



COMMONWEALTH DEPARTMENT
OF

**TRANSPORT AND
REGIONAL
DEVELOPMENT**

ANNUAL REPORT 1997–98



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COMMONWEALTH DEPARTMENT OF
**TRANSPORT AND
REGIONAL DEVELOPMENT**

The Hon Mark Vaile MP
Minister for Transport and Regional Development
Parliament House
Canberra ACT 2600

Dear Minister

I present to you the annual report of the Department of Transport and Regional Development for the year ended 30 June 1998, as required under subsection 25(6) and in accordance with the guidelines referred to in subsection 25(7) of the *Public Service Act 1922*.

The report also satisfies the requirements of section 29 of the *Air Navigation Act 1920*, section 20 of the *Aircraft Noise Levy Collection Act 1995* and sections 8 and 9 of the *Freedom of Information Act 1982*.

Subsection 25(8) of the *Public Service Act 1922* requires you to table the report in each House of the Parliament on or before 31 October in the year in which the report is given.

Yours sincerely

Allan Hawke
SECRETARY

19 October 1998

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OVERVIEW

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**DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT
ORGANISATION CHART**

CORPORATE OVERVIEW

PORTFOLIO PROGRAM STRUCTURE



OUR COMMITMENT TO CLIENT SERVICE

General Approach

- ☞ Treating our clients—fairly—courteously—professionally
- ☞ Providing clients with timely, accurate advice and information

Telephone

- ☞ Ensuring that all telephones are answered between 9.00 am and 5.00 pm each working day (voice mail is acceptable)
- ☞ Identifying ourselves by name when answering the telephone
- ☞ Returning telephone calls within one working day
- ☞ Referring callers to the relevant organisation if we are unable to assist them

Correspondence

- ☞ Responding to letters, faxes and inquiries within 20 working days of receipt of correspondence by the Department—where this is not possible an interim reply is sent (this does not include Ministerial correspondence)
- ☞ Placing a contact name and telephone number on all outgoing correspondence

Policy, Legislation and Decision Making

- ☞ Where appropriate, consulting with interested parties during policy and legislative reviews as early as practicable
- ☞ Preparing a regulation impact statement for all legislation that imposes new obligations
- ☞ Explaining our decisions clearly and providing information on how clients can have a decision reviewed
- ☞ Designing consultative processes that include those who would be most affected by changes in policy or legislation



THE SECRETARY'S INTRODUCTION

This Annual Report for the Department of Transport and Regional Development is different from those presented previously.

It is different because it signals a shift in the style of reporting, making the transition from program to output-based accrual performance reporting. It provides a strategic account of the policy and regulatory environment, the impact of our strategies, and where they are taking us. It also records the changes we are making as an organisation in improving our performance, leadership and client service through our focus on people as our first priority.

The 1997–98 financial year presented new challenges for the Department which we have faced with optimism and positive action. It has been a period of focusing on new policy and program commitments and organisational change.

Machinery of government changes brought about changes to our organisation and the way we operate. While the Maritime Transport function transferred to the Department of Workplace Relations and Small Business, the integration of the Territories and Local Government group added to the complexity of the Department and the breadth of the portfolio's functions.

Our people—both in our new areas and among the traditional transport areas—have put in the effort needed to achieve crucial changes to transport and regional development in Australia. The Department continued to implement complex and long-term policy in a way that recognises the importance of infrastructure investment and competition in an environment which, of its nature, is often subject to strongly differing views.



Allan Hawke
SECRETARY

ROLE OF THE PORTFOLIO AND THE DEPARTMENT

The role of the Transport and Regional Development portfolio is to support the achievement of economic, safety, environment, social and other national interest outcomes sought by the Government through fostering development of Australia's transport sector, its regional areas, its local government services and its Territories. The Department of Transport and Regional Development is the portfolio department.

The major activities of the portfolio include:

- providing policy advice on transport, regional development, local government and Territories activities (Department);
- providing appropriate aviation infrastructure and airways and airport services (Airservices Australia and the Federal Airports Corporation);
- regulation of certain activities and developments at leased federal airports (Department);
- developing, implementing and enforcing aviation safety and security standards, and investigating aviation accidents and incidents (Department and Civil Aviation Safety Authority);
- setting national road safety standards, administering research in road safety and implementing the Federal Road Safety Black Spot Program (Department);
- administering financial assistance grants to the States for construction, development and maintenance of the National Highway System roads and Roads of National Importance (Department);
- implementing Government initiatives to improve efficiency of interstate rail services (Department);
- administering the Infrastructure Borrowings Tax Offset Scheme (Department jointly with the Australian Taxation Office);
- developing legislative regimes and systems of governance in Australia's Territories to meet local and national needs (Department);
- maintaining and enhancing the significance of the National Capital (National Capital Authority);
- improving the availability of information about Commonwealth policies and programs impacting on regional Australia (Department);
- promoting efficient and effective local government which fosters a strong sense of community (Department);
- administering financial assistance grants to local government (Department); and
- providing services with the aim of aligning conditions and standards in the non-self governing Territories with those of comparable communities in the rest of Australia (Department).

PORTFOLIO OVERVIEW

The administrative changes of 1997–98 offered an important opportunity and potential for Australia's regions and Territories through linking regional development, local government and transport within the one portfolio. Our commitment to promote national development and remove barriers to trade has a natural fit with the focus on improving prosperity of our regions and Territories.

We see our role as building on the links between a dynamic national transport policy and the prosperity of our regions and Territories for the benefit of all Australians. This is captured in our Corporate Plan, through our purpose:

to promote economic and social development by enhancing Australia's infrastructure performance

We will continue to broaden and strengthen the transport and regional links through our commitment to:

- improving the Australia's prosperity through design and implementation of efficient national transport infrastructure and policies;
- promoting safe transport solutions;
- addressing, at the national level, the needs of Australia's Territories and regions;
- building a framework for effective competition between and within transport modes, designed to achieve better opportunities for innovative business and clients; and
- achieving these objectives in ways which promote safety, sustainability and responsibility for the environment and ensuring access, equity, and quality service and information for our clients (under the principles of *Public Service in a Culturally Diverse Society* and in the spirit of our Client Service Charter).

The Department also has a role as a regulator. The Australian public relies on the Department to set regulatory standards in motor vehicle safety and aviation security, developing regulatory policy for air and rail travel and freight, and to implement airport environment and building quality standards. Where we continue to be involved as a regulator we want to be seen to add value and not regulate for the sake of regulating—we will do this fairly and in a transparent way.

We have achieved some important results over the last year:

- A Long Term Operating Plan, for sharing noise from air traffic more fairly over Sydney, was implemented by Airservices Australia after substantial public consultation and design work.

OVERVIEW

- In the aviation public policy area, a price cap and lease protection for airport industry customers were established as integral parts of the lease arrangements for all federal airports—other than at Essendon and the Sydney basin where particular public interest issues remain.
- Under the national rail reform agenda the sale of Australian National was completed with commitments to maintain services and regional job development. The Australian Rail Track Corporation was established to provide access to the whole interstate network and thereby increase competition and bring cost savings to users. Negotiations were undertaken for the future sale of National Rail, the interstate rail freight company.
- The national road toll dropped to 1767 in 1997—from 2000 between 1992 and 1996—a level not seen since 1950.
- The National Transport Council, chaired by David Mortimer, was established to provide advice to government on integration of transport policy at a national level; and State-based Air and Sea Freight Export Councils were activated.
- Major structural adjustment programs were developed and implemented in response to the closure of BHP's Newcastle works and the sale of Australian National Rail.
- Intensive preparation was undertaken relating to consideration of possible future Statehood for the Northern Territory.
- Announced in the 1998–99 Budget, a joint review is being conducted with the Department of Finance and Administration—in consultation with the local communities—to assess the future role for the Commonwealth in administration of the Indian Ocean Territories and recommend future funding arrangements.
- The Department administered \$1.2 billion of local government Financial Assistance Grants to more than 726 councils and the Australian Capital Territory. Grants were provided under the Local Government Development Program, currently funded at around \$4 million per year until the end of 1998–99, to improve local government contribution in areas of national priority in regional development, microeconomic reform, urban reform, environmental management and initiatives that promote fair access to services.
- The Department's Certified Agreement provides for improvements in productivity and performance—through initiatives in flexible working arrangements, rewards and recognition, and pay—while enhancing our *Results through People* approach.
- The Department continues to invest in our people and administrative reform—as a flag-bearer in adopting the *Investors in People* standard in the Australian Public Service; leading the implementation of an output-based management framework and accrual budget in 1997–98; and in reinvigorating our corporate governance.

These are not by any means all that was achieved during the year—nor have we necessarily yet achieved all the results of the outcomes sought by Government.

For example, the outcome of the Long Term Operating Plan at Sydney Airport is measurable ultimately in community acceptance of the standard set. The outcome of rail reform is measurable by better performance for rail customers and job availability in affected regions. The outcome of economic and social development in regional Australia and the Territories is measurable in terms of sustainable transport, infrastructure and investment, the timeliness and impact of change, and community acceptance.

Achieving such results is complex and requires long term strategies. This is what the Department of Transport and Regional Development is about.

The directions we are taking continue to evolve and shape our future strategies. They are demonstrated in our objectives in the way they support long-term Government outcomes. They are about results which are economic, cross-modal and competitive and which contribute to the environment, linking and leading, and safety.

Economic

Our economic objectives are to help lower business costs, ensure the best possible utilisation of assets and contribute to a more competitive environment which can boost jobs growth, exports and living standards. The transport sector accounts for around 6 per cent of Australia's GDP and about 5 per cent of total employment. Transport costs are a significant proportion of total business costs and can account for a substantial part of the cost of goods. This is particularly important for regional economies.

The Commonwealth's roads program is an example of how we integrate regional and transport development. In 1997–98 the Commonwealth spent some \$800 million on the National Highway network, Roads of National Importance and road black spots to reduce travel times, lower vehicle operating costs, facilitate the use of more efficient vehicles, and improve safety.

On another front, we are undertaking the most comprehensive airport privatisation in the world. When completed, all the major international, interstate and general aviation training airports will have been leased to the private sector. The Portfolio once operated federal airports, before they were transferred to the Federal Airports Corporation, but now we are selling them to new operators.

Through their access to capital, these airport operators have more capacity for investment and to operate best practice terminals that are attractive assets for the cities and regions they serve. Over the next ten years they have contractually committed \$700 million to infrastructure investment. The economy has already benefited from the \$4 billion from the airport sales, which reduced Commonwealth debt.

OVERVIEW

To encourage efficient provision of infrastructure, in 1997–98 the Department, jointly with the Australian Taxation Office, implemented a new Infrastructure Borrowings Tax Offset Scheme. By encouraging private sector investment in infrastructure it is possible to achieve earlier investment than might otherwise be the case and gain private sector innovation in financing, design, construction and operation. This new scheme is expected to attract over \$2 billion worth of private sector investment in economic infrastructure throughout Australia, particularly in land transport.

Our review of the *Motor Vehicle Standards Act 1989*, which is part of the Government's commitment to look at all regulation that restricts business, is a further example of reducing the costs of regulation. We continue to work with the National Road Transport Commission to reduce costs to business and boost competitiveness by removing differences in vehicle regulations between jurisdictions. Once these reforms are fully in place they should add \$800 million a year to GDP.

Cross-modal

In the Department we are trying to think like customers and transport entrepreneurs—worrying less about whether goods or people travel by road, rail, sea or air, and more about whether they get there on time, in good condition and as cheaply as possible.

This cross-modal transport focus moves away from transport as an end in itself to seeing it as subordinate to the needs of industry and the community—addressing the problems of moving people and goods from where they are to where they want to be, effectively.

Cross-modal issues are a priority for the National Transport Council, the industry advisory group established to advise the Government and address issues of inter-modal linkages. The aim is to create a seamless, efficient and reliable national transport network.

Similarly, the Australian Transport Council, of which the Portfolio Minister is a member, is focussing on transport as a cross-modal service—ATC's strategic plan has the goal of making transport efficient, accessible, safe and sustainable, rather than concentrating on modal issues.

Competitive

Competition in all sectors supports both providers and users and enhances Australia's competitiveness internationally. It is here that the Portfolio is facilitating access to transport infrastructure by new players.

Traditionally government agencies have run rail services, but now we have private sector operators taking over the former services of Australian National. The Australian Rail Track Corporation has been set up to invest in track (\$250 million over four years), manage assets and develop uniform standards.

A private sector led rail industry has the capacity to improve the viability and efficiency of interstate rail, reduce costs and enhance services. The Commonwealth's role will be confined to setting the policy and regulatory framework, facilitating investment, and providing incentives such as the infrastructure tax offsets scheme.

Within the regulatory framework of international air services, Australian carriers have opportunities to penetrate overseas markets in competition with foreign carriers. This has been accomplished by negotiating increased capacity for passenger and freight services and opening new routes. In two years, negotiated passenger capacity for Australian carriers has increased by the equivalent of 283 B747 services a week and negotiated freight capacity by more than 60 B747 equivalent services a week.

Environment

The Portfolio has roles in both environment protection and remediation measures to benefit the community in transport and in administration of the Territories.

Aircraft noise is an example of how we influence and act on environment issues, through:

- participating in international forums on noise standards to make sure that new generation aircraft are less noisy;
- modifying airport operations so that more planes fly over water or non-residential areas and there are fewer planes at night; and
- reducing the impact on residents by insulating houses and public buildings, such as those around Sydney Airport.

We are interested also in the long-term viability of our transport systems in ensuring they work in harmony with the community and are preserved for the future

With this in mind, the Department is developing a policy on Australian transport and sustainable development. This policy should benefit business and the community by encouraging safer and more efficient transport services, better use of infrastructure and better environmental outcomes.

Linking and leading

There are natural links between a dynamic national transport policy and the prosperity of our regions and Territories. We see our role as building on these links for the benefit of all Australians. In this way, national roads can boost the prosperity of the regions they link or high-speed trains can carry tourists between capital cities. Improved efficiency in the transport and handling chain for exports can benefit regional Australia and air services provide access for our island Territories and remote areas of Australia.

OVERVIEW

Benefits can flow to a region from developing regional transport hub operations. On a smaller scale, there is the employment and tourism impact in rural and remote regions of maintaining the national highway and roads of national importance.

We understand that much of rural Australia faces severe problems that undermine its capacity to sustain or expand their economic base. Some regions, though, seem to be growing rapidly, taking full advantage of the opportunities offered by globalisation. The south west and Kimberley regions of Western Australia, Victoria's Goulburn Valley and Far North Queensland are each successfully attracting national and international investment across industries as diverse as tourism, dairy farming, mining and viticulture.

These differences are recognised by introducing major initiatives in the area of employment and business across several portfolios—such as the \$14.5 million to be provided over three years to support the Supermarket to Asia Strategy.

This initiative has the goal of increasing Australian agri-food exports to Asia from \$10 billion in 1996–97 to \$16 billion by the year 2001, and encouraging at least another 2000 agri-food businesses to become active exporters of food into Asia. It is expected to create more than 10 000 additional jobs in Australia, with significant investment and employment benefits for rural and regional Australia.

While the economic crisis in Asia may well slow the expected rate of growth we will continue to promote all opportunities for Australian exporters in these markets.

Safety

Transport safety benefits all Australians.

We usually think of transport safety in terms of the road toll. The costs to Australia of road trauma receive far less attention—in 1993 road crashes cost the Australian economy \$6.1 billion; each death costs Australia about \$750 000.

The good news is that our roads are becoming safer. In 1970 we had 3798 deaths, our worst ever; in 1997 the figure was 1764—less than half! Yet in those 27 years the number of vehicles on our roads doubled. Our Federal Office of Road Safety had set a target of less than 2000 deaths by the year 2000. Now that this goal has been achieved, we will aim for an even lower target—1500 by the year 2000 would be a real achievement.

Australian railways provide one of the safest passenger and freight transport modes in the country. The Department chairs the Rail Safety Committee of Australia which is responsible for the development of nationally consistent rail safety procedures and removal of impediments to safe and efficient railway operations. By early 1999 nationally consistent rail safety processes and a national incident reporting database will be introduced.

The Department works with the Civil Aviation Safety Authority and AirServices Australia on aviation safety. CASA has been working with industry for 18 months to bring aviation safety regulations up to world best practice standards. The new millennium will see in place a single set of safety regulations harmonised with the best in the world. A new airspace regime and Airservices Australia's introduction of the new air traffic control system will enhance the safety of our skies.

As part of the Department, our Bureau of Air Safety Investigation has an enviable reputation in investigating accidents and incidents and making recommendations to improve our safety record.

In road, rail and aviation safety our work and the work of industry and other levels of government benefit Australia through reduced pressure on our health services, holding down insurance and legal costs, and preserving the productivity of potential road accident victims.

The benefit is both in averting the cost and suffering of transport accidents and, through safer and more accessible road, rail and air travel, making Australian destinations attractive for domestic passengers and our international visitors.

The way ahead

We know we have a very real contribution to make to transport, regional development, local government and our Territories.

Our vision for the future is:

leading the way in facilitating the development of Australia's regions and transport system

We are working towards a seamless transport system with smooth transfers between modes and between domestic and international systems—a system that not only catches up to the world's best but positions us at the forefront. We are already nearing this goal in road and aviation safety, but we have to catch up in rail and inter-modal transport operations.

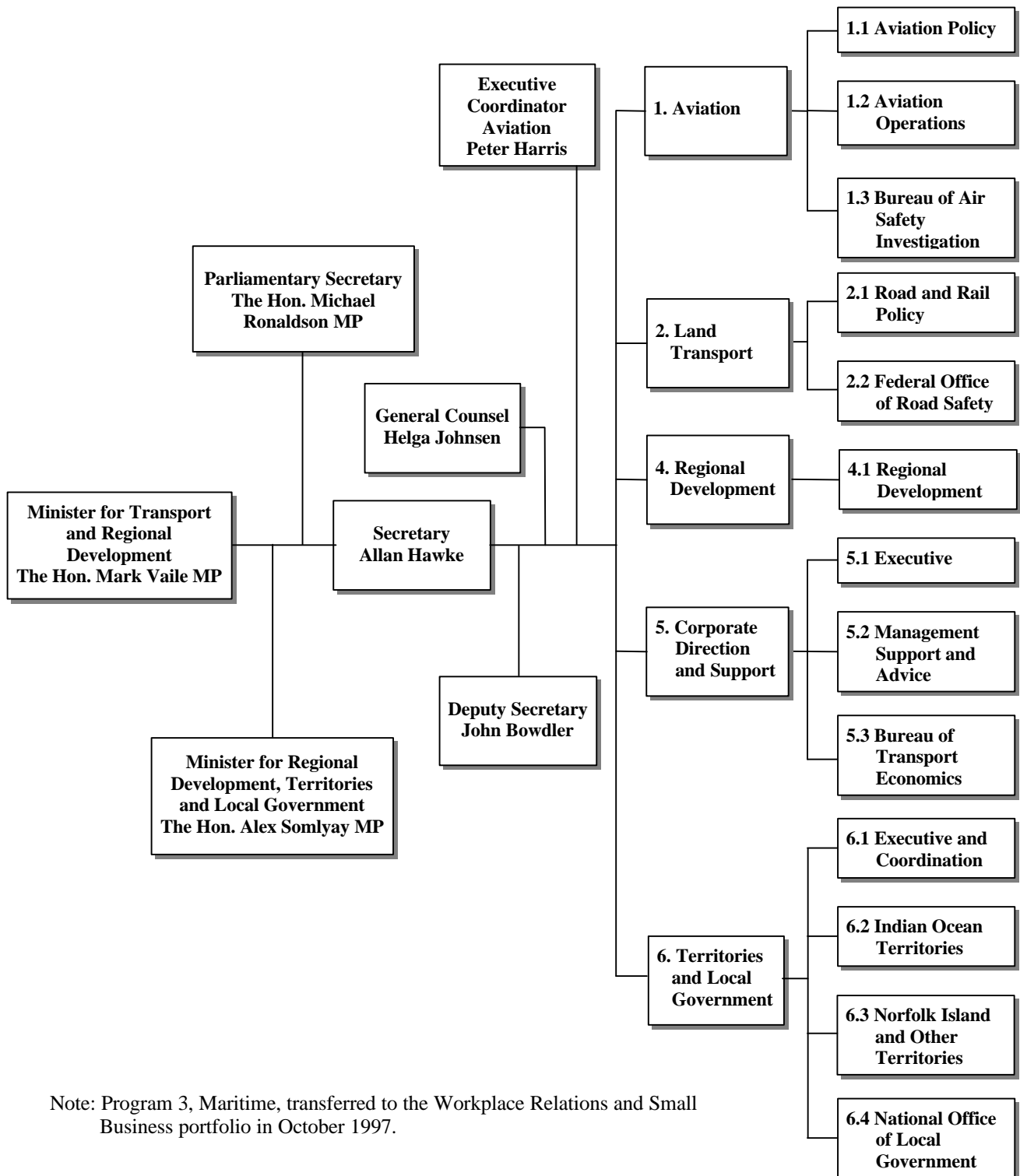
We are maximising the potential of the regions by building an environment where businesses have the flexibility, cost structure and incentive to invest and grow, enhancing the prosperity of regional Australia.

We are working towards aligning conditions and standards in the Territories, with those of comparable communities in the rest of Australia. Residents of the Territories should enjoy rights, opportunities and responsibilities equal to those of fellow Australians.

We are working in partnership with local government to contribute to the social, environmental and economic performance of Australia and its regions.

We are linking Australia.

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT ORGANISATION CHART



Note: Program 3, Maritime, transferred to the Workplace Relations and Small Business portfolio in October 1997.

CORPORATE OVERVIEW

This overview is about the impact of some of the administrative reforms and changes, especially over the last year, in the way the Department operates—our corporate governance and our focus on people as our first priority through our *Results through People* framework.

Corporate governance

Corporate governance is becoming increasingly significant in the public sector as we respond to rapid change and the Government's public sector reform program.

Corporate governance is simply the means by which our Department organises itself, and directs and assures accountability for its operations and strategic policy setting.

In taking governance as an integrating approach for more business-like operations and decision-making, we recognise that it is more than having committees, guidelines, and reporting mechanisms. It is supported by the principles of leadership, risk management, and accountability.

In this new environment, we need to understand and manage risk in a more integrated way, and ensure that decision-making about our future has a more strategic, more cross-departmental focus than ever before.

Over the year we have been considering governance options and in 1998–99 we will work intensively on practical steps to implement our governance framework.

This is not an accidental shift. Throughout the year, we deliberately took a leading role in administrative reforms that underpin effective corporate governance in developing a management framework which integrates our business management, planning and reporting with leadership, assurance measures and accountability. These reforms will continue to have an impact on performance improvement, particularly financial management, over the next two years.

The framework has worked as an aid to linking our reform initiatives. The Department is a lead agency in introducing an output-based management framework and accrual budget for 1998–99. This has been a catalyst and a mechanism to link, in a systematic way, the Department's Corporate and business plans, the Service Charter and Certified Agreement with the Department's *Results through People* strategies.

Administrative and organisational changes

Through the Administrative Arrangements Order of 9 October 1997, Territories and Local Government transferred to the Department from the former Department of Environment, Sport and Territories.

OVERVIEW

At the same time the Maritime program transferred from the Transport and Regional Development portfolio to the Workplace Relations and Small Business portfolio.

Integrating new functions with an established organisation brings different cultures together in the work place. As with our policy and administrative roles, we have had opportunities for broadening and strengthening our leadership, our learning and our people as our first priority.

We are a national organisation through our national policy, regulatory and program functions. As well as our central office in Canberra we have a small presence in the States and Territories through our roles in air safety investigation and aviation security and territory administration.

At 30 June 1998 there were 763 staff in the Department—with 95 per cent of those located in Canberra—an increase of 41 from the previous year mainly due to the transfer of functions.

The year has also been an active one for reviewing and realigning parts of our structure to position the Department for 1998–99.

The alignment of Regional Development, Territories and Local Government reflects a grouping of a diverse and dynamic range of functions that flows from the need to respond to new priorities and budget outcomes for regional Australia, local government and the Territories.

Both the Aviation group and Corporate have new structures for 1998–99.

The Aviation group comprises two divisions—Airports and Aviation—with the Airports Division having functional oversight of the leased federal airports and the remaining areas of the Federal Airports Corporation, as well as aviation environment.

More strategic groupings in Corporate have been set up to ensure that the Department has the capability to operate successfully in a more business-like, contestable and high performance Australian Public Service environment. The rationale for the change is also to provide a high level of administrative and transport policy advice and client service, and to underpin new corporate governance requirements. Throughout 1998 Corporate has been market testing its information technology infrastructure.

In April 1998 the communications research functions of the Bureau of Transport and Communications Economics transferred to the Department of Communications and the Arts. The Bureau is now known as the Bureau of Transport Economics.

The Executive and executive committees

The Executive, comprising the Secretary, Allan Hawke, Deputy Secretary, John Bowdler and the new position of Executive Coordinator Aviation, Peter Harris, operates through a series of formal meetings that includes all Divisional Executives.

The Secretary chairs weekly Divisional Executive Meetings and monthly Division Meetings at which key staff present progress reports on policy and strategies. In recognition of the importance of our people the Secretary also chairs the quarterly People and Organisation Committee. The Deputy Secretary chairs the quarterly Planning, Evaluation and Audit Committee.

Under our proposed new governance framework, in 1998–99, the new Executive Group will formally include the existing Executive and the Divisional Executives—twelve members in all. They will provide the strategic direction and decision making which is essential as we move into the next phase of enhanced corporate governance.

Results through People

The binding force for organisational and individual improvement is our Results through People philosophy.

Two years ago we conducted our first staff survey and in May 1998 our second. The surveys have been a continuous improvement tool, providing a more measurable way of focusing our efforts in areas where we need to do better.

They have provided the foundation for our goal of accreditation as an *Investor in People* in 1999. We chose to be a leading agency in adopting *Investors in People* (IiP) in the Australian Public Service and Australia.

The continuous review and improvement of how we develop our people as individuals; and how they contribute to the overall development of others in the organisation is a serious long-term part of the Department's management responsibilities to ensure high standards of work performance into the future.

The overall picture from the 1998 staff survey is a very positive one, with gains in many areas since 1996. This strong result reflects the concerted efforts of many people to address the shortcomings identified in our first survey. However, there is still more to do.

The six areas highlighted by our 1998 survey are the main focus of our *Results through People* framework.

On the *results* side, accountability and perceptions of the quality of our outputs are the main themes.

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Under the *through* category, improving the clarity of our corporate goals is essential. We are starting work on a new Corporate Plan that is a clear, simple statement of our aims, how we will achieve them, and our people commitment.

Also under the *through* heading we will continue to improve the quality of our systems and structures such as through our new governance arrangements and the new financial management information system. Better coordination between our business units is a priority.

On the *people* side, leadership is an ongoing focus. There are also 'quality of working life' issues to address, including workloads, career paths, gender, culture, diversity and making better use of our people's skills and abilities.

The Department's Certified Agreement and Workplace Diversity Plan are the principal mechanisms which commit the Department to make the essential changes.

Initiatives include:

- improved flexibility in working arrangements;
- establishing a framework for sustained high performance;
- a rewards and recognition scheme;
- attracting a diverse range of people to work in the Department;
- encouraging our people to develop their diverse skills so that they can contribute to their maximum potential;
- making use of and recognising the diverse skills, cultural values and backgrounds of our people; and
- ensuring workplace structures, systems and procedures recognise the diverse circumstances of employees and assist them to balance their work and personal lives.

Leadership

We have raised expectations about our leaders. We have made a real commitment in drawing the scope of leadership down into the heart of the organisation. Our people at all levels have been involved in a mix of formal coursework and work-based projects designed to encourage genuine leadership from those who are meant to lead and a better understanding, and input, from those who are potential leaders.

By the end of 1998 all senior officers and executives will have participated in stage one of our Leadership Program which started two years ago. At the next level the Results through People workshop is a complementary program for administrative service officers and our newer executives who aspire to be better leaders, managers and supervisors and more effective in their personal contribution.

More about the Department

In this report more information about the Department's outputs and performance is provided in the Program Performance Reports. Each performance report includes specific indicators on equity in policy development and service delivery, and progress towards Year 2000 compliance. The performance report for Sub-program 5.2 Management Support and Advice expands on the Corporate Overview.

The appendices provide detailed information such as is included in the Freedom of Information Statement (Appendix 1); Staffing Overview (Appendix 4); Internal and External Scrutiny (Appendix 6) and Social Justice and Equity (Appendix 9).

More information about the Department is available through the contact officers listed at the beginning of each of the sub-program performance reports, the Freedom of Information Coordinator (see Appendix 1) and Communications and Public Affairs (see Appendix 2).

Information is also available on our Internet site at www.dot.gov.au and by writing to the Department or by telephone or facsimile.

Year 2000 compliance

The Department is continuing to address potential deficiencies related to the Year 2000 or millennium bug problem. Work is continuing towards testing existing systems, and where necessary, modifying, improving or replacing these systems.

A Senior Executive has been designated to lead a cross-departmental working group which reports to the Executive on progress in certifying departmental systems as Year 2000 compliant.

The Department and its agencies are in close contact with industry sectors to ensure awareness of the Year 2000 issues. Reporting frameworks are being put in place to gauge progress across the portfolio.

The aviation sector has been identified as a key sector needing to be Year 2000 compliant for day-to-day operations to continue uninterrupted throughout Australia.

As part of the Government's Year 2000 National Strategy, the Department has established a 'Y2K Aviation Committee' to report regularly to the Government on Year 2000 compliance of the aviation industry, with particular emphasis on airports and air traffic control.

Another critical area is ensuring that a plan is in place to lessen the risk of Year 2000 problems obstructing the delivery of services to the remote Territories.

PORTFOLIO PROGRAM STRUCTURE

Program	Sub-programs⁽¹⁾
1. Aviation	<ul style="list-style-type: none"> 1.1 Aviation Policy 1.2 Aviation Operations 1.3 Investigating for Safety 1.4 International Air Services Commission⁽²⁾⁽³⁾ 1.5 Civil Aviation Safety Authority⁽³⁾ 1.6 Federal Airports Corporation⁽³⁾ 1.7 Airservices Australia⁽³⁾
2. Land Transport	<ul style="list-style-type: none"> 2.1 Road and Rail Policy Development 2.2 Federal Office of Road Safety 2.3 Australian National Railways Commission⁽³⁾
3. Maritime Transport	See the Department of Workplace Relations and Small Business Annual Report 1997–98
4. Regional Development	<ul style="list-style-type: none"> 4.1 Regional Development
5. Corporate Direction and Support	<ul style="list-style-type: none"> 5.1 Executive 5.2 Management Support and Advice 5.3 Research
6. Territories and Local Government	<ul style="list-style-type: none"> 6.1 Executive and Coordination 6.2 Indian Ocean Territories 6.3 Norfolk Island and Other Territories 6.4 National Office of Local Government 6.5 National Capital Authority⁽³⁾

(1) From 1998–99 programs and sub-programs will be replaced by output classes.

(2) The Department provides resources for secretariat support to the Commission.

(3) These portfolio bodies report separately in their own annual reports. The Department administers the other sub-programs.

PROGRAM PERFORMANCE REPORTS

PROGRAM STRUCTURE

The performance reporting sequence follows the program structure presented in the Department of Transport and Regional Development Portfolio Budget Statements 1997–98 but with two administrative changes following the Administrative Arrangements Order of 9 October 1997.

The Maritime Program (formerly Program 3) transferred to the Workplace Relations and Small Business portfolio. Reporting for the Maritime Program is in the 1997–98 Department of Workplace Relations and Small Business Annual Report.

The Territories and Local Government Program (now Program 6) transferred to the Transport and Regional Development portfolio from the former Environment, Sport and Territories portfolio. This program appeared as Program 5 in the Department of Environment, Sport and Territories Portfolio Budget Statements 1997–98 and Program 6 in the Department of Transport and Regional Development Portfolio Additional Estimates Statements 1997–98.

PERFORMANCE REPORTING

Performance reporting for each sub-program is presented against the objectives and strategies from the Department of Transport and Regional Development Portfolio Budget Statements 1997–98. There are instances where an objective has been amended, strategies combined or reordered, and additional strategies and performance indicators included to achieve more output-based performance reporting.

This is a transitional Annual Report in that it bridges the change from program-based reporting to one with an outputs focus. The report reflects some of the thinking behind the Department's move to output-based accrual budgeting and reporting for 1998–99, which appeared for the first time in the Department's Portfolio Budget Statements 1998–99.

ACCESS TO INFORMATION

Further information about this report and the portfolio is available in several ways.

- A contact officer, at executive management level, is provided at the beginning of each sub-program performance report; also each sub-program report has an organisation chart with the names of senior executives and managers who were responsible for each area at 30 June 1998.
- *Appendix 1: Freedom of Information* sets out arrangements for access to various types of information.
- *Appendix 2: Information Available on Request* lists categories of information available within 30 days of a request to the Department.
- This report and other information about the Transport and Regional Development portfolio are available on the Internet (www.dot.gov.au).

PORTFOLIO FINANCIAL AND STAFFING RESOURCES SUMMARY

The figures in the total below include components of appropriations for all program items in the portfolio, except in the case of staffing figures—refer to note (3).

A reconciliation of programs and appropriation elements, broken down by sub-program, is shown at Appendix 11.

Running costs and staffing costs, figured in the resource tables for individual sub-programs administered by the Department, do not include an allocation of corporate overheads to reflect the benefits derived by those sub-programs as presented in the 1996–97 Annual Report.

	1996–97 Actual (\$'000)	1997–98 Budget ⁽¹⁾ (\$'000)	1997–98 Actual (\$'000)
Components of appropriations			
Program costs	1 636 874	2 609 752	2 457 980
Running costs	87 223	85 817	77 658
Total appropriations	1 724 097	2 695 569	2 535 638
Less adjustments	(216 446)	(53 731)	(71 163)
Total outlays	1 507 651	2 641 838	2 464 475
Total revenue ⁽²⁾	(177 628)	(137 451)	(169 471)
Staffing ⁽³⁾			
Staff years (actual)	792.2	726.7	729.8

(1) Budget figure amended to include Additional Estimates.

(2) See Budget Paper No. 1 for a description of items included in revenue (1997–98 BP1, page 5-3).

(3) Staffing figures apply to the Department only.

Programs

- 1. Aviation**
- 2. Land Transport**
3. [Maritime Transport—see the Department of Workplace Relations and Small Business Annual Report 1997–98]
- 4. Regional Development**
- 5. Corporate Direction and Support**
- 6. Territories and Local Government**

PROGRAM 1

AVIATION

OBJECTIVE

Safe, secure and efficient air transport services and appropriate infrastructure, operating within acceptable environmental standards and responsive to user requirements.

SUB-PROGRAMS

- 1.1 Aviation Policy**
- 1.2 Aviation Operations**
- 1.3 Investigating for Aviation Safety—Bureau of Air Safety Investigation**
- 1.4 International Air Services Commission**

ADMINISTRATIVE CHANGES

The Aviation Policy and Aviation Operations sub-programs are restructuring early in 1998–99, and in future will report as the Aviation business unit and the Airports business unit.

1. AVIATION

PROGRAM 1: AVIATION, FINANCIAL AND STAFFING SUMMARY

Sub-program	<u>Outlays</u>			<u>Staffing</u>
	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)	1997-98 Actual (staff years)
1.1 Aviation Policy	6 433	56 443	34 706	63.6
1.2 Aviation Operations	62 568	120 229	79 441	67.2
1.3 Investigating for Safety	9 793	9 253	8 815	77.5
1.4 International Air Services Commission	1 172	1 144	961	8.0
Total	79 966	187 069	123 923	216.3

(1) Budget figure amended to include Additional Estimates.

1.1 Aviation Policy Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs	6 560	8 332	7 320
Program costs			
Remote Air Services Subsidy scheme	1 262	1 264	1 264
International Civil Aviation Organisation— contribution	1 047	1 302	1 297
Federal Airports Corporation—payment for runway extension at Adelaide Airport	—	25 000	25 000
Payment to South Australian Government— payment for runway extension at Adelaide Airport	—	20 000	—
National Aviation Consumer Organisation	—	10	10
Reimbursement to airport lessee companies of costs associated with the collection of parking fines	—	600	178
Total appropriations	8 869	56 508	35 069
Less adjustments	(2 436)	(65)	(363)
Total outlays	6 433	56 443	34 706
Total revenue ⁽²⁾	(278)	(1 637)	(2 660)
Staff years	79.9	63.0	63.6

(1) Budget figure amended to include Additional Estimates.

(2) See Budget Paper No. 1 for a description of items included in revenue (1997-98 BP1, page 5-3).

1. AVIATION

1.2 Aviation Operations Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs	7 732	7 283	6 471
Program costs			
Sydney West Airport—expenses for rental properties	197	1 016	44
Environmental impact studies for selection of second Sydney airport site	5 642	9 416	4 938
Second Sydney Airport land acquisition and works	153	7 997	512
Implementation of Noise Amelioration Program for Sydney Airport	49 026	94 527	68 386
Total appropriations	62 750	120 239	80 351
Less adjustments	(181)	(10)	(910)
Total outlays	62 569	120 229	79 441
Total revenue ⁽²⁾	(38 746)	(43 832)	(39 423)
Staff years	85.2	68.3	67.2

(1) Budget figure amended to include Additional Estimates.

(2) See Budget Paper No. 1 for a description of items included in revenue (1997-98 BP1, page 5-3).

1.3 Investigating for Aviation Safety—Bureau of Air Safety Investigation Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs	9 621	8 943	8 553
Program costs			
Search and rescue	300	380	316
Total appropriations	9 921	9 323	8 869
Less adjustments	(128)	(70)	(54)
Total outlays	9 793	9 253	8 815
Staff years	95.8	79.1	77.5

(1) Budget figure amended to include Additional Estimates.

1.4 International Air Services Commission Resource Table

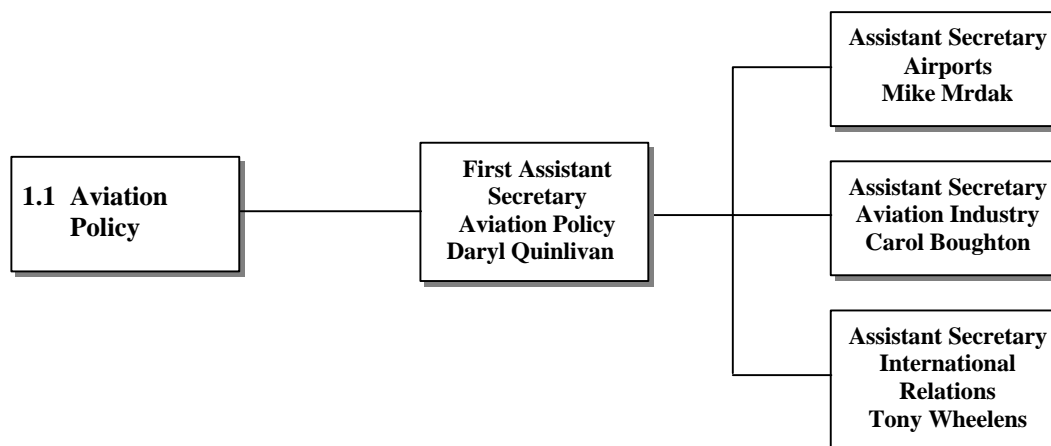
	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs	1 174	1 146	963
Total appropriations	1 174	1 146	963
Less adjustments	(3)	(2)	(2)
Total outlays	1 172	1 144	961
Staff years	11.1	9.4	8.0

(1) Budget figure amended to include Additional Estimates.

Note: Figures may not add to total due to rounding.

1.1 Aviation Policy

Contact officer: Daryl Quinlivan (02) 6274 7392



Objective

Effective management of the Commonwealth's interest in a safe, secure, efficient and internationally competitive aviation industry, to the benefit of Australians.

Strategies

- Manage the range of commitments made by the Government in liberalising international air services while contributing to a Productivity Commission review of policy arrangements. The overall aim is to provide greater opportunities for airlines to develop passenger and freight traffic to and from Australia, benefiting consumers and Australian aviation and non-aviation industries.
- Ensure appropriate recognition of aviation policy interests, the provisions of the *Airports Act 1996*, and the public interest provisions of the Head Lease as part of the sale of long-term leases for Phase 2 federal airports.
- Provide a policy link between competition authorities and commercial interests in domestic airport and aviation markets (including the new airports regulatory regime) consistent with consumer interests, while meeting national social and community needs.
- Contribute to improving the Civil Aviation Safety Authority and Airservices Australia working relationships and performance, including undertaking a structural review of Airservices Australia to improve customer focus and the viability of subsidised airports.
- Promote improved aviation-related trade relationships with and within the Asia-Pacific region.

1.1 AVIATION POLICY

Overview

The Sub-program:

- provides advice to the Government on aviation issues;
- establishes the framework for international airline operations and manages Australia's participation in the work of the International Civil Aviation Organization;
- manages the policy framework in which the Federal Airports Corporation, Airservices Australia, the Civil Aviation Safety Authority and Australia's aviation industry operates; and
- develops and implements the regulatory regime for leased federal airports.

During the year the Department was again a major influence in the Government Sales Team's successful sale of 14 federal airports. The transfer of shareholder responsibilities in Essendon Airport and the four Sydney Basin airports, including Sydney (Kingsford Smith) Airport, to the Finance and Administration portfolio was also completed.

This ensures that the Department's role as a regulator under the *Airports Act 1996* is applied equally to all federal airports, and is unaffected by considerations of ownership. The Sub-program has a continuing regulatory role for the privatised airports in accordance with the *Airports Act 1996*.

The Department advised on the wind-up of the Federal Airports Corporation and residual issues relating to the former Commonwealth Aerodrome Local Ownership Plan operations.

Key results for the aviation industry were eliminating the Airservices Australia component of the duty on avgas in favour of direct charges, and harmonising civil aviation safety regulations with international standards. The Sub-program played a leading role in introducing a Slot Management Scheme to manage the limited capacity at Sydney Airport more effectively and in the review of the airport's capacity to cope with the expected 2000 Olympic Games traffic.

A review of Airservices Australia was undertaken to assess which of its functions might benefit from introducing competition. The aim was to achieve improved services, with the pre-condition of maintaining safety. The review was necessary following the introduction of location specific pricing, after many years of discussion.

The short-term impact of location specific charging on regional areas was softened by the Minister's success in negotiating a temporary Budget subsidy.

The Department negotiated and administered arrangements for scheduled and non-scheduled international passenger and freight air services—which led to more

liberal bilateral and multilateral freight arrangements with various economies. It has a continuing role in encouraging competition between Australian and foreign airlines in providing these services, and developing liberal and flexible aviation services. The Sub-program represented Australia as a key member of the APEC Transportation Working Group, which has recommended options for liberalising air services between member economies.

Performance indicators and results

Degree to which revised policies expand international air services arrangements to the benefit of consumers and Australian industry

During the year the Sub-program held 20 bilateral aviation consultations with 17 countries. These negotiations:

- increased capacity and expanded route and traffic rights for passenger services;
- allowed the operation of unrestricted capacity, routes and frequencies for dedicated freight services with Luxembourg, Singapore, Germany and Taiwan;
- established 58 B747 equivalent units of dedicated freight capacity available per week in our other air services agreements, covering all our major freight markets (an increase of 122 per cent over 1996–97); and
- increased total passenger capacity, for services to and from Australia by Australian and foreign international airlines, to 35.8 million seats per year (an increase of 11.7 per cent over seats available at the end of 1996–97). The expanded passenger capacity also increases capacity for airfreight carried in the belly-hold of passenger aircraft.

During the year 184 passenger charters and 291 freight charter flights were approved—compared with 423 passenger and 552 freight charter flights in the previous year. These approvals included passenger programs by Britannia Airways and freight programs by Pacific Air Express and Kitty Hawk Aircargo on behalf of Ansett Air Freight.

Charter operators taking increasing advantage of the Department's exemptions from the need for prior approvals, and the rapid rise in capacity available for scheduled services, have led to a reduction in the number of passenger and freight charter services approved during 1997–98.

Two additional Australian airlines were licensed by the Department to operate international air services in 1997–98—Flight West Airlines and Qwestair (freight). Three additional foreign airlines—China Southern Airlines, Continental Micronesia and UPS (freight)—were issued licences to conduct air services to Australia. Addition of these airlines operating to and from Australia provides more choice for consumers and facilitates the growth of both freight traffic and inbound tourism.

1.1 AVIATION POLICY

Degree to which the Department has worked with other agencies to ensure domestic airport and aviation markets operate consistently with consumer interests

Leased federal airports

The Government completed the successful sale of long term leases for a further 14 (Phase 2) federal airports: Adelaide, Alice Springs, Archerfield, Canberra, Coolangatta, Darwin, Hobart, Jandakot, Launceston, Moorabbin, Mount Isa, Parafield, Tennant Creek and Townsville.

The Government corporatised the remaining federal airports: Sydney, Bankstown, Hoxton Park, Camden and Essendon. They are subject to the *Airports Act 1996* to ensure competitive neutrality. These airports, while remaining fully in public ownership, operate under the same comprehensive regulatory regime as the privatised federal airports. The new corporate entities took up the leases for these airports on 2 July 1998.

During the year, the Government's attempt to achieve the freehold sale of general aviation airports was prevented by some State governments, which would not establish appropriate legislative arrangements for leasing and licensing on airport land.

Regulation of federal airports

The Department is responsible for ensuring the obligations under the airport leases, sale agreements and the requirements of the *Airports Act 1996* are met.

In leasing 17 airports to private operators and corporatising the remaining five Commonwealth-owned airports, the Department has developed and implemented an environment and land-use planning regulatory regime to ensure public interest is fully protected.

Airport lessee companies are required to obtain Government approval for their environmental management strategies. Regulations set down environmental standards to apply at the leased airports. Lessees are required to submit airport Master Plans and Major Development Plans for ministerial approval after extensive public consultation. Building activity at the airports also requires approval under Commonwealth regulations.

The Airports Act's regulatory structure requires that an Airport Environment Officer and Airport Building Controller are appointed at each major leased airport and are responsible for enforcing public accountability and standards in relation to environmental controls and building approvals. The AEO and ABC act on behalf of the Commonwealth in their respective roles at the airports.

As well, the Airports Act and associated regulations also cover ownership requirements, restrictions on the transfer of leases, the powers of airport operators, land-use controls, financial and other reporting requirements on airport operators,

access provisions, demand management and quality of service monitoring. Through the Act the Department will attempt to ensure the airports operate as competitive businesses in a safe environment.

Pricing policy

In consultation with airport operators and the Australia Competition and Consumer Commission, the Department developed, and is implementing a new pricing policy for the leased federal airports. A price cap will operate for the first five years to ensure aeronautical charges fall in real terms by limiting increases in these charges to the Consumer Price Index minus a factor determined for each airport. The caps are: Canberra and Townsville, 1.0 per cent; Launceston 2.5 per cent; Alice Springs, Darwin and Hobart, 3.0 per cent; Melbourne and Adelaide, 4 per cent; Brisbane and Coolangatta, 4.5 per cent; and Perth, 5.5 per cent.

Airport operators are also required to report to the ACCC on the quality of service and financial performance of their operations.

Sydney Airport capacity

The Department was the architect of changes to managing air traffic at Sydney Airport. Following industry consultation, the *Sydney Airport Demand Management Act 1997* was enacted on 17 November 1997. The Act enshrines a cap of 80 hourly movements and establishes a framework for a slot management scheme.

Detailed Slot Management and Compliance schemes were tabled in Federal Parliament in March 1998 and June 1998 respectively. The Slot Management Scheme came into effect for the scheduling season beginning 29 March 1998. The Compliance Scheme comes into effect on 25 October 1998.

The Slot Management Scheme is delivering for Sydney Airport:

- less clustering of flights in airline schedules;
- greater predictability for investment;
- fewer delays, and as a consequence fewer delays at other airports;
- reduced time spent by Airservices Australia rescheduling airlines, thereby increasing resources available for core responsibilities;
- guaranteed access for NSW regional communities; and
- less fuel waste leading to savings in costs and reduced emissions.

An additional benefit may be airlines rescheduling movements to improve the balance of arrivals and departures at certain peak times.

1.1 AVIATION POLICY

The Department administers the Scheme, which allows airport management and the airlines to take ownership of the problem of slot management and the solutions. Access to Sydney Airport is not an unlimited resource and better airport performance is dependent on improved cooperation and planning. As well as taking an ongoing role in reviewing implementation of the Scheme, the Department chairs the Compliance Committee that assesses breaches of the slot scheme.

A review of Sydney Airport's capacity to cope with the expected 2000 Olympic Games traffic was completed and submitted to the Ministerial Committee on the Sydney 2000 Games. The review used forecasts of passenger and aircraft movements prepared by the Department.

It reaffirmed earlier conclusions that Sydney Airport should cope with forecast traffic demands at the time of the Games, within the current curfew and cap of 80 movements per hour—and as long as Sydney Airport moves quickly to implement its planned investment program.

Avgas duty

The Government has eliminated the Airservices Australia component of the duty on aviation gasoline in favour of direct charges. The en-route component of the avgas duty (2.6 cents per litre) was removed in May 1998 and the remaining Airservices Australia component (13.092 cents per litre) for terminal navigation services removed from 1 July 1998. The removal of the Airservices Australia component of the duty means avgas powered aircraft operators will no longer be contributing to services they do not use.

Consumer protection

Amendments to the *Civil Aviation (Carriers Liability) Act 1959* and the *Civil Aviation Act 1988*, effective from 24 March 1998, will improve consumer protection by simplifying the administration of the national scheme requiring commercial air carriers to carry mandatory non-voidable passenger liability insurance. These amendments also clarify necessary delegations and enforcement powers between the Commonwealth and the States.

Safety regulation

Amendments to the *Civil Aviation Act 1988* were introduced in June 1998 to facilitate the introduction of a new set of civil aviation safety regulations which are clear, consistent and internationally harmonised.

To ensure passengers have a clear understanding of the services they are purchasing, the Department is progressively negotiating consumer protection provisions into the code share clauses of Australia's air services arrangements.

Approvals for code shared services issued by the Department are granted on condition that participating international airlines take all reasonable steps to ensure passengers are informed at the point of sale of the airline actually operating the service.

Consultation

The Department participated in consultations with state tourism agencies, peak tourism bodies (such as the Australian Federation of Tourism Agents and the Tourism Council of Australia), airport operators, and the Australian Tourism Commission. This was primarily through attendance at all Tourism Aviation Group meetings hosted by the Department of Industry, Science and Tourism.

These consultations provide two-way communication on international aviation issues with major stakeholders in the tourism industry and with the Departments of Foreign Affairs and Trade and Primary Industries and Energy on all bilateral aviation consultations. Qantas and Ansett, DFAT and DIST continued to accept the Department's invitations to participate in Australian delegations to these consultations.

In December 1997 the Productivity Commission began an inquiry into the effects on competition of Australia's bilateral air services arrangements and options for further liberalisation. The inquiry has provided an opportunity for interested parties to publicly present their perspective on Australia's policy on international air services.

The Department made a written submission to the Productivity Commission's inquiry and gave evidence at the Inquiry's public hearings in March 1998. The submission is available from the Department's Internet site (www.dot.gov.au).

The Department, in conjunction with other departments, agencies and airlines, conducted a comprehensive review of the content and format of passenger cards with the result that a more streamlined version will be introduced from 1 July 1998. In future passengers will only need to complete a single card instead of the current passenger card and travellers statement.

In October 1997 the Department coordinated the Government's response to *JET FRESH: Paddock to Plate*, a report of the House of Representatives Standing Committee on Communications, Transport and Micro Economic Reform inquiry into air freight exports of perishable and time-sensitive products. All of the Committee's recommendations were accepted by the Government, and are now being implemented by the relevant agencies.

The Department has been directly involved, through various industry forums and seminars, in stressing the importance of interested parties putting their views forward in an effective, timely and coordinated manner.

As an on-going process, the Department also receives and takes into account submissions from local governments, producers, carriers, exporters and importers and any other interested party.

International airports

The Minister for Transport and Regional Development, Mark Vaile, designated Canberra Airport as an international airport on 14 May 1998. The Department

1.1 AVIATION POLICY

upgraded Coolangatta airport from the category of 'alternate international airport' to 'restricted use international airport'. These new designations will facilitate operations of international services to and from these airports.

During the year the Department assumed responsibility for the National Advisory Facilitation Committee from the Federal Airports Corporation. The Committee deals with national facilitation of passengers, cargo and mail through Australia's international airports. It began developing a program, with best practice benchmarks, to monitor the performance of various operations such as passenger clearance and baggage delivery.

Remote aerodromes

A Review of Aerodromes Serving Remote Indigenous Communities is being undertaken by the Department and the Aboriginal and Torres Strait Islander Commission. The review will consider the communities' needs for access to air services and the ongoing basis and management responsibility for the aerodrome inspection service.

The Department and ATSIC are overseeing a consultancy (funded by ATSIC) to assist the review. The Department has taken over responsibility from the Civil Aviation Safety Authority for providing safety inspections of 59 aerodromes serving remote indigenous communities in Northern Australia. A twelve-month contract to undertake the inspections began in May 1998.

Efficiency and effectiveness of the policy framework, working relations and performance of portfolio aviation authorities in meeting their governance and service obligations

Following the airport sales and corporatisation process, the Federal Airports Corporation will be wound up by 24 September 1998. The FAC produces its own annual report which contains further information on its performance.

Airservices Australia developed new location specific charges for terminal navigation services for introduction on 1 July 1998. While the Government supported the pricing reform it was aware of the potential adverse impact on users of some regional and general aviation airports. The Government is providing \$13 million over two years to allow a progressive introduction of these charges.

Airservices Australia and the aviation industry, through surcharges at capital city airports, are also contributing to the cost of this transition.

With assistance of a consultant and Airservices Australia, the Department conducted a structural review to identify whether, and how, introducing competition to the commercial and potentially commercial activities of Airservices Australia would improve the cost-effective delivery of those activities. The review recommended changes to the structure of Airservices Australia to facilitate introducing competition. The report was provided to the Government in March 1998.

Extent to which aviation related trade with the Asia/Pacific region has been promoted and improved

Montreal Protocol No. 4 on air carrier liability, which came into force in June 1998, permits the introduction of electronic documentation for air cargo. The Department developed legislative provisions under the *Civil Aviation (Carriers Liability) Act 1959* giving force of law in Australia to the Protocol, which began on 22 June 1998.

Australia was active in the International Civil Aviation Organization's effort to modernise the international legal framework for air carrier liability (the Warsaw System). The draft text includes introducing a two-tier liability regime for passenger injury or death, with a first tier liability up to 100 000 SDR (Special Drawing Rate) and a second tier fault liability without pre-specified limits.

Other features include an escalator clause for the periodic revision of liability limits and the possible introduction of an additional, fifth jurisdiction for passenger-related claims. This system is to be considered by the ICAO member States at a Diplomatic Conference in May 1999.

The Protocol on an Amendment to the Convention on International Civil Aviation (the Chicago Convention), Article 83 bis, entered into force in June 1997. It enables the transfer, by agreement, of safety regulatory responsibilities for leased aircraft from the State of registration to the State in which the operator of the aircraft is based. This will permit more effective safety oversight of such aircraft.

The Department represented Australia as a key member of the APEC Transportation Working Group which, in April 1998, recommended to the Transportation Ministers eight options for liberalising air services between member economies. Australia supported all options recommended by the Group and strongly advocated the liberalisation of airfreight by APEC member economies.

A strategy was established by the Department to encourage countries in the South Pacific to rationalise air services, particularly through developing greater flexibility in air services arrangements among regional partners. Fiji, Vanuatu and the Solomon Islands have formally committed to the strategy through bilateral discussions initiated by the Department. Effectiveness will depend on the willingness of South Pacific nations to conclude liberalised arrangements among themselves.

On 4 May 1998, the South Pacific Forum Aviation Ministers met in Suva, with Australia represented by the Parliamentary Secretary, Michael Ronaldson. Ministers endorsed an action plan for the efficient management of airspace, liberalising air services, and promoting aviation safety and security in the South Pacific.

Australia and the Republic of Indonesia signed an Annex on Cooperation in Aviation Training, pursuant to the Memorandum of Understanding on Cooperation in the Transport Sector. The Annex, prepared by the Department, provides for cooperation in aviation training and export opportunities for Australian aviation training organisations.

1.1 AVIATION POLICY

Equity in policy development and service delivery

The Department is working with various agencies, airport operators and airlines in Australia, and with ICAO, to develop and implement standards to make aviation travel more accessible to persons with disabilities.

The Remote Air Services Subsidy Scheme provides subsidies to operators of airlines to provide services where there are no suitable alternative forms of transport to communities in remote areas. In 1997–98 the Government provided more than \$1 million in direct subsidies to five operators in Queensland, the Northern Territory, South Australia and Western Australia.

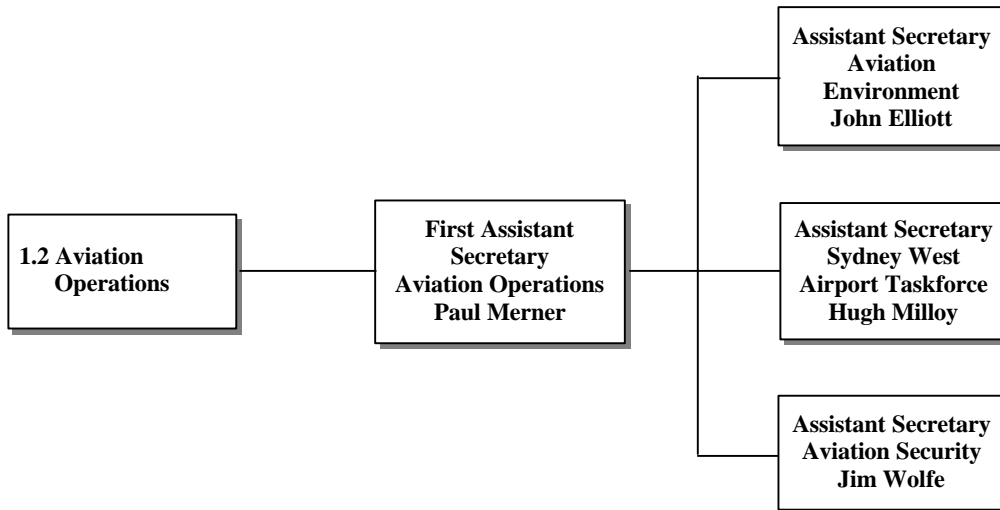
Progress towards Year 2000 compliance

The aviation sector was identified as a key sector needing to be Year 2000 compliant for day-to-day operations to continue uninterrupted throughout Australia.

As part of the Government's Year 2000 National Strategy, the Department agreed to establish a 'Y2K Aviation Committee' to report regularly to the Government on Year 2000 compliance of the aviation industry, with particular emphasis on airports and air traffic control.

1.2 Aviation Operations

Contact Officer: Paul Merner (02) 6274 7086



Objective

The Aviation Operations Sub-program is committed to planning for infrastructure and providing a policy and operational framework ensuring effective management of an environment sensitive, efficient and secure aviation industry.

Strategies

- Work with portfolio aviation authorities and airport and community consultation committees to share, and where possible, minimise the impact of aircraft noise on communities in the vicinity of airports.
- Manage and consult widely on a range of studies to enable a decision to be made on the site and scale of initial development of Sydney's second major airport.
- Continue to assess effectiveness of current aviation security requirements and associated intelligence dissemination, training promotion, and security exercise activities. Monitor industry implementation of requirements.

Overview

The Department continued to direct its efforts to addressing increased community sensitivity to noise at Sydney and other major airports throughout Australia.

Significant effort was expended in assisting the Government to achieve a more equitable sharing of noise at Sydney Airport, and in developing measures to reduce the environmental effect of aircraft operations at other airports.

1.2 AVIATION OPERATIONS

Progress was made in the planning and environmental assessment of options for a second major Sydney airport. The Draft Environmental Impact Statement (EIS) on Badgerys Creek was released on 21 December 1997 and work began in April 1998 on the EIS Supplement, which will take account of the 15 650 submissions received in the exhibition period.

There was consultation with the community and other stakeholders throughout the EIS process. Good progress was also made on analysis of the economic issues raised by the second airport proposal.

The Department is continually examining the effectiveness and efficiency of its overall security regulatory role and compliance with security standards. This is achieved by: consultation with industry; legislative and regulatory review; a program of inspection of airports, airlines and regulated cargo agents; and testing and adjustment of security practices. The Department was also involved in addressing the increased security concerns that the Sydney 2000 Olympics is raising.

Performance indicators and results

Degree to which aircraft and airports operate in an environment sensitive manner

Sydney (Kingsford Smith) Airport

The Department has considerable involvement in arrangements that underpin the operation of aircraft and airports in an environment sensitive manner. It provides secretariat support to the Sydney Airport Community Forum, comprising Federal and State parliamentary, local council, community and industry representatives from around Sydney Airport.

Advice was provided to the Minister for Transport and Regional Development, Mark Vaile, on noise and related environmental problems at the airport.

The Department also participated in the work of the Implementation and Monitoring Committee charged with providing advice to Airservices Australia on implementing the Sydney Airport Long Term Operating Plan.

Following the preparation of a Proponent's Statement on the Long Term Operating Plan for Sydney Airport, the Minister for the Environment determined that an Environmental Impact Statement was not necessary to achieve the object of the *Environment Protection (Impact of Proposals) Act 1974*. The Minister did make a number of recommendations. These relate to environmental safeguards the Minister considered should be taken into account in implementing the Operating Plan.

The former Minister for Transport and Regional Development, John Sharp, subsequently directed Airservices Australia and the Federal Airports Corporation to implement the Long Term Operating Plan for Sydney Airport.

Not all stakeholders are satisfied with the operating plan. Woollahra, Randwick and the Botany Councils have lodged Federal Court challenges to the decisions made by the Minister for the Environment and the Minister for Transport and Regional Development. (See also Appendix 6: Internal and External Scrutiny, Decisions by courts and administrative tribunals.)

The Department has responsibility for administering ministerial dispensations under the *Sydney Airport Curfew Act 1995*, authorising aircraft to land or take off during the curfew at Sydney Airport. Of a total of 51 requests, 18 dispensations were issued under the Act.

Sydney Airport Noise Amelioration Program

Through its policy responsibility for the Sydney Airport Noise Amelioration Program, the Department continues to insulate those houses and eligible public buildings worst affected by aircraft noise.

Following the sale of Australian Operational Support Services, which had been managing delivery of the noise amelioration works on behalf of the Department, an effort was made to ensure there was no loss of project management continuity. The contract was taken over by Kilpatrick Green and extends to August 1999.

The Program has had positive results for the community. During the year insulation works were completed at Newington College, Kyeemagh Infants School and on 1109 houses. The results of noise testing after insulation works show that the Department is achieving its target of an average aircraft noise reduction of 10 dB(A) in bedrooms in brick houses, with 88 per cent achieving greater than 5 dB(A) improvement.

Land acquired by the Commonwealth under the Program in Sydenham will be transferred to Marrickville Council along with a contribution of \$2.1 million to enable the Council to redevelop the site as community open space. The Commonwealth and the Coptic Orthodox Church jointly acquired a property in Bexley from the NSW Department of Education and Training. A new church building, partly funded by the Commonwealth, will be constructed on the site to replace the existing church building in Sydenham.

Costs associated with the Program are recovered by the levy on jet aircraft landing at Sydney Airport under the provisions of the *Aircraft Noise Levy Act 1995*. Receipts of over \$39 million under the Act are reported in the Financial Statements. Under the *Aircraft Noise Levy Collection Act 1995*, Airservices Australia has been authorised to collect the levy on behalf of the Department.

An audit by the Australian National Audit Office of the management of the noise amelioration program found that overall the program is achieving its objectives.

1.2 AVIATION OPERATIONS

Airport environment committees

The Department also participates in meetings of airport environment committees at major Australian airports, which provide a forum for consultation between communities, airports, government agencies and the airline industry.

During 1997–98 the committee process was instrumental in addressing a number of aircraft noise concerns and ensuring that the communities around airports were consulted on proposed changes.

For example, following an announcement in January 1998 by the Minister for Transport and Regional Development, Mark Vaile, and after community and industry consultation, the Department developed arrangements for implementing a curfew at Coolangatta Airport. The main impact of the curfew will be to restrict jet aircraft operations between 11 pm and 6 am.

Degree of rigour and transparency in the planning and environmental assessment of the second Sydney airport proposal

The Department is playing a key role in developing the proposal to build a second airport for Sydney at Badgerys Creek. The Guidelines for the Environmental Impact Statement process require detailed analysis of the environmental and economic issues raised by the second airport proposal.

Independent experts are auditing the analyses and the methodology and results are open to public and professional scrutiny.

The work undertaken by the Department, with assistance from external consultants, included the following elements:

- policy advice to the Minister;
- publication of the Draft EIS, in December 1997, on three options for the development of the Badgerys Creek site;
- management of an extensive community consultation program during the preparation of the Draft EIS and the subsequent 12 week exhibition period;
- design of the Supplement to the Draft EIS in response to the EIS Auditor's report and 15 650 submissions received during the exhibition period;
- design of a public awareness campaign for the second airport proposal which will be undertaken while the EIS Supplement is being prepared and will complement the earlier community consultation program; and
- analysis of economic issues associated with a second airport for Sydney (in conjunction with the Department of the Treasury).

Development of the second Sydney airport proposal and the associated environmental assessment has required extensive consultation with various stakeholders, including the independent EIS Auditor, Environment Australia, community groups, State and local government agencies and a range of industry organisations.

Extent to which secure civil aviation operations have been fostered

Regulation

During 1997–98 legislative amendments were passed to improve civil aviation security, giving passenger terminal operators at Australia's major airports primary responsibility for screening passengers. The arrangements are sufficiently flexible to allow the designation of airlines (or other persons with an airline's consent) to take responsibility for terminal access at smaller airports where it is believed that screening is justified.

In addition, work was undertaken on proposed regulations relating to Aviation Security Identification Cards. The identification cards are unique, designed in consultation with industry and used solely for authorising access to security restricted areas of Australia's major airports.

Proposed regulations ensure current trespass arrangements at airports are enforceable under specific legislative provisions to prohibit unauthorised access, and to introduce suitable powers of removal. The new regime is expected to start early in the second half of 1998.

Security audits

During 1997–98 250 cargo-industry sites (covering 220 regulated agents) were visited to monitor their compliance with air cargo and mail regulations introduced in 1996. These audits found that industry has an increased awareness of the regulatory requirements and that correct procedures are being followed. The result is implementation, and consequent endorsement of, improved international cargo security arrangements.

As well, the Department conducted regular audits or inspections of the aviation security operations of 42 security-categorised airports and 46 individual airlines at each Australian port they fly to, or from. Complementing this continuing audit role, departmental officers continued a program of testing the efficacy of airport security measures.

These audit and testing arrangements provide a basis for assessing and advising airline and airport operators on matters that need specific and more timely attention or correction.

2000 Olympic Games

During the year the Department chaired the Aviation Security Olympic Working Group. The Group, comprising Commonwealth and State Government agencies, continues to identify and provide advice on issues related to 2000 Olympic Games

1.2 AVIATION OPERATIONS

aviation security matters. This advice will assist in improved security planning and appropriate security measures to be implemented in preparation for Olympic Games aviation activity.

Aviation security training

A national aviation security exercise program was conducted and included testing incident response arrangements and conducting security seminars. Twenty security training activities were held during 1997–98, including some specifically aimed at testing the responses of aviation and other agencies to potential security incidents.

Other training programs were provided for aviation industry staff to increase and improve awareness of aviation security issues and identify the role all airport and airline staff can play in improving aviation security outcomes.

Information and risk assessment

The Department continued to collect and disseminate intelligence to the aviation industry. It has developed and maintained relationships with relevant organisations to ensure timely information regarding security is available to appropriate parties.

In 1998–99 the Department will be completing work on risk assessment analysis and systemic approaches to aviation security. This will include better identifying the major risk areas in Australian aviation security and developing increased systematic and strategic responses to higher risk areas.

Equity in policy development and service delivery

The implementation of the Long Term Operating Plan for Sydney Airport is specifically directed towards more equitable sharing of the noise burden from aircraft operations, and is proceeding with extensive opportunities for community involvement.

A public consultation program was undertaken during preparation and exhibition of the Draft EIS on the second Sydney airport proposal. The program was based on the widespread distribution of brochures and other material, the use of a mobile access centre, and a series of information sessions held throughout the region. The 15 650 submissions from the public on the Draft EIS are being taken into account in preparing the Final EIS.

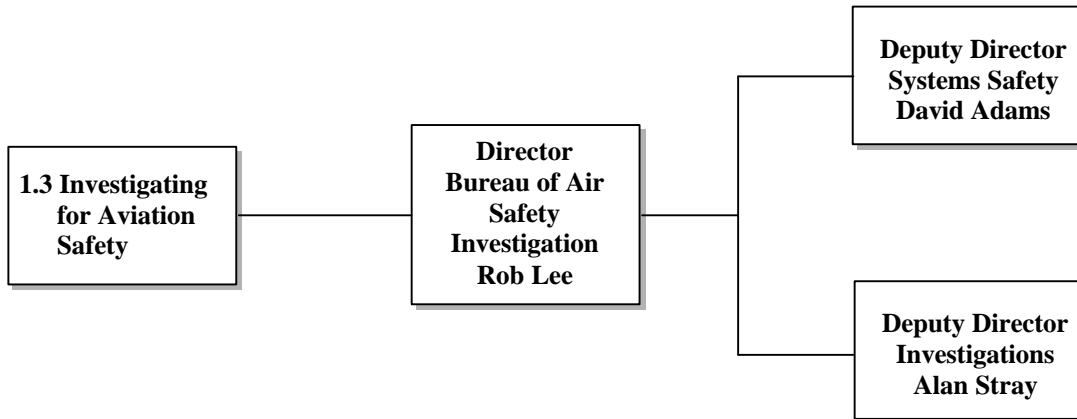
Progress towards Year 2000 compliance

The aviation sector was identified as a key sector needing to be Year 2000 compliant for day-to-day operations to continue uninterrupted throughout Australia.

As part of the Government's Year 2000 National Strategy, the Department agreed to establish a 'Y2K Aviation Committee' to report regularly to the Government on Year 2000 compliance of the aviation industry, with particular emphasis on airports and air traffic control.

1.3 Investigating for Aviation Safety— Bureau of Air Safety Investigation

Contact officer: Rob Lee (02) 6274 6431



Objective

Safe aviation.

Strategies

- Investigate selected aviation occurrences, conduct projects into issues of aviation safety and, where appropriate, make recommendations for change.
- Continue to improve analysis capability in air safety.
- Produce and distribute aviation safety information (safety studies, occurrence reports and the safety journal, *Asia-Pacific Air Safety*) to the Government, the aviation community and the general public.
- Contribute to and participate in key domestic and international aviation safety forums.

Overview

The primary role of the Bureau of Air Safety Investigation is the effective and timely investigation of aviation safety deficiencies and pro-active application of advanced new concepts of systems safety in line with world best practice.

BASI investigates accidents, incidents and safety deficiencies involving civil aircraft operations in Australia and overseas with primary concern for the safety of commercial air transport and fare-paying passengers.

1.3 INVESTIGATING FOR AVIATION SAFETY

BASI also investigates and studies the aviation system to identify and rectify underlying factors that can affect air safety and potentially become factors in accidents, and administers the Australian mandatory and confidential aviation occurrence reporting systems. On occasion BASI investigators are required to attend coronial inquests as well as other legal hearings and inquiries.

During the year emphasis was given to selected air safety investigation and safety program studies where failures in a system, or organisation, were identified as contributing factors.

For example, investigating an incident involving simultaneous opposite direction parallel runway operations at Sydney Airport led to a recommendation to undertake a systems safety analysis of the operations. A number of safety program studies, such as the Regional Airline Safety Study and BASI's INDICATE safety program, also addressed the monitoring and reporting of safety deficiencies at systemic and organisational levels.

The Bureau continued its policy of concentrating major safety investigations on occurrences involving fare-paying passenger operations. The majority of safety recommendations and all of the safety advisory notices issued throughout the year were related to fare-paying passenger operations.

BASI participated in a number of air-transport accident investigations within the Asia-Pacific region that involved carriers who operate in key segments of Australia's international passenger markets.

BASI's activities focused on accident prevention through early detection of safety deficiencies, the development of an effective safety culture in Australia and our Asia-Pacific region, and exchange of safety information with industry and the community.

The Bureau's reputation as a centre of excellence was enhanced through its assistance in aircraft accident investigations, providing information, and developing structured arrangements for mutual cooperation in air safety investigation in the region.

This was recognised through steps taken by other international organisations to seek and incorporate the Bureau's ideas, concepts, and procedures into their own operations.

There was a reduction in the number of high-profile occurrences investigated in 1997–1998, continuing the trend registered in the previous year. There was a small spending increase in the air safety investigation budget reflecting BASI's involvement in the investigation of five overseas air transport accidents during the year.

Significant resources were dedicated to training activities for newly appointed investigators and BASI staff as a whole. Courses included basic air safety investigation, human factors, media awareness, cross-cultural awareness, aircraft simulator, and helicopter accident investigation.

Performance indicators and results

The number, quantity and quality of investigations and safety studies undertaken

During the year 4195 occurrences were reported to the Bureau and entered into the database for systems analysis and statistical purposes. The occurrences were made up of 236 accidents and 3959 incidents—42 involved field investigations.

Safety investigation

An important investigation completed during the year involved a broken aileron cable in an Australian-registered Boeing B747-300 series aircraft. The incident occurred in August 1997 while the aircraft was taxiing for take-off at Brisbane Airport. BASI's recommendation that the aircraft manufacturer rectify the incorrect placement of the particular aileron cable and positioning placards was accepted.

This recommendation led the United States National Transportation Safety Board to recommend that the United States Federal Aviation Administration issue an airworthiness directive requiring that all operators of B747 aircraft, prior to line number 1130, conduct an inspection of the aileron cable control system.

Safety studies

Four studies were the core of BASI's System Safety program for the year. The aim of the studies was to identify deficiencies in the overall aviation system and suggest remedial programs, before they became factors in accidents and incidents. Where appropriate, projects were progressed in partnership with the aviation industry. The published reports on the four projects are:

- *Advanced Technology Aircraft Safety Survey Report;*
- *Stage One Report: Review of Clarity and Accessibility of Notice to Airmen (NOTAM) Information for the Aviation Industry;*
- *Evaluation of the BASI INDICATE Safety Program;* and
- *Violations of Controlled Airspace: Special Study.*

In the main these reports have been well received by the aviation community. The *Advanced Technology Aircraft Survey Report* attracted widespread attention from major operators in the Asia-Pacific region and one operator published a summary of the report in its company safety magazine.

The final segment of the Regional Airlines Safety Study was completed and released to interested parties for comment. The study identified safety deficiencies and made safety recommendations addressing key issues of regional airline safety such as flight operations and procedures, maintenance, check and training, and air traffic services.

Implementation and software guides were completed for the Bureau's INDICATE safety program which monitors safety performance of airlines and other operators.

The program has been adopted by domestic and overseas operators and is being possible adoption by IATA member airlines as a standard for self-audit.

- air safety implications arising from the Year 2000 computer date issues; Technology Air Traffic System, and

Safety recommendations

Advanced Technology Aircraft Safety Survey Study) and nine safety advisory notices

Of these, 43 recommendations and nine safety advisory notices concentrated on safety received, of which 19 were accepted and nine are still under review. Twenty-six

Advanced Technology Aircraft Safety Survey Report

A recommendation to the Civil Aviation Safety Authority and Airservices Australia category aircraft while operating within Mandatory Broadcast Zone or Common

This resulted from analysis of an incident involving air transport category aircraft recommendation and implemented changes to improve safety of aircraft operations in

A recommendation was issued to Airservices Australia to undertake a comprehensive Operations at Sydney Airport. A further recommendation was issued to CASA on the acceptable level of safety.

since been independently reviewed by an expert engaged by BASI. The outcome and

In February 1998 CASA introduced a trial of radar class E airspace in the -Ballina corridor. Although radar coverage had been increased in this

transponders, the carriage and use of transponders was not mandated for visual flight

rules aircraft during the trial. (Without an operating transponder, an aircraft would not be visible to the radar that monitors traffic at lower altitudes in this corridor.)

CASA worked in cooperation with the Bureau to resolve the standing of earlier BASI recommendations on the limitations of unalerted 'see-and-avoid' procedures, when used as the sole means for traffic separation. On completion of the trial, CASA made the use of transponders mandatory for all powered VFR aircraft operating in this airspace.

The quality and quantity of safety information produced and distributed

Investigations were completed and public reports released on 1287 air safety occurrences, 877 of which involved fare-paying passenger operations. This latter group of incidents involved Australian and foreign-registered aircraft operating air transport category services.

There were fewer of these incidents compared with those reported in the previous year. The incidents reported also included several serious occurrences of breakdown of air traffic separation standards within Australian airspace and within airspace to the north of Australia.

Compared with 1996–97, there was less requirement for assistance to coronial inquests. BASI investigators attended 11 inquests including the loss of Seaview Air Rockwell Commander 690B en-route from Williamtown to Lord Howe Island on 2 October 1994. Submissions to the Coroner about the crash of a Westwind freighter VH-AJS near Alice Springs in 1995 were finalised. The Coroner's findings are expected to be handed-down in the latter half of 1998.

Confidential aviation incident reporting

During 1997–98 the Confidential Aviation Incident Reporting program received 290 incident reports and issued 128 notifications of potential threats to aviation safety.

There was an increase from the previous year in the proportion of reports from air traffic service officers and pilots. These largely reflected concerns over air traffic control and services issues. Where reports raised specific safety issues, the reporter was de-identified under CAIR procedures. The issues were referred to CASA and other appropriate organisations for information and action.

Systemic incident analysis

The second stage of development of BASI's occurrence database system—the Systemic Incident Analysis Model—was completed. The model provides new ways of processing occurrence reports to determine which safety areas of the aviation system are most vulnerable. This will enable resources to be directed where they will be most effective in maintaining and improving air safety.

Briefings on SIAM were provided at industry forums in Australia and overseas, attracting a great deal of interest.

1.3 INVESTIGATING FOR AVIATION SAFETY

Safety publications and information

Four editions of the *Asia-Pacific Air Safety* magazine were published and distributed to a domestic and international readership exceeding 60 000 for each edition. The magazine provided relevant and topical safety information to all sectors of the industry, with particular emphasis on fare paying passenger operations and continued to attract high level, positive feedback.

The Bureau also published and distributed four editions of its *Regional Airline Safety Bulletin* to forty-five operators. The Bulletin covered a range of safety issues and safety information tailored to the needs of the regional airline industry.

In response to requests from the industry, government agencies, media and the public for air safety occurrence reports and related safety information, 742 searches were conducted on BASI's database. Responses to these clients were provided in a timely and effective manner.

BASI's Internet site (www.basi.gov.au) continued to attract an increasing number of downloads each week. The quantity and scope of information available on the site increased throughout the year and the site now contains hundreds of pages of accident and safety program reports, topical articles on air safety, and information explaining how the Bureau operates.

Web-site services offered to the aviation industry will be progressively widened in the coming year to enable on-line notification of occurrences and interactive database searches of occurrence summaries.

The level of cooperation with, and assistance to, external agencies

BASI participated in six international air safety investigations. The Bureau:

- participated in the on-site investigation of a Korean Air B747, which crashed on approach to Guam Airport on 5 August 1997;
- assisted in the on-site investigation of a DC8 freighter, which crashed shortly after take-off from Miami International Airport on 7 August 1997;
- in August 1997, following consultation with Korean authorities, BASI assumed responsibility for investigation of a breakdown of separation between a Qantas B747 and a Korean Airlines B747 south of Bangkok over international waters;
- participated in the investigation of the Garuda Airbus A300 accident (near Medan, Sumatra on 26 September 1997) and the SilkAir B737 accident (near Palembang, Sumatra on 19 December 1997) at the request of the Indonesian Aircraft Accident Investigation Commission; and
- assisted with the investigation of the China Airlines Airbus A300-600 accident (at Taipei on 16 February 1998) at the request of Taiwan's Civil Aeronautics Administration.

Ongoing assistance is being provided to these investigations with:

- air traffic control and human factors issues in the Garuda A300 accident;
- analysis of human factors issues, engineering and cockpit voice and flight data recorder aspects of the SilkAir B737 accident; and
- analysis of cockpit voice recorder and flight data recorder information in the China Airlines A300-600 accident.

Within the Asia-Pacific region, BASI continued to build its reputation as a centre of excellence by playing a leading role in aviation safety activities and programs. The Bureau will assist Taiwan in the formation of an air safety investigation agency to be modelled on BASI lines.

Memoranda of Understanding for mutual cooperation in air safety investigation were drafted with Singapore and Taiwan, and it is hoped that these will be signed in the first quarter of 1998–99.

In February 1998, the Director of BASI and the Director of Flying Safety for the Australian Defence Forces signed an historic Memorandum of Understanding that formalised the already high level of cooperation and communication between the two agencies on matters of air safety investigation and system safety.

BASI also demonstrated its ability to carry out cross-modal safety investigations. Specialist assistance in engineering and metallurgy was provided to BHP in the investigation of an uncontrolled failure of a ship-based gas turbine power plant on the North West Shelf in late 1997.

At the invitation of the NSW Transport Department, BASI managed and participated in the investigation of the Beresfield coal train accident that occurred in October 1997. The subsequent report was tabled in State Parliament in mid-April 1998 and was well received by the NSW Minister for Transport, the rail industry and the media.

Contribution and participation in key specialist aviation safety forums

BASI continued to promote and consolidate an effective safety culture by networking with operators, manufacturers and government agencies in the Asia-Pacific region and internationally.

It contributed to, and participated in, a number of key aviation safety seminars and conferences in Australia and overseas. These included the Fourth Australian Aviation Psychology Symposium (Sydney, March 1998) and the 'Human Factors '98' Seminar convened by the International Air Transport Association (Bangkok, April 1998).

BASI participated in conferences convened by the Flight Safety Foundation, the International Society of Air Safety Investigators and two meetings of the Safety Committee of IATA.

1.3 INVESTIGATING FOR AVIATION SAFETY

In addition to making presentations on aviation safety, participation in these forums enables BASI to keep abreast of contemporary research with particular emphasis on human factors and systemic elements that play a role in most aviation occurrences. Improving knowledge and understanding of these factors will lead to new and better approaches for accident prevention in the years ahead.

The Director of BASI was elected Vice-Chairman of the Australasian Flight Safety Council, which meets quarterly. The Council's aim is to act as an effective forum for the promotion of air safety. BASI officers participated in air safety meetings covering all sectors of the Australian aviation industry from airline to aero-club and aerial agricultural operations.

These activities enable BASI to maintain a comprehensive industry network for dissemination and exchange of safety information. BASI continued to encourage and host visits to its facilities by members of the aviation community. These visits usually included extensive briefings by investigators on current directions and priorities in air safety investigation.

An example is BASI's continued participation in the Flight Operations and Safety Working Group of the Association of Asia-Pacific Airlines, to which BASI has been a technical adviser since 1994. The group is an effective forum for safety data exchange between the 18 member airlines, which include Qantas, Ansett and Air New Zealand.

This arrangement facilitates BASI's investigation of occurrences involving AAPA airlines, as well as enlisting their support and cooperation in BASI safety studies. It complements BASI's role as an adviser to the Safety Committee of IATA.

These activities have enabled BASI to maintain and upgrade its specialist skills and expertise. The promotion of air safety is a regional and a wider global task. Participation in regional air safety activities and key international safety seminars keeps BASI attuned to benchmarking and world-best practice.

This allows the highest level of preparedness to conduct major air safety investigations, pro-active safety studies and safety education, all of which contribute to the safety of air transport operations in Australia.

Equity in policy development and service delivery

BASI's objective to enhance safe aviation concentrates on issues of greatest potential benefit to the Australian community. Safety information from its work is disseminated as widely as possible.

Progress towards Year 2000 compliance

BASI began a study on the air safety implications arising from the Year 2000 computer date issue. This has now been subsumed into the work of a wider Government and industry committee formed to examine the overall impact of the Year 2000 issue on the Australian aviation industry. BASI is represented to ensure that aviation safety issues are not overlooked.

1.4 International Air Services Commission

Contact Officer: Chris Samuel (02) 6267 1100



Objective

The objective of the Commission is to enhance international air services by fostering:

- greater economic efficiency in the airline industry, and increased competition between Australian carriers;
- increased responsiveness by airlines to the needs of consumers, including an increased range of choices and benefits;
- Australian tourism and trade; and
- the maintenance of Australian carriers capable of competing effectively with airlines of foreign countries.

Strategies

- Provide a transparent decision-making process that is fair to applicants and others wishing to make submissions, is well known to all potentially interested parties, and embodies the highest degree of integrity.
- Act with as little formality as possible and as quickly as is appropriate, given legislative requirements and the need to properly consider matters before the Commission.
- Provide timely advice on any international aviation issues which may be referred to the Commission by the Minister for Transport and Regional Development.
- Ensure the IASC Secretariat has the highest levels of appropriate skills through the development of its people.

Overview

The International Air Services Commission's primary role is to determine applications by existing and prospective Australian airlines for route capacity entitlements available under Australia's bilateral air services arrangements.

As an independent statutory authority, the Commission provides a separate annual report to Parliament on its operations. Air route capacity allocated during the financial year is shown in that report.

PROGRAM 2

LAND TRANSPORT

OBJECTIVE

A safe, efficient and innovative land transport sector, complying with government policies on the environment and responsive to user requirements.

SUB-PROGRAMS

2.1 Road and Rail Policy Development

2.2 Federal Office of Road Safety

PROGRAM 2: LAND TRANSPORT, FINANCIAL AND STAFFING SUMMARY

Sub-program	1996-97	Outlays		Staffing
	Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)	1997-98 Actual (staff years)
2.1 Road and Rail Policy Development	845 324	882 935	844 456	66.8
2.2 Federal Office of Road Safety	72 959	69 616	68 062	89.6
Total	918 283	952 551	912 518	156.4

(1) Budget figure amended to include Additional Estimates.

2. LAND TRANSPORT

2.1 Road and Rail Policy Development Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Special Appropriations			
<i>Australian Land Transport Development Act 1988</i>	803 453	817 321	817 321
Running costs	6 806	7 588	6 378
Program costs			
Reimbursement to the Australian National Railways Commission for free or concessional fares	5 399	5 026	1 937
Australian National Railways Commission—Restructuring Australian National Railways Commission	38 100	32 700	3 500
Payment to Tasmanian Government for track upgrading	–	2 000	1 386
Payment to South Australia for remediation of land at the Islington Railyards	250	1 750	1 750
National Rail Corporation—equity contribution	6 100	16 069	16 069
Commonwealth contribution for the standardisation of the Pinnaroo line	–	5 550	2 038
Concessional fares	–	1 737	1 676
Total appropriations	860 108	889 741	852 055
Less adjustments	(14 784)	(6 806)	(7 599)
Total outlays	845 324	882 935	844 456
Total revenue ⁽²⁾	(3 340)	(1 834)	(1 839)
Staff years	78.0	61.7	66.8

(1) Budget figure amended to include Additional Estimates.

(2) See Budget Paper No. 1 for a description of items included in revenue (1997-98 BP1, page 5-3).

2.2 Federal Office of Road Safety Resource Table

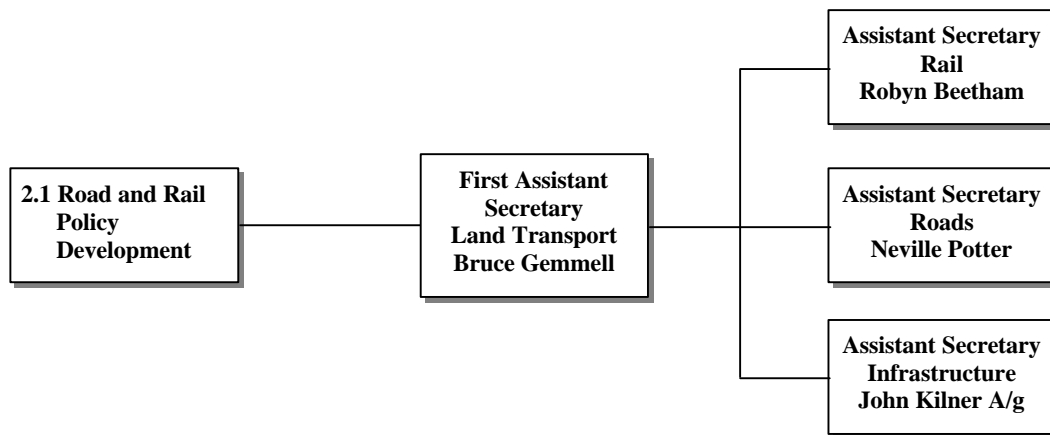
	1996–97 Actual (\$'000)	1997–98 Budget ⁽¹⁾ (\$'000)	1997–98 Actual (\$'000)
Special Appropriations			
<i>Australian Land Transport Development Act 1988</i>	36 000	36 648	36 648
<i>Interstate Road Transport Act 1985</i>	19 916	17 800	17 750
Running costs	9 595	8 397	8 088
Program costs			
Establishment of and payment to the National Road Transport Commission	1 239	1 240	1 238
Road safety improvement package	6 009	3 869	3 571
Contribution to the Organisation for Economic Cooperation and Development—Road Transport Research Program	27	40	34
Road Vehicle Certification System	318	1 662	1 200
Payment of amounts equal to penalties resulting from prosecutions under the <i>Interstate Road Transport Act 1985</i>	88	250	117
Total appropriations	73 192	69 906	68 646
Less adjustments	(234)	(290)	(584)
Total outlays	72 958	69 616	68 062
Total revenue ⁽²⁾	(26 107)	(20 378)	(24 795)
Staff years	111.3	84.8	89.6

(1) Budget figure amended to include Additional Estimates.

(2) See Budget Paper No. 1 for a description of items included in revenue (1997–98 BP1, page 5-3).

2.1 Road and Rail Policy Development

Contact officer: Bruce Gemmell (02) 6274 7651



Objective

To generate the best possible return on the community's investment in national land transport systems, thus contributing to Australia's economic, social and environment well-being.

Strategies

The Sub-program aims to provide the leadership, means and policy framework that enables:

- access to competitive and reliable road and rail transport services operating under consistent regulatory and safety regimes that are national in their vision and effect;
- funding of road and rail infrastructure that is provided efficiently and which supports the improved performance of nationally important transport corridors;
- National Rail, Australian National and the Australian Rail Track Corporation to meet their service and other obligations to stakeholders consistent with government policies and objectives for these bodies and their industry sector; and
- efficient administration of the *Australian Land Transport Development Act 1988* and the Infrastructure Borrowings Tax Offset Scheme under the relevant provisions of the *Income Tax Assessment Act 1997*.

2.1 ROAD AND RAIL POLICY DEVELOPMENT

Overview

The Sub-program (through Land Transport Division) is working to achieve a national transport system that maximises the contribution of sustainable, safe and best practice transport services to national productivity, quality of life and equity.

The rail reform agenda is taking effect—concentrating on separating interstate rail freight track operations and management, while selling government-owned railways and encouraging private sector entry into rail.

The Federal Government has negotiated the sale of Australian National, the Commonwealth-owned railways, to private interests and is negotiating with the New South Wales and Victorian State Governments on the future sale of the interstate rail freight company, National Rail.

The Government is also working closely with all jurisdictions to remove regulatory and operational impediments to the efficient operation of the rail industry nationally. This will open up access to the interstate track, under the control of a single entity, to private rail operators.

A set of nationally consistent rail safety accreditation measures is being developed and should be completed by the end of 1998.

Underpinning these measures, the Department is developing a program for the implementation of the Government's decision to allocate \$250 million over the next 4 years to upgrade the interstate track.

The private sector is proposing rail investment worth millions of dollars, including introduction of very high-speed train technology to Australia. At the same time, rail competition is resulting in reduction in freight rates of up to 25 per cent on some corridors.

During the year, the Infrastructure Branch was created. It has begun the task of assessing 30 infrastructure projects for possible tax assistance under the first round of the Infrastructure Borrowings Tax Offset Scheme.

On 1 April 1998 the Commissioner of Taxation made the first call for applications under the Federal Government's new \$75 million per annum scheme. It replaced the former Infrastructure Bonds scheme that was terminated in February 1997. Applications closed on 18 June 1998 and are being evaluated.

Business response to the call was very positive, with applications received for projects valued at \$17 billion. The majority of project proposals are in the transport sector, but under a transitional arrangement applications are also open to projects where applications had been lodged for the previous scheme before its closure.

In 1997–98 the Federal Government allocated \$1.6 billion for roads expenditure, of which \$814.9 million was direct spending on the principal freight networks—the

18 700 km National Highway network and a separate category, Roads of National Importance. This sum excludes spending on the Federal Road Safety Black Spot Program, administered by the Federal Office of Road Safety (Sub-program 2.2).

Substantial progress was made on Commonwealth-funded road works in 1997–98. A major goal is to provide a four-lane divided highway for most of the way from Ballarat via Melbourne and Sydney to Noosa, north of Brisbane, by the year 2005.

Other objectives include eliminating all narrow seal and flood prone sections of the National Highway network in rural Australia. This work is opening up transport corridors to more efficient freight vehicles and reducing transportation costs in remote locations.

Construction highlights for 1997–98 included:

- announcement of the route for the Albury–Wodonga section of the Hume Highway—work on this \$197 million project is planned to begin in 1998–99;
- completion of milestones of the \$3.1 billion Pacific Highway reconstruction at Raymond Terrace bypass and Brunswick Heads bypass;
- starting the eastern extension of Melbourne Western Ring Road to meet the proposed deviation of the Hume Highway and avoid its current route through heavily built up areas;
- announcement by the Prime Minister of the first stage of duplication of the Goulburn Valley Highway between Seymour and Shepparton in Victoria;
- completion of further stages of the large scale upgrading of the Perth to Northam section of the Great Eastern Highway in Western Australia;
- continuing a major reconstruction of the Eyre Highway in Western Australia;
- progress on the earthworks and tunnelling associated with the \$138 million Mount Barker project on the outskirts of Adelaide; and
- opening the Penguin to Howth section of the duplication of the Bass Highway between Devonport and Burnie on Tasmania's North–West Coast.

On lower trafficked sections of the National Highway, a program of reconstruction, widening and providing passing lanes improved travelling conditions.

Private sector tendering and competition in all substantial Commonwealth road projects is helping to contain costs. The Government is negotiating long-term maintenance agreements for the National Highway with the States and Territories, and hopes to obtain a further 5 per cent efficiency dividend as part of an overall 20 per cent efficiency dividend over four years.

2.1 ROAD AND RAIL POLICY DEVELOPMENT

Throughout 1997–98 direct Commonwealth spending on roads created, or sustained, 15 000 jobs in the construction, carting, quarrying, fabrication and related industries.

The Government is considering its response to a Parliamentary inquiry into the funding and administration of the Commonwealth roads program.

Performance indicators and results

The extent to which the land transport sector has become more competitive through the development of national policies, practices and technical regulations that support industry restructuring and improve the efficiency of road and rail transport infrastructure, operations and services

Rail reform

In administering the Government's rail reform agenda, the Department has developed national policies supporting restructuring aimed at achieving a more competitive rail sector.

The strategic focus is on:

- having the Government own the interstate mainline rail track;
- providing access to that track on a competitively neutral basis;
- divesting ownership of Commonwealth railway operations;
- encouraging the private sector to actively enter the market and provide competitive services; and
- working with the States to develop nationally consistent regulations and safety regimes.

In 1997–98, achievements included:

- establishing the Australian Rail Track Corporation in February 1998 to manage access to the mainline rail line throughout Australia as a single entity. This body is intended to make access easier to interstate rail freight and passenger businesses, thereby increasing competition and bringing cost savings to users. The company does not have control of the New South Wales, Western Australian or Queensland interstate track but, supported by inter-governmental agreement, is pursuing an aggressive agenda for achieving a single point of access;
- injection of private sector expertise through the sale of Australian National, the Commonwealth-owned railway; and
- working towards developing national operational, technical and safety standards for rail.

The ARTC will provide a national approach to developing and maintaining the network through owning or selling the interstate rail track. Previously rail operators had to negotiate access with each State jurisdiction. The ARTC will provide access to the whole interstate network, as a one-stop shop for access arrangements. The company will own the former AN track, lease the Victorian interstate network and enter into access arrangements for the mainline track in New South Wales, Queensland and Victoria.

This will improve the efficiency and cost-effectiveness of the operation of the interstate network, and facilitate upgrading of the network.

The ARTC will manage a \$250 million rail track, capital investment program approved by the Minister for Transport and Regional Development. Independent consultants are assessing several projects that track owners and operators have identified for possible funding. Using this information, the Department will recommend to the Minister the most advantageous program of works and administer allocation of funds.

The sale of AN has increased private sector involvement in providing services within the rail industry, thereby contributing to an increase in the overall competitiveness of the sector. Since the first private sector freight operator began in 1995, and with two more private operators since, prices have fallen 25 per cent on the east-west mainline rail corridor. Sale of the railway has also generated substantial commitments by the new owners to investment in the rail sector.

The Department provides policy advice and administrative support to the Standing Committee on Transport Rail Group. This group is responsible for rail reform initiatives designed to improve the commercial viability and competitiveness of the Australian rail transport sector. Processes are in place to deliver policy changes over the period 1998–99 to 1999–2000.

A key element of the rail reform process is developing uniform rail standards and operational requirements and procedures. The Department chairs the rail uniformity task group responsible for priority tasks identified in the rail uniformity report commissioned by the SCOT Rail Group.

This uniformity work is being undertaken in cooperation with the rail industry and State transport agencies. It is expected that outcomes will be delivered during the next two years.

Road transport

Planning not Patching, a report into road funding, was released in November 1997 by the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform.

2.1 ROAD AND RAIL POLICY DEVELOPMENT

Recommendations include an enhanced road funding role for the Commonwealth, and amendments to legislation and administrative practices that, in the Committee's view, would make delivery of the roads program more efficient.

Some of the key recommendations were:

- the need for a national plan for transport;
- greater funding certainty for roads that breaks away from the current year-to-year basis of allocating funds;
- new administrative arrangements for the Commonwealth roads program; and
- a strategy that addresses key weaknesses in the current network, such as bridges.

The Government is considering its response to the *Planning not Patching* report.

Ongoing improvements to the National Highway system throughout the year have increased the competitiveness of the road transport industry and the sectors it serves by generating travel time savings and fuel efficiency for motorists.

The improvement program continues to improve the accessibility of the 18 700 km National Highway network for freight vehicles, including for road trains with higher carrying capacities. This is being achieved through upgrading, extensive widening and rehabilitation works and attention to eliminating specific bottlenecks.

Bottlenecks in the Hunter region of New South Wales, on the outskirts of Perth and at Yandina and Townsville in Queensland have been removed. The average benefit-to-cost ratio of these projects is 2.5.

Continued improvements to the road network through the Roads of National Importance Program are being made, including works on the Pacific Highway in New South Wales and Queensland and the Calder Highway in Victoria.

This program is funded jointly with State Governments. When completed in 2005, the Pacific Highway upgrading will reduce road deaths by an estimated 65 per cent and cut travel time between Newcastle and Brisbane by more than one hour. This represents a significant benefit to the road transport industry.

The extent to which prices are aligned more closely with the costs of providing services, thus ensuring greater efficiency in resource use and enhanced demand management

Several private sector organisations raised the issue of relating road infrastructure expenditure to usage with the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform. However, the Committee recommended that the Commonwealth fund its roads program through a tied grants mechanism with levels of funding determined in the Budget process.

In the rail sector, the ARTC is developing a track access-pricing regime that will ensure prices are competitive, are based on commercial rates, and reflect the cost of providing the service. The Department provided advice to the ARTC on the merits of an open and transparent pricing regime. However, the pricing practices put in place ultimately will reflect the commercial nature of the company.

The Department chairs the Rail Safety Committee of Australia and is responsible for facilitating development of a national rail safety regulatory regime and associated rail safety accreditation processes.

A set of nationally consistent accreditation processes is being developed and should be completed by the end of 1998. All regulatory agencies have agreed to adopt these processes once finalised.

The Rail Safety Committee is also considering options for further refinements to the national rail safety regulatory regime and a national approach to rail safety accreditation fees. These will be submitted to the SCOT Rail Group for consideration.

The extent to which federal land transport programs maximise effectiveness and cost efficiency of the resources allocated

The National Highway program is at the forefront of efforts to improve efficiency of road construction and maintenance. For example, the Commonwealth requires all National Highway construction works and all maintenance works exceeding \$2 million to be put to open tender.

A much higher proportion of National Highway works is carried out by the private sector than is the case for State-funded roads. As a result, the competitive pricing environment created in the road construction sector has encouraged State road authorities to outsource more of their road construction and maintenance works. The bottom line achievement is more road improvements for the same, or less, funding.

Maintenance performance agreements promoting delivery of the same outcomes for less money on the National Highway are in place with State road authorities. The agreements have been in place for three years. The trend of highway condition indicators, established by consent among the States and Territories through the AustRoads forum, shows the objective of doing more with less is being achieved.

The sale to the private sector of AN's above-rail passenger businesses and its South Australian and Tasmanian rail operations has allowed the Department to focus on upgrading the below-rail components on the interstate track. In addition to revenues raised by the Australian Rail Track Corporation, the Federal Government allocated \$250 million for mainline track improvement over four years, starting in 1998–99.

This strategy will improve the overall efficiency and cost-effectiveness of the rail industry.

2.1 ROAD AND RAIL POLICY DEVELOPMENT

The extent to which Australia's land transport infrastructure inventory is improved

Private sector involvement in the development of rail infrastructure will improve Australia's rail network. This will free up public sector money that otherwise would have to be applied to this task and enable it to be spent elsewhere.

Four consortia bid for an opportunity to operate a very high-speed train from Canberra to Sydney. This project alone could result in private sector investment of up to \$5 billion. Private sector operators have also expressed interest in an Alice Springs to Darwin railway, and construction of an inland rail bridge between Melbourne and Darwin via Brisbane.

The sale of Australian National businesses, to Great Southern Railway and Australia Southern Railroad in South Australia and Australian Transport Network in Tasmania, has enabled the private sector to further improve the rail infrastructure. Each of the new operators has contractually committed to significant investment. The roads program has also improved the efficiency of Australia's interstate road network. This efficiency is reflected in the average benefit-to-cost ratio of 2.5 for all National Highway construction projects.

The extent to which an investment incentive for private sector investment in new public infrastructure has been developed

The Sub-program administers the Commonwealth's Infrastructure Borrowings Tax Offset Scheme in conjunction with the Australian Taxation Office. The Scheme came into effect in April 1998. It provides taxation rebates capped at \$75 million annually from 1998–99 to resident lenders funding appropriate infrastructure projects.

The Scheme is expected to generate private investment in public infrastructure projects worth more than \$2 billion. Development of new infrastructure, encouraged by the Government's tax incentive, will improve economic growth and investment, as well as reduce costs and inefficiencies caused by inadequate infrastructure.

The Department has consulted industry and other government agencies to ensure successful implementation of the Scheme. A guide was produced and distributed by the Department and ATO, and an industry seminar held in Sydney on 24 April 1998 informed potential private investors. Briefing sessions have also been held for State and Commonwealth government agencies with an interest in the Scheme.

The Commissioner for Taxation called for the first round of applications on 23 April 1998. When applications closed on 18 June, 35 had been received for 30 projects, valued at almost \$17 billion.

The majority of project proposals are in the transport sector, ranging from airport upgrading and seaports to several road and rail projects. There are also projects from the energy sector, including gas pipelines and electricity generation. Applications were received from nearly all States and Territories.

The Department is evaluating eligible project applications against objective criteria, which include:

- commercial viability;
- benefit to the borrower of the tax offset;
- cost to revenue of the offset;
- consistency with government policy; and
- economic and social benefits likely to flow from each project.

The Department chairs an Interdepartmental Committee that makes recommendations to Government on allocating the tax offset to approved projects. Decisions are expected to be made during 1998–99 and will be reported in future annual reports.

The extent to which broader government policy objectives, including social justice and environmental obligations, are reflected in the managed outcomes of the land transport program

The Department has facilitated stakeholder interests in progressing accessible transport in the context of the Government's social justice policy to ensure people with disabilities have access to public transport appropriate to their needs.

To this end, the Department has convened a working group involving organisations representing people with disabilities, State, Territory and local governments. In partnership with industry, the group will examine options for accessibility.

They include looking at practical ways of implementing draft standards on accessible transport. Options are being explored through a Regulation Impact Statement being conducted by the Commonwealth Attorney-General's Department.

Increasingly, roads planning takes account of possibilities for adopting alternative transport solutions, or for improving integration with other transport modes.

Development is complemented by an awareness of the interactions of roads with other land uses and the associated need for these interactions to provide access in a way that is safe, efficient and compatible with the surrounding environment. Major road projects require approval of State environment and land use agencies before they can proceed.

Road investment decisions are made in the context of broader policy objectives, including economic and social considerations. The route selection process for the Hume Highway upgrading at Albury/Wodonga—completed during the year and involving extensive public consultation—demonstrates the multiple objectives that must be considered in making major road investments.

2.1 ROAD AND RAIL POLICY DEVELOPMENT

These may include negative and positive impacts on the value of land through which the road passes, access and noise issues for local residents, environment issues and economic implications for businesses that rely on passing trade.

Ninety per cent of National Highways funding is spent in non-urban areas, as is a similar percentage of all funding for the Commonwealth roads network. Spending on roads provides ongoing employment for an estimated 15 000 people—many in rural and remote areas of Australia.

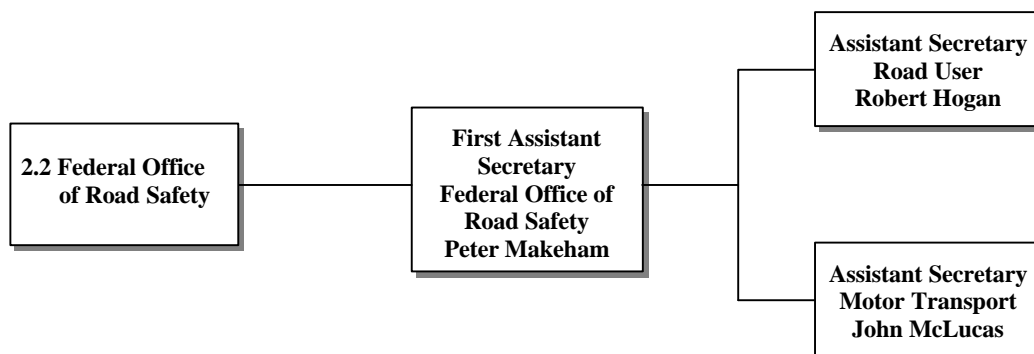
Progress towards Year 2000 compliance

There are no critical information systems in Land Transport Division likely to be affected by the Year 2000 problem. As part of the Department's response to the Year 2000 compliance program, the Division has tested locally developed Microsoft Office applications to verify software compliance.

Contact has also been made with Government Business Enterprises under the Land Transport area of responsibility, for which the Government has shareholder responsibility to report on their Year 2000 progress.

2.2 Federal Office of Road Safety

Contact officer: Bill Ellis (02) 6274 7447



Objectives

A safer environment for road users through developing and implementing effective road safety policies that will help minimise deaths, injuries and crashes.

Vehicle standards to meet the Government's safety, environment and trade objectives.

An effective nationally uniform regulatory framework to promote efficiency and safety for the road transport and vehicle industries.

Strategies

- Work with other levels of government and other stakeholders to implement and review a nationally coordinated approach to road safety.
- Maintain a research program and statistical database for development and evaluation of policies and regulations in vehicle, road and road user safety. Improve road user safety through public education and through implementation of the Federal Road Safety Black Spot Program to reduce crashes at high-risk sites.
- Research, develop and implement new vehicle safety and emissions standards, and promote these initiatives to State and Territory governments and industry. Improve efficiency through reviews of regulation and the administration of new vehicle certification arrangements.
- Facilitate trade within APEC and the ASEAN region with the development of internationally harmonised vehicle standards.
- Progress road transport reform through implementation of the national transport reform strategy and the second Heavy Vehicle Reform Package.

2.2 FEDERAL OFFICE OF ROAD SAFETY

- Implement the Heads of Government position on the Review of National Road Transport Legislation. This follows Ministerial Council's strong endorsement of the continuation of the National Road Transport Commission beyond its January 1998 sunset, with enhancements to improve performance.

Overview

The Federal Office of Road Safety guides development of measures to promote road safety and efficiency of road transport and reduce the incidence and severity of road crashes. In 1997 the national road toll dropped to a record low of 1767 deaths.

FORS focuses on the human aspect of road crashes and covers all areas of road safety behaviour as well as administering the *Motor Vehicle Standards Act 1989* which sets uniform national vehicle safety, emissions and noise standards for all vehicles entering the Australian market for the first time. FORS administers the Federal Road Safety Black Spot Program. The second round of project approvals was implemented in 1997–98.

In its research program FORS completed a three-year research project measuring the casualty crash risks of urban speeding; and developed standards, policies and road safety public education programs, including the Pedestrian and Bicycle Safety program, to improve the safety of road users.

Through FORS' responsibility for advancing national reform objectives, the *National Road Transport Commission Act 1991* was amended to extend the NRTC's life to 2004. FORS also participated in developing National Road Transport Regulations that enable heavy vehicle operators to develop fatigue management strategies for drivers under alternative compliance provisions.

Publication of the 6th edition of the Australian Code for the Transport of Dangerous Goods by Road and Rail represented another stage in implementing a nationally uniform regime for safe transport of dangerous goods.

A focus in developing new design rules has been on improving occupant protection in side impact crashes and frontal impact protection. FORS is playing an international role in harmonising standards by chairing the working group for side impact standards under the International Harmonised Research Activities Group.

It also provided leadership of an APEC seminar that recognised the value of uniform vehicle standards and endorsed the Road Transport Harmonisation Project on regulatory impediments to vehicle trade in APEC economies.

The Trans Tasman Mutual Recognition Arrangement with New Zealand, which began in 1997–98, will provide for development of harmonised vehicle safety and emissions standards and common certification procedures for Trans Tasman trade. A task force is reviewing the *Motor Vehicle Standards Act 1989*. Its report is due in late 1998.

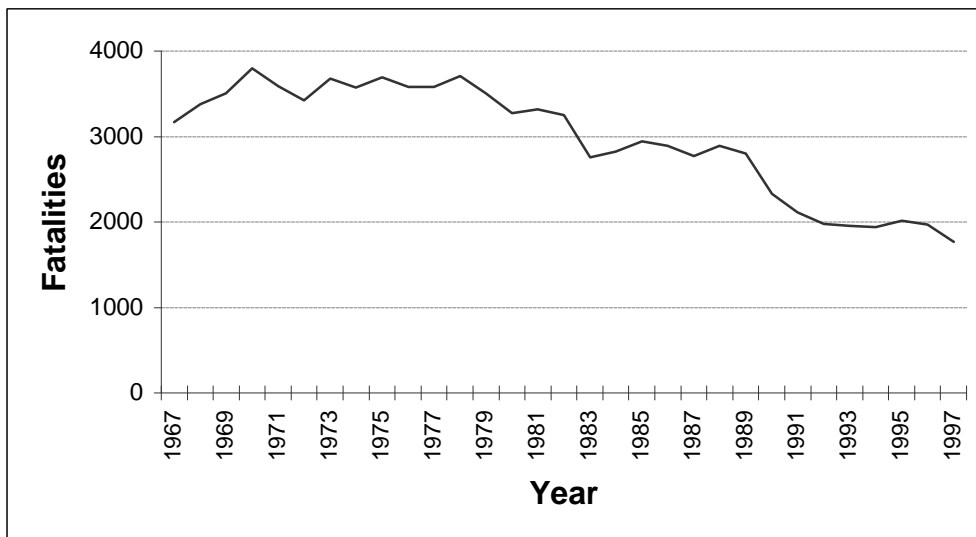
The first electronic approval of a vehicle certification signalled the implementation of the first stage of the electronic Road Vehicle Certification System with full-scale operation scheduled for late 1998.

Annual road fatalities in Australia, 1967–97

Road trauma is a major social and economic issue in Australia. The Bureau of Transport Economics estimates that road trauma costs the Australian community approximately \$6 billion each year.

Between 1989 and 1992, there were reductions in the level of road trauma in Australia. From 1992 until 1996, the national road toll remained around the level of 2000 deaths per year. In 1997 the road toll dropped to a record low, since 1950, of 1767.

Figure 1: Road fatalities in Australia, 1967–97



Performance indicators and results

The extent to which practical road safety measures are implemented at the Federal, State and Territory levels

During 1997–98 FORS worked with State and Territory governments and the NRTC on nationally uniform and consistent road safety and road transport policies and regulation. Progress was made in key areas.

- The National Road Safety Strategy road toll target of no more than 10 deaths per 100 000 of population was achieved in 1997 with a rate of 9.66 deaths—reducing from 11.17 in 1995 and 10.81 in 1996. In November 1997 State and Territory Transport Ministers agreed to adopt a new interim national target of no more than eight deaths per 100 000 of population by the year 2005.

2.2 FEDERAL OFFICE OF ROAD SAFETY

- The 6th edition Australian Code for the Transport of Dangerous Goods by Road and Rail was finalised and implemented in cooperation with the NRTC, State and Territory governments and the Advisory Committee on the Transport of Dangerous Goods. The new code began on 31 March 1998, with a transitional implementation period until 30 September 1998.
- FORS also participated in developing a national approach to heavy vehicle driver licensing and registration. This will improve the effectiveness of regulation.
- The Federal Road Safety Black Spot Program, which FORS administers, continues to contribute to reducing the level of road trauma in Australia. Studies indicate that the investment of \$36 million in black spot remedial treatments can be expected to reduce road trauma levels by approximately 12 fatalities and 865 serious injuries each year over the life of the treatment. In 1997–98 road safety works worth almost \$37 million were approved nationally for 437 high-risk sites, or likely crash sites.
- The Director of FORS managed the 1997–98 AUSTROADS Road Safety Program which provides for joint Commonwealth and State/Territory funding and management of research on strategic safety issues. Research projects undertaken under this program included: pedestrian and bicycle safety, alcohol-impaired pedestrians, and guidelines for treatment of crash locations.

The degree to which improvements to vehicle safety standards have been achieved

During 1997–98 FORS focused on vehicle safety standards to improve occupant protection in side impact crashes and frontal impact protection through adoption of international standards.

Australian Design Rule 72 (Dynamic Side Impact Occupant Protection) will be introduced for new model passenger cars in January 1999. This ADR allows vehicles to comply with either current American or European side-impact protection standards, and reflects a commitment to international harmonisation of vehicle standards.

A proposal for the extension of ADR 72 to off-road, forward control passenger vehicles, that is passenger vans and light commercial vehicles, is currently before the Chief Executives of State and Territory transport agencies with a view to being introduced in the second half of 1998.

Research continued into an Advanced Dynamic Side Impact standard to promote a reduction in side impact trauma beyond that resulting from ADR 72. At the 1998 Enhanced Safety of Vehicles conference in Windsor, Canada, Australia was asked to head the working group for side impact standards under the International Harmonised Research Activities Group.

This recognises Australia's ability to make a significant contribution to future globally harmonised vehicle standards. FORS represents Australia on the IHRA group, which coordinates the global development of vehicle standards.

The proposed ADR 73 (Offset Frontal Impact Protection) is currently being considered by Ministerial Council. This design rule is directly based on United Nations Economic Commission for Europe Regulation 94/01 and will apply to new passenger cars from January 2000. The rule seeks to improve occupant protection in the event of an offset frontal crash where only part of the front of a car collides with another. Such crashes are the most common crash scenario.

Research programs were initiated by FORS to investigate two major remaining challenges in vehicle design standards—pedestrian protection and vehicle compatibility, minimising overall injury when vehicles of differing size and mass collide. These are being investigated by a number of agencies worldwide and are coordinated by IHRA working groups.

The extent to which vehicle safety investigations and monitoring of vehicle recall campaigns contribute to vehicle safety

During 1997–98 FORS conducted 72 formal investigations into safety defects, including cracking in motorcycle frames, fuel tank protection, seat belt buckle failure and heavy truck suspension failure.

Manufacturers announced 58 safety recalls (under the *Trade Practices Act 1974*) and service campaigns during the year, affecting more than 400 000 vehicles. FORS was instrumental in notification of 10 of the recalls and service campaigns. The rest were initiated by manufacturers in Australia and overseas.

The extent to which statistical analysis and road safety research initiatives have assisted in formulating policy and in providing direction for road safety public education campaigns

Statistical analysis of emerging trends in road trauma, including identifying vehicle standard matters and high-risk road user groups, contributes directly to the development of national road safety policy.

During the year FORS produced the Monograph Series with information on topics such as airbags, alcohol, unlicensed drivers, and risk of death or serious injury by vehicle type. About 1500 requests for statistical information were received.

Statistical analysis and research shaped the content of a motorcycle safety training video, *Riding Right*, due for release in late 1998, and the approach taken in the Young Rural Drivers Speed Campaign run on non-metropolitan radio stations and at cinemas Australia-wide.

2.2 FEDERAL OFFICE OF ROAD SAFETY

An innovative research design was used to measure the causality of crash risks associated with urban speeding. Travel speeds of crashed cars were estimated by computerised crash reconstruction techniques, and compared with measured speeds of other cars that passed the crash locations at the same time of day.

Higher speeds were found to be much more common among crashed vehicles than control vehicles. Speed research funded by FORS in previous years had highlighted some of the potential safety benefits of lower urban speed limits. In 1997–98 this research contributed to decisions by the NSW and Queensland Governments to trial 50 km/h limits in local residential areas.

Research aimed at assessing the relative safety performance of vehicles built between 1982 and 1996 was co-sponsored by FORS in partnership with major automobile associations and state road safety authorities. Results of this work were made available through the consumer brochure, *Used Car Safety Ratings*.

Research on driver fatigue in the long distance road transport industry is providing information to enable operators to develop fatigue management strategies for drivers. The expected benefits include a reduction in fatigue-related heavy vehicle crashes, regulation of the industry, and improved operating conditions for drivers.

The degree to which the community responds positively to public education campaigns

FORS and the Australian Council of State School Organisations cooperated in managing the biennial National Safe Travel to School Awards. The Awards encourage primary schools to focus on the safety of children travelling to and from school and to promote best practice in safe travel.

Material was distributed to all primary schools in Australia. There were 80 nominations for the Awards with an urban and rural school chosen from each State and Territory as winners.

An evaluation of radio advertisements used in the Young Rural Drivers' Speed Campaign showed 42 per cent of the target audience had heard the advertisements, and 62 per cent of those reported hearing them at least six times. The evaluation sought indicators of behavioural change and revealed the target group understood that going slower, or speeding less often, was a major factor in reducing the chance of a crash. The campaign arose from statistical analysis revealing speed, particularly by young males, as a leading cause of rural road trauma.

In 1997–98 more than 7000 requests for information were received from government and community groups on a variety of road safety issues including: alcohol and drink driving, child restraints, fatigue, emergency first aid, and bicycle and motorcycle safety. This was an increase on the previous year.

The extent to which the Motor Vehicle Certification System and related imports approval system operate efficiently and meet the changing requirements of the *Motor Vehicle Standards Act 1989*

The *Motor Vehicle Standards Act 1989* requires that all vehicles meet uniform national standards—the Australian Design Rules—at the time of first supply to the Australian market.

Vehicle compliance approvals

In 1997–98 there were 768 new applications for vehicle compliance approval, 12 512 submissions of technical evidence demonstrating compliance of vehicles with the ADRs, and 1280 approvals granted (including amending approvals).

This compares with last year's figures of 727 applications, 14 455 submissions of evidence, and 922 approvals. The increase in the number of approvals was due to amending approvals being issued to cover the introduction of new ADRs to existing vehicle models.

With the full introduction of the new Road Vehicle Certification System in late 1998 the turnaround time for processing of full volume applications is expected to be 32 days instead of the current 90 days.

Vehicle import approvals

Import approvals were issued for 20 608 vehicles to individuals or organisations as personal imports, vehicles to be dismantled, older vehicles, or under the Low Volume Scheme. The number of import approvals increased by approximately 20 per cent over the previous year. Despite the increase in applications, average turnaround time for issuing import approvals has decreased. From 1 July 1998 the target turnaround time for the vehicle import approvals is 17 days instead of 21 days.

Table 1: Vehicle import approvals

Import Category	Number of vehicles	
	1996–97	1997–98
Personal imports	1 596	1 854
Dismantling	2 354	3 228
Low volume	5 332	6 700
Older than 15 years	4 140	3 884
Other vehicles for special purposes	3 790	4 942
Total	17 212	20 608

2.2 FEDERAL OFFICE OF ROAD SAFETY

Audits

During 1997–98 FORS conducted 22 audits of production facilities and three audits of testing facilities in Australia, as well as 20 audits of test facilities and 27 audits of production facilities overseas. The overseas audits were conducted through contracts with equivalent agencies in Europe, the United Kingdom and Japan and by FORS staff in Korea, Mexico, United States, Malaysia and Thailand.

The audit findings, and the responses to those findings, afford the Assistant Secretary, Motor Transport as Administrator of Vehicle Standards (under the *Motor Vehicle Standards Act 1989*) a high level of confidence that all vehicles being supplied to the market in Australia comply with all of the Australian Design Rules.

Regulatory review of the *Motor Vehicle Standards Act 1989*

The *Motor Vehicle Standards Act 1989* was listed for review in 1997–98 on the Commonwealth Legislative Review Schedule.

A review is being undertaken by a task force of officials from the Department of Industry, Science and Tourism, the Australian Customs Service, the National Road Transport Commission and Environment Australia and the Department (through the Federal Office of Road Safety).

The task force is examining the need to retain or modify the current regulatory requirements, including the Low Volume Scheme. The task force advertised nationally for submissions in December 1997. Fifty-seven were received and are being assessed.

An Independent Reference Committee is assisting the task force to ensure that the work is independent, strategic and effective by reflecting as broadly as possible the views of stakeholders. The Committee comprises Dr Roger Mauldon (a former Industry Commissioner), Mr Don Dunoon (a former Chief Engineer of Nissan Australia Ltd), and Mr Lauchlan McIntosh (Chief Executive of the Australian Automobile Association).

A report on the review will be submitted to the Treasurer and the Minister for Transport and Regional Development by the end of 1998.

The first approval generated by the new electronic Road Vehicle Certification System was issued on 8 May 1998. FORS held three seminars to advise the vehicle industry on use of the new system and will continue these after full-scale operation begins in late 1998.

As a result of overseas interest in the new system FORS gave training presentations to vehicle industry members in Japan and Korea.

Effectiveness in addressing environmental issues as they relate to road safety and the community

Recommendations from reviews being undertaken by the Motor Vehicle Environment Committee into emission standards for petrol and diesel-engined vehicles are expected to be available for public comment in late 1998.

Preparation of the public comment document is being managed by FORS on behalf of MVEC. The Committee was established under a Memorandum of Understanding between the National Road Transport Commission and the National Environment Protection Council. MVEC has equal representation at the chief executive level from transport and environment agencies; FORS is one of the permanent members.

The reviews being undertaken by MVEC are considering the need to adopt more recent United Nations emission standards to maintain improvements in air quality in major cities. Preliminary work points to a need for more information on the impact of moving to UN emission standards for cars and the need for adjustments to fuel specifications.

FORS is managing a research project to examine the standards issue and is participating in the conduct of a major review of fuel specifications being managed by Environment Australia.

In November 1997 FORS published the *Petrol Volatility Project Report* that examined the impacts of reducing fuel volatility on vehicle emissions. This report is the second supplementary report to the major report on *Motor Vehicle Pollution in Australia* released in May 1996.

New procedures for addressing the impacts of motor vehicles on the environment have been established by FORS. The procedures provide a framework for addressing these issues, which takes into account the roles of transport and environment agencies, and also provides an avenue for input from key stakeholders in industry, consumer and environment groups.

The extent to which the Government's international policy objectives have been supported through vehicle standards harmonisation and mutual recognition programs and other activities

During the year the Government undertook to consider accession to the United Nations/Economic Commission for Europe 1958 Agreement on automotive products as part of the Asia-Pacific Economic Cooperation Individual Action Plan submitted to the Leaders' forum in November 1997. Joining the agreement will provide improved trade opportunities for the Australian automotive sector. FORS is preparing advice for Government consideration later in 1998.

2.2 FEDERAL OFFICE OF ROAD SAFETY

FORS led an APEC vehicle standards harmonisation seminar in Mexico in April 1998. Outcomes of the seminar included:

- recognition of the value of one set of internationally harmonised vehicle standards; and
- endorsement of the APEC Road Transport Harmonisation Project, chaired by FORS, which seeks to reduce regulatory impediments to the international vehicle trade within APEC economies.

On 24 June 1998, the European Community Australia Mutual Recognition Agreement on Conformity Assessment was signed. The agreement will allow FORS to supervise testing in Australia on behalf of European regulatory authorities. This will significantly reduce the certification costs for automotive products sold by Australian manufacturers into the European Community.

The Trans Tasman Mutual Recognition Arrangement with New Zealand began on 1 May 1998. The Agreement will help the development of a harmonised set of vehicle safety and emission standards, and a common certification system will be worked out over the next four years.

FORS has been invited to be an active participant in the Automotive Trade Council, which has the responsibility to pursue harmonised vehicle regulations with our trading partners.

FORS chairs the APEC Intelligent Transport Systems special interest group and is leading the development of an ITS implementation strategy for APEC. Work on ITS strategies for the OECD also provides Australia with valuable opportunities to contribute to international policy-making, and promote Australia's views and interests.

It also positions Australia to be involved in the development of ITS vehicle safety applications.

The extent to which road transport reform objectives have been met

Following from the 1996–97 Review of National Road Transport Law, legislation was prepared to amend the *National Road Transport Commission Act 1991* and the Heavy and Light Vehicles Agreements in consultation with States and Territories.

On 25 June 1998 the *National Road Transport Commission Amendment Act 1998* was passed by Parliament. The Act extends the life of the NRTC until January 2004, implements a range of improvements to the flexibility of the road transport reform process, and shifts the focus to timely implementation.

The *Interstate Road Transport Charge Act 1985* was amended to include provision for heavy vehicle registration charges of less than one year for Federal Interstate Registration Scheme operators. The amendment was one of the high priority reforms listed in the Second Heavy Vehicle Reform Package agreed by Ministers at the February 1997 Australian Transport Council meeting.

FORS commissioned a report (from Booz-Allen and Hamilton), managed by Intelligent Transport Systems Australia, which identified potential gross benefits of \$14.4 billion from coordinated strategic implementation of ITS technologies in Australia.

Released in May 1998, the report forms the basis to develop a national ITS implementation strategy aimed at improving transport efficiency, congestion, safety and environmental impacts. ITS Australia is developing this strategy on behalf of AUSTRROADS and the ATC will consider the strategy late in 1998.

The extent to which consultation and partnership arrangements have been enhanced with key stakeholders

FORS leads and participates in a range of consultative committees and advisory panels to ensure the views and expertise of key stakeholders and specialist bodies are taken into account in developing road safety policy and programs.

In 1997, the FORS Advisory Panel of representatives from the transport and automotive industries, road user organisations, police and the health sector was established. The Panel is chaired by FORS and is a consultative mechanism for strategic advice on the FORS work program.

During 1997–98 the Panel's advice resulted in redefinition of the research and public education programs to better reflect stakeholder priorities.

The Motorcycle Safety Consultative Committee, which comprises representatives from major motorcycle rider groups, the motorcycle industry, traffic enforcement and other interest groups, considered a range of issues including the development of a national motorcycle safety code. The Committee is chaired by FORS.

An expert advisory body to the Federal Government, the Australian Advisory Committee on Road Trauma, continued its efforts to respond to the problem of drink drive recidivism and also focused on the issue of workplace road safety. A consultant on health and road safety matters chairs the Committee and FORS is a participant.

During 1997–98 the revised *BikeEd* kit, for primary school bicycle safety education, was completed. The kit was distributed nationally to community groups and schools. It was developed and completed in cooperation with VicRoads and other State and Territory road safety authorities, and with the sponsorship support of BP Australia.

2.2 FEDERAL OFFICE OF ROAD SAFETY

The ATC endorsed establishment of a national, drugs and driving working group. The group comprises representatives from a range of organisations with expertise in this area. FORS is also a member. A key role for the group will be to monitor and report on current and proposed research initiatives. The group will report to the Road Safety Strategy Panel which meets twice a year to consider strategic national road safety issues.

Separate State and Territory consultative panels, set up under the Federal Road Safety Black Spot Program, met throughout the year to assist in determining programs of projects for each State and Territory. The consultative panels comprise representatives from local government, road user groups, road and transport agencies and industry.

They are an effective mechanism for ensuring the objectives of the Program are met and the views of the broader community taken into account. A Federal Senator or Member of Parliament chairs each panel.

Regular meetings between the Department and the Road Transport Forum reinforced working relationships with the Forum to further road safety and transport regulatory issues.

Equity in policy development and service delivery

In association with the Australian Advisory Committee on Road Trauma, FORS developed a video on road trauma treatment for medical and paramedical practitioners in isolated areas of Australia. FORS continues to distribute this video free of charge to hospitals and appropriate personnel in rural and remote areas.

FORS is conducting a public education campaign targeting youth in rural Australia, highlighting the adverse consequences of losing one's driving license. The purpose of the campaign is to positively influence the attitudes of rural youth towards excessive speeding.

Progress towards Year 2000 compliance

During 1997–98, FORS has undertaken a number of Year 2000 initiatives. These include: checking Year 2000 compliance relating to Australian Design Rules during motor vehicle industry facility inspections; liaising with peak industry bodies to promote Year 2000 compliance; and identifying FORS' 'business critical' systems for the Year 2000. FORS has scheduled testing of its systems at risk.

PROGRAM 4

REGIONAL DEVELOPMENT

OBJECTIVE

To provide policy advice on whole-of-government strategies to maximise the potential of Australia's regions and to manage appropriate regional adjustment measures as well as commitments entered into under former regional and urban programs.

SUB-PROGRAM

4.1 Regional Development

ADMINISTRATIVE CHANGES

Following a reorganisation, in June 1998 the regional development function was grouped with the Territories and local government functions and in 1998–99 will report as the Regional Development, Territories and Local Government business unit. The reorganisation reflects a grouping of a diverse and dynamic range of functions and flows from the need to respond to new priorities, budget outcomes and Government and departmental reforms.

4. REGIONAL DEVELOPMENT

**PROGRAM 4: REGIONAL DEVELOPMENT, FINANCIAL AND STAFFING
SUMMARY**

Sub-program	1996-97 Actual	<u>Outlays</u>		<u>Staffing</u>
		1997-98 Budget ⁽¹⁾ (\$'000)	Actual	1997-98 (staff years)
4.1 Regional Development	49 389		8 931	
Total		39 290		6.0

4.1 Regional Development Resource Table

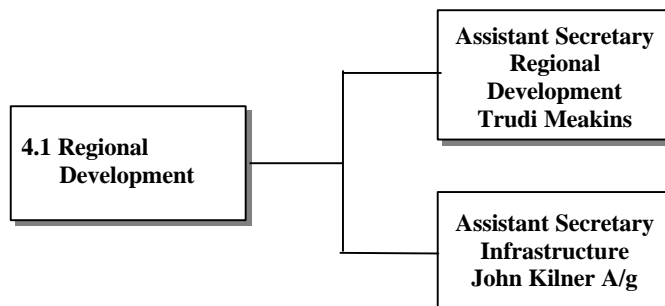
	1996–97 Actual (\$'000)	1997–98 Budget ⁽¹⁾ (\$'000)	1997–98 Actual (\$'000)
Special Appropriations			
<i>States Grants (Petroleum Products) Act 1965</i> Petroleum Products Freight Subsidy scheme	3 142	4 300	3 684
Running costs	18 967	1 692	1 564
Program costs			
Regional and Urban Development	29 918	19 417	11 681
Northern Territory Indigenous Health Infrastructure	5 000	10 000	10 000
Newcastle Assistance Package	–	10 000	10 000
Regional assistance—impact of Australian National Railways Commission restructuring	10 000	10 000	–
Regional assistance—impact of Australian National Railways Commission restructuring	0	10 000	9 600
Better Cities—Mark 1	49 744	–	–
Better Cities—Mark 11	2 556	–	–
Total appropriations	119 327	65 409	46 529
Less adjustments	(69 938)	(26 119)	(37 598)
Total outlays	49 389	39 290	8 931
Total revenue ⁽²⁾	(13 786)	(9 961)	(9 360)
Staff years	90.9	13.7	6.0

(1) Budget figure amended to include Additional Estimates.

(2) See Budget Paper No 1. for a description of items included in revenue (1997–98 BP1, page 5-3).

4.1 Regional Development

Contact Officers: Trudi Meakins (02) 6274 8047 John Kilner (02) 6274 6796



Objectives

To provide policy advice on whole-of-government strategies to maximise the potential of Australia's regions and to manage appropriate regional adjustment measures as well as commitments entered into under former regional programs.

Strategies

- Implement and manage a whole-of-government approach to regional development to maximise the impact of Government policies and programs across a wide range of portfolios on the development of regional Australia.
- Facilitate improved coordination across portfolios and service delivery in regional Australia.

Overview

The Department continues to develop its policy advice capacity to implement the Government's whole-of-government approach to regional Australia, including regionally sensitive structural adjustment. Management of the Institutional Investor Information Service initiative demonstrates the highly innovative, low-cost, high-impact policy approach developed to address market failure in regional Australia.

As part of the 1998–99 Budget, the Government announced a Regional Development Coordination Package. Given the priority on improving the presentation of existing Government initiatives in regional Australia, the Department has set the following objectives to implement the Package:

- develop a comprehensive regional Australia communications strategy;
- collate, disseminate and promote the Government's achievements in regional Australia;

4.1 REGIONAL DEVELOPMENT

- better coordinate Government programs that impact most on regional Australia; and
- enhance two-way communications between regional Australia and the Government.

These set the direction for the Department's regional development strategies in 1998–99 in the newly formed Regional Development, Territories and Local Government Division.

For this Annual Report, and consistent with the 1997–98 PBS, Regional Development reports as a separate sub-program and includes ongoing commitments for former regional programs managed within Infrastructure Branch, Land Transport Division.

Performance indicators and results

Improved coordination in regional policies and programs

The Department provides policy advice to Portfolio Ministers and the Parliamentary Secretary on strategies to improve coordination of policies and programs across portfolios that impact on regional Australia.

In support of its whole-of-government approach to regional Australia, the Government established the Ministerial Working Group on Regional Affairs to facilitate policy discussions between Ministers and in particular to ensure:

- the needs and performance of regional Australia are understood by the Commonwealth Government and addressed in an effective way;
- the Government's policies and programs are designed to benefit regional Australia and have maximum impact;
- Commonwealth activities and funding are not duplicated; and
- the Government is able to communicate its messages effectively to regional Australia.

The Department provides administrative support to the MWGRA. During 1997–98 the Department reviewed the MWGRA's activities and effectiveness in consultation with the Portfolio Ministers. Strategies for improvement were identified.

Expanded levels of investment in regional Australia

The Department designed and developed the Institutional Investor Information Service through a partnership arrangement with governments and industry in the Australian Capital Territory, Queensland, New South Wales, Tasmania, Victoria and Western Australia. The IIS aims to expand private sector investment in infrastructure in regional Australia by bridging the information gap between institutional investors and regional project proponents.

The Department, with assistance under the partnership arrangement and the services of a private sector contractor, manages and coordinates the three core elements of the IIS:

- a marketing/information awareness campaign to explain to project proponents how the institutional investor market works;
- an education campaign aimed at the institutional investor market about the benefits of holding more diversified investment portfolios, and the investment opportunities that exist at the regional level; and
- a national register of 'Investor Ready Projects'.

To date 18 workshops have been held in regional Australia with 68 projects presented for appraisal. An evaluation of the IIS is about to start. Initial indications are that the main benefit of the workshops for regions and investors is the marketing and educational objective. The objective of overcoming the 'information gap' between regional proponents and institutional investors is being achieved.

The up-take of Investor Ready Projects has been slower than anticipated. Informal feedback from institutional investors indicates the gestation period for infrastructure projects is longer than first envisaged to appear on the Register as 'Investor Ready'.

Similarly, the view is that individual investors will make their own investment decisions on what they determine are 'Investor Ready' projects; they are reluctant to rely on the recommendations of a third party.

Strong synergies have been developed between the IIS and the Australian Stock Exchange's Enterprise Market initiative launched in March 1998. The *e.m.* is an electronic venture capital market for non-listed companies that utilises the Internet to match potential investors and financial advisers to project proponents. The *e.m.* is in its infancy and it remains to be seen whether or not it will take up some of the activities being performed by the IIS.

The Infrastructure Branch manages the Government's new Infrastructure Borrowings Offsets Scheme, which should have an impact on achieving expansion of infrastructure investment in regional Australia. Progress on the Scheme is reported under Sub-program 2.1, Road and Rail Policy Development.

Manage appropriate regional adjustment measures

The Government allocated \$20 million over 1996-97 and 1997-98 to support measures that will create real and enduring jobs, through economic development of regions most adversely affected by the sale of Australian National.

The allocation was split between South Australia (\$18.25 million), Tasmania (\$1.35 million), the Northern Territory (\$200 000) and Western Australia (\$200 000). As at 30 June 1998, 18 projects have been approved as part of the adjustment strategy.

4.1 REGIONAL DEVELOPMENT

The Department coordinated a Commonwealth response to the announced closure of BHP Steel in Newcastle. The Government made \$10 million available to help the Newcastle region adjust to the economic dislocation caused by the closure.

To avoid duplication and maximise the impact of assistance on the region's economy, the Department worked closely with the New South Wales Government, which also announced a \$10 million assistance package for Newcastle. Key criteria for assessing proposals for funding from the Commonwealth's assistance package for Newcastle are:

- the proposal must lead to sustainable private sector employment;
- at least 50 per cent of funding must come from sources other than the NSW and Commonwealth Governments' funding allocations for Newcastle; and
- projects must enhance the Hunter's regional economic competitive advantage.

As at 30 June 1998 the Government had announced assistance for three projects in Newcastle, representing \$5.6 million in Commonwealth assistance towards total private sector investment of more than \$130 million. Projects assisted with funding are expected to lead to the creation of 650 jobs in the private sector.

Management of commitments under the former regional programs is drawing to a close. Commitments under the Regional Development Program have been honoured. Commonwealth obligations to the Regional Development Organisations established under the Program will be finalised before 30 June 1999.

Administration of discretionary grants

The 1996-97 and 1997-98 Budgets provided \$10 million for regional projects. The bulk of the funds were allocated to projects which, as a result of other decisions in the 1996-97 budget, would not have otherwise proceeded.

The 1996-97 and 1997-98 Budgets also provided funds for projects that were part of the former Government's Regional Development Program. A list of grant recipients is available on request as noted in Appendix 2. Payments of \$6.8 million were made during 1997-98 under this Program.

Equity in policy development and service delivery

Policy advice was provided to the Ministers and Parliamentary Secretary on whole-of-government strategies to meet particular needs of rural and regional Australia. A submission was provided to the Senate Reference Committee for Employment, Education and Training inquiry into Regional Employment and Unemployment, outlining changes in employment and unemployment in regional Australia over the past 20 years.

Progress towards Year 2000 compliance

The Sub-program conforms to the Department's strategy for Year 2000 compliance.

PROGRAM 5

CORPORATE DIRECTION AND SUPPORT

OBJECTIVE

Strategic leadership and direction, together with appropriate management organisation, structure, practices, support and research, to enable efficient and effective program formulation and delivery, while preserving proper accountability.

SUB-PROGRAMS

- 5.1 Executive**
- 5.2 Management Support and Advice**
- 5.3 Bureau of Transport Economics** (formerly the Bureau of Transport and Communications Economics)

5. CORPORATE DIRECTION AND SUPPORT

ADMINISTRATIVE CHANGES

In June 1998, Corporate (Sub-program 5.2: Corporate Direction and Support) realigned its structure to better meet emerging administrative reforms, provide high level administrative and transport policy advice and client service, and underpin corporate governance requirements. The performance indicators reflect these changes.

Prior to April 1998 the Bureau of Transport and Communications Economics provided research on policy issues for the Department of Transport and Regional Development, and the Department of Communications and the Arts. The communications research functions were transferred to DoCA from 23 April 1998 and the Bureau became the Bureau of Transport Economics.

PROGRAM 5: CORPORATE DIRECTION AND SUPPORT, FINANCIAL AND STAFFING SUMMARY

Sub-program	<u>Outlays</u>			<u>Staffing</u>
	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)	1997-98 Actual (staff years)
5.1 Executive	871	1 011	965	6.8
5.2 Management Support and Advice	12 664	29 860	26 821	202.8
5.3 Research	7 758	5 910	5 223	60.5
Total	21 293	36 781	33 009	270.1

(1) Budget figure amended to include Additional Estimates.

5.1 Executive Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs	873	1 012	965
Total appropriations	873	1 012	965
Less adjustments	(2)	(1)	-
Total outlays	871	1 011	965
Staff years	6.7	7.4	6.8

(1) Budget figure amended to include Additional Estimates.

5.2 Management Support and Advice Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs	12 177	28 452	25 592
Program costs			
Compensation and legal expenses	1 121	1 568	1 211
Supermarket to Asia: Export Gateways— establishment of sea and air freight councils	—	1 170	379
Total appropriations	13 298	31 190	27 182
Less adjustments	(634)	(1 330)	(361)
Total outlays	12 664	29 860	26 821
Staff years	86.5	201	202.8

(1) Budget figure amended to include Additional Estimates.

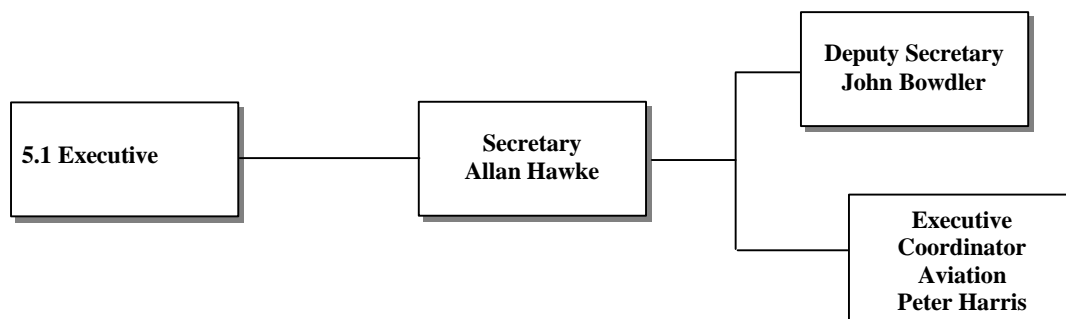
5.3 Research Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs	7 856	5 959	5 331
Total appropriations	7 856	5 959	5 331
Less adjustments	(98)	(49)	(108)
Total outlays	7 758	5 910	5 223
Staff years	78.7	58.5	60.5

(1) Budget figure amended to include Additional Estimates.

5.1 Executive

Contact Officer: Kym Bills (02) 6274 7657



Objectives

Provide leadership to the Department.

Ensure that high-quality, frank advice is provided to the Portfolio Ministers, Parliamentary Secretary and their staff.

Strategy

Develop and encourage effective strategies for implementing innovative policy change, efficient program administration and a 'people as a first priority' approach in the Department.

Performance indicators and results

Rating of the Executive, its policies, actions, and guidance to other senior executives, as indicated in the Staff Survey

The Department's staff survey (the second of its kind—the first was conducted in late 1996, the second in May 1998) indicated a solid improvement in the views of the Executive held by departmental staff. Across the different levels of the Department the Executive had an approval rating in the range of 55–87 per cent. The dissatisfaction level was between 9 and 14 per cent.

The extent to which the Department has implemented the Government's priorities and policy objectives or provided soundly based advice on alternative courses of action

Elements of the Government's policy program, as represented by its election commitments, have been implemented effectively or, where action is pending or different courses advised, they have been the subjects of continuous oversight by the Executive.

5.1 EXECUTIVE

Planning functions have been substantially upgraded to focus on delivering the Government's policy with a sound appreciation of longer-term objectives.

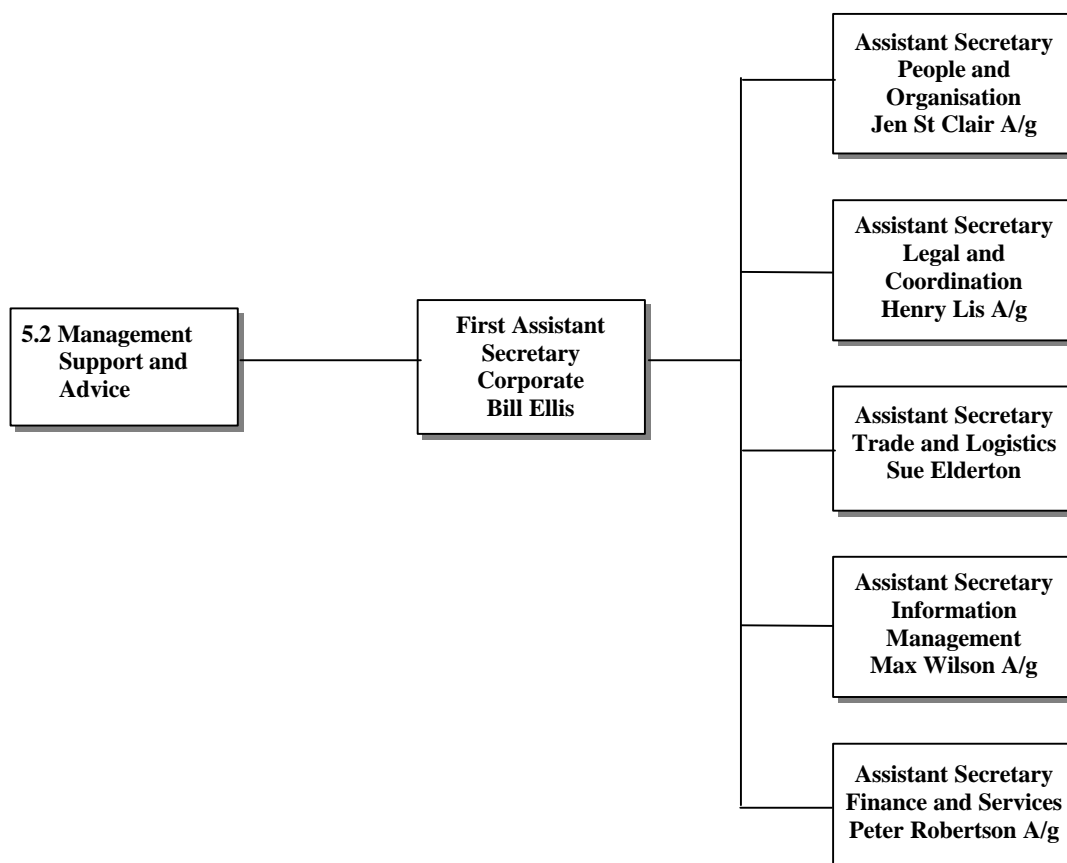
The scope and effectiveness of changes introduced to address pressures, external and internal, on our people and the working environment in which they deliver results

- **Governance**—external review and changing management of cross-departmental responsibilities and the workplace culture in DoTRD.
- ***Investors in People***—acting as flag-bearer for this innovative assessment process for improving the links between staff development and organisational performance in the Department and the wider Australian Public Service.
- **Leadership**—ensuring formal leadership development and informal project and extension work for all senior executives and managers, extending now to the next administrative levels in the Department.
- **Planning**—driving formal and informal planning processes towards the objective of DoTRD as a learning and high performing organisation, capable of reviewing itself, while maintaining a strong commitment to core transport and regional development long-term objectives.
- **Output-based accrual budgeting**—making an early commitment to implementing accrual accounting, and shifting the planning focus to performance measures related to outputs.
- **External**—developing strong relationships with key international forums and partners (Indonesia, New Zealand, Japan and APEC), and with stakeholders in the government and private sectors.

5.2 Management Support and Advice

Contact Officers: Kym Bills (Corporate) (02) 6274 7657

Greg Harper (Finance and Business Support) (02) 6274 6801



Objective

High quality and timely support services, program delivery and advice delivered efficiently and effectively to meet the Program objective and the needs of the Portfolio Ministers, Parliamentary Secretary, Executive and the Department.

Strategies

- Review resources and support structures for information technology, communications and property services, together with other corporate expenditure and services.
- Prepare for changes in Australian Public Service employment and personnel practices and support services.
- Provide strategic leadership in transport trade development initiatives, working with industry and other levels of government, and provide policy support to the Ministers and Executive on cross-portfolio matters.

Overview

Corporate has a pivotal role in the Department in providing services to support Ministers and the Parliamentary Secretary, advice and quality assurance to the departmental Executive, and services to internal clients.

In 1997–98 the Department's new management framework signalled the shift to a more business-like approach through fundamental changes to budgeting, management and reporting. These reforms will continue to have an impact on performance improvement, particularly on financial management, over the next two years.

The framework has worked as an aid to linking the reform initiatives. The Executive decided that the Department would be a lead agency in introducing an output-based management framework and accrual budget for 1998–99.

This has been a catalyst and a mechanism to link, in a systematic way, the Department's Corporate and business plans and the new Service Charter and Certified Agreement with the Department's distinctive *Results through People* strategies.

Another key element has been the application of principles of performance improvement (including systematic review of government activity and testing cost and effectiveness).

During 1997–98 Corporate realigned its functions to manage emerging administrative reform, provide a high level of administrative and transport policy advice and client service, and underpin corporate governance requirements. Throughout 1998 Corporate has been committed to market testing its information technology infrastructure.

Corporate played a central role in coordinating the Department's approach to trade in transport goods and services and improving efficiency of the transport and handling chain for exports through facilitating cross-modal transport reform and establishing bilateral relationships.

Work began on developing a policy on Australian transport and sustainable development.

Performance indicators and results

Progress in implementing the Executive's management strategies including the Department's *Results through People* framework

The Department's aim is to strengthen the links between our business objectives and our people strategy and drive change through a commitment to our philosophy of *Results through People*.

Results through People is at the core of the Department's new management framework, with its dual focus on accountability for results and on individual and team performance. A range of corporate and people development initiatives contribute

to the *Results through People* approach, notably: *Investors in People*; business planning; the new Certified Agreement; reforms in delivering personnel services; the Secretary's Statement of Skills; the staff survey; the Leadership Program; the Department's individual and corporate development programs; and communications.

Investors in People and business planning

Investors in People is a UK-based international standard which assures alignment between corporate goals and business planning and people development. The Department is one of four Commonwealth agencies participating in an Australian trial of iP and is using it as a means of enabling and evaluating this alignment. Preparations for iP accreditation will begin in late 1998.

By July 1997 business plans were in place and reviewed by the Executive on a monthly basis with each sub-program manager and key staff. In October 1997 iP action plans were developed by sub-program based Investor Teams, and in February 1998 the first round of six-monthly one-on-one 'performance exchanges' between staff and their supervisor took place, each generating an individual development plan featuring links to personal and corporate goals.

This 'Plan on a Page' is an important step towards putting in place the performance management system, flagged in the Certified Agreement. The Plan formalises the crucial link between commitments listed in business plans and key tasks to be undertaken by individuals in work areas.

The Certified Agreement and Achieving Cost Effective Personnel Services

In April 1998 the Department's Certified Agreement came into effect and included a number of initiatives:

- improved flexibility in working arrangements—extending the flextime bandwidth to encompass all hours of the week and providing for home-based work;
- productivity improvements through extended standard working hours;
- commitment to establish a framework for a high performing organisation by 31 December 1998;
- an in-kind recognition and rewards scheme, which for the first time offers a means of using non-cash benefits to reward exceptional performance by individuals and teams. The scheme starts on 1 July 1998; and
- provision for Australian Workplace Agreements—by 30 June 1998 each SES member had an AWA lodged for approval with the Office of the Employment Advocate.

The Certified Agreement has also provided the vehicle to implement a range of initiatives from the Achieving Cost Effective Personnel Services process, which aims to improve people management practices in the Australian Public Service.

5.2 MANAGEMENT SUPPORT AND ADVICE

Some of the changes which are having an impact on productivity, efficiency and effectiveness include: rolling allowances into salary; implementation of remote entry and approval of leave, which decreases processing steps and costs; reducing categories of leave; and some streamlining of excess staff arrangements.

Two reviews of practices under ACEPS—one on recruitment and staffing procedures and the other on leave arrangements and processing—have clearly resulted in improved efficiency in the delivery of employee services. An indicator of this is reduced staffing in the Employee Services unit from 31 at 30 June 1995 to 16 at 30 June 1998, which includes a new Workplace Relations team.

Secretary's Statement of Skills

In February 1998, the Secretary released his Statement of Skills for the Department that, for the first time, identified the Department's medium-term skill needs, such as the financial management skills required for the transition to output-based accrual budgeting, management and accounting.

Staff Survey

In May 1998 the Department conducted its second staff survey. The results indicate that the Department has made positive gains in many areas since its first survey in 1996. Overall staff satisfaction has risen from 49 per cent to 60 per cent and the perception that the Department responds to issues raised by staff has increased from 29 per cent to 55 per cent.

Six key issues to be addressed in further development of the *Results through People* framework were flagged in the survey results. These will be used as a focus in preparing the Department's second Corporate Plan. They are:

- accountability and quality of outputs (under the 'Results' heading);
- leadership and quality of working life (under the 'People' heading); and
- corporate direction and quality of organisational systems, as organisational enablers and evaluation tools (under the 'through' heading).

The 'accountability' and 'quality of output' issues relate mainly to the understanding by staff of the newly introduced output-based accrual budgeting and management system. The 'quality of working life' issues include workloads, career paths, gender, culture, diversity and making better use of our people's skills and abilities.

Another source of input to the Corporate Plan will be an impact study of the in-house Leadership Program in which some 340 Senior Officers and SES officers had participated by June 1998. The impact study will draw out areas requiring further work.

Individual and corporate development

Results through People encompasses existing corporate development activities, such as the Graduate Administrative Assistant program. In 1997–98, 20 graduates joined the Department.

A competency-based program was introduced for ASOs 1–6. A range of other development courses were facilitated, including an intensive three-day workshop, ‘Results through People’, which aims to equip staff at all levels with people skills including leadership, empowering and supporting teams, promoting innovation and learning, communication, rewarding people, and supporting change.

Communications and the Client Service Charter

Communications, a key result area in the Corporate Plan, was identified in the 1996 staff survey as a key area for improvement. During 1997–98 this was achieved through:

- the Client Service Charter launched in June 1998;
- introducing an Intranet to improve the timeliness, availability and accuracy of information in the Department, and to facilitate the exchange of information between the different modal areas of the Department;
- a new Communications and Public Affairs Section, following a review of the Public Affairs Section in 1996–97, which oversees the Department’s Intranet and Internet sites as well as providing media and publicity services;
- *State of the Department*, the quarterly report of staffing indicators, which is a statistical demographic guide to support decision-making;
- *Transard*, the weekly internal newsletter; and
- ‘Brown Bag’ lunchtime seminars for staff on topics such as flexible remuneration packaging and output-based accrual budgeting.

The Department developed an overarching Client Service Charter. The Jervis Bay Regional Office and the Administrations of Christmas, Cocos (Keeling) and Norfolk Islands developed separate Service Charters. All Charters were completed by 1 July 1998; the target set in the Commonwealth Implementation Timetable.

These Charters were developed after consultation with clients, stakeholders and staff and according to the key requirements set out in the document *Putting Service First, Principles for Developing a Service Charter*, prepared by the Department of Industry, Science and Tourism. All Charters contain information on service standards and avenues for providing feedback and making complaints. The Charters will be reviewed annually from June 1999.

The extent to which the Department's business and financial management arrangements reflect best practice

The Department is committed to being a lead agency in pursuing best practice in financial management, as outlined in the Management Advisory Board Report *Beyond Bean Counting: Effective Financial Management in the APS—1998 and Beyond*. Department Secretary, Allan Hawke, chaired the MAB steering committee that guided the report.

Output-based accrual budgeting

As part of its commitment in this area, the Department began preparation to enable it to budget, manage and report under an output-based accrual budgeting framework from 1 July 1998, one year ahead of the Government's timeframe for introducing accrual budgeting across the federal government sector.

As a first step, an integrated strategic planning and management framework was defined which sets out the links between the corporate plan, the Portfolio Budget Statements, business plans, performance exchanges and the Annual Report.

This complements other processes in the Department to maintain a focus on results, to ensure that the Department's outputs remain timely and relevant, and that they meet the needs of the Ministers, the Parliamentary Secretary, and the Government.

A consultant was engaged to assist in defining the Department's outputs and, as a related exercise, to help identify the 'core' activities of the Department. They are activities that form essential outputs to the Government as distinct from activities which need not be undertaken, or which could be handled by an alternative service provider (including another level of government).

Identifying 'core' and 'non-core' activities proved to be more difficult than expected and further work will need to be done in 1998–99. The new output-based management framework will, however, provide a better platform to evaluate alternatives for delivering the Department's services.

The Department published the Portfolio Budget Statements for 1998–99 on an outputs basis, with financial information presented in an accruals format. This exercise, a first for a Commonwealth department, was undertaken as a trial on the basis that the experience will be of benefit to the Parliament and other agencies, in preparing for the 1999–2000 Budget.

The Statements provide an improved basis for the Department to discharge its accountability obligations to the Parliament and the public. They set out the Department's planned performance targets and financial forecasts for the year ahead and provide the platform for developing the Department's business plans.

Following publication of the PBS, a series of business planning seminars was conducted to help business managers understand the importance of the link between the PBS and their business plans.

Developing the output-based PBS was a difficult exercise because the Department's existing financial management information system did not support accruals-based financial forecasting. Work is progressing to implement a new accrual-based business management information system. The target date for the new system is 6 October 1998.

The extent to which the Department's information management and supporting infrastructure reflects industry best practice

The Department was involved with other Group 5 Agencies in developing a Request for Tender for market testing its information technology and telecommunication services and support. The Office of Asset Sales and Information Technology Outsourcing released the RFT to industry on 1 June 1998.

Evaluation will continue through the first quarter of 1998–99 with negotiations expected to start in the second quarter. The Department expects that transition to the successful tenderer would occur in the third quarter of 1998–99, if market testing demonstrates there are sufficient benefits in outsourcing.

Information technology infrastructure

The Territories and Local Government Sub-program's information technology systems were successfully migrated from the former Department of Environment, Sport and Tourism. They are now linked to those operating throughout the Department, except for the Island Territories (Norfolk, Christmas and Cocos (Keeling) Islands).

The Island Territories will continue to use their existing infrastructure until a decision is made on outsourcing, as potential providers are required to propose standard operating systems for all the Group 5 agencies. Should outsourcing not proceed the Department will examine options to migrate these Territories systems to the standard infrastructure.

Corporate successfully completed an upgrade of the Department's desktop computers to Windows 95 and Microsoft Office 97 Suite in November 1997. Staff received training in the latest developments with these products. The project ran smoothly and was completed on time.

Information management

The Department engaged Andersen Consulting to develop an information management plan with a holistic view of the Department's information, regardless of its form, ownership or management process and to determine whether there is a better way to manage its information holdings and how this could be accomplished.

The Department is considering the recommendations and is planning to start a scoping study later in 1998. Implementation will proceed over several phases, the first being the replacement of the records management system which has been assessed as not

5.2 MANAGEMENT SUPPORT AND ADVICE

Year 2000 compliant. The remaining phases will see system functionality increased progressively.

An Intranet was deployed within the Department to facilitate access to information and enhance internal communication.

The Department's Trace Library has undergone considerable change, and was the subject of an article on corporate libraries in the April 1998 special issue of *Incite*, one of Australia's leading library journals. The Library ceased to provide services to the Department of Communications and the Arts in April 1998 but now has a large holding of materials on local government and the Territories.

During the year the Library handled 9000 loans and requests for information, of these about 1500 were for individuals, businesses and libraries outside the Department. The Library extended client access to information technology with advice and training on the Internet and CD-ROM based information and the addition of Reuters to the available information databases.

Provision of legal, parliamentary and audit services that efficiently meet the needs of the portfolio ministers and the Department in accordance with professional standards and Commonwealth policies and procedures

Legislation

Corporate manages the portfolio's legislation program. Of 29 bills on the legislation program for the 1997–98 Sittings, ten were transferred to the Department of Workplace Relations and Small Business following Machinery of Government changes in October 1997. Six of the seven bills introduced into Parliament were passed:

- *National Road Transport Commission Bill 1997;*
- *Sydney Airport Demand Management Bill 1997;*
- *Civil Aviation Legislation Amendment Bill 1998;*
- *National Road Transport Commission Amendment Bill 1998;*
- *Interstate Road Transport Charge Amendment Bill 1998;* and
- *Interstate Road Transport Amendment Bill 1998.*

The *Australian Capital Territory (Planning and Land Management) Bill 1998* was passed by the House of Representatives on 10 March 1998 and was introduced into the Senate on 12 March 1998. Of two bills introduced in the 1997 Winter Sittings, the *Civil Aviation Amendment Bill 1997* was passed in the Autumn 1998 Sittings and the *Aviation Legislation Amendment Bill 1997 (No 2)* was still outstanding.

During the year the Ministers and the Parliamentary Secretary received 7742 individual letters, which is a 15.4 per cent decrease on 1996–97. Of these, 6688 were either replied to or had action taken in response to them. The remaining letters were

for information only. As well, 39 758 letters were received as part of public campaigns.

Freedom of Information requests increased from 47 in 1996–97 to 51 in 1997–98. At 30 June 1998, there were nine requests on hand and four of these were overdue requests. The average time taken to respond to requests increased from 36 days to 43 days, an increase due primarily to the need for consultation with third parties. The Department submitted quarterly statistics throughout 1997–98 to the Attorney-General's Department and produced statements as required under section 8 (see Appendix 1: Freedom of Information) and section 9 of the *Freedom of Information Act 1982*.

Complaints

The Department received no complaints under the *Privacy Act 1988*. The Ombudsman received 18 complaints (15 oral and three written) about departmental actions. Of the 14 issues finalised, the Ombudsman's Office exercised its discretion not to intervene in nine; two were resolved in favour or partly in favour of the complainant; and three in favour of the Department. There were no formal reports to the Minister under the provisions of the *Ombudsman Act 1976*.

Legal services

The Department's requirements for legal services remained substantial and continued to grow. Integration of Territories and Local Government into the Department resulted in additional demands for legal services provided by in-house lawyers and the General Counsel, using the Attorney-General's Department as appropriate. Utilisation of private sector law firms to meet specialised requirements is under consideration.

Principal areas of legal services activity covered the following matters:

- ongoing development and implementation of the regulatory framework for leased airports;
- corporatisation of Sydney Basin airports;
- litigation arising from the Government's noise-sharing policies at Sydney Airport;
- facilitating legislation arising from the review of aviation safety laws;
- advisings on issues arising from sale of Australian National and establishment of the Australian Rail Track Corporation;
- drafting Local Government Deeds of Grant;
- drafting a large number of consultancy and service contracts (some dealing with outsourcing arrangements);
- dealing with amendments to portfolio legislation; and
- general advisings across a wide range of portfolio matters.

5.2 MANAGEMENT SUPPORT AND ADVICE

Internal audit

Internal Audit was restructured during 1996–97 and has responsibility for internal audit and fraud control. A panel contract provides the bulk of internal audit and related services including internal reviews listed on the approved Annual Work Plan.

The Annual Work Plan covered all sub-programs. One review was outstanding at 30 June, to be completed by 15 August 1998. Copies of all internal audit reports are circulated to the members of the Department's Planning Evaluation and Audit Committee. Reviews completed during the year confirmed that compliance with legislative requirements was generally satisfactory.

Internal audits include a review of Year 2000 compliance where appropriate. The two computer systems used exclusively within Internal Audit have been reviewed for year 2000 compliance. As a result one system was retired and data maintained by the other has been transferred into a Year 2000 compliant format.

The Commonwealth Law Enforcement Board has previously assessed the Department's Fraud Risk Assessment and Fraud Control Plan as meeting Commonwealth requirements.

During the year Internal Audit made presentations to new staff on fraud control policy and procedures. A pamphlet highlighting the rights and obligations of departmental officers for fraud control was produced and distributed to all staff. A fraud control site was established on the Intranet.

Effective partnerships for development and implementation of strategies to promote and assist trade in transport goods and services and improvement in the efficiency of the transport and handling chain for exports

The Department has recognised that it is essential to establish effective partnerships in the transport sector, both internationally, and between the Commonwealth, States and Territories, and industry groups. Such partnerships are vital in removing barriers to trade and investment in the transport sector, and will improve the efficiency of the transport logistics chain.

Asia Pacific Economic Cooperation Forum

During 1997–98, the Department (through Trade and Logistics Branch) managed Australia's participation in the Asia Pacific Economic Cooperation Forum work on establishing a safe, efficient and integrated transport system in the Asia-Pacific region. One of the purposes of participating is to support Australian businesses exporting transport goods and services. Transport measures form a substantial component of Australia's APEC Individual Action Plan for trade and investment liberalisation.

Australia, through the Department, assumed the role of Coordinator of the Human Resources Development Steering Committee, one of three steering committees established from the beginning of 1998 to improve management of the work program of the APEC Transportation Working Group.

Bilateral relationships

During 1997–98 the Department was very active in pursuing and maintaining bilateral relationships with the transport administrations in other countries, particularly Indonesia.

Bilateral discussions were held with the Indonesian Department of Communications during November 1997. These discussions were part of regular talks on matters covered by the Memorandum of Understanding on Cooperation in the Transport Sector signed by the two Governments in 1995.

Talks advanced cooperation between Australia and Indonesia on a range of transport issues, including aviation safety and training, airport development and operation, rail training, maritime issues including oil spill preparedness and response, and road safety and motor vehicle standards issues.

The Department made good use of the AusAID-funded Government Sector Linkages Program to further strengthen partnerships with our Indonesian counterparts, through exchanges of policy officers with the Indonesian Department of Communications.

GSLP funding also supported a joint study by the Bureau of Transport Economics and Indonesia's Research and Development Agency on the adequacy of tourism transport infrastructure in Eastern Indonesia.

The Australia Indonesia Development Area Transport Working Group met in Lombok, Indonesia, in August 1997. Business and government representatives from Australia and Indonesia attended the meeting. It resulted in commitments for governments and industry to work together on AIDA demonstration projects including a possible AIDA ferries study, commencement of the BTE joint study mentioned above, and agreement to extend government-level training cooperation arrangements to air and land transport training.

The Department is maintaining close contact with its Indonesian counterparts through the current financial and other difficulties so that the Australian transport sector will be in a good position to resume commercial activities as soon as circumstances in Indonesia improve.

In addition to managing the relationship with Indonesia, the Branch coordinated visits by the Minister and Secretary to Japan and Indonesia and visits to the Department by transport delegations from China and Thailand. The bilateral relationship with New Zealand included a Technical and Administrative Cooperation in Transport meeting of senior officials in February 1998.

5.2 MANAGEMENT SUPPORT AND ADVICE

An initiative was taken to begin a transport dialogue with emerging South American markets through the CER/Mercosur forum as a further avenue for supporting exports of Australian goods and services. (CER/Mercosur refers to the trade arrangements between Australia and New Zealand on the one hand; and, on the other, the South American countries of Argentina, Brazil, Paraguay, and Uruguay.)

Logistics

To foster improved communication along the logistics chain, the Commonwealth Government, through the Transport and Logistics Working Group of the Supermarket to Asia Council, undertook a number of initiatives during this year.

- Air and Sea Freight Export Councils were established. These are industry-based and include all players in the export chain. The Commonwealth has allocated seed funding to employ an executive officer for the first two years of each export council, on a dollar-for-dollar basis with the States.
- The Minister released a promotional kit highlighting the importance of cold chain management for high value air exports on 17 June 1998. The kit, containing videos and an information booklet, is designed to improve the quality of air freight exports throughout the transport and logistics chain by creating a better understanding and awareness of product sensitivity among all air freight user groups. Storage and handling play critical roles in the export of quality perishable goods.
- A case study tracking citrus fruit by sea freight to Indonesia was undertaken with the assistance of TNT. The study provides analysis of the transport and logistics chain from grower to the Indonesian supermarket shelf.

The AFTA-CER (ASEAN Free Trade Area – Closer Economic Relations) Transport Linkage, which has a strong industry focus, held its first Senior Transport Officials Meeting in Singapore on 1 May 1998. The meeting set a sound foundation for ongoing cooperation in the transport area through a forward work plan.

Cross-modal transport reform

The Minister for Transport and Regional Development, Mark Vaile, appointed a new National Transport Council in April 1998. The Secretariat, provided by the Department, has continued to work with the NTC to build on industry enthusiasm for greater partnership with government on transport matters.

To the end of June 1998, the NTC Secretariat organised three meetings of the new NTC. This included a consultation session between the NTC, the Committee for Melbourne and the Minister on key passenger and freight transport bottlenecks, and infrastructure projects such as the Very High Speed Train. The Secretariat also prepared and distributed a brochure to promote the NTC's industry consultative role and met with a number of industry representatives to discuss the NTC's activities.

Corporate continued its role of providing secretariat support to the Australian Transport Council. The Council provides a forum for Commonwealth, State, Territory and New Zealand Ministers to consult and provide advice to governments on the coordination and integration of all transport and road policy issues at a national level. The Papua New Guinea Minister for Transport and Works and the Australian Local Government Association have formal observer status on the Council.

National rail reform was a key issue progressed by the ATC. This included signing an inter-governmental agreement leading to the establishment of the Australian Rail Track Corporation to manage access and infrastructure development on the interstate rail network. Other issues ATC addressed during the year were:

- adopting a national standard for electronic toll collection in Australia;
- accessible transport;
- proposals for managing speeding heavy vehicles;
- considering recommendations for increased mass limits for road friendly heavy vehicles;
- ballast water management; and
- a review of marine safety regulation.

Development of a strategic approach to sustainable development and safety in transport for Australia in partnership with other Commonwealth agencies, State Governments, local governments, industry and community groups

Work began on developing a policy on Australian transport and sustainable development, in line with the Government's policy on Ecologically Sustainable Development; the Department's Corporate Statement; and the Australian Transport Council's Strategic Plan.

Consultations were held with a range of stakeholders at national and State/Territory levels in the initial stages of developing the transport and sustainable development policy to build partnerships and enable early participation in the policy formulation process.

An effective working relationship was cemented with Environment Australia through involvement in the development of the National Greenhouse Strategy and various National Environment Protection Measures.

Accurate, timely and relevant advice and analysis was provided on a range of issues such as the National Greenhouse Strategy, reform of Commonwealth environment legislation and the development of an environmental management system for the Department.

5.2 MANAGEMENT SUPPORT AND ADVICE

Equity in policy development and service delivery

Corporate continued to support social justice and equity principles through application of Government policies for access and equity, affirmative action, native title and workplace diversity.

Corporate maintains updating of the APPOINT database on membership of boards of portfolio agencies to monitor participation by equal opportunity target groups and reports to the Office of the Status of Women on board membership.

Progress towards Year 2000 compliance

The Department has continued to address potential deficiencies related to the Year 2000 or millennium bug problem. Work is continuing towards testing existing systems, and where necessary, modifying, improving or replacing these systems.

Corporate coordinates the preparation of the Department's input to the Quarterly Report to the Government on Year 2000 progress and conveys current information on Year 2000 issues throughout the Department. Corporate is addressing Year 2000 compliance issues for the Department's systems including the information technology infrastructure.

Coopers and Lybrand was engaged in November 1997 to report on the progress of the Department's Year 2000 project and its processes. As a direct result of the recommendations a Senior Executive was designated the project sponsor to lead a cross-program working group.

Establishing this working group formalised the project structure and communications lines, which include reporting to the Executive on progress in certifying departmental systems as Year 2000 compliant.

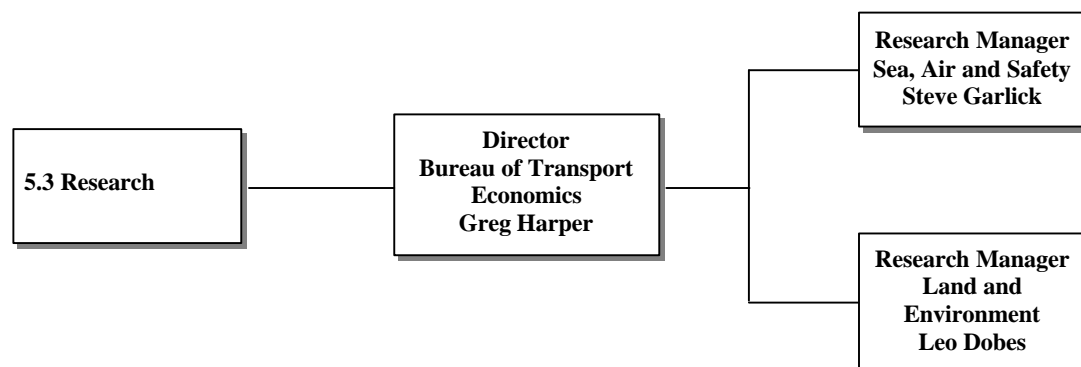
The element of concern at the time of the report was the Territories and Local Government group, which joined the Department in October 1997. Territories and Local Government has applied the Coopers and Lybrand recommendations and is executing a plan to lessen the risk of Year 2000 problems obstructing the delivery of services to the remote Territories.

The Department is in close contact with industry sectors to ensure awareness of the Year 2000 issues. Reporting frameworks are being put in place to gauge progress across the portfolio.

The Department has asked the Office of Government Information Technology to include the Indian Ocean Territories under its Year 2000 Health and Safety reporting framework as the Government is responsible for providing essential services (power, water, sewage, health) at these remote locations.

5.3 Research—Bureau of Transport Economics

Contact: Greg Harper (02) 6274 6801



Objective

To provide, through research, a better information and analysis base for policy formulation in transport and communications and to contribute to more informed public debate through the dissemination of research results.

Strategy

- Provide expert advice and information to the Government and the community by conducting and disseminating the results of relevant, high quality research.

Overview

The Bureau of Transport Economics carried out applied economic research relevant to policy issues in two portfolios—Transport and Regional Development, and Workplace Relations and Small Business (maritime transport elements only).

The BTE was formerly known as the Bureau of Transport and Communications Economics (BTCE), which also carried out research on policy issues in the Communications and the Arts portfolio.

The Secretaries of the Departments of Transport and Regional Development and Communications and the Arts agreed to transfer the communications research functions of the BTCE to DoCA from 23 April 1998, with formal arrangements in place from 1 July 1998. For the purposes of this Report, the abbreviation BTE is used to refer to both the BTCE and BTE in 1997–98.

5.3 RESEARCH—BTE

The BTE completed, or made progress on, almost all of the key activities listed in the 1997–98 Portfolio Budget Statements. The three exceptions were projects on Film and TV Program Production, Access to Information and Communications Services, and Digital Radio Broadcasting.

The exceptions arose because staff resources were diverted to work on higher priority short-term consultancies for the Department of Communications and the Arts, and the major assignment for the Departmental Working Group on Putting Cables Underground.

Performance indicators and results

Extent to which the Bureau of Transport Economics research has contributed to policy development in transport and communications

The BTE provided advice and information to the other business units of the Department of Transport and Regional Development, other Commonwealth agencies and a number of external bodies. At the request of the Australian Capital Region Development Council, the BTE estimated the potential economic benefits of upgrading the Canberra-Tumut road.

A scoping study was completed for Austroads on the methodology for assessing the effect of potential tax reform on the transport sector. A proposal by the Rocky Mountains Institute (USA) to develop a fuel-efficient Hypercar was assessed for a consortium led by the CSIRO.

Transport

In cooperation with state road authorities, the BTE provided estimates on expenditure required on non-urban national roads to the year 2020 to the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform Inquiry into Federal Road Funding. The information was published as *Working Paper 35: Roads 2020*.

Because of the lack of systematic information on taxes and charges faced by various parts of the Australian transport industry, the BTE published *Working Paper 34: Taxes and Charges in Australian Transport: A Transmodal Overview*. The Paper provides a list of taxes and charges, as well as an analysis of the relative coverage for various transport modes and operations. The study was undertaken at the initiative of the BTE as an issue likely to be of policy interest.

The BTE conducted the first review of the Bass Strait Passenger Vehicle Equalisation Scheme. The BTE is required under Clause 16 of the Ministerial Directions under which the Scheme operates to monitor effectiveness of the Scheme on an annual basis. The review found there had been an increase in total traffic on the *Spirit of Tasmania* since the start of the Scheme; there were lower unit costs for the operating company; and unit vehicle revenues had increased.

Transport and the environment

The BTE explored the practical implications of a trading scheme for the transport sector in *Working Paper 37: Tradable Permits in Transport?* This was in response to the agreement at the December 1997 third Conference of the Parties to the United Nations Framework Convention on Climate Change (the Rio Treaty) in Kyoto—to permit the option of international trading in greenhouse emission target reductions.

Work in this area is continuing in cooperation with other government agencies.

Modelling assistance to the National Inquiry into Urban Air Pollution was used in the report published in 1997 by the Inquiry—*Urban Air Pollution in Australia: An Inquiry by the Australian Academy of Technological Sciences and Engineering*. The BTE involvement was at the request of Inquiry members, primarily because of the BTE modelling expertise in terms of the national vehicle fleet.

Working Paper 32: Roads, Vehicle Performance and Greenhouse: Costs and Emission Benefits of Smoother Highways estimated the net reduction in greenhouse emissions that might be expected from reduced roughness of the roads in the National Highway System. The study, which was to provide information to road traffic authorities and environmental agencies on the greenhouse implications of upgrading roads, found reductions of greenhouse emissions from smoother roads would not be significant.

Transport and trade

The BTE published *Report 97: Transport Synergies between Eastern Indonesia and Northern Australia* on the Australian segment of a joint Australian/Indonesian project. The project responded to a recommendation of the Australia-Indonesian Development Area Transport Working Group.

It concluded there were potential trade synergies between northern Australia and eastern Indonesia for live cattle and tourism that were transport-dependent. The project will assist transport planning policy initiatives of governments in Australia and in Indonesia as well as the private sector. A second stage of the project, to assess tourism transport infrastructure in eastern Indonesia, began in October 1997.

Aviation transport

A background paper on the potential effects of videoconferencing on business air travel was prepared on the basis of an international literature review and other work by the BTE.

Qualitative analysis indicated that there is potential for substitution of videoconferencing for business air travel, although some additional travel could also be generated. The Aviation business unit (formerly Aviation Policy Sub-program) of the Department will use the analysis for its airport planning work.

5.3 RESEARCH—BTE

A discussion paper, *Insurance and Aviation Safety*, assisted the Program Advisory Panel of the Civil Aviation Safety Authority with an analysis of the links between insurance and aviation safety regulation. The work evaluated the role of insurance in encouraging aviation operators to be safe, and identified options that could strengthen that role.

Communications

During the year the BTE work on communications issues involving short-term consultancies with the Department of Communications and the Arts continued to take a large share of BTE resources. This work covered a range of policy issues in telecommunications, broadcasting and other areas of DoCA's involvement.

One of these was free-to-air television. The BTE *Working Paper 36: Impacts of Additional Commercial Broadcasting Services in Existing Markets* was released in response to a requirement under subsection 215(1) of the *Broadcasting Services Act 1992*. The Minister for Communications, the Information Economy and the Arts is required to conduct a review of the broadcasting television industry to assess the national benefits that would accrue if more than three commercial television broadcasting services were permitted in licence areas.

A consulting assignment on a fee-for-service basis was undertaken for the Working Group on Putting Cables Underground. The BTE prepared a number of papers for the Working Group and developed national and local area costing models for use in calculating the costs and benefits of putting cables underground in urban areas.

The BTE carried out a sample survey of Internet domains in Australia and the USA as part of its Business Use of On-line Services project. The results of the survey will be published later in 1998.

The extent to which BTE information contributed to more informed public debate

The BTE contributed to more informed public debate through distributing its publications, presentations, seminars and workshops and through dissemination of its work by others. BTE work continues to be adopted frequently as authoritative reference material by government and private agencies, in Australia and overseas.

Publications

A list of publications is available on request. The BTE also publishes abstracts of its work and the full text of some research on the Internet (www.dot.gov.au/programs/bte/btehome.htm).

Following on from previous years, the BTE published *Information Sheet 11: Public Road-Related Expenditure and Revenue in Australia 1998* by level of government and category of expenditure over the past decade. The Sheet includes an index of road construction and maintenance costs.

As the first in a series of Information Sheets on environmental costs in different areas of transport, the BTE published *Information Sheet 10.1: Externalities in the Transport Sector: Key Issues*.

The BTE continued to produce the quarterly statistical publication, *Waterline*, which records, on a quarterly basis, stevedoring performance and crew-to-berth ratios of Australian shipping, and reliability indicators for waterfront performance and, on a biannual basis, port performance.

The BTE continued to produce the quarterly publication, *Transport and Communications Indicators*, through the Internet and Infifax.

Seminars

In response to a regular annual request from the Department of Defence, the BTE provided a speaker to the Defence Industry Studies Course in Sydney, Melbourne and Adelaide. Presentations were also given to commercial and academic conferences on transport infrastructure needs, road pricing issues, tradable permits, and research into greenhouse emissions.

BTE staff prepared several papers for the 1997 Australasian Transport Research Forum held in Adelaide in September 1997. These papers covered topics on Bass Strait freight rates, the use of AEROCOST2 in choosing aircraft types to operate air routes, total factor productivity and long distance road transport safety.

A number of papers were prepared for presentation at the BTE annual Communications Research Forum. These covered on-line services in regional areas, monitoring the telecommunications market following deregulation, performers' rights, spectrum auctions and determinants of international TV program prices.

Parliamentary committees

Various statistics and projections of freight flows were provided to the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform Inquiry into the Role of Rail in the National Transport Network.

The BTE gave evidence on the practical implications for the transport sector to the House of Representatives Standing Committee on Environment, Recreation and the Arts Inquiry into the Regulatory Arrangements for Trading in Greenhouse Gas Emissions, at the invitation of the Committee.

Modelling and data

The BTE completed AEROCOST 2, a major upgrade of its aircraft direct operating cost model. AEROCOST 2 estimates the direct cost of operating aircraft—jets, freighters, turboprops and piston engine planes—over a range of domestic and international air routes.

5.3 RESEARCH—BTE

The BTE uses the model to provide quantitative advice to other DoTRD business units and other portfolios. It is used by: Federal Government agencies, State Government transport and tourism departments, consultants to the aviation industry, Australian and overseas airlines, as well as undergraduate aviation programs of two leading universities. The model is available for purchase from the BTE (at \$850 per copy).

Papers prepared by the BTE for the Working Group on Putting Cables Underground contributed to the assessment by the Working Group of the costs and benefits of putting cables underground in urban areas. The local area model will assist local government authorities in assessing the benefits and costs of putting cables underground in their areas.

In July 1997 the BTE took over collecting and maintaining the International Cargo Statistics database, and the Lloyd's movements database, from Maritime Policy Division. The BTE provides data analysis services to the Department and external clients based on these two databases which cover:

- international air and sea cargo by mass and value. Sea data is kept in annual collections back to 1982–83 and air data back to 1995–96; and
- all ship movements relating to ships calling at Australian ports. Data is kept in annual collections back to 1993–94.

In October 1997 the BTE took over collecting and publishing coastal sea freight data from Maritime Policy Division. The 1995–96 and 1996–97 collections are now available for BTE analysis for external clients.

Equity in policy development and service delivery

Through the Bass Strait Passenger Vehicle Equalisation Scheme the Commonwealth has sought to reduce the cost of seagoing travel for eligible passenger and accompanied vehicles between Tasmania and the mainland. The BTE review of the Scheme contributed to a better understanding of the effectiveness of the social impact of this Government policy.

Progress towards Year 2000 compliance

The BTE has tested its models and spreadsheets to verify software compliance. Procedures are in place to ensure future computer hardware and software purchases and programs developed in-house are Year 2000 compliant.

PROGRAM 6

TERRITORIES AND LOCAL GOVERNMENT

OBJECTIVES

To align conditions and standards in the Territories with those of comparable communities in the rest of Australia; to provide the residents of the Territories, over time, with rights, opportunities and responsibilities equal to those of their fellow Australians.

To protect and enhance the national interest in the Territories and to work in partnership with local government to contribute to the nation's social, environmental and economic performance.

SUB-PROGRAMS

- 6.1 Executive and Coordination**
- 6.2 Indian Ocean Territories**
- 6.3 Norfolk Island and Other Territories**
- 6.4 National Office of Local Government**

ADMINISTRATIVE CHANGES

The Territories and Local Government Program (Program 6) transferred to the Department of Transport and Regional Development from the former Department of Environment, Sport and Territories. Territories and Local Government appeared as Program 5 in the Department of Environment, Sport and Territories Portfolio Budget Statements 1997–98 and Program 6 in the Department of Transport and Regional Development Portfolio Additional Estimates Statements 1997–98.

Following a reorganisation in June 1998, the Territories and Local Government Sub-program was renamed Regional Development, Territories and Local Government to reflect a grouping of a diverse and dynamic range of functions. The reorganisation flows from the need to respond to new priorities and budget outcomes for regional Australia, local government and the Territories.

PROGRAM 6: TERRITORIES AND LOCAL GOVERNMENT, FINANCIAL AND STAFFING SUMMARY

Sub-program	Outlays			Staffing
	1996–97 Actual (\$'000)	1997–98 Budget ⁽¹⁾ (\$'000)	1997–98 Actual (\$'000)	1997–98 Actual (staff years)
6.1 Executive and Coordination	–	4 845	4 709	43.0
6.2 Indian Ocean Territories	–	43 251	36 049	13.0
6.3 Norfolk Island and Other Territories	–	36 061	34 340	9.0
6.4 National Office of Local Government	–	1 211 576	1 210 183	38.0
Total	–	1 295 733	1 285 281	103.0

(1) Budget figure amended to include Additional Estimates.

6.1 Executive and Coordination Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs	–	4 845	4 713
Total appropriations	–	4 845	4 713
Less adjustments	–	–	(4)
Total outlays	–	4 845	4 709
Staff Years	–	41.8	43.0

(1) Budget figure amended to include Additional Estimates.

6.2 Indian Ocean Territories Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Program costs			
Territories running costs	–	1 150	1 080
Territories program costs	–	38 328	38 234
Territories capital program	–	14 886	7 446
Total appropriations	–	54 364	46 760
Less adjustments	–	(11 113)	(10 711)
Total outlays	–	43 251	36 049
Total revenue⁽²⁾	–	(5 551)	(3 709)
Staff years	–	12.5	13.0

(1) Budget figure amended to include Additional Estimates.

(2) See Budget Paper No. 1 for a description of items included in revenue (1997-98 BP1, page 5-3).

6. TERRITORIES AND LOCAL GOVERNMENT

6.3 Norfolk Island and Other Territories Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Running costs			
Territories running costs	–	3 484	1 766
Territories program costs	–	4 625	4 622
Payment to the ACT—assistance for water and sewerage services	–	7 878	7 878
Payment to the ACT—payment to compensate for the effects of national capital influences on the cost of providing municipal services	–	19 596	19 596
Katherine Region Redevelopment Program	–	3 334	3 334
Total appropriations	–	38 917	37 196
Less adjustments	–	(2 856)	(2 856)
Total outlays	–	36 061	34 340
Total revenue ⁽²⁾	–	(5 315)	(5 315)
Staff Years	–	8.8	9.0

(1) Budget figure amended to include Additional Estimates.

(2) See Budget Paper No. 1 for a description of items included in revenue (1997-98 BP1, page 5-3).

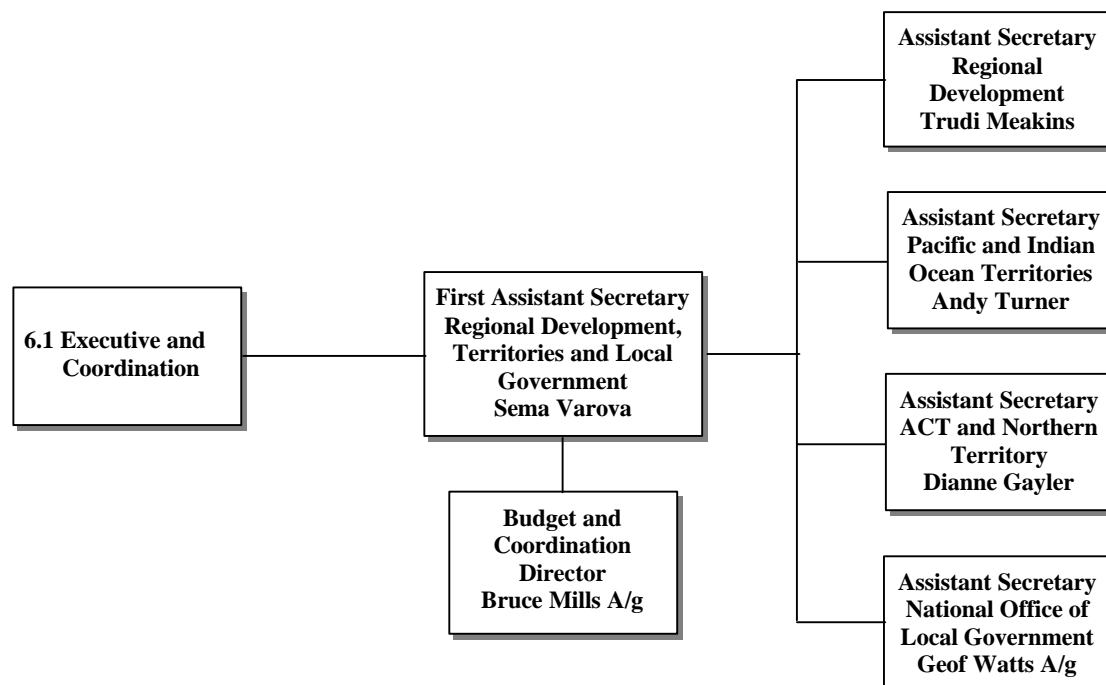
6.4 National Office of Local Government Resource Table

	1996-97 Actual (\$'000)	1997-98 Budget ⁽¹⁾ (\$'000)	1997-98 Actual (\$'000)
Special Appropriations			
<i>Local Government (Financial Assistance) Act 1995</i>	–	1 205 208	1 205 208
Running costs	–	2 168	1 720
Program costs			
Local Government Program	–	4 220	3 267
Total appropriations	–	1 211 596	1 210 195
Less adjustments	–	(20)	(12)
Total outlays	–	1 211 576	1 210 183
Staff years	–	38.0	38.0

(1) Budget figure amended to include Additional Estimates.

6.1 Executive and Coordination

Contact Officer: Sema Varova (02) 6274 8050



Objective

To facilitate achievement of the Territories and Local Government program objectives through executive and resource management, policy coordination and administrative support.

Note: In June 1998 a restructure aligned Regional Development with the Territories and Local Government functions. For this 1997–98 Annual Report, the Regional Development performance report is under Program 4 as presented in the 1997–98 Portfolio Budget Statements for the Department of Transport and Regional Development.

Strategies

- Conclude a resource agreement with Department of Finance and Administration on a base recurrent funding for the Indian Ocean Territories including mechanisms for adjustment, within the context of developing an IOTs fiscus.
- Implementation of the 1997–2000 strategic plan for the Territories and Local Government Sub-program.
- Full integration of financial systems and standardisation of all accounting operations in regions and central office.

6.1 EXECUTIVE AND COORDINATION

- Staff training on new legislation affecting staff such as the *Financial Management and Accountability Act 1997*.
- Review asset management processes to ensure the best practice management of Commonwealth's IOTs assets.

Overview

Executive and Coordination provides comprehensive, accurate and timely resource (people and financial) management information systems, policy coordination and executive management services which support the provision of high level policy advice to the Government.

Machinery of Government changes—which transferred the Territories and Local Government Program from the Environment, Sport and Territories portfolio to the Department of Transport and Regional Development—had an impact on management and administrative systems. Territories and Local Government was required to undertake full integration of its financial and information technology systems with the Department's systems. It is envisaged further integration will occur in the 1998–99 financial year.

Performance indicators and results

The extent to which the Sub-program supports the Territories and local government policy objectives and the Program is managed effectively

In supporting the Territories and local government policy and management requirements, Executive and Coordination made significant progress in resource management and planning, particularly in facilitating integration with the systems operating in the Department.

- A Resource Agreement was concluded with the Department of Finance and Administration in November 1997. This agreement has subsequently been overtaken by a funding review announced in the 1998–99 Budget.
- A strategic plan was developed for the Territories and Local Government Program and is being reviewed in the context of the change of portfolio, the consequent divisional restructure and the review of administration of the IOTs, which is to be completed by the end of 1998. The plan will meet Government objectives and policy on Year 2000 issues.
- Staff training following the introduction of legislation affecting operations under the new *Financial Management and Accountability Act 1997*. All training and development requirements have been integrated with departmental programs.

- A review of management processes was completed to ensure the best practice management of the Commonwealth's IOTs assets. Best practice assets management is being achieved through implementing a consolidated assets management system in the IOTs and Jervis Bay Territory.

Equity in policy development and service delivery

Executive and Coordination encourages and promotes access and equity through actively supporting the Commonwealth Government's policies in all areas of cultural and workplace diversity and people management.

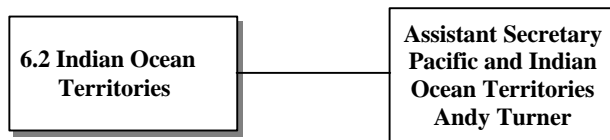
Progress towards Year 2000 compliance

Investigations indicate that some systems in the Territories may not be Year 2000 compliant. The Sub-program has written to suppliers and service providers. Replies are being monitored and concerns will be followed up and addressed with appropriate action. A Steering Committee has been established within the Sub-program to manage this process.

The National Office of Local Government is taking action to raise the awareness of local government bodies of potential difficulties if remedial action is not taken to become Year 2000 compliant.

6.2 Indian Ocean Territories

Contact Officer: Andy Turner (02) 6274 8005



Objectives

To align conditions and standards on Christmas Island and the Cocos (Keeling) Islands with those of comparable communities in the rest of Australia.

To provide the residents of the Territories, over time, with rights, opportunities and responsibilities equal to those of their fellow Australians.

To enhance economic development; to protect the natural and cultural heritage; and to deliver government services efficiently, effectively and equitably.

Strategies

- Implement Western Australian based legal regimes for the residents of the Indian Ocean Territories.
- Continue to deliver State-level services to the IOTs through renewed, reviewed and additional service delivery arrangements.
- Progressively upgrade and maintain public infrastructure in the IOTs to mainland standards.
- Adopt standards similar to those that exist in comparable mainland communities.
- Ensure conservation of identified natural and cultural heritage areas.
- Support economic development.
- Support effective local government in the IOTs.

Overview

The Sub-program provides advice to the Minister for Regional Development, Territories and Local Government on development, implementation and evaluation of Commonwealth policies and programs for Christmas Island and the Cocos (Keeling) Islands.

6.2 INDIAN OCEAN TERRITORIES

It also manages the delivery of State level services to the IOTs, mainly through individual service agreements negotiated with Western Australian Government agencies, and has responsibility for implementing the legal regime in the IOTs.

During the year progress in a number of areas included implementing a modern legal regime for the IOTs and continued delivery of State-level services aligned with WA standards. Major items in the capital works programs continued and the on-island Administrations commenced the process for outsourcing commercial operations.

Three major events during the year had a large impact on the Sub-program. These were the withdrawal of the commercial air service to the IOTs; the announcement of a proposal for a satellite launching facility on Christmas Island; and closure of the Christmas Island Casino. Work addressing these is likely to continue in 1998–99.

The anticipated review of, and subsequent amendments to, the *Casino Control Ordinance 1988* was overtaken by other priorities arising from the closure of the Christmas Island resort.

Signing a new 21-year mining lease with Phosphate Resources Pty Ltd and fuel leases with various agencies was the successful culmination of a number of years of complex negotiations.

Negotiations with proponents were due to finalise development plans for various commercial sites on Christmas Island. While negotiations began, the proponents subsequently withdrew all expressions of interest. Planning for these sites will continue during 1998–99.

Some progress has been made towards outsourcing and privatising commercial services undertaken by the Territory Administrations. This will take further work to finalise over the next few years. It is intended to incorporate performance indicators with benchmark standards into service contracts to monitor and regulate the delivery of commercial services. Reporting requirements also will be included.

Performance indicators and results

The degree to which a modern legal regime based on that of Western Australia is progressively implemented

Implementation of the Western Australian legal regime in the Cocos (Keeling) Islands and Christmas Island continued during the year with three previously suspended laws being applied. These laws deal with the imposition of financial institutions duty and debit tax and came into force on 1 July 1998.

Two previously suspended laws on gaming were repealed. One previously repealed law concerning fish resources was applied. The remaining four suspended laws will be reviewed at the end of 1999—two dealing with corporations, one with water management, and one with portability of long service leave.

The two six monthly lists of newly applied WA laws were tabled in both Houses of Parliament as required under the *Christmas Island Act 1958* and the *Cocos (Keeling) Islands Act 1955*. This tabling provides the opportunity for either House to terminate the application of a WA law in the Indian Ocean Territories. Termination procedures are set out in the two Acts.

Four ordinances were made under the *Christmas Island Act 1958* and five ordinances under the *Cocos (Keeling) Islands Act 1955*. The ordinances deal with occupational health and safety, applying and modifying the financial institutions duty and debit tax laws, modifications to franchise fees laws and modifications to land laws. The additional ordinance for the Cocos (Keeling) Islands was to further modify the financial institutions duty legislation.

The degree to which State-level services continue to be delivered to the IOTs through renewed, reviewed and additional service delivery arrangements

New service delivery arrangements were signed with Western Australian State agencies—the Department of Health, the Equal Opportunity Commission, the Public Trustee and the Ombudsman. Service delivery arrangements were renewed, after review and evaluation, with the Valuer-General's Office, the Small Business Development Corporation, the Main Roads Department and the Department of Minerals and Energy.

The degree to which public infrastructure in the IOTs is progressively upgraded and maintained to mainland standards

Work continued on a range of capital works projects on the Cocos (Keeling) Islands and Christmas Island in line with the Government's objective of bringing the public infrastructure in the IOTs up to mainland standards.

In the sixth year of the Christmas Island Rebuilding Program major projects completed included police cells renovation, construction of eight medium density public housing units at Poon Saan, high voltage reticulation upgrading and power house fuel system installation. Work is continuing on jetty reconstruction, light industrial area development, wharf facilities and rockfall protection works.

In the Cocos (Keeling) Islands the major projects were sewage treatment systems for Home Island and West Island and the development of marine harbour facilities at Rumah Baru. The main focus in 1997–98 was on environmental investigation work for these projects.

The Minister for Regional Development, Territories and Local Government, Alex Somlyay, agreed to provide \$50 000 to the Shire of the Cocos (Keeling) Islands for developing a comprehensive waste management plan for the Territory. Design work will start in 1998–99.

6.2 INDIAN OCEAN TERRITORIES

The degree to which standards similar to those that exist in comparable mainland communities are progressively adopted

The terms of a resource agreement, concluded with the Department of Finance and Administration in November 1997, will be re-examined in a wider review of the long-term economic sustainability of the IOTs.

Announced in the 1998–99 Budget, the review will be conducted jointly with the Department of Finance and Administration during 1998–99. It will assess the future role for the Commonwealth in administration of these Territories, in consultation with the local communities, and recommend future funding arrangements.

A review of Administration housing in the Cocos (Keeling) Islands, which began in December 1997, is expected to be finalised in 1998–99. The Christmas Island Administration commissioned Homeswest to review public housing. This was completed in December 1997. Work on implementing decisions from both reviews will continue during 1998–99.

Studies commissioned by the Christmas Island Administration to review and make recommendations on future management and delivery of commercial services (ports, power, and water and sewerage) were completed. The reports provided the basis for developing policy advice. Reform of management of these utilities is a continuing issue, consistent with the Government's policy of outsourcing non-core activities.

On 24 June 1998 the marine services tender for the Cocos (Keeling) Islands closed. Three submissions are being considered. The tender covers the operation of the ferries and buses, the marine officer's duties and marine asset maintenance.

Expressions of interest for providing power, water and sewerage operations for the Cocos (Keeling) Islands closed in June 1998. Three companies were short-listed to proceed to the tender stage.

Ansett terminated its commercial air service between Perth and the IOTs from late October 1997. An arrangement was made with National Jet Systems Group to provide a service for six months from November, pending a call for expressions of interest in December. A closed tender process resulted in an agreement with National Jet Systems Group to provide a weekly service, subsidised by the Commonwealth, between the IOTs and Perth.

Telstra was unable to provide carrier preselection in the IOTs by June 1997. After consultation with Island communities, an agreement was reached for Telstra to provide a package of infrastructure improvements. Telstra will continue to upgrade its facilities with new satellite equipment and new telephone exchanges by June 1999.

The IOTs Administrations purchased new satellite receiving equipment to ensure the continued reception of television and radio signals following the conversion of analogue transmission signals to digital signals. Both Territories will continue to receive ABC and Golden West Network signals as well as having access to the SBS signal.

The degree to which conservation of identified natural and cultural heritage areas is ensured

Environment audits of the IOTs were carried out in November 1997 and June 1998 and the IOTs Environmental Officer continues to oversee implementation of recommendations from the audits. The most recent audit showed a continuing improvement in environmental protection and management.

Consultants were engaged by the Christmas Island Administration to undertake a review of the present listings on the Register of the National Estate. They also prepared development control plans to provide guidance to the Shire of Christmas Island and residents in the development and management of heritage listed properties and precincts. Work on this project will continue during 1998–99.

The degree to which economic development is supported

The Asia-Pacific Space Centre consortium approached the Commonwealth in December 1997 with a proposal to establish a commercial space launch facility on Christmas Island. On 14 March 1998, in accordance with the provisions of the *Environment Protection (Impact of Proposals) Act 1974*, the Minister designated APSC as the proponents for environmental consideration of the project.

A site on South Point has been identified as the location for the proposed facility. This area is currently part of a mine lease held by Christmas Island Phosphates. The Department's role is to negotiate appropriate land transfer arrangements with the parties, on the basis that the APSC proposal must be able to stand on its own without the need for Commonwealth financial assistance.

A project team has been established to coordinate the Department's role in the proposal, which has the potential to provide benefits for the Island's economy and for Australia.

A suite of contracts for Christmas Island fuel leases was signed on 4 February 1998, after two years of complex negotiations between the Commonwealth, Phosphate Resources Limited (the phosphate mining company on Christmas Island) and Gaseng Petroleum Pty Ltd. The contracts resolve outstanding legal issues on the leasing and operation of fuel infrastructure on Christmas Island.

A 21-year phosphate mining lease with Phosphate Resources Limited was signed on 4 August 1997 and came into effect on 4 February 1998 (with the signing of various inter-related fuel contracts). The new lease imposes a number of environmental obligations including a dust removal project, to be completed by September 1999 at an estimated cost of \$6.6 million.

6.2 INDIAN OCEAN TERRITORIES

Despite delays in meeting one of the project milestones, PRL has demonstrated its commitment to reducing dust emissions to acceptable levels. PRL is also obliged to implement a comprehensive environmental management plan, comply with a range of mainland environmental standards and rehabilitate mining areas for future development purposes, or for incorporation into the Christmas Island National Park.

The licensee of the Christmas Island Casino, Christmas Island Resort Pty Ltd, closed the casino on 23 April 1998. The directors advised the Minister for Regional Development, Territories and Local Government, Alex Somlyay, that it was no longer economically feasible to operate the casino due to the adverse economic conditions in Asia and the inability to obtain landing rights in Jakarta for flights to and from Christmas Island. In June 1998 Indonesian authorities indicated their willingness to allow the resumption of services between Jakarta and Christmas Island.

As a consequence of the casino closure, the Minister terminated the appointment of the Administrator, Casino Management International on 6 May 1998. The Administrator had been appointed by the Minister to enable the casino to operate until the licensee entered into a new casino operation agreement. Despite undertakings to fulfil all financial obligations following the closure, the licensee failed to pay creditors and employees.

On 16 June the Minister issued the licensee with a notice to show cause within 21 days why the casino licence should not be cancelled. The grounds on which the notice was issued were failure to pay financial obligations, and failure to enter into a casino operation agreement.

The Christmas Island Administration continued to dispose of vacant land and commercial and residential properties surplus to its requirements. Two auctions were held: in September 1997 and February 1998. Sales were just over \$3 million. Proceeds from Administration-owned housing reverted to the Administration for maintenance of remaining housing stock. Proceeds from the remaining land reverted to the Commonwealth Consolidated Revenue Fund.

In May 1998 the Australian Valuation Office supplied revised valuations on Commonwealth properties identified for sale in the Cocos (Keeling) Islands and an auction is likely to be held during 1998–99. The review of the housing policy may affect the number of Commonwealth-owned houses to be offered for sale.

The degree to which effective local government is supported

On 5 February 1998 the Minister approved the vesting of ten locations in the Shire of Christmas Island. These included four public recreation areas, the old technical school, Poon Saan Community Centre, the picture theatre and two sports facilities.

On 14 April 1998 the Minister approved the freehold transfer of another seven properties to the Shire of Christmas Island. These included five residences, vacant crown land and the George Fam Centre, which houses the Shire's Administrative Offices as well as the library and other community facilities.

Additional funding for both IOTs shire councils was announced in the 1998–99 Budget following negotiations between the Department, the WA Local Government Grants Commission and the Commonwealth Department of Finance and Administration.

Equity in policy development and service delivery

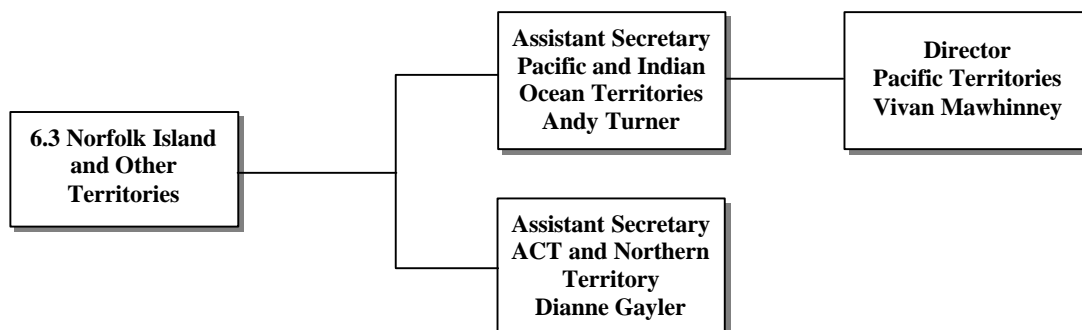
In providing government services the requirements for social justice are included in the service delivery arrangements with WA departments and agencies. The on-island Administrations maintain close liaison with community groups and the shire councils to ensure social justice is provided in delivering their services.

Progress towards Year 2000 compliance

The Sub-program conforms to the Department's strategy to ensure Year 2000 compliance. See comments under this indicator for Sub-program 6.1: Executive and Coordination.

6.3 Norfolk Island and Other Territories

Contact Officer: Vivan Mawhinney (02) 6274 8088; Dianne Gayler (02) 6274 8020



Sub-program 6.3: Norfolk Island and other Territories is reported as three Territory groups, each with objectives and strategies, in the following order:

1. **Norfolk Island**
2. **Jervis Bay**
3. **Australian Capital Territory, Northern Territory and Other Territories.**

1. NORFOLK ISLAND

Contact Officer: Vivan Mawhinney (02) 6274 8088

Objectives

To establish an appropriate level of internal self-government on Norfolk Island consistent with ensuring that residents enjoy rights, opportunities and responsibilities equal to those of their fellow Australians.

To protect the Territory's natural and cultural heritage; and to discharge Commonwealth responsibilities under Territory legislation efficiently, effectively and equitably.

Strategies

- Implement a comprehensive land management regime for Norfolk Island in consultation with the Norfolk Island Government.
- Respond to the Commonwealth Grants Commission Inquiry into Norfolk Island's financial and administrative arrangements in accordance with Government policy.

6.3 NORFOLK ISLAND AND OTHER TERRITORIES

- Review Norfolk Island self-government arrangements in consultation with the Norfolk Island Government.
- Promote the Norfolk Island Government's participation in national programs and Australia-wide government decision-making processes.

Overview

Advice is provided to the Minister for Regional Development, Territories and Local Government, on developing, implementing and evaluating Commonwealth policies and programs for Norfolk Island.

Close liaison is maintained between the Sub-program and the Administrator of Norfolk Island on all matters relating to the Territory.

Good progress has been made in reforming the land management regime on Norfolk Island. The Norfolk Island Assembly has enacted 18 pieces of legislation and work is under way on remaining elements of the review.

The Commonwealth Grants Commission Report on the Island's financial and administrative capacities, tabled in September 1997, provides information for a joint Commonwealth and Norfolk Island review of internal self-government arrangements.

Accrual accounting principles will be applied throughout the public sector on Norfolk Island from the 1999–2000 financial year, enhancing performance assessment and strategic planning.

Performance indicators and results

Progress in implementing a comprehensive land management regime for Norfolk Island in consultation with the Norfolk Island Government

This has been a major undertaking. Eighteen separate pieces of legislation comprising a comprehensive land management and administrative regime have been jointly developed and enacted by the Norfolk Island Assembly. Most of the legislation has started and the land titles and management system has been overhauled and computerised.

Residual tasks include developing individual plans of management for public reserves, and developing codes to allow commencement of remaining legislation.

Progress with the Commonwealth Grants Commission Report on Norfolk Island's financial and administrative capacities and the review of the Island's self government arrangements in consultation with the Territory Government

In September 1997 the Commonwealth Grants Commission's Report on Norfolk Island was tabled in Federal Parliament. It is a comprehensive analysis of the Island's economy and financial and administrative capacities, and provides a sound factual

base against which a joint Commonwealth and Norfolk Island examination of future self-government arrangements for Norfolk Island can proceed.

Discussions for advancing this process were rescheduled for the next meeting between the Minister and the Norfolk Island Government in early August 1998. In the meantime, it has been agreed that accrual accounting principles will be applied to the Norfolk Island Public Account to help overcome data deficiencies and improve performance assessment and strategic planning.

The Norfolk Island Government is addressing some issues relating to administrative arrangements through the commissioning of a strategic review and the development of a strategic plan.

Success in promoting the Norfolk Island Government's participation in national programs and Australia-wide government decision-making processes

The Department continues to promote the Norfolk Island Government's participation in national programs and Australia-wide government decision-making processes as issues arise.

During the year the Norfolk Island Assembly considered firearms control legislation to meet national standards. The Federal Parliament passed legislation to help fund the proposed Norfolk Island firearms buy-back scheme.

Equity in policy development and service delivery

In providing government services, whether directly or under contract with other government agencies or private operators, the requirements for equity considerations are given a high priority. The Norfolk Island Administrator maintains close liaison with Island representatives and community groups on delivering the services to meet their needs.

Progress towards Year 2000 compliance

This area conforms to the Department's strategy to ensure Year 2000 compliance. See comments under this indicator for Sub-program 6.1: Executive and Coordination.

2. JERVIS BAY

Contact Officer: Vivan Mawhinney (02) 6274 8088

Objectives

To align conditions and standards in the Jervis Bay Territory with those of comparable communities in the rest of Australia.

To provide the residents of the Territory, over time, with rights, opportunities, and responsibilities equal to those of their fellow Australians.

To protect the Territory's natural and cultural heritage.

To deliver government services efficiently, effectively and equitably.

Strategies

- Implement Government decisions on the Jervis Bay Territory Land Use/Development Blueprint.
- Progress the divestment of non-core functions in the Jervis Bay Territory.

Overview

Advice is provided to the Minister on developing, implementing and evaluating Commonwealth policies and programs for the Jervis Bay Territory.

Close liaison is maintained between the Sub-program and the Jervis Bay Regional Office on all matters relating to the Territory. The Sub-program also liaises with the ACT Government about the range of government services, which the ACT Government delivers in the Jervis Bay Territory under Memoranda of Understanding with the Commonwealth.

Good progress has been made in meeting the objectives and strategies established for the Jervis Bay Territory. Negotiations are under way with certain commercial leaseholders for extensions of their land leases in the Territory. The management and operation of a number of utilities and property have been contracted to the private sector and work on others is well advanced.

Performance indicators and results

Progress in implementing Government decisions consequent on finalisation of Jervis Bay Territory Land Use/Development Blueprint

A small number of Aboriginal land claims in the Jervis Bay Territory have yet to be determined. However the Commonwealth Government has agreed to proceed with

negotiations on lease extensions in the Territory for certain commercial land leaseholders located along Sussex Inlet.

These include the holiday village known as 'Lumeah', on which the Government has previously given approval for redevelopment, following an environmental assessment of the proposal under the auspices of the Minister for the Environment.

Progress with divesting non-core functions in the Jervis Bay Territory

In accordance with Government policy, the management of a range of government services in the Jervis Bay Territory has been contracted out. These include: management of the housing stock; maintenance and operation of the water treatment plant and water reticulation system; maintenance and operation of the sewerage services; maintenance of commercial and community buildings; and repair and maintenance of village roads, stormwater drains and pollution traps.

Work is well advanced on privatising aspects of the operation of the electricity system.

Equity in policy development and service delivery

In providing government services whether directly or under contract with other government agencies or private operators, the requirements for equity considerations are given a high priority.

The Sub-program maintains liaison with community groups, notably the Wreck Bay Aboriginal Community, on delivering the services to meet their needs. The Sub-program convenes and chairs the Jervis Bay Territory's Aboriginal Justice Advisory Committee.

Progress towards Year 2000 compliance

Information technology operations in the Jervis Bay Territory are part of the Department's overall infrastructure. This area conforms to the Department's strategy to ensure Year 2000 compliance.

3. AUSTRALIAN CAPITAL TERRITORY, NORTHERN TERRITORY AND OTHER TERRITORIES

Contact Officers: Dianne Gayler (02) 6274 8020

Vivan Mawhinney (02) 6274 8088 (Coral Sea Islands Territory)

Objectives

To protect and enhance the Commonwealth's interests in relation to the Australian Capital Territory, the Northern Territory, the Territory of Ashmore and Cartier Islands and the Coral Sea Islands Territory.

To protect and enhance the National Capital and promote effective working relationships with the Australian Capital Territory and the Northern Territory Governments.

Strategies

- Establish effective communication and partnership mechanisms with the ACT Government, ACT and region business groups and Commonwealth agencies.
- Review and update self-government legislation for the ACT and NT.
- Liaise with the National Capital Authority, Commonwealth agencies and the ACT Government on planning and land management in the National Capital.
- Develop advice for Government consideration on the possible grant of Statehood to the Northern Territory
- Protect the Commonwealth's interests in relation to the Territory of Ashmore and Cartier Islands and the Coral Sea Islands Territory.

Overview

Established in June 1997, the ACT and NT Branch (formerly the ACT Liaison Unit) ensures that the Commonwealth's interests in the self-governing Territories of the ACT and the NT are effectively met and the self-government legislation is maintained and adapted where necessary.

The Department (through the ACT and NT Branch) provides advice to the Minister on Commonwealth policies, programs, legislation and practices as they affect the ACT, the Australian Capital Region and the NT.

As well, the Department:

- is the coordination point for constitutional development and maintenance of good governance of these Territories and liaises with the ACT and NT Governments on such developments;
- develops proposals for the Government's consideration in relation to the possible grant of Statehood for the NT;
- has a role, in conjunction with the National Capital Authority, in protecting and fostering the significance of Canberra as Australia's National Capital and providing advice on policy issues relating to the Commonwealth's interests in the National Capital;
- advises on Commonwealth policies which can impact positively on the economic and employment prospects of the ACT and region; and
- provides secretariat support to the Canberra Ministerial Forum on such matters.

Until 30 June 1998 the ACT and NT Branch was responsible for policy issues and for implementing and maintaining appropriate laws for the uninhabited Territory of Ashmore and Cartier Islands. Responsibility for this Territory has transferred to the Pacific and Indian Ocean Territories Branch.

Performance indicators and results

The extent to which effective relationships with the ACT Government and the Australian Capital Region are achieved, the Commonwealth's interests in relation to the ACT are protected, and the National Capital is protected and enhanced

The Canberra Ministerial Forum continued to provide an effective mechanism for the dialogue between the Commonwealth and ACT governments and business groups in the ACT and region. One formal meeting was held in September 1997 and the Chair, the Minister for Regional Development, Territories and Local Government, Alex Somlyay, also met a number of times with business members of the Forum.

The Forum facilitates access for members to other Commonwealth Ministers and agencies on matters of interest to the ACT and the Australian Capital Region.

Matters of particular priority during 1997–98 included: the Canberra Airport sale; the Federal Highway duplication; the Sydney/Canberra Very High Speed Train; Commonwealth Government outsourcing opportunities for the ACT; and the Defence Reform Program's potential effects on, and opportunities for, the ACT and Region.

Regular meetings were held between representatives of the ACT Government and the Department to enhance the working relationship between the ACT and the

6.3 NORFOLK ISLAND AND OTHER TERRITORIES

Commonwealth Governments and to progress opportunities and matters of mutual interest.

Commonwealth legislation was prepared in 1997–98 to give the ACT Government certain powers in relation to utilities and planning and land management:

- Regulations under the *Australian Capital Territory (Self-Government) Act 1988* were amended to allow the ACT to legislate in respect of corporations law to implement the national reforms to the electricity industry in the ACT.
- The *Gas Pipelines Access (Commonwealth) Act 1997* amended the *Australian Capital Territory (Self-Government) Act 1988* to enable the ACT to confer concurrent jurisdiction on the Federal Court for enforcement of natural gas pipelines access.
- At the request of the ACT Government, amendments to the *Australian Capital Territory (Planning and Land Management) Act 1988* were introduced. The amendments allow for the maximum term of leases in the ACT of 999 years. The existing maximum term of 99 years is perceived to be a disincentive to investment in the ACT.

A joint Commonwealth and ACT Government Working Party was established in November 1997 to conduct a review of governance in the ACT. The Working Party, chaired by Professor Philip Pettit, reported to the Minister for Regional Development, Territories and Local Government and the ACT Chief Minister in April 1998.

The report is under consideration by the ACT Government and the ACT Legislative Assembly. Following formal advice from the ACT Government, recommendations will be presented to the Commonwealth Government for consideration.

A series of meetings were held with Environment ACT, Environment Australia and Commonwealth agencies responsible for managing land with endangered species and threatened communities. Draft Memoranda of Understanding were prepared between the parties setting out agreed roles and responsibilities under Commonwealth and ACT endangered species legislation.

Advice is provided to the Minister on appointments to the National Capital Authority. Mr James Birrell was appointed to the NCA for a two-year term from 26 November 1997.

Following the resignation of Mr Michael Ratcliffe as Chief Executive of the NCA, a selection process was managed by the Department and resulted in the appointment of Ms Annabelle Pegrum for a three-year term from 2 June 1998. (The NCA, in accordance with the *Australian Capital Territory (Planning and Land Management) Act 1988*, provides a separate Annual Report to Parliament).

The Department coordinated and prepared the Government's response to the report of the Joint Standing Committee on the National Capital and External Territories,

The right to protest. A committee with representatives from Commonwealth agencies and the ACT Government was convened to implement agreed recommendations.

As well, the Department participated in the Australian Capital Region Industry and Investment promotion in Sydney to showcase the ACT and Region. Funding of \$15 000 was provided to the Australian Capital Region Development Council to support participation of regional businesses and the Council at the Northern Territory Expo in June 1998 as part of its activities to encourage diversification of the ACT economy.

Their display was selected as the winning interstate display at the Expo. Early indications are that more than \$600 000 in business for the ACT and Region was written at the Expo and further evaluation of outcomes is to be undertaken.

Effective working relationships were developed with key stakeholders in the ACT and the Region, including the ACT Government. Liaison with Commonwealth agencies on policies and programs impacting on the ACT and the regional economy resulted in positive progress on key issues.

The extent to which effective relationships with the Northern Territory Government are achieved on matters of interest to the Commonwealth and the extent to which the Commonwealth's interests in relation to the NT are protected

The Commonwealth's consideration of possible grant of Statehood to the Northern Territory was progressed during the year by the Department and through a Commonwealth interdepartmental committee. The Department provided the secretariat for the committee, which met three times to progress development of a Commonwealth position. The Commonwealth attended the Northern Territory Statehood Convention held in Darwin in March/April 1998 as an observer.

Following flooding caused by Cyclone Les in January 1998, the Commonwealth convened a meeting with representatives of the banking and insurance industries to develop a strategy to deal with the devastation to the business communities of Katherine and the region.

As a result the Katherine Region Redevelopment Program was established and the Federal and NT Governments each contributed \$3.34 million. Contributions were sought from corporate Australia and \$275 500 in donations was received.

After joint consultation with affected parties, the NT Government established a Board of Trustees that developed guidelines for and administered a grants program to affected businesses. The program was effective in quickly assisting businesses to re-establish and maintain local employment and economic activity.

The extent to which the Commonwealth's interests in relation to the Territory of Ashmore and Cartier Islands are protected

The Department participated in an interdepartmental committee to develop a Government response to the Joint Standing Committee on Treaties report on the

6.3 NORFOLK ISLAND AND OTHER TERRITORIES

Australia-Indonesia Maritime Delimitation Treaty. The Treaty was signed on 14 March 1997 and is subject to ratification by the Parliaments of both countries. It settles the maritime boundary between Indonesia and the Australian Territories of Christmas Island and Ashmore and Cartier Islands.

Equity in policy development and service delivery

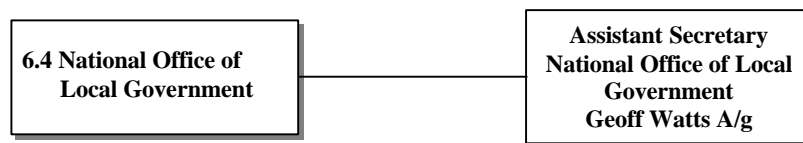
The work of the ACT and NT Branch contributes to social justice for the ACT and NT jurisdictions in that the impacts of Commonwealth policies and programs on these Territories are taken into account in a more systematic manner. The Katherine Region Redevelopment Program, instituted after the floods, assisted in reinstating employment and assisted small businesses of those communities in a practical and speedy way.

Progress towards Year 2000 compliance

The Sub-program conforms to the Department's strategy to ensure Year 2000 compliance. See comments under this indicator for Sub-program 6.1: Executive and Coordination.

6.4 National Office of Local Government

Contact Officer: Cathy Parsons (02) 6274 8118



Objective

To work in partnership with local government to contribute to the nation's social, environmental and economic performance.

Strategies

- Administration of local government Financial Assistance Grants.
- Provision of grants under the Local Government Development Program.
- Facilitating improvements in the efficiency and effectiveness of local government.

Overview

The National Office of Local Government manages key elements of the day-to-day contact between the Commonwealth and local government and assists with implementing Commonwealth objectives at the local level. NOLG is the central point of contact for providing independent and expert advice on local government.

It works with councils, local government associations and Commonwealth and State government agencies to improve the efficiency and effectiveness of the local government sector, and to promote local government's contribution to the nation's overall economic and social performance. In 1997–98, NOLG:

- administered \$1.2 billion of local government Financial Assistance Grants to more than 726 councils and the ACT;
- provided grants under the Local Government Development Program, currently funded at around \$4 million per year until the end of 1998–99, to improve local government contribution in areas of national priority. Grants support regional development, microeconomic reform, urban reform, environmental management and initiatives that promote fair access to services; and
- facilitated improvements in the efficiency and effectiveness of local government including management of the National Awards for Innovation in Local Government to encourage innovations by councils.

Performance indicators and results

The extent to which the content of the Local Government National Report was refined and developed

The second National Report was produced by NOLG and tabled in Parliament in November 1997. The Report provided:

- details of Financial Assistance Grants paid to all councils in 1996–97;
- an overview of local government in Australia, including the history of local government funding and a description of how the *Local Government (Financial Assistance) Act 1995* operates;
- a summary of how the Financial Assistance Grants are determined and distributed, including details of the methodologies used by the State and Territory Governments to determine the distribution of funds to local government councils in their State or Territory;
- an update of local government's performance on implementing reforms including:
 - National Competition Policy;
 - progress in the development of performance indicators for local government;
 - benchmarking of local government performance; and
 - structural reform.
- a summary of the winners of the National Awards for Innovation in Local Government;
- an updated version of the Australian Classification for Local Government; and
- results of a survey of process benchmarking in local government.

The extent to which the National Office of Local Government responded to the Industry Commission review of national performance indicators for local government

During the year the Industry Commission completed the review of national performance indicators for local government, initiated by NOLG in 1996–97. The report, *Performance Measures for Councils*, released in October 1997, found that:

- a nationally consistent approach to performance measurement for local government is not warranted at this time;
- existing performance measurement systems used by States and Territories have significant shortcomings; and
- there would be considerable net benefits to the community from improving these systems.

The report also provided a model for developing State and Territory level performance indicators to apply to local government.

The Local Government Ministers' Conference considered the Industry Commission findings in November 1997 and agreed on the following course of action for progressing performance measurement in local government:

- The States and Territories will improve indicators at the State level generally in accordance with the principles recommended by the Industry Commission.
- The States and Territories will provide the Commonwealth with information arising from their development of performance measures.
- For the purpose of publishing the national report, States and Territories and the Australian Local Government Association will provide the Commonwealth with reports on progress in improving the performance of local government, through mechanisms such as performance indicators and structural reform.

The extent to which the continuing implementation of the Local Government Development Program complements the financial assistance grants and assists councils to improve their performance

While Financial Assistance Grants look to equitable funding for councils through the principles of horizontal equalisation, the Local Government Development Program addresses efficiency and effectiveness.

Twenty-five new LGDP projects were approved under revised program guidelines in 1997–98 taking the total number of projects managed during the year to 70. The projects address regional leadership, a legislative review process for local government, structural reform, and coordination of State and local government infrastructure.

Continuing projects include structural reform in local government, implementing the Australian Model Code for Residential Development, continuous improvement and benchmarking, environmental management, Aboriginal and Torres Strait Islander issues and the National Awards for Innovation in Local Government.

Evaluation of the Local Government Development Program

During 1997–98 Coopers and Lybrand undertook an evaluation of the LGDP. One objective of the evaluation was to maximise the impact of the LGDP in the context of the Government's policies. The evaluation broadly endorsed the general direction of the existing Program, although it indicated that the Program objectives were too broad given the level of funding. The Report suggested a refocusing of the LGDP rather than a wholesale change in direction.

6.4 NATIONAL OFFICE OF LOCAL GOVERNMENT

The evaluation involved wide consultation with stakeholders. There was a general consensus, identified during stakeholder consultations, that objectives like institutional strengthening and capacity building should be a major focus of the LGDP in the future.

The recommendations of the report will be considered in developing revised guidelines for the Program in 1998–99.

The diversity of projects supported in 1997–98 is illustrated by the following examples:

Whitsunday, Hinterland and Mackay LGDP Project

Funding of \$90 000 was approved for a project to help coordinate the capital works programs of Queensland's State government agencies and eight local governments in the Whitsunday, Hinterland and Mackay region of North Queensland.

The funding will support the development of infrastructure programs at the regional and local levels. The project is expected to facilitate an expansion and diversification of the region's economic base.

Aboriginal and Torres Strait Islander projects

Funding for Aboriginal Policy Officer positions at the national level and in the Northern Territory, Victoria, New South Wales and South Australia was extended. Funding was also made for a new, similar position in Queensland.

The Remote Area Management Project in the Northern Territory continued to encourage increased participation in community government by enhancing the skills and understanding of elected members and other community members. An emphasis was on improving social and economic development where English is the second or third language.

Regional development

The ACT Sub-region Social Plan was refocused into the ACT and Sub-region Community Planning Framework, addressing the need to improve coordination and funding of regional community services between ACT and local government jurisdictions of Gunning, Queanbeyan, Yarrowlumla, Yass and Cooma-Monaro.

The framework was enthusiastically embraced by regional managers and included a Regional Needs Analysis Update with 1996 Census data and recent program policy changes. It is a transferable model for regional cooperation in integrated planning of accessible and equitable service provision across local and State boundaries.

Process benchmarking

In 1997–98 Cessnock City Council, and Singleton and Wyong Shire Councils were funded to benchmark open space and recreation and roads maintenance, with the aim of saving \$1.3 million per annum, and to train staff in benchmarking skills.

These projects follow the very successful benchmarking project by five New South Wales Councils—Wyong, Gosford, Liverpool, Sutherland and Newcastle—which pooled their expertise with the aim of improving processes in their mobile plant workshops, civil engineering design, civil infrastructure maintenance and building maintenance.

That project generated direct savings of \$2.3 million per annum in time and materials and delivered improvements in the timeliness and quality of services.

Training and education in local government

The Local Government and Shires Association of NSW is managing the Local Government Workplace Reform Project.

Groups of councils in NSW, identified for their regional and strategic significance, were each provided with consultancy support to undertake specific activities on microeconomic reform at their local level.

Existing work methods and processes were streamlined and team-based work promoted increased self-management and responsibility. Mechanisms were established to quantify productivity gains, estimated to be 5 per cent over the project's duration, measured by decreased service costs and improvements in service delivery.

Structural reform

The Commonwealth has provided more than \$1.2 million under the LGDP to help State Governments foster council amalgamations and facilitate other restructuring initiatives. Projects are currently nearing completion in South Australia and Tasmania, and are well under way in Western Australia and New South Wales.

In South Australia, total recurrent saving from structural reform is estimated at \$20 million, or around 8 per cent of total rate revenue, with savings used to cut rates, reduce debt, or improve services.

Australian Model Code for Residential Development

The National Office of Local Government continued to support the implementation of the Australian Model Code for Residential Development. During 1997–98, Local Government Development Program funding of \$360 000 was provided to the States and Territories for completion of AMCORD Education and Training—the final phase of the national AMCORD implementation and marketing program.

Each State and Territory has completed or is nearing completion of its own version of AMCORD. These are the: Livable Neighbourhoods Community Code (WA); Tasmanian Code for Residential Development; Queensland Residential Design Guidelines; NSW Model Code; Good Residential Design SA; and the ACT Code.

The extent to which the National Office of Local Government facilitated a partnership between the Commonwealth and local government

Ministerial support

The National Office of Local Government supported the Minister for Regional Development, Territories and Local Government, Alex Somlyay, in his role as Commonwealth representative in inter-governmental ministerial forums. The Minister represented the Commonwealth at the 1997 Local Government Ministers Conference in Sydney in November 1997.

A Planning Ministers' Conference was not held in 1997–98. The Commonwealth maintained its involvement in planning matters through representation at the senior officer level at meetings of the Planning Officials.

Round Table

NOLG plays a key role in managing the day-to-day contact between the Commonwealth and local government and assisting with implementation of Commonwealth objectives at the local level.

In this role, in March 1998 NOLG convened a 'Round Table' meeting of representatives of Commonwealth Government portfolios to discuss the Commonwealth's current involvement in local government matters and to reinforce the need to communicate and interact on matters of common interest.

The meeting was well attended and provided a useful forum to showcase NOLG's role, and to highlight the range of interaction between Federal and local government.

Directory of Commonwealth Assistance for Local Projects

Following consultation with Commonwealth departments in March 1998, NOLG initiated compilation of information about Commonwealth programs that local organisations can access to obtain Commonwealth assistance.

This information will be published in the second half of 1998 as a directory titled *Commonwealth Assistance for Local Projects*. The information will also be available on the NOLG or Department's Internet sites (www.nolg.gov.au or www.dot.gov.au/programs/nolg/nolghome.html).

Past editions of *Commonwealth Assistance for Local Projects* have proven to be very popular in local government organisations, as a reference document when seeking government support for local activities.

National Office of Local Government Newsletter: A National Perspective

The first four issues of *A National Perspective* were produced during 1997–98 with a distribution of more than 12 000 per issue. This four page supplement is produced by the National Office of Local Government on a quarterly basis for inclusion as an

insert in *Local Government FOCUS*, an established and accepted local government publication which is distributed to local government throughout Australia.

A National Perspective highlights some of the key areas in which local government is working to achieve national priorities. Also it showcases outcomes of projects funded under the Local Government Development Program and highlights many areas in which the Commonwealth, as a whole, is working with local government to improve the well being of local communities.

Urban Futures

Three issues of *Urban Futures* journal were published. Future arrangements for this journal are being discussed.

Progress with implementing Recommendation 29 of the report of the Small Business Deregulation Task Force

In March 1997, the Prime Minister provided a response to the Small Business Deregulation Task Force, titled *More Time for Business*, which tasked the National Office of Local Government with the responsibility for implementing Recommendation 29:

That the three spheres of government develop a reform strategy for referral and concurrence procedures in the building and development industry by 1 July 1997. The strategy should include a system for resolving problems between government agencies and ensuring the delegation of decision making to the lowest level practicable taking into account the scale of development.

Workshops have been held with State and Territory planning officials and industry groups culminating in a joint workshop on 25 June 1998 to discuss the development of a more harmonised planning and development assessment regime throughout Australia.

It is anticipated that the response to Recommendation 29 will be finalised in early 1999 at which time it is intended that it will be submitted to State and Territory Planning and Local Government Ministers for consideration.

Equity in policy development and service delivery

A major objective of the Commonwealth's Financial Assistance Grants to local government is to provide all councils with access to a level of funding which enables them to provide a basic level of service to all Australians.

One of the national priority areas funded through the Local Government Development Program is that of promoting fair access to services. During the year a variety of projects were funded to facilitate access particularly by Aboriginal and Torres Strait Islander communities to local government services.

6.4 NATIONAL OFFICE OF LOCAL GOVERNMENT

Progress towards Year 2000 compliance

The Sub-program conforms to the Department's strategy to ensure Year 2000 compliance.

The National Office of Local Government is taking action to raise the awareness of local government bodies of the potential difficulties they could face if remedial action is not taken to counter the effects of the problem.

Joint initiatives between the Australian Local Government Association and the Department are being developed. The initiatives are in two parts: a short survey for councils to complete; and an information package that will reinforce the importance of councils taking appropriate steps towards Year 2000 compliance and provide practical advice on how best to approach this.

The database supporting the Financial Assistance Grants is being redeveloped during 1998 and will be tested for Year 2000 compliance.

The State Grants Commissions, and the Northern Territory, have indicated that all data on Financial Assistance Grants will be Year 2000 compliant.

APPENDICES

- APPENDIX 1: FREEDOM OF INFORMATION**
- APPENDIX 2: INFORMATION AVAILABLE ON REQUEST**
- APPENDIX 3: DEPARTMENT AND PORTFOLIO ADDRESSES**
- APPENDIX 4: STAFFING OVERVIEW**
- APPENDIX 5: INDUSTRIAL DEMOCRACY**
- APPENDIX 6: INTERNAL AND EXTERNAL SCRUTINY**
- APPENDIX 7: OCCUPATIONAL HEALTH AND SAFETY**
- APPENDIX 8: ADVERTISING AND MARKET RESEARCH**
- APPENDIX 9: SOCIAL JUSTICE AND EQUITY**
- APPENDIX 10: PURCHASING AND USE OF CONSULTANTS**
- APPENDIX 11: RECONCILIATION OF PROGRAMS AND APPROPRIATION ELEMENTS**
- APPENDIX 12: DISCRETIONARY GRANTS**

Appendix 1: Freedom of Information

The *Freedom of Information Act 1982* (the FOI Act) requires Commonwealth Government agencies to make available information about their organisation, functions and operations, and about rules and practices which are used in making decisions which affect members of the public.

FREEDOM OF INFORMATION ACT SECTION 8 STATEMENT

This statement is set out under the following headings for ease of access:

1. **How to get information**
2. **Freedom of Information inquiries 1997–98**
3. **Agencies not covered by this statement**
4. **Portfolio organisation, functions and powers**
5. **Departmental manuals and categories of documents**
6. **Portfolio arrangements for outside participation**
7. **Program powers, categories of documents and arrangements for outside participation**

1. HOW TO GET INFORMATION

Under section 15 of the FOI Act, any person is entitled to apply for access to documents that fall within the scope of the FOI Act.

Some types of information may be available directly (and not require a formal FOI request) by writing to the Department or telephoning as follows:

Aviation statistical information:

Aviation Statistics (Avstats) (02) 6274 7720

Bureau of Air Safety Investigation Air Safety Occurrence Reports and other publications:

Safety Information 1800 020 616 or (02) 6274 6420

Bureau of Transport Economics publications:

Information Services (02) 6274 6846

Personnel records—current and former employees may gain access to their personnel records:

Director, Employee Services (02) 6274 6991

Media inquiries:

Director, Communications and Public Affairs (02) 6274 7522

Requests for Information

If you need further information, have questions, or if you wish to discuss making a formal request under the FOI Act, please contact the FOI Coordinator as indicated below.

A request under the FOI Act must be in writing, enclosing the \$30 application fee and stating an address in Australia to which notices under the FOI Act can be sent. In certain instances the fee is not required or can be remitted.

For a quick response you should give as much information as possible about the document or documents you are seeking. It also is advisable to include a telephone number in case clarification of your request is necessary.

Your request should be sent to:

**Freedom of Information Coordinator
Department of Transport and Regional Services
GPO Box 594
CANBERRA ACT 2601**

Telephone: (02) 6274 7844.

For documents in the custody of the National Archives of Australia apply directly to NAA, under section 40 of the *Archives Act 1983*. Only documents more than 30 years old and not containing personal information are available in this way.

FOI procedures

The Secretary holds the power to grant or refuse access under the FOI Act to any document held by the Department, and has authorised sub-program Senior Executive Officers to grant and refuse access to documents held by their sub-programs. In general, copies of documents are provided, however, the Department can provide a reading area for inspection of originals.

For the purposes of the FOI Act the records of the Bureau of Air Safety Investigation, the Bureau of Transport Economics, the administrations of Jervis Bay Territory, Christmas Island, Cocos Keeling Island and Norfolk Island, and the Explosives (Transport) Committee are records of the Department.

2. FREEDOM OF INFORMATION INQUIRIES 1997–98

During 1997–98, the Department received 51 requests for access to documents under section 15 of the *Freedom of Information Act 1982*. Most of these were requests for documents relating to aircraft accident investigations, the remainder related to vehicle compliance plate approvals, airports and waterfront reform. Thirteen requests were on hand at 1 July 1997.

Freedom of Information statistics 1997–98

Requests received	Number
On hand at 1 July 1997	13
Received 1 July 1997–30 June 1998	51
Action on requests	
Access in full	6
Access in part	34
Access refused/no documents located	7
Transferred in whole	1
Withdrawn	7
Current as at 30 June 1998	9
Response time	
0–30 days	17
31–60 days	21
61–90 days	5
91+ days	4
Internal review	
On hand at 1 July 1997	1
Applications received 1 July 1997–30 June 1998	7
Decision affirmed	2
Greater access given	4
Full access given	0
Withdrawn	0
Transferred (to Department of Workplace Relations and Small Business)	1
Current as at 30 June 1998	1
Review by Administrative Appeals Tribunal	
Applications	1
Decision completed	0
Withdrawn	1
Transferred (from Department of the Environment)	1
Current as at 30 June 1998	1
Fees and Charges	
Total application fees collected	\$1410
Total charges notified	\$7824
Total charges collected	\$6680

3. AGENCIES NOT COVERED BY THIS STATEMENT

The following agencies of the portfolio publish their own annual reports and are not covered by this statement:

- Airservices Australia
- Albury Wodonga Development Corporation
- Australian National Railways Commission
- Civil Aviation Safety Authority
- Federal Airports Corporation
- International Air Services Commission
- National Road Transport Commission
- National Capital Planning Authority

Under the FOI Act, the National Rail Corporation and the Australian Rail Track Corporation are exempt bodies and are not required to publish a statement under Section 8. Contact details for the above bodies are at Appendix 3. If you wish to obtain information or documents from these bodies please contact them directly.

The Australian Capital Territory has its own FOI legislation. Requests for documents held by ACT Government agencies should be made directly to the appropriate agency. Any requests for access to documents relating to ACT policing services should be directed to the Australian Federal Police. The Northern Territory does not have FOI legislation.

In October 1997, the Maritime program was transferred to the Workplace Relations and Small Business portfolio. The Department of Workplace Relations and Small Business, and the Australian Maritime Safety Authority, now hold all information on maritime matters. The exception is documents held by the secretariat of the Australian Transport Council in relation to the Marine and Ports Group. Requests for information relating to maritime issues should be directed to these agencies.

4. PORTFOLIO ORGANISATION, FUNCTIONS AND POWERS

The portfolio organisation is presented in the Organisation Chart and the Portfolio Program structure in the Overview at the front of this report.

The functions of the Department are described in the Overview and Program Performance Reports of this Report. Powers delegated to departmental officers are listed for each Program under section 7 of this appendix. Contact officers, at the Senior Executive level, are provided at the beginning of each sub-program report.

5. DEPARTMENTAL MANUALS AND CATEGORIES OF DOCUMENTS

In accordance with section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents used by departmental officers as a guide to procedures and practices to be followed when making decisions or recommendations that affect the public. The list is correct as at 30 June 1998 and is available on request from the FOI Coordinator (as indicated under Requests for Information in this appendix) or any office of the Australian Archives.

The following categories of documents are common throughout the Department:

- policy documents, including the development and implementation of government and departmental policy, recommendations and decisions;
- briefing papers and submissions prepared for the Ministers, Parliamentary Secretary and senior departmental officers;
- Cabinet documents, including draft Cabinet submissions and documents submitted to Cabinet;
- documents prepared for the Executive Council;
- documents relating to the development of and explanatory memoranda to Acts, Ordinances and Regulations;
- ministerial responses to parliamentary questions, interdepartmental and general correspondence and papers;
- speeches and other statements made by Ministers, the Parliamentary Secretary and departmental officers;
- documents containing statistical and other information;
- working papers; and
- internal administration documents relating to the organisation and operation of the Department and personal details of staff. These documents include financial and resource management records, internal operating procedures, instructions, circulars and indexes, and personnel records, organisational and staffing records.

6. PORTFOLIO ARRANGEMENTS FOR OUTSIDE PARTICIPATION

The Department welcomes views and comments, from members of the public and bodies outside the Commonwealth administration, on its policy formulation and its administration of portfolio legislation. In general, public consultation is widely practised at varying levels and across many fields of policy and program delivery. Formal arrangements for outside participation include cross-portfolio and specific program arrangements.

Oral or written representations may be made to the portfolio Ministers and Parliamentary Secretary or the Department, or submissions can be made to the councils, committees and working groups listed below.

Arrangements for outside participation at a cross-modal level

Australian Transport Council

The Australian Transport Council is a ministerial forum for Commonwealth, State and Territory consultation and advice to government on coordination and integration of all transport policy issues at a national level.

The ATC comprises Commonwealth, State, Territory and New Zealand Ministers with responsibility for transport, roads, and marine and ports matters. The Papua New Guinea Minister for Transport and Works and the Australian Local Government Association have formal observer status on the Council.

It also incorporates meetings of the Ministerial Council for Road Transport. This arrangement preserves the integrity of the National Road Transport Commission legislation governing its operation and that of the MCRT. The ATC is supported by the Standing Committee on Transport and the NRTC, which provides advice to Ministers on the MCRT element of the Council's agenda.

Standing Committee on Transport

The Standing Committee on Transport is responsible for formulating and managing the strategic agenda, as determined by the ATC, on multi-modal, inter-modal and modal policy issues as well as operational and technical issues of national importance. SCOT also coordinates ATC business.

SCOT comprises representatives of each ATC Minister, generally at head of department or agency level. The Chief Executive Officer of the Australian Local Government Association is an observer.

National Transport Council

On 16 April 1998, the Minister for Transport and Regional Development announced the National Transport Council had been reorganised into a smaller body focused on strategic transport issues in addition to practical short-term actions.

Established to ensure Australia's transport users and operators are better placed to share their expertise and advice with governments, the NTC is progressively undertaking industry and government consultations around Australia to assist with its tasks of:

- examining the efficiency of transport chains and target the key drivers to achieve improved performance and seamless transport;

APPENDIX 1. FREEDOM OF INFORMATION

- consulting with transport users, logistics providers and operators at executive level to optimise transport's contribution to Australia;
- encouraging the development of a transport system that provides maximum flexibility for Australia to respond quickly to changing international trends; and
- being action-oriented in providing operators and governments with direction on key transport issues and achieving practical, innovative solutions.

Transport Trade Industry Consultative Committee

The Transport Trade Industry Consultative Committee is a consultative mechanism, established by the Department, through which the views of industry and government (Commonwealth and State) are sought on matters relating to Australia's approach to work in APEC. The TTICG is also active in transport trade related issues such as the bilateral relationship between Australia and Indonesia and in the area of integrated logistics.

Early in 1998–99 the outreach of the TTICG is to be extended through a series of workshops to be held in State capital cities.

APEC Transportation Working Group

The goal of the Transportation Working Group is to promote an efficient and integrated region-wide transport system that will enhance regional growth and economic inter-relationships for the common good of APEC economies. The TPT-WG meets twice a year. The last meeting was held in Mexico City in April 1998. The next meeting is scheduled for Seoul in the Republic of Korea in October 1998.

Australia is represented at each TPT-WG meeting by a delegation of departmental officers and representatives from regulatory agencies and industry.

Australia–Indonesia Bilateral Relationship

Australia and Indonesia are continuing to develop a strong bilateral relationship on transport matters, building on the 1995 Memorandum of Understanding on transport sector cooperation. The relationship strengthens practical business sector cooperation on transport opportunities.

The then Minister for Transport and Regional Development, John Sharp, and the Department's Secretary, Allan Hawke, visited the Indonesian Minister for Communications and the Coordinating Minister for Production and Distribution in July 1997. Bilateral transport discussions were held between the Department and the Indonesian Department of Communications in Melbourne in November 1997. The Australian delegation was led by the Secretary and comprised government and business sector representatives.

Australia–Indonesia Development Area

The Australia–Indonesia Development Area initiative was launched in April 1997 by the Minister for Foreign Affairs, Alexander Downer, and the Indonesian Coordinating Minister for Production and Distribution, Dr Hartarto, to improve private sector trade and investment between Australia and the eastern provinces of Indonesia.

Work on transport activities in this area began in late 1996 at the initiative of the then Minister for Transport and Regional Development, John Sharp, and Dr Haryanto, then Indonesian Minister of Communications.

In 1997-98 one meeting of the AIDA Transportation Working Group was held in Lombok in Indonesia in August 1997. The Australian delegation included business sector representatives and State, Territory and Commonwealth government representatives.

Changes in government and the financial environment in Indonesia during the first half of 1998 has stalled some AIDA activity, with Australian and Indonesian industry awaiting developments. The planned AIDA Ministerial Forum has been postponed to early 1999.

Supermarket to Asia Council, Transport and Logistics Working Group

The Prime Minister established the Supermarket to Asia Council in September 1996 to increase the export of agri-food products to Asia. The Council established a series of working groups to develop action plans to facilitate growth in agri-food exports. The Transport and Logistics Working Group aims to improve the efficiency of freight movements around and out of Australia.

This working group is chaired by the Minister for Transport and Regional Development and comprises senior people from the transport providers and agri-food exporters industries.

Tradegate Electronic Commerce Australia Logistics Management Working Group

In November 1992, the Government established the National Consultative Group on Transport Electronic Data Interchange to coordinate and accelerate the application of EDI in transport and related trading sectors. The Group operated for four years.

Its functions were then merged into the Tradegate ECA Logistics Management Working Group in February 1997. The Department chairs the Working Group, with membership drawn from EDI peak bodies, Electronic Commerce Australia, Tradegate Australia Ltd, and relevant government agencies.

Intelligent Transport Systems Australia

The Department is a member of the board of Intelligent Transport Systems Australia (ITSA) Inc., a joint association of industry, government and academic representatives formed to promote the orderly introduction of Intelligent Transport Systems (ITS) into Australia.

ITS uses advanced communications and computing technology to enhance the efficient movement of passengers and freight with positive environmental impacts.

At the Australian Transport Council meeting in April 1998 Transport Ministers endorsed a Commonwealth proposal, to develop a national strategy for the implementation of ITS. This strategy will promote the inter-operability of ITS across transport modes and between States and Territories, and ensure consistent standards are developed. The Department will be involved in developing the strategy that ITSA is overseeing.

7. PROGRAM POWERS, CATEGORIES OF DOCUMENTS AND ARRANGEMENTS FOR OUTSIDE PARTICIPATION

PROGRAM 1: AVIATION

1.1 AVIATION POLICY AND 1.2 AVIATION OPERATIONS

Powers

To perform the functions of these Aviation sub-programs, certain officers exercise delegated decision-making powers and advise the Minister on the exercise of powers under the following Acts and regulations:

Air Accidents (Commonwealth Government Liability) Act 1963
Aircraft Noise Levy Act 1995
Aircraft Noise Levy Collection Act 1995
Air Navigation Act 1920
Air Navigation (Charges) Act 1952
Airports Act 1996
Air Services Act 1995
Aviation Fuel Revenues (Special Appropriation) Act 1988
Civil Aviation Act 1988
Civil Aviation (Carriers Liability) Act 1959
Civil Aviation (Damage by Aircraft) Act 1958
Civil Aviation Legislation Amendment Act 1995
Federal Airports Corporation Act 1986
International Air Services Commission Act 1992
Sydney Airport Curfew Act 1995

Air Navigation Regulations
 Air Navigation (Aerodrome Curfew) Regulations
 Air Navigation (Aerodrome Flight Corridors) Regulations
 Air Navigation (Aircraft Engine Emissions) Regulations
 Air Navigation (Aircraft Noise) Regulations
 Air Navigation (Charges) Regulations
 Airports Regulations
 Airports (Control of On-Airport Activities) Regulations
 Airports (Building Control) Regulations
 Airports (Environment Protection) Regulations
 Airports (Ownership—Interests in Shares) Regulations
 Airports (Protection of Airspace) Regulations
 Civil Aviation (Carriers Liability) Regulations
 International Air Services Commission Regulations 1992

Categories of documents

- aircraft noise levy administration
- Airservices Australia matters
- aviation competition and consumer issues
- aviation environmental issues
- aviation infrastructure issues
- aviation security
- Civil Aviation Safety Authority matters
- Departure Tax administration (before 1 July 1994)
- Federal Airports Corporation and other airport issues
- inter-modal issues
- international agreements relating to aviation
- international and domestic aviation service issues
- international aviation issues
- liaison with industry and state government bodies
- monitoring and economic analysis of the aviation industry
- public register of international airline tariff filings
- register of available capacity as required under section 49 of the *International Air Services Commission Act 1992*
- regulation of leased federal airports
- second Sydney airport development
- statistical information on passenger, freight, mail and aircraft movements
- Sydney Airport noise amelioration program

Arrangements for outside participation

Sydney Airport Community Forum

The Sydney Airport Community Forum comprises Commonwealth, State, local government, community, and industry representatives from around Sydney Airport. It provides advice to the Minister on noise and related environmental issues associated with the Airport.

Program Advisory Panel—Civil Aviation Safety Authority Review Program

In June 1996, the Program Advisory Panel was established to oversee an industry-driven examination of aviation safety regulations and the role of the Civil Aviation Safety Authority. The examination was completed on 30 June 1998 and aviation safety regulations will be amended to reflect the recommendations made.

The panel comprises industry and CASA representatives.

1.3 BUREAU OF AIR SAFETY INVESTIGATION

Powers

Certain officers of the Bureau exercise statutory powers delegated by the Director of the Bureau of Air Safety Investigation to investigate air safety occurrences and safety deficiencies under Part 2A of the *Air Navigation Act 1920*.

Categories of documents

- air safety investigation

Arrangements for outside participation

The Bureau seeks comment on the content and findings of significant accident or incident reports from organisations or individuals who were directly involved in those occurrences, or in the immediate aftermath.

PROGRAM 2: LAND TRANSPORT

2.1 ROAD AND RAIL POLICY DEVELOPMENT

Powers

Land Transport advises the Minister on the exercise of powers under the following Acts:

Australian Land Transport Development Act 1988
Australian National Railways Commission Act 1983
Division 396 of the *Income Tax Assessment Act 1997*

National Rail Corporation Agreement Act 1992
Railways Agreement (SA) Act 1975
Railways Agreement (Tasmania) Act 1975
Seat of Government Railway Act 1978

Certain Land Transport officers exercise delegated decision-making powers under this legislation:

- for payments from trust funds to the States, the Northern Territory and the Australian Capital Territory;
- to approve project proposal reports; and
- to approve compliance with National Highway System design standards.

Land Transport also advises the Minister regarding the Infrastructure Borrowings Tax Offset Scheme which is jointly administered by the Department and the Australian Taxation Office.

Categories of documents

- Federal Government funding of the National Highway System
- Infrastructure Borrowings Tax Offset Scheme
- rail matters involving government relations with the National Rail Corporation, the Australian National Railways Commission and the Australian Rail Track Corporation
- records of project approvals, financial commitment and expenditure under the various roads, land transport and regional development programs
- roads legislation and statistics

Arrangements for outside participation

AUSTROADS Incorporated

AUSTROADS, the national association of road and traffic authorities in Australia, aims to promote national uniformity and harmony, to avoid unnecessary duplication, and to support identification and application of world best practice in managing Australia's roads. The Department is one of 11 members of AUSTROADS, which includes the Australian Local Government Association and Transit New Zealand.

AUSTROADS operates through four programs—Road System Management, Road Use Management, Technology and Environment, and Road Safety. The program manager for the Road Safety program is a senior departmental officer. Other departmental officers are involved in a variety of AUSTROADS liaison and working groups.

ARRB Transport Research Ltd (formerly the Australian Road Research Board)

ARRB Transport Research Ltd is a non-profit public company, and the principal centre for transport technical research in Australia. Membership includes representatives of the Department, State and Territory road and road transport agencies and the Australian Local Government Association. ARRB-TR has six directors, one of which is a senior departmental officer, and two appointed from the private sector.

ARRB-TR undertakes projects for Commonwealth, State and Territory road and road transport authorities, and for external clients on a contract basis.

World Road Association (formerly the Permanent International Association of World Road Congresses)

The World Road Association fosters progress in the construction, improvement, maintenance and economic development of roads and encourages the growth of road systems throughout the world.

It facilitates the dissemination of information to its members on the latest road technology developments and holds a World Congress every four years.

The Department is the official Australian link with the WRA and is on the Executive of the National World Road Association Committee. Australia has held national government membership of this body since 1924 and is actively involved in many of its Technical Committees, which examine a range of issues between Congresses.

2.2 FEDERAL OFFICE OF ROAD SAFETY

Powers

To perform the functions of the Sub-program certain officers exercise delegated decision-making powers and advise the Minister on the exercise of powers under the following Acts:

Motor Vehicle Standards Act 1989

Explosives Act 1961

Australian Land Transport Development Act 1988

Interstate Road Transport Act 1985

Categories of documents

- receipts and payments under the Federal Interstate Registration Scheme
- records of Australian Design Rules, Conformity of Production Manual, Test Facility Inspection Manual, and Single Uniform Test Inspection Manual
- records of compliance plate approvals
- road safety statistics including all road fatalities in Australia for selected years since 1980 and crashes resulting in serious injury since 1988

- vehicle safety investigations conducted by FORS
- vehicle safety recalls monitored by FORS
- vehicle standards

Arrangements for outside participation

National Road Safety Strategy Implementation Taskforce

The National Road Safety Strategy Implementation Taskforce was set up by the Australian Transport Council to develop, implement and review the National Road Safety Strategy. The Taskforce reports direct to ATC on national developments in strategic road safety policy.

It comprises senior road safety officials from the Commonwealth, State and Territory Governments, as well as representatives from local government associations, health and enforcement agencies, road and motor vehicle industry bodies, motorist associations, user and community groups.

The Taskforce is responsible for implementing and reviewing the National Road Safety Strategy and the associated National Action Plan. During 1997–98 the Taskforce met twice.

Road Safety Strategy Panel

The Road Safety Strategy Panel reports to the Australian Transport Council through the AUSTROADS Council, on national developments and priorities in strategic road safety research and policy.

It comprises senior road safety officials from the Commonwealth, State and Territory governments as well as representatives from major local government associations, health and enforcement agencies, road and motor vehicle industry bodies, motorist associations, user and community groups.

The Panel is responsible for implementing and reviewing the National Road Safety Strategy and Action Plans, and developing and administering projects to enhance road safety and the transfer of best practice under the AUSTROADS Road Safety Program.

The Panel met in Melbourne in December 1997 and Canberra in June 1998.

Federal Office of Road Safety Advisory Panel

The Federal Office of Road Safety Advisory Panel was established in 1997, as part of a ministerial commitment to fostering partnerships and collaborative arrangements with stakeholders. The Panel's purpose is to:

- assist FORS identify emerging issues and trends in road safety and road transport regulation which are likely to require future policy consideration by the Government and which in turn will require underlying research activity by FORS;

APPENDIX 1. FREEDOM OF INFORMATION

- assist with identifying issues for FORS research and public education programs;
- assist with development and review of Australian Design Rules;
- help identify what information or other needs exist within industry and other stakeholders to enable informed policy debate to occur;
- consolidate and expand productive contacts between FORS and its external stakeholders; and
- provide feedback to FORS on service delivery (including vehicle certification).

Panel members are representatives from the transport industry, the National Road Transport Commission, the Police Enforcement Forum, the Pedestrian Council of Australia, the Australian Medical Association, road safety organisations and the Australian Advisory Committee on Road Trauma.

Australian Advisory Committee on Road Trauma

The Australian Advisory Committee on Road Trauma has operated since October 1995. It is a body of health and transport experts whose charter is to provide strategic advice to the Federal Government on transport and health issues to reduce road trauma.

The Committee includes experts in road safety, the management and treatment of road trauma, enforcement, public health and communications. Dr Michael Henderson, a leading consultant on health and road safety, chairs the AACRT.

The AACRT aims to bridge health and road safety issues across the health and transport portfolios and seeks to address current and emerging issues which have been identified by the Committee as having the most potential to reduce road trauma.

Priorities for 1997–98 included promoting of road safety in the workplace and continuation of efforts to establish a concrete response to the problem of drink driving recidivism.

Technical Liaison Group

The Technical Liaison Group was established in 1993 under new arrangements with the National Road Transport Commission for developing Australian Design Rules for motor vehicles and trailers. The TLG provided a key part of the broad-based consultative arrangements for developing and amending design rules. The group discusses vehicle design, construction and operational requirements in the interests of national uniformity and road safety.

New or amended design rules are progressed through single issue working groups with membership on the basis of specific expertise.

Membership includes approximately 30 representatives from State and Territory governments, manufacturers, industry associations, road user groups and the New Zealand Land Transport Safety Authority.

OECD Road Transport Research Program

The OECD provides a major focus for international coordination in road transport research through its Road Transport Research Program. The RTRP has two main fields of activity:

- International research and policy assessments of road transport issues to provide scientific support for decisions by member Governments and international Governmental organisations: and,
- Technology transfer and information exchange through two databases:
 - the International Road Research Documentation Scheme; and
 - the International Road Traffic and Accident Database.

The Department manages Australia's involvement in the work of the RTRP.

Australia played a lead role in an international research project involving the impact of heavy vehicle suspension systems on roads and bridges. A final report on the Dynamic Interaction between Vehicle and Infrastructure Experiment project was presented to the Asia-Pacific region at a conference in Melbourne in November 1997.

Results of this research have been taken into account by the National Road Transport Commission's Review of Mass Limits, which is expected to result in increased road transport efficiency through greater mass limits for heavy vehicles fitted with 'road friendly' suspension systems.

Through the Department, Australia has been instrumental in having Intelligent Transport Systems included on the APEC agenda and chairs an ITS Special Interest Group within the APEC forum. The APEC Transportation Working Group meeting in Mexico in April 1998 endorsed the Australian proposal to develop a framework of standards for ITS within the APEC region. APEC Transport Ministers have requested that the Transportation Working Group provide a vision statement and broad strategy for the development of ITS in the APEC region, and Australia is leading this project.

The Department is also involved in an OECD ITS Working Group examining the implications for government from the implementation of ITS, and identifying a government role in implementation. The Department drafted a paper on Strategies for ITS Implementation for the working group, which was endorsed by the OECD Steering Committee Meeting in May 1998.

Australian Motor Vehicle Certification Board

The former Australian Transport Advisory Council established this board in 1969 to:

- ensure that vehicles supplied for use in, manufactured in, or imported into Australia are designed and manufactured to comply with Australian Design Rule requirements; and
- coordinate technical matters related to vehicle registration on a national basis.

Membership comprises principal State and Territory officials in the motor vehicle safety and regulatory areas, nominated by all governments. A departmental officer chairs the Board.

The *Motor Vehicle Standards Act 1989* made ADR compliance a Federal responsibility. The Board provides a forum to resolve aspects of vehicle certification and administration for new and in-service vehicles.

The States and Territories are responsible for vehicles in-service, including registration, which complements Commonwealth responsibility for new vehicle standards. The States and Territories can make a significant contribution to ensuring the community has vehicles that meet agreed safety standards.

Advisory Committee on the Transport of Dangerous Goods

The Advisory Committee on the Transport of Dangerous Goods was established in 1970 by the former Australian Transport Advisory Council and tasked with developing and coordinating uniform national requirements for the safe land transport of dangerous goods within Australia.

Its primary role is preparing codes and associated guidelines for the safe movement of dangerous goods and explosives. The principal codes are the *Australian Code for the Transport of Dangerous Goods by Road and Rail* and the *Australian Code for the Transport of Explosives by Road and Rail*. Australian requirements for the transport of dangerous goods are harmonised with the *Recommendations of the UN Committee of Experts on the Transport of Dangerous Goods*.

The ACTDG includes representatives from each State and Territory regulatory authority and relevant Commonwealth agencies; representatives of the road and rail transport industry, major dangerous goods manufacturers, air and sea authorities and emergency responders; and employee representatives. The Department chairs the Committee and provides secretariat support and policy advice.

The *Australian Code for the Transport of Dangerous Goods by Road and Rail* has been redrafted in a new format comprising a Code and Regulations. The sixth edition was completed at the end of 1997. All Australian States and Territories are enacting legislation to give the new dangerous goods code and regulations legal effect in their jurisdiction.

The Explosives Code now has legal effect in the majority of Australian States and Territories, with all of them recognising the need for national uniformity. A sub-committee of ACTDG is updating the Explosives Code.

Motor Vehicle Environment Committee

A Memorandum of Understanding between the National Road Transport Commission and the National Environment Protection Council, signed in July 1997, sets out new consultative arrangements governing the development of vehicle emission and noise standards, and other vehicle/environment issues. The MOU provided for establishing the Motor Vehicle Environment Committee to manage the work program developed under the MOU.

MVEC is an eight-member committee with equal representation at the chief executive level from transport and environment agencies. A key task has been developing the strategy to set its priorities.

The Committee is supported by the Transport Emissions Liaison Group, a consultative body which will have representation from all Commonwealth and State transport and environment agencies, key industry groups, motoring associations and environment groups. TELG is expected to hold its first meeting in September 1998.

Vehicle Standards Review Advisory Committee

In January 1997 the Minister established a Vehicle Standards Review Advisory Committee as part of the Government's overall objective of achieving appropriate vehicle safety and emission standards, taking into account social, economic, environmental health, equity and safety concerns.

The role of the Committee is to determine the relevance of current vehicle safety standards, and seek ways of reducing the regulatory burden on trade between Australia and New Zealand. This Review gives committee members an opportunity to participate actively in the Trans-Tasman Mutual Recognition Arrangement process as it relates to vehicle standards.

The Advisory Committee includes representatives from the Federal Chamber of Automotive Industries, the Australian Automobile Association, the Road Transport Forum, the Australian Bus and Coach Association, the Federal Office of Road Safety, New Zealand Land Transport Safety Authority, the National Road Transport Commission, and State and Territory Transport departments.

Motor Vehicle Standards Act Review Task Force

In 1997–98 the *Motor Vehicle Standards Act 1989* was listed for review on the Commonwealth Legislative Review Schedule.

The review is being undertaken by a task force from the Department of Industry, Science and Tourism, Australian Customs Service, the National Road Transport Commission, and Environment Australia. The task force is examining the need to

APPENDIX 1. FREEDOM OF INFORMATION

retain or modify current regulatory requirements, including the Low Volume Scheme. The task force advertised nationally for submissions in December 1997—57 were received and are being assessed.

An Independent Reference Committee is assisting the Task Force to ensure that the work is independent, strategic and effective by reflecting as broadly as possible the views of stakeholders. The Committee comprises Dr Roger Mauldon (a former Industry Commissioner), Mr Don Dunoon (a former Chief Engineer of Nissan Australia Ltd), and Mr Lauchlan McIntosh (Chief Executive of the Australian Automobile Association).

A report on the review will be submitted to the Treasurer and the Minister for Transport and Regional Development by the end of 1998.

Committee to Advise on Recall and Safety

The Federal Office of Road Safety provides technical and administrative support to the Committee to Advise on Recall and Safety in examining alleged unsafe vehicle parts, accessories and unsafe practices, including appropriate means of overcoming demonstrated safety problems. CARS membership includes representatives of government, industry and road user (consumer) groups.

Motorcycle Safety Consultative Committee

The Motorcycle Safety Consultative Committee was established to consider a range of issues in national motorcycle safety. Membership of the Committee comprises officials of the Federal Office of Road Safety and representatives from the motorcycle rider community, the motorcycle industry and other interest groups.

PROGRAM 4: REGIONAL DEVELOPMENT

4.1 REGIONAL DEVELOPMENT

Powers

Regional Development does not exercise any statutory powers.

Categories of documents

- Albury Wodonga Development Corporation legislation and issues
- assistance to regions with particular infrastructure needs
- Australian Bureau of Statistics regional employment data
- economic statistics
- establishment of models of best practice for future infrastructure development projects
- Institutional Investor Information Service

- OECD papers on regional development
- partnerships between regional stakeholders, including business, community groups, academic institutions and governments
- Rail Reform Transition Program
- Regional development organisations
- regional economic development strategies
- specific projects which implement the strategies developed for the Regions
- various State Government regional development programs
- Western Australia Sewerage and Water Quality Infrastructure Program

Arrangements for outside participation

Ministerial Working Group on Regional Affairs

The Ministerial Working Group on Regional Affairs was established to ensure the needs and performance of regional Australia are understood by the Commonwealth Government and addressed in an effective way. In doing so, the MWGRA encourages coordination between Portfolios and the avoidance of duplication.

PROGRAM 5: CORPORATE DIRECTION AND SUPPORT

5.1 EXECUTIVE AND 5.2 MANAGEMENT SUPPORT AND ADVICE

Powers

To perform the functions of the Sub-program, certain officers exercise delegated powers under the:

Public Service Act 1922 and associated legislation
Audit Act 1901
Financial Management and Accountability Act 1997
Archives Act 1983
Freedom of Information Act 1982

Categories of documents

- Australian Transport Council, and associated committees
- Client Service Charter and feedback
- financial performance of portfolio bodies
- financial management
- Freedom of Information, Privacy and Ombudsman matters
- legal matters and legislation
- National Transport Council

APPENDIX 1. FREEDOM OF INFORMATION

- parliamentary and ministerial
- personnel, occupational health and safety and workplace relations; and contracts and information management
- sustainable development and environmental matters
- transport trade and cross-modal matters

Arrangements for outside participation

There are no formal arrangements.

5.3 BUREAU OF TRANSPORT ECONOMICS

Powers

Officers of the Bureau do not exercise any statutory powers.

Categories of Documents

Research documents relating to:

- international and domestic aviation
- land transport, primarily road and rail, and transport externalities
- operations of transport related Government Business Enterprises
- safety
- shipping and the waterfront

Arrangements for outside participation

There are no formal arrangements.

PROGRAM 6: TERRITORIES AND LOCAL GOVERNMENT

6.1 EXECUTIVE AND COORDINATION AND 6.2 INDIAN OCEAN TERRITORIES

Powers

Certain officers are responsible for providing advice to the Minister on the exercise of powers under the following Acts:

Christmas Island Act 1958

Christmas Island Agreement Acts

Cocos (Keeling) Islands Act 1955

Removal of Prisoners (Territories) Act 1923

Territories Law Reform Act 1992

Categories of documents

- annual reports
- births, deaths and marriages records
- consultancy briefs and reports
- contracts
- court documents and records
- dog licensing records
- lease documentation
- maps
- motor vehicle registry records
- photographs, negatives and slides
- selection reports and tender evaluations
- service delivery arrangements with the State of Western Australia for providing services in the Indian Ocean Territories, and review reports of these arrangements
- technical drawings of proposed and actual construction works

Arrangements for outside participation

Community consultative processes are in place through the Indian Ocean Territories (IOTs) shire councils to allow for community input into law reform in the IOTs.

The Administrations in the Cocos (Keeling) Islands and Christmas Island liaise frequently on an informal basis with various community groups, business groups and the shire councils on a wide range of community and administrative matters.

6.3 NORFOLK ISLAND AND OTHER TERRITORIES

Powers

Certain officers are responsible for providing advice to the Minister on the exercise of powers under the:

Coral Sea Islands Act 1969

Jervis Bay Territory Acceptance Act 1915

Norfolk Island Act 1979

Removal of Prisoners (Territories) Act 1923

Categories of documents

- annual reports
- consultancy briefs and reports
- contracts
- court documents and records
- dog registration records
- lease documentation
- maps
- motor registry records
- photographs, negatives and slides
- selection reports and tender evaluations
- technical drawings of proposed and actual construction works

Arrangements for outside participation

The Jervis Bay Residents Group provides a forum for residents of the Jervis Bay Territory to promote the interests of the local community. The Group disseminates information and discusses issues affecting residents.

The Jervis Bay Territory Aboriginal Justice Advisory Committee, comprising all major interests inside and outside the Territory involved in the subject matter, meets quarterly to advance Aboriginal justice issues.

Frequent meetings are also held between Commonwealth officials and the Wreck Bay Aboriginal Community Council on issues of mutual interest.

6.3 THE AUSTRALIAN CAPITAL TERRITORY AND THE NORTHERN TERRITORY

Powers

The Branch is responsible for advising the Minister on the exercise of powers under the:

- ACT Self-Government (Consequential Provisions) Act 1988*
- Ashmore and Cartier Islands Acceptance Act 1933*
- Australian Capital Territory (Planning and Land Management) Act 1988*
- Australian Capital Territory (Self-Government) Act 1988* and regulations
- Australian Capital Territory Stamp Duty Act 1969*
- Australian Capital Territory Tax (Cheques) Act 1969*
- Australian Capital Territory Tax (Hire Purchase Business) Act 1969*
- Australian Capital Territory Tax (Insurance Business) Act 1969*
- Australian Capital Territory Tax (Life Insurance Business) Act 1981*

Australian Capital Territory Tax (Purchases of Marketable Securities) Act 1969
Australian Capital Territory Tax (Sales of Marketable Securities) Act 1969
Australian Capital Territory Tax (Transfers of Marketable Securities) Act 1986
Australian Capital Territory Tax (Vehicle Registration) Act 1981
Australian Capital Territory Taxation (Administration) Act 1969
Canberra Water Supply (Googong Dam) Act 1974
Northern Territory Acceptance Act 1910
Northern Territory (Self-Government) Act 1978 and regulations
Parliament Act 1974
Pay-roll Tax (Territories) Act 1971 (Cwlth)
Pay-roll Tax (Territories) Assessment Act 1971(Cwlth)
Removal of Prisoners (Territories) Act 1923
 Seat of Government Acceptance Acts
Seat of Government Act 1908
Seat of Government (Administration) Act 1910

Categories of documents

- ACT and Region Chamber of Commerce and Industry
- ACT/Commonwealth relations
- ACT economic issues
- ACT Government review of governance
- ACT planning policy
- Canberra Business Council
- National Capital Authority policy issues
- sale of Government property in ACT
- Northern Territory Administrator
- Northern Territory statehood
- arrangements for outside participation
- Canberra Ministerial Forum

Arrangements for outside participation

The Canberra Ministerial Forum continued to provide a mechanism for the dialogue between the Commonwealth, the ACT Government and business in the Australian Capital Region on the ACT economy. The Minister for Regional Development, Territories and Local Government also convened a number of separate meetings with business members of the Forum.

6.4 NATIONAL OFFICE OF LOCAL GOVERNMENT

Powers

The National Office of Local Government is responsible for providing advice to the Minister on the exercise of powers under the:

Local Government (Financial Assistance) Act 1995

Categories of documents

- *A National Perspective*—a quarterly newsletter
- Australian Guide to Good Residential Design
- Australian Model Code for Residential Development (AMCORD)
- Education and Training Models for Performance Based Residential Development
- Local Government Development Program Guidelines
- *Local Government National Report*—a report on the operation of local government as required by the *Local Government (Financial Assistance) Act 1995*
- National principles (relating to the *Local Government Financial Assistance Act 1995*)
- *Urban Futures*—journal (ceased publication after No 23 May 1998).

Arrangements for outside participation

Local Government Ministers' Conference

The Local Government Ministers' Conference is a valuable forum for exchanging ideas and information, and for consultation on common interests and goals. It plays a significant role in providing a national overview of the industry and maintains an important network of senior officials, the Local Government Joint Officer Group. The LGMC and LOGJOG have representation from all State and Territories, the Commonwealth, the Australian Local Government Association and New Zealand. The LGMC meets annually and LOGJOG formal meetings and consultations occur approximately three times per year.

National Awards for Innovation in Local Government

The National Awards for Innovation in Local Government recognises local government bodies, and others in the local government industry, which implement innovative and resourceful solutions to issues facing local government.

In 1997–98 more than 240 entries were received nationally from local government bodies including councils, groups or regional organisations of councils and Aboriginal and Torres Strait Islander community councils.

Local Government Development Program

In the initial assessment of projects funded under the Local Government Development Program, joint committees were established with officials from State and Territory Departments of Local Government and Local Government associations. A prioritised list of projects for possible funding was produced.

Development Assessment Forum

The Minister for Regional Development, Territories and Local Government has responsibility for advancing Recommendation 29 of the Small Business Deregulation Taskforce's report *More Time for Business*.

Recommendation 29 advocates the development of a regulatory reform strategy, including mechanisms to reform concurrence and referral procedures in development assessment and to delegate decision making processes to the lowest level practicable. The Development Assessment Forum, which is a partnership between all spheres of government and the building and development industry, is developing the reform strategy.

Appendix 2: Information Available on Request

The following information is available to any person on request. The material will be provided within 30 working days of a request being received in the Department.

- access and equity
- accounts payments
- Auditor-General's reports
- business regulation
- claims and losses
- consultancy services
- court and tribunal decisions
- discretionary grants
- environment matters
- equal employment opportunity
- fraud control
- Government companies
- interchange program
- non-statutory bodies
- parliamentary committee inquiries
- people development
- portfolio legislation
- privacy provisions
- property usage
- publications
- purchasing
- purchasing of information technology
- statutory authorities
- Service Charters
- workplace diversity

Inquiries should be made to:

Brett Bayly
Director, Communications and Public Affairs
Department of Transport and
Regional Development
GPO Box 594
CANBERRA ACT 2601

Tel: (02) 6274 7522
Fax: (02)6274 7706
E-mail: BBayly@email.dot.gov.au

Appendix 3: Department and Portfolio Addresses

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT

Myuna Complex (Todd, Trace, Drakeford and Cox Buildings) Cnr Northbourne Avenue and Cooyong Street CANBERRA ACT 2600	GPO Box 594 CANBERRA ACT 2601	Tel: (02) 6274 7111 Telex: 62018 Fax: (02) 6257 2505 Internet: www.dot.gov.au
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OTHER DEPARTMENT OFFICES

Regional Development, Territories and Local Government

Level 4 111 Alinga Street CANBERRA ACT 2600	GPO Box 594 CANBERRA ACT 2601	Tel: (02) 6274 7111 Telex: 62018 Fax: (02) 6257 2505 Internet: www.dot.gov.au
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Jervis Bay Administration

Village Road JERVIS BAY via NOWRA NSW 2540	Village Road JERVIS BAY via NOWRA NSW 2540	Tel: (02) 4442 1006 Fax: (02) 4442 1063
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Bureau of Air Safety Investigation

24-26 Mort Street BRADDON ACT 2612	PO Box 967 CIVIC SQUARE ACT 2608	Tel: 1800 020616 Fax: (02) 6247 3117
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Bureau of Air Safety Investigation Regional Offices

Brisbane

Level 2 Samuel Griffin Building 340 Adelaide Street BRISBANE QLD 4001	PO Box 10024 Adelaide Street BRISBANE QLD 4000	Tel: 1800 011034 Fax: (07) 3832 1386
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Sydney

Level 7, BT Tower 1 Market Street SYDNEY NSW 2000	PO Box Q78 Queen Victoria Building SYDNEY NSW 2000	Tel: 1800 011034 Fax: (02) 9283 1679
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APPENDIX 3. DEPARTMENTAL AND PORTFOLIO ADDRESSES

Melbourne

Level 9
Casselden Place
2 Lonsdale Street
MELBOURNE VIC 3006

Level 9
Casselden Place
2 Lonsdale Street
MELBOURNE VIC 3006

Tel: 1800 011034
Fax: (03) 9685 3611

Perth

Suite 2
Pastoral House
277-279 Great Eastern
Highway
BELMONT WA 6104

PO Box 327
BELMONT WA 6104

Tel: 1800 011034
Fax: (08) 9479 1550

Aviation Security Regional Offices

Brisbane

Level 2
Samuel Griffin Building
340 Adelaide Street
BRISBANE QLD 4000

PO Box 10243
Adelaide Street
BRISBANE QLD 4000

Tel: (07) 3838 9999
Fax: (07) 3838 9991

Sydney

Level 7, BT Tower
1 Market Street
SYDNEY NSW 2000

PO Box Q78
Queen Victoria Building
SYDNEY NSW 1230

Tel: (02) 9283 1665
Fax: (02) 9283 1702

Melbourne

Level 9
Casselden Place
2 Lonsdale Street
MELBOURNE VIC 3006

Level 9
Casselden Place
2 Lonsdale Street
MELBOURNE VIC 3006

Tel: (03) 9285 6678
Fax: (03) 9285 6682

Adelaide

Level 12
Capita Building
10 Pulteney Street
ADELAIDE SA 5000

GPO Box 538
ADELAIDE SA 5001

Tel: (08) 8228 6800
Fax: (08) 8237 7796

Perth

Level 10
Chancery House
37 St Georges Terrace
PERTH WA 6000

GPO Box Z5243
St Georges Terrace
PERTH WA 6831

Tel: (08) 9202 1999
Fax: (08) 9202 1938

GOVERNMENT BUSINESS ENTERPRISES, STATUTORY AUTHORITIES AND OTHER BODIES

Aviation

Airservices Australia

Alan Woods Building 25 Constitution Avenue CANBERRA ACT 2601	GPO Box 367 CANBERRA ACT 2601	Tel: (02) 6268 4111 Fax: (02) 6268 5683
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Civil Aviation Safety Authority

CASA House Cnr Northbourne Avenue and Barry Drive CANBERRA ACT 2600	GPO Box 2005 CANBERRA ACT 2601	Tel: 131757 Fax: (02) 6217 1090
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International Air Services Commission

Level 1 ACIL House 103–105 Northbourne Avenue TURNER ACT 2601	GPO Box 630 Canberra ACT 2601	Tel: (02) 6267 1100 Fax: (02) 6267 1111
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Land Transport

Australian National Railways Commission

Australian National House 1 Richmond Road KESWICK SA 5035	GPO Box 1743 ADELAIDE SA 5001	Tel: (08) 8217 4633 Fax: (08) 8217 4639
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Australian Rail Track Corporation

Track Access Building Burbridge Road MILES END SA 5031	PO Box 10343 Gouger Street ADELAIDE SA 5000	Tel: (08) 8217 4366 Fax: (08)8217 4578
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National Rail Corporation Limited

Level 5 Perth House 85 George Street PARRAMATTA NSW 2150	PO Box 1419 PARRAMATTA NSW 2124	Tel: (02) 96852555 Fax:(02)96871808
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National Road Transport Commission

Level 5 326 William Street MELBOURNE VIC 3000	PO Box 13105 LAW COURTS VIC 8010	Tel:(03) 9321 8444 Fax:(03) 9326 8964
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APPENDIX 3. DEPARTMENTAL AND PORTFOLIO ADDRESSES

Regional Development, Territories and Local Government

Casino Surveillance Authority

1st Floor, Hyatt Centre
3 Plain Street
PERTH WA 6000

PO Box 6559
EAST PERTH WA 6892

Tel: (08) 9425 1844
Fax: (08) 9221 7108

Christmas Island Administration

Shire of Christmas Island
Murray Street
Christmas Island
INDIAN OCEAN 6798

Shire of Christmas Island
PO Box 863
Christmas Island
INDIAN OCEAN 6798

Tel: (08) 9164 7901
Fax: (08) 9164 8524

Cocos (Keeling) Islands Administration

Shire Council of Cocos (Keeling)
Islands
INDIAN OCEAN 6799

Shire Council of Cocos (Keeling)
Islands
PO Box 123
Cocos (Keeling) Islands
INDIAN OCEAN 6799

Tel: (08) 9162 6660
Fax: (08) 9162 6697

National Capital Authority

10-12 Brisbane Avenue
BARTON ACT 2600

GPO Box 373
CANBERRA ACT 2601

Tel: (02) 6271 2888
Fax: (02) 6273 4427

Office of the Administrator of Norfolk Island

New Military Barracks
Kingston
NORFOLK ISLAND 2899

Kingston
NORFOLK ISLAND 2899

Tel: (0011) 6723 22152
Fax: (0011) 6723 22681

Office of the Administrator of the Northern Territory

Esplanade
DARWIN NT 0800

GPO Box 497
DARWIN NT 0801

Tel: (08) 8999 8509
Fax: (08) 8981 9379

Appendix 4: Staffing Overview

This is an overview of the Department's staffing, and employment policies and practices, during 1997–98 including workplace diversity, equal employment opportunity, quality of working life, people development, the Senior Executive Service, and performance pay.

Further information on policies and practices is included in the Portfolio and Corporate Overviews and the performance reports for Sub-programs 5.1: Executive and 5.2: Management Support and Advice.

Tables

The Tables in this appendix give an overview of the demography of the Department:

- Table A4.1 Actual permanent and temporary full and part-time staff by gender, 30 June 1998
- Table A4.2 Actual staff by classification group and location, 30 June 1998
- Table A4.3 Benchmarking EEO representation
- Table A4.4 EEO groups within salary ranges and permanent actual positions, including inoperatives, 30 June 1998
- Table A4.5 EEO groups within occupational groups and permanent actual positions, including inoperatives, 30 June 1998
- Table A4.6 Nominal operative Senior Executive Service officers and mobility
- Table A4.7 Senior Executive Service performance pay

Staffing information

As indicated in Table A4.1, at 30 June 1998 there were 763 staff in actual positions, an increase of 41 from 30 June 1997. This was due to the net effect of recruitment and an increase in the use of temporary staff and staffing changes from administrative changes.

The Department gained the Territories and local government functions from the former Environment, Sport and Territories portfolio, and the Maritime function transferred to the Department of Workplace Relations and Small Business. There were 38 temporary staff at 30 June 1997–98, an increase of 23 from the previous year. The gender balance at 30 June 1998 improved by 1 per cent compared with 30 June 1997.

APPENDIX 4. STAFFING OVERVIEW

Table A4.1: Actual permanent and temporary full and part-time staff by gender, 30 June 1998

	Permanent Full-time	Permanent Part-time	Temporary Full-time	Temporary Part-time	Total
Men	446	3	23	1	473
Women	257	19	13	1	290
					763

About 95 per cent of departmental staff are located in Canberra. The other 5 per cent are mainly aviation security and air safety investigation staff based in capital cities. Even including regional staff with the territories and local government functions, there was a 2 per cent fall in the percentage of staff in the regions over the year. The main reason for this was the loss of Tasmanian-based Bass Strait Shipping Assistance staff when the Maritime function transferred to the department of Workplace relations and Small Business.

There were no major changes in the relative levels of the larger classification groups.

Table A4.2: Actual staff ⁽¹⁾ by classification group and location, 30 June 1998

State	SES	SO	ASO 5-6	ASO 1-4	PAO 1-2	ITO 1-2	PO	TO	ASI	GSO	MISC	Total
ACT	38	245	184	174	1	8	9	6	34	4	19	722
Qld	-	1	2	1	-	-	-	-	5	-	-	9
NSW	-	1	2	2	-	-	-	-	2	-	-	7
Vic	-	1	1	1	-	-	-	-	2	-	-	5
SA	-	1	1	-	-	-	-	-	-	-	-	2
WA	-	5	2	2	-	-	-	-	-	-	-	9
Other ⁽²⁾	-	4	-	5	-	-	-	-	-	-	-	9
Total	38	258	192	185	1	8	9	6	43	4	19	763

Key:

SES	Senior Executive Service	PAO	Public Affairs Officer
PO	Professional Officer	GSO	General Service Officer
SO	Senior Officer and equivalent	ITO	Information Technology Officer includes Graduate
TO	Technical Officer	Misc	Administrative Assistants and Office Trainees
ASO	Administrative Service Officer		
ASI	Air Safety Investigator		

(1) Includes permanent and temporary, full-time and part-time staff but excludes inoperatives.

(2) Staff under the *Public Service Act 1922* in the Territories.

Workplace diversity and Equal Employment Opportunity

The Department's current Equal Employment Opportunity Plan, *Achieving Equity for our People*, was launched in March 1997. The plan has two broad objectives:

- marketing the Department to attract a broader range of applicants, in particular from the EEO groups; and
- retention of our people by providing a working environment which balances the rights, responsibilities, and professional and personal needs of our people which is free from discriminatory practices and harassment; and which results in effective participation and productivity in the workplace.

The EEO Plan remains current until it is replaced by the Department's first Workplace Diversity Program in October 1998.

The Workplace Diversity Program aims to achieve a quality workplace which is equitable, safe, socially responsible and which allows people to balance work with personal responsibilities. The Program builds on EEO principles and, at the same time, broadens the focus to the advantages of diversity in the workplace. It will assist in utilising the diversity of our people to improve productivity and business outcomes.

Consistent with our EEO Plan and the Government's workplace diversity objectives, there were achievements during 1997–98.

- The Department recruited 20 graduates with diverse backgrounds. The recruitment of equal numbers of female and male graduates contributes to a gradual redress of the Department's gender imbalance.
- Modifications to the work environment under the principle of reasonable adjustment were undertaken to accommodate people with identified disabilities.
- A network of EEO and Harassment Contact Officers was active within the Department and all Harassment Officers received training.
- EEO reports were presented to the People and Organisation Committee and the Departmental Consultative Committee (formerly the Departmental Consultative Council). EEO statistical data and analysis was also reported in the internal *State of Department Report*.

Equal Employment Opportunity data

The representation in each of the EEO groups in the Department is generally below or near the APS average as reported in the PSMPC's Australian Public Service Statistical Bulletin 1996–97 and shown in Table A4.3.

Table A4.3: Benchmarking EEO representation

Target group	DoTRD %	APS average %
Women	38.1	47.8
Non-English speaking background	20.0	19.5
Aboriginal and Torres Strait Islanders	0.4	2.6
People with disabilities	2.9	5.9

At the end of June 1998, the Department held EEO data on 91.4 per cent of people. This represents a decrease of one per cent of the proportion of people who volunteered EEO data in 1996–97.

Tables A4.4 and A4.5 show gender and designated breakdown for actual permanent staff (including inoperative staff) by salary groups and occupational groupings.

During 1997–98 there was a slight increase in the percentage representation of women (1 per cent) and also an increase in people of non-English speaking background (approximately 2 per cent). There was no change in the representation of Aboriginal and Torres Strait Islanders and people with disabilities.

Quality of working life

The Department's Certified Agreement emphasises strategies that assist our people to better balance their work and family responsibilities.

The Agreement introduced more flexible working hours and streamlined leave arrangements. Staff have access to five days full pay family leave which can be used to attend to emergency circumstances, family responsibilities, and to care for and support a member of the family or household who is ill. The definition of family is broad—including relations not only by blood, and by marriage, but also by strong affinity or a bona fide domestic or household relationship for a period of more than twelve months.

The Agreement also:

- provides for more flexible part-time work by eliminating restriction on the number of working hours; and
- preserves arrangements for a Carers Room and Nursing Parents Room, a 48/52 Variable Leave without Pay program, and a policy on Home Based Work.

Table A4.4: EEO groups within salary ranges and permanent actual positions including inoperatives, 30 June 1998

Salary Range	All staff			Staff who have volunteered EEO information				
	Men Number (%)	Women Number (%)	Total ⁽¹⁾ Number (%)	NESB 1 Number (%)	NESB 2 Number (%)	ATSI Number (%)	PWD Number (%)	Total ⁽²⁾ Number (% of all staff)
\$14794-27778	3 (60.0)	2 (40.0)	5 (100.0)	3 (60.0)	–	–	–	5 (100.0)
\$27779-30943	25 (44.6)	31 (55.4)	56 (100.0)	10 (19.6)	9 (17.6)	–	4 (7.8)	51 (91.1)
\$30944-34303	19 (26.8)	52 (73.2)	71 (100.0)	4 (6.6)	11 (18.0)	1 (1.6)	3 (4.9)	61 (85.9)
\$34304-38461	20 (31.7)	43 (68.3)	63 (100.0)	5 (8.8)	7 (12.3)	1 (1.8)	–	57 (90.5)
\$38462-41895	41 (51.2)	39 (48.7)	80 (100.0)	7 (9.2)	9 (11.8)	1 (1.3)	2 (2.6)	76 (95.0)
\$41 896-49019	91 (63.2)	53 (36.8)	144 (100.0)	9 (7.1)	16 (12.7)	–	3 (2.4)	126 (87.5)
\$49020-56825	93 (71.0)	38 (29.0)	131 (100.0)	6 (5.0)	11 (9.1)	–	4 (3.3)	121 (92.4)
\$56826-68160	122 (85.9)	20 (14.1)	142 (100.0)	6 (4.5)	17 (12.8)	–	3 (2.3)	133 (93.7)
\$68161-71811	13 (92.9)	1 (7.1)	14 (100.0)	1 (7.1)	–	–	–	14 (100.0)
>\$71811	39 (83.0)	8 (17.0)	47 (100.0)	1 (2.3)	5 (11.4)	–	1 (2.3)	44 (93.6)
Total	466 (61.9)	287 (38.1)	753 (100.0)	52 (7.6)	85 (12.4)	3 (0.4)	20 (2.9)	688 (91.4)

Key: NESB 1 Non-English speaking background, first generation
NESB 2 Non-English speaking background, second generation
ATSI Aboriginal and Torres Strait Islander people
PWD People with a disability

(1) Total number of permanent actual staff in the Department including inoperatives. Gender percentages relate to this total.

(2) Total number of staff who volunteered EEO information. Percentages of EEO groups relate to this total.

APPENDIX 4. STAFFING OVERVIEW

Table A4.5: EEO groups within occupational groups and permanent actual positions, including inoperatives, 30 June 1998

Group	All staff			Staff who have volunteered EEO information				
	Men Number (%)	Women Number (%)	Total ⁽¹⁾ Number (%)	NESB 1 Number (%)	NESB 2 Number (%)	ATSI Number (%)	PWD Number (%)	Total ⁽²⁾ Number (% of all staff)
SES	34 (81.0)	8 (19.0)	42 (100.0)	1 (2.5)	4 (10.0)	–	1 (2.5)	40 (95.2)
ADMIN	345 (56.3)	268 (43.7)	613 (100.0)	43 (7.7)	73 (13.1)	3 (0.5)	18 (3.2)	557 (90.9)
PROF	79 (91.9)	7 (8.1)	86 (100.0)	7 (8.6)	7 (8.6)	–	1 (1.2)	81 (94.2)
TECH	6 (85.7)	1 (14.3)	7 (100.0)	–	–	–	–	5 (71.4)
TRADE	–	1 (100.0)	1 (100.0)	1 (100.0)	–	–	–	1 (100.0)
MISC	2 (50.0)	2 (50.0)	4 (100.0)	–	1 (25.0)	–	–	4 (100.0)
Total	466 (61.9)	287 (38.1)	753 (100.0)	52 (7.6)	85 (12.4)	3 (0.4)	20 (2.9)	688 (91.4)

Key:

SES	Senior Executive Service	NESB 1	Non-English speaking background, first generation
ADMIN	Administration	NESB2	Non-English speaking background, second generation
PROF	Professional	ATSI	Aboriginal and Torres Strait Islander people
TECH	Technical	PWD	People with a disability
TRADE	Trade		
MISC	miscellaneous		

(1) Total number of permanent actual staff in the Department including inoperatives. Gender percentages relate to this total.

(2) Total number of staff who volunteered EEO information. Percentages of EEO groups relate to this total.

Note: The SES group includes the Secretary, Deputy Secretary and Executive Coordinator.

Staff survey results

Between the 1996 staff survey and the 1998 staff survey, staff satisfaction has risen from 49 per cent to 60 per cent, and the perception that the Department responds to issues raised by staff has increased from 29 per cent to 55 per cent.

People development

During 1997–98 the Department spent almost \$1.3 million on people development activities. The total number of development days undertaken by staff was 2534, an average of 3.4 days per person. Further information on staff development activities undertaken by departmental staff is available on request.

The Department has brought better focus to its development activities through its involvement in the *Investors in People* program. Development is now more freely focused on meeting the Department's skill needs articulated in the 1998 Secretary's Statement of Skills. These skill needs were identified as requirements for achieving the Department's corporate objectives.

Senior Executive Service

Table A4.6 shows the number of substantive Senior Executive Service officers in the Department at 30 June 1998 and the numbers who joined and left the Department during the year. Of the 30 SES officers, six were women, one more than at 30 June 1997. Gains were the same for men and women at three each although eight SES men left the Department compared with two women.

Table A4.6: Nominal operative Senior Executive Service officers and mobility

Nominal Class	Women	Men	Total	Gains		Losses	
				Women	Men	Women	Men
SES B1	5	16	21	2	3	2	5
SES B2	1	5	6	1	–	–	3
SES B3	–	2	2	–	–	–	–
Secretary	–	1	1	–	–	–	–
Total	6	24	30	3	3	2	8

The difference between the number of SES officers shown for this year and last year does not equate with the net loss in Table A4.6 because inoperative officers who left the Department are not included in the Table. Also the number of SES in Table A4.6 is less than shown in Table A4.2, the difference being that the 38 in Table A4.2 includes staff acting in SES positions to cover absences or for special projects.

Performance pay

Performance pay for SES officers ceased when the Department's agency agreement was certified on 2 April 1998. Payments shown in Table A4.7 are based on a nine-month cycle from 1 July 1997 to 1 April 1998. Due to the small number of staff at the SES Band 3 level, details for Bands 2 and 3 have been combined. The (\$) amount included in the Table relates to payments made to officers rated at 5 (Outstanding) and 4 (Superior). Officers rated below these levels were not eligible to receive performance pay.

Table A4.7: Senior Executive Service performance pay

SES Band	Number	Amount Paid (\$)
1	29	65 870
2 and 3	11	41 680

The Secretary determines SES performance pay through an appraisal process. The Department follows the arrangements set in place under the Australian Public Service Enterprise Agreement 1995–96.

In 1997–98 officers rated at 'Outstanding' received 15 per cent of base salary; officers rated as 'Superior' received 10 per cent of base salary. Some officers received payments on a pro rata basis for time with the Department during the cycle period.

Staffing numbers are based on total number of eligible staff. The Department does not operate a performance pay scheme for senior officers.

Appendix 5: Industrial Democracy

A key activity in the Department's 1997–98 Portfolio Budget Statements was development of agreements under the *Workplace Relations Act 1996*. The process of negotiating a new Certified Agreement under the Act was the cornerstone of the Department's workplace relations activities during 1997–98, and the basis for embedding sound consultative arrangements between management, employees and their representatives.

Certified Agreement

The Agreement negotiation process heralded a shift from centralised administration of terms and conditions of employment in the Australian Public Service, furthering the implementation of enterprise level agreement making.

The Department undertook a thorough consultative process with respondent unions, individuals and groups of employees, and benchmarked its progress against other organisations. Interactive information sessions were held Australia-wide, in addition to the distribution of draft agreements and explanatory notes.

A full-time Workplace Relations Unit was established, within People and Organisation Branch, to coordinate all aspects of workplace relations within the Department.

On 2 April 1998 the Australian Industrial Relations Commission certified the Department of Transport and Regional Development Certified Agreement 1998–99 under section 170LJ of the *Workplace Relations Act 1996*. This followed a ballot conducted by the Australian Electoral Commission, which achieved 75 per cent staff participation—90 per cent of whom were in favour of the Agreement.

The Certified Agreement has a nominal expiry date of 31 August 1999.

Australian Workplace Agreements

During 1998 the Department developed Australian Workplace Agreements for all nominal SES employees, in line with current government policy. As with the Certified Agreement, AWAs were developed with extensive consultation. As at 30 June 1998, 28 SES AWAs were lodged with the Office of the Employment Advocate awaiting approval.

Departmental Consultative Committee

The Certified Agreement provides for a new Departmental Consultative Committee. The Deputy Secretary chairs the Committee, with representatives from each of the respondent unions, three members elected by staff, and three members nominated by the Secretary.

The first meeting of the new DCC was held on 18 June 1998 to discuss implementation of the Certified Agreement. DCC will meet at least quarterly over the life of the agreement, and will continue to oversee and evaluate implementation.

During the year, informal meetings of management, employees and employee representatives were held as necessary to discuss proposals for change and restructuring in the Department.

Appendix 6: Internal and External Scrutiny

External Audit

The Department's progress in implementing recommendations of Australian National Audit Office Reports is included in biannual reports by the Minister for Finance and Administration to the Joint Committee for Public Accounts and Audit.

The Auditor-General released two performance audit reports related directly to the Portfolio. The reports made recommendations on the Sydney Airport Noise Amelioration Program and the sale of Brisbane, Melbourne and Perth Airports. The recommendations are being implemented to the extent appropriate.

The Auditor-General also released several reports on Australian Public Service-wide reviews, or which contained references to the Department or Portfolio. No recommendations significantly affect the Department.

Further information on Auditor-General's reports is available on request as noted in Appendix 2.

Internal Audit

Internal Audit completed the greater part of the approved Annual Work Plan by 30 June 1998. All outstanding tasks had started with completion expected by August 1998. Following the restructuring of the function during 1996, the bulk of internal audit and related services is undertaken by external consultants.

Fraud Control

The Commonwealth Law Enforcement Board assessed the Department's Fraud Risk Assessment and Fraud Control Plan as meeting Commonwealth requirements. Internal Audit reviews include an update of fraud control risk assessments. A review by consultants in late 1997, of high-risk areas common throughout the Department, confirmed the validity of the existing fraud risk assessments for these areas.

Inquiries by Parliamentary Committees

Parliamentary committees tabled two reports containing matters related to the portfolio. These were:

- *Planning Not Patching: An Inquiry Into Federal Road Funding*; and
- a report of the Joint Standing Committee on the National Capital and the External Territories, *The Right to Protest*. Further details are available on request.

APPENDIX 6. INTERNAL AND EXTERNAL SCRUTINY

The Department contributed submissions and/or appeared before seven other Committees of Inquiry during the year.

Further details are available on request as noted in Appendix 2.

Comments by the Ombudsman

The Department received no complaints under the *Privacy Act 1988*. The Ombudsman received 18 complaints (15 oral and three written) about departmental actions. Of the 14 issues finalised, the Ombudsman's Office exercised its discretion not to intervene in nine; two were resolved in favour or partly in favour of the complainant; and three in favour of the Department. There were no formal reports to the Minister under the provisions of the *Ombudsman Act 1976*.

Decisions by courts and administrative tribunals

During 1997–98 the Department handled four legal actions affecting its programs:

- The Federal Court heard an application by three New South Wales local government councils for a review of decisions by the Minister for Transport and Regional Development and the Minister for the Environment relating to the implementation of the Long Term Operating Plan for Sydney (Kingsford Smith) Airport.
- The Supreme Court of Western Australia heard a trial of preliminary issues in an action for specific performance or damages arising from an agreement for the sale and purchase of a supermarket and restaurant on Christmas Island on 23-24 February 1998. The decision in favour of the applicants was delivered on 6 March 1998. The Commonwealth has lodged an appeal.
- The trial on a preliminary issue in an action for the repayment of pay-roll tax paid by the Christmas Island Resort was heard by the Supreme Court of Western Australia on 26 May 1998. The decision in favour of the applicants was delivered on 19 June 1998. The Commonwealth has lodged an appeal.
- An application for compensation and alleged breaches of fiduciary duty in relation to employment and amenities on Christmas Island and in administration of resettlement schemes has been brought by residents of Christmas Island against the Commonwealth. The Commonwealth has applied to the Supreme Court of Western Australia to strike out all or part of the application.

Further details on these actions are available on request as noted in Appendix 2.

Complaints handling

The development of the Department's overarching Service Charter introduced a new level of accountability in service and complaints handling. In the Charter comments and suggestions are invited, both on the charter itself, and more generally on the standard of service provided by the Department. A Client Service Officer has been appointed, to provide a central complaints-handling service for the Department.

This means detailed information about the number and types of complaints received will be available for 1998–99.

More information about Service Charters can be found in the performance report for Sub-program 5.2: Management Support and Advice. Copies of the Service Charter are available from the Client Service Officer as explained below.

How to make a complaint

If you are not satisfied with the service provided by the Department, there are several ways you can make a complaint.

1. Contact the officer you have been dealing with;
2. Contact the Client Service Officer by:
 - **telephone**, on the toll free Client Service Feedback number 1800 075 001
 - **mail**, addressed to: Client Service Officer
Department of Transport and Regional Services
GPO Box 594
CANBERRA ACT 2601
 - **e-mail**, addressed to clientserv@dot.gov.au
 - **Internet**, using the information on our web site: www.dot.gov.au

If you are dissatisfied at any time with our handling of your complaint or you feel that your complaint has still not been dealt with satisfactorily, you may contact the Commonwealth Ombudsman.

Complaints to the Ombudsman can be made by:

- **telephone**, to your nearest Commonwealth Ombudsman's office (see the Telstra White Pages).

People from country areas and Tasmania can call their nearest Commonwealth Ombudsman's office toll free on 1800 133 057
- **mail**, addressed to: The Commonwealth Ombudsman
GPO Box 442,
CANBERRA ACT 2601
- **Internet**, on the Ombudsman's web site: www.comb.gov.au

Appendix 7: Occupational Health and Safety

The Department maintains an Occupational Health and Safety Agreement with relevant unions in accordance with the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. The agreement, signed in March 1997, is due for review in February 1999.

Under the Agreement the Health and Safety Committee plays an important consultative role between the Department and the unions on occupational health and safety issues. The Committee meets quarterly and in 1997–98 considered a range of OH&S matters including:

- statistics on the Department's performance in relation to injury prevention, compensation and rehabilitation;
- changes to Designated Workgroup arrangements due to Machinery of Government changes, and appointment of Health and Safety representatives; and
- OH&S inspection reports.

The Department has an ongoing Health Awareness Program that promotes the health and welfare of staff. This includes: engaging health professionals to provide individual, private assessments on cardiac health for staff who nominated for testing; arranging in-house seminars on health issues; and providing health and lifestyle information.

The Department also continued its strategy of prevention and rehabilitation to reduce the incidence and cost of higher impact injuries. Key elements are:

- promoting the Department's Employee Assistance Program to managers and staff to assist with personal and work related problems; and
- early intervention to prevent injury and minimise the cost impact of an injury.

Other OH&S related activities during 1997–98 included:

- maintaining effective emergency evacuation, first aid, and fire safety and prevention systems and facilities; and
- providing OH&S training for staff and advice to managers and individual staff on health and safety matters.

Eight claims for compensation were accepted for staff injuries during 1997–98. Two required a report to Comcare under the incident reporting regulations of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*.

Appendix 8: Advertising and Market Research

The tables below set out particulars of all amounts paid by or on behalf of the Department during the financial year to advertising agencies, market research organisations, media advertising organisations and direct mail organisations.

**Table A8.1: Advertising and market research,
Program 1: Aviation**

Paid to	Reason	Cost(\$)
Media advertising organisations		
TMP Worldwide Pty Ltd	Press advertisement—expressions of interest for design and documentation consultancy services for the public buildings insulation program.	3 514
TMP Worldwide Pty Ltd	Press advertisement—expressions of interest for construction contracting services for the public buildings insulation program.	8 870
TMP Worldwide Pty Ltd	Placement of airport environment notices in the press.	1 410
National Mailing and Marketing Pty Ltd	Distribution of Aviation Statistics Survey Forms	1 953
TMP Worldwide Pty Ltd	Advertising applications and determinations of international air service routes as required by the <i>International Air Services Act 1992</i>	55 210
Program Total		70 957

**Table A8.2: Advertising and market research,
Program 2: Land Transport**

Paid to	Reason	Cost(\$)
Advertising agencies		
Sargent Rollins Vranken	Develop and produce the Rural Speed Campaign	59 978
TMP Worldwide Pty Ltd	Commonwealth Government Assistance to Infrastructure Projects	1 790
Total		61 768
Market research organisations		
Geoff Minter and Associates	Market research—driver fatigue	47 252
Eureka Strategic Research	Research into variable message signs	38 200
Total		85 452
Media advertising organisations		
AIS Media	Final cinema and radio media purchase for the Rural Speed Campaign	1 066
OGIA	Regional TV & radio media purchase for the Rural Speed Campaign	1 003 457
Total		1 004 523
Direct mail organisations		
DAS Distribution	Distribution of FORS public education materials	39 587
Total		39 587
Program Total		1 191 330

**Table A8.3: Advertising and market research,
Program 5 Corporate Direction and Support**

Paid to	Reason	Cost(\$)
Advertising agencies		
TMP Worldwide Pty Ltd	Advertising of tenders	28 413
AGPS – Gazette Advertising	Advertising vacant positions in Gazette	2 940
Australian Government Publishing Service	Purchasing and Disposals Gazette	913
Great Southern Communications	Produce video and pamphlets on perishable goods.	170 000
Program Total		202 266

**Table A8.4: Advertising and market research,
Program 6: Territories and Local Government**

Paid to	Reason	Cost(\$)
Media Advertising Organisations		
<i>Local Government FOCUS</i>	Best practice feature	3 000
TMP Worldwide Pty Ltd	Advertising for the 1997 National Awards for Innovation in Local Government	518
AAP Information Services Pty Ltd	<i>Media Alert</i> for the launch of the 1998 National Awards for Innovation in Local Government	636
TMP Worldwide Pty Ltd	Advertising the National Office of Local Government	3 246
<i>The Australian Local Government Job Directory</i>	Advertising the launch of the 1998 National Awards for Innovation of Local Government	525
Indigo Arch Pty Ltd	Advertising the launch of the 1998 National Awards for Innovation of Local Government in <i>Local Government Management</i>	1 320
TMP Worldwide Pty Ltd	Advertising the launch of the 1998 National Awards for Innovation of Local Government, the <i>Weekend Australian</i>	3 617
Executive Media	Advertising the launch of the 1998 National Awards for Innovation of Local Government in the <i>1998 Institute of Municipal Management Yearbook</i>	945
AAP Information Services	Media release for the Minister for Regional Development, Territories and Local Government for the launch of the <i>Local Government National Report</i>	737
Total		14 544
Direct mail organisations		
Canberra Mailing	Distribution of a launch kit for the 1998 National Awards for Innovation in Local Government	1 518
Canberra Mailing	<i>Active Australia</i> mail out	832
Canberra Mailing	Distribution of <i>Urban Futures</i> journals	2 199
Koomarri Association	Distribution of Regional Development, Territories and Local Government Budget kits	1 318
Total		5 867
Program Total		20 411

Appendix 9: Social Justice and Equity

Social Justice Overview

Activities undertaken by the Department during 1997–98, which enhance social justice, and integrate cultural diversity consistent with the principles of the Government's Charter of Public Service in a Culturally Diverse Society, included:

- continuing subsidies to operators of airlines to provide services where there are no suitable alternative forms of transport to communities in remote areas;
- working with the International Civil Aviation Organization and other aviation organisations to develop and implement standards which make aviation travel more accessible to people with disabilities;
- ongoing community consultation, including distribution of multilingual brochures and fact sheets, and a mobile access centre, for the proposed Second Sydney Airport Environmental Impact Statement;
- review of the Bass Strait Passenger Vehicle Equalisation Scheme to aid understanding of the social impact of this Government policy;
- road investment decisions made in the context of broad policy objectives including social considerations;
- close liaison of the Indian Ocean Territories on-island Administrations with community groups to ensure that social justice is included in delivering services provided by WA departments and agencies;
- in association with the Australian Advisory Committee on Road Trauma, the Federal Office of Road Safety distributed a video on road trauma treatment, for medical and paramedical practitioners in isolated areas of Australia, free of charge to hospitals and personnel in rural and remote areas;
- in partnership with industry, the Department convened a working group of organisations representing people with disabilities, to examine options to ensure that people with disabilities have access to public transport; and
- continuing departmental support for social justice principles through its application of Government policies for access and equity, affirmative action, Native Title and workplace diversity.

Equal opportunity in board appointments

The Department maintains the APPOINT database on the membership of boards of its portfolio agencies to monitor participation by equal opportunity target groups and reports to the Office of the Status of Women on board membership.

Seventeen board appointments were made during 1997–98; of these, one was female.

Table A9.1: Board Members from Equal Opportunity target groups, 1997–98

Target group	Number
Male Aboriginal	-
Female Aboriginal	-
Male Non-English Speaking Background	2
Female Non-English Speaking Background	1
Male disabled	-
Female disabled	-
Total males	50
Total females	10
TOTAL APPOINTMENTS	60

The provision of information about a person's Equal Opportunity status is voluntary. These statistics reflect—except where women are identified—only the information volunteered by board appointees.

Appendix 10: Purchasing and Use of Consultants

Gazettal of purchasing information

In accordance with *Commonwealth Procurement Guidelines*, it is the Department's practice to publish all public invitations to bid or express interest for contracts let by the Department in the Commonwealth Gazette within the prescribed time of the purchase order being issued.

During 1997–98, 391 transactions over \$2000, totalling \$9 035 212, initiated by the Territories and Local Government Sub-program were not published within the six week prescribed period. These transactions have been subsequently published, and appropriate systems and procedures have been introduced to ensure this requirement will continue to be met.

A further 53 purchases in Central Office totalling \$3 496 335 were not published in the prescribed period. This was due to difficulties with implementing the new gazette system on the Internet-based Telstra Transigo. A more efficient way of bulk uploading of data into Telstra Transigo should overcome this particular problem.

Another 10 transactions totalling \$1 590 894 were late being gazetted because of internal delays within the Department in obtaining the necessary information. Efforts will continue to be made to improve the quality of data to avoid future internal delays.

Consultants

One hundred and eighty consultants were engaged by the Department in 1997–98. The former Department of Environment, Sport and Territories engaged an additional four consultants for Territories and Local Government prior to the machinery of government changes, effective from 9 October 1997.

Twenty-four consultants did not receive any payments because the contracts were carried over to 1998–99.

The total amount paid to consultants during the year was \$10 937 793 plus \$60 700 paid by DEST prior to 9 October 1997.

Details of individual consultancies are available on request as noted as noted in Appendix 2.

Appendix 11: Reconciliation of Programs and Appropriation Elements

	A + Appropriation Acts No. 1 & 3 (\$'000)	B + Appropriation Acts No. 2 & 4 (\$'000)	C + Special Appropriations (\$'000)	D = Annotated (1) Appropriations (\$'000)	E Program Appropriations (\$'000)	- F Adjustments (2) (\$'000)	= G Program Outlays (\$'000)
<u>Aviation</u>							
1.1	9 998	25 010	-	61	35 069	(363)	34 705
1.2	11 447	68 898	-	7	80 352	(910)	79 442
1.3	8 832	-	-	38	8 870	(54)	8 816
1.4	961	-	-	2	963	(2)	961
1.5	31 202	-	43 304	-	74 506	-	74 506
1.6	-	-	-	-	-	-	-
1.7	-	-	16 390	-	16 390	(10 000)	6 390
Total	62 440	93 908	59 694	108	216 150	(11 329)	204 820
<u>Land</u>							
2.1	15 516	19 205	817 321	12	852 054	(7 599)	844 456
2.2	12 347	1 317	54 398	584	68 646	(584)	68 063
2.3	19 915	-	-	-	19 915	-	19 915
Total	47 778	20 522	871 719	596	940 615	(8 183)	932 433
<u>Regional Development</u>							
4.1	13 245	29 600	3 684	-	46 529	(37 598)	8 931
Total	13 245	29 600	3 684	-	46 529	(37 598)	8 931
<u>Corporate</u>							
5.1	965	-	-	-	965	-	965
5.2	27 114	-	-	68	27 182	(361)	26 821
5.3	5 224	-	-	107	5 331	(108)	5 223
Total	33 303	-	-	175	33 478	(469)	33 009

APPENDIX 11. RECONCILIATION OF PROGRAMS AND APPROPRIATION ELEMENTS

	A + Appropriation Acts No. 1 & 3 (\$'000)	B + Appropriation Acts No. 2 & 4 (\$'000)	C + Special Appropriations (\$'000)	D = Annotated (1) Appropriations (\$'000)	E Program Appropriations (\$'000)	- F Adjustments (2) (\$'000)	= G Program Outlays (\$'000)
<u>Territories and Local Government</u>							
6.1	4 713	-	-	-	4 713	(4)	4 709
6.2	30 304	7 446	-	9 010	46 760	(10 711)	36 049
6.3	5 618	30 808	-	770	37196	(2 856)	34 340
6.4	4 986	-	1 205 208	1	1 210 195	(12)	1 210 183
Total	45 621	38 254	1 205 208	9 781	1 298 864	(13 583)	1 285 282
<u>Totals</u>	202 387	182 285	2 140 305	10 660	2 535 637	(71 163)	2 464 475

(1) Annotated Appropriations are a form of special appropriations to allow a Department access to the money it earns.

(2) Adjustments to derive outlays include receipts items classified as outlays and net movements in trust account balances.

Appendix 12: Discretionary Grants

The Department of Transport and Regional Development administers three discretionary grant programs:

- the Regional Development Program;
- the Local Government Development Program; and
- Trucksafe.

A list of grant recipients is available on request as noted in Appendix 2.

FINANCIAL STATEMENTS



INDEPENDENT AUDIT REPORT

To the Minister for Transport and Regional Development

Scope

I have audited the financial statements of the Department of Transport and Regional Development for the year ended 30 June 1998. The financial statements comprise:

- Statement by the Chief Executive
- Departmental and Administered statements of:
 - Revenues and Expenses
 - Assets and Liabilities
 - Revenues and Expenses by Program
 - Cash Flows
- Schedule of Commitments
- Schedule of Contingencies
- Notes to and forming part of the Financial Statements.

The Department's Chief Executive is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you, the Minister for Transport and Regional Development.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view of the Department which is consistent with my understanding of its financial position, its operation and its cash flows.

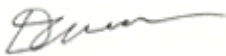
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Department of Transport and Regional Development as at 30 June 1998 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



David C McKean
Executive Director

Delegate of the Auditor-General

Canberra

2 October 1998

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT
Statement by the Chief Executive

In my opinion, the attached financial statements give a true and fair view of the matters required by Schedule 2 to the Finance Minister's Orders made under section 63 of the *Financial Management and Accountability Act 1997*.

Signed... 

Allan Hawke
Chief Executive

2 October 1998

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT AGENCY REVENUES AND EXPENSES

for the year ended 30 June 1998

	Notes	1997-98 \$'000	1996-97 \$'000
NET COST OF SERVICES			
Expenses			
Employees	4A	49 492	54 793
Suppliers	4B	67 145	24 848
Depreciation and amortisation	4C	17 191	4 958
Write down of assets	4E	1 099	1 856
Net losses from sale of assets	4G	549	523
Total expenses		135 477	86 978
Revenues from independent sources			
Sales of goods and services		7 810	895
Reversals of previous asset write-downs		11	4
Transfers from provisions		-	13
Total revenues from independent sources		7 821	912
Net cost of services		127 656	86 066
REVENUES FROM GOVERNMENT			
Appropriations used for:			
Ordinary annual services (net appropriations)	2.4	113 204	91 916
Other services		7 413	1 121
Resources received free of charge	5	203	167
Total revenues from government		120 821	93 204
Operating result before extraordinary items		(6 836)	7 138
Net revenues or expenses from extraordinary items:			
Restructuring	7A	221 184	-
Operating surplus		214 349	7 138
Accumulated results at 1 July		1 803	(5 335)
Accumulated results at 30 June		216 152	1 803

The above Statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT			
ADMINISTERED REVENUES AND EXPENSES			
<i>for the year ended 30 June 1998</i>			
	Notes	1997-98 \$'000	1996-97 \$'000
REVENUES			
TAXATION			
Other taxes, fees and fines	9	77 033	107 210
Total taxation		77 033	107 210
NON-TAXATION			
Sales of goods and services		7 251	6 006
Interest and dividends	10A	97 495	60 875
Net gains from sale of assets	10B	-	11
Other	10C	16 117	24 114
Total non-taxation		120 863	91 006
Total revenues		197 896	198 216
EXPENSES			
Subsidies		22 123	86 614
Grants	6	1 101 179	1 432 800
Depreciation and amortisation	4D	69	1
Net write down of assets	4F	727	9 123
Net losses from sale of assets	4H	60	-
Other	4I	69 492	57 236
Total expenses		1 193 650	1 585 774
Net cost to government		(995 756)	(1 387 558)
TRANSFERS			
Cash from Official Commonwealth Public Account		2 120 692	1 635 754
Cash to Official Commonwealth Public Account		(203 033)	(292 967)
Net change in administered assets before extraordinary items		921 903	(44 771)
Restructuring	7B	(835 539)	-
Net change in administered assets		86 364	(44 771)
Transfers from Reserves	8A	126 229	89 900
Accumulated results at 1 July		255 302	(1 471 131)
Changes in accounting policy effected 1 July	8B	(87 906)	1 681 301
Accumulated results at 30 June		379 990	255 302

The above Statement should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT AGENCY ASSETS AND LIABILITIES

as at 30 June 1998

	Notes	1997-98 \$'000	1996-97 \$'000
DEBT			
Other	11A	352	690
Total debt		352	690
PROVISIONS AND PAYABLES			
Employees	12A	18 312	16 044
Suppliers	12B	2 658	671
Other	12C	154	87
Total provisions and payables		21 123	16 802
EQUITY			
Accumulated results		216 152	1 803
Reserves		16 112	106
Total equity	13A	232 265	1 909
Total liabilities and equity		253 739	19 401
FINANCIAL ASSETS			
Cash		413	30
Receivables	14B	10 596	5 886
Total financial assets		11 009	5 916
NON-FINANCIAL ASSETS			
Land and buildings	15A, G	102 174	3 221
Infrastructure, plant and equipment	15C, G	128 637	7 034
Inventories	15I	3 196	355
Intangibles	15E, G	469	559
Other	15K	8 255	2 315
Total non-financial assets		242 730	13 485
Total assets		253 739	19 401
Current liabilities		10 834	7 289
Non-current liabilities		10 642	10 203
Current assets		21 384	8 587
Non-current assets		232 356	10 814

The above Statement should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT			
ADMINISTERED ASSETS AND LIABILITIES			
<i>as at 30 June 1998</i>			
	Notes	1997-98	1996-97
		\$'000	\$'000
DEBT			
Loans	11B	297 106	246 057
Total debt		297 106	246 057
PROVISIONS AND PAYABLES			
Subsidies		190	172
Grants	12D	3 328	44 200
Other	12E	9 906	8 747
Total provisions and payables		13 424	53 118
EQUITY			
Accumulated results		379 990	255 302
Reserves		2 131 586	3 811 389
Total equity	13B	2 511 576	4 066 691
Total liabilities and equity		2 822 106	4 365 866
FINANCIAL ASSETS			
Cash	14A	326	413
Receivables	14C	311 984	261 270
Investments	14D	2 456 040	4 060 638
Accrued revenues	14E	4 646	8 011
Total financial assets		2 772 996	4 330 332
NON-FINANCIAL ASSETS			
Land and Buildings	15B, H	45 279	34 620
Infrastructure, plant and equipment	15D, H	8	328
Intangibles	15F, H	3 148	-
Inventories	15J	-	350
Other	15L	675	235
Total non-financial assets		49 110	35 533
Total assets		2 822 106	4 365 866
Current liabilities		21 076	71 963
Non-current liabilities		289 454	227 213
Current assets		29 737	47 290
Non-current assets		2 792 369	4 318 576

The above Statement should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT AGENCY REVENUES AND EXPENSES BY PROGRAM

for the year ended 30 June 1998

	Aviation		Land Transport		Maritime	
	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000
NET COST OF SERVICES						
Expenses						
Employees	18 662	17 462	13 108	11 566	1 307	4 139
Suppliers	17 801	7 812	11 287	3 716	1 015	1 606
Depreciation and amortisation	1 351	807	756	320	40	174
Write down of assets	(88)	215	(30)	139	-	4
Net losses from sale of assets	206	51	129	17	8	5
Total expenses	37 932	26 347	25 250	15 758	2 370	5 928
Revenues from independent sources						
Sales of goods and services	178	239	625	369	5	61
Reversals of previous asset write-downs	0	1	-	-	-	-
Transfers from provisions	-	13	-	-	-	-
Total revenues from independent sources	178	252	625	369	5	61
Net cost of services	37 754	26 095	24 625	15 389	2 365	5 868
REVENUES FROM GOVERNMENT						
Appropriations used for:						
Ordinary annual services (net appropriations)	39 741	26 117	25 108	15 751	1 778	5 929
Other services	-	-	1 200	-	-	-
Resources received free of charge	74	11	54	7	-	8
Total revenues from government	39 815	26 128	26 362	15 758	1 778	5 937
Operating result before extraordinary items	2 061	33	1 737	369	(588)	69
Net revenues (expenses) from extraordinary items:						
Restructuring	-	-	-	-	1 259	-
Operating surplus/(deficit)	2 061	33	1 737	369	672	69

The above Statement should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

Regional Development		Corporate (BTE and Trade)		Territories and Local Government		Inter-Program Eliminations		Total	
1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000
1 032	12 790	6 329	8 837	9 053	-	-	-	49 492	54 793
87	3 212	3 522	8 950	33 517	-	(84)	(448)	67 145	24 848
928	1 597	504	2 060	13 611	-	-	-	17 191	4 958
23	171	(27)	1 327	1 221	-	-	-	1 099	1 856
63	372	53	78	90	-	-	-	549	523
2 133	18 141	10 381	21 252	57 492	-	(84)	(448)	135 477	86 978
(21)	(165)	274	842	6 833	-	(84)	(448)	7 810	895
10	2	-	0	1	-	-	-	11	4
-	-	-	0	-	-	-	-	-	13
(12)	(163)	274	842	6 834	-	(84)	(448)	7 821	912
2 144	18 304	10 107	20 411	50 659	-	0	0	127 656	86 066
1 663	18 888	11 165	25 232	33 749	-	-	-	113 204	91 916
-	-	-	1 121	6 213	-	-	-	7 413	1 121
2	4	27	137	46	-	-	-	203	167
1 665	18 892	11 192	26 489	40 008	-	-	-	120 821	93 204
(480)	588	1 085	6 079	(10 652)	-	-	-	(6 836)	7 138
-	-	-	-	219 925	-	-	-	221 184	-
(480)	588	1 085	6 079	209 273	-	-	-	214 349	7 138

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT						
ADMINISTERED REVENUES AND EXPENSES BY PROGRAM						
<i>for the year ended 30 June 1998</i>						
	Aviation		Land Transport		Maritime	
	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES						
TAXATION						
Other taxes, fees and fines	40 133	36 004	17 808	20 033	15 282	51 173
Total taxation	40 133	36 004	17 808	20 033	15 282	51 173
NON-TAXATION						
Sales of goods and services	-	-	7 251	6 006	-	-
Interest and dividends	82 371	41 362	1 868	4 350	-	979
Net gains from sale of assets	-	11	-	-	-	-
Other	3 094	4 859	115	684	62	109
Total non-taxation	85 465	46 232	9 234	11 040	62	1 088
Total revenues	125 598	82 236	27 042	31 073	15 344	52 261
EXPENSES						
Subsidies	1 263	1 270	3 697	5 376	13 478	76 827
Grants	113 522	96 094	914 588	1 234 628	19 159	60 965
Depreciation and amortisation	2	1	-	-	-	-
Net write down of assets	8	6 996	0	4	-	-
Net losses from sale of assets	(110)	-	-	-	-	-
Other	68 243	48 284	857	6 529	392	2 150
Total expenses	182 927	152 645	919 142	1 246 536	33 029	139 941
Net cost to government	(57 329)	(70 409)	(892 100)	(1 215 463)	(17 685)	(87 681)
TRANSFERS						
Cash from Official Commonwealth Public Account	187 410	147 174	921 379	1 250 542	33 253	137 678
Cash to Official Commonwealth Public Account	(125 785)	(181 055)	(26 736)	(31 294)	(15 337)	(52 248)
Net change in administered assets before extraordinary items	4 296	(104 291)	2 542	3 785	231	(2 251)
Restructuring	-	-	-	-	(46 401)	-
Net increase (decrease) in administered net assets	4 296	(104 291)	2 542	3 785	(46 170)	(2 251)
Transfers from/(to) Reserves	-	96 000	-	(6 100)	126 229	-
Accumulated results at 1 July	1 358 291	(226 843)	(919 093)	(1 311 463)	(80 059)	(62 877)
Changes in accounting policy effected 1 July	-	1 593 425	-	394 685	-	(14 932)
Accumulated results at 30 June	1 362 587	1 358 291	(916 551)	(919 093)	-	(80 059)

The above Statement should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

Regional Development		Corporate (BIE and Trade)		Territories and Local Government		Inter-Program Eliminations		Total	
1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	-	-	3 810	-	-	-	77 033	107 210
-	-	-	-	3 810	-	-	-	77 033	107 210
-	-	-	-	-	-	-	-	7 251	6 006
9 269	14 185	-	-	3 986	-	-	-	97 495	60 875
-	-	-	-	-	-	-	-	-	11
11 730	18 356	34	105	1 082	-	-	-	16 117	24 114
21 000	32 541	34	105	5 068	-	-	-	120 863	91 006
21 000	32 541	34	105	8 878	-	-	-	197 896	198 216
3 684	3 142	-	-	-	-	-	-	22 123	86 614
32 162	41 112	-	-	21 749	-	-	-	1 101 179	1 432 800
-	-	-	-	68	-	-	-	69	1
720	2 123	-	-	-	-	-	-	727	9 123
-	-	-	-	170	-	-	-	60	-
-	273	-	-	-	-	-	-	69 492	57 236
36 565	46 651	-	-	21 986	-	-	-	1 193 650	1 585 774
(15 565)	(14 109)	34	105	(13 108)	-	-	-	(95 756)	(1 387 558)
44 965	100 360	-	-	933 685	-	-	-	2 120 692	1 635 754
(24 354)	(28 334)	(40)	(35)	(10 781)	-	-	-	(203 033)	(292 967)
5 045	57 917	(6)	69	909 796	-	-	-	921 903	(44 771)
-	-	-	-	(789 138)	-	-	-	(835 539)	-
5 045	57 917	(6)	69	120 658	-	-	-	86 364	(44 771)
-	-	-	-	-	-	-	-	126 229	89 900
(104 036)	129 925	199	130	-	-	-	-	255 302	(1 471 131)
20 399	(291 878)	-	-	(108 305)	-	-	-	(87 906)	1 681 301
(78 591)	(104 036)	193	199	12 353	-	-	-	379 990	255 302

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT AGENCY CASH FLOWS

for the year ended 30 June 1998

	Notes	1997-98 \$'000	1996-97 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriation revenue		122 508	87 188
Sales of goods and services		7 388	913
Total cash received		129 897	88 101
Cash used			
Employees		49 445	60 729
Suppliers		70 616	26 445
Total cash used		120 061	87 174
Net cash from operating activities	16A	9 835	927
INVESTING ACTIVITIES			
Cash received			
Proceeds from the sale of property, plant and equipment		1 106	264
Total cash received		1 106	264
Cash used			
Purchases of property, plant and equipment		10 558	1 208
Total cash used		10 558	1 208
Net cash from (used by) investing activities		(9 452)	(944)
Net increase/(decrease) in cash held		383	(17)
add cash at 1 July		30	46
Cash at 30 June		413	30

The above Statement should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT			
ADMINISTERED CASH FLOWS			
<i>for the year ended 30 June 1998</i>			
		1997-98	1996-97
	Notes	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
TAXATION			
Other taxes, fees and fines		76 633	110 042
Total taxation		76 633	110 042
NON-TAXATION			
Sales of goods and services		7 098	5 948
Interest and dividends		98 885	61 313
Other non-taxation revenues		18 933	20 197
Cash from Official Commonwealth Public Account		2 117 772	1 632 300
Total non-taxation		2 242 688	1 719 758
Total cash received		2 319 322	1 829 800
Cash used			
Subsidies		22 031	86 631
Grants		2 027 660	1 478 914
Other		68 073	63 931
Cash to Official Commonwealth Public Account		203 033	197 123
Total cash used		2 320 797	1 826 599
Net cash from operating activities	16B	(1 476)	3 200
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		1 389	156
Equity repayments		-	96 000
Repayment of loans		45 987	97 586
Cash from Official Commonwealth Public Account		2 920	6 100
Total cash received		50 296	199 842
Cash used			
Equity payment		-	6 100
Purchase of property, plant and equipment		1 360	2 964
Purchase of investments		1 560	-
Repayment to Official Commonwealth Public Account		45 987	97 586
Cash to Official Commonwealth Public Account		-	96 000
Total cash used		48 907	202 650
Net cash from (used by) investing activities		1 389	(2 809)
Net (decrease) increase in cash held		(87)	391
add cash at 1 July		413	22
Cash at 30 June		326	413

The above Statement should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

**DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT
SCHEDULE OF COMMITMENTS**

as at 30 June 1998

	Agency		Administered	
	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000
BY TYPE				
CAPITAL COMMITMENTS				
Land and buildings	88	-	-	-
Infrastructure, plant and equipment	13 213	-	-	-
Other capital commitments	1 106	98	-	-
Total capital commitments	14 407	98	-	-
OTHER COMMITMENTS				
Operating leases	21 964	28 349	-	-
Project commitments	160	-	2 149 064	1 939 700
Research and development	-	6	275	20
Other commitments	10 929	763	64 906	44 213
Total other commitments	33 053	29 118	2 214 245	1 983 933
COMMITMENTS RECEIVABLE	-	-	-	160
Net commitments	47 460	29 217	2 214 245	1 983 773
BY MATURITY				
All net commitments				
One year or less	29 808	8 711	595 721	722 804
From one to two years	10 584	7 729	478 244	402 261
From two to five years	6 889	11 531	910 330	304 627
Over five years	179	1 246	229 950	554 241
Net commitments	47 460	29 217	2 214 245	1 983 773
Operating Lease Commitments				
One year or less	7 929	7 871	-	-
From one to two years	6 987	7 701	-	-
From two to five years	6 869	11 531	-	-
Over five years	179	1 246	-	-
Net commitments	21 964	28 349	-	-

The above Schedule should be read in conjunction with the accompanying notes.

**DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT
SCHEDULE OF CONTINGENCIES**

as at 30 June 1998

	Agency		Administered	
	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000
CONTINGENT LOSSES				
Claims for damages/costs ^{1,2}	9 472	5 070	44 535	44 100
Other	-	-	1 517	-
Total contingent losses	9 472	5 070	46 052	44 100
CONTINGENT GAINS	-	-	-	-
Net contingencies	9 472	5 070	46 052	44 100

Remote contingencies are disclosed in Note 17

Details

¹ This amount represents an estimate of the Department's liability based on precedent cases. The Department is defending the claims

² This amount includes compensation claims relating to a number of properties acquired for the proposed second Sydney Airport at Badgerys Creek, under the Land Acquisitions Act 1989. Potential liabilities are estimated at \$44 000 000.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

Departmental

As at 30 June 1998 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 Christmas Island Shire Council (financial assistance) and the Cocos (Keeling) Island Shire Council (financial assistance). The future liabilities of these agreements cannot be reliably measured.

Administered

There are no Administered unquantifiable contingencies.

The above Schedule should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT AND REGIONAL DEVELOPMENT **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** *for the year ended 30 June 1998*

Note	Description
1	Departmental objectives
2	Summary of significant accounting policies
3	Events occurring after balance date
4	Goods and services expenses
5	Grants
6	Resources received free of charge
7	Extraordinary items
8	Changes in accounting policy
9	Taxation revenue
10	Non-taxation revenue
11	Debt
12	Provisions and payables
13	Equity
14	Financial assets
15	Non-financial assets
16	Cash flow reconciliation
17	Remote contingencies
18	Assets not recognised
19	Receipts of the consolidated revenue fund
20	Expenditure from special appropriations
21	Expenditure from annual appropriations
22	Receipts and expenditure of the Reserved Money Fund
23	Executive remuneration
24	Services provided by the Auditor-General
25	Acts of Grace payments and waivers
26	Average staffing level
27	Financial instruments

Note 1 - Departmental Objectives

The purpose of the Department is to support the Government's objectives of promoting economic and social development by enhancing Australia's infrastructure performance.

The program structure and the objectives of each program are set out in the annual report.

Note 2 - Summary of Significant Accounting Policies

2.1 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 Schedule 2 to the Financial Management and Accountability (FMA) Orders made by the Minister for Finance and Administration. Schedule 2 requires that the financial statements are prepared:

- in compliance with Australian Accounting Standards, Accounting Guidance Releases and Urgent Issues Group consensus views; and
- having regard to Statements of Accounting Concepts.

The financial statements 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 of the financial position.

The continued existence of the Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

2.2 Departmental and Administered items

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the Department including:

- computers, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues from running costs appropriations;
- revenues from user charging etc where the proceeds are deemed appropriated under section 31 of the *Financial Management and Accountability Act 1997*; and

FINANCIAL STATEMENTS

- employee expenses and other suppliers expenses incurred in providing goods and services.

Administered items are those items which are controlled by the Government and managed or oversighted by the Department on behalf of the Government. These items include benefit payments and other taxes, fees and fines.

The purposes of the separation of departmental and administered items is to enable assessment of administrative efficiency of the Department in providing goods and services.

The basis of accounting described in Note 2.1 applies to both departmental and administered items.

Schedule 2 requires that administered transactions be accounted for on a double entry basis. The effect of this requirement is that transfers of cash to and from the Official Commonwealth Public Account (CPA) will be reported on the face of the statement of Administered Revenues and Expenses where operating transactions are involved, and that, where transactions involving financial assets and liabilities not arising from operations are involved, receivables from and payables to the CPA will be recognised in the statement of Administered Assets and Liabilities.

On initial application of this policy as at 1 July 1996, a liability to the CPA of \$346 013 063 was recognised with a contra entry being made to administered accumulated results.

Administered items are distinguished from departmental items by shading.

2.3 Allocation of overhead expenses and revenues to primary programs

The cost of goods and services provided by programs to other programs within the Department (including overhead costs) and any revenues have been attributed to those other programs. Expenses and revenues of the Bureau of Transport Economics (BTE) and Trade and Logistics (Trade) have not been allocated as they are not classified as corporate overhead. The distribution of corporate overhead is based on Average Staffing Level. Where these costs have been allocated for the first time in 1997–98, there has been no allocation of the 1996–97 costs for comparative purposes. Total amounts allocated in 1997–98 were expenses \$25 291 860 and revenues \$24 292.

2.4 Appropriations

Appropriations for departmental operations other than running costs are recognised as revenue to the extent that the appropriations are spent.

Schedule 2 to the Finance Minister's Orders requires that amounts received as appropriations for running costs operations are to be recognised according to their nature under the Running Costs Arrangements. Under these arrangements, the Department receives a base amount of funding by way of appropriation for running costs each year. The base amount may be supplemented in any year by a carryover

from the previous year of unspent appropriations up to allowable limits, as well as by borrowings at a discount against future appropriations of the base amount. The repayment of a borrowing is effected by an appropriate reduction in the appropriation actually received in the year of repayment. Interest may also be charged on borrowings.

The Department now recognises:

- as revenue an amount equal to the base funding spent in the year or carried over to the next year,
- as a receivable, an amount equal to the amount of unspent appropriation carried over to the next financial year, and
- as a liability, outstanding amounts of running costs borrowings. The interest cost of the borrowing is expensed over the life of the borrowing.

2.5 Resources received free of charge

Resources received free of charge are recognised in the statement of Agency Revenues and Expenses as revenue where the amounts can be reliably measured. Use of those resources is recognised in the Net Cost of Services.

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 department as a consequence of a restructuring of administrative arrangements. In the latter case, the assets are initially recognised at the amounts at which they were recognised by the transferring department immediately prior to the transfer.

2.6 Asset sales program

Schedule 2 to the Finance Minister's Orders requires that sales of Commonwealth interests in controlled entities conducted by the Office of Asset Sales and Information Technology Outsourcing (OASITO) are to be fully reported by the OASITO. At the time of sale, the Department writes back the carrying amount of the investment against the investment's share of the Administered Investments Reserve.

Australian National Railways Commission's interstate passenger, SA Rail and Tasrail businesses were sold during the year. The sale did not include interstate track and associated assets.

During the 1997–98 financial year the Government completed phase 1 and phase 2 of the sale process for federal airports previously owned and operated by the Federal Airports Corporation.

2.7 Grants (Administered)

The Department administers a number of grant schemes on behalf of the Commonwealth. Agreements made under these schemes are made to meet social policy objectives and do not create a present obligation on the Commonwealth until the requisite agreed services have been provided by the recipient Government.

2.8 Employee Entitlements

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 1998 and is recognised at the nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 1998. In determining the present value of the liability, the Department has taken into account attrition rates and projected pay increases through promotion and inflation.

Separation and Redundancy

Provision is also made for separation and redundancy payments in circumstances where the Department has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

Superannuation

Staff of the Department contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$5 181 849 (1996–97—\$5 955 585) in relation to these schemes have been expensed in these financial statements.

No liability is shown for superannuation in the Statement of Assets and Liabilities as the employer contributions fully extinguish the Department's liability for superannuation. The accruing liability is assumed by the Commonwealth.

Employer Superannuation Productivity Benefit contributions totalled \$810 716 (1996–97—\$946 093).

2.9 Leases

Operating lease payments are charged to the statement of Agency Revenues and Expenses on a basis which is representative of the pattern of benefits derived from the leased assets.

The Department did not have any financial lease arrangements.

Lease incentives taking the form of 'free' leasehold improvements and rent free holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability over the estimated useful life or the unexpired period of the lease.

2.10 Cash

Cash includes notes and coins held, deposits held at call with a bank or financial institution and balances in the Official Commonwealth Public Account (CPA).

2.11 Financial Instruments

Accounting policies for financial instruments are stated at note 27. The Department is complying with the requirements of AAS33 Presentation and Disclosure of Financial Instruments, which applies to the Department for the first time in 1997–98.

2.12 Property, Plant and Equipment

Asset Recognition Threshold

Depreciable non-current assets are capitalised in the year of acquisition where the historical cost is equal to or in excess of \$2 000. Other assets which are capitalised in the year of acquisition regardless of the historical cost are:

- CPUs and monitors; and
- items of plant and equipment acquired as part of a leasehold fitout. Leasehold improvements are valued on a project basis and therefore include items of plant and equipment with a unit value of less than \$2 000.

All other assets with historical costs less than \$2 000 are expensed in the year of acquisition.

Revaluations

Schedule 2 to the Finance Minister's Orders requires that property, plant and equipment be progressively revalued in accordance with the 'deprival' method of valuation by 1 July 1999 and thereafter be revalued progressively on that basis every three years.

The Department is implementing its progressive revaluations as follows (changes in accounting policy from 1996–97 are indicated):

- revaluation of freehold land and buildings commenced progressively over the financial year 1997–98 and will be maintained thereafter over successive three year periods. A geographical approach has been adopted. (The previous policy was to revalue the whole class in full every third year; the last revaluation under this policy being as at June 1996);

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- leasehold improvements will be revalued progressively every three years on a geographical basis from 1998-99;
- revaluation of plant, equipment and intangibles commenced in the financial year 1997-98 and will continue in 1998-99, and thereafter over successive three-year periods on a geographical basis. (Previous policy was to carry these assets on the basis of the value recognised on acquisition.)

Assets in each class acquired after the commencement of the progressive revaluation cycle will be reported on the basis of the value initially recognised on acquisition for the duration of the progressive revaluation then in progress.

The financial effect of the move to progressive revaluations is that the carrying amounts of assets will reflect current values and that depreciation charges will reflect the current cost of the service potential consumed in each period.

The application of the deprival method by the Department values its land at its current market buying price and its other assets at their depreciated replacement cost. Any assets which would not be replaced or are surplus to requirements are valued at net realisable value. As at 30 June 1998, the Department had no such assets in this situation.

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.

Assets acquired as a consequence of restructuring administrative arrangements are initially recognised at the amounts at which they were recognised in the transferor departments' accounts immediately prior to the restructuring.

Revaluations are accounted for by separately stating the gross amount and the related accumulated depreciation of the revalued asset, except for buildings which have been accounted for using the net value.

All valuations are independent.

Depreciation and amortisation

Depreciable non-current assets are written-down to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements and the unexpired period of the lease.

Estimated useful lives are reviewed annually.

Depreciation and amortisation rates applying to each class of depreciable asset are as follows:

	1997–98	1996–97
Buildings on freehold land	25 to 60 years	40 years
Leasehold improvements	Lease term	Lease term
Infrastructure, plant and equipment	3 to 80 years	3 to 10 years
Intangible assets	3 years	3 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C. The useful lives of assets have changed as a result of assets transferred from other departments.

2.14 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventory not held for resale is valued at cost, unless it is no longer required, in which case it is 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 FIFO basis, or valued at average cost; 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.

2.15 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. In accordance with advice from the Department of Finance and Administration, the carrying amount of each investment and the associated investment reserve is to be fixed as at 30 June 1997, unless the Minister for Finance and Administration requests otherwise.

2.16 Taxation

The Department is exempt from all forms of Commonwealth taxation except fringe benefits tax.

2.17 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. Loan guarantees arranged in overseas currencies have been converted at the exchange rate current at balance date.

2.18 Insurance

In accordance with Commonwealth Government policy, assets are not insured and losses are expensed as they are incurred.

2.19 Comparative Figures

With the exception of the allocation of costs and revenues to primary programs (refer Note 2.3), comparative figures have been adjusted to conform with changes in presentation in these financial statements.

2.20 Rounding

Amounts have been rounded to the nearest \$1000 except in relation to the following:

- transactions of the Consolidated Revenue Fund, and the Reserved Money Fund;
- act of grace payments, waivers;
- remuneration of executives; and
- remuneration of auditors.

Totals are the rounded sums of unrounded figures.

Note 3 - Events occurring after balance date

On 1 July 1998, Australian National Railways Commission's (AN) interstate track and associated assets were vested in the Australian Rail Track Corporation.

On 1 July 1998, control of Kingsford Smith Airport was transferred to the Sydney Airports Company Limited (SACL), and Essendon Airport was transferred to Essendon Airport Limited. On 2 July 1998, control of a further three Sydney Basin GA airports (Bankstown, Camden and Hoxton Park) was transferred to subsidiaries of SACL.

The event occurred after balance date and has no effect on the 1997–98 financial statements.

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	1997-98 \$'000	1996-97 \$'000
Note 4 - Goods and Services Expenses		
<u>Note 4A - Employee Expenses</u>		
Remuneration (for services provided)	48 639	52 794
Separation and redundancy	<u>853</u>	<u>1 999</u>
	<u>49 492</u>	<u>54 793</u>
<u>Note 4B - Suppliers Expenses</u>		
Supply of goods and services	61 154	15 199
Operating lease rentals	<u>5 991</u>	<u>9 649</u>
	<u>67 145</u>	<u>24 848</u>
<u>Note 4C - Depreciation and Amortisation</u>		
Depreciation of property, plant and equipment	17 057	4 795
Amortisation of Intangibles	<u>134</u>	<u>163</u>
	<u>17 191</u>	<u>4 958</u>

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable assets are as follows:

Buildings	2 349	20
Infrastructure, plant and equipment	13 055	2 513
Leasehold improvements	1 653	2 262
Intangibles	<u>134</u>	<u>163</u>
Total expensed	<u>17 191</u>	<u>4 958</u>

No depreciation/amortisation was allocated to the carrying amounts of other assets.

<u>Note 4D - Depreciation and Amortisation - Administered</u>		
Provision for Depreciation - property, plant and equipment	<u>69</u>	<u>1</u>

Note 4E - Write-down of assets

Financial assets		
Receivables	377	0
Non-financial assets		
Infrastructure, plant and equipment	113	165
Assets reclassified as Administered (abnormal expense)	<u>609</u>	<u>1 691</u>
	<u>1 099</u>	<u>1 856</u>

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<u>Note 4F - Write-down of assets - Administered</u>		
Financial assets		
Loans to State and Territory governments	-	2 123
Other	<u>727</u>	<u>4</u>
	<u>727</u>	<u>2 127</u>
Non-financial assets		
Land and buildings	-	6 996
	<u>727</u>	<u>9 123</u>

Note 4G - Net losses from sale of assets

Non-financial assets		
Infrastructure, plant and equipment	780	523
Land and buildings	<u>(231)</u>	<u>-</u>
	<u>549</u>	<u>523</u>

Note 4H - Net losses from sale of assets

Non-financial assets		
Land and buildings	<u>60</u>	<u>-</u>
	<u>60</u>	<u>-</u>

Note 4I - Other expenses - Administered

Goods and services	69 226	56 250
Other	<u>266</u>	<u>985</u>
	<u>69 492</u>	<u>57 236</u>

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	1997-98	1996-97
	\$'000	\$'000

Note 5 - Resources received free of charge

The following resources received free of charge from other departments have been recognised in the Statement of Revenues and Expenses:

Australian National Audit Office		
Provision of audit services	185	123
Department of Finance and Administration		
Provision of accounting services - payroll processing and ledger transactions	-	44
Other	18	-
	203	167
	203	167

Note 6 - Subsidies and Grants

<u>Note 6 - Grants Expense - Administered</u>		
Non-profit institutions	12 172	16 469
Commonwealth Authorities	174 133	528 993
State and Territory governments	913 410	886 227
Local governments	147	36
Overseas entities	1 317	1 075
	1 101 179	1 432 800
	1 101 179	1 432 800

Note 7 - Extraordinary Items

Note 7A - Restructuring

As a result of a restructuring of administrative arrangements during 1997-98 the Department assumed responsibility for the delivery of the Territories and Local Government Program on 9 October 1997 from the Department of the Environment, Sport and Territories. The Department simultaneously relinquished its responsibility for the Maritime Program. (1996-97 : There were no transfers of government functions involving the Department in 1996-97).

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	1997-98	1996-97
	\$'000	\$'000
Note 7 - Extraordinary Items (cont)		
In respect of programs and sub-programs assumed the following assets and liabilities were recognised at the date of transfer :		
Assets		
Cash	803	-
Receivables	5 599	-
Other financial assets	306	-
Land and buildings	102 363	-
Infrastructure, plant and equipment	111 447	-
Inventories	2 835	-
Intangibles	3	-
Other non-financial assets	1 126	-
Total assets recognised	<u>224 482</u>	<u>-</u>
Liabilities		
Provisions and payables - Employees	(3 607)	-
Provisions and payables - Suppliers	(950)	-
Total liabilities recognised	<u>(4 557)</u>	<u>-</u>
Net assets/(liabilities) assumed	<u>219 925</u>	<u>-</u>

In respect of programs or sub-programs relinquished, the following assets and liabilities were transferred :

Assets		
Cash	0	-
Receivables	(3)	-
Infrastructure, plant and equipment	(426)	-
Other non-financial assets	(6)	-
Total assets relinquished	<u>(435)</u>	<u>-</u>
Liabilities		
Provisions and payables - Employees	1 375	-
Provisions and payables - Suppliers	319	-
Total liabilities relinquished	<u>1 694</u>	<u>-</u>
Net (assets)/liabilities relinquished	<u>1 259</u>	<u>-</u>
Net revenues from restructuring	<u>221 184</u>	<u>-</u>

	1997-98	1996-97
	\$'000	\$'000
Note 7 - Extraordinary Items (cont)		
Territories and Local Government Program		
<i>Revenues</i>		
Recognised by the Department of the Environment, Sport and Territories	15 427	-
Recognised by the Department Transport and Regional Development	46 842	-
Total Revenues	62 269	-
<i>Expenses</i>		
Recognised by the Department of the Environment, Sport and Territories	15 628	-
Recognised by the Department Transport and Regional Development	57 492	-
Total Expenses	73 120	-

Note 7B - Administered - Restructuring

In respect of programs or sub-programs assumed, the following assets and liabilities were recognised at the date of transfer :

Assets

Cash	225	-
Receivables	109 186	-
Other financial assets	1 329	-
Land and buildings	9 775	-
Intangibles	3 148	-
Total assets recognised	123 663	-
Liabilities		
Payables - Grants	(912 520)	-
Payables - Other	(280)	-
Total liabilities recognised	(912 800)	-
Net liabilities assumed	(789 137)	-

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1997-98 1996-97
\$'000 \$'000

Note 7 - Extraordinary Items (cont)

In respect of programs or sub-programs relinquished, the following assets and liabilities were transferred:		
<i>Assets</i>		
Cash	(46)	-
Receivables	(4)	-
Investments	(52 582)	-
Total assets relinquished	<u>(52 632)</u>	<u>-</u>
<i>Liabilities</i>		
Payables - Subsidies	73	-
Payables - Grants	6 050	-
Payables - Suppliers	106	-
Payables - Other	2	-
Total liabilities relinquished	<u>6 231</u>	<u>-</u>
Net (assets)/liabilities relinquished	<u>(46 401)</u>	<u>-</u>
Net revenues (expenses) from restructuring	<u>(835 538)</u>	<u>-</u>
Territories and Local Government Program		
<i>Revenues</i>		
Recognised by the Department of the Environment, Sport and Territories	4 228	-
Recognised by the Department Transport and Regional Development	8 878	-
Total Revenues	<u>13 106</u>	<u>-</u>
<i>Expenses</i>		
Recognised by the Department of the Environment, Sport and Territories	1 216 089	-
Recognised by the Department Transport and Regional Development	21 986	-
Total Expenses	<u>1 238 075</u>	<u>-</u>

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1997-98 1996-97
\$'000 \$'000

Note 8 - Changes in Accounting Policy

<u>Note 8A - Transfers from Reserves - Administered</u>		
Transfer of reserves - Maritime	126 229	-
Equity repayments	-	89 900
	<u>126 229</u>	<u>89 900</u>

<u>Note 8B - Changes in Accounting Policy - Administered</u>		
Write down Administered Investment Reserve - QANTAS	-	1 708 425
Initial recognition of Administered Investment Reserve - AWDC	-	(121 851)
Write back of ALTD grant	-	440 740
Initial recognition of Loan from CPA for on-lending	(108 305)	(346 013)
Write back of Regional Development liabilities	20 399	-
	<u>(87 906)</u>	<u>1 681 301</u>

Note 9 - Taxation revenue

<u>Note 9 - Other taxes, fees and fines - Administered</u>		
Levies	54 959	86 880
Licence and registration fees	19 790	20 240
Fines	466	88
Royalties	1 818	2
	<u>77 033</u>	<u>107 210</u>

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1997-98 1996-97
\$'000 \$'000

Note 10 - Non-taxation revenue

Note 10A - Interest and dividends - Administered

Interest from other governments		
State and Territory loans	14 917	16 993
Interest from other sources		
Commonwealth authorities	10 601	13 272
Other loans	207	440
	10 808	13 712
Dividends		
Commonwealth authorities	71 770	30 150
Other companies	-	20
	71 770	30 170
	97 495	60 875

Note 10B - Net gains from sale of assets - Administered

Non-financial assets		
Land and buildings	-	11
	-	11

Note 10C - Other non-taxation revenues - Administered

AWDC Land Sales	11 000	14 500
Other	5 117	9 614
	16 117	24 114

Note 11 - Debt

Note 11A - Other Debt

Lease incentives	352	690
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1997-98 1996-97
\$'000 \$'000

<u>Note 11B - Loans payable to the Commonwealth - Administered</u>		
Amounts payable to the Official Commonwealth Public Account	<u>297 106</u>	<u>246 057</u>
Maturity schedule for loans:		
Payable: within one year	7 652	23 062
in one to two years	5 214	6 961
in two to five years	17 618	12 504
in more than five years	<u>266 622</u>	<u>203 530</u>
	<u>297 106</u>	<u>246 057</u>

Note 12 - Provisions and Payables

Note 12A - Employee liabilities

Salaries and wages	633	656
Leave	16 815	15 223
Superannuation	93	66
Separation and redundancy	229	-
Other	542	99
	<u>18 312</u>	<u>16 044</u>

Note 12B - Suppliers

Trade creditors	2 655	658
Operating lease rentals	3	13
	<u>2 658</u>	<u>671</u>

Note 12C - Other

Unearned income	<u>154</u>	<u>87</u>
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<u>Note 12D - Grants payable - Administered</u>		
Non-profit institutions	246	20 399
Commonwealth Authorities	1 817	11 800
State and Territory governments	400	12 001
Local governments	865	-
	<u>3 328</u>	<u>44 200</u>

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1997-98 1996-97
\$'000 \$'000

<u>Note 12E - Other - Administered</u>		
Goods and services	9 906	8 743
Unearned income	-	3
	<u>9 906</u>	<u>8 747</u>

Note 13 - Equity

Note 13A - Equity - Departmental					
Item	Capital	Accumulated results	Asset revaluation reserve	Total reserves	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 July 1997	-	1 803	106	106	1 909
Operating Result	-	214 349	-	-	214 349
Net Revaluation increases/(decreases)	-	-	16 006	16 006	16 006
Balance 30 June 1998	-	216 152	16 112	16 112	232 265

Note 13B - Equity - Administered							
Item	Capital	Accumulated results	Administered Investments Reserve	Asset Revaluation Reserve	Other Reserves	Total reserves	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 July 1997	-	255 302	4 038 338	-	(226 949)	3 811 389	4 066 691
Net change in administered assets	-	212 593	(1 553 576)	2	-	(1 553 574)	(1 340 981)
Transfers to / from reserves	-	-	(52 582)	-	(73 647)	(126 229)	(126 229)
Changes in accounting policies	-	(87 906)	-	-	-	-	(87 906)
Balance 30 June 1998	-	379 990	2 432 180	2	(300 596)	2 131 586	2 511 576

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1997-98 1996-97
\$'000 \$'000

Note 14 - Financial Assets

<u>Note 14A - Cash - Administered</u>		
Federal Office of Road Safety Reserve Money Fund	6	401
Christmas Island Reserve Money Fund	11	-
ALTD Reserve Money Fund	5	-
IRT Reserve Money Fund	2	-
Cash at bank and on hand	302	12
	<u>326</u>	<u>413</u>

Note 14B - Receivables

Appropriations	8 474	5 849
Goods and services	2 591	37
Less: provision for doubtful debts	(469)	-
	<u>10 596</u>	<u>5 886</u>
Receivables (gross) which are overdue are aged as follows:		
Overdue by:		
- less than 30 days	595	-
- 30 to 60 days	206	2
- more than 60 days	800	-
	<u>1 601</u>	<u>2</u>

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	1997-98 \$'000	1996-97 \$'000
Note 14 - Financial Assets - Administered		
<u>Note 14C - Receivables</u>		
Other taxes, fees and fines	3 313	-
less : provision for doubtful debts	(8)	-
	<u>3 305</u>	-
Loans to Commonwealth Authorities	100 000	100 000
Loans to State and Territory Governments	197 107	132 009
less : provision for waiving of debts	-	(318)
	<u>197 107</u>	<u>131 691</u>
Other loans	1 600	15 958
less : provision for doubtful debts	(1 600)	(1 600)
	<u>-</u>	<u>14 358</u>
Goods and services	545	317
less : provision for doubtful debts	(69)	(4)
	<u>476</u>	<u>313</u>
Proceeds from land sales	11 000	14 500
Other	2 772	3 509
less : provision for doubtful debts	(2 676)	(3 102)
	<u>11 096</u>	<u>14 907</u>
Net Receivables	<u><u>311 984</u></u>	<u><u>261 270</u></u>
Maturity schedule for loans :		
- within one year	7 652	23 055
- one to two years	5 214	6 961
- two to five years	17 618	12 504
- over five years	266 622	203 530
- Total	<u><u>297 106</u></u>	<u><u>246 049</u></u>

	1997-98	1996-97
	\$'000	\$'000

Note 14 - Financial Assets - Administered (cont)

Fee receivables which are overdue are aged as follows :		
Not overdue	n/a	266 261
Overdue by:		
- less than 30 days	14	86
- 30 to 60 days	0	3
- more than 60 days	3	9
	17	266 359

<u>Note 14D - Investments - Administered</u>			
	C'th		
Shares in Commonwealth companies:	Interest		
ANL Ltd	100%	-	(12 035)
National Rail Corporation	73%	293 615	293 615
Commonwealth authorities:			
Airservices Australia	100%	378 203	379 163
Albury Wodonga Development Corporation	99%	99 783	98 940
Australian Maritime Safety Authority	100%	-	64 617
Australian National Rail Commission	100%	340 531	517 729
Civil Aviation Safety Authority	100%	18 670	18 670
Federal Airports Corporation	100%	1 323 432	2 699 262
National Road Transport Commission	35%	200	200
Other Companies:			
Qantas		46	477
		2 454 480	4 060 638
Government Securities			
Interstate Road Transport Charges		20	-
Federal Office of Road Safety - Research and Public Education Program		430	-
Christmas Island Community Benefit Fee		90	-
Australian Land Transport Development		1 020	-
		1 560	-
		2 456 040	4 060 638

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	1997-98 \$'000	1996-97 \$'000
<u>Note 14E - Accrued Revenue - Administered</u>		
Interest	2 147	2 606
Other	2 499	5 405
	<u>4 646</u>	<u>8 011</u>

	1997-98 \$'000	1996-97 \$'000
Note 15 - Non-financial assets		
<u>Note 15A - Land and Buildings</u>		
Land - at 30 June 1996 valuation	8 614	123
Land - at 30 June 1998 valuation	1 771	-
Total Land	<u>10 385</u>	<u>123</u>
Buildings on freehold land - at cost	9 612	-
Accumulated depreciation	(408)	-
	<u>9 203</u>	-
Buildings on freehold land - at 30 June 1996 valuation	22 778	178
Accumulated depreciation	(2 665)	(29)
	<u>20 113</u>	<u>149</u>
Buildings on freehold land - at 30 June 1998 valuation	61 355	-
Accumulated depreciation	(559)	-
	<u>60 796</u>	-
Leasehold Improvements - at cost	16 601	16 857
Accumulated depreciation	(14 925)	(13 908)
	<u>1 676</u>	<u>2 949</u>
Total Buildings (net)	<u>91 789</u>	<u>3 098</u>
Total Land and Buildings	<u>102 174</u>	<u>3 221</u>

The revaluations were as at 30 June 1998 in accordance with the progressive revaluation policy stated at Note 2, and were completed by an independent valuer, Norman Jackson B.Business (AVLE), of the Australia Valuation Office. A revaluation increment of \$606,579 for land and buildings was transferred to the asset revaluation reserve.

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1997-98	1996-97
\$'000	\$'000

Note 15 - Non-financial assets

<u>Note 15B - Land and Buildings - Administered</u>		
Land - at cost	1 360	-
Land - at 30 June 1995 valuation	32 700	32 700
Land - at 30 June 1997 valuation	1 260	1 260
Land - at 30 June 1998 valuation	29	-
Total Land	<u>35 349</u>	<u>33 960</u>
Buildings on freehold land - at cost	200	660
	200	660
Buildings on freehold land - at 30 June 1996 valuation	11 590	-
Accumulated depreciation	(1 900)	-
	9 690	-
Buildings on freehold land - at 30 June 1998 valuation	40	-
	40	-
Total Buildings (net)	<u>9 930</u>	<u>660</u>
Total Land and Buildings	<u>45 279</u>	<u>34 620</u>
<p>The revaluations were as at 30 June 1998 in accordance with the progressive revaluation policy stated at Note 2, and were completed by an independent valuer, Norman Jackson B.Business (AVLE), of the Australia Valuation Office. A revaluation increment of \$2,300 for land and buildings was transferred to the asset revaluation reserve.</p>		

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	1997-98	1996-97
	\$'000	\$'000
Note 15 - Non-financial assets		
<u>Note 15C - Infrastructure, Plant and Equipment</u>		
Infrastructure, Plant and Equipment - at cost	29 936	19 926
Accumulated depreciation	(11 270)	(12 892)
	18 666	7 034
Infrastructure, Plant and Equipment - at 30 June 1996 valuation	56 393	-
Accumulated depreciation	(27 566)	-
	28 827	-
Infrastructure, Plant and Equipment - at 30 June 1998 valuation	146 304	-
Accumulated depreciation	(65 160)	-
	81 144	-
Total Infrastructure, Plant and Equipment	128 637	7 034

The revaluations were as at 30 June 1998 in accordance with the progressive revaluation policy stated at Note 2 and were completed by independent valuers, Simon O'Leary AVLE (Plant and Machinery) and Frank Sablowski API, of the Australian Valuation Office. A revaluation increment of \$15,399,548 for infrastructure, plant and equipment was transferred to the asset revaluation reserve.

<u>Note 15D - Infrastructure, Plant and Equipment - Administered</u>		
Plant and equipment - at cost	11	32
Accumulated depreciation	(3)	(2)
Total Infrastructure, Plant and Equipment	8	30

FINANCIAL STATEMENTS

	1997-98	1996-97
	\$'000	\$'000
Note 15 - Non-financial assets		
<u>Note 15E - Intangibles</u>		
Intangibles - Computer software - at cost	2 662	2 608
Accumulated depreciation	<u>(2 193)</u>	<u>(2 050)</u>
Total Intangibles	<u>469</u>	<u>559</u>

<u>Note 15F - Intangibles - Administered</u>		
Intangibles - Work in progress	-	298
	<u>-</u>	<u>298</u>
Intangibles - Phosphate mine licence - at 30 June 1994 valuation	6 208	-
Accumulated depreciation	<u>(3 061)</u>	-
Total Intangibles	<u>3 148</u>	<u>298</u>
The Phosphate mine licence was valued by the Australian Valuation Office at discounted cash flows as at 30 June 1994.		

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Note 15 - Non-financial assets

Note 15G - Analysis of Property, Infrastructure, Plant, Equipment and Intangibles

TABLE A - Movement Summary 1997-98 for all assets irrespective of valuation basis

Item	Land	Buildings	Total land and buildings	Infrastructure, plant and equipment	Intangibles	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value as at 1 July 1997	123	17 035	17 158	19 926	2 609	39 693
Additions	10 211	101 063	111 274	204 741	40	316 055
Revaluations	346	(5 111)	(4 765)	13 662	-	8 897
Disposals	(295)	(2 641)	(2 936)	(6 249)	-	(9 185)
Other movements	-	-	-	553	13	566
Gross value as at 30 June 1998	10 386	110 346	120 732	232 633	2 662	356 026
Accumulated depreciation/ amortisation as at 1 July 1997	n/a	13 937	13 937	12 892	2 050	28 879
Depreciation/amortisation charge for assets held 1 July 1997	n/a	3 929	3 929	12 981	133	17 044
Depreciation/amortisation charge for additions	n/a	6 974	6 974	84 929	2	91 905
Adjustment for revaluations	n/a	(5 371)	(5 371)	(1 737)	-	(7 108)
Adjustment for disposals	n/a	(710)	(710)	(4 434)	-	(5 144)
Adjustment for other movements	n/a	(201)	(201)	(635)	7	(829)
Accumulated depreciation/ amortisation as at 30 June 1998	-	18 557	18 557	103 995	2 193	124 745
Net book value as at 30 June 1998	10 386	91 789	102 175	128 637	469	231 280
Net book value as at 1 July 1997	123	3 098	3 221	7 034	559	10 814

Balances of additions include assets (\$305,514,607) and accumulated depreciation (\$91,727,034) transferred from the Department of Environment, Sport and Territories.

TABLE B - Summary of balances of assets at valuation as at 30 June 1998

Item	Land	Buildings	Total land and buildings	Infrastructure, plant and equipment	Intangibles	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 1998						
Gross value	10 385	84 133	94 518	202 697	-	297 215
Accumulated depreciation / amortisation	n/a	(3224)	(3224)	(92 725)	-	(95 949)
Net book value	10 385	80 909	91 294	109 972	-	201 266
As at 30 June 1997						
Gross value	123	-	123	-	-	123
Accumulated depreciation / amortisation	n/a	-	-	-	-	-
Net book value	123	-	123	-	-	123

Note 15 - Non-financial assets

Note 15H - Analysis of Property, Infrastructure, Plant, Equipment and Intangibles - Administered						
TABLE A - Movement Summary 1997-98 for all assets irrespective of valuation basis						
Item	<i>Land</i>	<i>Buildings</i>	Total land and buildings	Infrastructure, plant and equipment	Intangibles	TOTAL
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Gross value as at						
1 July 1997	33 960	660	34 620	32	298	34 950
Additions	1 661	12 316	13 977	-	6 208	20 185
Revaluations	3	(1)	2	-	-	2
Disposals	(295)	(1 175)	(1 470)	-	-	(1 470)
Other movements	20	30	50	(21)	(298)	(269)
Gross value as at 30 June 1998	35 349	11 830	47 179	11	6 208	53 399
Accumulated depreciation/ amortisation as at						
1 July 1997	<i>n/a</i>	-	-	2	-	2
Depreciation/amortisation charge for assets held 1 July 1997	<i>n/a</i>	-	-	2	-	2
Depreciation/amortisation charge for additions	<i>n/a</i>	78	78	-	3 061	3 139
Adjustment for revaluations	<i>n/a</i>	-	-	-	-	-
Adjustment for disposals	<i>n/a</i>	(21)	(21)	-	-	(21)
Adjustment for other movements	<i>n/a</i>	1 843	1 843	-	-	1 843
Accumulated depreciation/ amortisation as at 30 June 1998	<i>n/a</i>	1 900	1 900	3	3 061	4 964
Net book value as at 30 June 1998	35 349	9 930	45 279	8	3 148	48 435
Net book value as at 1 July 1997	33 960	660	34 620	30	298	34 948
Balances of additions include assets (\$17,815,477) and accumulated depreciation (\$3,138,726) transferred from the Department of Environment, Sport and Territories.						
TABLE B - Summary of balances of assets at valuation as at 30 June 1998						
Item	<i>Land</i>	<i>Buildings</i>	Total land and buildings	Infrastructure, plant and equipment	Intangibles	TOTAL
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
As at 30 June 1998						
Gross value	33 989	11 630	45 619	-	6 208	51 827
Accumulated depreciation / amortisation	<i>n/a</i>	(1900)	(1900)	-	(3 061)	(4961)
Net book value	33 989	9 730	43 719	-	3 148	46 866
As at 30 June 1997						
Gross value	33 960	-	33 960	-	-	33 960
Accumulated depreciation / amortisation	<i>n/a</i>	-	-	-	-	-
Net book value	33 960	-	33 960	-	-	33 960

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	1997-98	1996-97
	\$'000	\$'000
<u>Note 15I - Inventories</u>		
Finished goods		
Inventories held for sale	<u>66</u>	<u>27</u>
Stores		
Inventories not held for sale	<u>3 130</u>	<u>329</u>
	<u>3 196</u>	<u>355</u>

<u>Note 15J - Inventories - Administered</u>		
Inventories not held for sale	<u>-</u>	<u>350</u>

Note 15K - Other

Prepayments	<u>8 255</u>	<u>2 315</u>
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<u>Note 15L - Other - Administered</u>		
Prepayments	<u>675</u>	<u>235</u>

	1997-98	1996-97
	\$'000	\$'000

Note 16 - Cash Flow ReconciliationNote 16A - Cash Flow Reconciliation

Reconciliation of net cost of services to net cash provided by operating activities:

Net Cost of Services	(127 656)	(86 066)
Revenues from Government	120 617	93 037
Resources received free of charge	203	167
Depreciation/Amortisation	17 191	4 958
(Profit)/Loss on sale of non-current assets	549	523
Assets write down	490	165
Asset Adjustments	226	1 305
Transfers from provisions	-	(13)
Changes in assets and liabilities		
Decrease (increase) in receivables	1 914	(5 831)
Decrease (increase) in inventories	(6)	13
Decrease (increase) in other assets	(4 815)	(443)
(Decrease) increase in other debt	(338)	(693)
(Decrease) increase in payables	1 347	(259)
(Decrease) increase in employee provisions	46	(5 936)
(Decrease) increase in other payables	66	0
Net cash provided by operating activities	<u>9 835</u>	<u>927</u>

FINANCIAL STATEMENTS

	1997-98	1996-97
	\$'000	\$'000
Note 16B - Cashflow Reconciliation - Administered		
Reconciliation of net change in administered assets to net cash provided by operating activities:		
Net contribution (cost) to Government	(995 756)	(1 387 558)
Cash from Official Commonwealth Public Account	2 120 692	1635 754
Cash to Official Commonwealth Public Account	(203 033)	(292 967)
	921 903	(44 771)
Extraordinary item - restructuring	(904 184)	-
Net change in administered assets	17 719	(44 771)
Write back multi year grant liability	20 399	440 740
Initial recognition of loan to CPA	(108 305)	(346 013)
Initial recognition of heritage asset	(50)	-
Depreciation	69	1
Net write down of assets	727	9 123
Write back of doubtful debt	-	(864)
Asset adjustments	(907)	-
(Profit)/Loss on sale of property, plant and equipment	60	(11)
Changes in assets/liabilities:		
Increase/(decrease) in payables and provisions	22 624	(247 501)
(Increase)/decrease in non financial assets	(1 650)	2 640
(Increase)/decrease in financial assets	47 836	189 856
Net cash provided by operating activities	(1 476)	3 200

Note 17 - Remote Contingencies17A - Departmental

There are no Departmental remote contingencies.

17B - Administered

Tripartite Deeds between the Commonwealth of Australia, airport lessees and lessee financiers for the core regulated airports provide for the Commonwealth to 'step-in' as airport operator in defined circumstances. The potential liability for the Commonwealth is unquantifiable and would vary considerably with the specific factors leading to such an action.

Guarantees

The following borrowings have been guaranteed by the Commonwealth in respect of authorities within the Department of Transport and Regional Development portfolio, and State and Territory Governments.

Borrower	Legislation Authorising Guarantee	Principal Covered by Guarantee \$	Balance Outstanding 1997-98 \$	Balance Outstanding 1996-97 \$
Australian National Railways Commission	<i>Australian National Railways Commission Act 1983</i>	366,300,000	320,300,000	726,433,901
Northern Territory Government	<i>Northern Territory (Self-Government) Act 1978 s47A</i>	186,054,900	162,146,100	197,833,900

Indemnities

The Commonwealth has indemnified those officers of the Civil Aviation Safety Authority (CASA) who administer the carrier's liability insurance requirements under Part IVA of the *Civil Aviation (Carrier's Liability) Act 1959* and complementary state legislation. The indemnity is unquantifiable. CASA have obtained insurance covering the risks specified in the indemnity and the Minister for Transport and Regional Development will be asked to revoke the indemnity on behalf of the Commonwealth. The indemnity will still apply to acts or omissions by CASA or delegates that occur before the date of revocation.

FINANCIAL STATEMENTS

Note 17 - Remote Contingencies (cont)

In relation to the sale of Australian National Railways Commission (AN), the Commonwealth has indemnified:

- ASR Ltd, ATN Ltd and CSR Ltd in respect of any pollution or contamination of railway land that occurred prior to the sale of AN;
- Traction Leasing Pty Ltd in relation to the termination of locomotion lease arrangements; and
- Banque Nationale de Paris for stamp duty, income tax, legal and accounting costs and preservation of all contracted existing indemnities by AN.

The above indemnities are unspecified.

Note 18 - Assets not recognised

The following asset has not been recognised in the financial statements as it cannot be reliably measured:

- in relation to the lease of the Federal Airports, the Department has an asset in the form of the right to the return of the airports in 50-99 years' time, notwithstanding earlier termination due to default of Airport Lease provisions by airport lessees.

FINANCIAL STATEMENTS

	1997-98 Budget	1997-98 Changes in Administrative Arrangements	1997-98 Total	1997-98 Actual	1996-97 Actual
	\$	\$	\$	\$	\$
Note 19 - Receipts of the Consolidated Revenue Fund					
Aircraft noise levy	41,597,000	-	41,597,000	39,393,390	38,704,597
Administration of Part X of the <i>Trade Practices Act 1974</i> (1)	15,000	(12,270)	2,730	2,730	11,030
Airservices Australia					
Capital repayment	-	-	-	-	49,000,000
Interest	330,000	-	330,000	-	659,750
Repayments	5,000,000	-	5,000,000	10,000,000	5,000,000
Dividend	7,700,000	-	7,700,000	5,950,000	7,150,000
Albury-Wodonga Development Corporation					
Abolition and disposal of assets	23,637,000	-	23,637,000	14,500,000	14,300,000
Australian Maritime Safety Authority (1)					
Interest	385,000	(385,000)	-	-	978,718
Repayments	3,733,000	-	3,733,000	3,733,000	11,199,000
Australian National Railways Commission (AN)					
Interest	-	-	-	-	1,846,467
Repayments	-	-	-	-	11,220,000
Charges for air transport regulatory services	4,000	-	4,000	75	1,740
Civil Aviation Safety Authority (CASA)					
Safety indemnity premium	282,000	-	282,000	282,000	276,000
Cost recovery for Airport Building Controllers and Airport Environmental Officers at leased airports	1,351,000	-	1,351,000	2,377,900	-
Decentralisation development loans					
Interest	9,000	-	9,000	133,697	95,705
Repayments	100,000	-	100,000	625,360	89,236
Emerald Hill - Purchase of land					
Interest	109,000	-	109,000	109,128	126,589
Repayments	205,000	-	205,000	205,418	205,418
Federal Airports Corporation (FAC)					
Dividend	30,000,000	-	30,000,000	65,820,000	23,000,000
Interest	10,913,000	-	10,913,000	10,601,000	10,531,500
Capital repayment	-	-	-	-	51,497,673
Growth centres - Municipal Works					
Interest	173,000	-	173,000	193,125	279,524
Repayments	158,000	-	158,000	171,145	1,538,808
International Oil Pollution Compensation Fund Levy (1)	900,000	-	900,000	-	897,018
<i>Interstate Road Transport Act 1985</i> - Fines	250,000	-	250,000	116,694	88,245
<i>Interstate Road Transport Act 1985</i> - Registration charges	15,000,000	-	15,000,000	17,579,841	20,071,009
Marine navigation levy (1)	33,837,000	(19,683,245)	14,153,755	14,153,755	33,042,190
Marine navigation (regulatory functions) levy (1)	13,946,000	(13,946,000)	-	-	13,546,203
Leased Airports - Collection of parking fines	-	-	-	289,963	-
National Railway Network Agreement					
Interest	1,256,000	-	1,256,000	1,256,367	2,804,142
Repayments	6,238,000	-	6,238,000	6,997,760	14,310,075
<i>Navigation Act 1912</i> (1)	230,000	(160,878)	69,122	69,122	296,138
Protection of the sea levy (1)	3,581,000	(2,559,793)	1,021,207	1,021,207	3,391,804
Northern Territory (2)					
Interest	-	5,314,866	5,314,866	5,314,866	-
Repayments	-	2,084,571	2,084,571	2,084,571	-
Qantas Public Share Offer - Proceeds of sale	-	-	-	-	2,365,000
Qantas - Dividend	-	-	-	-	20,258
Railway Agreement (Western Australia)					
Interest	442,000	-	442,000	441,552	463,052
Repayments	374,000	-	374,000	374,282	378,372
Railway Standardisation (New South Wales and Victoria) Agreement					
Interest	136,000	-	136,000	141,224	73,061
Repayments	192,000	-	192,000	191,674	95,837
Sale of forms for motor vehicle compliance plates	5,128,000	-	5,128,000	7,098,248	5,948,171

FINANCIAL STATEMENTS

	1997-98 Budget	1997-98 Changes in Administrative Arrangements	1997-98 Total	1997-98 Actual	1996-97 Actual
	\$	\$	\$	\$	\$
Note 19 - Receipts of the Consolidated Revenue Fund (cont)					
Sewerage Agreements pursuant to <i>Urban and Regional Development (Financial Assistance) Act 1974</i>					
Interest	9,670,000	-	9,670,000	8,923,808	13,283,876
Repayments	2,019,000	-	2,019,000	21,604,240	53,549,662
Miscellaneous (1) (2)	2,960,000	4,226,015	7,186,015	7,263,230	582,967
Section 31 of the <i>Financial Management and Accountability Act 1997</i> - to be credited to Running Costs Division 650	1,214,000	-	1,214,000	879,994	1,155,584
Territories Section 31 of the <i>Financial Management and Accountability Act 1997</i> - to be credited to Running Costs Division 654 (2)	-	6,783,233	6,783,233	7,213,569	-
	<u>223,074,000</u>	<u>(18,338,501)</u>	<u>204,735,499</u>	<u>257,113,937</u>	<u>394,074,419</u>

- (1) As a result of the Administrative Arrangements Order of 9 October 1997, the Maritime function within the Portfolio transferred to the Workplace Relations and Small Business Portfolio. The 1997-98 Budget figure is the estimate as published in Budget Paper No. 4, page 42 and the 1997-98 actual includes receipts for Maritime up until 9 October 1997. Receipts post 9 October 1997 are reported in Workplace Relations and Small Business's financial statements.
- (2) As a result of the Administrative Arrangements Order of 9 October 1997, the Territories and Local Government function within the Environment, Sport and Territories Portfolio transferred to this department. The 1997-98 Budget figure can be found in Budget Paper No. 4, page 29. The 1997-98 actual includes receipts for Territories from 9 October 1997. Receipts prior to 9 October 1997 and 1996-97 are reported in Environment's financial statements.

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Note 20 - Expenditure from Special Appropriations	1997-98	1997-98	1997-98	1997-98	1996-97
	Budget Estimates	Changes in Administrative Arrangements	Total Appropriation	Actual Expenditure	Actual Expenditure
	\$	\$	\$	\$	\$
<i>Australian Land Transport Development Act 1988</i>	845,302,000	-	845,302,000	853,969,000	839,453,000
<i>Interstate Road Transport Act 1985</i>	15,000,000	-	15,000,000	17,750,400	19,915,737
<i>Aviation Fuel Revenues (Special Appropriation) Act 1988</i>	54,433,000	-	54,433,000	59,694,713	57,248,558
<i>International Shipping (Australian - resident Seafarers) Grants Act 1995</i>	-	-	-	-	17,666,474
<i>Australian Maritime Safety Authority Act 1990 (1)</i>	51,364,000	(37,846,182)	13,517,818	13,517,818	49,848,692
<i>Protection of the Sea (Oil Pollution Compensation Fund) Act 1993 (1)</i>	900,000	(900,000)	0	-	897,018
<i>Ships (Capital Grants) Act 1987 (1)</i>	4,000,000	(4,000,000)	0	-	4,000,000
<i>States Grants (Petroleum Products) Act 1965</i>	3,000,000	-	3,000,000	3,683,764	3,142,300
<i>Petroleum Products Freight Subsidy Scheme</i>					
<i>Local Government (Financial Assistance) Act 1995 (2)</i>	-	908,170,110	908,170,110	908,170,110	-
Total expenditure from special appropriations	<u>973,999,000</u>	<u>865,423,928</u>	<u>1,839,422,928</u>	<u>1,856,785,805</u>	<u>992,171,779</u>

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- (1) As a result of the Administrative Arrangements Order of 9 October 1997, the Maritime function within the Portfolio transferred to the Workplace Relations and Small Business Portfolio. The 1997-98 Budget figure is the estimate as published in Budget Paper No. 4, page 57 and the 1997-98 actual includes payments for Maritime up until 9 October 1997. Payments post 9 October 1997 are reported in Workplace Relations and Small Business's financial statements.

- (2) As a result of the Administrative Arrangements Order of 9 October 1997, the Territories and Local Government function within the Environment, Sport and Territories Portfolio transferred to this department. The 1997-98 Budget figure can be found in Budget Paper No. 4, page 51. The 1997-98 actual includes payments for Territories from 9 October 1997. Payments prior to 9 October 1997 and 1996-97 are reported in Environment's financial statements.

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Note 21 - Expenditure from Annual Appropriations	1997-98 Budget Estimates	1997-98 Additional Estimates	1997-98 Advance to the Minister for Finance	1997-98 Changes in Administrative Arrangements	1997-98 Total Appropriation	1997-98 Actual Expenditure	1996-97 Actual Expenditure
ORDINARY ANNUAL SERVICES OF GOVERNMENT APPROPRIATION ACT	Act No 1 \$	Act No 3 \$	\$	\$	\$	\$	\$
Division 650 - ADMINISTRATIVE							
1 Running Costs*	78,689,994	7,042,000	-	1,791,468	87,523,462	79,222,639	87,222,767
2 Other Services							
01. Reimbursement to the Australian National Railways Commission for free or concessional fares	5,026,000	-	-	-	5,026,000	1,936,954	5,399,096
02. Tasmanian freight equalisation scheme	35,200,000	-	-	(23,734,421)	11,465,579	11,465,579	41,199,999
03. Air Accident Investigation	2,877,000	-	-	(2,123,385)	753,615	689,936	1,608,005
04. Remote air services subsidy scheme	1,264,000	-	-	-	1,264,000	1,263,998	1,261,999
05. Compensation and legal expenses	1,568,000	-	-	-	1,568,000	1,210,728	1,120,923
06. Establishment of and payment to the National Road Transport Commission	1,240,000	-	-	-	1,240,000	1,237,719	1,238,996
07. Road safety improvement package	3,772,000	97,000	-	-	3,869,000	3,571,405	6,009,197
08. Regional and urban development	13,912,000	5,505,000	-	-	19,417,000	11,680,964	29,710,905
09. Sydney West Airport - Expenses for rental properties	1,016,000	-	-	-	1,016,000	44,439	196,630
10. Environmental impact studies for selection of second Sydney Airport site	7,570,000	1,846,000	-	-	9,416,000	4,937,697	5,641,741
11. Regional assistance - Impact of Australian National Railways Commission	10,000,000	-	-	-	10,000,000	-	10,000,000
12. Australian National Railways Commission - Restructuring of Australian National Railways Commission	36,900,000	-	-	-	36,900,000	3,500,000	332,500,000
National Urban Development Program	-	-	-	-	-	-	170,630
Integrated Local Area Planning - Coastal Management	-	-	-	-	-	-	36,000

* The budget figure includes S31 deemed appropriation.

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3 Grants and Contributions								
01. Contribution to the Organisation for Economic Cooperation and Development - Road transport research program	40,000	-	-	-	40,000	34,004	27,463	
02. International Civil Aviation Organisation - Contribution	1,188,000	-	114,000	-	1,302,000	1,296,792	1,047,298	
4 Local Government Program	-	100,000	-	4,119,818	4,219,818	3,160,028	-	
Division 651 - AUSTRALIAN NATIONAL RAILWAYS COMMISSION								
1 For expenditure under the <i>Australian National Railways Commission Act 1983</i>	19,915,000	30,677,000	-	-	50,592,000	19,915,000	30,142,000	
Division 652 - AUSTRALIAN MARITIME SAFETY AUTHORITY								
1 For expenditure under the <i>Australian Maritime Safety Authority Act 1990</i>	16,691,000	-	-	(10,800,000)	5,891,000	5,891,000	8,796,000	
Division 653 - CIVIL AVIATION SAFETY AUTHORITY								
1 For expenditure under the <i>Civil Aviation Act 1988</i>	29,669,000	1,533,000	-	-	31,202,000	31,202,000	23,081,000	
Division 654 - TERRITORIES								
1 Running Costs	-	281,000	-	3,754,103	4,035,103	2,247,118	-	
2 Program Costs	-	604,000	300,000	28,284,417	29,188,417	31,657,624	-	
AIRSERVICES AUSTRALIA								
For expenditure under the <i>Air Services Act 1995</i>	-	-	-	-	-	-	9,218,000	
Total - Appropriation Acts No. 1 and 3	<u>266,537,994</u>	<u>47,685,000</u>	<u>414,000</u>	<u>1,292,000</u>	<u>315,928,994</u>	<u>216,165,623</u>	<u>595,628,649</u>	

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Note 21 (cont)	1997-98 Budget Estimates	1997-98 Additional Estimates	1997-98 Advance to the Minister for Finance	1997-98 Changes in Administrative Arrangements	1997-98 Total Appropriation	1997-98 Actual Expenditure	1996-97 Actual Expenditure
	Act No 2 \$	Act No 4 \$	\$	\$	\$	\$	\$
OTHER ANNUAL SERVICES OF GOVERNMENT APPROPRIATION ACT							
Division 970 - CAPITAL WORKS AND SERVICES							
1 Acquisitions, Buildings, Works, Plant and Equipment							
01. Second Sydney Airport land acquisition and works	7,997,000	-	-	-	7,997,000	512,454	152,500
02. Implementation of noise amelioration program for Sydney Airport	94,527,000	-	-	-	94,527,000	68,386,043	49,026,262
03. Road vehicle certification scheme	1,662,000	-	-	-	1,662,000	1,200,201	318,483
04. Territories Program	-	2,696,000	-	10,957,233	13,653,233	6,213,283	-
2 Equity, Advances and Loans							
01. Federal Airports Corporation - Payment for runway extension at Adelaide Airport	25,000,000	-	-	-	25,000,000	25,000,000	-
National Rail Corporation - Equity contribution	-	-	-	-	-	-	6,100,000
Australian National Railways Commission - payment of interest bearing advances	-	-	-	-	-	-	9,100,000
Division 971 - PAYMENTS TO OR FOR THE STATES, THE NORTHERN TERRITORY AND THE AUSTRALIAN CAPITAL TERRITORY							
01. Tasmania - Compensation payment in respect of the Bass Strait passenger service	50,000	-	-	(50,000)	-	-	366,000
02. Bass Strait Passenger Vehicle Equalisation Scheme	10,900,000	-	-	(8,895,050)	2,004,950	2,004,950	8,402,615
03. Northern Territory Indigenous Health Infrastructure	10,000,000	-	-	-	10,000,000	10,000,000	5,000,000
04. Payment of amounts equal to penalties resulting from prosecutions under the <i>Interstate Road Transport Act 1985</i>	250,000	-	-	-	250,000	116,694	88,245
05. Payment to South Australia - Payment for runway extension at Adelaide Airport	20,000,000	-	-	-	20,000,000	-	-

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06. Payment to South Australia for remediation of land at the Islington Railyards	1,750,000	-	-	-	1,750,000	1,750,000	250,000
07. Payment to Tasmanian Government for track upgrading	-	2,000,000	-	-	2,000,000	1,386,228	-
08. Newcastle assistance package	-	10,000,000	-	-	10,000,000	10,000,000	-
09. Regional assistance - Impact of restructuring Australian National Railways Commission Restructuring	-	10,000,000	-	-	10,000,000	9,600,000	-
10. Payment to the ACT - Assistance for water and sewerage services	-	-	-	5,454,000	5,454,000	5,454,000	-
11. Payment to the ACT - Payment to compensate for the effects of national capital influences on the cost of providing municipal services	-	-	-	13,566,461	13,566,461	13,566,461	-
12. Katherine Region Redevelopment Program	-	-	3,334,000	-	3,334,000	3,334,000	-
Better Cities - Mark 1	-	-	-	-	-	-	49,744,456
Better Cities - Mark 11	-	-	-	-	-	-	2,556,189
Division 972 - OTHER SERVICES							
01. Concessional fares	-	1,737,000	-	-	1,737,000	1,675,678	-
02. Reimbursement to airport lessee companies of costs	-	600,000	-	-	600,000	178,294	-
03. National Aviation Consumer Organisation - Contribution	-	10,000	-	-	10,000	10,000	-
04. Commonwealth contribution for the standardisation of the Pinnaroo line	-	5,550,000	-	-	5,550,000	2,038,053	-
06. Payments to the National Rail Corporation under clause 5(4)(b) of the National Rail Shareholder's Agreement	-	16,069,000	-	-	16,069,000	16,069,000	-
07. Supermarket to Asia: Export Gateways - Establishment of sea and air freight councils	-	1,170,000	-	-	1,170,000	379,152	-
Bass Strait Passenger Vehicle Equalisation Scheme	-	-	-	-	-	-	880
Total - Appropriation Acts No. 2 and 4	172,136,000	49,832,000	3,334,000	21,032,644	246,334,644	178,874,490	131,105,630

Note 21 (cont)**Reconciliation of Running Costs**

	1997-98	1996-97
	\$'000	\$'000
Running costs appropriation spent (Div 650-1)	79,223	87,223
Less: POE reported by WR&SB	(533)	
Less: appropriation under FMA Act section 31	(880)	(1,156)
	77,810	86,067
Add: Carryover 30 June	8,474	5,849
Less: Carryover 1 July	(5,849)	
Running Cost Revenue (included in Operating Statement)	80,435	91,916
Other agency spending:		
Territories program cost appropriation (Div 654-2)	31,658	-
Less: appropriation under FMA Act section 31	(7,214)	-
Less: carry over 8 October	(4,516)	-
Territories running cost appropriation (Div 654-1)	2,247	-
Air Accident Investigation - total	690	-
Air Accident Investigation - less Maritime (administered)	(374)	-
Compensation & Legal Expenses	1,211	-
Road Safety Improvement Package	3,571	-
Environmental Impact Studies for selection of second Sydney Airport site	4,938	-
Leased Airport costs	178	-
Supermarket to Asia	379	-
Revenue from Government - ordinary annual services (per Operating Statement)	113,204	91,916

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Note 22 - Receipts and Expenditure of the Reserved Money Funds

Reserved Money Fund

Australian Land Transport Development

Legal authority - *Australian Land Transport Development Act 1988*

Purpose - to provide assistance to the states & territories for road upgrading and maintenance including funding for urban public transport and mainline rail projects and land transport research

	1997-98	1997-98	1997-98	1996-97	1996-97	1996-97
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Opening balance	-	-	-	-	-	-
Receipts:						
from appropriations	853,969,000	-	853,969,000	839,453,000	-	839,453,000
Expenditure:						
for operations	(852,943,613)	-	(852,943,613)	(839,453,000)	-	(839,453,000)
for purchase of investments	(1,020,000)	1,020,000	-	-	-	-
Closing balance	5,387	1,020,000	1,025,387	-	-	-

**Reserved Money Fund
Interstate Road Transport Charges**

Legal authority - *Interstate Road Transport Act 1985*

Purpose - to provide for payments to the states or territories for maintenance and upkeep of roads from registration charges received from vehicles engaged in interstate trade and commerce

	1997-98 Cash \$	1997-98 Investments \$	1997-98 Total \$	1996-97 Cash \$	1996-97 Investments \$	1996-97 Total \$
Opening balance	-	-	-	-	-	-
Receipts:						
from appropriations	17,750,400	-	17,750,400	19,915,737	-	19,915,737
Expenditure:						
for operations	(17,728,483)	-	(17,728,483)	(19,915,737)	-	(19,915,737)
for purchase of investments	(20,000)	20,000	-	-	-	-
Closing balance	1,916	20,000	21,916	-	-	-

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Reserved Money Fund Christmas Island Community Benefit Fee

Legal authority - *Financial Management and Accountability Act 1997*

Purpose - for expenditure of moneys received from Christmas Island Resort Pty Ltd as a community benefit fee on projects that benefit the Christmas Island community

	1997-98	1997-98	1997-98	1996-97	1996-97	1996-97
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Opening balance	-	-	-	-	-	-
Receipts:						
from other sources	101,385	-	101,385	-	-	-
Expenditure:						
for operations	-	-	-	-	-	-
for purchase of investments	(90,000)	90,000	-	-	-	-
Closing balance	11,385	90,000	101,385	-	-	-

Reserved Money Fund
Federal Office of Road Safety - Research and Public Education

Legal authority - *Financial Management and Accountability Act 1997; s20*

Purpose - to accept funds from public and private sector sources towards
the cost of particular projects

	1997-98	1997-98	1997-98	1996-97	1996-97	1996-97
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Opening balance	<u>401,400</u>	<u>-</u>	<u>401,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts:						
from other sources	<u>154,903</u>	<u>-</u>	<u>154,903</u>	<u>540,648</u>	<u>-</u>	<u>540,648</u>
Expenditure:						
for operations	<u>(119,815)</u>	<u>-</u>	<u>(119,815)</u>	<u>(139,248)</u>	<u>-</u>	<u>(139,248)</u>
for purchase of investments	<u>(430,000)</u>	<u>430,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u><u>6,488</u></u>	<u><u>430,000</u></u>	<u><u>436,488</u></u>	<u><u>401,400</u></u>	<u><u>-</u></u>	<u><u>401,400</u></u>

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Reserved Money Fund

Services for Other Government and Non-Agency Bodies

Legal authority - *Financial Management and Accountability Act 1997; s20*

Purpose - for expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies

	1997-98	1997-98	1997-98	1996-97	1996-97	1996-97
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Opening balance	<u>601,764</u>	<u>-</u>	<u>601,764</u>	<u>553,949</u>	<u>-</u>	<u>553,949</u>
Receipts:						
from other sources	<u>1,016,027</u>	<u>-</u>	<u>1,016,027</u>	<u>457,715</u>	<u>-</u>	<u>457,715</u>
Expenditure:						
for operations	<u>(1,031,312)</u>	<u>-</u>	<u>(1,031,312)</u>	<u>(409,900)</u>	<u>-</u>	<u>(409,900)</u>
for purchase of investments	<u>(580,000)</u>	<u>580,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u><u>6,479</u></u>	<u><u>580,000</u></u>	<u><u>586,479</u></u>	<u><u>601,764</u></u>	<u><u>-</u></u>	<u><u>601,764</u></u>

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**Reserved Money Fund
Other Trust Moneys Reserve**

Legal authority - *Financial Management and Accountability Act 1997; s20*
Purpose - for receipt of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth

	1997-98	1997-98	1997-98	1996-97	1996-97	1996-97
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Opening balance	<u>1,076</u>	<u>-</u>	<u>1,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts:						
from other sources	<u>234,515</u>	<u>-</u>	<u>234,515</u>	<u>257,137</u>	<u>-</u>	<u>257,137</u>
Expenditure:						
for operations	<u>(221,224)</u>	<u>-</u>	<u>(221,224)</u>	<u>(256,061)</u>	<u>-</u>	<u>(256,061)</u>
for purchase of investments	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>(221,224)</u>			
Closing balance	<u><u>4,367</u></u>	<u><u>10,000</u></u>	<u><u>14,367</u></u>	<u><u>1,076</u></u>	<u><u>-</u></u>	<u><u>1,076</u></u>

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1997-98 1996-97

Note 23 - Executive Remuneration

The number of executive positions which received or were due to receive fixed remuneration of \$100,000 or more:

	Number	Number
\$100,000 to 110,000	3	12
\$110,001 to 120,000	5	7
\$120,001 to 130,000	7	1
\$130,001 to 140,000	4	8
\$140,001 to 150,000	3	-
\$150,001 to 160,000	-	2
\$160,001 to 170,000	1	1
\$170,001 to 180,000	1	-
\$200,001 to 210,000	-	1
\$210,001 to 220,000	-	3
\$230,001 to 240,000	1	-
\$240,001 to 250,000	1	-
\$290,001 to 300,000	-	1
\$320,001 to 330,000	1	-

The aggregate amount of fixed remuneration of executive positions shown above.	\$4 040 329	\$3 372 360
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The aggregate amount of performance pay paid during the year to executive positions shown above.	\$97 541	\$94 048
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The aggregate amount of separation and redundancy payments made during the year to executive positions shown above.	\$581 810	n/a
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Note 24 - Services provided by the Auditor-General

Financial statement audit services are provided free of charge to the Department.
The fair value of audit services provided was \$185,000 (1996-97: \$123,000).

No other services were provided by the Auditor-General.

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	1997-98	1996-97
	\$	\$
Note 25 - Act of Grace Payments and Waivers		
No Act of Grace payments were made during the reporting period	-	-
Two waivers of amounts owing to the Commonwealth were made pursuant to subsection 70C(2) of the <i>Audit Act 1901</i> in relation to loans under the <i>Urban and Regional Development (Financial Assistance) Act 1974</i>	-	1 428 231
A waiver of amounts owing to the Commonwealth was made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act</i> in relation to principal and interest on loans under the <i>Urban and Regional Development Act 1974</i>	11 817 855	-

Note 26 - Average Staffing Levels

	1997-98	1996-97
	Number	Number
Average staffing levels by program and in total were as follows:		
Program 1: Aviation	216	272
Program 2: Land Transport	156	189
Program 3: Maritime	-	68
Program 4: Regional Development	6	91
Program 5: Corporate	270	172
Program 6: Territories and Local Government	81	-
	<u>729</u>	<u>792</u>

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Note 27 - 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)
<i>Financial Assets</i>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Receivables for goods and services	14B, 14C	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 (1996-97: 30 days).
Loans	14C	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 for periods up to 118 years. No security is generally required. Principal and interest payments are due either half-yearly or annually. Interest rates are fixed over the period of the loan.
Fees receivable	14C	Fees accrue and are recognised at the time services are performed.	As for receivables for goods and services.
Investments	14D	In accordance with advice from the Department of Finance and Administration, the carrying amount of each investment and the associated investment reserve is to be fixed as at 30 June 1997, unless the Minister for Finance and Administration requests otherwise.	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.
Accrued revenue	14E	Interest is credited to revenue as it accrues. Interest is payable either half-yearly or annually. Dividends from portfolio bodies are recognised when a determination is made by the Minister.	Interest: as for loans. The basis for the payment of dividends is a memorandum of understanding between Ministers.

Note 27 - Financial Instruments (cont)

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)
<i>Financial liabilities</i>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Lease incentives	11A	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	The Department has received fitout incentives on entering a property operating lease in January 1994. Lease payments are made monthly.
Trade creditors	12B, 12E	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).	Trade liabilities are normally settled on 30 day terms.
Grant liabilities	12D	Multi-year grants to State and Territory governments are expensed when the agreed services are provided by the recipient government. Other grants are recognised as liabilities and expensed in the year in which the grant agreements are made. Amounts reported as liabilities at balance date relate mainly to re-imbursments due from the Department for agreed expenditure undertaken in the reporting period.	The Commonwealth makes various funding agreements with State and Territory Governments, including under the <i>Australian Land Transport Development Act 1988</i> and the <i>Local Government (Financial Assistance) Act 1995</i> , in order to meet its public policy objectives. Funds are provided annually in accordance with the agreements. As these grants are not contractual in nature, no further disclosure is required. The Department administers other grants which, in the majority of cases, cover only the financial year in which the agreement is made.

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Note 27 - Financial Instruments (cont)

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)
<i>Unrecognised financial liabilities</i>			
Guarantees to Authorities	17B	The amounts guaranteed by the Commonwealth have been disclosed in the Schedule of Contingencies and note 17B. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.	The guarantees have been given principally in relation borrowings of a Commonwealth authority.
Other Guarantees	17B	As for guarantees to Authorities.	The guarantees have been given principally in relation borrowings of a State / Territory government.
Indemnities	17B	The maximum amount payable under the indemnities 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.	Indemnities are given to community support groups in relation to approved public activities up to a specified maximum amount for each activity.

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Note 27 - Financial Instruments (cont.)

(b) Interest Rate Risk : Agency

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate								Non-Interest Bearing		Total	
				1 year or less		1 to 2 years		2 to 5 years		> 5 years					
		97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s
Financial Assets															
Cash		-	-	-	-	-	-	-	-	-	-	413	30	413	30
Receivables	14B	-	-	-	-	-	-	-	-	-	-	10,596	5,886	10,596	5,886
Total Financial Assets (Recognised)		-	-	-	-	-	-	-	-	-	-	11,009	5,916	11,009	5,916
Total Assets														253,739	19,401
Financial Liabilities															
Lease incentives	11A	-	-	-	-	-	-	-	-	-	-	352	690	352	690
Suppliers	12B	-	-	-	-	-	-	-	-	-	-	2,658	671	2,658	671
Unearned income	12C	-	-	-	-	-	-	-	-	-	-	154	87	154	87
Total Financial Liabilities (Recognised)		-	-	-	-	-	-	-	-	-	-	3,164	1,448	3,164	1,448
Total Liabilities														21,475	17,492
Liabilities not recognised															
Contingencies		-	-	-	-	-	-	-	-	-	-	9,472	5,070	9,472	5,070
Total Financial Liabilities (Not recognised)		-	-	-	-	-	-	-	-	-	-	9,472	5,070	9,472	5,070

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Note 27 - Financial Instruments (cont.)

(b) Interest Rate Risk : Administered

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate								Non-Interest Bearing		Total	
				1 year or less		1 to 2 years		2 to 5 years		> 5 years					
		97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s	97-98 \$'000s	96-97 \$'000s
Financial Assets															
Cash	14A	-	-	-	-	-	-	-	-	-	-	326	413	326	413
Receivables	14C	-	-	-	-	-	-	-	-	-	-	14,877	15,220	14,877	15,220
Loans to Commonwealth Authorities	14C	-	-	-	-	-	-	-	-	100,000	100,000	-	100,000	100,000	100,000
Loans to State and Territory Govts	14C	-	-	7,652	9,214	5,214	6,954	17,618	12,484	166,622	103,039	-	131,691	197,106	131,691
Other loans	14C	-	-	-	13,840	-	7	-	20	-	491	-	14,358	-	14,358
Investments	14D	-	-	-	-	-	-	-	-	-	-	2,456,040	4,060,638	2,456,040	4,060,638
Accrued revenues	14E	-	-	-	-	-	-	-	-	-	-	4,646	8,011	4,646	8,011
Total Financial Assets (Recognised)		-	-	7,652	23,054	5,214	6,961	17,618	12,504	266,622	203,530	2,475,889	4,330,331	2,772,996	4,330,332
Total Assets														2,822,106	4,365,866
Financial Liabilities															
Loans to State and Territory Govts	11B	-	-	7,652	23,062	5,214	6,961	17,618	12,504	266,622	246,057	-	-	297,106	246,057
Subsidies		-	-	-	-	-	-	-	-	-	-	190	172	190	172
Grants	12D	-	-	-	-	-	-	-	-	-	-	3,328	44,200	3,328	44,200
Other	12E	-	-	-	-	-	-	-	-	-	-	9,906	8,747	9,906	8,747
Total Financial Liabilities (Recognised)		-	-	7,652	23,062	5,214	6,961	17,618	12,504	266,622	246,057	13,424	53,118	310,530	299,175
Total Liabilities														310,530	299,175
Liabilities not recognised															
Contingencies		-	-	-	-	-	-	-	-	-	-	46,052	44,100	46,052	44,100
Guarantee to authority	17B	-	-	-	-	-	-	-	-	-	-	320,300	726,434	320,300	726,434
Other guarantee	17B	-	-	-	-	-	-	-	-	-	-	162,146	197,834	162,146	197,834
Indemnities	17B	-	-	-	-	-	-	-	-	-	-	*	*	*	*
* - Unquantifiable															
Total Financial Liabilities (Not recognised)												528,498	968,368	528,498	968,368

Note 27 - Financial Instruments (cont)**(c) Net Fair Values of Financial Assets and Liabilities***Financial assets*

The net fair values of cash, receivables (including loans receivable), investments and accrued revenues and non-interest-bearing monetary financial assets approximate their carrying amounts.

Loans to Commonwealth Authorities, State and Territory Governments and other loans, reflected in the Administered receivables balance, are carried at cost, which is above their net fair value, because it is intended to hold them to maturity.

Financial liabilities

The net fair values for loan, subsidy and grant liabilities, as well as those of trade creditors and unearned income, which are short-term in nature, are approximated by their carrying amounts.

(d) Credit Risk Exposure

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets are the carrying amount of those assets as indicated in the Statement of Assets and Liabilities.

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.

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GLOSSARY

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AAPA	Association of Asia-Pacific Airlines
AACRT	Australian Advisory Committee on Road Trauma
ABC	Airport Building Controller
ACCC	Australian Competition and Consumer Commission
ACEPS	Achieving Cost Effective Personnel Services
ACT	Australian Capital Territory
ACTDG	Australian Committee on the Transport of Dangerous Goods
ADR	Australian Design Rule
AEO	Airport Environment Officer
AFTA	ASEAN Free Trade Area
AIDA	Australia Indonesia Development Area
AMCORD	Australian Model Code for Residential Development
AN	Australian National
APEC	Asia-Pacific Economic Cooperation [Forum]
APS	Australian Public Service
APSC	Asia-Pacific Space Centre
ARRB–TR	Australian Road Research Board–Transport Research Ltd
ARTC	Australian Rail Track Corporation
ASEAN	Association of South-East Asian Nations
ASO	Administrative Service Officer
ATC	Australian Transport Council
ATO	Australian Taxation Office
ATSIC	Aboriginal and Torres Strait Islander Commission
AUSTROADS	AUSTROADS Incorporated
AWA	Australian Workplace Agreement
BASI	Bureau of Air Safety Investigation
BTE	Bureau of Transport Economics
BTCE	Bureau of Transport and Communications Economics
CAIR	Confidential Aviation Incident Reporting [program]
CARS	Committee to Advise on Recall and Safety
CASA	Civil Aviation Safety Authority
CER	Closer Economic Relations
CD-ROM	Compact Disk–Read Only Memory

CPA	Commonwealth Public Account
CSIRO	Commonwealth Scientific and Industrial Research Organisation
dB	decibels
DCC	Departmental Consultative Committee
DEST	Department of Environment, Sport and Territories
DFAT	Department of Foreign Affairs and Trade
DIST	Department of Industry, Science and Tourism
DoCA	Department of Communications and the Arts
DoTRD	Department of Transport and Regional Development
ECA	Electronic Commerce Australia
EDI	Electronic Data Interchange
EEO	Equal Employment Opportunity
EIS	Environmental Impact Statement
<i>e.m.</i>	Enterprise Market [Australian Stock Exchange]
FAC	Federal Airports Corporation
FMA	Financial Management and Accountability
FOI	Freedom of Information
FORS	Federal Office of Road Safety
GDP	Gross Domestic Product
GSLP	Government Sector Linkages Program
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
IIIS	Institutional Investor Information Service
IiP	Investors in People
IOT, IOTs	Indian Ocean Territories
ITS	Intelligent Transport Systems
ITSA	Intelligent Transport Systems Australia
LGDP	Local Government Development Program
LGMC	Local Government Minister's Conference
LOGJOG	Local Government Joint Officer Group
LTOP	Long Term Operating Plan
MBZ	Mandatory Broadcast Zone
MCRT	Ministerial Council for Road Transport
MOU	Memorandum of Understanding
MVEC	Motor Vehicle Environment Committee
MWGRA	Ministerial Working Group on Regional Affairs

GLOSSARY

NAA	National Archives of Australia
NCA	National Capital Authority
NOLG	National Office of Local Government
NR	National Rail
NRTC	National Road Transport Commission
NSW	New South Wales
NT	Northern Territory
NTC	National Transport Council
OASITO	Office of Asset Sales and Information Technology Outsourcing
OECD	Organisation for Economic Cooperation and Development
OH&S	Occupational Health and Safety
PBS	Portfolio Budget Statements
PRL	Phosphate Resources Limited
PSMPC	Public Service and Merit Protection Commission
RFT	Request For Tender
RTF	Road Transport Forum
RTRP	Road Transport Research Program (OECD)
SA	South Australia
SACL	Sydney Airports Company Limited
SCOT	Standing Committee on Transport
SDR	Special Drawing Rate
SES	Senior Executive Service
SIAM	Systemic Incident Analysis Model
SODPROPS	Simultaneous Opposite Direction Parallel Runway Operations
TELG	Transport Emissions Liaison Group
TLG	Technical Liaison Group (NRTC)
TTICG	Transport Trade Industry Consultative Committee
TPT–WG	Transportation Working Group (APEC)
VFR	visual flight rules
WA	Western Australia
WRA	World Road Association
Y2K	Year 2000

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