevant inquiries e.g. by the Joint Standing Committee on the National Capital and External Territories and by the House of Representatives Select Inquiry into the Recent Bushfires (page 153), and
- respond to representations from other ministers, members of parliament and constituents on related issues.

We generally aim to deliver our outputs at an agreed price. For this output, our final result for 2003–04 was \$14.3 million.

## CASE STUDY—LISTENING TO RURAL WOMEN

More than two million women live outside Australia's big cities. These women play a pivotal leadership role in family, business and community life and are often the energising force in their communities.

Since 1999 the Regional Women's Advisory Council has advised the Deputy Prime Minister on issues affecting regional, rural and remote Australia. It draws on the perspectives and networks of women from different ages, backgrounds and lifestyles living in these areas.

The department provides the secretariat for the council, and supported it to host three major events in 2003–04. The information gathered at these events helps the government better target policies and programmes to meet the needs of regional Australians.

### **Identifying local issues**

In November 2003, more than 200 women came together in Gippsland, Victoria, to tackle critical issues facing their communities at a conference on national water reform, small business opportunities and the changing needs of rural communities.

The one-day conference, held in partnership with the Gippsland Women's Network, included a series of workshops led by some of the region's most capable women. The success of the conference and the enthusiasm shown by participants has encouraged the council to repeat the experience in other regions in 2004.



*Case study continued ...*

### **Women and water**

In May 2004, prominent and active women from around Australia came together in Armidale, NSW, to discuss the critical water issues facing our nation.

The women, representing a diversity of views and interests, spoke as one on the urgent need for all governments to agree on national water reforms and a clear implementation schedule. This was achieved at the June 2004 COAG meeting.

### **Indigenous women's gathering**

A unique gathering of women from eight COAG trial sites has been heralded as the start of something positive for the future of indigenous Australians, especially women.

The gathering, held in Alice Springs in May 2004, was a wonderful opportunity for indigenous women to get together and discuss difficult issues in a safe environment. They heard from community leaders about what works and what doesn't when dealing with family violence, child abuse, justice, health, education, housing, mental health, drug and alcohol problems, and money management.

Plans are in place for more women's gatherings under a new indigenous leadership programme administered by the Office of Indigenous Policy Coordination.

For more information about the council visit [www.dotars.gov.au/regional/rwac](http://www.dotars.gov.au/regional/rwac)

'I add my breath to yours  
That our days may be  
long on this earth  
That the days of our  
people will be long  
And that we may finish  
our journey together.'

*- An indigenous prayer  
shared at the gathering*

*Right: The indigenous women's gathering in May 2004 brought together women from eight regions around Australia where COAG is trialling new approaches to delivering services to indigenous communities (Photo courtesy of Barry Skipsey)*



## OUTPUT 2.2 – REGIONAL DEVELOPMENT PROGRAMMES

(Programmes Group)

Description	Performance indicators	Progress
<p>The department administers regional programmes and grants for communities, which includes:</p> <ul style="list-style-type: none"> <li>working with local consultative/advisory structures to enable communities to build on capabilities and opportunities within their regions</li> <li>working with other agencies across all spheres of government in the delivery of non-grant programmes and activities to communities.</li> </ul>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>regional partnerships between government, communities and the private sector are strengthened</li> <li>stakeholders are satisfied with programmes</li> <li>administration of programmes is in accordance with legislation, government policy, and departmental standards.</li> </ul> <p><i>Price:</i> \$23.8m (up from \$19.9m at Budget)</p>	<p>✓✓✓</p>

### Report on performance

We encourage regional communities to plan for their own development and consult with them about how we can help them grow and diversify. In 2003–04 our regional offices worked:

- with a national network of 56 Area Consultative Committees (ACCs) to deliver the new Regional Partnerships Programme (pages 111–112)
- with eight locally appointed advisory committees and executive officers to deliver the Sustainable Regional Programme (pages 113–115), and
- to distribute information on other Australian Government grants programmes—we also publish this information online at [www.grantslink.gov.au](http://www.grantslink.gov.au)

We encourage other agencies to work with committees to improve regional outcomes. Examples of initiatives involving ACCs in 2003–04 included small business, tourism, sugar industry reform, national food industry strategy, and indigenous employment.

We provide the Commonwealth Regional Information Service (CRIS), so people do not need to know the structure of government to find out what help is available. In 2003–04, we:

- mailed an information booklet to 2.7 million households and distributed 45 000 copies of the more detailed Australian Government directory
- fielded 14 per cent more hits on our website [www.regionalaustralia.gov.au](http://www.regionalaustralia.gov.au) and handled the equivalent of four and a half thousand hits a day, and
- handled an average of 450 calls a week to our free hotline 1800 026 222, including a total of 1750 calls about the new Regional Partnerships Programme (pages 111–112).

We generally aim to deliver our outputs at an agreed price. For this output, our final result for 2003–04 was \$19.4 million. This result reflects factors including self-imposed expenditure restraint under the Work out/Work up plan (Chapter 1 page 10) as well as lower than expected demand for programmes in the first part of the year. We expect the price to rise in 2004–05 as programme activity expands (see table 5.3 page 110).



## CASE STUDY—BUILDING REGIONAL PARTNERSHIPS

Our regional programmes are essentially about working in partnership with communities, government and the private sector to build self-reliant communities and regions.

Nowhere is this better exemplified than in the story of the Kodja Place (pronounced 'koitch'), an award-winning project supported by us in partnership with the Kojonup community and WA Government.

Kojonup is a small country town in the south-west of WA, three hours drive from Perth. It is home to a multicultural community comprising the local Noongar people, who have lived there for thousands of years, and more recently-arrived European immigrants.

Since 1998 these groups have been working together to share their common story and create an innovative museum—Kodja Place Interpretative Centre.

The Kodja Place, which opened in September 2003, presents indigenous and migrant experiences using artefacts, quotes, interactive displays, photography, hands-on activities and a spectacular rose maze. It tells of the creation and development of Kojonup through the stories of the Noongar people and white settlers, presented side by side.

Built to strengthen reconciliation between the communities, the project has been locally driven, with community-led project management and curating. It acknowledges the impact of other cultures on the local Aboriginal way of life and presents a clear demonstration of reconciliation in action.

In all, around 600 people from across the community have contributed to its success. Predecessors of the Regional Partnerships Programme contributed \$460 000 to the project. Other major sources of funding have included the Federation Fund (\$650 000), the WA government (\$649 000), the Shire of Kojonup (\$150 000) and local volunteers (\$70 000).

The Kodja Place has won major national and state awards, and was the subject of an ABC Radio National programme. The ABC programme was nominated for the 2004 Media Peace Awards run by the United Nations Association of Australia.

For more information about Kodja Place, visit [www.kodjaplace.net.au](http://www.kodjaplace.net.au)



*Above: Built in a single day, the rose maze tells the story of three women from different cultures—Noongar, British and Italian.*



*Above: The centre is providing important employment and teaching opportunities to the Noongar people (Photos courtesy of and © The Kodja Place)*

Table 5.3 – Trends in regional programmes

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Departmental activities</b>				
Total price of output	\$36.9m	\$28.0m	\$19.4m	\$30.0m
<b>Commonwealth Regional Info Service</b>				
Website hits <sup>a</sup>	0.7 million hits	1.4 million hits	1.6 million hits	Subject to community demand
Calls to hotline 1800 026 222	31 908 calls	38 519 calls	23 241 calls	
Stands at community venues	360	not reported	> 340	
<sup>a</sup> Our website <a href="http://www.regionalaustralia.gov.au">www.regionalaustralia.gov.au</a> was only launched in January 2002				
<b>Regional Partnerships Programme<sup>b</sup></b>				
<sup>b</sup> As this programme was only launched on 26 June 2003, the historical data shown here relates to the nine programmes that 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.				
<b>Regional Partnership projects</b>				
Applications received	1 308	954	736	
New projects approved	685	533	266	
<b>Rural Transaction Centres (RTCs)</b>				
New sites approved	34	67	74	
Sites approved to date	not reported <sup>c</sup>	164	239	
Sites operating at 30 June	52	80	115	
<b>RTCs with electronic point of sale (personal banking service)</b>				
New sites approved	98	21	33	
Sites approved to date	not reported <sup>c</sup>	119	141	
Sites operating at 30 June	98	101	130	140+ sites
Total cost of programme	\$91.4m	\$73.7m	\$78.5m	\$90.8m
<sup>c</sup> An aggregate total of 202 RTCs and RTCs with personal banking services had been approved as at 30 June 2002.				
<b>Sustainable Regions Programme</b>				
New projects approved	n/a	72	86	
Total cost of programme	\$0.4m	\$6.2m	\$20.9m	\$32.5m
<b>Total regional programmes administered</b>				
Number of programmes	10	11	3	3
Total cost of programmes <sup>d</sup>	\$91.7m	\$80.0m	\$99.3m	\$124.0m

<sup>d</sup> Includes cost of legacy and/or minor programmes such as the Bert Hinkler museum (page 116).



### Administered programme – Regional Partnerships (Programmes Group)

Description	Performance indicators	Progress
<p>This programme makes it easier for people to access funding for local projects. There is one programme, one set of guidelines and one application form.</p> <p>It brings together nine previously separate programmes: Regional Solutions, Regional Assistance, Rural Transaction Centres and specifically targeted structural adjustment initiatives for Wide Bay-Burnett, Namoi Valley, Weipa and the South West Forests region of WA.</p>	<p><i>Effectiveness:</i> communities have improved growth and opportunities, access to services, support for planning and assistance in structural adjustment</p> <p><i>Quality:</i> clients are satisfied with the programme</p> <p><i>Quantity:</i> number and geographic spread of grants approved</p> <p><i>Location:</i> regional, rural and remote Australia</p> <p><i>Cost:</i> \$90.9m (down from \$99.1m at Budget)</p>	<p>✓✓✓</p>

We work with 56 ACCs throughout Australia to identify and support projects that will benefit regional communities. Because every region is unique, the proposals put to us vary considerably in their size and scope. Some of the projects funded in 2003–04 were:

- a 40-place long day child care centre in Launceston, which will provide child care for migrant children while their parents attend English and other classes (\$0.2 million)
- work to improve water quality in the Great Lakes district of NSW and to restore Wallis Lake as one of NSW's primary oyster farming regions (\$0.4 million)
- a eucalyptus oil distillation plant in Narrogin, WA which will trial oil distillation from mallee trees using waste heat from a co-located bio-energy plant (\$0.4 million)
- a new mobile phone system for Christmas Island to replace the existing analogue system (\$2.5 million), with Telstra to contribute another \$0.8 million, and
- some operating costs of the newly established heritage railway from Beaudesert to Bethania in Queensland<sup>1</sup>.



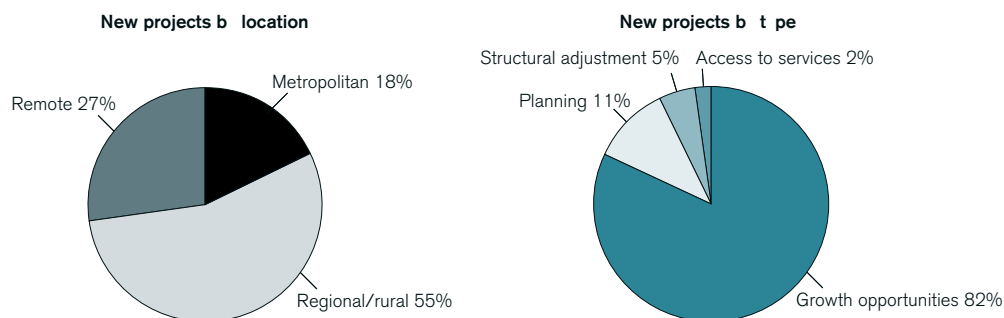
Above: The annual conference of ACC chairs in June 2004 brought together community leaders from across Australia (Photo Brian Hartigan DOTARS)

<sup>1</sup> As mentioned in previous annual reports, the Beaudesert railway was set up with a \$5 million Federation Fund grant.

We revise programme budgets several times each year in response to actual demand for funds. Our final result, \$78.4 million, was less than expected but still more than was spent under the nine previous programmes in 2002–03. For every \$1 spent on projects, other sources have contributed an average of \$3.

We expect competition for programme funds to increase as communities and ACCs gear up, and as significant adjustment issues emerge in connection with necessary water reforms (see Chapter 2 page 21). This trend may also change the type and location of new project proposals and approvals (see Figure 5A below).

**Figure 5A – Regional Partnerships project approvals in 2003–04**



The new model of programme administration, which builds on the lessons learnt from previous programmes, has been well received. The standardised funding agreement, which was developed under the More Accessible Government initiative, sets out grant recipients' and our responsibilities in plain English. A client satisfaction survey will be conducted in 2004–05, to provide a more formal assessment of the programme's quality.



Above: It takes an average of 12–18 months to set up an RTC in a community of fewer than 5000 people. (Photo DOTARS)

The programme has also been expanded at a cost of \$77.6 million over four years from 2004–05. This extra funding includes \$72.5 million over four years, some of which will address issues raised in the report *Regional Business – A Plan for Action* (see Chapter 1 page 6).

For more information about this programme, visit [www.regionalpartnerships.gov.au](http://www.regionalpartnerships.gov.au)





### Administered programme – Sustainable Regions (Programmes Group)

Description	Performance indicators	Progress
<p>This programme supports communities in specific regions to deal with major economic, social and/or environmental change.</p> <p>The specific regions are: 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 Tasmania.</p>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>regional partnerships between government, communities and private sector are strengthened in targeted regions</li> <li>increased opportunities in targeted regions.</li> </ul> <p><i>Quality:</i> stakeholders are satisfied with the programme</p> <p><i>Quantity:</i> number and geographic spread of grants approved</p> <p><i>Location:</i> regional, rural and remote Australia</p> <p><i>Cost:</i> \$20.9m (down from \$26.4m at Budget)</p>	<p>✓✓✓</p>

We are working with communities in eight regions as profiled in figure 5B (page 115). We support an advisory committee in each region to build partnerships with other governments, business and communities. Up to \$12 million is available to each region over the life of the programme, except for the Atherton Tablelands which has up to \$18 million and Wide Bay Burnett which has up to \$8 million<sup>2</sup>.

**Table 5.4 – Trends in Sustainable Regions funding**

	2001–02	2002–03	2003–04	Total to date
Campbelltown-Camden NSW	\$0.0m	\$0.5m	\$2.1m	\$2.6m
Far North East NSW	\$0.0m	\$1.1m	\$2.8m	\$3.9m
Gippsland Victoria	\$0.0m	\$1.6m	\$3.0m	\$4.6m
Atherton Tablelands Qld	\$0.0m	\$1.4m	\$4.0m	\$5.4m
Wide Bay Burnett Qld	\$0.0m	\$0.1m	\$2.7m	\$2.8m
Playford-Salisbury SA	\$0.0m	\$0.2m	\$1.4m	\$1.6m
Kimberley WA	\$0.0m	\$1.0m	\$3.6m	\$4.6m
North West and West Coast Tasmania	\$0.0m	\$0.2m	\$1.3m	\$1.5m
Other	\$0.4m	\$0.0m	\$0.0m	\$0.4m
<b>Total cost of programme</b>	<b>\$0.4m</b>	<b>\$6.2m</b>	<b>\$20.9m</b>	<b>\$27.5m</b>

<sup>2</sup> Another \$4 million had been set aside for projects in Wide Bay Burnett under a previous structural adjustment package (see Regional Partnerships Programme, page 111).

Since the programme began in 2001, we have committed over \$53 million to 158 projects. These projects have attracted another \$162 million from private sector and other partners. This equates to a \$3 benefit for every \$1 of Australian Government funding, although the actual amount varies between projects and regions. Some of the projects approved in 2003–04 included:

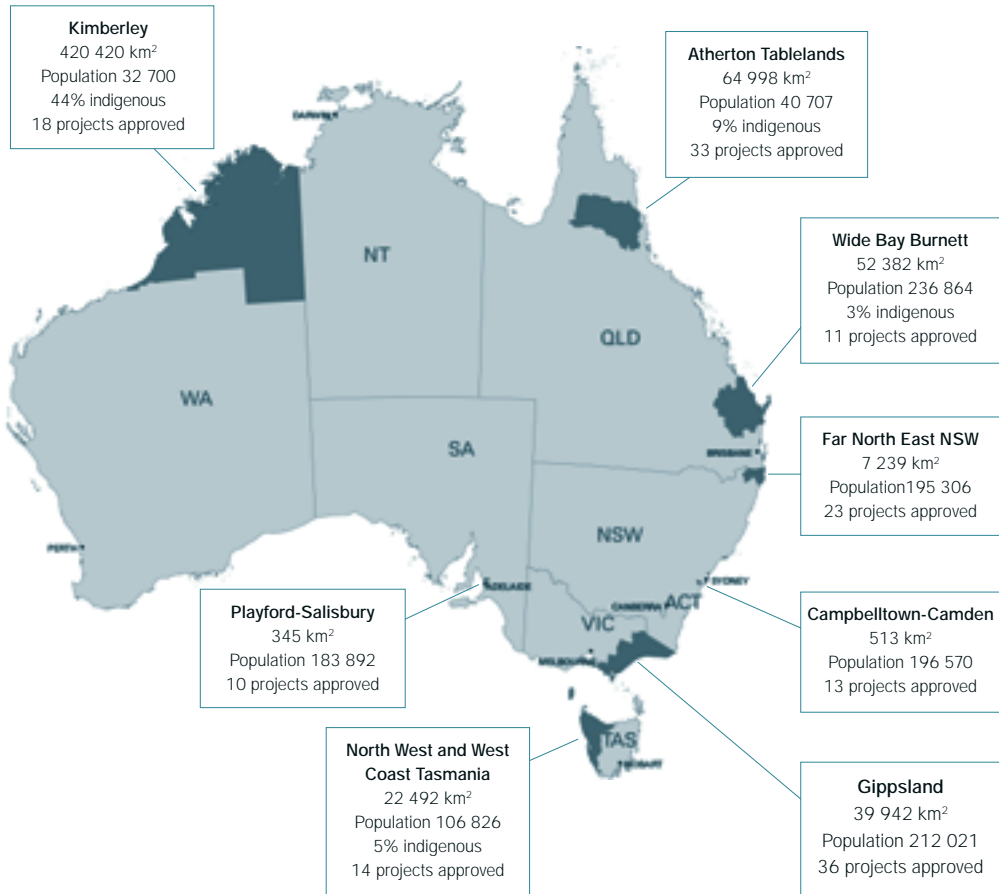
- The Derby Airport Runway Upgrade—now completed, this project has prevented significant economic loss to the Derby region and provided a platform for sustainable growth in tourism, business, mining and health (\$660 000, amount matched by the WA Government, plus \$300 000 from the Shire of Derby West Kimberley).
- The Salt Cake Pits project in Gippsland—this project has made it possible for sodium sulphate to be produced locally by purchasing factory equipment and infrastructure and has created two full-time jobs (\$50 000 supported by \$183 386 from Environmental Resources Australia).
- Macarthur Youth Commitment—this project is supporting young people at risk of leaving school, or who have already dropped out, to complete year 12, undertake an equivalent training qualification or obtain full-time employment linked to training (\$904 620).
- Type Certification of Jabiru Aircraft and Engines—this two-year project aims to create 40 jobs across the Wide Bay Burnett region by enabling commercial production of Jabiru Kit aircraft and engines, following type certification (\$480 000, amount matched by proponent).
- The City of Playford, Adams Creek/Edinburgh Parks Flood mitigation and Stormwater Reuse—this project will build a water storage and recovery system to help manage floods, allow water re-use, beautify the area and reduce reliance on the River Murray (\$1.32 million plus \$3.04 million in partner contributions).

We revise programme budgets several times each year in light of the total funds that may be required. Our final result for 2003–04 was \$20.9 million. We expect demand for funds to grow further in 2004–05 as more projects are approved.

For more information about this programme, visit [www.sustainableregions.gov.au](http://www.sustainableregions.gov.au)



Figure 5B – Profile of the eight regions targeted under Sustainable Regions<sup>a</sup>



Administered programme – Construction of the Bert Hinkler Hall of Aviation Museum (Programmes Group)		
Description	Performance indicators	Progress
This programme was established to construct the Bert Hinkler Hall of Aviation Museum in Bundaberg, Queensland.	<i>Effectiveness:</i> increased economic activity in the Bundaberg region	✓✓✓
	<i>Location:</i> Bundaberg, Queensland	
	<i>Cost:</i> \$0.7m (down from \$1.2m at Budget)	

We are working with the Bundaberg City Council to construct the Bert Hinkler Hall of Aviation Museum in Bundaberg. The museum will help boost the regional economy through tourism. It will also provide a focus for future local and national aviation events.

At the end of 2002-03, we had signed a deed of agreement with the council committing \$1.5 million to the project over two years. We paid \$50 000 from these funds towards a detailed concept and business plan for the project.

The council delivered agreed planning documents in November 2003. However, after considering several construction options, council decided to ask the Australian and state governments to increase funding for the project. The Australian Government has recently announced it will increase its contribution to \$4 million.



## OUTPUT 2.3 – SERVICES TO TERRITORIES

(Programmes Group)

Description	Performance indicators	Progress
<p>The department manages Commonwealth interests in the self-governing territories and provides federal and state equivalent services to the non self-governing territories. Key activities include:</p> <ul style="list-style-type: none"> <li>• providing governance regimes, services and programmes</li> <li>• collecting general taxes, levies, fees and loan repayments, both departmental in nature and on behalf of the Commonwealth.</li> </ul>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>• the extent to which equivalent mainland service standards for non self-governing territories are achieved</li> <li>• Commonwealth interests in self-governing territories are managed</li> <li>• programme administration and service delivery is in accordance with legislation, government policy and departmental standards</li> <li>• revenue collected and reported in accordance with legislation and departmental standards</li> </ul> <p><i>Price:</i> \$88.1m (down from \$89.6m at Budget)</p>	<p>✓✓✓</p>

### Report on performance

Ten territories help make up the nation of Australia and are home to more than half a million Australians. Each territory operates in a different geographical, historical and social context and their forms of governance reflect these differing situations (see table 5.5 page 119).

#### Services to non self-governing territories

We provide a range of services to the residents of non self-governing territories in the absence of a state government. Our services include education and health. We provide services directly, through the private sector or through nearby state governments, and are working to ensure these meet the standards enjoyed by comparable mainland communities (see case study page 120–121).

Other Australian Government agencies also contribute to life in the territories. For example, the Department of Environment and Heritage manages national parks including all Antarctic and sub-antarctic territories, while the Australian Federal Police provides community policing services in Jervis Bay and the IOTs.

### Services to self-governing territories

In 2003–04 we administered payments to the ACT for costs associated with Canberra's role as the national capital (page 122). We also administered loans for assets transferred to the NT when granted self-government and to Norfolk Island for the Cascade Cliff Safety Project.

We continued to work with the Norfolk Island Government through the Kingston and Arthur's Vale Historic Area Management Board to maintain and interpret heritage buildings and values on the Island.



*Above: Norfolk Island contains the best remaining examples of Georgian architecture in Australia but provides a challenging environment for conservators (Photos Jim Mallett DOTARS)*

In 2004–05 we will support the continuing evolution of self-government on Norfolk Island. As part of this we will:

- transfer selected crown leases to freehold title so islanders have the opportunity to own the land on which they live
- manage a \$3.1 million grant for urgent works to stabilise and protect the island's historic Kingston Pier (see photo above right), and
- administer a loan to the Norfolk Island Government to fund resurfacing of the island's airport runways.

### Revenue associated with services to territories

We collect loan repayments from territory governments and taxes and fees from the sale of goods and services to territory residents. This revenue helps offset the costs of delivering services and is reported and audited as part of our financial statements (page 211). We will review our fees and charges in 2004–05 to ensure we comply with new cost recovery guidelines (page 25).

### Price of output

We generally aim to deliver our outputs at an agreed price. For this output, our final result was \$108.1 million in 2003–04. This result reflects the cost of writing down Christmas Island's Immigration Reception and Processing Centre staff housing on its transfer to the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) (\$23.8 million).

From 2004–05, services to the IOTs will be delivered through a new administered programme. Existing departmental resources for the IOT will also be transferred to the new administered programme (see table 5.6 opposite). This transfer has been endorsed by the government and will be picked up in our 2004–05 financial statements (see Note 13 page 249).



Table 5.5 – Australia's territories and their populations

Territory	Area <sup>a</sup>	Population <sup>a</sup>	Cultural/linguistic features
<b>Self-governing territories</b>			
Australian Capital Territory	2 358 km <sup>2</sup>	322 850	
Norfolk Island	35 km <sup>2</sup>	1 359	
Northern Territory	1 349 129 km <sup>2</sup>	198 351	About 25% indigenous
<b>Non self-governing territories</b>			
Christmas Island	135 km <sup>2</sup>	1 501	Mainly Chinese and Malay speakers
Cocos (Keeling) Islands	14 km <sup>2</sup>	601	Mainly Cocos-Malay speakers
Coral Sea Islands	81 km <sup>2</sup>	4	
Jervis Bay	73 km <sup>2</sup>	558	About 30% indigenous
<b>Other</b>			
Ashmore and Cartier Islands	2 km <sup>2</sup>	Uninhabited	
Australian Antarctic Territory <sup>b</sup>	5 896 500 km <sup>2</sup>	Transient	
Heard and McDonald Islands <sup>b</sup>	367 km <sup>2</sup>	Uninhabited	
<b>All territories</b>	<b>7 248 694 km<sup>2</sup></b>	<b>525 264</b>	

<sup>a</sup> Source: BTRE, About Australia's Regions (May 2004).

<sup>b</sup> Australia's antarctic/subantarctic territories are administered by Environment Australia [www.deh.gov.au](http://www.deh.gov.au)

Table 5.6 – Trends in services to and funding for territories

The following table presents a conservative picture of the cost of services to and funding for territories. These statistics do not include the cost of depreciation of administered assets. As such, the estimate for 2004–05 may understate the true cost of services by \$11.4 million.

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
Payment for ACT municipal services	\$21.1m	\$21.6m	\$22.1m	\$22.5m
Payment for ACT water and sewerage services	\$8.5m	\$8.7m	\$8.9m	\$9.1m
Other administered programmes	n/a	n/a	n/a	\$58.3m
Price of departmental output	\$91.9m	\$106.2m	\$108.1m	\$22.0m
<b>Total cost of services to territories</b>	<b>\$121.4m</b>	<b>\$136.5m</b>	<b>\$139.0m</b>	<b>\$111.9m</b>

## CASE STUDY—IMPROVING SERVICES TO AUSTRALIA'S TERRITORIES

We are working to achieve high standards in all the services we provide to the 2700 residents of Australia's non self-governing territories.

### IOTs

In March 2002 the Australian Government announced plans to develop a purpose-built immigration reception and processing centre (IRPC) on Christmas Island. We completed work on the centre's staff quarters and transferred responsibility for these to DIMIA in July 2003.

During 2003–04 we also completed a review of welfare housing needs. We began selling surplus housing stock in the Cocos (Keeling) Islands and expect to complete subdivision of Commonwealth land in Buffett Close on Cocos' West Island, to create 18 new residential blocks. On Christmas Island we started strata titling houses identified as suitable for sale, and property upgrades to facilitate strata titling.

During the year we also:

- completed works to protect Christmas Island's unique red crabs from a possible increase in road traffic associated with the IRPC (see photos below)
- signed an agreement with National Jet Systems to provide air services between Perth and the IOTs for the next five years, ensuring certainty of air services to the territories, and
- negotiated the amount of compensation payable to Phosphate Resources Limited (PRL) as the lessee of the IRPC site before it was resumed by the Commonwealth in 2002—PRL accepted the offer in July 2004.



*Above: Christmas Island is world famous for the spectacular annual migration of its 60 million red land crabs. Road works completed in 2003–04 will help ensure any increase in traffic due to expansion of the IRPC does not harm the local crab population, and bring the total number of 'crab crossings' on the island to 32 (Photos from left to right courtesy of Parks Australia North, Kingsley Jefferys DOTARS, Parks Australia North)*





*Case study continued ...*

In 2004–05 we also expect to:

- complete 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
- complete a dedicated sports and recreation facility on Christmas Island and finalise arrangements for its management
- continue work to get the IOTs Health Service, which is based on Christmas Island, accredited to Australian Council of Healthcare Standards
- start work to expand Christmas Island's water supply further, and
- start building a 'state of the art' power station for Home Island in the Cocos (Keeling) Islands, with about 20 per cent of power needs to be produced by wind turbines<sup>a</sup>.

We will also administer a grant towards the cost of replacing Christmas Island's analogue mobile phone network under the Regional Partnerships Programme (page 111).

### **Jervis Bay Territory**

In 2003–04 we supported a new health clinic to become fully operational. We also improved water quality monitoring and progressed social justice issues including the availability of legal aid to all of the territory's 500 or so residents.

In 2004–05 we plan to distribute a local directory for Jervis Bay with contact details for government and community groups.

<sup>a</sup> The power station in the Cocos Islands is a joint initiative with the Australian Greenhouse Office.

Administered programmes – Payments to the ACT – assistance for water and sewerage services – compensation for the effects of National Capital Influence on the costs of providing municipal services (Programmes Group)		
Description	Performance indicators	Progress
These programmes recognise the costs to the ACT Government associated with Canberra being the national capital.	<p><i>Effectiveness:</i> reduced cost to the ACT of the National Capital influence on utility and municipal services</p> <p><i>Location:</i> ACT</p> <p><i>Cost:</i> \$22.1m – municipal services \$8.9m – utility services</p>	✓✓✓

We make payments to the ACT Government for costs associated with being the national capital. In 2003–04, we paid the ACT Government the full amount payable in fortnightly instalments.

The amount payable is based on an estimate made by the Commonwealth Grants Commission when the ACT became self-governing in 1988, and adjusted for increases in the consumer price index.



## OUTPUT 2.4 – SERVICES TO LOCAL GOVERNMENT

(Programmes Group)

Description	Performance indicators	Progress
<p>The department provides Commonwealth assistance to develop and support local government and to support planning initiatives across all jurisdictions. Key activities include:</p> <ul style="list-style-type: none"> <li>• payment of financial assistance grants to local governments</li> <li>• preparing the Local Government National Report</li> <li>• managing the National Awards for Local Government.</li> </ul>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>• more efficient, effective and responsive local governments</li> <li>• improved cross portfolio and jurisdictional cooperation</li> <li>• stakeholders are satisfied with programmes and services</li> <li>• administration of programmes is in accordance with legislation, government policy and departmental standards.</li> </ul> <p>Price: \$3.3m (up from \$2.6m at Budget)</p>	<p>✓✓✓</p>

### Report on performance

The department administers payments to 722 local governments across Australia and actively promotes and supports better practice in local government.

### Financial assistance grants to local government

We administer financial assistance grants to local governments under the *Local Government (Financial Assistance) Act 1995* (page 127). We also publish a separate annual report on the way local government grants are allocated.

The Act requires us to table our report as soon as practical after 30 June each year.

Our report for 2002–03:

- was tabled in the Commonwealth Parliament on 24 December 2003, after consultation with all state and local governments
- highlighted efforts by all levels of government to collaborate through 'joined-up' activities, and
- included a special report on how the local government sector functions in a comparable country—Canada.

#### Did you know?

Local governments:

- spend around \$16 billion a year or 2% of GDP
- employ around 154 000 people, and
- are responsible for over 80% of Australia's roads.

Among OECD countries with a federal system of government, Australia has the second lowest percentage of taxes raised by local government (3%)—Mexico is the lowest (0.8%) and Switzerland the highest (14%).

Source: BTRE, *About Australia's Regions* (May 2003)

Our annual report on local government is widely cited by people working in local government, researchers and others wishing to better understand the sector. For example, it has been quoted in:

- the November 2003 report of the House of Representatives Standing Committee on Economics, Finance and Public Administration on local government and cost shifting
- research papers published by the Australian Parliamentary Library, and
- papers prepared by the Institute of Public Works Engineering Australia.

A copy of the 2002–03 report is available online at [www.dotars.gov.au](http://www.dotars.gov.au) under the local government tab. We expect to table the report for 2003–04 in December 2004.

### **Promoting and supporting better practice in local government**

We provide local governments with opportunities to celebrate their successes and share their experiences with other councils through the National Awards for Local Government (see case study page 126), associated leading practice seminars, and an online database of the 2000 plus projects nominated for awards since 1997.

The 2003 awards, which were announced in November 2003, included new categories of award to celebrate the Year of the Built Environment.

Leading Practice Seminars were held in Perth, Sydney, Hobart and Batemans Bay and attracted more than 150 participants. Feedback from seminar participants confirms that they found them a worthwhile way of getting new insights into issues and for networking.

Local governments clearly value the opportunities presented by the awards and by associated seminars and promotions. To quote the City of Salisbury, a winner in the 2003 awards, 'It's the only way in which we can actually share experiences and grow as a local government sector'.

### **Other achievements**

We also support the Development Assessment Forum, which has a long term focus to lead, reform and harmonise Australia's development assessment (DA) systems.

In 2003–04 the forum released a model DA process for public comment. The model aims to cut red tape while delivering a quality built environment that is acceptable to the community. It will be refined over 2004–05 taking into account community feedback and ongoing research on issues including natural disaster mitigation (see page 130).

For more information about the forum and the model DA process, visit [www.daf.gov.au](http://www.daf.gov.au)

### **Price of output**

We generally aim to deliver our outputs at an agreed price. For this output, our final result for 2003–04 was \$3.4 million or less than 0.2 cents for every dollar going to local government. This result, which was lower than our 2002–03 result, reflects self-imposed expenditure restraint under the Work out/Work up plan (Chapter 1, page 10).



Table 5.7 – Trends in services to and funding for local government

	2001–02	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Financial assistance grants</b>				
Local road grants	\$408m	\$445m	\$466m	\$471m
General purpose grants	\$920m	\$1 004m	\$1 049m	\$1 062m
Supplementary funding for SA councils	n/a	n/a	n/a	\$4m
<b>Total grants</b>	<b>\$1 328m</b>	<b>\$1 449m</b>	<b>\$1 508m</b>	<b>\$1 537m</b>
Bodies funded	722 bodies	721 bodies	722 bodies	703 bodies
Annual report in respect of grants (to be) tabled	26 March 2003	24 Dec 2003	Dec 2004	Dec 2005
<b>Local government awards</b>				
Nominations closed	July 2001	July 2002	July 2003	July 2004
Nominations received	294	373	335	250
Award categories	11	11	19	18
Awards presented	November 2001	November 2002	November 2003	November 2004
Website hits (online project database)	not reported	not reported	2 094	no target set
<b>Price of output</b>	<b>\$1.2m</b>	<b>\$3.9m</b>	<b>\$3.4m</b>	<b>\$4.0m</b>

## CASE STUDY—LOCAL COUNCILS: MORE THAN RATES, ROADS AND RUBBISH

Local governments play a significant role in the daily lives of all Australians. They respond to priorities at the community level and provide essential services in areas like health, education, social security and roads.

While our major local government responsibility is to administer grants to fund these activities, we also work closely with local governments to support 'best practice' in their daily activities. A key vehicle for this is our National Awards for Local Governments, which celebrate local government innovation and achievement.

Among the winners in 2003 was Nillumbik Shire Council. Nillumbik won two awards in the same year—one for a project to help meet the challenges of an ageing community, the second for a biodiversity conservation strategy.

Located less than 25 km north-east of Melbourne, the Shire of Nillumbik is home to a close-knit community of 58 160 residents. It contains environmentally significant habitats, flora and fauna, including many rare or threatened species. This makes ecological integrity a key issue for the shire and its community.

Two challenges confronting the community are:

- meeting the needs of a rapidly ageing population, and
- balancing development pressures with the preservation of the natural environment.

Both of these issues were addressed in the council's award winning projects.

The central component of Nillumbik's ageing-related project is a handy guide, *HomeWise*. Available free of charge, it provides helpful hints for builders, renovators and residents to make home design more age-friendly, and to support older people to live independently at home for longer.

Nillumbik won its second award for an innovative strategy—Sustaining a Diverse Future—which integrates biodiversity conservation into council planning and operations. This represents an important shift in the council's approach to land management and strengthens its commitment to protecting unique environmental values, including biodiversity.

A key aspect of the strategy has been community participation in both its development and implementation. This provided new and welcome opportunities for the community to influence biodiversity conservation outcomes in their own 'back yard'.

The Nillumbik Council has won a number of other awards for environment and planning initiatives. These two awards recognise local government's pivotal role in population planning and natural resource management and conservation.

The winners of the 2004 National Awards for Local Governments were announced in Canberra on 7 November 2004. For more information call freecall 1800 065 113 or email [awards@dotars.gov.au](mailto:awards@dotars.gov.au)


**Administered programme – Local Government Financial Assistance Grants** (*Programmes Group*)

Description	Performance indicators	Progress
This programme contributes to the cost of services provided by local councils.	<p><i>Effectiveness:</i> more effective efficient and responsive local governments</p> <p><i>Location:</i> metropolitan, regional, rural and remote Australia</p> <p><i>Cost:</i> \$1508.4m (up from \$1505.4m at Budget)</p>	✓✓✓

We work closely with grants commissions in each state to allocate and distribute grants in accordance with long-standing national principles. In 2003–2004, Australia's 722 local governing bodies received more than \$1.5 billion in financial assistance grants—\$46 million more than in 2002–03.

- Thirty 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.
- Seventy 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. They are untied and can be spent by councils based on local priorities.
- Overall, roughly two thirds or \$1 billion went to councils in regional and rural Australia including \$25 million to indigenous councils.

Table 5.7 (page 125) illustrates trends in financial assistance for local government. For more information, please see our annual report on this programme as available at [www.dotars.gov.au](http://www.dotars.gov.au)

## OUTPUT 2.5 – NATURAL DISASTER MITIGATION AND RELIEF ARRANGEMENTS

(Programmes Group)

Description	Performance Indicators	Progress
<p>The department facilitates continuing improvement in natural disaster risk assessment and provides cost-effective mitigation measures for communities while supporting disaster affected communities. Key activities include:</p> <ul style="list-style-type: none"> <li>• administering programmes for natural disaster mitigation, and relief and recovery for communities affected by declared natural disasters.</li> </ul>	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>• more effective natural disaster mitigation</li> <li>• improved cross portfolio and jurisdictional cooperation</li> <li>• stakeholder satisfaction with programmes</li> <li>• administration of programmes is in accordance with legislation, government policy and departmental standards.</li> </ul> <p><i>Price:</i> \$5.2m (up from \$2.4m at Budget)</p>	<p>✓✓✓</p>

### Report on performance

The government focuses beyond disaster response and reaction, towards anticipation and mitigation (see table 5.8 opposite).

In 2003–04, the department led reforms in natural disaster management in Australia (Chapter 1 page 7). Under a five-year, twelve point action plan agreed by COAG (page 7), our new challenge is to:

- administer a new Natural Disaster Mitigation Programme (page 130)
- establish an agreed national method for collecting information on disaster events and risks
- work with state, territory and local governments to complete systematic risk assessments for every community in Australia (once we have an agreed methodology)
- provide leadership on land use planning and building code reforms to reduce avoidable natural disaster risks and damages, and
- work with the augmented Australasian Police Ministers' Council, which has overall responsibility for implementing the COAG plan.

We also help communities to mitigate against and recover from disaster in other ways. In 2003–04, we administered the:

- Regional Flood Mitigation Programme (page 131)
- National Aerial Firefighting Strategy (page 132)
- a one-off payment of \$1 million to the ACT Government to help local softwood sawmills handle fire-affected logs resulting from the 2002–03 bushfires (page 132), and
- Natural Disaster Relief Arrangements (NDRA) (page 133).

We generally aim to deliver our outputs at an agreed price. For this output, our final result in 2003–04 was \$3.5 million. This result was higher than in previous years and our original budget, but 30 per cent less than our revised budget.





Table 5.8 – Trends in natural disaster mitigation and relief

	2002–03	2003–04	2004–05 <sup>est</sup>
<b>Administered expenditure by type of disaster<sup>a</sup></b>			
Flood mitigation	\$8.8m	\$7.3m	\$12.1m
Bushfire mitigation <sup>b</sup>	\$8.2m	\$6.7m	\$5.5m
Other/not yet allocated	\$0.0m	\$1.7m	\$17.5m
<b>All mitigation</b>	<b>\$17.0m</b>	<b>\$15.7m</b>	<b>\$35.1m</b>
Flood relief	\$0.0m	\$0.0m	
Bushfire relief	\$2.5m	\$1.0m	
Other/not yet allocated	\$83.0m	\$47.0m	\$89.5m
<b>All relief</b>	<b>\$85.5m</b>	<b>\$48.0m</b>	<b>\$89.5m</b>
<b>Natural Disaster Mitigation</b>			
New projects approved	n/a	128	no targets apply
Total projects funded <sup>c</sup>	n/a	141	
Total cost of programme	n/a	\$5.5m	\$17.5m
<b>Regional Flood Mitigation</b>			
New projects approved	49	22	no targets apply
Total projects funded	81	78	
Total cost of programme	\$8.8m	\$4.7m	\$12.1m
<b>NDRA</b>			
Disasters notified	27 disasters	39 disasters	
Total cost of NDRA <sup>d</sup>	\$82.9m	\$46.9m	\$89.5m
<b>Price of output</b>	<b>\$3.2m</b>	<b>\$3.4m</b>	<b>\$3.9m</b>

<sup>a</sup> These estimates include funds from a variety of programmes including programmes which have now wound up, such as the Lismore Levee.

<sup>b</sup> The National Aerial Firefighting programme is classified as mitigation for the purposes of this table.

<sup>c</sup> Includes projects previously approved under legacy programmes.

<sup>d</sup> Costs include Natural Disaster Risk Management Studies funding until 1 July 2003, when this funding was incorporated into the broader Natural Disaster Mitigation Programme, and excludes loans to states and territories.

Administered programme – Natural Disaster Mitigation Programme (formerly the Disaster Mitigation Australia Package) (Programmes Group)		
Description	Performance indicators	Progress
This five-year programme funds research and work to create safer, sustainable communities better able to withstand the effects of natural disasters.	<p><i>Effectiveness:</i> more effective natural disaster mitigation policies and measures</p> <p><i>Quality:</i> stakeholders are satisfied</p> <p><i>Cost:</i> \$5.5m (down from \$8.0m at Budget)</p>	✓✓✓

We fund a range of projects to help communities become better able to withstand the effects of natural disasters. In 2003–04 we spent \$2.5 million on measures including:

- community awareness and education programmes, such as on bushfire awareness in Victoria
- structural works to protect against damage, such as permanent fire breaks and flood protection works in WA and Queensland, and
- collection and analysis of data about disasters such as landslides in the Pittwater area of NSW.

We also spent \$3.0 million on research into natural disaster risk management. In previous years, we funded and accounted for this activity under the Natural Disaster Relief Arrangements (page 133).

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.

We revise programme budgets several times each year in light of the total funds that may be required. The final result for 2003–04, \$5.5 million, reflected delays in implementing the new programme. Unspent funding has been rolled over into 2004–05.



#### Administered programme – Regional Flood Mitigation (*Programmes Group*)

Description	Performance indicators	Progress
This programme funds measures to reduce the loss of life and property caused by flooding.	<i>Effectiveness:</i> reduced cost to communities from the effects of flooding	✓✓✓
The Australian Government contributes up to 1/3 of approved project costs. State and territory governments must match this funding but can contribute more. The balance of project costs are met by local agencies.	<i>Quality:</i> average annual damage estimate is reduced <i>Location:</i> rural and regional Australia, and outer metropolitan areas <i>Cost:</i> \$9.9m (down from \$14.9 million at Budget)	

We fund a range of flood mitigation measures such as levees, channel improvement works, flood warning systems and the voluntary purchase of flood prone homes. Projects approved in 2003–04 include:

- structural works in places ranging from the regional centres of Tamworth NSW and Benalla Victoria, through to the small indigenous community of Yalata SA
- a flood awareness programme for communities along the Logan River, South East of Brisbane, and
- a flood warning system for residents of the Shepparton-Mooroopna region of Victoria.

We revise programme budgets several times each year in light of the total funds that may be required. Our final result for 2003–04, \$4.7 million, reflected changes in ministerial appointments, which delayed the approval of 2003–04 projects, and further delays starting and completing projects in a number of states and territories.

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.

Administered programme – National Aerial Firefighting <i>(Programmes Group)</i>		
Description	Performance indicators	Progress
<p>This programme helps the National Aerial Firefighting Centre (NAFC) to acquire and deploy firefighting aircraft around Australia.</p> <p>NAFC is a joint company formed by the states and territories in association with the Australasian Fire Authorities Council.</p>	<p><i>Effectiveness:</i> more effective national firefighting capability</p> <p><i>Quality:</i> stakeholders are satisfied</p> <p><i>Cost:</i> \$5.5m</p>	<p>✓✓✓</p>



Above: ‘Elvis’ and other Erickson Air-Crane helitankers funded under this programme became a familiar sight to people affected by the January 2003 bushfires. The helitankers can drop up to nine tonnes of water at a time and refill from nearby dams or lakes. (Photo DOTARS)

While bushfire fighting is largely a state responsibility, bushfires do not respect state boundaries. In 2003–04, we continued to fund the NAFC to acquire and deploy firefighting aircraft around Australia. State and territory governments also continued to meet the cost of leasing key equipment from overseas. This equipment included:

- Erickson Air-Crane helitankers, and
- medium rotary-wing firefighting aircraft.

The new arrangements were tested for the first time in February 2004. Two NSW-based aircraft were flown to Adelaide and Mildura during a period of severe fire danger in SA.

The new arrangements have been well received. The Australian Government has extended the programme at a cost of \$5.5 million in each year from 2004–05 through to 2006–07.

For more information about NAFC activities, visit [www.nafc.org.au](http://www.nafc.org.au)

Administered programme – Assistance for ACT Softwood Sawmills <i>(Programmes Group)</i>		
Description	Performance indicators	Progress
<p>This programme involves a one-off payment of \$1 million to the ACT Government to assist softwood sawmills in the region upgrade equipment to process logs from alternative sources.</p>	<p><i>Effectiveness:</i> minimises the economic impact of the January 2003 bushfires on ACT sawmills</p> <p><i>Quality:</i> stakeholders are satisfied</p> <p><i>Cost:</i> \$1m</p>	<p>✓✓✓</p>

In 2003–04 we paid \$1 million to the ACT Government. This payment did not take place as planned in late 2002–03 because the ACT government was not in a position to finalise a Memorandum of Understanding on this issue until 2003–04.



#### Administered programme – Natural Disaster Relief Arrangements (*Programmes Group*)

Description	Performance indicators	Progress
<p>This programme reimburses states and territories for some of the costs of relief and recovery associated with rapid onset natural disasters.</p> <p>These disasters include bushfire, cyclones, earthquakes, floods, storms and/or storm surge.</p>	<p><i>Effectiveness:</i> the financial burden on states and territories for eligible disaster relief measures is reduced</p> <p><i>Quality:</i> stakeholders are satisfied</p> <p><i>Cost:</i> \$135.0m (up from \$99.5m at Budget)</p>	<p>✓✓✓</p>

We provide relief and recovery funding in respect of rapid onset natural disasters. In 2003–04, we were notified of 39 disasters affecting the ACT, WA, Victoria, Queensland, NSW and the NT.

We make payments in response to claims from states and territories. In 2003–04 we paid all claims received, including significant amounts to Victoria and the ACT for measures relating to the severe bushfires of 2002–03.

We revise our budget several times through the year based on the claims we expect to receive. We spent only part of our budget for 2003–04 because a number of claims have yet to be received.

The 2002 COAG review of natural disaster management found that current relief and recovery arrangements are sound. Moreover, they are effective in providing immediate and urgent assistance to individuals and families and in rebuilding infrastructure. However:

- there are anomalies in the assistance available across Australia, and
- more can be done to anticipate and meet the needs of farmers, businesses, individuals and community groups recovering from disaster.

One of the outcomes of the review was agreement to enhance and modernise the NDRA. We are chairing two groups of federal, state and territory officials who are working on this issue. The working group met for the first time in June 2004 and is expected to report in time for revised arrangements to be considered for introduction in June 2005.

## OUTPUT 2.6 – REGIONAL RESEARCH AND DATA

(Policy and Research Group)

Description	Performance indicators	Progress
The department, particularly through the BTRE regional research programme, undertakes research on current and emerging regional policy issues, and collects, maintains and disseminates relevant data.	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>• policy development and programme delivery are indicative of improved understanding and communication of regional issues</li> <li>• research and analysis outputs increase and improve stakeholder knowledge.</li> </ul> <p><i>Price:</i> \$2.4m (up from \$1.6m at Budget)</p>	✓✓✓

### Report on performance

The Bureau of Transport and Regional Economics (BTRE) undertakes research and analysis to support policy development and inform the community of major trends and issues in regional Australia. In 2003–04 BTRE’s research focus included:

- publishing regional statistics and developing major new databases
- analysing regional trends from 1991–2001 in industry, employment, education, skills and qualifications, and
- investigating key issues, such as the significance of water access regimes for investment trends in the Murray-Darling Basin.

BTRE published several new reports and papers on relevant issues in 2003–04, all of which are available free online at [www.btregov.au](http://www.btregov.au). Details of BTRE publications and their relevance to Australia’s national research priorities are set out in Appendix B (pages 174–175).

We are proactive about communicating our findings. BTRE’s Inaugural National Research Colloquium in June 2004—which included presentations on the ‘Focus on Regions’ series as well as a policy research forum—attracted around 150 researchers and policy makers. We are in the process of publishing papers from the colloquium and plan to hold a similar event every two years. We also contributed presentations to another eight conferences and external seminars on regional issues.

Our research is widely cited by others. For example, the national regional research journal, *Sustaining Regions*, recently ran a highly favourable review of the BTRE working paper, *Government Interventions in Pursuit of Regional Development: Learning from Experience*<sup>4</sup>.

We generally aim to deliver our outputs at an agreed price. For this output, our final result in 2003–04 was \$1.8 million. This result, which was significantly less than our 2002–03 result, reflects self-imposed expenditure restraint under the Work Out/Work Up plan.

The Policy and Research Group, which BTRE sits within, administers several small programmes which support other bodies to research issues and share their knowledge. These programmes are outlined in more detail opposite.

<sup>4</sup> *Sustaining Regions*, volume 3 number 2, Summer 2003



Table 5.9 – Trends in regional research

	2002–03	2003–04	2004–05 <sup>est</sup>
<b>BTRE activities relevant to regional issues</b>			
Research publications	3	4	4
<b>Cost of output</b>	<b>\$2.3m</b>	<b>\$1.8m</b>	<b>\$2.1m</b>

**Administered programmes**  
 – Regional and Rural Research Information and Data  
 – Regional and Rural Development Grants  
 (Policy and Research Group)

Description	Performance indicators	Progress
These programmes aim to improve access to information for decision-making, policy development and programme delivery affecting rural and regional communities.	<p><i>Effectiveness:</i> improved understanding and communication of regional issues in policy development</p> <p><i>Location:</i> regional, rural and remote Australia</p> <p><i>Cost:</i> Research information and data—\$0.1m Development grants—\$0.2m</p>	✓✓✓

We funded three research projects in 2003–04 at a cost of \$0.1 million:

- *Beyond the Farm Gate*, a project to assess the impact of drought on non-farm businesses, with findings to be incorporated into a report for public distribution
- statistical profiles on the eight regions participating in the Sustainable Regions Programme and available on its website (see page 114), and
- regional development practitioner awards associated with the 2004 Annual Australia and New Zealand Regional Science Association Conference.

We funded ten development projects in 2003–04 at a cost of \$0.2 million. Projects included:

- three regional conferences to promote research and practice in regional Australia amongst stakeholders
- three projects to help regional practitioners and communities better understand the economic, social and environmental structures of regions (the National Regional Evaluation Framework)
- a project to help policy makers better understand the main influences on urban Australians' perceptions of life in Australia's regions
- a progress review of the Australian Government's involvement in the Foundation for Rural and Regional Renewal (FRRR) (see overleaf), and
- acquisition of hospital and health services data.

Administered programme – Foundation for Rural and Regional Renewal (FRRR) <i>(Policy and Research Group)</i>		
Description	Performance indicators	Progress
FRRR is Australia's only national philanthropic foundation dedicated to rural and regional Australia.	<p><i>Effectiveness:</i> partnerships between governments, philanthropy and private sector are strengthened</p> <p><i>Location:</i> regional, rural and remote Australia</p> <p><i>Cost:</i> \$0.7m</p>	✓✓✓

The government, together with the Sidney Myer Fund (a major philanthropic trust), helped set up the FRRR in early 2000. The government contributed a \$0.7 million establishment grant and \$10 million investment fund. Since then, FRRR has formed partnerships with:

- other philanthropic bodies including the Gardiner Foundation, the Pratt Foundation, the Charles Stewart Mott Foundation and Philanthropy Australia, and
- private bodies such as the ANZ, the National Rural Health Alliance and the National Farmers' Federation.

The FRRR has provided around \$4.3 million to projects in rural and regional communities since its launch. We have contributed a further \$0.6 million towards its operating budget, including \$0.5 million in 2003–04 based on the foundation's success in attracting private sector funding. The private sector has contributed over \$5 million to FRRR.

The FRRR is succeeding in supporting small projects that have difficulty attracting support from other sources. A good example is the *Lead On* initiative, launched in Bendigo, Victoria with a grant of just \$100 000. The initiative has brought together over 700 young people and 120 business/community groups in over 150 projects. Demand for *Lead On* continues from communities in regional Queensland, NSW and Victoria. There are now *Lead On* offices in Bendigo, Mildura, Echuca and Swan Hill in Victoria, and Ipswich in Queensland.

A study of FRRR's activities, funded under the Regional and Rural Development Grants programme (page 135), has been completed. The study looked at the overall FRRR model, its effectiveness, performance and outlook. The department is conducting a review of the study's findings. This process is expected to be completed in October 2004.

For more information about FRRR's activities, visit [www.frrr.org.au](http://www.frrr.org.au)

*Opposite: The department employs hundreds of staff, has thousands of clients and manages billions of dollars. In this context, a balanced approach to risk management and compliance is vital. (Photo of traffic management centre Communications Unit DOTARS)*



CHAPTER 6 | Report on management and accountability

6



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

We also work towards particular priorities within and across the department. In 2003–04, two of our 20 priorities related to management reform. Our performance against these priorities is reported in Chapter 1 (pages 2–19). Our priorities for 2004–05 are listed in Chapter 2 (page 25).

### WE ARE RESULTS ORIENTED

We plan for and monitor performance at all levels of the department, as illustrated in figure 6A.

Figure 6A – 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 Regular reports to staff from the secretary and other executives	Annual report(s) to parliament and other agencies
Group level	Business plan	Monthly financial and human resource reports to executive Quarterly performance report to Executive Board	
Personal level	Plan on a Page	Mid year and end year reviews	Results on a page



## Planning for and reviewing results as an agency

As a department, 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.

Responding to staff and key stakeholders, the department also published a summary of our business directions at the end of 2003–04 highlighting:

- the 11 priorities that the Australian Government has asked us to pursue in 2004–05, and
- three areas for internal reform for the second year of the two-year Work out/Work up plan.

We report to government on our financial performance, position and cashflows within ten working days of the end of each month. Our report also explains any significant variances from budget. It feeds into the monthly analysis of the Australian Government's finances as released by the Minister for Finance and Administration.

We provide an annual report to the parliament about how we have used the resources it has entrusted to us. Our 2002–03 annual report has been publicly recognised for the 'impressive' frankness of the secretary's review and for presenting 'one of the better financial summaries' of any department<sup>1</sup>. We have worked hard to make this, our 2003–04 annual report, even better (see case study on performance reporting overleaf).



<sup>1</sup> Institute of Public Administration Australia (ACT Division) July 2004: *Report of the Judges on the 2002/2003 Annual Reports of Departments and Agencies reporting under the Financial Management and Accountability Act 1997, the Commonwealth Authorities and Companies Act 1997, the Online Annual Reports Category and ACT Government Annual Reports.*

## CASE STUDY—REPORTING PERFORMANCE AT THE DEPARTMENTAL LEVEL

Performance reporting is back in the spotlight with the April 2004 release of *Better Practice in Annual Performance Reporting*. The guide was prepared jointly by the Australian National Audit Office (ANAO) and the Department of Finance and Administration (Finance).

### This annual report

While there is always room for improvement, the department's 2003-04 annual report has a much stronger focus on readability and on results rather than activity. As part of this, it:

- offers handy 'progress reports' at strategic points throughout the report
- presents information on related outputs and programmes together
- analyses trends in financial and other indicators, often over a period of years
- includes cost-benefit data where available, and
- uses case studies, maps and other materials to help put our activities into context.

Isolating our contribution to outcomes that we share with other bodies remains a challenge. Transport security and safety is one obvious example; regional development is another. To help address this, our 2003–04 report:

- lists the main bodies that contribute to each outcome at the start of each report on performance, and
- provides more information in individual output and programme reports, such as estimates of the funds contributed by other bodies to specific activities.

We value feedback about what we have done well and can do better. If you have comments or queries about our annual report, please contact our annual report team (see inside back cover for details).

### Other reports

As well as providing an annual report against our PBS, we are required to provide annual reports to a range of bodies on specific issues. We have chosen to include the substance of two of these in our 2003–04 annual report as a matter of better practice. They are:

- our annual report to the Department of Immigration and Multicultural and Indigenous Affairs on our implementation of the Australian government's *Charter of Service in a Culturally Diverse Society* (Appendix A pages 166–173), and
- our annual report to Department of Industry Tourism and Resources on our contribution to the Australian Government's National Research Priorities (Appendix B pages 174–175).

The department will continue to report separately on issues including the operation of the *Local Government (Financial Assistance) Act 1995* (page 279) and the activities of the ATSB (pages 98–99). These reports usually run to several hundred pages in their own right.



### Planning for and reviewing results at a group level

The department requires all business groups to prepare business plans at the group level and monitor progress against these quarterly. In 2003–04 our business plans addressed a range of issues including risk management (pages 144–46). Improving the quality of our internal budgeting and reporting is one of our priorities in 2004–05.

### Planning for and reviewing results at a personal level

The department requires all staff to develop a 'Plan on a Page' with their manager. In doing so, we challenge every member of staff to think about their group business plan and to discuss:

- What will be my key achievements for the next six to 12 months?
- What might impede these achievements and how will I mitigate these risks?
- How will I measure these achievements? and
- What development will I need to undertake, to help me meet work commitments and develop skills and knowledge useful to me in the future?

We also ask staff and their managers to assess their performance against their plan at least twice a year. This discussion focuses on recognising what has been achieved and what lessons have been learnt (see also Performance management page 159).

## WE ARE HONEST, PROFESSIONAL AND ACCOUNTABLE

The department has established clear lines of accountability for decisions. We have systems in place to help key decision makers obtain views from and communicate issues across the department, and to encourage and ensure prudent decision making at all levels of the department.

### Leadership, decision-making and consultation

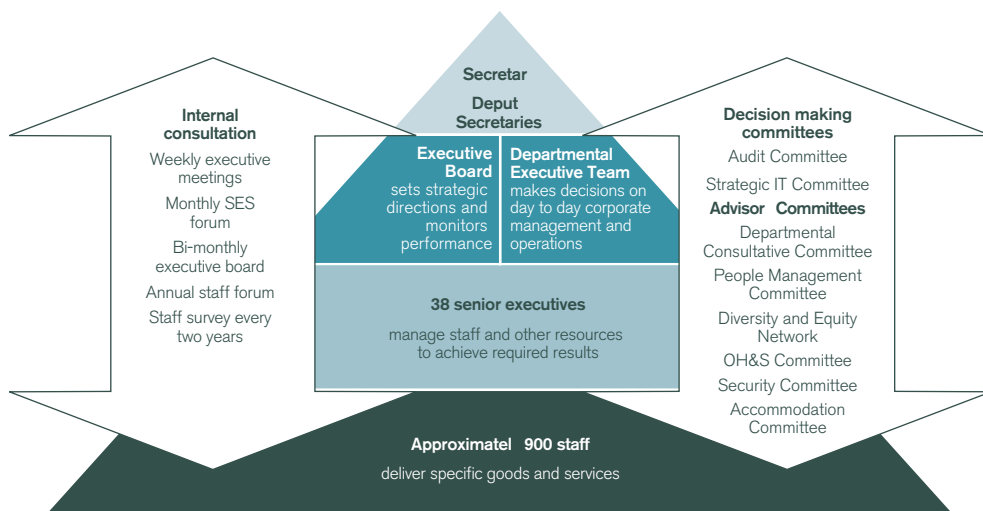
While we encourage all staff to show leadership, our secretary and deputy secretaries decide how we manage issues that relate to the department as a whole or affect more than one group.

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*.

Two deputy secretaries support the secretary and help him determine how we can best deliver required results.

Several broadly based groups and processes help the secretary and executive team understand, communicate and tackle issues across our organisation. Figure 6B below illustrates the main groups that we had in place at 30 June 2004.

Figure 6B – Internal consultation and decision-making framework at 30 June 2004





We also support the Minister for Transport and Regional Services in his broader portfolio responsibilities and in his role as Deputy Prime Minister. To this end, we supported two portfolio level governance bodies in 2003–04: the Portfolio Business Meeting and the Portfolio Chief Executives' Forum.

### CASE STUDY—MAKING THE DEPARTMENT A BETTER PLACE TO WORK

Since 1996 the department has conducted staff surveys every two years to give our people an opportunity to say what they think about their job and working with us.

These surveys help us monitor our 'corporate health' and provide the raw material to help us create a better workplace. They tell us:

- where, and to what extent, we have improved
- where we need to do more work and which groups or staff need attention, and
- how we compare with (and what we can learn from) a range of other bodies.

Findings from our previous staff survey in September 2002 helped us:

- produce clearer, simpler planning documents and more transparent reporting
- refine governance structures and report regularly to staff on issues and decisions
- negotiate a new certified agreement (page 156), and
- develop a new learning and development strategy—*Developing in DOTARS* (page 157).

The results of our latest survey, which was conducted in September 2004, are still being analysed. Early feedback is that 75 per cent of staff participated in the survey. This is a great response, and means we can place a high degree of reliance on the results.

More information about the results will be presented to staff later in 2004, with the presentation to be videotaped for distribution to regional offices.

## Risk management and compliance

The department employs hundreds of staff, has thousands of clients and manages billions of dollars. In this context, we recognise that a balanced approach to risk management and compliance is vital.

### Risk management

The department builds risk management into its normal business planning. Our business plans for 2003–04 recognised 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 are also issues that we keep under review.

We are working to improve the way we manage risk. In 2003–04, we set up a small working group of senior staff and our internal auditors (KPMG) to refine our risk management framework and to improve the range of practical tools available to staff.

Our revised framework focuses on improving our strategic, group and resource management processes, as illustrated in figure 6C opposite. This framework is complemented by what we've called a governance health check and an assurance checklist for staff (see also the 'Matthews three step' below).

In 2003–04 we were also one of five small to medium agencies whose risk management and insurance practices were reviewed in depth by the Australian National Audit Office (ANAO). The ANAO, which released its report in August 2003, confirmed that most agencies managed specific risks well but that all agencies could improve their overall management of risk. We will continue to work on this area in 2004–05.

#### The Matthews three step

'Important as formal processes are, none of the processes we have put in place are a substitute for a strong culture of risk management.

Want to know one simple but powerful way of personalising risk management? Ask each member of staff to:

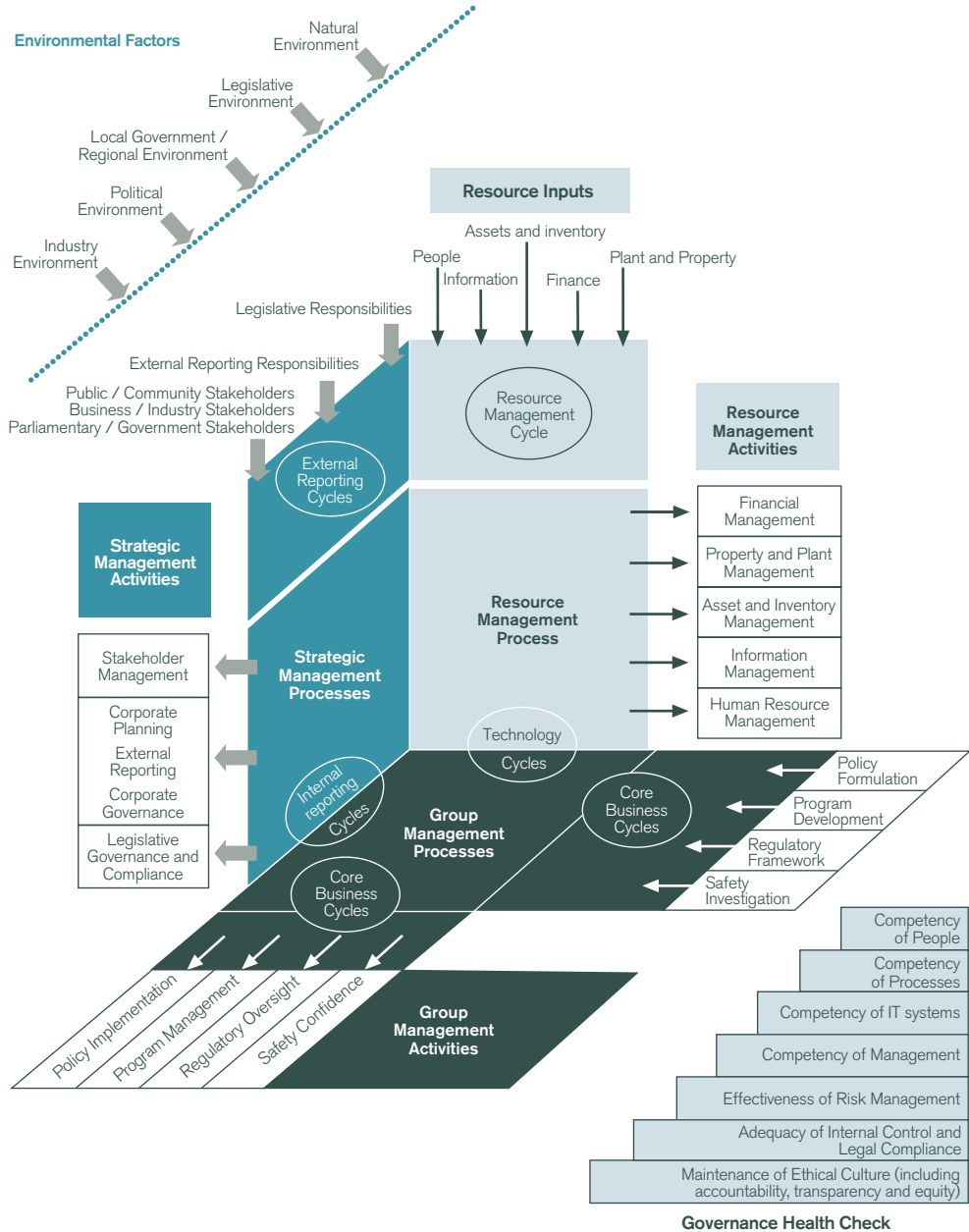
1. be crystal clear about what it is they are meant to deliver
2. identify what might go wrong or interfere with their timely delivery of these outputs, and
3. surround each of these risks with sensible risk management measures.'

*Ken Matthews, former Secretary*  
Conference Presentation on  
Corporate Governance and Risk Management  
July 2003





Figure 6C – The department’s framework for risk management and governance assurance<sup>a</sup>



<sup>a</sup> This framework was developed with assistance from our internal auditors, KPMG.

## Major risks

To reduce the cost of certain risk events, we purchase general insurance from Comcover and workers' compensation cover from Comcare (page 163). We also disclose uninsurable risks with a large potential impact in the Budget papers each year. For 2003–04, we disclosed five risks including up to \$3.3 billion worth of war and terrorism indemnities for aviation operators (page 4). Fluctuation in demand for natural disaster relief was the only risk that came to pass (page 133).

## Fraud control and protective security

The department is proactive about tackling specific risks such as fraud and protective security. In 2003–04 we updated our fraud risk assessment and fraud control plan. A new protective security policy and related measures will enable the department to respond appropriately to the heightened national security environment in 2004–05.

We have appropriate processes and procedures in place to prevent, detect and investigate fraud, security and other risks. As part of this:

- Our *Chief Executive Instructions* direct staff who become aware of or suspect a fraud, to report the matter immediately to the manager, Internal Audit or the First Assistant Secretary (FAS), Corporate .
- Our *Protective Security Policy* directs staff who become aware of a potential or actual security issue to report it to the agency security advisor or the FAS, Corporate.
- Our *Whistleblowing Guidelines* encourage staff who have evidence of fraud, waste or misconduct but who wish to protect their identity to contact the secretary. We recorded no instances of whistleblowing in 2003–04.

We collect, act on and report data on fraud and security incidents as required. For example, we provide specific data on fraud to the Attorney-General's Department each year, as required by the Commonwealth Fraud Control Guidelines.

## Internal audit

The department manages a programme of internal audits to assure the executive team that our internal controls are effective and appropriate and that we are implementing the recommendations of previous ANAO and internal audit reports.

In 2003–04, issues covered included the National Highways and Roads of National Importance Programme (pages 78–79), the Regional Partnerships Programme (pages 111–112), maritime security (page 48) and risk management in business plans.

We use internal audit reports to improve our processes and performance. Audits completed in 2003–04 have resulted in particular improvements in the administration of natural disaster relief arrangements (page 133) and the use of travel and purchase cards (see case study page 181).



## WE ARE CLIENT AND STAKEHOLDER FOCUSED

The department listens and responds to our clients and stakeholders. We also recognise and respect the rights of stakeholders to scrutinise our actions.

### Ministerial support

The department serves the Australian people through our ministers and their staff. On an average working day, we deliver 40 briefs, letters and cabinet documents to our ministers and their staff (see table 6.1 overleaf).

We ask our ministers and their staff to rate the quality of the briefs and letters we prepare, and achieved a 98 per cent satisfaction rating in 2003–04. We aspire to turn all correspondence around within three weeks, and came within 10 per cent of this goal in the final quarter of the year (see figure 6D below).

We meet with ministers' offices regularly to discuss emerging issues and provide a range of additional support services. We have a full-time departmental liaison officer in each minister's office—two in the case of the Deputy Prime Minister, the Hon John Anderson MP.

'I have deeply appreciated your support and advice over a hectic and very productive period.'

Minister Campbell to all staff on leaving the portfolio, July 2004

Figure 6D – Trends in volume and timeliness of ministerial correspondence

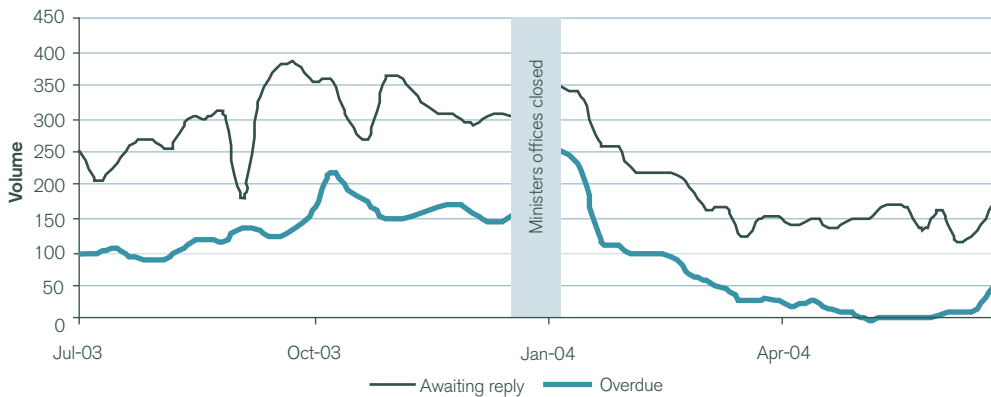


Table 6.1 – Trends in ministerial workflows

	2000–01	2001–02	2002–03	2003–04
Letters	5 743	8 059	7 615	7 771
Meeting briefs and speeches	291	188	433	450
Other briefs	1 762	1 814	1 796	1 732
Satisfaction with briefs and letters	96.7%	98.9%	97.0%	97.9%
Cabinet submissions made	9	9	9	10
Cabinet submissions commented on	104	144	167	114

## Communication and consultation with stakeholders

The department aspires to communicate and consult effectively with all stakeholders.

We make all public documents available on our website [www.dotars.gov.au](http://www.dotars.gov.au) as soon as practical after release. Our website is mainly text-based to ensure it is 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.

The department routinely provides publications (like the printed version of this annual report) to stakeholders including 42 libraries around Australia<sup>2</sup>. We make information available in other languages and formats as needed:

- We use diverse media including videos, posters and wallet cards to get vital road safety messages to learner drivers, people in remote indigenous communities and other vulnerable groups.
- We produce regular newsletters and radio bulletins for our clients in the Indian Ocean Territories (IOTs) in all major community languages (Chinese, Malay and Cocos-Malay).
- We utilise staff diversity and engage outside expertise where required to help us communicate and consult with particular communities (pages 160–161).
- People who lack sufficient English skills can also contact us by calling the Translating and Interpreting Service of the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) on 131 450 and asking them to contact us.

The department operates phone hotlines and regional offices to help us keep in contact with stakeholders wherever they are located. We have offices in Darwin, Perth, Adelaide, Hobart, Melbourne, Bendigo, Sydney, Wollongong, Orange, Newcastle, Brisbane, Townsville and Longreach as well as Canberra, Jervis Bay Territory, Norfolk Island and on Christmas Island (with this office servicing both IOTs)<sup>3</sup>.

<sup>2</sup> A list of the 42 libraries participating in the Australian Government library deposit and free issue scheme can be obtained from the Australian Government Information Management Office [www.agimo.gov.au](http://www.agimo.gov.au)

<sup>3</sup> Staff involved in security and safety-related work may also work from other locations. For example, the ATSB (which is an operationally independent unit within the department) maintains separate field offices in Brisbane and Perth.



Departmental staff travel extensively to meet with clients and peak bodies. In 2003–04 we met with more than 150 international, national and regional bodies (for a full list see Appendix F pages 197–204). Around 500 community leaders from every region of Australia regularly share their time and local knowledge with us on a voluntary basis.

*Right: We help people in regional Australia find out what government help is available through the Commonwealth Regional Information Service. In 2003–04 this free service provided information to 2.7 million households and handled over 1.6 million inquiries online and by phone (page 108).*



## Client service

The department often asks clients to rate the quality of our services and report the results. Examples of this can be found above and throughout chapters 4 and 5.

We also welcome client feedback as issues arise, and have client service charters explaining how clients can contact us with feedback. In addition to an overarching departmental charter, specific charters apply to motor vehicle compliance (page 57) and to services we provide to non self-governing territories (page 117).

Calls to our main toll-free number are answered in the first instance by our switchboard, and then directed to the relevant area. This is the best way to handle the many calls we receive about state, territory and factual matters.

Clients who wish to register a complaint or other feedback are still put through to our client service area. In 2003–04 there were 108 calls to our 1800 hotline.

We formally reviewed and reissued our charter in May 2004. For a copy, visit [www.dotars.gov.au](http://www.dotars.gov.au) or contact the nearest departmental office (see inside back cover for details).

### Want to tell us something?

If you think that we have provided great service or could do better, please tell us.

We recommend you contact the person you have been dealing with, or ask to speak to their supervisor or branch head.

If you would prefer to deal with somebody else, please:

call 1800 075 001 toll-free

email [clientserve@dotars.gov.au](mailto:clientserve@dotars.gov.au)

write (no stamp needed) to:

First Assistant Secretary  
Corporate Group  
DOTARS  
Reply Paid 594  
CANBERRA ACT 2601

## Complaints to the Commonwealth Ombudsman and other bodies

The department advises clients who are not satisfied with how we handled their complaint to contact the Commonwealth Ombudsman. In 2003–04 we achieved a 60 per cent drop in findings of defective administration. This is despite the fact that twice as many clients chose to contact the Ombudsman who investigated almost four times as many issues as in 2002–03 (see table 6.2 opposite).

Vehicle importation and compliance was the main issue investigated by the Ombudsman and accounted for two out of the three findings of defective administration. The third finding related to the Adelaide Airport Noise Amelioration Programme.

Our clients may also have rights of complaint to the Federal Privacy Commissioner and/or the Human Rights and Equal Opportunity Commission (HREOC). In 2003–04 neither body received any complaints about our actions.

## Other forms of scrutiny

The department recognises and respects 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.

## Freedom of Information

The department releases its records to stakeholders as required under the FOI Act. The bulk of our activities and records relate to business rather than personal matters. For information about how to make a request under FOI and what records we hold, see Appendix F (pages 197–204).

In 2003–04 we received fewer requests than in previous years but continued to receive requests for business rather than personal information. We continued to resolve about 60 per cent of requests within 60 days.

We contribute to a detailed annual report on the operation of the FOI Act. This report is published by the Attorney-General's Department and is available at [www.ag.gov.au](http://www.ag.gov.au) Key performance information is also provided in table 6.2 opposite.

## Courts and Tribunals

In 2003–04 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. Many of these matters are ongoing.

A major ruling was made in the matter of *Marra v the Department of Transport and Regional Services*. The full bench of the Federal Court affirmed a decision of the Administrative Appeals Tribunal giving approval for a motorbike to be imported after its arrival Australia. This decision has clarified ministers' powers under the *Motor Vehicles Standards Act 1989*.



Table 6.2 – Trends in external complaints and scrutiny

		2000–01	2001–02	2002–03	2003–04
<b>Complaints recorded by Ombudsman</b>					
Complaints received		65	40	50	104
Issues investigated		23	18	30	115
Finding of defective administration		6	4	7	3
Formal reports to the minister under the <i>Ombudsman Act 1976</i>		0	0	0	0
<b>Complaints recorded by other external bodies</b>					
Complaints to HREOC		not reported	not reported	not reported	0
Complaints to Privacy Commissioner		not reported	0	0	0
<b>FOI requests</b>					
Volume of FOI requests handled					
Requests on hand at 1 July	A	8	15	20	9
Requests received during the year	B	64	83	53	68
Requests withdrawn	C	17	25	21	24
Requests on hand at 30 June	D	15	20	9	15
Total FOI requests resolved (A + B – C – D)		40	53	43	38
Timeliness of response to FOI request <sup>a</sup>					
Resolved in under 30 days		17	14	12	9
Resolved within 31–60 days		16	31	14	13
Resolved within 61–90 days		6	6	11	8
Resolved in more than 90 days		1	2	6	8
Total FOI requests resolved		40	53	43	38
<sup>a</sup> 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.					
<b>Parliamentary Questions on Notice</b>					
Parliamentary Questions		not reported	213	269	253
Questions tabled at Senate Estimates		not reported	330	451	436
Total questions received		769	543	720	689

### Audit office and parliamentary scrutiny

The ANAO, parliament and other public bodies release reports on matters relating to the department from time to time. Reports released on matters relating to us in 2003–04 are listed in table 6.3 below.

The department responds 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](http://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](http://www.aph.gov.au/committee)

**Parliamentary questions.** As well as attending specific inquiries, the department's senior executive attends Senate Estimates several times each year to answer questions about our activities.

The department receives questions on notice at such hearings and from individual parliamentarians throughout the year. In 2003–04 we received fewer questions on notice than in 2002–03 (see table 6.2 previous page). The largest volumes of questions related to regional programmes and aviation issues including security.

We aim to respond to questions on notice within the number of days set in the Standing Orders of each house. Standing Orders mandate 60 days for questions from the House of Representatives and 30 days for the Senate.

**Table 6.3 – External reports on the department issued in 2003–04**

Author/type	Report details
<b>ANAO (<a href="http://www.anao.gov.au">www.anao.gov.au</a>)</b>	
Financial audits	<i>Financial Statements of Australian Government Entities for the Period Ended 30 June 2003</i> Report 22 of 2003–04  <i>Control Structures as part of the Audit of Financial Statements of Major Australian Government Entities for the Year Ending 30 June 2004</i> Report 58 of 2003–04
Other audits	<i>Management of Risk and Insurance</i> Report 3 of 2003–04  <i>The Administration of Telecommunications Grants</i> Report 12 of 2003–04  <i>Special Employee Entitlements Scheme for Ansett Group Employees (SEESA)</i> Report 21 of 2003–04  <i>Agency Management of Special Accounts</i> Report 24 of 2003–04  <i>Management of Federal Airport Leases</i> Report 50 of 2003–04





Table 6.3 continued ...

Author/type	Report details
<b>Parliamentary inquiries</b>	
House of Representatives Select Committee on the Recent Australian Bushfires	<i>A Nation Charred: Report on the inquiry into bushfires</i> Tabled 5 November 2003
House of Representatives Standing Committee on Economics, Finance and Public Administration	<i>Rates and Taxes: A fair share for responsible local government</i> Tabled 24 November 2003
House of Representatives Standing Committee on Transport and Regional Services	<i>Regional Aviation and Island Transport Services: Making ends meet</i> Tabled 1 December 2003  <i>National Road Safety – Eyes on the road ahead</i> Tabled 21 June 2004  <i>Ship Salvage</i> Tabled 21 June 2004  <i>Train Illumination</i> Tabled 24 June 2004
Joint Committee of Public Accounts and Audit (JCPAA)	<i>Review of Aviation Security in Australia</i> Tabled 24 June 2004  <i>Review of Auditor-General's Reports 2003–04: First and Second Quarters</i> Tabled 13 August 2004
Joint Standing Committee on the National Capital and External Territories	<i>Not a Town Centre: The proposal for pay parking in the parliamentary zone</i> Tabled 13 October 2003  <i>Quis custodiet ipsos custodes? Inquiry into governance on Norfolk Island</i> Tabled 3 December 2003
Joint Standing Committee on Public Works	<i>Proposed respecified Christmas Island immigration reception and processing centre</i> Tabled 2 December 2003  <i>Proposed community recreation centre on Christmas Island</i> Tabled 2 December 2003
<b>Other external reports</b>	
Council of Australian Governments	<i>Inquiry on Bushfire Mitigation and Management</i> Under embargo until released by COAG ( <a href="http://www.coag.gov.au">www.coag.gov.au</a> )

## WE ARE COMMITTED TO IMPROVING OUR SKILLS

The department employs 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
- performance management

More information on each of these areas follows.

### Workforce planning

We estimate and agree our staffing needs as part of normal business planning.

In 2003–04, we continued to implement the Work out/Work up plan (page 10). We managed staff reductions mainly through natural attrition and tight controls on recruitment, including a reduction in graduate intake (see table 6.4 opposite). A total of seven operative staff were made redundant, six on a voluntary basis<sup>4</sup>.

We reviewed our plans mid-year, when our ministers asked us to set up the new Office of Transport Security and implement related security measures. This is why:

- recruitment activity increased substantially and staffing levels in some areas rose from February 2004, particularly in Regulatory Group and in regional offices, and
- the number of our non-IOT employees dropped by just 2.4 per cent overall to 901 staff.

We will continue to adjust staffing levels in 2004–05, based on our business needs and capability requirements.

For additional HR statistics, see Appendix H (pages 206–209).

### Employee relations and remuneration

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) with SES and some other specialist staff. We offered more AWAs in 2003–04 in order to attract and retain staff with particular skills (see table 6.5 opposite).

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<sup>4</sup> Seven IOT staff were also made redundant, three on a voluntary basis.



Table 6.4 – Trends in staff recruitment and retention – non-IOT staff

	2000–01	2001–02	2002–03	2003–04
<b>Recruitment<sup>a</sup></b>				
Graduates recruited externally	16	18	18	15
Other external recruits	169	292	126	134
Total external recruits	185	310	144	149
<b>Retention<sup>b</sup></b>				
Retention rate	84.4%	89.5%	87.5%	81.0%
<b>Separations of ongoing staff<sup>c</sup></b>				
Transfers/promotions to another APS agency	23	20	46	68
Resignations and retirements	36	55	60	71
Retrenchments	8	5	20	7
Other separations <sup>d</sup>	46	3	4	28
Total separations	113	83	130	174

<sup>a</sup> Non-ongoing staff are included in recruitment numbers but excluded from retention and separations data.

<sup>b</sup> 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.

<sup>c</sup> 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.

<sup>d</sup> Other reasons for separation may include fixed term appointments, invalidity and death.

Table 6.5 – Trends in nature of employment agreements with staff – non-IOT staff<sup>a</sup>

As at 30 June	2001	2002	2003	2004
Australian workplace agreement (AWA)	58	81	81	106
• SES (all)	*33	41	41	38
• non SES	25	40	40	68
Certified agreement	802	889	840	795
• SES	0	0	0	0
• non SES	802	889	840	795
Total staff	860	970	921	901

<sup>a</sup> These statistics do not include inoperative or casual staff or holders of public office.

We re-negotiate our CA and AWAs as they expire to ensure we remain an attractive employer. As our existing CA was due to expire on 30 June 2004, we negotiated a new CA over 2003–04. The negotiations included staff representatives, the Community and Public Sector Union and the Media Entertainment and Arts Alliance of Australia.

### **New certified agreement**

The proposed new CA was the subject of a ballot in July 2004. The results, as declared by the Australian Electoral Commission, were extremely positive. Over 60 per cent of staff cast a vote, with 93 per cent voting 'yes'. Our new CA features:

- a pay rise of 4 per cent + 4 per cent over two years (for details of salary ranges, see Appendix H pages 206–209)
- an additional rise for EL1 and APS3 staff to bring rates for these classifications into line with other agencies
- more concise and readable text which has been streamlined to remove obsolete clauses and material that appears in legislation
- stronger consultation requirements, which are now defined, and
- no reduction in entitlements, with productivity offsets being met through efficiencies made under the Work out/Work up plan.

### **Flexible working arrangements**

Both our CA and AWAs provide a range of non-financial benefits to help staff balance their work and home lives and to support workplace diversity principles. Benefits include:

- flexible working hours and home-based work, subject to operational requirements
- study assistance including up to eight hours a week paid study leave
- an annual close-down for the two working days between Christmas and New Year
- 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 (the employee assistance programme)
- five weeks' personal circumstances leave on full pay for each year of full-time service (with five weeks accruing on engagement)
- flexible access to this leave to cover absences associated with parental, caring, ceremonial and short term volunteer/community service work as well as illness and bereavement, and
- return-to-work assistance for employees returning to work after an extended absence and/or after extenuating personal circumstances.



## Learning and development

The department is accredited as an *Investor in People*. To maintain our accreditation, we undergo an annual audit. Our last audit was completed in December 2003<sup>5</sup>.

### Generic capabilities and related training

The department publishes a framework of the skills that staff need to perform well in their jobs and to advance in the Australian Public Service (APS) context. In 2003–04 we updated this framework. Our new framework is based on capability frameworks used by the Australian Public Service Commission but has been adapted to recognise, for example, our need for specific technical proficiencies. It focuses on six broad areas:

- achieving results
- cultivating productive working relationships
- shaping strategic thinking
- communicating with influence
- exemplifying personal drive and integrity, and
- applying professional and technical proficiency.

Thanks to the success of the Work out/Work up plan in 2003–04, we can now fund a *Developing in DOTARS* programme in 2004–05. While this umbrella programme will be guided by our new capability framework and annual Investors in People audit results, it will also be:

- driven by personal development discussions between individual staff and their managers, and
- delivered by external learning and development professionals who can tailor their approach to our needs, as well as respected internal experts.

Specific capabilities that we expect to address over 2004–05 include working in the APS legislative environment, cultivating and supporting productive working relationships, and writing for the APS.

#### Did you know?

More than three quarters of our APS staff have tertiary or professional qualifications.

One third of staff have post-graduate qualifications, up from one quarter in 2000.

Around 40 per cent of staff had no APS experience before joining the department.

*Source: Staff survey results 2002 and 2000*



*Above: Technical proficiency is a particular issue for staff involved in regulating and investigating transport safety. (Photo ATSB Trend Analysis Unit DOTARS)*

<sup>5</sup> The audit was conducted by NATA Certification Schemes International and involved interviews with a number of staff randomly selected from Programmes Group and from Policy and Research Group.

### Business-specific training

The department encourages and resources groups to provide business-specific development opportunities. In 2003–04, we continued a successful seminar programme where senior managers from all groups made presentations about aspects of their business. These seminars were organised through our graduate programme (see below) but were advertised and open to all staff based in Canberra. In addition:

- the Australian Transport Safety Bureau continued to provide staff with training towards a nationally recognised Diploma in Transport Safety Investigations, and
- Programmes Group encouraged staff from regional offices to attend an inaugural Regional Colloquium (see photos below).

*Below: The 2004 DOTARS Regional Colloquium gave staff from our regional and national offices 'time out' to meet and to discuss new ideas about the challenges for regional communities, for agencies delivering services to indigenous communities and for individual public servants. Staff also had the opportunity to speak for ten minutes on any topic, and staff suggestions have been followed up with ongoing seminars, training and bulletins (Photos Programmes Group DOTARS)*



### Other training

The department recognises that generic and business-specific training may not meet the needs of all staff. These include graduate recruits, staff in regional offices and staff from non-English speaking backgrounds.

In 2003–04, we continued to provide an accelerated learning and development programme for graduates. This encompassed on-the-job learning including work rotations, workshops and other off-the-job development guided by our capability framework, and an industry tour.

Staff numbers in our regional offices rose 21 per cent over 2003–04 and their needs were a particular focus in our 2003–04 Investors in People audit. The audit report indicates that we need to do more to provide these staff with equitable access to learning and development. We are working to address this over 2004–05.

Staff from diverse cultural and linguistic backgrounds also received support to improve their business writing skills through the Diversity and Equity Network (page 172). In 2003–04 the network continued to fund classes and one-on-one tutoring in partnership with ANUTech. This initiative will be complemented by more generic training under the new umbrella Developing in DOTARS programme (previous page).



## Performance management

As an Investor in People, the department encourages our staff to improve their performance. We also aspire to recognise and reward staff contributions. In 2003–04, we continued to recognise performance in a variety of ways:

- SES remuneration packages include a 'pay at risk' component and performance pay for exceptional performance (for details see our Financial Statements Note 15, page 251)
- staff who are on AWAs typically receive enhanced remuneration benefits reflective of their particular skills (for details of payments made in 2003–04 see Appendix H pages 206–209)
- 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, and
- under-performance is assessed and managed through the Plan on a Page process.

We do not allocate numerical ratings or rank people on their perceived performance: we want to encourage learning, team work and risk management.

*Right: Saying 'thank you' and nominating individuals and teams for awards are some of the ways we recognise and reward achievement. Leo Dobes (left) now leads Regional Analysis and Performance Branch. Maureen Ellis (right) is also in Programmes Group.*



## 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, and
- occupational health and safety.

More information on each of these issues follows.

### CASE STUDY—PARTNERING WITH INDIGENOUS COMMUNITIES

Eight indigenous communities across Australia are involved with government in an innovative two-year trial to help build stronger more independent communities.

The trial, agreed to by the Council of Australian Governments (COAG) in April 2002, involves working in partnership with indigenous communities to provide services and programmes based on priorities agreed with the communities.

A unique element involves departmental secretaries sponsoring trial sites in different geographical locations. Our secretary is the sponsor for the Far East Kimberley site in Western Australia.

This region takes in five discrete Indigenous communities—Billiluna (Mindibungu), Balgo (Wirrimanu), Ringers Soak (Kundat Djaru), Mulan and Yagga Yagga. It is home to around 1000 people in an area covering more than 39 000 square kilometres.

Working with the five communities, the WA Department of Indigenous Affairs and Halls Creek Shire Council, we have identified and funded a range of initiatives as part of the trial:

- a study on key issues and how communities would like to deal with them
- a 'Community Safety – Grog and Justice' initiative
- an administration centre for community meetings and a community initiatives coordinator to provide on-the-ground Australian Government presence
- ten community consulting agent positions to liaise between governments and community members<sup>a</sup>, and
- the Interim Munjurla Reference Group to support increased participation by the five communities in decision-making and community governance activities.

Our involvement with the COAG trial is important and rewarding. It complements other activities we undertake in the region through the Kimberley Area Consultative Committee, the Sustainable Regions Program and broader departmental programs.

<sup>a</sup> Funding for this initiative was also provided by the Department of Employment and Workplace Relations and the former Aboriginal and Torres Strait Islander Services agency.





## Social justice and equity

The department aspires to communicate effectively with and serve all Australians, including people from culturally and linguistically diverse backgrounds and people with disabilities. In 2003–04 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.

We also improved the quality of our reporting: DIMIA rated our report on access and equity for 2002–03 as 100 per cent compliant with the charter, up from 75 per cent in 2001–02.

Our full report on implementation of the Commonwealth Access and Equity Strategy in 2003–04 is at Appendix A (pages 166–173). Our report on implementation of the *Commonwealth Disability Strategy* in 2003–04 is at Appendix D (pages 184–190).

## Workplace diversity

We respect and value the diversity of our workforce. In 2003–04, we continued the workplace diversity programme we launched in 2001. The programme is overseen by our Diversity and Equity Network and challenges us to:

- attract and retain a diverse range of people to the department with a focus on indigenous recruitment
- improve awareness and understanding of workplace diversity, and
- monitor progress in meeting workplace diversity objectives.

More information on each of these issues follows.

### Attracting and retaining a diverse range of people

The department aims to attract and retain a diverse range of people by offering flexible working arrangements and opportunities for personal and professional development. In 2003–04, we invited the Diversity and Equity Network to advise us on:

- negotiation of our new CA (page 156)
- availability of car parking spaces for staff with impaired mobility, and
- guidance provided to selection panels on diversity issues.

Staff from diverse cultural and linguistic backgrounds also received support to improve their business writing skills through the network (page 172).

### Did you know?

In the IOTs, where the vast majority of our clients are from non-English speaking backgrounds, more than 95% of our staff speak one or more community languages other than English.

### Improving awareness and understanding of workplace diversity

The department provides a modest budget to the Diversity and Equity Network to promote better awareness and understanding of workplace diversity. In 2003–04 the network:

- presented awards to individual staff nominated for their contribution to workplace diversity
- celebrated NAIDOC Week by launching a departmental Statement of Commitment to Indigenous People and promoting the COAG trial to all staff (see case study page 160)
- used a lunch celebrating International Women's Day in March 2004 to focus on women's needs and work-life balance, and
- promoted broader issues of diversity of style through a hypothetical 'Is it OK to disagree?' with guests from the Australia Institute and St James Ethics Centre.

### Monitoring progress in meeting workplace diversity objectives

We have received positive feedback from staff about our workplace diversity programme. We asked staff about their experiences in our recent staff survey (see case study page 143), and plan to review the diversity plan formally in 2005. For more information about our workforce diversity, see table 6.6 below.

**Table 6.6 – Trends in workforce diversity – non-IOT staff**

The following table presents a conservative picture of our workforce, and it is likely that diversity is significantly higher. These statistics focus on staff employed under the *Public Service Act 1999* and hence do not include our IOT staff or ten indigenous consulting agents in WA. Around 20 per cent of APS staff choose not to volunteer their personal information.

	2000–01	2001–02	2002–03	2003–04
Women	393	467	439	409
People from NESB	81	81	75	112
People with a disability	23	18	22	13
Indigenous people	2	2	3	3
All employees	861	996	945	901
Proportion of staff volunteering diversity info	86%	75%	75%	78%



## Occupational health and safety (OH&S)

The department recognises and meets its duty of care to provide a safe, healthy and supportive workplace. Our September 2002 staff survey shows that the vast majority of staff are aware of their OH&S responsibilities and consider that we protect their health and safety.

OH&S activities are overseen by our OH&S Committee which includes representatives from all business groups. In 2003–04 we actively promoted our employee assistance programme in anticipation of the changes facing staff and their families. Take-up of the programme rose but remains within historical norms (see table 6.7 below). While there was a rise in unscheduled absences in 2003–04, this rate has begun to trend downwards in 2004–05.

We pay premiums to Comcare to reduce the potential cost to us of rehabilitation and compensation, and pass incident reports on to Comcare promptly. In 2003–04 we achieved our best OH&S results on record, in terms of both claims made and total weeks lost through incapacity. For more information on workplace health and safety trends, see table 6.7 below.

**Table 6.7 – Trends in workplace health and safety**

	2000–01	2001–02	2002–03	2003–04
<b>Proactive measures</b>				
Workplace assessments	>60	> 60	> 60	> 60
Staff health assessments	230	351	254	144
Staff influenza vaccinations	225	331	350	236
<b>Well-being indicators</b>				
Staff using employee assistance	9.1%	6.2%	5.7%	8.4%
Rate of unscheduled absence per FTE employee (includes IOT staff)	not reported	8.1 days	8.7 days	10.4 days
<b>Incident management<sup>a</sup></b>				
New claims submitted to Comcare	25 claims	20 claims	20 claims	9 claims
Total weeks lost from new claims through incapacity	88.6 weeks	167.2 weeks	137.7 weeks	28.4 weeks
Special or serious incident requiring Comcare investigation	0	1	0	0
Directions or notices issued to the department under the OH&S Act	0	0	0	0

<sup>a</sup> These figures are as advised by Comcare.

*Opposite: The department is subject to a number of 'whole of government' Acts and policies. Balancing these with our core business is a complex task, just as in wine-making. (Photo courtesy of Agriculture, Fisheries and Forestry – Australia)*

## 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 6 (pages 147–153). 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, regulator, purchaser, provider and employer. More information on our progress in each of these roles follows.

### POLICY ADVISER

*(Policy and Research Group, Regulatory Group, Safety and Investigations Group)*

Description	Performance indicators
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.	<p>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.</p> <p>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.</p> <p>New or revised policy/programme initiatives have a communication strategy developed and sufficiently resourced to inform people from relevant cultural and linguistic backgrounds.</p>

The department researches and advises ministers on a range of transport and regional issues. We deliver:

- transport policy advice (Output 1.1, page 41)
- transport research and data (Output 1.5, page 98)
- regional development policy advice (Output 2.1, page 105), and
- regional research and data (Output 2.6, page 134).

In developing policies and programmes, we travel extensively to meet directly with clients and peak bodies. We are in regular contact with over 150 different groups, as listed in Appendix F (pages 197–204). We also set up or target groups for consultation in the context of specific initiatives. This has included:

- community meetings in the East Kimberley, where we are sponsoring an initiative by the Council of Australian Governments to improve services and living standards for indigenous Australians (see case study page 160)



- an indigenous women's gathering in May 2004, which was sponsored by the Regional Women's Advisory Council (see case study pages 106–107), 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.

All of the new policy proposals we present to government are required to describe their likely impact on the community. Ministers rate our advice highly—in 2003–04 we achieved satisfaction ratings of over 97 per cent for the third year running.

The department uses a variety of strategies for communicating information on new policies and programmes to stakeholders. For example, in 2003–04, we:

- continued to post announcements of new policies and programmes on our website promptly—generally within 24 hours of release
- published information on the decision to dispose of public housing in the Indian Ocean Territories (IOTs) in community newsletters and radio bulletins in all major community languages (see page 161), and
- through the Commonwealth Regional Information Service (CRIS) (page 108), answered more than 1700 calls from people asking about the new Regional Partnerships Programme.

## REGULATOR

*(Regulatory Group, Policy and Research Group)*

Description	Performance indicators
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.	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.

The department administers aspects of transport regulations and standards (Output 1.2, page 50) and works closely with other relevant regulators. 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).

We also consult with affected groups in the context of specific initiatives. For example, in 2003–04 we held workshops nationwide to ensure airports, airlines and other key players were aware of and would comply with the enhanced aviation regime. We worked with 400 industry participants to develop and implement a new maritime security regime.

*Below: Under the Australian Dangerous Goods Code (page 9), we require transport operators to display vital information in the most graphic way possible.*



## PURCHASER

*(All groups particularly Programmes Group and Corporate Group)*

Description	Performance indicators
<p>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.</p>	<p>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.</p> <p>Tendering specifications and contract requirements for the purchase of goods or services are consistent with the requirements of the charter.</p> <p>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.</p>

The department administers a range of grants, subsidies and other payments on behalf of the Australian Government. In 2003–04 we made payments totalling \$3.7 billion. These payments mainly related to:

- transport programmes (Output 1.4, page 71)
- regional development programmes (Output 2.2, page 108)
- services to territories (Output 2.3, page 117)





- services to local government including a number of indigenous councils (Output 2.4, page 123), and
- natural disaster mitigation and relief arrangements (Output 2.5, page 128).

In our day-to-day operations, we also purchase a range of goods and services. In 2003–04 we reported \$113 million in supplier expenses.

All the entities that we make payments to 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*.

Two major regional development 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.

To administer these programmes effectively, we work with regionally-based advisory bodies to identify and support projects that will benefit local communities. A case study on the essence of our regional programmes is provided on page 109. For more information on the diversity of projects approved in 2003–04, see the:

- Regional Partnerships Programme (pages 111–112), and
- Sustainable Regions Programme (pages 113–115).

The department also aspires to consult with communities in administering other, less discretionary programmes. For example:

- Under the Remote Air Services Subsidy scheme, it is remote communities rather than operators who apply to participate in the scheme. For more information on the impact of this programme on indigenous and other communities, see Chapter 4, page 91.

### Did you know?

Making it simpler for communities to access grants was one of our top 20 priorities for 2003–04. As highlighted in Chapter 1 (page 6), the new Regional Partnerships Programme was a key achievement in this area. Communities now only have to deal with one programme, one application form and one funding agreement.

The funding agreements we use are the standardised agreements developed as part of the More Accessible Government initiative. While there are several formats of these plain English agreements, depending on the size of the grant, we use either the 40 page 'long form' or 20 page 'short form' agreement.

Through Regional Partnerships, we have also begun to tackle the major challenges facing regional businesses: access to finance, infrastructure and skilled staff. For more information about the programme, see Chapter 5 (pages 111–112) or visit [www.regionalpartnerships.gov.au](http://www.regionalpartnerships.gov.au)

A relatively large proportion of small-to-medium businesses, including in regional Australia, are owned and operated by people from non-English speaking backgrounds. Regional businesses also play a key role in indigenous employment—most indigenous Australians live in regional areas with high unemployment. We have a strong record of giving smaller regional enterprises, such as these, a chance to win our business. For more information on our purchasing practices, see Appendix C (pages 176–183).

- We have recently been recognised for our contribution to a study to select the route for a major new transport link in Sydney, which involved approximately 120 000 households and businesses (see case study page 73).

We recognise and respect the right 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’ pages 172–173).

## PROVIDER

*(Programmes Group, Safety and Investigations Group, Corporate Group)*

Description	Performance indicators
<p>The provider delivers services, often under contract by government. Providers can be government, private or not-for-profit organisations.</p>	<p>Providers have established mechanisms for planning for implementation, monitoring and review that incorporate the principles underpinning the charter.</p> <p>Provider data collection systems incorporate the requirements of the Standards for Statistics on Cultural and Language Diversity.</p> <p>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.</p> <p>Complaints mechanisms enable people (regardless of cultural and linguistic background) to address issues and raise concerns about the performance of providers.</p>

In 2003–04, several of the department’s top 20 priorities related to new mechanisms for planning and delivering government intervention in transport and regions. We:

- developed national processes and guidelines for evaluating road, rail and multi-modal proposals under the new AusLink national transport plan (see Chapter 1, page 4)
- implemented a new model of programme administration in the form of the Regional Partnerships Programme (see previous section, page 169)
- supported the Development Assessment Forum to lead reform of local government development assessment processes (see Chapter 5, page 124), and
- developed a national regional evaluation framework to help us assess the impact of government programmes in regional Australia (see Chapter 5, page 105).



These mechanisms emphasise the principles underpinning the charter: access, equity, communication, responsiveness, effectiveness, efficiency and accountability.

Diversity data is one of the factors we consider in planning and evaluating policies and programmes. For example, recent reports which incorporate diversity data include:

- *Road Safety in Australia*, a publication released by the Australian Transport Safety Bureau within the department to commemorate World Health Day 2004
- *About Australia's Regions*, an annual pocketbook of handy statistics released by the Bureau of Transport and Regional Economics within the department, and
- individual profiles of each of the eight regions targeted for funding under the Sustainable Regions Programme (see pages 113–115).

The department provides relatively few services directly to individuals. These services include services to the 2700 residents of Australia's non self-governing territories (Output 2.3, page 117), and CRIS (Output 2.2, page 108).

In the case of the non self-governing territories, where the vast majority of our clients are from non-English speaking backgrounds, more than 95 per cent of our staff speak one or more community languages. Most staff are trilingual, and staff produce regular newsletters and radio bulletins for clients in all major community languages. Formal client service charters do exist, but residents who are not satisfied with our services generally choose to contact:

- local advisory bodies such as the Wreck Bay Aboriginal Community Council, and/or
- our ministers' offices.

CRIS, which is a national service, informs people 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 CRIS'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.

CRIS also provides booklets and directories which explain how to access this service in the ten languages most commonly used outside our capital cities: Croatian, German, Italian, Greek, Arabic, Spanish, Tagalog, Polish, Vietnamese and Chinese. In addition, a national CRIS advertising campaign, which began at the end of 2003–04, included printed advertisements translated into these languages.

The department seeks feedback about other activities we deliver or pay for through a range of mechanisms. Examples can be found throughout our report on performance (chapters 4 and 5). The main ways we seek feedback are through:

- 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 81)
- client surveys where the beneficiaries of services can be identified, such as the individual households in airport noise insulation programmes (pages 94–95), and
- formal evaluations of programmes, usually on a three to five-yearly cycle.

We also welcome client feedback as issues arise, and have client service charters explaining how clients can contact us with feedback on different issues. We also recognise and respect the rights of our clients to complain to external bodies, including our ministers' offices, the Ombudsman and the Human Rights and Equal Opportunity Commission.

For more information on how we manage our client and stakeholder relationships, see Chapter 6 (pages 147-153).

## EMPLOYER

(All groups but particularly Corporate Group in setting HR policies)

Description	Performance indicators
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.	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.

The department is an employer under the *Public Service Act 1999*. At 30 June 2004, we employed 107 people in the Indian Ocean Territories, and 901 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 addition, in 2003-04 we:

- had a range of mechanisms in place for communicating and consulting with staff at all levels (see figure 6B page 142)
- used feedback from staff to help us create a better workplace and prepare for our 2004 staff survey (see case study page 143)
- offered flexible working arrangements and opportunities for personal and professional development to staff (page 156), and
- consulted our internal Diversity and Equity Network on issues including our new certified agreement and the guidance provided to selection panels on diversity issues.

We also provide a modest budget to the network to promote better awareness and understanding of workplace diversity (page 161). In 2003-04 the network:

- presented awards to individual staff nominated for their contribution to workplace diversity
- promoted broader issues of diversity of style through a hypothetical 'Is it OK to disagree?' with guests from the Australia Institute and St James Ethics Centre, and
- supported staff from diverse backgrounds to improve their business writing skills through classroom and online learning.



We have received positive feedback from staff about our workplace diversity programme. We asked staff about their experiences in our recent staff survey (see case study page 143), and plan to review the diversity plan formally in 2005.

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 preferred process for resolving disputes.

## APPENDIX B – BTRE PROJECTS AND CONTRIBUTION TO NATIONAL RESEARCH PRIORITIES

This appendix reports on how research by the Bureau of Transport and Regional Economics within the department contributes to the achievement of the National Research Priorities announced by the Prime Minister in late 2002.

As the table below shows, BTRE research focuses on issues relevant to the portfolio. It is relevant to the national research priorities in some but not all cases. For copies of research and other publications, visit [www.btre.gov.au](http://www.btre.gov.au)

Table 7.1 – BTRE publications in 2003-04

National Research Priority		1	2	3	4
		achieving environmental sustainability <sup>c</sup>	promoting health and wellbeing	developing new technologies and industries	safeguarding Australia
<b>BTRE reports</b>					
R109	<i>Rail Infrastructure Pricing: Principles and Practice</i>	✓			
<sup>a</sup>	<i>Appropriateness of 350 Million Litre Biofuels Target</i> Joint report by CSIRO, ABARE and BTRE	✓			
<sup>a</sup>	<i>Urban Pollutant Emissions from Motor Vehicles: Australian Trends to 2020</i> Final DRAFT report for Environment Australia	✓			
<sup>a</sup>	<i>Impact of climate change on road infrastructure</i> Joint report by many agencies coordinated by BTRE on behalf of Austroads <sup>b</sup>	✓			
<sup>a</sup>	<i>Forecasting inter-regional freight transport from regional development</i> Report to Austroads				

<sup>a</sup> BTRE does not number publications issued jointly with or on behalf of other agencies.

<sup>b</sup> Austroads is the association of Australian and New Zealand road transport and traffic authorities.

<sup>c</sup> 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 (pages 191–196).



National Research Priority		1	2	3	4
		achieving environmental sustainability	promoting health and wellbeing	developing new technologies and industries	safeguarding Australia
<b>Working papers</b>					
WP55	<i>Government Interventions in Pursuit of Regional Development – Learning from Experience</i>		✓		
WP56	<i>State Spending on Roads</i>				
WP57	<i>Land Transport Infrastructure Pricing – An Introduction</i>	✓			
WP58	<i>Investment trends in the lower Murray-Darling Basin</i>	✓			
WP59	<i>Road Speed Limits – Economic effects of allowing more flexibility</i>		✓		
WP60	<i>Overview of the Australian Road Freight Transport Industry</i>				
<b>Information papers</b>					
IP49	<i>Focus on Regions Number 1: Industry Structure</i>		✓		
IP50	<i>Australian Sea Freight 2001–02</i>				
IP51	<i>Focus on Regions Number 2: Education, Skills and Qualifications</i>		✓		
<b>Information sheets</b>					
IS22	<i>Freight between Australian cities 1972–2001</i>				
IS23	<i>Public road-related expenditure and revenue in Australia</i>				
<b>Other major publications</b>					
May 2004	<i>About Australia's Regions pocketbook</i>				
May 2004	<i>Australian Transport Statistics pocketbook</i>				
Issue 3 & 4	<i>Avline</i>				
Issue 35 & 36	<i>Waterline</i>				

## APPENDIX C – CONTRACTING PRACTICES AND OUTCOMES

Government purchasing is a topic of considerable public interest. This appendix focuses on:

- purchasing practices
- competitive tendering and contracting
- consultancies, and
- market research and advertising.

More information on each of these issues follows.

### PURCHASING PRACTICES

Our purchasing policies and practices reflect the principles set out in the Commonwealth Procurement Guidelines and Better Practice Guidance (CPG):

- value for money
- open and effective competition
- ethics and fair dealing
- accountability and reporting
- national competitiveness and industry development, and
- support for other Australian Government policies.

Our Chief Executive Instructions on procurement emphasise these principles and the need for compliance by all staff who decide procurement methods, source potential supplies or enter into contracts. As part of this, in 2003–04, we:

- listed details of all publicly available business opportunities with a value of \$2000 or more on AusTender [www.tenders.gov.au](http://www.tenders.gov.au)<sup>1</sup>
- conducted probity reviews of proposed contracts which are of high risk, including all proposed contracts worth \$50 000 or more
- published details of all contracts or standing offers awarded with a value of \$2000 or more in the Purchasing and Disposals Gazette [www.contracts.gov.au](http://www.contracts.gov.au), and
- published a detailed list of all contracts with a value of \$100 000 or more on our website [www.dotars.gov.au](http://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 (pages 197–204).

**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.





## 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 body<sup>5</sup>. We have contracted out:

- 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

We deliver a number of services on behalf of the Australian Government. Services that we have contracted out relate to:

- management of leased airports
- management of properties at the Sydney West airport site
- noise insulation of eligible properties around Sydney and Adelaide airports
- air services to remote communities
- transport safety research and information services
- the Commonwealth Regional Information Service (CRIS), and
- services to non self-governing territories.

### Did you know?

While our priority is to obtain value for money, we have a strong record of giving smaller regional enterprises a chance to win our business. Roughly 60 per cent of all the contracts we award go to small-to-medium enterprises (SMEs)<sup>2</sup>.

In 2003–04, for example:

- our new IT services contract went to the Australian small-to-medium enterprise Ipex<sup>3</sup>, and
- we achieved 29 per cent usage of smaller airlines on the Canberra to Sydney route between October 2003 and May 2004<sup>4</sup>.

What's more, we promote CPG principles to bodies that receive government funding, particularly local government:

- We have promoted Australian Government help for employers to maximise indigenous employment under the Roads to Recovery Programme (page 81).
- We also collect data and report on the services local councils provide to their indigenous residents as part of our annual report on financial assistance for local government (page 123).

<sup>1</sup> Business opportunities have been advertised on [www.tenders.gov.au](http://www.tenders.gov.au) since 3 May 2004. Before this date tenders were advertised on the previous gazette site [www.ads.gov.au](http://www.ads.gov.au)

<sup>2</sup> Department of Finance and Administration analysis received mid 2003 for our 2001–02 contracts.

<sup>3</sup> In early 2004 Ipex merged with Volante to form Australia's largest domestic IT services provider in terms of revenue.

<sup>4</sup> Department of Finance and Administration data.

<sup>5</sup> This definition is in the Requirements for Annual Reports issued by the Joint Committee for Public Accounts and Audit.

### **Management of leased airports**

Airport building control, environmental protection and parking control services at federally-leased airports are provided by private contractors.

Eight existing contracts for airport building control services and seven existing contracts for airport environmental services were put in place following open tender processes and will continue until 30 June 2005<sup>6</sup>. Another open tender process will start in early 2005 for services required from 1 July 2005.

Parking control services are contracted out to airport lessee companies (ALCs) annually. Only five contracts were valued at \$100 000 or more in 2003–04. These contracts related to parking at Sydney, Brisbane, Melbourne, Perth and Coolangatta Airports. Contracts cannot be offered to bodies other than ALCs under the Airports (Control of On-airport Activities) Regulations 1997.

### **Management of properties at Sydney West airport site**

Management of properties owned on and around the proposed Sydney West Airport site (Badgerys Creek) has been contracted out to Zeckendorf Asset Management 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. For more information on this activity, see Chapter 4 page 61.

### **Air services to remote communities**

We administer the Remote Air Services Subsidy scheme, which ensures weekly air services to a number of otherwise isolated communities. We called for tenders for new two year contracts in May 2004. For more information on the scheme, see Chapter 4 page 91.

### **Transport safety research and information services**

We have contracted out a range of services relating to on-road research and evaluation, data collection and analysis, warehousing and distribution of transport safety information, and design and development of training for safety investigators. Most of these contracts were set in place between 1999 and 2002, and are due to expire in 2004–05.

In 2003–04, we made one material change to these contracts: we contracted out road fatality database management to Directions Management and Consulting Pty Ltd. This contract was signed in January 2004. It has an initial term of three years. For more information on transport safety research and information, see Chapter 4 pages 98–100.

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<sup>6</sup> Some of these contracts are less than \$100 000 in value.



## CRIS

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. Few payments were made against these contracts in 2003–04 (see market research and advertising, pages 182–183). For more information on CRIS, see Chapter 5 page 108.

## Services to non self-governing territories

We provide a range of services to the residents of non self-governing territories in the absence of a state government (page 117). While we continue to provide some of these directly, others are provided through the private sector or nearby state governments such as the West Australian Government in the case of the Indian Ocean Territories (IOTs). A number of existing arrangements are due to expire in 2004–05 and are currently under review.

In 2003–04, we made one material change to these arrangements: we engaged National Jet Systems to provide regular air services between Perth and the IOTs, following an open tender process. This contract commenced on 1 August 2004. It has a term of five years, and will ensure certainty of air services to the territories.

For more information on services to territories, including services we provide directly, see Chapter 5 pages 117–118.

## Corporate activities

We have 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 out fall into three broad areas:

- information and communication technology (ICT) services
- professional services, and
- property and office services.

Like most organisations, we also have a range of contracts and standing offers in place for the supply of energy, office equipment, stationery and other consumables.

## ICT services

Desktop, help desk and related information technology services were contracted out to Ipex ITG Pty Ltd following an open tender process. The contract was signed in late 2003. It has an initial term of four years. For more information on contract outcomes, see Chapter 1 (page 10).

Wide area network, data communications and voice communications services were contracted out 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 years.

We also have a range of contracts and standing offers in place for other specialist ICT services such as software development and support, internet security and cabling. These contracts were generally signed between 2000 and 2002 and are due to be reviewed in 2004–05.

### **Professional services**

A panel of communications service providers has been set up following a select tender process and is used where sufficient capacity or specialist expertise is not available in-house. The panel arrangements took effect in early 2004 and will continue for three years. For details of all payments made during 2003–04 of \$1500 or more including GST, see table 7.3 (page 183).

A panel of legal service providers has been set up following a select tender process and is used where sufficient capacity or specialist expertise is not available in-house. The panel arrangements took effect in late July 2003 and will continue until June 2006 with an option to extend for two years.

A panel of accountancy service providers has been set up following a select tender process and is used where sufficient capacity or specialist expertise is not available in-house. The panel arrangements took effect in late 2003 and will continue until October 2006.

Internal audit services were contracted out to KPMG following a select tender process. The contract was signed on 6 December 2002. It has an initial term of two and a half years, with an option to extend for one year and then another year.

### **Other services**

Property and security services were contracted out 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 another two years.

Office services were contracted out 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 another two years.

Travel services were contracted out 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 January 2004 until 31 December 2006. For more information about contract outcomes, see the case study opposite.



## CASE STUDY—IMPROVING GOVERNMENT TRAVEL POLICIES AND OUTCOMES

Over the last few years, we have simplified and rebuilt our travel policies and processes to deliver better results for the department and its staff.

### **Defining the 'best fare of the day'**

Since September 2002, our outsourced travel provider has been required to offer all available options and the 'best fare of the day' for domestic flights, and to record and report reasons for not selecting the best fare of the day<sup>7</sup>.

This purchasing policy has resulted in a threefold increase in the use of smaller airlines, as well as cost savings to the department.

The Department of Finance and Administration has since directed all other departments to make similar arrangements (Finance Circular 2004/13).

### **Making life easier for staff**

Staff who need to travel are provided with a travel card to pay for their fares and all other travel-related expenses such as meals and accommodation.

Staff can also make their own travel bookings online using the RezPort system. Jetstar, Qantas, QantasLink, Rex and Virgin Blue tickets can all be booked through this system, which came online in December 2003.

The vast majority of staff who have used the new system report that they are very happy with the service. About 30 per cent of travel bookings are now made online, and we expect usage to increase as staff become more confident doing business this way.

<sup>7</sup> We have defined the 'best fare of the day' as the least cost fare available at the time of booking to suit the traveller's business needs and entitlements, and within one hour either side of the requested flight time.

## CONSULTANCIES

We generally engage consultants to carry out research or provide professional or technical advice which cannot be provided by departmental staff. We select consultants in the same way that we procure other goods and services.

In 2003–04, we engaged fewer consultants and spent less on consultancies than in previous years (see table 7.2 below). This result reflects self-imposed expenditure restraint under the Work out/Work up plan (see Chapter 1 page 10). Details of consultancy contracts valued at \$10 000 or more are available on our website [www.dotars.gov.au](http://www.dotars.gov.au)

## MARKET RESEARCH AND ADVERTISING

As noted below, advertising and market research organisations may be called on to support specific activities such as staff recruitment or projects such as the Green Vehicle Guide.

In 2003–04, we paid \$1.7 million for market research and advertising—roughly the same as in 2001–02 (see table 7.2 below). Our main focus was on transport initiatives including driver education and the new Green Vehicle Guide (\$1.3 million).

As required by section 311A of the *Commonwealth Electoral Act 1918*, a list of payments of \$1500 or more made during the financial year is provided in table 7.3 opposite.

**Table 7.2 – Trends in procurement**

	2000–01	2001–02	2002–03	2003–04
<b>Purchasing outcomes</b>				
Contracts let to SMEs <sup>a</sup>	41.6%	61.8%	Not yet available	Not yet available
<b>Consultancies</b>				
New consultancies valued at \$10,000 or more				
Number let	88	49	62	54
Total value over the life of these contracts	\$10.4m	\$5.3m	\$3.8m	\$3.7m
All consultancies including consultancies let in previous years				
Total expenditure	\$10.7m	not reported	\$6.0m	\$4.0m
<b>Market research and advertising payments – not including payments less than \$1500<sup>b</sup></b>				
Creative advertising	–	\$0.8m	\$0.0m	\$0.4m
Market research/polling	\$0.3m	\$0.3m	\$0.5m	\$0.4m
Direct mail	\$0.1m	–	\$0.5m	\$0.0m
Media advertising	\$0.5m	\$0.4m	\$3.4m	\$0.8m
Total payments	\$0.9m	\$1.5m	\$4.4m	\$1.7m

<sup>a</sup> As advised by Department of Finance and Administration

<sup>b</sup> Payments have been rounded to \$0.0 million where payments were less than \$50 000. Discrepancies in table between totals and sums of components are due to rounding.



Table 7.3 – Detail of market research and advertising payments of \$1500 or more

Firm	Service provided	Payment made in 2003–04
<b>Creative advertising agencies</b>		
Singleton Ogilvy and Mather	Develop AusLink advertising campaign	\$309 486
RCSC Services Pty Ltd	Develop curriculum for a novice driver education course and design a large-scale trial and evaluation program <sup>a</sup>	\$81 933
All creative advertising		\$391 419
<b>Market research/polling organisations</b>		
Quantum Market Research	Market research and test the AusLink campaign	\$98 010
Quantum Market Research	Evaluate CRIS <sup>a</sup>	\$89 540
Colmar Brunton Social Research	Conduct market research for the Green Vehicle Guide <sup>a</sup>	\$77 534
The Social Research Centre Pty Ltd	Conduct national survey of community attitudes to road safety <sup>b</sup>	\$72 128
Woolcott Research Pty Ltd	Report on Perceptions of Regional Australia <sup>a</sup>	\$27 940
Eureka Research	Research the National Awards for Local Government <sup>a</sup>	\$41 926
Solution Marketing and Research Pty Ltd	Research and analyse the branding and logo for Area Consultative Committees <sup>a</sup>	\$27 500
Alberton Consulting, Odd One Out Pty Ltd	Analyse community health needs in the Indian Ocean Territories <sup>a</sup>	\$11 520
All market research/ polling		\$446 098
<b>Direct mail organisations</b>		
Universal Express Group	Distribute the AusLink White Paper	\$13 236
<b>Media advertising organisations</b>		
The following advertising was placed through the Central Advertising System as required to maximise the Australian Government's purchasing power and to ensure the department does not compete with other agencies for media time and space. For more information about this system, visit <a href="http://www.naa.gov.au">www.naa.gov.au</a>		
HMA Blaze Pty Ltd	Prepare and lodge advertisements for Roads to Recovery campaign	\$487 383
HMA Blaze Pty Ltd	Prepare and lodge advertisements on Scoresby Freeway (Victoria)	\$116 702
HMA Blaze Pty Ltd	Prepare and lodge advertisements for proposals to undertake specific projects and for job vacancies <sup>c</sup>	\$198 605
All media advertising		\$802 690

<sup>a</sup> Contract also listed as a new consultancy with a value of \$10,000 or more

<sup>b</sup> Contract previously listed as a consultancy with a value of \$10,000 or more

<sup>c</sup> May include payments under \$1500

## APPENDIX D – REPORT UNDER THE COMMONWEALTH DISABILITY STRATEGY

This appendix summarises our 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 requires us to report on our performance in terms of, five broad roles: policy adviser, regulator, purchaser, provider and employer. More information on our progress in each of these roles follows.

### POLICY ADVISER

*(Policy and Research Group, Regulatory Group, Safety and Investigations Group)*

Description	Performance indicators
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.	<p>New or revised policy/programmes that impact in different ways on the lives of people with disabilities are developed in consultation with people with disabilities.</p> <p>New or revised policy/programme proposals assess the direct impact on the lives of people with disabilities prior to decision.</p> <p>New or revised policy/programme initiatives have a communication strategy developed and sufficiently resourced to inform people with disabilities.</p>

The department researches and advises ministers on a range of transport and regional issues. We deliver:

- transport policy advice (Output 1.1, page 41)
- transport research and data (Output 1.5, page 98)
- regional development policy advice (Output 2.1, page 105), and
- regional research and data (Output 2.6, page 134).

In developing policies and programmes, we travel extensively to meet directly with clients and peak bodies. We are in regular contact with over 150 different groups, as listed in Appendix F (pages 197–204).

The department includes people with disabilities in consultations and supports several forums through which their needs are considered. These include the:

- Accessible Public Transport National Advisory Committee (APTNAC), and
- Accessible Public Transport Jurisdictional Committee—established to discuss issues raised at APTNAC meetings.





All of the new policy proposals we present to government are required to describe their likely impact on the community, including people with disabilities. Ministers rate our advice highly— in 2003–04, we achieved satisfaction ratings of over 97 per cent for the third year running.

The department uses a variety of strategies to make our information on new policies and programmes accessible to stakeholders. For example, in 2003–04, we:

- continued to post announcements of new policies and programmes on our website promptly— generally within 24 hours of release
- ensured our web text is provided in hypertext mark up language (HTML) and used software recommended by the National Office of the Information Economy to ensure information is provided in the most appropriate format, and
- through the Commonwealth Regional Information Service (page 108), answered more than 1700 calls from people asking about the new Regional Partnerships Programme.

## REGULATOR

(Regulatory Group, Policy and Research Group)

Description	Performance indicators
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 of notice.	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.

The department administers aspects of transport regulations and standards (Output 1.2, page 50) and works closely with other relevant regulators. To ensure that information on the regulations we administer is available and accessible, we:

- publish a regulatory plan early each financial year
- use plain English in preparing regulation impact statements and guidance materials
- publish publicly available information on regulations on our website [www.dotars.gov.au](http://www.dotars.gov.au), and
- offer toll-free telephone numbers in key areas such as motor vehicle imports (see inside back cover for details).

In 2003–04 the department conducted a review of the *Disability Standards for Accessible Public Transport 2002*. This led to amendments to bring disability standards up to date with current Australian Standards and to make public transport more accessible (see overleaf, Did you know?).

**Did you know?**

Australia's disability standards came into effect in August 2002. They help people with disabilities participate fully in community life and alert providers to what they need to do to avoid unlawful discrimination.

The standards establish minimum requirements for things like access paths, ramps, handrails, doorways, signs and payment of fares. This means that when transport infrastructure and conveyances reach the end of their service lives, they must be replaced with new items which comply with the standards.

Australia's standards seek a sensible balance between eliminating discrimination against people with disabilities, while ensuring that industry is not unduly burdened. The compliance timetable allows for incremental compliance over 30 years, with milestones at the fifth, tenth, fifteenth, twentieth and thirtieth years.

Transport providers are also able to apply to the Human Rights and Equal Opportunity Commission for exemptions (lasting up to five years) from the standards. All applications must be considered by the Accessible Public Transport Jurisdictional Committee, which includes representation from our department.

**PURCHASER**

*(All groups particularly Programmes Group and Corporate Group)*

Description	Performance indicators
<p>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.</p>	<p>Purchasing processes that impact in different ways on the lives of people with disabilities are developed in consultation with people with disabilities.</p> <p>Tendering specifications and contract requirements for the purchase of goods or services are consistent with the requirements of the <i>Disability Discrimination Act 1992</i>.</p> <p>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.</p>



The department administers a range of grants, subsidies and other payments on behalf of the Australian Government. In 2003–04 we made payments totalling \$3.7 billion. These payments mainly related to:

- transport programmes (Output 1.4, page 71)
- regional development programmes (Output 2.2, page 108)
- services to territories (Output 2.3, page 117)
- services to local government including a number of indigenous councils (Output 2.4, page 123), and
- natural disaster mitigation and relief arrangements (Output 2.5, page 128).

In our day-to-day operations, we purchase a range of goods and services. In 2003–04 we reported \$113 million in supplier expenses.

All the entities that we make payments to 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*.

Two major regional development 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.

To administer these programmes effectively, we work with regionally-based advisory bodies to identify and support projects that will benefit local communities. A case study on the essence of our regional programmes is provided on page 109. For more information on the diversity of projects approved in 2003–04, see the:

- Regional Partnerships Programme (pages 111–112), and
- Sustainable Regions Programme (pages 113–115).

The department recognises and respect the right 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' (overleaf).

We also consult with staff about purchasing issues that may impact on the lives of staff from different backgrounds (see 'employer role' pages 189–190).

## PROVIDER

(Programmes Group, Safety and Investigations Group, Corporate Group)

Description	Performance indicators
<p>The provider delivers services, often under contract by government. Providers can be government, private or not-for-profit organisations.</p>	<p>Providers have established mechanisms for planning for implementation, monitoring and review that comply with the <i>Disability Discrimination Act 1992</i>.</p> <p>Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for people with disabilities.</p> <p>Complaints mechanisms enable people with disabilities to address issues and raise concerns about the performance of providers.</p>

In 2003–04, several of the department's top 20 priorities related to new mechanisms for planning and delivering government intervention in transport and regions. We:

- developed national processes and guidelines for evaluating road, rail and multi-modal proposals under the new AusLink national transport plan (see Chapter 1, page 4)
- implemented a new model of programme administration in the form of the Regional Partnerships Programme (page 169)
- supported the Development Assessment Forum to lead reform of local government development assessment processes (see Chapter 5 page 124), and
- developed a national regional evaluation framework to help us assess the impact of government programmes in regional Australia (see Chapter 5 page 105).

These mechanisms emphasise principles of access, equity, communication, responsiveness, effectiveness, efficiency and accountability.

While we provide few services directly to individuals, we do seek feedback about the activities we deliver or pay for through a range of mechanisms. Examples can be found throughout our report on performance (Chapters 4 and 5). The main ways we seek feedback are through:

- 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 81)
- clients surveys where the beneficiaries of services can be identified, such as the individual households in airport noise insulation programmes (pages 94–95), and
- formal evaluations of programmes, usually on a three to five-yearly cycle.

We welcome client feedback as issues arise, and have client service charters explaining how clients can contact us on different issues. Clients who are not satisfied with the way we handle their concerns may also choose to contact our ministers' offices, the Human Right and Equal Opportunity Commission, and the Ombudsman.

For more information on how we manage our client and stakeholder relationships, see Chapter 6 (pages 147–153).



## EMPLOYER

(All groups but particularly Corporate Group in setting HR policies)

Description	Performance indicators
<p>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.</p>	<p>Employment policies, procedures and practices comply with the requirements of the <i>Disability Discrimination Act 1992</i>.</p> <p>Recruitment information for potential job applicants is available in accessible formats on request.</p> <p>Agency recruiters and managers apply the principle of 'reasonable adjustment'.</p> <p>Training and development programmes consider the needs of staff with disabilities.</p> <p>Training and development programmes include information on disability issues as they relate to the content of the programme.</p> <p>Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised by staff.</p>

The department is an employer under the *Public Service Act 1999*. At 30 June 2004, we employed 107 people in the Indian Ocean Territories, and 901 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 addition, in 2003-04 we:

- had a range of mechanisms in place for communicating and consulting with staff at all levels (see figure 6B page 142)
- used feedback from staff to help us create a better workplace and prepare for our 2004 staff survey (see case study page 143)
- offered flexible working arrangements and opportunities for personal and professional development to staff (page 156), and
- consulted our internal Diversity and Equity Network on issues including our new certified agreement, the availability of car parking for staff with impaired mobility, and the guidance provided to selection panels on diversity issues.

We also provide a modest budget to the network to promote better awareness and understanding of workplace diversity (page 161). In 2003–04 the network:

- presented awards to individual staff nominated for their contribution to workplace diversity

- promoted broader issues of diversity of style through a hypothetical 'Is it OK to disagree?' with guests from the Australia Institute and St James Ethics Centre, and
- supported staff to improve their business writing skills through classroom and online learning.

We have received positive feedback from staff about our workplace diversity programme.

We asked staff about their experiences in our recent staff survey (see case study page 143), and plan to review the diversity plan formally in 2005.

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 preferred 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 first chapter (see Environmental Performance pages 14–15). Specific examples of how we implement each ESD principle are as follows:

#### 1. The integration principle

We integrate environmental, social, economic and equitable considerations into decision-making. For example, in 2003–04 we:

- funded evaluations of the environmental and other impacts of specific transport proposals such as the Gold Coast Light Rail Project (see page 87), and
- made grants to diverse projects under the Sustainable Regions Programme, to help eight regions deal with major economic, environmental and social changes (pages 113–115).

*Right: Choosing the best route for a road or rail project can involve complex environmental and social issues as well as engineering, economic and other considerations. The actual process of construction can also involve earthmoving, blasting, heavy vehicle movements, dust and noise. We make payments conditional on projects obtaining required environmental clearances and complying with any associated conditions. (Photo courtesy AustralAsia Railway Corporation)*



## 2. The precautionary principle

We do not use lack of scientific certainty as a reason for postponing measures to prevent environmental degradation. For example, in 2003–04 we:

- led reforms in natural disaster management in Australia to focus beyond disaster response and reaction, towards anticipation and mitigation (page 7), and
- completed works to protect Christmas Island's unique red crabs from a possible increase in road traffic associated with the Immigration Reception and Processing Centre (see photos page 120).

## 3. The intergenerational principle

We promote conservation of the environment for the benefit of future generations. For example, in 2003–04 we:

- sponsored meetings to find solutions to the critical water issues facing our nation, including through the Regional Women's Advisory Council (see case study pages 106–107), and
- worked to reduce greenhouse gas emissions from road vehicles through regulation, vehicle labelling and a new online guide ([www.greenvehicleguide.gov.au](http://www.greenvehicleguide.gov.au)).

We will receive an extra \$6.3 million over four years from 2004–05 to continue and expand our efforts to promote, regulate for and enforce reduced vehicle emissions (page 58).

## 4. The biodiversity principle

We ensure biodiversity and ecological integrity are fundamental to decision-making. For example, in 2003–04 we:

- worked with local government to promote better practice in protecting biodiversity (see case study page 126), and
- enacted regulations to prohibit ships from discharging untreated sewage into waters within 12 nautical miles of land (page 55).

## 5. The valuation principle

We are working to improve valuation, pricing and incentive mechanisms to ensure the true cost of activities are recognised. For example, in 2003–04 we:

- researched and released a major report on principles and practices in rail infrastructure pricing (see Appendix B page 174), and
- established environmental criteria which transport operators must satisfy in order to be eligible for fuel excise reductions from 1 July 2006 (page 43).





## 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).

To review a complete and up-to-date copy of the AAO, visit [www.pmc.gov.au](http://www.pmc.gov.au). A version of the AAO with links to each Act listed is also available at: [scale.law.gov.au/docs/legtables/aao](http://scale.law.gov.au/docs/legtables/aao)

## HOW OUR OUTCOMES CONTRIBUTE TO ESD

ESD is integral to our two outcomes: transport and regional services.

In building a better transport system for Australia, we seek to provide transport systems which are sustainable and accessible, as well as secure, safe and competitive. For more information on how we achieved this, see Chapter 4 (page 35).

In providing regional services, we aspire to build sustainable regions and sound local development practices that take into account issues including natural disaster risks. For more information on how we achieved this, see Chapter 5 (page 101).

Table 7.4 – Departmental energy consumption

	1997–98	2001–02	2002–03	2003–04
<b>Buildings and electricity</b>				
<b>Office buildings</b>				
Occupancy <sup>a</sup>	727 †	1 037 †	1 128 †	1 114 †
Area occupied	19 018 m <sup>2</sup>	24 840 m <sup>2</sup>	29 159 m <sup>2</sup>	25 864 m <sup>2</sup>
Area per person	26.2 m <sup>2</sup> /†	24.0 m <sup>2</sup> /†	25.9 m <sup>2</sup> /†	23.2 m <sup>2</sup> /†
Electricity used in kWh	2.8 million kWh	2.8 million kWh	3.0 million kWh	3.1 million kWh
Electricity used in GJ	10 022 GJ	10 110 GJ	10 785 GJ	11 041 GJ
Electricity used by area	527 MJ/m <sup>2</sup>	407 MJ/m <sup>2</sup>	370 MJ/m <sup>2</sup>	427 MJ/m <sup>2</sup>
Electricity used per person <sup>b</sup>	13 785 MJ/†	9 749 MJ/†	9 561 MJ/†	9 911 MJ/†
<b>Other buildings</b>				
Area occupied	1306 m <sup>2</sup>	1306 m <sup>2</sup>	1306 m <sup>2</sup>	1306 m <sup>2</sup>
Electricity used in kWh	40 000 kWh	26 941 kWh	28 177 kWh	25 207 kWh
Electricity used in GJ	144 GJ	97 GJ	101 GJ	91 GJ
Electricity used by area	110 MJ/m <sup>2</sup>	74.3 MJ/m <sup>2</sup>	77.7 MJ/m <sup>2</sup>	69.7 MJ/m <sup>2</sup>
<b>Transport<sup>c</sup></b>				
<b>Passenger vehicles<sup>c</sup></b>				
Distance travelled	1.2 million km	1.0 million km	1.2 million km	1.5 million km
Petrol used	119 415 L	100 159 L	122 828 L	135 269 L
Fuel used in GJ	4 084 GJ	3 425 GJ	4 201 GJ	4 657 GJ
Fuel economy	10.0 L/100km	10.4 L/100km	10.3 L/100 km	8.8 L/100 km
<b>Other transport</b>				
Automotive diesel	0 L	3963 L	4233 L	0 L
Petrol	5029 L	0 L	2656 L	0 L
Fuel used in GJ (all other transport)	172 GJ	153 GJ	254 GJ	0 GJ
<b>Total energy consumed</b>	<b>14 422 GJ</b>	<b>13 785 GJ</b>	<b>15 342 GJ</b>	<b>15 789 GJ</b>

<sup>a</sup> Occupants may include contractors and employees of contracted service providers as well as staff

<sup>b</sup> The Australian Government's energy consumption target is no more than 10 000MJ per person per year

<sup>c</sup> 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

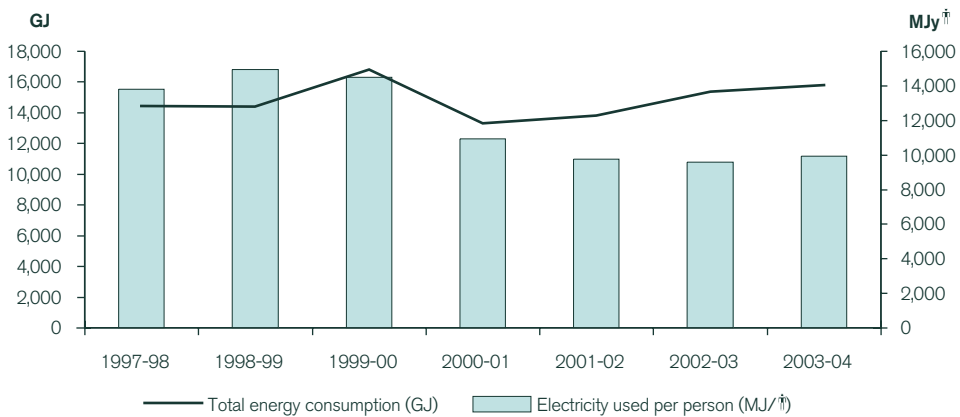


## HOW OUR ACTIVITIES AFFECT THE ENVIRONMENT AND HOW WE MINIMISE HARM

Our activities generally have a positive impact on the environment, as highlighted in Chapter 1 and elsewhere in this appendix. However, in our day-to-day operations, we do consume resources such as electricity, water, petrol and paper. We also create waste in various forms.

In 2003–04 we met the Australian Government target for energy consumption for the third year running. However, as illustrated below, our overall consumption and consumption per person rose slightly due to a shift to 24 hours operations in the new Office of Transport Security and a shift in the locations where staff are based (see table 7.7 page 206).

Figure 7A – Trends in departmental energy consumption



To reduce any harm that our operations may cause to the environment, we aspire to ‘rethink, reduce, reuse and recycle’. We are:

- Rethinking our activities. Office cleaning is now done during the day to limit the need for lights at night, and most staff do not have personal waste bins.
- Reducing the energy we consume per person. We are rationalising our office accommodation. Centralised building systems control lighting and air conditioning in many locations.
- Recycling waste materials including paper, printer cartridges, and glass and plastics. There are clearly labelled bins for recyclables as well as non-recyclables in central areas such as kitchens and utility rooms.

No breaches of environmental laws or licenses were reported in 2003–04.

## HOW WE REVIEW AND INCREASE THE EFFECTIVENESS OF ENVIRONMENTAL MEASURES

Our new certified agreement, as negotiated over 2003–04, commits the department's management and staff to develop and promote initiatives to reduce energy usage, waste generation and the cost of consumables through a departmental energy plan.

We have engaged DASCEM Holdings Pty Limited, an Australian-based environmental and engineering services consultancy, to help us analyse and improve our environmental performance on accommodation issues. We monitor our performance on a location by location basis, and are looking to consolidate our office accommodation further in coming years.

We contribute 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](http://www.greenhouse.gov.au). Our energy consumption is summarised in the table 7.4 (page 194).

Evaluating the impact and sustainability of the policies and programmes we deliver remains a challenge. This reflects the difficulty of measuring long term national outcomes, especially where:

- the precautionary principle demands that we do not wait until we have complete information to act on an issue, and
- we work with many other bodies to achieve our outcomes, as discussed in Chapter 6 (page 140).

We are active contributors to ongoing debate on this issue. For example, our Programmes Group provided one of several speakers for a seminar on measuring sustainability convened by the Canberra Evaluation Forum in August 2003.



## APPENDIX F – REPORT UNDER THE FOI ACT

This appendix explains how you can request access to the department's 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 feel free to:

- email [foi@dotars.gov.au](mailto:foi@dotars.gov.au)
- write to:
  - Freedom of Information Coordinator
  - Department of Transport and Regional Services
  - GPO Box 594
  - CANBERRA ACT 2601
- fax 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 needs.

### WHAT RECORDS WE HOLD

Our 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 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
- ministerial responses to parliamentary questions, interdepartmental and general correspondence and papers
- policy documents, recommendations and decisions
- programme, fund and grant administration papers
- recommendations to the minister on the allocation of financial assistance grants to states, and
- service delivery agreements.

We hold certain records that reflect our responsibility for transport matters:

- liner cargo shipping conference agreements
- registers of documents, approvals, exemptions, permits and licences
- Standards Australia guidelines for road design, signage and technical benchmarks
- technical maps, charts, photographs, drawings and specifications, manuals, statistics, databases and geographical information systems, and
- vehicle safety recalls.

We also hold certain records for non self-governing territories, in the absence of a state government. These records include:

- birth, death and marriage records, and
- motor vehicle registry records.

## 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.

To review a complete and up-to-date copy of the AAO, visit [www.pmc.gov.au](http://www.pmc.gov.au). A version of the AAO with links to each Act listed is also available at: [scale.law.gov.au/docs/legtables/aao](http://scale.law.gov.au/docs/legtables/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 (NAA) or visit [www.naa.gov.au](http://www.naa.gov.au)

## ARRANGEMENTS FOR OUTSIDE PARTICIPATION

As outlined in Chapter 6 (page 148), we consult widely to gain the views of our stakeholders and clients about future policy directions. Peak bodies we consulted in 2003–04 are as listed in the following table.

Table 7.5 – External bodies consulted by the department in 2003–04



















































Body									
	International body 	Ministerial body 	Other national body 	Regionally based body 	Category of body	Policy and Research Group	Regulatory Group	Programmes Group	Safety Investigations Group (ATSB)
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 Transportation Working Group (www.apec.org/apec/apec_groups/working_groups/transportation)									
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)									
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)									





Table 7.5 continued ...

Body		Category of body	Policy and Research Group	Regulatory Group	Programmes Group	Safety Investigations Group (ATSB)
	International body					
	Ministerial body					
	Other national body					
	Regionally based body					
Australian Licenced Aircraft Engineers Association (www.alaea.asn.au)						
Australian Logistics Council www.ozlogistics.org						
Australian Maritime Defence Council						
Australian Maritime Group - Ad Hoc Maritime Security Working Group [to be replaced by the Maritime Industry Consultative Group]						
Australian Motor Vehicle Certification Board						
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 Ultralight Federation [see Recreational Aviation Australia]						
Aviation Stakeholders' Conference						
Aviation Working Group						
Board of Airline Representatives of Australia						
Christmas Island Administrators' Advisory Council						
Committee to Advise on Recall and Safety						
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						

Table 7.5 continued ...



















Body		Category of body	Policy and Research Group	Regulatory Group	Programmes Group	Safety Investigations Group (ATSB)
	International body 					
	Ministerial body 					
	Other national body 					
	Regionally based body 					
Critical Infrastructure Protection Working Group				✓		
Customs Brokers and Forwarders Council of Australia (www.cbfa.com.au)				✓		
Development Assessment Forum (daf.gov.au)					✓	
Fatigue Management Pilot Working Group						✓
Flag State Implementation Subcommittee of the International Maritime Organization						✓
Flight Attendants Association of Australia (www.faaa.net)						✓
Flight Safety Forums						✓
Gliding Federation of Australia (www.gfa.org.au)						✓
Heavy Vehicle Driver Fatigue Advisory Panel and Regulation Reference Group						✓
Heavy Vehicle Safety Strategy Task Force						✓
Helicopter Industry Association						✓
Human Factors Advisory Group						✓
Indigenous Road Safety Working Group						✓
Industry Consultative Meeting				✓		
International Air Transport Association (www.iata.org)				✓		✓
International Civil Aviation Organisation (www.icao.int)			✓	✓		✓
International Maritime Organisation (www.imo.org)				✓		
International Transportation Safety Association (itsasafety.org)						✓
Jervis Bay Territory Emergency Management Committee					✓	
Justice Issues Group, Jervis Bay Territory					✓	
Kingston and Arthur's Vale Historic Area Board of Management [Norfolk Island]					✓	



Table 7.5 continued ...

Body	Category of body	Policy and Research Group	Regulatory Group	Programmes Group	Safety Investigations Group (ATSB)
International body 					
Ministerial body 					
Other national body 					
Regionally based body 					
Land Transport Environment Committee ( <a href="http://www.ephc.gov.au/ltec">www.ephc.gov.au/ltec</a> ) [formerly Motor Vehicle Environment Committee]			✓		
Local Government and Planning Ministers Council				✓	
Local Government Association Roundtable ( <a href="http://www.alga.asn.au">www.alga.asn.au</a> )				✓	
Local Government Associations ( <a href="http://www.alga.asn.au">www.alga.asn.au</a> )				✓	
Local Government Managers' Association				✓	
Long-term Operating Plan Implementation Monitoring Committee			✓		
Marine Accident Investigators International Forum ( <a href="http://www.maiif.net">www.maiif.net</a> )					✓
Maritime Security Working Group, Australian Maritime Group			✓		
Motorcycle Safety Consultative Committee					✓
Motor Vehicle Environment Committee [see Land Transport Environment Committee]					
National Advisory Facilitation Committee		✓			
National Awards for Innovation in Local Government - judging panel				✓	
National Road Safety Strategy Panel					✓
Public Health and Environment Committee, Jervis Bay Territory				✓	
Recreational Aviation Australia ( <a href="http://www.auf.asn.au">www.auf.asn.au</a> ) [formerly the Australian Ultralight Federation]					✓
Regional Airline Association of Australia [see Regional Aviation Association of Australia]			✓		
Regional Aviation Association of Australia ( <a href="http://www.raaa.com.au">www.raaa.com.au</a> ) [formerly Regional Airline Association of Australia]			✓		✓
Regional Development Council ( <a href="http://www.dotars.gov.au/regional/rdcouncil/rdcabout.aspx">www.dotars.gov.au/regional/rdcouncil/rdcabout.aspx</a> )		✓			

Table 7.5 continued ...

Body		Category of body	Policy and Research Group	Regulatory Group	Programmes Group	Safety Investigations Group (ATSB)
	International body					
	Ministerial body					
	Other national body					
	Regionally based body					
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				✓		
Shipping Australia Ltd (www.shippingaustralia.com.au)				✓		
Standing Committee on Regional Development			✓			
Standing Committee on Transport			✓	✓		
Standing Committee on Transport – Transport Security Working Group				✓		
Sustainable Regions Advisory Committees (www.sustainableregions.gov.au)					✓	
Sydney Airport Community Forum (www.sacf.dotars.gov.au)				✓		
Technical Liaison Group				✓		
Transport Emissions Liaison Group				✓		
Wreck Bay Aboriginal Community Council [JBT]					✓	



## APPENDIX G – LIST OF DISCRETIONARY GRANTS

This appendix addresses the requirement for us to report details of the discretionary grants programmes we administer.

A discretionary grant is 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 7.6 – List of discretionary grants programmes**

Programme name	See also page	Details of grant recipients
<b>Outcome 1 – Transport</b>		
ATSB Road Safety Research Grants	98	For information about grant recipients, see <a href="http://www.atsb.gov.au">www.atsb.gov.au</a>
ATSB Aviation Safety Grants		
<b>Outcome 2 – Regional Services</b>		
Regional Partnerships Programme <sup>a</sup>	111	For information about grant recipients, see <a href="http://dynamic.dotars.gov.au/regional/approved_grants/grants_all.cfm">dynamic.dotars.gov.au/regional/approved_grants/grants_all.cfm</a>
Sustainable Regions Programme	113	
Regional and Rural Development Grants Programme	135	
Regional and Rural Research Information and Data Programme	135	

<sup>a</sup> Legacy elements of the Regional Partnerships programme including grants for Rural Transaction Centres are not completely discretionary.

## 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 7.7 – Workforce profile by classification and location<sup>a</sup>**

	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	
	02-03	03-04	02-03	03-04	02-03	03-04	02-03	03-04	02-03	03-04	02-03	03-04	02-03	03-04
<b>Employees and public office holders other than IOT staff</b>														
ACT	144	162	261	243	220	199	162	150	46	38	0	0	833	792
NSW	3	5	9	13	3	3	1	1	0	0	0	0	16	22
Vic	3	3	8	13	3	4	2	2	0	0	0	0	16	22
Qld	3	3	10	12	4	4	4	5	0	0	0	0	21	24
SA	0	0	4	5	2	2	1	1	0	0	0	0	7	8
WA	4	4	9	12	7	6	3	3	0	0	0	0	23	25
Tas	0	0	2	2	1	1	0	0	0	0	0	0	3	3
NT	0	0	0	1	1	1	0	0	0	0	1	1	2	3
Norfolk Island	0	0	0	0	1	1	0	0	0	0	1	1	2	2
<b>Total</b>	<b>157</b>	<b>177</b>	<b>303</b>	<b>301</b>	<b>242</b>	<b>221</b>	<b>173</b>	<b>162</b>	<b>46</b>	<b>38</b>	<b>2</b>	<b>2</b>	<b>923</b>	<b>901</b>
<b>IOT employees<sup>b</sup></b>														
<b>Total</b>	<b>81</b>	<b>80</b>	<b>20</b>	<b>13</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>111</b>	<b>107</b>

<sup>a</sup> Equivalent staff include employees performing legal, public affairs, transport safety investigation or other specialist duties.

<sup>b</sup> IOT staff may be employed under the *Public Service Act 1999*, the *Christmas Island Administrative Ordinance 1968* or the *Cocos (Keeling) Islands Administrative Ordinance 1975*. Medical officers in the IOTs are equivalent to SES.



Table 7.8 – Workforce profile by gender, tenure and hours of work

	Female		Male		Total	
	2002–03	2003–04	2002–03	2003–04	2002–03	2003–04
<b>Employees other than IOT staff</b>						
Holder of Public Office	0	0	2	2	2	2
Ongoing full-time	375	333	480	462	855	795
Ongoing part-time	39	47	15	14	54	61
Non-ongoing full-time	4	22	2	13	6	35
Non-ongoing part-time	4	7	2	1	6	8
<b>Total</b>	<b>422</b>	<b>409</b>	<b>501</b>	<b>492</b>	<b>923</b>	<b>901</b>
<b>IOT employees</b>						
Holder of Public Office	0	0	1	1	1	1
Ongoing full-time	31	28	48	42	79	70
Ongoing part-time	7	6	0	0	7	6
Non-ongoing full-time	12	14	9	8	21	22
Non-ongoing part-time	3	8	0	0	3	8
<b>Total</b>	<b>53</b>	<b>56</b>	<b>58</b>	<b>51</b>	<b>111</b>	<b>107</b>

Table 7.9 – Salary ranges for departmental staff by classification<sup>a</sup>

Classification <sup>b</sup>	30 June 2002		30 June 2003		30 June 2004		30 June 2005 <sup>c</sup>	
	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
APS2	\$31 098	\$34 333	\$32 342	\$35 706	\$33 978	\$41 618	\$35 337	\$41 618
Graduate	\$33 088	\$33 088	\$34 412	\$34 412	\$36 154	\$36 154	\$37 600	\$37 600
APS3	\$35 276	\$45 000	\$36 687	\$45 000	\$38 544	\$50 847	\$40 318	\$50 847
APS4	\$39 312	\$43 766	\$40 884	\$48 926	\$42 953	\$54 489	\$44 671	\$54 489
APS5	\$43 888	\$47 679	\$45 644	\$49 460	\$47 953	\$56 984	\$49 871	\$56 984
APS6	\$47 585	\$62 998	\$49 488	\$72 612	\$51 992	\$71 597	\$54 072	\$71 597
EL1	\$60 683	\$72 550	\$63 110	\$78 369	\$66 303	\$90 372	\$69 267	\$90 372
EL2	\$70 025	\$140 000	\$72 826	\$150 000	\$76 511	\$151 000	\$79 571	\$151 000
SES1	\$89 000	\$99 500	\$121 973	\$164 142	\$129 717	\$160 979	\$134 906	\$178 433
SES2	\$107 000	\$121 500	\$141 916	\$161 482	\$156 986	\$164 970	\$174 115	\$178 433
SES3	\$132 000	\$147 000	\$184 634	\$184 634	\$188 444	\$188 444	\$214 626	\$214 626
Secretary	The Secretary's remuneration is as determined by the Prime Minister after taking into account the recommendations of the Remuneration Tribunal							

<sup>a</sup> Salary includes allowances and 'at risk' pay but excludes employer superannuation contributions and other non-salary benefits payable to most staff in the department.

<sup>b</sup> 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.

<sup>c</sup> Salary ranges at 30 June 2005 are indicative and may be subject to negotiation through the AWA process.



Table 7.10 – Details of extra salary payments made to non-SES staff on AWAs in 2003–04<sup>a</sup>

	Number of people paid	Total cost of payments	Average payment	Range of payments
APS2	4	\$48 900	\$12 225	\$5 000 – \$32 500
APS3	2	\$17 000	\$8 500	\$8 000 – \$9 000
APS4	7	\$33 470	\$4 781	\$3 000 – \$9 000
APS5	4	\$24 700	\$6 175	\$3 600 – \$9 000
APS6	9	\$86 835	\$9 648	\$3 000 – \$20 000
EL1	15	\$15 887	\$10 126	\$4 000 – \$19 000
EL2	35	\$342 298	\$10 373	\$5 000 – \$56 000
<b>Total</b>	<b>76</b>	<b>\$705 090</b>	<b>\$9 278</b>	<b>\$3 000 – \$56 000</b>

<sup>a</sup> A number of these payments are made under long-standing arrangements and are reflected in the historical salary scales reported in Table 7.9 opposite.

## APPENDIX I – CORRECTIONS AND AMENDMENTS

One material error was identified in our 2002–03 annual report. It related to consultancy services (Appendix 1).

### CONSULTANCY SERVICES

In June 2004 the ANAO released Audit Report No. 50 of 2003–04—*Management of Federal Airport Leases*. The ANAO noted that our 2002–03 Annual Report:

- disclosed the value of the contract for the airport insurance adviser for that year rather than the full contract price, and
- did not comply with the JCPAA's *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act bodies* in this respect.

The full contract price for the consultancy, which involves annual reviews of insurance cover for leased airports, is \$214 500 over the three years from September 2002.

Guidance issued to all groups in preparing the 2003–04 annual report emphasised the need to report the total value of each consultancy over the life of the consultancy agreement.

*Opposite: The department's finances are the engine room behind much of the department's success. (Photo courtesy and © CASA)*

Financial Statements for the Year Ended 30 June 2004







## INDEPENDENT AUDIT REPORT

To the Minister for Transport and Regional Services

### Scope

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 2004.

The Department's Chief Executive Officer is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility 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 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 Chief Executive Officer.

**Independence**

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate Australian professional ethical pronouncements.

**Audit Opinion**

In my opinion, the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the Finance Minister's Orders, of the financial position of the Department of Transport and Regional Services as at 30 June 2004, and of its performance and cash flows for the year then ended.

Australian National Audit Office



Allan M Thompson  
Executive Director

Delegate of the Auditor-General

Canberra  
2 September 2004



**DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES**  
**STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER**

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In our opinion, the attached Financial Statements for the year ended 30 June 2004 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Ken Matthews  
Chief Executive

Simon A. Ash  
Chief Finance Officer

30 August 2004

30 August 2004

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
<b>Revenues from ordinary activities</b>			
Revenues from Government	4A	222,826	229,264
Goods and services	4B	15,299	10,720
Interest revenue	4C	-	797
Revenue from sale of assets	4D	626	3,632
Other revenues	4E	2,971	2,407
<b>Revenues from ordinary activities</b>		<b>241,722</b>	<b>246,820</b>
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>			
Employee expenses	5A	82,116	83,938
Supplier expenses	5B	113,681	110,245
Depreciation and amortisation	5C	14,044	12,803
Write down of assets	5D	117	2,960
Value of assets sold	4D	27,454	3,483
Other expenses	5E	63,580	13,178
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>		<b>300,992</b>	<b>226,607</b>
<b>Borrowing costs expense</b>	6A	<b>133</b>	<b>125</b>
<b>Net surplus / (deficit) from ordinary activities before income tax</b>		<b>(59,403)</b>	<b>20,088</b>
<b>Net surplus / (deficit) from ordinary activities after income tax</b>		<b>(59,403)</b>	<b>20,088</b>
Net credit/(debit) to asset revaluation reserve	12A	20,748	16
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>20,748</b>	<b>16</b>
<b>Total changes in equity other than those resulting from transactions with the Australian Government as owners</b>		<b>(38,655)</b>	<b>20,104</b>

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 2004

	Notes	2004 \$'000	2003 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	7A	21,602	12,895
Receivables	7B	138,630	95,755
Accrued revenue	7C	494	909
<b>Total financial assets</b>		<b>160,726</b>	109,559
<b>Non-financial assets</b>			
Land and buildings	8A,C	116,306	122,112
Infrastructure, plant and equipment	8B,C	120,095	116,810
Intangibles	8D	8,689	9,027
Inventories	8E	1,702	1,945
Other non-financial assets	8F	1,139	1,008
<b>Total non-financial assets</b>		<b>247,931</b>	250,902
<b>Total Assets</b>		<b>408,657</b>	360,461
<b>LIABILITIES</b>			
<b>Interest bearing liabilities</b>			
Other interest bearing liabilities	9A	2,124	2,142
<b>Total interest bearing liabilities</b>		<b>2,124</b>	2,142
<b>Provisions</b>			
Capital use charge provision	10A	-	-
Employee provisions	10B	25,623	28,108
Asbestos related disease claims provision	10C	63,400	-
<b>Total provisions</b>		<b>89,023</b>	28,108
<b>Payables</b>			
Supplier payables	11A	7,213	7,552
Other payables	11B	10,560	10,547
<b>Total payables</b>		<b>17,773</b>	18,099
<b>Total Liabilities</b>		<b>108,920</b>	48,349
<b>NET ASSETS</b>		<b>299,737</b>	312,112
<b>EQUITY</b>			
Contributed equity	12A	152,774	126,494
Reserves	12A	33,197	12,449
Retained Surpluses / (Accumulated deficits)	12A	113,766	173,169
<b>TOTAL EQUITY</b>	12A	<b>299,737</b>	312,112
<b>Current assets</b>		<b>162,671</b>	111,376
<b>Non-current assets</b>		<b>245,986</b>	249,085
<b>Current liabilities</b>		<b>25,669</b>	27,018
<b>Non-current liabilities</b>		<b>83,251</b>	21,331

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 2004

	Notes	2004 \$'000	2003 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Goods and services		15,960	11,713
Appropriations		187,435	239,034
Interest		-	807
Net GST received from ATO		6,146	8,089
Other		2,971	2,657
<b>Total cash received</b>		<b>212,512</b>	<b>262,300</b>
<b>Cash used</b>			
Employees		84,597	82,679
Suppliers		113,308	123,423
Net GST paid to ATO		6,531	8,154
Cash transferred to OPA		-	92,193
<b>Total cash used</b>		<b>204,436</b>	<b>306,449</b>
<b>Net cash from / (used by) operating activities</b>	13	<b>8,076</b>	<b>(44,149)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant, equipment and intangibles		631	3,632
Proceeds from sales of financial instruments		-	342,000
<b>Total cash received</b>		<b>631</b>	<b>345,632</b>
<b>Cash used</b>			
Purchase of property, plant, equipment and intangibles		18,879	46,624
Purchase of financial instruments		-	314,000
<b>Total cash used</b>		<b>18,879</b>	<b>360,624</b>
<b>Net cash from / (used by) investing activities</b>		<b>(18,248)</b>	<b>(14,992)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Cash from capital injections		18,879	93,500
<b>Total cash received</b>		<b>18,879</b>	<b>93,500</b>
<b>Cash used</b>			
Capital use charge paid		-	25,875
Return of contributed equity		-	413
<b>Total cash used</b>		<b>-</b>	<b>26,288</b>
<b>Net cash from / (used by) financing activities</b>		<b>18,879</b>	<b>67,212</b>
Net increase / (decrease) in cash held		8,707	8,071
Cash at the beginning of the reporting period		12,895	4,824
<b>Cash at the end of the reporting period</b>	7A	<b>21,602</b>	<b>12,895</b>

The above statement should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
SCHEDULE OF COMMITMENTS  
as at 30 June 2004

	2004	2003
	\$'000	\$'000
<b>BY TYPE</b>		
<b>Capital commitments</b>		
Land and buildings <sup>1</sup>	-	913
Infrastructure, plant and equipment <sup>2</sup>	1,322	6,337
Other capital commitments	511	-
<b>Total capital commitments</b>	<b>1,833</b>	<b>7,250</b>
<b>Other commitments</b>		
Operating leases <sup>3</sup>	54,701	63,474
Other commitments <sup>4</sup>	20,826	23,200
<b>Total other commitments</b>	<b>75,527</b>	<b>86,674</b>
<b>Commitments receivable</b>	<b>(8,313)</b>	<b>(6,243)</b>
<b>Net commitments</b>	<b>69,047</b>	<b>87,681</b>
<b>BY MATURITY</b>		
<b>Capital commitments</b>		
One year or less	1,833	6,965
From one to five years	-	285
Over five years	-	-
<b>Total capital commitments by maturity</b>	<b>1,833</b>	<b>7,250</b>
<b>Operating lease commitments</b>		
One year or less	9,417	9,644
From one to five years	34,237	34,826
Over five years	11,047	19,004
<b>Total operating lease commitments by maturity</b>	<b>54,701</b>	<b>63,474</b>
<b>Other commitments</b>		
One year or less	10,862	18,725
From one to five years	9,964	4,475
Over five years	-	-
<b>Total other commitments by maturity</b>	<b>20,826</b>	<b>23,200</b>
<b>Commitments receivable</b>		
One year or less	(2,102)	(1,241)
From one to five years	(5,160)	(3,286)
Over five years	(1,051)	(1,716)
<b>Total commitments receivable by maturity</b>	<b>(8,313)</b>	<b>(6,243)</b>
<b>Net commitments by maturity</b>	<b>69,047</b>	<b>87,681</b>

NB: Commitments are GST inclusive where relevant.

<sup>1</sup> Land and buildings were in respect of development on Christmas Island and Cocos (Keeling) Island.

<sup>2</sup> Infrastructure, plant and equipment were in respect of development on Christmas Island and Cocos (Keeling) Island.

<sup>3</sup> Operating leases are effectively non-cancelable and comprise leases for office accommodation and agreements for the provision of motor vehicles and leases for commercial and residential accommodation on Christmas Island and Cocos (Keeling) Island.

<sup>4</sup> Other Commitments relates to the provision of goods and services to the Department.

## DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

## SCHEDULE OF COMMITMENTS (continued)

as at 30 June 2004

Nature of lease	General description of leasing arrangement
Leases for office accommodation	The Department has entered into operating leases for office accommodation purposes. Most Departmental leases contain a clause permitting market indexation, subject to agreement by both parties. In general the rent reviews take place at least once every two years.
Agreement for the provision of motor vehicles	LeasePlan is the provider of vehicles to the Department. Leases are for a minimum period of three months and typically extend two years. They may be extended for up to three months from 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.
Commitments receivable	Commitments receivable include GST recoveries in relation to the commitments payable and 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 with IPEX ITG 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 Gaseng Petroleum Operations Pty Ltd for fuel arrangements on Christmas Island cannot be quantified with certainty as the contract price is based on supply. The contract expires on 3 February 2005.
- \* The contract with Optus for the provision for Wide Area Network (WAN) services is dependent on a number of variables.
- \* The contracts with United KFPW and Pickfords are for the provision of office related services, the cost of which is 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 2004

	2004	2003
	\$'000	\$'000
<b>Contingent liabilities</b>		
Claims for damages/costs	228	155
<b>Total Contingent Liabilities</b>	<b>228</b>	<b>155</b>
<b>Contingent assets</b>	-	-
<b>Net Contingent Liabilities</b>	<b>228</b>	<b>155</b>

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 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

	Notes	2004 \$'000	2003 \$'000
<b>Revenues Administered on Behalf of Government</b>			
<i>for the year ended 30 June 2004</i>			
<b>Taxation revenue</b>			
Levies, fees and fines	19	<b>147,162</b>	294,878
<b>Total taxation revenue</b>		<b>147,162</b>	294,878
<b>Non-taxation revenue</b>			
Goods and services	19	<b>57,867</b>	54,296
Interest	19	<b>11,945</b>	12,373
Revenue from sale of assets	20	-	5,332
Dividends	19	<b>50,600</b>	41,625
Other sources of non-taxation revenue	19, 21	<b>22,297</b>	18,782
<b>Total non-taxation revenue</b>		<b>142,709</b>	132,408
<b>Total Revenues Administered on Behalf of Government</b>		<b>289,871</b>	427,286
<b>Expenses Administered on Behalf of Government</b>			
<i>for the year ended 30 June 2004</i>			
Grants	20	<b>3,549,820</b>	2,966,563
Subsidies	20	<b>134,334</b>	147,945
Suppliers	20	<b>29,951</b>	33,310
Depreciation	20	<b>2,200</b>	2,098
Write-down and impairment of assets	20	<b>97</b>	430
Value of assets sold	20	<b>220</b>	442
Other expenses administered on behalf of government	20, 21	<b>12,194</b>	2,404
<b>Total Expenses Administered on Behalf of Government</b>		<b>3,728,816</b>	3,153,192

This schedule should be read in conjunction with the accompanying notes.



DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2004 \$'000	2003 \$'000
<b>Assets Administered on Behalf of Government</b>			
<i>as at 30 June 2004</i>			
<b>Financial assets</b>			
Cash	22	73	246
Receivables	22	194,887	205,886
Investments	22	622,419	549,044
Accrued revenue	22	33,034	42,289
<b>Total financial assets</b>		<b>850,413</b>	<b>797,465</b>
<b>Non-financial assets</b>			
Land and buildings	22	66,500	68,162
Infrastructure, plant and equipment	22	6,045	4,389
Heritage and cultural assets	22	12,962	13,360
<b>Total non-financial assets</b>		<b>85,507</b>	<b>85,911</b>
<b>Total Assets Administered on Behalf of Government</b>		<b>935,920</b>	<b>883,376</b>
<b>Liabilities Administered on Behalf of Government</b>			
<i>as at 30 June 2004</i>			
<b>Payables</b>			
Suppliers	23	2,912	1,165
Grants and subsidies	23	79,377	112,958
<b>Total Liabilities Administered on Behalf of Government</b>		<b>82,289</b>	<b>114,123</b>
<b>Net Assets Administered on Behalf of Government</b>	24	<b>853,631</b>	<b>769,253</b>
<b>Current assets</b>		<b>55,645</b>	55,658
<b>Non-current assets</b>		<b>880,275</b>	827,718
<b>Current liabilities</b>		<b>23,856</b>	25,628
<b>Non-current liabilities</b>		<b>58,433</b>	88,495

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2004	2003
	\$'000	\$'000
<b>Administered Cash Flows</b>		
<i>for the year ended 30 June 2004</i>		
<b>Operating Activities</b>		
<b>Cash received</b>		
Levies, fees and fines	160,471	299,028
Sale of goods and services	9,573	8,546
Interest	12,067	12,391
Dividends	43,100	30,625
GST received from ATO	8,098	11,965
Other	23,095	26,381
<b>Total cash received</b>	<b>256,404</b>	<b>388,936</b>
<b>Cash used</b>		
Grant payments	3,568,056	2,989,995
Subsidies paid	163,030	149,962
Suppliers	31,676	36,505
Other	116	10,609
<b>Total cash used</b>	<b>3,762,878</b>	<b>3,187,071</b>
<b>Net cash from / (used in) operating activities</b>	<b>(3,506,474)</b>	<b>(2,798,135)</b>
<b>Investing Activities</b>		
<b>Cash received</b>		
Repayments of advances	10,407	10,706
Equity repayments	70,000	50,000
Sale of property, plant and equipment	-	401
<b>Total cash received</b>	<b>80,407</b>	<b>61,107</b>
<b>Cash used</b>		
Purchase of investments	143,375	-
Advances and loans made	343	7,075
<b>Total cash used</b>	<b>143,718</b>	<b>7,075</b>
<b>Net cash from / (used in) investing activities</b>	<b>(63,311)</b>	<b>54,032</b>
<b>Net increase / (decrease) in cash held</b>	<b>(3,569,785)</b>	<b>(2,744,103)</b>
Cash at the beginning of the reporting period	246	16
Cash from Official Public Account for:		
- Appropriations	3,859,124	3,165,525
- Special accounts	47,385	21,182
Cash to Official Public Account for:		
- Special accounts	(1,212)	(944)
- Other	(335,685)	(441,430)
<b>Cash at the end of the reporting period</b>	<b>73</b>	<b>246</b>

This schedule should be read in conjunction with the accompanying notes.





DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
SCHEDULE OF ADMINISTERED ITEMS (continued)

Notes	2004 \$'000	2003 \$'000
<b>Administered Commitments</b>		
<i>as at 30 June 2004</i>		
<b>BY TYPE</b>		
<b>Capital commitments</b>		
Investments <sup>1</sup>	-	143,400
<b>Total capital commitments</b>	<b>-</b>	<b>143,400</b>
<b>Other commitments</b>		
Project commitments <sup>2</sup>	2,753,587	2,719,191
Other commitments <sup>3</sup>	1,273	16,027
<b>Total other commitments</b>	<b>2,754,860</b>	<b>2,735,218</b>
<b>Commitments receivable</b>	<b>(3,315)</b>	<b>(3,464)</b>
<b>Net administered commitments</b>	<b>2,751,545</b>	<b>2,875,154</b>
<b>BY MATURITY</b>		
<b>Capital commitments</b>		
One year or less	-	143,400
From one to five years	-	-
Over five years	-	-
<b>Total capital commitments</b>	<b>-</b>	<b>143,400</b>
<b>Other commitments</b>		
One year or less	1,189,655	953,798
From one to five years	1,565,205	1,781,420
Over five years	-	-
<b>Total other commitments</b>	<b>2,754,860</b>	<b>2,735,218</b>
<b>Commitments receivable</b>		
One year or less	(3,156)	(3,379)
From one to five years	(159)	(85)
Over five years	-	-
<b>Total commitments receivable</b>	<b>(3,315)</b>	<b>(3,464)</b>
<b>Net administered commitments by maturity</b>	<b>2,751,545</b>	<b>2,875,154</b>

NB: All commitments are GST inclusive where relevant.

<sup>1</sup> Investments relate to an Australian Rail Track Corporation equity injection.

<sup>2</sup> Project commitments relate to contracts undertaken in relation to various Administered programs including Roads of National Importance, National Highways, Sustainable Regions in addition to a contract for the refurbishment of Kingston Pier on Norfolk Island.

<sup>3</sup> Other commitments relate to contracts for the implementation of noise amelioration at both Sydney and Adelaide airports.

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES  
 SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2004 \$'000	2003 \$'000
<b>Administered Contingencies</b>			
<i>as at 30 June 2004</i>			
<b>Administered contingent liabilities</b>			
Guarantee to Northern Territory Government <sup>1</sup>	25	12,500	12,500
<b>Total administered contingent liabilities</b>		<b>12,500</b>	<b>12,500</b>
<b>Administered contingent assets</b>		-	-
<b>Net contingent liabilities</b>		<b>12,500</b>	<b>12,500</b>

<sup>1</sup> Guarantee given to underwrite the construction of the Alice Springs to Darwin railway.  
 Unquantifiable and remote contingencies are disclosed in **Note 25: Administered Contingent Liabilities and Assets**.

**Statement of Activities Administered on Behalf of Government**

The major administered activities of the Department of Transport and Regional Services 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 industry and the administration of grants to assist the States and Territories improve Australia's transport system and develop opportunities for their local communities. Details for planned activities for the year can be found in the Department of Transport and Regional Services' Portfolio Budget and Portfolio Additional Estimates Statements for 2003/04 which have been tabled in the Parliament.

This schedule should be read in conjunction with the accompanying notes.



## 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:

- A better transport system for Australia
- Greater recognition and development opportunities for local, regional and territory communities.

Agency activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Agency in its own right. Administered activities involve the management or oversight by the Agency, on behalf of the Australian Government, of items controlled or incurred by the Australian Government.

Departmental activities are identified under five outputs for Outcome 1 and six outputs for Outcome 2. The five outputs that relate to Outcome 1 are: Transport Policy Advice (1.1); Transport Regulation and Standards (1.2); Transport Safety Investigations (1.3); Transport Programmes (1.4); and Transport Research and Data (1.5). The six outputs that relate to Outcome 2 are: 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 and Relief Arrangements (2.5); and Regional Research and Data (2.6).

The continued existence of the Agency in its present form, and with its present programs, is dependant on the Australian Government policy and on continuing appropriations by Parliament for the Agency's administration and programs.

#### 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 2004)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Australian Accounting Standard. 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 Notes 14 and 25.)

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**1.3 Changes in Accounting Policy**

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002-03.

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 Finance Minister's Orders introduced an impairment test for non-current assets which were carried at cost and not subject to *AAS10 Recoverable Amount of Non-current Assets*. In 2003-04 there were no indications of impairment for these assets.

In 2003-04, the impairment test provisions of the Finance Minister's Orders have been extended to cover non-current assets carried at deprival values. There were no indications of impairment for these assets.

**1.4 Revenue***Revenues from Government*

Amounts appropriated for Departmental outputs appropriations for the year (less any current year savings 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.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under Appropriation Act No3 of 2003-04.

In 2003-04, the the Department of Transport and Regional Services was undertaking two activities, which are being funded on a reciprocal basis and thus recognises an appropriation receivable in the next period 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 at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.5).

*Other Revenue*

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

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.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

### 1.5 Transactions with the Government as Owner

#### *Equity injections*

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 Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

#### *Other distributions to owners*

The Finance Minister's Orders require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2002-03, the Department of Transport and Regional Services relinquished control of surplus output appropriation funding of \$413,000, which was returned to the Official Public Account.

The Department of Transport and Regional Services did not relinquish control of any surplus output appropriation funding in 2003-04.

### 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 liability for long service leave has been determined by reference to the work of an actuary during 2001-02. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### *Separation and redundancy*

Provision is made for separation and redundancy benefit payments.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### *Superannuation*

Staff of the Department of Transport and Regional Services are members of the Commonwealth Superannuation Scheme and 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 Australian Government 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.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

### **1.7 Leases**

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

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.

### **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 2003-04. (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 28.

#### *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.



## 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, 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).

Items of plant and equipment acquired as part of a leasehold fitout are capitalised in the year of acquisition regardless of historical cost. Leasehold improvements are valued on a project basis and therefore include items of plant and equipment with a unit value of less than \$5,000.

#### *Revaluations*

##### *Basis*

Land, buildings, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. This change in accounting policy is required by Australian Accounting Standard *AASB 1041 Revaluation of Non-Current Assets*.

Fair and deprival values for each class of asset are determined as shown below.

Asset class	Fair value measured at:	Deprival value measured at:
Land	Market selling price or the best available market evidence	Current market buying price
Buildings on freehold land	Market selling price or the best available market evidence	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price or the best available market evidence	Depreciated replacement cost
Heritage assets	Market selling price or the best available market evidence	Depreciated replacement cost

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2004, the Department of Transport and Regional Services had no such assets in this situation (30 June 2003: \$0).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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. The financial effect by class is as follows:

Asset class	Adjustment	Contra Account
Land	\$ 735,500 Dr	Revaluation Reserve
Buildings on freehold land	\$ 18,269,414 Dr	Revaluation Reserve
Infrastructure, plant and equipment	\$ 1,663,516 Dr	Revaluation Reserve
Heritage assets administered on behalf of the Government	\$ 12,747 Dr	Revaluation Reserve
Infrastructure, plant and equipment administered on behalf of the Government	\$ 2,004,071 Dr	Revaluation Reserve

The total financial effect was to:

- Increase Departmental property, plant and equipment and increase the Departmental asset revaluation reserve by \$20,668,430; and
- Increase property, plant and equipment administered on behalf of the Australian Government and the Administered asset revaluation reserve by \$2,016,818.

#### Frequency

Land, buildings on freehold land, leasehold improvements, heritage assets and infrastructure, plant and equipment are revalued progressively in successive three-year cycles on a geographical basis. The current revaluation cycle commenced 1 July 2001, concluding with the valuation of assets located on Christmas and Cocos Islands and at Jervis Bay, which was undertaken during 2003-04.

Assets in each class acquired after the commencement of a progressive revaluation cycle are not captured by the progressive revaluation then in progress.

The Finance Minister's Orders require that all property plant and equipment assets be measured at up-to-date fair values from 30 June 2005 onwards. The current year is, therefore, the last year in which the Department of Transport and Regional Services will undertake progressive revaluations.

#### Conduct

All valuations are conducted by an independent qualified valuer.

#### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives, 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:

	<u>2004</u>	<u>2003</u>
Buildings on freehold land	<b>15 to 60 years</b>	25 to 60 years
Leasehold improvements	<b>Lease term</b>	Lease term
Infrastructure, plant and equipment	<b>3 to 80 years</b>	3 to 80 years
Heritage and cultural assets	<b>5 to 60 years</b>	5 to 60 years





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Notes 5C and 20.

The estimated useful life of Buildings on freehold land was revised following the valuation of assets on Christmas and Cocos Islands and at Jervis Bay, undertaken during 2003-04.

### 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.

### 1.14 Intangibles

The Department of Transport and Regional Services' intangibles comprise the purchase of software configured for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Department of Transport and Regional Services' software is 3 to 5 years (2002-03: 5 years).

All software assets were assessed for indications of impairment as at 30 June 2004.

### 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.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores - purchase cost on a first-in-first-out basis; and
- finished goods and work in progress - cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

### 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
- except 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**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.

**1.21 Reporting of Administered Activities**

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application to the greatest extent possible of 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 24. Thus the Schedule of Administered Items largely reflects the Australian Government's transactions, through the Department, with parties outside the Australian Government.

*Administered Investments*

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level.

The Commonwealth's investment in other controlled authorities and companies in this portfolio is valued at the aggregate of the Commonwealth's share of the net assets or net liabilities of each entity fixed at 30 June 1997, 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.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Australian Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### *Airport Land*

The Department of Transport and Regional Services has not placed a monetary valuation on freehold land at airports leased by the Commonwealth to private sector interests. This policy takes account of the fact that land at the 20 civilian airports owned by the Commonwealth are subject to lease arrangements whereby the land is leased for 50 years with a 49 year extension option. Consideration consists of upfront payments from the lessors, without any subsequent annual lease payments. For the purpose of financial reporting the land at these airports is therefore assessed as having no deprival value because of the extended period before any future revenue stream will accrue.

Infrastructure built on the freehold land is an asset of the lessor and is also not reflected in the accompanying financial statements.

### Note 2: 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 2005-06. The new standards are the AASB Equivalents to International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The AASB Equivalent Standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime.

The purpose of issuing AASB Equivalents to IFRSs is to enable Australian 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 fully with the AASB Equivalents will be able to make an explicit and unreserved statement of compliance with IFRSs as well as with the AASB Equivalents.

It is expected that the Finance Minister will continue to require compliance with the Australian Accounting Standards issued by the AASB, including the AASB Equivalents, in his Orders for the Preparation of Agency financial statements for 2005-06 and beyond.

The AASB Equivalents contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and, therefore, the Department of Transport and Regional Services will only be able to assert compliance with the AASB Equivalents.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS 29 *Financial Reporting by Government Departments*.

Accounting Standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents to IFRSs* requires that the financial statements for 2003-04 disclose:

- An explanation of how the transition to the AASB Equivalents is being managed, and
- A narrative explanation of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

#### *Management of the transition to AASB Equivalents to IFRSs*

The Department's Audit Committee will have general oversight of the transition to and implementation of the AASB Equivalents. The Chief Finance Officer is formally responsible for the project and will report regularly to the Audit Committee on progress in implementing AASB Equivalents.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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The Department has developed an IFRS implementation plan. The plan requires the following key steps to be undertaken and sets deadlines for their achievement:

- Identification of key staff, project team members and stakeholders in relation to implementing AASB Equivalents.
- Identification of all major accounting policy differences between current AASB standards and the AASB Equivalents.
- Identification of systems changes necessary to be able to report under the AASB Equivalents, including those necessary to enable capture of data under both sets of standards for 2004-05, and the testing and implementation of those changes.
- Preparation of a transitional balance sheet as at 1 July 2004, under AASB Equivalents.
- Preparation of a AASB Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
- Meeting reporting deadlines set by the Department of Finance and Administration for the 2005-06 balance sheet under AASB Equivalent Standards.

The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.

All system changes will be identified and tested in the 2004-05 financial year.

Consultants have and will be engaged where necessary to assist with each of the above steps.

### *Major changes in accounting policy*

Changes in accounting policies under AASB Equivalents are applied retrospectively i.e. as if the new policy had always applied. This rule means that a balance sheet prepared under the AASB Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This will enable the 2005-06 financial statements to report comparatives under the AASB Equivalents also.

Changes to major accounting policies are discussed in the following paragraphs.

### *Property, plant and equipment*

It is expected that the Finance Minister's Orders will require property, plant and equipment assets carried at valuation in 2003-04 to be measured at up-to-date fair value from 2005-06. This differs from the accounting policies currently in place for these assets which, up to and including 2003-04, have been revalued progressively over a 3-year cycle and which currently include assets at cost (for purchases since the commencement of a cycle) and at deprival value (which will differ from their fair value to the extent that they have been measured at depreciated replacement cost when a relevant market selling price is available).

However, it is important to note that the Finance Minister requires these assets to be measured at up-to-date fair values as at 30 June 2005. Further, the transitional provisions in AASB 1 will mean that the values at which assets are carried as at 30 June 2004 under existing standards will stand in the transitional balance sheet as at 1 July 2004.

Borrowing costs related to qualifying assets are currently capitalised. It is understood that the Finance Minister's Orders for 2005-06 will elect to expense all borrowing costs under the new AASB Equivalent standard. Accordingly, borrowing costs capitalised as at 1 July 2004 will be de-recognised.

### *Intangible Assets*

Under the new AASB Equivalent Standard any intangibles carried at valuation must be derecognised from the opening balance sheet unless:

- they are capable of being sold, transferred, licensed, rented or exchanged; or
- they arise from contractual or legal rights.

The Department continues to recognise software assets on the cost basis and hence no derecognition is required.

Expenditure on internally developed intangible assets, including software, can only be capitalised where it meets specific criteria.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Intangible assets must not be revalued except by reference to prices in an active market. Any material revaluation increments/ decrements from other revaluations will need to be reversed in the preparation of the opening balance sheet on adoption of the AASB Equivalent.

Some intangible assets will have no foreseeable limit to the period during which they will provide benefits ('indefinite useful life'). These assets should not be amortised and any accumulated amortisation should be removed from the opening balance sheet. However, these assets should be assessed at each reporting date for impairment.

### *Impairment of Non-Current Assets*

The Department of Transport and Regional Services's policy on impairment of non-current assets is at note 1.13.

Under the new AASB Equivalent Standard, these assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of any 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 and (b) its value in use. 'Value in use' is the net present value of net cash inflows for for-profit assets of the Agency and depreciated replacement cost for other assets that would be replaced if the Department of Transport and Regional Services were deprived of them.

The most significant changes are that, for the Agency's for-profit assets, the recoverable amount is only generally to be measured where there is an indication of impairment and that assets carried at up-to-date fair value, whether for-profit or not, may nevertheless be required to be written down if costs to sell are significant.

### *Inventory*

The Department of Transport and Regional Services recognises inventory not held for sale at cost, except where no longer required, in which case net realisable value is applied.

The new AASB Equivalent Standard 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.

### *Employment 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.

Under the new AASB Equivalent Standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yield on such bonds must be used.

## Note 3: Events Occurring After Balance Date

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On 31 March 2004, Cabinet announced its decision to establish an Administered Programme for the provision of services to the Indian Ocean Territories (IOT's) from 2004-05. It was agreed that existing Departmental funding arrangements relating to the IOT's be transferred, along with the assets and liabilities, to the new Administered Programme.

The transfer occurred after balance date and has not been brought to account in the 2004 financial statements. The ultimate financial effect on the Department's result cannot be determined at this time.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
Note 4: Operating Revenues		
<b>Note 4A: Revenues from Government</b>		
Appropriations for outputs	222,596	229,034
Resources received free of charge	230	230
<b>Total revenues from government</b>	<b>222,826</b>	<b>229,264</b>
<b>Note 4B: Goods and Services</b>		
Goods	291	-
Services	15,008	10,720
<b>Total sales of goods and services</b>	<b>15,299</b>	<b>10,720</b>
Provision of goods to:		
Related entities	-	-
External entities	291	-
<b>Total sales of goods</b>	<b>291</b>	<b>-</b>
Rendering of services to:		
Related entities	9,398	2,500
External entities	5,610	8,220
<b>Total rendering of services</b>	<b>15,008</b>	<b>10,720</b>
<b>Note 4C: Interest Revenue</b>		
Interest on deposits	-	797
<b>Total interest revenue</b>	<b>-</b>	<b>797</b>
<b>Note 4D: Net Gains from Sale of Assets</b>		
Land and buildings:		
Proceeds from disposal	578	3,489
Net book value of assets disposed	(25,723)	(2,957)
<b>Net gain / (loss) from disposal of land and buildings</b>	<b>(25,145)</b>	<b>532</b>
Infrastructure, plant and equipment:		
Proceeds from disposal	48	143
Net book value of assets disposed	(1,731)	(526)
<b>Net gain / (loss) from disposal of infrastructure, plant and equipment</b>	<b>(1,683)</b>	<b>(383)</b>
TOTAL proceeds from disposals	626	3,632
TOTAL value of assets disposed	(27,454)	(3,483)
<b>TOTAL net gain / (loss) from disposal of assets</b>	<b>(26,828)</b>	<b>149</b>
<b>Note 4E: Other Revenues</b>		
Other	2,971	2,407
<b>Total other revenues</b>	<b>2,971</b>	<b>2,407</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	<b>\$'000</b>	<b>\$'000</b>

## Note 5: Operating Expenses

**Note 5A: Employee Expenses**

Wages and salaries	<b>58,038</b>	60,832
Superannuation	<b>11,138</b>	9,930
Leave and other entitlements	<b>9,277</b>	8,075
Separation and redundancies	<b>374</b>	1,695
Other employee expenses	<b>2,691</b>	3,004
<b>Total employee benefits expense</b>	<b>81,518</b>	83,536
Workers' compensation premiums	<b>598</b>	402
<b>Total employee expenses</b>	<b>82,116</b>	83,938

The prior year balances have been restated to more accurately reflect the categories of employee expenses.

**Note 5B: Supplier Expenses**

Goods from external entities	<b>6,657</b>	3,051
Services from related entities	<b>11,910</b>	23,372
Services from external entities	<b>87,002</b>	75,269
Operating lease rentals*	<b>8,112</b>	8,553
<b>Total supplier expenses</b>	<b>113,681</b>	110,245

\* These comprise minimum lease payments only.

**Note 5C: Depreciation and Amortisation***Depreciation*

Other infrastructure, plant and equipment	<b>7,206</b>	7,098
Buildings	<b>2,679</b>	2,690
<b>Total depreciation</b>	<b>9,885</b>	9,788

*Amortisation*

Intangibles	<b>2,847</b>	1,965
Leasehold improvements	<b>1,312</b>	1,050
<b>Total amortisation</b>	<b>4,159</b>	3,015
<b>Total depreciation and amortisation</b>	<b>14,044</b>	12,803

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Buildings	<b>2,679</b>	2,690
Leasehold improvements	<b>1,312</b>	1,050
Other infrastructure, plant and equipment	<b>7,206</b>	7,098
Computer software	<b>2,847</b>	1,965
<b>Total depreciation and amortisation</b>	<b>14,044</b>	12,803

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000

**Note 5D: Write Down of Assets****Financial assets**

Bad and doubtful debts expense	89	-
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**Non-financial assets**

Infrastructure, plant & equipment - revaluation decrement	-	11
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Intangibles	3	2,949
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Inventories - write down	25	-
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<b>Total write-down of assets</b>	<b>117</b>	<b>2,960</b>
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**Note 5E: Other Expenses**

Asbestos related disease claims provision expense	63,400	-
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Other	180	13,178
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<b>Total other expenses</b>	<b>63,580</b>	<b>13,178</b>
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In the Consolidated Financial Statements for the year ended 30 June 2003, a \$0.9 billion provision was recognised as the best estimate of the potential cost to the Australian Government of current and future asbestos related disease claims. The Department of Finance and Administration, on the basis of an actuarial analysis, advised DOTARS to recognise a \$63.4 million provision as the best estimate, at this time, of the potential cost to the Department of current and future asbestos related disease claims.

**Note 6: Borrowing Costs Expense / Competitive Neutrality Expense****Note 6A Borrowing Costs Expense**

Leases	133	125
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<b>Total borrowing costs expense</b>	<b>133</b>	<b>125</b>
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**Note 7: Financial Assets****Note 7A: Cash**

Cash on hand	21,602	12,895
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<b>Total cash</b>	<b>21,602</b>	<b>12,895</b>
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All cash recognised is a current asset.

Under banking arrangements in place up to 1 July 2003, monies in the Agency's bank accounts were swept into the Official Public Account nightly and earned interest on the daily balance at rates based on money market call rates. Since 1 July 2003, no interest is earned on the Agency's bank balances.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
<b>Note 7B: Receivables</b>		
Goods and services	2,473	2,855
Less: Provision for doubtful debts	<u>(548)</u>	<u>(631)</u>
	1,925	2,224
GST receivable from the Australian Taxation Office	1,720	1,338
Appropriations receivable		
- undrawn appropriation	<u>134,985</u>	<u>92,193</u>
Total receivables (net)	<u><b>138,630</b></u>	<u><b>95,755</b></u>

All receivables are current assets.

All receivables are with entities external to the Commonwealth. Credit terms are net 30 days (2003: 30 days).

Receivables (gross) are aged as follows:

Not overdue	<u>137,624</u>	95,091
Overdue by:		
Less than 30 days	186	82
30 to 60 days	105	275
60 to 90 days	62	87
More than 90 days	<u>1,201</u>	<u>851</u>
<b>Total receivables (gross)</b>	<u><b>139,178</b></u>	<u><b>96,386</b></u>

The provision for doubtful debts is aged as follows:

Not overdue	<u>-</u>	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	<u>548</u>	<u>631</u>
<b>Total provision for doubtful debts</b>	<u><b>548</b></u>	<u><b>631</b></u>

**Note 7C Accrued Revenue:**

Accrued Revenue - Related Entities	181	406
Accrued Revenue - External Entities	<u>313</u>	<u>503</u>
<b>Total accrued revenue</b>	<u><b>494</b></u>	<u><b>909</b></u>

All accrued revenue recognised is a current asset.

## Note 8: Non-Financial Assets

**Note 8A: Land and Buildings****Freehold land**

- at valuation 30 June 2001 (deprival)	-	4,115
- at valuation 31 December 2003 (fair value)	<u>4,225</u>	-
<b>Total freehold land</b>	<u><b>4,225</b></u>	<u><b>4,115</b></u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004 \$'000	2003 \$'000
<b>Buildings on freehold land</b>		
- at cost	93	24,508
- Accumulated depreciation	(1)	(194)
	92	24,314
- at valuation 30 June 2001 (deprival)	-	88,730
- Accumulated depreciation	-	(4,877)
	-	83,853
- at valuation 31 December 2003 (fair value)	100,055	-
- Accumulated depreciation	(1,222)	-
	98,833	-
- work in progress - at cost	4,014	502
<b>Total buildings on freehold land</b>	<b>102,939</b>	<b>108,669</b>
<b>Leasehold improvements</b>		
- at cost	2,038	1,027
- Accumulated amortisation	(631)	(188)
	1,407	839
- at valuation 30 June 2002 (deprival)	7,503	7,638
- Accumulated amortisation	(1,776)	(907)
	5,727	6,731
Leasehold improvements - work in progress - at cost	2,008	1,758
<b>Total leasehold improvements</b>	<b>9,142</b>	<b>9,328</b>
<b>Total Land and Buildings (non-current)</b>	<b>116,306</b>	<b>122,112</b>
<b>Note 8B: Infrastructure, Plant and Equipment</b>		
Infrastructure, plant and equipment		
- at cost	389	21,732
- Accumulated depreciation	(23)	(1,117)
	366	20,615
- at valuation 30 June 2000 (deprival)	-	35
- Accumulated amortisation	-	(33)
	-	2
- at valuation 30 June 2001 (deprival)	-	93,920
- Accumulated depreciation	-	(12,748)
	-	81,172
- at valuation 30 June 2002 (deprival)	2,259	2,278
- Accumulated depreciation	(671)	(348)
	1,588	1,930
- at valuation 30 June 2003 (fair value)	107	107
- Accumulated depreciation	(27)	-
	80	107
- at valuation 31 December 2003 (fair value)	102,135	-
- Accumulated depreciation	(3,003)	-
	99,132	-
Infrastructure, plant and equipment - work in progress - at cost	18,929	12,984
<b>Total Infrastructure, Plant and Equipment (non-current)</b>	<b>120,095</b>	<b>116,810</b>

## 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 2003							
Gross book value	4,115	113,740	10,423	124,163	128,278	131,056	259,334
Accumulated depreciation/amortisation	n/a	(5,071)	(1,095)	(6,166)	(6,166)	(14,246)	(20,412)
Net book value	4,115	108,669	9,328	117,997	122,112	116,810	238,922
Additions							
by purchase	-	4,641	1,126	5,767	5,767	10,482	16,249
Net revaluation increment/(decrement)	735	18,012	-	18,012	18,747	2,001	20,748
Depreciation/amortisation expense	n/a	(2,679)	(1,312)	(3,991)	(3,991)	(7,206)	(11,197)
Other movements	-	(607)	-	(607)	(607)	(260)	(867)
Disposals							
Other disposals	625	25,097	-	25,097	25,722	1,732	27,454
<b>As at 30 June 2004</b>							
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)
<b>Net book value</b>	<b>4,225</b>	<b>102,939</b>	<b>9,142</b>	<b>112,081</b>	<b>116,306</b>	<b>120,095</b>	<b>236,401</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE B - Assets at valuation

Item	Land	Buildings on Freehold Land	Buildings - Leasehold Improvements	Buildings - Total	Land & Buildings - Total	Other IP&E	TOTAL
As at 30 June 2004	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value	4,225	100,055	7,503	107,558	111,783	104,501	216,284
Accumulated depreciation / amortisation	n/a	(1,222)	(1,776)	(2,998)	(2,998)	(3,701)	(6,699)
<b>Net book value</b>	<b>4,225</b>	<b>98,833</b>	<b>5,727</b>	<b>104,560</b>	<b>108,785</b>	<b>100,800</b>	<b>209,585</b>
As at 30 June 2003							
Gross value	4,115	88,730	7,638	96,368	100,483	96,340	196,823
Accumulated depreciation / amortisation	n/a	(4,877)	(907)	(5,784)	(5,784)	(13,129)	(18,913)
Net book value	4,115	83,853	6,731	90,584	94,699	83,211	177,910

TABLE C - 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 2004	4,014	2,008	6,022	6,022	18,929	24,951
Gross value at 30 June 2003	502	1,758	2,260	2,260	12,984	15,244

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	<u>\$'000</u>	<u>\$'000</u>
<b>Note 8D: Intangibles</b>		
Computer software:		
Externally acquired - at cost (non-current)	12,878	12,194
- Accumulated amortisation	<u>(7,024)</u>	<u>(4,306)</u>
	<u>5,854</u>	7,888
Other intangibles - in progress (non-current)	<u>2,835</u>	1,139
	<u>2,835</u>	1,139
<b>Total intangibles (non-current)</b>	<u><b>8,689</b></u>	9,027

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 2003			
Gross book value	12,194	1,139	13,333
Accumulated depreciation/amortisation	(4,306)	-	(4,306)
Net book value	7,888	1,139	9,027
Additions			
by purchase	934	1,696	2,630
Depreciation/amortisation expense	(2,847)	-	(2,847)
Other movements	(121)	-	(121)
As at 30 June 2004			
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

TABLE B - Intangibles under construction

Item	Computer Software	Other Intangibles	TOTAL
	\$'000	\$'000	\$'000
Gross value at 30 June 2004	-	2,835	2,835
Gross value at 30 June 2003	-	1,139	1,139

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000

**Note 8E: Inventories**

Finished goods (cost)	38	120
Inventories held for sale	38	120

Inventories not held for sale (cost)	1,664	1,825
<b>Total inventories</b>	<b>1,702</b>	<b>1,945</b>

Inventories are represented by:

Current	806	809
Non-current	896	1,136
	<b>1,702</b>	<b>1,945</b>

**Note 8F: Other Non-Financial Assets**

Prepayments	1,139	1,008
<b>Total other non-financial assets</b>	<b>1,139</b>	<b>1,008</b>

All other non-financial assets are current assets.

## Note 9: Interest Bearing Liabilities

**Note 9A: Other Interest Bearing Liabilities**

Lease incentives	2,124	2,142
<b>Total other interest bearing liabilities</b>	<b>2,124</b>	<b>2,142</b>

Other interest bearing liabilities are represented by:

Current	504	411
Non-current	1,620	1,731
<b>Total other interest bearing liabilities</b>	<b>2,124</b>	<b>2,142</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	<b>2004</b>	2003
	<b>\$'000</b>	\$'000

## Note 10: Provisions

**Note 10A: Capital Use Charge Provision**

Balance owing 1 July	-	1,289
Capital Use Charge provided for during the period	-	24,586
Capital Use Charge paid	-	(25,875)
Balance owing 30 June	-	-

The Capital Use Charge provision is a current liability.

**Note 10B: Employee Provisions**

Salaries and wages	102	2,445
Leave	24,990	25,308
Superannuation	474	355
Separations and redundancies	57	-
Aggregate employee entitlement liability	<b>25,623</b>	28,108

Employee provisions are represented by:

Current	7,392	8,508
Non-current	18,231	19,600
	<b>25,623</b>	28,108

**Note 10C: Asbestos related disease claims provision**

Asbestos related disease claims provision	<b>63,400</b>	-
Provision represented by:		
Current	-	-
Non-current	<b>63,400</b>	-

In the Consolidated Financial Statements for the year ended 30 June 2003, a \$0.9 billion provision was recognised as the best estimate of the potential cost to the Australian Government of current and future asbestos related disease claims. The Department of Finance and Administration, on the basis of an actuarial analysis, advised DOTARS to recognise a \$63.4 million provision as the best estimate, at this time, of the potential cost to the Department of current and future asbestos related disease claims.

## Note 11: Payables

**Note 11A: Supplier Payables**

Trade creditors	14	3,500
Other creditors	7,199	4,052
<b>Total supplier payables</b>	<b>7,213</b>	7,552

All supplier payables are current liabilities.

**Note 11B: Other Payables**

Appropriations deferred	10,000	10,000
Unearned revenue	372	547
Other payables	188	-
<b>Total other payables</b>	<b>10,560</b>	10,547

All other payables are current liabilities.

## 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	
	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July	173,169	178,080	12,449	12,433	126,494	32,994	312,112	223,507
Net surplus/deficit	(59,403)	20,088	n/a	n/a	n/a	n/a	(59,403)	20,088
Net revaluation increment / (decrement)	n/a	n/a	20,748	16	n/a	n/a	20,748	16
Transactions with owner:								
Distributions to owner:								
Returns on Capital								
Capital use charge	-	(24,586)	-	-	-	-	-	(24,586)
Returns of Capital								
Returns of contributed equity	-	(413)	-	-	-	-	-	(413)
Contributions by owner:								
Appropriations (equity injections)	-	-	-	-	26,280	93,500	26,280	93,500
<b>Closing balance as at 30 June</b>	<b>113,766</b>	<b>173,169</b>	<b>33,197</b>	<b>12,449</b>	<b>152,774</b>	<b>126,494</b>	<b>299,737</b>	<b>312,112</b>
<b>Total equity attributable to the Commonwealth - closing balance as at 30 June</b>	<b>113,766</b>	<b>173,169</b>	<b>33,197</b>	<b>12,449</b>	<b>152,774</b>	<b>126,494</b>	<b>299,737</b>	<b>312,112</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
Note 13: Cash Flow Reconciliation		
<b>Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows</b>		
Cash at year end per Statement of Cash Flows	21,602	12,895
Statement of Financial Position items comprising above cash:		
‘Financial Asset - Cash’	21,602	12,895
<b>Reconciliation of net surplus to net cash from operating activities:</b>		
Net surplus / (deficit)	(59,403)	20,088
Depreciation and amortisation	14,044	12,803
Write down of non-current assets	117	3,056
Gain on disposal of assets	26,828	(149)
Change in operating assets and liabilities resulting from operating activities (net of restructuring):		
(Increase) / decrease in net receivables	(35,566)	(90,926)
(Increase) / decrease in accrued revenue	415	140
(Increase) / decrease in inventories	215	213
(Increase) / decrease in other assets	850	1,168
Increase / (decrease) in employee provisions	(2,485)	1,294
Increase / (decrease) in suppliers payable	(334)	(1,395)
Increase / (decrease) in other payables	13	9,672
(Increase) / decrease in other provisions	63,400	-
Increase / (decrease) in other debt	(18)	(113)
<b>Net cash from / (used by) operating activities</b>	<b>8,076</b>	<b>(44,149)</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### Note 14: Contingent Liabilities and Assets

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#### *Quantifiable Contingencies*

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$227,500 (2003: \$155,000). The amount represents estimate of DOTARS liability based on precedent cases. The Department is defending the claims.

#### *Unquantifiable Contingencies*

The Department has three personal injury claims which it is defending in the courts. Costs that may arise from this claim cannot be determined and is therefore unquantifiable.

The Department has resumed 42.5 hectares of mining lease from Phosphate Resources Ltd (PRL) to build a detention centre on Christmas Island. The Department will compensate PRL for loss of phosphate mining capacity. As at 30 June 2004, the matter was in arbitration and yet to be settled.

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).
- \* Northern Territory Administrator - The Northern Territory Administrator is a statutory appointment by the Commonwealth Governor-General under the NT (Self Government) Act 1988. The Commonwealth is responsible for salary and allowances as determined by the Remuneration Tribunal.

#### *Remote Contingencies*

The following claims against the Department have been reported as remote contingencies as there is a low likelihood of the matters being resolved against the Department.

#### *Ain bin Marsah & Ors V Commonwealth*

- a claim for \$1.5m is being made against the Commonwealth by ex-Christmas Island residents for unconscionable conduct.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Executive Remuneration

	<u>2004</u>	<u>2003</u>
The number of executives who received or were due to receive total remuneration of \$100,000 or more:		
\$130 000 to \$139 999	1	4
\$140 000 to \$149 999	2	9
\$150 000 to \$159 999	4	7
\$160 000 to \$169 999	6	5
\$170 000 to \$179 999	7	5
\$180 000 to \$189 999	4	5
\$190 000 to \$199 999	3	6
\$200 000 to \$209 999	3	1
\$210 000 to \$219 999	5	-
\$220 000 to \$229 999	1	3
\$230 000 to \$239 999	1	-
\$250 000 to \$259 999	1	-
\$340 000 to \$349 999	-	1
\$380 000 to \$389 999	1	-
The aggregate amount of total remuneration of executives shown above.	<b>\$7,357,333</b>	\$7933,685
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	<b>\$346,578</b>	\$0
A determination in respect of performance pay of the Chief Executive had not been made at the time of finalisation of these statements.		
The prior year figures have been restated to be consistent with the current year methodology used to calculate Executive Remuneration.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Note 16: Remuneration of Auditors

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	2004	2003
	<u>\$</u>	<u>\$</u>
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	<u>230,000</u>	<u>230,000</u>
	<u>230,000</u>	<u>230,000</u>

No other services were provided by the Auditor-General.

Note 17: Average Staffing Levels

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	2004	2003
The average staffing levels for the Agency during the year were:	<u>953</u>	<u>1,058</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Financial Instruments - Departmental

**Note 18A: Terms, Conditions and Accounting Policies**

<b>Financial Instrument</b>	<b>Notes</b>	<b>Accounting Policies and Methods (including recognition criteria and measurement basis)</b>	<b>Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)</b>
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. Interest on cash at bank is credited to revenue as it accrues.	
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 (2003: 30 days).
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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 18A: Terms, Conditions and Accounting Policies** *continued*

<b>Financial Instrument</b>	<b>Notes</b>	<b>Accounting Policies and Methods (including recognition criteria and measurement basis)</b>	<b>Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)</b>
FINANCIAL LIABILITIES		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.	
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 Provision	10C	Provision prescribed by the Department of Finance and Administration to cover possible claims against the Department of Transport and Regional Services in relation to asbestos liability.	Claims will be reviewed on a case by case basis.

## 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		
				1 Year or Less		1 to 5 Years		> 5 Years								
		2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>Financial Assets</b>																
Cash at bank	7A	-	-	12,895	-	-	-	-	-	-	21,602	-	12,895	21,602	n/a	2
Appropriation receivable	7B	-	-	-	-	-	-	-	-	134,985	92,193	134,985	92,193	134,985	n/a	n/a
Receivables for goods and services (gross)	7B	-	-	-	-	-	-	-	-	2,473	3,562	2,473	3,562	2,473	n/a	n/a
Accrued revenue	7C	-	-	-	-	-	-	-	-	494	909	494	909	494	n/a	n/a
<b>Total</b>		-	-	12,895	-	-	-	-	-	159,554	96,664	159,554	109,559	408,657		
<b>Total Assets</b>														360,461		
<b>Financial Liabilities</b>																
Suppliers	11A	-	-	-	-	-	-	-	-	7,213	7,552	7,213	7,552	7,213	n/a	n/a
Unearned income	11B	-	-	-	-	-	-	-	-	-	547	-	547	-	n/a	n/a
Lease incentives	9A	-	-	-	-	-	-	-	-	-	2,142	-	2,142	-	n/a	n/a
Asbestos provision	10C	-	-	-	-	-	-	-	-	63,400	-	63,400	-	63,400	n/a	n/a
<b>Total</b>		-	-	-	-	-	-	-	-	70,613	10,241	70,613	10,241	108,920		
<b>Total Liabilities</b>														48,349		

Lease incentives and unearned income have not been disclosed in 2003-04 as disclosure is not required under AAS33.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 18C: Net Fair Values of Financial Assets and Liabilities**

	Notes	2004		2003	
		Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
		\$'000	\$'000	\$'000	\$'000
<b>Departmental Financial Assets</b>					
Cash at bank	7A	21,602	21,602	12,895	12,895
Appropriation receivable	7B	134,985	134,985	92,193	92,193
Receivables for goods and services (net)	7B	1,925	1,925	3,562	3,562
Accrued revenue	7C	494	494	909	909
<b>Total Financial Assets</b>		<b>159,006</b>	<b>159,006</b>	<b>109,559</b>	<b>109,559</b>
<b>Financial Liabilities (Recognised)</b>					
Suppliers	11A	7,213	7,213	7,552	7,552
Asbestos provision	10C	63,400	63,400	-	-
Unearned income (other payables)	11B	-	-	547	547
Lease incentives	9A	-	-	2,142	2,142
<b>Total Financial Liabilities (Recognised)</b>		<b>70,613</b>	<b>70,613</b>	<b>10,241</b>	<b>10,241</b>
<b>Total Financial Liabilities (Unrecognised)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Lease incentives and unearned income have not been disclosed in 2003-04 as disclosure is not required under AAS33.

**Financial Assets**

The net fair value of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

**Financial Liabilities**

The net fair values of the surplus lease space and lease incentive liabilities are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values of the financial liabilities are approximated by their carrying amounts.

**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 Performance.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
Note 19: Revenues Administered on Behalf of Government		
<b>Taxation revenues</b>		
<b>Levies, fees and fines</b>		
Levies	98,885	252,384
Fees	43,711	37,980
Fines	3,231	3,484
Royalties	1,335	1,030
<b>Total taxation revenues</b>	<b>147,162</b>	<b>294,878</b>
<b>Non-taxation revenues</b>		
<b>Goods and services</b>		
Motor vehicle compliance plates	9,051	8,335
Marine industry fees	48,307	45,750
Other	509	211
<b>Total goods and services</b>	<b>57,867</b>	<b>54,296</b>
<b>Interest</b>		
Loans - State and Territory governments	11,939	12,373
Other	6	-
<b>Total interest</b>	<b>11,945</b>	<b>12,373</b>
<b>Proceeds from sale of assets</b>		
Land and buildings	-	5,332
<b>Total proceeds from sale of assets</b>	<b>-</b>	<b>5,332</b>
<b>Dividends</b>		
Commonwealth entities	50,600	33,900
Associated companies	-	7,725
<b>Total dividends</b>	<b>50,600</b>	<b>41,625</b>
<b>Other revenue</b>		
Industry contributions	11,716	14,462
Lease	2,587	2,567
Prior year grants returned	1,505	1,316
Prior year contributions returned by the Oil Pollution Compensation Fund	6,454	-
Other	35	437
<b>Total other revenue</b>	<b>22,297</b>	<b>18,782</b>
<b>Total Revenues Administered on Behalf of Government</b>	<b>289,871</b>	<b>427,286</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
Note 20: Expenses Administered on Behalf of Government		
<b>Grants</b>		
Commonwealth entities	457,000	7,000
State and Territory governments	2,647,685	2,667,138
Local governments	300,000	200,050
Private sector	143,744	90,582
Overseas	1,391	1,793
<b>Total grants</b>	<b>3,549,820</b>	<b>2,966,563</b>
The nature of grants are as follows:		
Urban and regional development	84,376	60,300
Rail transport	450,310	17,259
Air transport	44,355	15,219
Road transport	1,352,560	1,267,413
Sea transport	265	306
Labour market assistance to job seekers and industry	28,533	36,789
Local government assistance	1,508,436	1,455,106
Assistance to other Governments	22,067	21,571
Natural disaster relief	58,908	92,600
General Services	10	-
<b>Total grants</b>	<b>3,549,820</b>	<b>2,966,563</b>
<b>Subsidies</b>		
Commonwealth entities	9,477	31,930
Tasmanian Freight Equalisation Scheme	83,632	77,186
Bass Strait Passenger Vehicle Equalisation Scheme	34,340	31,774
Other	6,885	7,055
<b>Total subsidies</b>	<b>134,334</b>	<b>147,945</b>
<b>Suppliers</b>		
Services from External entities	29,951	33,310
<b>Total suppliers</b>	<b>29,951</b>	<b>33,310</b>
<b>Depreciation and amortisation</b>		
Buildings	1,441	1,448
Other infrastructure, plant and equipment	349	283
Heritage and cultural assets	410	367
<b>Total depreciation and amortisation</b>	<b>2,200</b>	<b>2,098</b>
<b>Write-down and impairment of assets</b>		
<b>Financial assets</b>		
Receivables	96	148
<b>Non-financial assets</b>		
Land and buildings - stocktake adjustments	1	282
<b>Total write-down and impairment of assets</b>	<b>97</b>	<b>430</b>
<b>Net gain / (loss) from sale of assets</b>		
Land and buildings:		
Revenue from sale of assets	-	5,332
Value of assets sold	(220)	(442)
<b>Net gain / (loss) from sale of land and buildings</b>	<b>(220)</b>	<b>4,890</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	<b>2004</b>	2003
	<b>\$'000</b>	\$'000
<b>Note 20: Expenses Administered on Behalf of Government (continued)</b>		
<b>Other expenses</b>		
Compensation payments - sale of airport land	-	2,747
Oil Pollution Compensation Fund	<b>5,612</b>	(471)
Reimbursement of prior years' levies	<b>6,454</b>	-
Other	<b>128</b>	128
<b>Total other expenses</b>	<b>12,194</b>	2,404
<b>Total Expenses Administered on Behalf of Government</b>	<b>3,728,816</b>	3,153,192

**Note 21: Revision of Accounting Estimate - Oil Pollution Compensation Fund**

Oil Pollution Compensation Fund	<b>5,612</b>	(471)
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Expenses related to the International Oil Pollution Compensation Fund (the fund) are outside the direct control of the Department and are only fully known retrospectively. At 30 June 2002, accrued expenses related to contributions to the International Oil Pollution Compensation Fund were estimated at \$7.4m. Actual expenses once known, for the year to 30 June 2002, however, only amounted to \$4.8m, an amount substantially less than the estimate. Accordingly an adjustment for the impact of the excessive estimate in 2001-02 was a correction in 2002-03, resulting in a negative expense that year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
Note 22: Assets Administered on Behalf of Government		
<b>Financial Assets</b>		
<b>Cash</b>		
Administered bank accounts	73	246
<b>Total cash</b>	<b>73</b>	<b>246</b>
<b>Receivables</b>		
Loans		
State and territory governments	181,263	191,316
Other	8,653	8,758
Less: Provision for waiving of debts	<u>(6,500)</u>	<u>(6,500)</u>
	<b>183,416</b>	193,574
Goods and services		
GST receivable from the Australian Taxation Office	7,267	1,169
Levies, Fees and Fines	1	978
Other revenues	4,359	10,416
Less: Provision for doubtful debts	<u>(156)</u>	<u>(269)</u>
<b>Total receivables (net)</b>	<b>194,887</b>	<b>205,886</b>
Receivables (gross) are aged as follows:		
Not overdue	194,671	205,655
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	93
60 to 90 days	-	-
More than 90 days	<u>6,872</u>	<u>6,907</u>
<b>Total receivables (gross)</b>	<b>201,543</b>	<b>212,655</b>
The provision for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	<u>(6,656)</u>	<u>(6,769)</u>
<b>Total provision for doubtful debts</b>	<b>(6,656)</b>	<b>(6,769)</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
<b>Investments</b>		
Commonwealth authorities		
Airservices Australia	233,203	303,203
Albury Wodonga Development Corporation	99,783	99,783
Australian Maritime Safety Authority	54,617	54,617
Civil Aviation Safety Authority	18,670	18,670
Stevedoring Industry Finance Committee	14,053	14,053
Australian Maritime College	58,518	58,518
National Road Transport Commission	200	200
Commonwealth companies		
Australian Rail Track Corporation Limited	143,375	-
<b>Total investments</b>	<b>622,419</b>	<b>549,044</b>
<b>Accrued revenue</b>		
Levies, fees and fines	13,013	29,644
Interest	1,521	1,645
Dividends	18,500	11,000
<b>Total accrued revenue</b>	<b>33,034</b>	<b>42,289</b>
<b>Total financial assets</b>	<b>850,413</b>	<b>797,465</b>
<b>Non-financial Assets</b>		
<b>Land and buildings</b>		
Land - Deprival valuation (30 April 2001)	-	220
Land - Fair value (30 June 2003)	8,859	8,859
	8,859	9,079
Buildings - Deprival valuation (30 June 2002)	60,270	60,270
Accumulated depreciation/amortisation	(2,881)	(1,442)
	57,389	58,828
Buildings - Fair value (30 June 2003)	255	255
Accumulated depreciation/amortisation	(3)	-
	252	255
<b>Total land and buildings</b>	<b>66,500</b>	<b>68,162</b>
<b>Infrastructure, plant and equipment</b>		
	-	-
Plant and equipment - Deprival valuation (30 April 2001)	-	5,000
Accumulated depreciation/amortisation	-	(613)
	-	4,387
Plant and equipment - Fair value (30 June 2003)	2	2
	2	2
Plant and equipment - Fair value (31 December 2003)	6,250	-
Accumulated depreciation/amortisation	(207)	-
	6,043	-
<b>Total infrastructure, plant and equipment</b>	<b>6,045</b>	<b>4,389</b>
<b>Heritage and cultural assets</b>		
Heritage and cultural assets - at cost	1	1
	1	1
Heritage and cultural assets - Deprival valuation (30 April 2001)	-	19
	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
Heritage and cultural assets - Fair value (30 June 2003)	13,342	13,341
Accumulated depreciation/amortisation	(410)	(1)
	<u>12,932</u>	13,340
Heritage and cultural assets - Fair value (31 December 2003)	30	-
Accumulated depreciation/amortisation	(1)	-
	<u>29</u>	-
<b>Total heritage and cultural assets</b>	<u>12,962</u>	13,360
<b>Total non-financial assets</b>	<u>85,507</u>	85,911
<b>Total Assets Administered on Behalf of Government</b>	<u>935,920</u>	883,376

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Assets Administered on Behalf of Government (continued)

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment

Item	Land	Buildings on Freehold Land	Land & Buildings - Total	Other IP&E	Heritage & Cultural	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2003						
Gross book value	9,079	60,525	69,604	5,002	13,361	87,967
Accumulated depreciation/amortisation	n/a	(1,442)	(1,442)	(613)	(1)	(2,056)
<b>Net book value</b>	9,079	59,083	68,162	4,389	13,360	85,911
Net revaluation increment/(decrement)	-	-	-	2,004	13	2,017
Depreciation/amortisation expense	n/a	(1,441)	(1,441)	(349)	(410)	(2,200)
Recoverable amount write-downs	-	-	-	-	(1)	(1)
Disposals						
Other disposals	(220)	-	(220)	-	-	(220)
<b>As at 30 June 2004</b>						
Gross book value	8,859	60,525	69,384	6,252	13,373	89,009
Accumulated depreciation/amortisation	n/a	(2,884)	(2,884)	(207)	(411)	(3,502)
Net book value	8,859	57,641	66,500	6,045	12,962	85,507

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2003-04 valuations were conducted by the Australian Valuation Office.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

TABLE B - Assets at valuation

Item	Land	Buildings on Freehold Land	Land & Buildings - Total	Other IP&E	Heritage & Cultural	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2004						
Gross value	8,859	60,525	69,384	6,252	13,372	89,008
Accumulated depreciation / amortisation	n/a	(2,884)	(2,884)	(207)	(411)	(3,502)
<b>Net book value</b>	<b>8,859</b>	<b>57,641</b>	<b>66,500</b>	<b>6,045</b>	<b>12,961</b>	<b>85,506</b>
As at 30 June 2003						
Gross value	9,079	60,525	69,604	5,002	13,360	87,966
Accumulated depreciation / amortisation	n/a	(1,442)	(1,442)	(613)	(1)	(2,056)
Net book value	9,079	59,083	68,162	4,389	13,359	85,910





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
<b>Note 23: Liabilities Administered on Behalf of Government</b>		
<b>Payables</b>		
<b>Suppliers</b>		
Trade creditors	2,912	1,165
<b>Grants and subsidies</b>		
Commonwealth entities	71,648	98,477
State & Territory governments	4,008	9,611
Private sector - Non-profit entities	1,998	1,590
Private sector - Commercial entities	1,723	3,280
<b>Total grants and subsidies</b>	<b>79,377</b>	<b>112,958</b>
<b>Total Liabilities Administered on Behalf of Government</b>	<b>82,289</b>	<b>114,123</b>
<b>Note 24: Administered Reconciliation Table</b>		
<b>Opening administered assets less administered liabilities as at 1 July</b>	<b>769,253</b>	<b>798,288</b>
Plus: Administered revenues	289,871	427,286
Less: Administered expenses	(3,728,816)	(3,153,192)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA	3,906,509	3,186,707
Transfers to OPA	(385,203)	(488,124)
Restructuring	-	-
Administered revaluations taken to/from reserves	2,017	(1,712)
<b>Closing administered assets less administered liabilities as at 30 June</b>	<b>853,631</b>	<b>769,253</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 25: Administered Contingent Liabilities and Assets

#### *Quantifiable Administered Contingencies*

Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

#### *Unquantifiable Administered Contingencies*

Australian Capital Territory Funding Agreements:

As at 30 June 2004 the Commonwealth is party to ongoing funding agreements with the Australian Capital Territory (assistance for water and sewerage and compensation for national capital influences). The future liabilities of these agreements can not be reliably measured.

Australian Maritime Safety Authority (AMSA) Incident Costs:

In the normal course of operation AMSA is responsible for the provision of funds necessary to meet the clean up costs arising from ship sourced marine pollution, and in all circumstances is responsible for making appropriate efforts to recover costs of any such incidents. The Commonwealth meets costs that can not be recovered from such incidents.

Deep Vein Thrombosis Class Action:

The Civil Aviation Safety Authority (CASA) and the Commonwealth have been named in a number of writs, which allege that CASA was negligent in not making air travellers aware of the risks of Deep Vein Thrombosis during long periods of immobility. The Commonwealth's exposure is limited to claims for the years 1995 to June 1998, as CASA was covered by a Commonwealth Deed of Indemnity in relation to the performance of its regulatory functions.

Sales Indemnities:

Indemnities given to Australian National Sales in relation to the acquisition of SA Rail, PAXRAIL and TASRAIL from the Commonwealth.

Service Level Agreement Indemnities:

Indemnities given to Western Australian agencies and employees against all actions, suits, demands, claims, verdicts, judgements, costs and expenses which may arise from the administration or operation of the agreed services to Christmas Island and Cocos (Keeling) Island.

Territory Insurance Office (TIP) Indemnity:

Relates to the agreement with TIP to provide motor vehicle third party (personal injury) insurance services for Christmas Island and Cocos (Keeling) Island.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 25: Administered Contingent Liabilities and Assets (continued)

#### *Remote Administered Contingencies*

##### Tripartite Deed relating to the Sale of Core Regulated Airports:

Tripartite Deeds apply to the 12 Core Regulated Airports (Sydney, Melbourne, Brisbane, Perth, Canberra, Coolangatta, Townsville, Adelaide, Hobart, Launceston, Darwin and Alice Springs). The Tripartite Deeds between the Commonwealth, airport lessees and lessees' financiers provide for limited step in rights for the financiers in circumstances where the airport lease is terminated. Assuming the financiers' step in rights are not triggered, the potential liability of the Commonwealth can vary under the Tripartite Deed, depending on whether the airport lease is able to be sold on to a third party or not.

The Commonwealth's potential liability to the lessees' financiers is limited to the value received for the affected airport lease or the valuation of the airport site. Where the Commonwealth is able to sell on the airport lease, secured financiers have a limited ability to recover their loans from funds obtained by the Commonwealth from selling on the airport lease, subject to higher ranking claims being met first. Where the airport lease is not sold on, the Commonwealth is required to obtain a valuation of the airport site that will determine the limit for a repayment (or partial repayment) of financiers' loans again subject to higher ranking claims being met. If the Commonwealth enters into possession of an airport site, it would seek to recover its costs from a number of sources, including airport revenues and the airport lessee company, in addition to funds obtained from selling 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 2004, 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 2004, no claims have been made.

##### National Rail Corporation (NRC) Ltd Directors' Indemnity:

The Commonwealth jointly indemnifies with other shareholders of the corporation, the directors of NRC against claims and legal costs as a consequence of actions that relate to the sale of NRC.

##### Code Management Company:

Indemnity for the Code of Practice for the Defined Interstate Rail Network. Indemnity is limited to \$50m.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### Note 26: Administered Investments

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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 firefighting services.
- Albury Wodonga Development Corporation - facilitates an orderly sale of the corporation's assets, in particular land development holdings.
- Australian Maritime Safety Authority - provides regulation and oversight of Australian shipping, maritime navigation facilities and 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.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### Note 27: Restructuring

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During 2003–04, DOTARS transferred land at Hoxton Park Airport to the Department of Finance and Administration. In accordance with DOTARS' accounting policy (refer note 1) this land was determined to have no monetary value. Accordingly it had a zero net book value at the time of the transfer.

No restructurings affecting the administered accounts occurred during 2002-03.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Administered Financial Instruments

a) Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
<b>FINANCIAL ASSETS</b>			
Cash	22	Deposits are recognised at their nominal amounts.	Balances of the administered bank accounts are non interest bearing.
Loans	22	Loans are recognised at the amounts lent. Collectability of amounts outstanding is reviewed at balance date. Provision is made for bad and doubtful loans where collection of the loan or part thereof is judged to be 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 7% p.a. 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	22	These receivables are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	All receivables are with entities external to the Commonwealth. Credit terms are net 30 days.
Accrued revenue	22	Interest is credited to revenue as it accrues. Other revenues are recognised as the administered entity becomes entitled to the revenue.	The majority of interest payments are received annually at the time that loan repayments are received.
Investments	22	Administered investment in other Commonwealth agencies are valued at the aggregate of the Commonwealth's share of the net assets or net liabilities of each entity fixed as at 30 June 1997, as adjusted for subsequent capital injections or withdrawals.	Dividends may be received from investments. Capital repayments are accounted for as a reduction in the carrying value of the investment.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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)
<b>FINANCIAL LIABILITIES</b>			
Trade creditors	23	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 Commonwealth legal entity. Settlement is usually made net 30 days.
Grants and subsidies payable	23	Grant liabilities are recognised to the extent that: <ul style="list-style-type: none"> <li>the services required to be performed by the grantee have been performed; or</li> <li>the grant eligibility criteria have been satisfied and settlement is outstanding.</li> </ul>	Grant payments are normally required to be made as specified by each individual grant agreement.
<b>UNRECOGNISED FINANCIAL LIABILITIES</b>			
Guarantees	25	The maximum amount payable under the guarantees given is disclosed in the Schedule of Contingencies. At the time of completion of the financial statements, there was no reason to believe that the guarantee would be called upon, and recognition of the liability was therefore not required.	A guarantee has been given by the Commonwealth to underwrite the construction of the Alice Springs to Darwin Railway.

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	
			1 Year or Less		1 to 5 years		> 5 years					
			2004	2003	2004	2003	2004	2003				2004
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>Financial Assets</b>												
Cash	22	-	-	-	-	-	-	73	246	73	n/a	n/a
Loans to State and Territory Governments	22	20,128	22,600	6,359	29,120	2,7236	124,656	1,000	2,000	181,263	7	7
Other loans	22	-	-	-	-	-	-	8,653	8,758	8,653	n/a	n/a
Investments	22	-	-	-	-	-	-	622,419	549,044	622,419	n/a	n/a
Accrued revenue	22	-	-	-	-	-	-	33,034	42,289	33,034	n/a	n/a
Fees and other revenues receivable (gross)	22	-	-	-	-	-	-	4,316	11,314	4,316	n/a	n/a
<b>Total</b>		<b>20,128</b>	<b>22,600</b>	<b>6,359</b>	<b>29,120</b>	<b>2,7236</b>	<b>124,656</b>	<b>669,495</b>	<b>613,651</b>	<b>849,758</b>	<b>802,967</b>	<b>n/a</b>
<b>Total Assets</b>								<b>935,920</b>		<b>883,376</b>		

Financial Instrument	Notes	Floating Interest Rate	Fixed Interest Rate						Non-Interest Bearing	Total	Weighted Average Effective Interest Rate	
			1 Year or less		1 to 5 years		> 5 years					
			2004	2003	2004	2003	2004	2003				2004
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>Financial Liabilities</b>												
Trade creditors	23	-	-	-	-	-	-	2,912	1,165	2,912	n/a	n/a
Grants and subsidies payable	23	-	-	-	-	-	-	79,377	112,958	79,377	n/a	n/a
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,289</b>	<b>114,123</b>	<b>82,289</b>	<b>114,123</b>	<b>n/a</b>
<b>Total Liabilities</b>								<b>82,289</b>		<b>114,123</b>		





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2004 \$'000	2003 \$'000	1 Year or less	1 to 5 years		> 5 years		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 %	2003 %
<b>Liabilities Not Recognised</b>																
Other guarantees	25	-	-	-	-	-	-	-	-	-	12,500	12,500	12,500	12,500		
<b>Total Financial Liabilities (Unrecognised)</b>		-	-	-	-	-	-	-	-	-	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>		

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*c) Net Fair Values of Administered Financial Assets and Liabilities*

	Notes	2004		2003	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
<b>Administered Financial Assets</b>					
Cash	22	73	73	246	246
Loans to State and Territory Governments (net)	22	181,263	194,553	191,316	217,831
Other loans (net)	22	2,153	2,153	2,258	2,258
Investments	22	622,419	622,419	549,044	549,044
Accrued revenue	22	33,034	33,034	42,289	42,289
Fees and other revenues receivable (net)	22	4,160	4,160	11,143	11,143
<b>Total Financial Assets</b>		<b>843,102</b>	<b>856,392</b>	796,296	822,811
<b>Financial Liabilities (Recognised)</b>					
Trade creditors	23	2,912	2,912	1,165	1,165
Grants and subsidies payable	23	79,377	79,377	112,958	112,958
<b>Total Financial Liabilities (Recognised)</b>		<b>82,289</b>	<b>82,289</b>	114,123	114,123
<b>Financial Liabilities (Unrecognised)</b>					
Other guarantees	25	12,500	-	12,500	-
<b>Total Financial Liabilities (Unrecognised)</b>		<b>12,500</b>	-	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 Commonwealth 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Note 29: Appropriations

## Note 29A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 1 and 3

Particulars	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Outcome 2		
<b>Year ended 30 June 2004</b>	\$	\$	\$	\$
Balance carried from previous year	6,179,076	2,149,616	51,370,623	59,699,315
Add: estimated administered appropriation lapsed 02-03 <sup>1</sup>	9,124,138	3,110,916	-	12,235,054
<b>Adjusted balance carried for previous period</b>	<b>15,303,214</b>	<b>5,260,532</b>	<b>51,370,623</b>	<b>71,934,369</b>
Appropriation Act (No. 1) 2003-2004 - basic appropriation	175,005,000	115,909,000	220,806,000	511,720,000
Appropriation Act (No. 3) 2003-2004 - basic appropriation	17,640,000	-	1,260,000	18,900,000
Appropriation Act (No. 5) 2003-2004 - basic appropriation	471,759,000	-	-	471,759,000
Adjustments by the Finance Minister	-	(11,056,000)	-	(11,056,000)
Refunds credited (FMAA s30)	-	-	-	-
Appropriations to take account of recoverable GST (FMAA s30A)	6,272,490	7,845,533	7,256,159	21,374,182
Annotations to 'net appropriations' (FMAA s31)	-	-	19,562,000	19,562,000
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-
Appropriation lapsed or reduced <sup>1</sup>	(8,822,907)	(3,412,147)	-	(12,235,054)
Total Appropriation available for payments	677,156,797	114,546,918	300,254,782	1,091,958,497
Payments made (GST inclusive)	(655,434,653)	(100,191,390)	(204,436,000)	(960,062,043)
Appropriations credited to Special Accounts	-	-	-	-
<b>Balance carried to next year</b>	<b>21,722,144</b>	<b>14,355,528</b>	<b>95,818,782</b>	<b>131,896,454</b>
<i>Represented by:</i>				
Cash at bank and on hand	-	-	21,602,000	21,602,000
Add: Appropriations not drawn from the OPA	21,722,144	14,355,528	71,788,161	107,865,833
Add: GST receivable from customers	-	-	65,878	65,878
Add: GST receivable from the ATO	-	-	2,367,960	2,367,960
Less: GST payable to suppliers	-	-	(5,217)	(5,217)
<b>Total</b>	<b>21,722,144</b>	<b>14,355,528</b>	<b>95,818,782</b>	<b>131,896,454</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation for Appropriation Acis (Nos. 1 and 3)				
Paid to the entity from the OPA	645,999,882	90,846,178	187,205,723	924,051,783
Finance Minister's reduction to appropriation	-	11,056,000	-	11,056,000
Not drawn from the OPA	18,404,118	14,006,822	34,860,277	67,271,217
<b>Total Appropriation Acis</b>	<b>664,404,000</b>	<b>115,909,000</b>	<b>222,066,000</b>	<b>1,002,379,000</b>

<sup>1</sup> The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred. In prior years, Department of Transport and Regional Services has estimated the amount of current year appropriations to be lapsed based on expenses incurred. From 2003-04, the Finance Ministers Orders require the reporting of amounts actually lapsed during the financial year. No determination to lapse administered appropriations for 2003-04 had been made by the time of completion of the 2003-04 financial statements.

Particulars	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Outcome 2		
<b>Year ended 30 June 2003</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance carried from previous year	8,648,206	-	32,145,821	40,794,027
Total annual appropriations - basic appropriations	187,928,000	126,562,000	239,034,000	553,524,000
Adjustments and annotations to appropriations	(12,147,000)	(55,015,000)	15,873,000	(51,289,000)
Transfers to/from other agencies (FMAA s32)	-	-	-	-
Estimated Administered Appropriation to be lapsed	(9,124,138)	(3,110,916)	-	(12,235,054)
Available for payments	175,305,068	68,436,084	287,052,821	530,793,973
Payments made during the year	(169,125,992)	(66,286,468)	(235,682,198)	(471,094,658)
Appropriations credited to Special Accounts	-	-	-	-
Balance carried to the next year	6,179,076	2,149,616	51,370,623	59,699,315
<b>Represented by:</b>				
Cash at bank and on hand	-	153,672	12,895,028	13,048,700
Add: Appropriations not drawn from the OPA	6,179,076	1,995,944	36,927,884	45,102,904
Add: GST receivable from customers	-	-	70,570	70,570
Add: Return of contributed equity	-	-	413,000	413,000
Add: GST receivable from the ATO	-	-	1,338,290	1,338,290
Less: GST payable to suppliers	-	-	(274,149)	(274,149)
<b>Total</b>	<b>6,179,076</b>	<b>2,149,616</b>	<b>51,370,623</b>	<b>59,699,315</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Note 29B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 2 and 4

Particulars	Administered			Non-operating				Total	
	Outcome 1		Outcome 2		Loans	Previous years' outputs	Admin assets and liabilities		
	SPPs	NAE	SPPs	NAE					Equity
<b>Year ended 30 June 2004</b>	\$	\$	\$	\$	\$	\$	\$	\$	
Balance carried from previous year	-	-	-	-	60,465,013	-	-	122,888,094	183,353,107
Add: estimated administered appropriation lapsed 02-03 <sup>1</sup>	1	-	48,019,694	-	-	-	-	-	48,019,695
<b>Adjusted balance carried for previous period</b>	<b>1</b>	<b>-</b>	<b>48,019,694</b>	<b>-</b>	<b>60,465,013</b>	<b>-</b>	<b>-</b>	<b>122,888,094</b>	<b>231,372,802</b>
Appropriation Act (No.2) 2003-2004	2,220,000	-	150,740,000	-	24,890,000	-	138	5,000,000	182,850,138
Appropriation Act (No.4) 2003-2004	159,000	-	42,410,000	-	1,390,000	-	-	34,875,000	78,834,000
Adjustments determined by the Finance Minister	-	-	(10,135,000)	-	-	-	-	-	(10,135,000)
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	23,000	-	-	-	-	-	-	-	23,000
Transfer to/from other agencies (FMAA s32)	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed or reduced	(1)	-	(48,019,694)	-	(5,200,000)	-	-	-	(53,219,695)
Available for payments	2,402,000	-	183,015,000	-	81,545,013	-	138	162,763,094	429,725,245
Payments made (GST inclusive)	(2,254,039)	-	(89,093,852)	-	(18,878,638)	-	-	(143,718,053)	(253,944,582)
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-
<b>Balance carried to the next year</b>	<b>147,961</b>	<b>-</b>	<b>93,921,148</b>	<b>-</b>	<b>62,666,375</b>	<b>-</b>	<b>138</b>	<b>19,045,041</b>	<b>175,780,663</b>
Represented by:									
Appropriations not drawn from the OPA	147,961	-	93,921,148	-	62,666,375	-	138	19,045,041	175,780,663
<b>Total</b>	<b>147,961</b>	<b>-</b>	<b>93,921,148</b>	<b>-</b>	<b>62,666,375</b>	<b>-</b>	<b>138</b>	<b>19,045,041</b>	<b>175,780,663</b>
<i>Reconciliation for Appropriation Acts (Nos.2 and 4)</i>									
Paid to the entity from the OPA	2,231,039	-	89,093,852	-	18,878,638	-	-	32,718,053	142,921,582
Finance Minister's reduction to appropriation	-	-	10,135,000	-	-	-	-	-	10,135,000
Not drawn from the OPA	147,961	-	93,921,148	-	7,401,362	-	138	7,156,947	108,627,556
<b>Total Appropriation Acts</b>	<b>2,379,000</b>	<b>-</b>	<b>193,150,000</b>	<b>-</b>	<b>26,280,000</b>	<b>-</b>	<b>138</b>	<b>39,875,000</b>	<b>261,684,138</b>

<sup>1</sup> The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred. In prior years, the Department of Transport and Regional Services has estimated the amount of current year appropriations to be lapsed based on expenses incurred. From 2003-04, the Finance Ministers Orders require the reporting of amounts actually lapsed during the financial year. No determination to lapse administered appropriations for 2003-04 had been made by the time of completion of the 2003-04 financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Administered				Non-operating				Total
	Outcome 1		Outcome 2		Equity	Loans	Previous years' outputs	Admin assets and liabilities	
	SPPs	New	SPPs	New					
<b>Year ended 30 June 2003</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	4,478,000	-	-	8,162,896	12,640,896
Total annual appropriation - basic appropriations	7,700,000	-	184,371,000	-	94,900,000	-	-	121,800,000	408,771,000
Adjustments and annotations to appropriations	8,472,728	-	(5,750,000)	-	-	-	-	-	2,722,728
Transfers to/from other agencies (FMA s32)	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed	(1)	-	(48,019,694)	-	-	-	-	-	(48,019,695)
Available for payments	16,172,727	-	130,601,306	-	99,378,000	-	-	129,962,896	376,114,929
Payments made during the year	(16,172,727)	-	(130,601,306)	-	(38,912,987)	-	-	(7,074,802)	(192,761,822)
Appropriations credited to special accounts	-	-	-	-	-	-	-	-	-
Balance carried to the next year	-	-	-	-	60,465,013	-	-	122,888,094	183,353,107
<i>Represented by:</i>									
Appropriations receivable	-	-	-	-	55,265,013	-	-	122,888,094	178,153,107
Savings in PAES	-	-	-	-	5,200,000	-	-	-	5,200,000
<b>Total</b>	-	-	-	-	60,465,013	-	-	122,888,094	183,353,107



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 29C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)**

<b>Local Government (Financial Assistance) Act 1995</b>	<b>2004</b>	<b>2003</b>
	<b>Outcome 2</b>	
	<b>\$</b>	<b>\$</b>
<i>Purpose:</i> For payments to States and Territories for local government purposes. All transactions under this act are recognised as administered items.		
Budget estimate	<b>1,514,467,455</b>	1,468,595,518
Payments made	<b>1,514,467,455</b>	1,468,596,204

<b>Protection of the Sea (Oil Pollution Compensation Fund) Act 1993</b>	<b>2004</b>	<b>2003</b>
	<b>Outcome 1</b>	
	<b>\$</b>	<b>\$</b>
<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.		
Budget estimate	5,900,000	5,900,000
Payments made	4,445,129	5,917,173

<b>Section 28 (2) of the Financial Management and Accountability Act 1997</b>	<b>2004</b>	<b>2003</b>
	<b>Outcome 1</b>	
	<b>\$</b>	<b>\$</b>
<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.		
Budget estimate	-	-
Payments made	<b>12,106,712</b>	10,410,490

<b>Totals for unlimited special appropriations</b>		
Budget estimate	1,520,367,455	1,474,495,518
Payments made	1,531,019,296	1,484,923,867

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 29D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Limited Amount)**

<b>Roads to Recovery Act 2000</b>	<b>2004</b>	<b>2003</b>
	<b>Outcome 1</b>	
	<b>\$</b>	<b>\$</b>
<i>Purpose:</i> For funding to supplement spending on roads.		
All transaction under this act are recognised as administered items.		
Appropriation for reporting period	-	-
GST credits (FMA s30A)	-	-
Other annotations	-	-
Available for payments	<b>550,000,000</b>	750,000,000
Payments made	<b>300,000,000</b>	200,000,000
Appropriations credited to Special Accounts	-	-
Balance carried to the next period	<b>250,000,000</b>	550,000,000
<i>Represented by</i>		
Cash	-	-
Appropriation Receivable	<b>250,000,000</b>	550,000,000
<b>Total</b>	<b>250,000,000</b>	550,000,000

<b>Stevedoring Levy (Collection) Act 1998</b>	<b>2004</b>	<b>2003</b>
	<b>Outcome 1</b>	
	<b>\$</b>	<b>\$</b>
<i>Purpose:</i> For payments in connection with stevedoring industry reform.		
All transaction under this act are recognised as administered items.		
Appropriation for reporting period	-	-
GST credits (FMA s30A)	-	-
Other annotations	-	-
Available for payments	<b>168,703,230</b>	203,129,122
Payments made	<b>36,513,446</b>	34,425,892
Appropriations credited to Special Accounts	-	-
Balance carried to the next period	<b>132,189,784</b>	168,703,230
<i>Represented by</i>		
Cash	-	-
Appropriation Receivable	<b>132,189,784</b>	168,703,230
<b>Total</b>	<b>132,189,784</b>	168,703,230





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

<b>Total for limited special appropriations</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
Balance carried from previous period	<b>718,703,230</b>	953,129,122
Appropriation for reporting period	-	-
GST credits (FMA s30A)	-	-
Other annotations	-	-
Available for payments	<b>718,703,230</b>	953,129,122
Payments made	<b>336,513,446</b>	234,425,892
Appropriations credited to Special Accounts	-	-
Balance carried to the next period	<b>382,189,784</b>	718,703,230
<i>Represented by</i>		
Cash	-	-
Appropriation Receivable	<b>382,189,784</b>	718,703,230
<b>Total</b>	<b>382,189,784</b>	718,703,230

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 27 (4) of the Sydney Airport Demand Management Act 1997*
- *Section 23 (2) of the Air Passenger Ticket Levy (Collection) Act 2001*
- *Section 67 AH (4) of the Australian National Railways Commission Sale Act 1997*

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 29E: Special Accounts**

	2004	2003
	\$	\$
<b>Australian Land Transport Development Account</b>		
<i>Legal Authority: Australian Land Transport Development Act 1988 (administered)</i>		
<i>Appropriation: Financial Management and Accountability Act 1997; s21</i>		
<i>Purpose: To provide assistance to the States and Territories for land transport upgrading and maintenance, including funding for urban public transport and land transport research.</i>		
This account is non interest bearing.		
Balance carried from previous year	-	-
Appropriations for reporting period	<b>976,184,999</b>	1,022,392,278
Adjustment to balance brought forward	-	2,854,722
GST credits (FMAA s30A)	<b>311,632</b>	312,741
Available for payments	<b>976,496,631</b>	1,025,559,741
Payments made to suppliers	<b>976,496,631</b>	1,025,559,741
<b>Balance carried to next year</b>	-	-
<i>Represented by:</i>		
Cash	-	-
<b>Total</b>	-	-

The \$2,854,722 adjustment to the 2002-03 opening balance relates to a review of the appropriation charge rate that found the rate used for calculation was expressed to multiple decimal places, whereas the actual determination was rounded to two decimal places.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

	2004	2003
<b>Interstate Road Transport Act</b>		
<i>Legal Authority: Interstate Road Transport Act 1985 (Administered)</i>		
<i>Appropriation: Financial Management and Accountability Act 1997; s21</i>		
<i>Purpose: To provide for payments to the States and Territories for maintenance and upkeep of roads from registration charges received from vehicles engaged in interstate trade and commerce.</i>		
This account is non-interest bearing.		
Balance carried from previous year	-	-
Appropriations for reporting period	<b>41,107,875</b>	35,995,918
GST credits (FMAA s30A)	-	-
Available for payments	<b>41,107,875</b>	35,995,918
Payments made to suppliers	<b>41,107,875</b>	35,995,918
<b>Balance carried to next year</b>	-	-
<i>Represented by:</i>		
Cash	-	-
<b>Total</b>	-	-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

	2004	2003
<b>Rural Transaction Centres</b>		
<i>Legal Authority: Telstra Corporation Act 1991 (Administered)</i>		
<i>Appropriation: Financial Management and Accountability Act 1997; s21</i>		
<i>Purpose: Enabling people in rural areas to have access to services and technology that enable them to obtain information or carry out transactions.</i>		
This account is non interest bearing.		
Balance carried from previous year	34,471,533	38,950,819
Adjustment to balance bought forward	-	8,343,000
GST credits (FMAA s30A)	1,212,568	740,542
Available for payments	35,684,101	48,034,361
Payments made to suppliers	14,067,421	13,562,828
<b>Balance carried to next year</b>	<b>21,616,680</b>	<b>34,471,533</b>
<i>Represented by:</i>		
Cash held on call in the OPA	21,616,680	34,471,533
<b>Total</b>	<b>21,616,680</b>	<b>34,471,533</b>

The 8,343,000 adjustment to the 2002-03 opening adjustment relates to 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.

	2004	2003
<b>Federation Fund</b>		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20</i>		
<i>Purpose: To fund projects of national significance to mark the Centenary of Federation</i>		
This account is non interest bearing		
Balance carried from previous year	78,666,076	86,081,783
GST credits (FMAA s30A)	-	203,171
Available for payments	78,666,076	86,284,954
Payments made to suppliers	33,318,490	7,618,878
<b>Balance carried to next year</b>	<b>45,347,586</b>	<b>78,666,076</b>
<i>Represented by:</i>		
Cash held on call in the OPA	45,347,586	78,666,076
<b>Total</b>	<b>45,347,586</b>	<b>78,666,076</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

	2004	2003
<b>Federal Office of Road Safety Research and Public Education Program</b>		
<i>Legal Authority: Financial Management and Accountability Act 1997; s20</i>		
<i>Purpose: For expenditure towards the costs of projects under the Federal Office of Road Safety Research and Public Education Program</i>		
Special Account abolished 25/6/03.		
Balance carried from previous year	-	239,885
GST credits (FMAA s30A)	-	-
Available for payments	-	239,885
Payments made to suppliers	-	239,885
<b>Balance carried to next year</b>	-	-
<i>Represented by:</i>		
Cash held on call in the OPA	-	-
<b>Total</b>	-	-

	2004	2003
<b>Services for Other Government and Non-Agency Bodies</b>		
<i>Legal Authority: Financial Management and Accountability Act 1997; s21</i>		
<i>Purpose: For expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies.</i>		
This account is non-interest bearing.		
Balance carried from previous year	<b>1,311,520</b>	480,848
Other receipts - goods and services	<b>1,017,672</b>	993,285
GST credits (FMAA s30A)	-	-
Available for payments	<b>2,329,192</b>	1,474,133
Payments made to suppliers	<b>960,666</b>	162,613
<b>Balance carried to next year</b>	<b>1,368,526</b>	1,311,520
<i>Represented by:</i>		
Cash	<b>1,368,526</b>	1,311,520
<b>Total</b>	<b>1,368,526</b>	1,311,520

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

	2004	2003
<b>Other Trust Monies Account</b>		
<i>Legal Authority: Financial Management and Accountability Act 1997: s20</i>		
<i>Purpose: Expenditure of money temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>		
<i>This account is non-interest bearing.</i>		
Balance carried from previous year	1,637,623	533,805
Other receipts - goods and services	951,552	1,669,552
GST credits (FMAA s30A)	-	-
Available for payments	2,589,175	2,203,357
Payments made to suppliers	50,801	565,734
<b>Balance carried to next year</b>	<b>2,538,374</b>	<b>1,637,623</b>
<i>Represented by:</i>		
Cash	2,538,374	1,637,623
<b>Total</b>	<b>2,538,374</b>	<b>1,637,623</b>

**Christmas Island Community Benefit Fee Account**

This account was abolished on 25 June 2003. There has been no activity on this account since 2000-01 when its balance was reduced to zero.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

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Note 30: Comcare accounts

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This account holds monies advanced to Department of Transport and Regional Services by COMCARE for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*.

	<b>2004</b>	2003
	<b>\$'000</b>	\$'000
Balance carried forward from previous year	<b>908</b>	954
Receipts during the year	<b>296</b>	144
Available for payments	<b>1,204</b>	1,098
Payments made	<b>532</b>	190
<i>Balance carried forward to next year held by the entity</i>	<b>672</b>	908

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2004	2003
	\$	\$

Note 31: Specific Payment Disclosures

<i>Administered</i>		
One 'Act of Grace' payment was made during the reporting period, and there were no amounts owing as at year end (2003: 1).	<b>5,933</b>	10,000
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2003: 0).	<b>NIL</b>	NIL
No payments were made under the 'Defective Administration Scheme' during the reporting period. (2003: 0)	<b>NIL</b>	NIL
<i>Departmental</i>		
One 'Act of Grace' payment was made during the reporting period, and there were no amounts owing as at year end (2003:0).	<b>19,043</b>	NIL
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2003: 0).	<b>NIL</b>	NIL
One payment was made under s73 of the Public Service Act 1999 during the reporting period (2003: 0).	<b>1,650</b>	NIL
No payments were made under the 'Defective Administration Scheme' during the reporting period (2003: 0).	<b>NIL</b>	NIL



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Note 32: 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 2003-04 Budget.

## Note 32A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Total	
	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses	2,024,689	1,484,465	1,704,127	1,668,727	3,728,816	3,153,192
Departmental expenses	151,687	93,398	149,439	133,334	301,126	226,732
<b>Total expenses</b>	<b>2,176,376</b>	<b>1,577,863</b>	<b>1,853,566</b>	<b>1,802,061</b>	<b>4,029,942</b>	<b>3,379,924</b>
<i>Costs recovered from provision of goods and services to the non-government sector</i>						
Administered	106,069	96,272	10,285	12,888	116,354	109,160
Departmental	872	1,755	5,029	7,214	5,901	8,969
<b>Total costs recovered</b>	<b>106,941</b>	<b>98,027</b>	<b>15,314</b>	<b>20,102</b>	<b>122,255</b>	<b>118,129</b>
<i>Other external revenues</i>						
Administered						
Livies, fees and fines	99,857	253,796	3,122	3,247	102,979	257,043
Interest	407	422	11,538	11,951	11,945	12,373
Dividends	19,600	33,625	31,000	8,000	50,600	41,625
Revenue from sale of assets	-	4,931	-	401	-	5,332
Other revenue	6,830	902	1,163	851	7,993	1,753
<b>Total Administered</b>	<b>126,694</b>	<b>293,676</b>	<b>46,823</b>	<b>24,450</b>	<b>173,517</b>	<b>318,126</b>
Departmental						
Goods and Services Revenue from Related Entities	2,096	343	7,302	1,408	9,398	1,751
Interest	-	286	-	511	-	797
Revenue from disposal of assets	8	-	618	3,632	626	3,632
Rental income	-	-	-	1,622	-	1,622
Other	663	281	2,308	504	2,971	785
<b>Total Departmental</b>	<b>2,767</b>	<b>910</b>	<b>10,228</b>	<b>7,677</b>	<b>12,995</b>	<b>8,587</b>
<b>Total other external revenues</b>	<b>129,461</b>	<b>294,586</b>	<b>57,051</b>	<b>32,127</b>	<b>186,512</b>	<b>326,713</b>
<b>Net cost/(contribution) of outcome</b>	<b>1,939,974</b>	<b>1,185,250</b>	<b>1,781,201</b>	<b>1,749,832</b>	<b>3,721,175</b>	<b>2,935,082</b>

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome. The Capital Use Charge is not included in any of the outcomes as it is not an operating expense in end-of-year financial reports.

**Note 32B: 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	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Departmental Expenses</b>						
Employees	7,935	12,877	22,323	8,828	6,875	4,234
Suppliers	4,212	19,328	19,622	13,250	4,741	6,355
Depreciation and amortisation	332	512	1,564	432	542	346
Other expenses	16	614	62	420	15	202
<b>Total departmental expenses</b>	<b>12,495</b>	<b>33,331</b>	<b>43,571</b>	<b>22,930</b>	<b>12,173</b>	<b>11,137</b>
<b>Funded by:</b>						
Revenues from government	12,539	32,384	43,479	22,354	12,087	10,988
Sale of goods and services	208	527	1,172	82	331	291
Other non-taxation revenues	97	182	342	118	103	60
<b>Total departmental revenues</b>	<b>12,844</b>	<b>33,093</b>	<b>44,993</b>	<b>22,554</b>	<b>12,521</b>	<b>11,339</b>

Outcome 1 (continued)	Output Group 1.4		Output Group 1.5		Output Group Not Classified		Outcome 1 Total	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Departmental expenses</b>								
Employees	5,485	4,774	5,561	5,219	-	-	48,179	35,932
Suppliers	5,036	7,165	3,291	7,833	-	-	36,902	53,931
Depreciation and amortisation	263	197	320	336	-	-	3,021	1,823
Other expenses	80	228	11	249	-	-	63,584	1,713
<b>Total departmental expenses</b>	<b>10,864</b>	<b>12,364</b>	<b>9,183</b>	<b>13,637</b>	<b>63,400</b>	<b>63,400</b>	<b>151,686</b>	<b>93,399</b>
<b>Funded by:</b>								
Revenues from government	10,423	12,020	9,145	13,371	-	-	87,673	91,117
Sale of goods and services	993	876	264	322	-	-	2,968	2,098
Other non-taxation revenues	68	67	61	140	-	-	671	567
<b>Total departmental revenues</b>	<b>11,484</b>	<b>12,963</b>	<b>9,470</b>	<b>13,833</b>	<b>-</b>	<b>-</b>	<b>91,312</b>	<b>93,782</b>

Note: Output Group Not Classified relates solely to the expense associated with the asbestos related disease claims provision (see Note: 5E). Insufficient information is available at this time to allocate the expense across the existing output groups under Outcome 1.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Outcome 2	Output Group 2.1		Output Group 2.2		Output Group 2.3			
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000		
<b>Departmental expenses</b>								
Employees	7,100	3,691	10,638	11,077	13,154	29,520		
Suppliers	6,275	5,541	7,450	1,626	58,288	44,309		
Depreciation and amortisation	530	120	728	365	9,356	10,353		
Other expenses	19	176	30	528	27,503	1,408		
<b>Total departmental expenses</b>	<b>13,924</b>	<b>9,528</b>	<b>18,846</b>	<b>28,596</b>	<b>108,301</b>	<b>85,590</b>		
<b>Funded by:</b>								
Revenues from government	13,507	9,231	18,875	27,712	94,898	91,864		
Sale of goods and services	713	7	307	173	10,563	8,378		
Other non-taxation revenues	88	58	169	146	2,610	5,978		
<b>Total departmental revenues</b>	<b>14,308</b>	<b>9,296</b>	<b>19,351</b>	<b>28,031</b>	<b>108,071</b>	<b>106,220</b>		
<b>Outcome 2 (continued)</b>	<b>Output Group 2.4</b>		<b>Output Group 2.5</b>		<b>Output Group 2.6</b>		<b>Outcome 2 Total</b>	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Departmental expenses</b>								
Employees	949	1,559	964	1,288	1,132	871	33,937	48,006
Suppliers	2,098	2,340	2,192	1,933	609	1,308	76,912	72,057
Depreciation and amortisation	177	49	189	40	43	53	11,023	10,980
Other expenses	6	74	7	61	2	42	27,567	2,289
<b>Total departmental expenses</b>	<b>3,230</b>	<b>4,022</b>	<b>3,352</b>	<b>3,322</b>	<b>1,786</b>	<b>2,274</b>	<b>149,439</b>	<b>133,332</b>
<b>Funded by:</b>								
Revenues from government	2,950	3,896	3,131	3,217	1,792	2,227	135,153	138,147
Sale of goods and services	390	-	334	-	24	63	12,331	8,621
Other non-taxation revenues	17	27	27	23	15	38	2,926	6,270
<b>Total departmental revenues</b>	<b>3,357</b>	<b>3,923</b>	<b>3,492</b>	<b>3,240</b>	<b>1,831</b>	<b>2,328</b>	<b>150,410</b>	<b>153,038</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 32C: Major Classes of Administered Revenues and Expenses by Outcomes**

	Outcome 1		Outcome 2		Total	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Administered Revenues</b>						
Levies, fees and fines	144,041	291,631	3,121	3,247	147,162	294,878
Goods and services	57,867	54,296	-	-	57,867	54,296
Other non-taxation revenues	30,857	44,021	53,985	34,091	84,842	78,112
<b>Total Administered Revenues</b>	<b>232,765</b>	<b>389,948</b>	<b>57,106</b>	<b>37,338</b>	<b>289,871</b>	<b>427,286</b>
<b>Administered Expenses</b>						
Grants	1,847,491	1,300,198	1,702,329	1,666,365	3,549,820	2,966,563
Subsidies	134,335	147,945	-	-	134,335	147,945
Suppliers	29,132	32,477	819	833	29,951	33,310
Depreciation	1,441	1,448	759	650	2,200	2,098
Write-down of assets	96	-	1	430	97	430
Value of assets sold	-	-	220	442	220	442
Other	12,193	2,397	-	7	12,193	2,404
<b>Total Administered Expenses</b>	<b>2,024,688</b>	<b>1,484,465</b>	<b>1,704,128</b>	<b>1,668,727</b>	<b>3,728,816</b>	<b>3,153,192</b>

**Note:**

1. The methodology adopted is consistent with the 2003–04 Portfolio Budget Statements and involves management estimates of percentage expenditure and revenue attributable to each output. Where possible, corporate overhead has been attributed to outputs based on actual usage.
2. The Capital Use Charge, although reflected in prior year Revenue from Government, is not reflected in the Total Expenses in accordance with accounting policy.

Opposite: The Requirements for Annual Reports issued by the Joint Committee on Public Accounts and Audit (JPCAA) provide a 'take-off checklist' for departmental annual reports. (Photo courtesy of and © CASA)

Index of compliance with JCPAA Requirements



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*Opposite: We have worked hard to make our 2003–04 annual report more readable and more focused on results rather than just activity. (Photo courtesy of and © Tourism NSW)*



Index and key terms



## ACRONYMS

AAO	Administrative Arrangements Order
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
ACC	Area Consultative Committee
ACT	Australian Capital Territory
ADRs	Australian Design Rules
ALCs	airport lessee companies
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
APTNAARC	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
ATO	Australian Taxation Office
ATSB	Australian Transport Safety Bureau
AWA	Australian workplace agreement
BTRE	Bureau of Transport and Regional Economics
CA	certified agreement
CASA	Civil Aviation Safety Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COAG	Council of Australian Governments
CPG	Commonwealth Procurement Guidelines and Better Practice Guidance
CRIS	Commonwealth Regional Information Service
CSIRO	Commonwealth Scientific and Industrial Research Organisation



CTC	competitive tendering and contracting
DA	development assessment
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
DITR	Department of Industry, Tourism and Resources
DOTARS	Department of Transport and Regional Services
DVT	deep vein thrombosis
EL	Executive Level (officer)
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ESD	ecologically sustainable development
FOI	Freedom of Information
FRRR	Foundation for Rural and Regional Renewal
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GJ	gigajoule (of energy)
GST	Goods and Services Tax
HREOC	Human Rights and Equal Opportunity Commission
HR	human resources
ICAO	International Civil Aviation Organization
ICT	information and communication technology
IMO	International Maritime Organization
IOPC	International Oil Pollution Compensation
IOTs	Indian Ocean Territories
IRPC	Immigration Reception and Processing Centre
IT	information technology
JCPAA	Joint Committee of Public Accounts and Audit
KAVHA	Kingston and Arthur's Vale Historic Area [Norfolk Island]
KWh	kilowatt hours
MJ	megajoule (of energy)
MIFCo	Maritime Industry Finance Company Limited
MOU	Memorandum of Understanding
MP	Member of Parliament
NAASRA	National Association of Australian State Roads Authorities
NAIDOC	National Aboriginal Islander Day Observance Committee
NAS	National Airspace System

NCA	National Capital Authority
NDRA	Natural Disaster Relief Arrangements
NRM	NAASRA Roughness Measure
NRTC	National Road Transport Commission
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
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
RDC	Regional Development Council
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
SME	small-to-medium enterprise
TAFE	Technical and Further Education
TAS	Tasmania
TEU	20 foot equivalent units
TFES	Tasmanian Freight Equalisation Scheme
UK	United Kingdom
UN	United Nations
VIC	Victoria
WA	Western Australia



## GLOSSARY OF TERMS

**Administrative Arrangements Order (AAO)** An order issued from time to time by the government and signed by the Governor-General which establishes the matters or outcomes to be dealt with by each department of state, and the Acts of parliament to be administered by each minister.

**Administered items** Revenues, expenses, assets and liabilities that the government controls, but which an agency or authority manages on the government's behalf.

**Australian workplace agreement (AWA)** An agreement between an employer and an employee about the terms and conditions of employment, made under the *Workplace Relations Act 1996*.

**Business group** DOTARS comprises of five business groups. Group heads oversee each group and report to the secretary of the department.

**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 a Commonwealth 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.

**General Government Sector** The primary function of this sector is to 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.

**Government agency** Departments of state, departments of parliament and 'prescribed agencies' for the purposes of the *Financial Management and Accountability Act 1997*.

**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)** 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 Chapter 3 (page 29).

**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** 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.

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