PART 3
ACTIVITIES
Part 3: Activities

Infrastructure Investment
In 2016–17, the Australian Government invested over $6.3 billion in projects designed to improve the performance of Australia’s land transport network. These funds were paid through the Infrastructure Investment program to state, territory and local governments, and the Australian Rail Track Corporation (ARTC), for the planning and delivery of road and rail projects.

The Department also:
• progressed the development of urban rail plans for Australia’s five largest cities and surrounding regions;
• advised the Australian Government on potential projects for future funding under the Infrastructure Investment Program;
• examined opportunities for alternative funding and financing approaches for infrastructure and, with the state and territory governments, developed options to support longer-term institutional and governance reform of land transport market investment and charging arrangements;
• provided policy advice on the development of future concessional loans for infrastructure projects; and
• undertook cost estimate, assurance and compliance reviews to help ensure investment in infrastructure is achieving policy objectives and projects are delivered efficiently and effectively.

Information about the infrastructure investment funds administered by the Department is available at <www.investment.infrastructure.gov.au>.

WestConnex Stage 2 – provision of a concessional loan
The Department is managing a $2.0 billion concessional loan for WestConnex. The first drawdown was made against the loan in 2016–17, with total drawdowns during the year totalling $111.9 million.

Direction-setting and collaboration
In November 2016, the Australian Government released its response to Infrastructure Australia’s Australian Infrastructure Plan. In the response, the Government committed to five key initiatives, including the development of urban rail plans. In addition, the Using Value Capture to Help Deliver Major Land Transport Infrastructure – Roles for the Australian Government discussion paper was released.

Did you know?
With 874,500 kilometres of road, Australia has one of the world’s most extensive road networks by per capita length. Around 85 per cent of Australia’s road network is non-urban.
Throughout 2016–17, the Department collaborated with relevant portfolio agencies to ensure appropriate consideration of infrastructure priorities during the implementation of broader Australian Government policy initiatives.

**Investment**
A total of $5.2 billion was provided towards road and rail projects. Key projects progressed and provided during 2016–17 included:

- Inland Rail ($73.2 million);
- Western Sydney Infrastructure Plan (WSIP) ($266.0 million);
- NorthConnex ($66.0 million);
- WestConnex ($300.0 million);
- Pacific Highway ($1.3 billion);
- Toowoomba Second Range Crossing ($493.4 million);
- M80 ($32.5 million);
- Bruce Highway ($458.6 million);
- NorthLink WA ($136.7 million);
- Midland Highway ($59.7 million); and
- North-South Road Corridor in Adelaide ($483.0 million).

**Black Spot Program**
The Department administered $125.0 million supporting projects to improve road safety at identified crash sites around Australia. The program has reduced the risk of crashes at these locations through measures such as traffic lights, roundabouts, signage and edge sealing. During the year, 217 Black Spot projects were completed and 302 were underway.

**Bridges Renewal Program**
A total of $53.0 million was provided to upgrade and repair bridges to enhance access and safety. During the year, 62 Bridges Renewal projects were completed and 60 were underway.

**Heavy Vehicle Safety and Productivity Program**
A total of $36.6 million was provided to improve productivity and reduce the number of road accidents involving heavy vehicles. During the year, 22 Heavy Vehicle Safety and Productivity projects were completed and 33 were underway.

**Roads to Recovery**
$815.4 million was provided to 523 funding recipients, mainly councils, to support maintenance of the nation’s local road infrastructure asset and to facilitate improved safety, economic and social outcomes. During the year, 3,122 Roads to Recovery projects were completed and 2,889 were underway.
Northern Australia Beef Roads Program
Funding is yet to commence for targeted upgrades to key cattle roads, to improve the reliability, productivity and resilience of cattle supply chains in northern Australia. During the year, planning for the delivery of six Beef Roads projects commenced.

Northern Australia Roads Program
A total of $12.0 million was provided to enable upgrades to high priority roads in northern Australia, to support the region’s economic development. During the year, four Northern Australia Roads projects were underway.

Infrastructure Growth Package
A total of $616.5 million was provided through the Infrastructure Growth Package administered item for additional Black Spot funding, the National Highway Upgrade Program, additional funding for major projects such as the Toowoomba Second Range Crossing, the North South Corridor in Adelaide and the WSIP.

- **New Investments**: Under the New Investments component of the Infrastructure Growth Package, the Australian Government provided $350.5 million in additional funding to expedite investment in high quality economic infrastructure. This included additional funding for significant road projects, the National Highway Upgrade Program and Black Spot projects.

- **WSIP**: The WSIP provides $2.9 billion over 10 years to enhance capacity and improve transport infrastructure in Sydney’s western suburbs, including development of an airport at Badgerys Creek. In 2016–17, $266.0 million was provided under the plan.

Victorian Infrastructure Package
In 2016–17, the Department settled funding arrangements for the Australian Government’s $1.5 billion commitment, with the following projects and programs to be supported:

- $500.0 million to upgrade the Monash Freeway;
- $350.0 million to complete the upgrade of the M80 Ring Road (in addition to existing $150.0 million joint commitment on M80);
- $220.0 million to upgrade 1,000 kilometres of freight rail in the Murray Basin;
- $345.0 million towards a Rural and Regional Roads Package (which includes a new bridge across the Murray River at Echuca-Moama); and
- $85.0 million towards an Urban Congestion Package, including construction of the O’Herns Road interchange on the Hume Freeway in Epping.

The Victorian Government is providing matching funding towards the agreed commitments.

Plan for the Future—Building Australia Fund
In 2016–17, the Government took the decision to fund the Goodwood and Torrens Junctions rail project in SA under the National Land Transport Act 2014 rather than the Building Australia Fund, which will close in 2017–18.
The Government has also been advised by the WA Government that the remaining Building Australia Fund project, Oakajee Port Common User Services, will not proceed and the committed equity contribution is no longer required.

Neither of these projects received funding in 2016–17.

**Highlight: Progressing Inland Rail**

The Melbourne to Brisbane Inland Rail project progressed significantly in 2016–17. Our key milestones were met and are set out below.

- **September 2016**: The private sector was invited to register its interest in the design, construction, delivery and financing of the project.
- **December 2016**: Bruce Wilson AM was appointed to the role of Queensland Community Adviser and Chair of the Yelarbon to Gowrie Project Reference Group. Consultation through the Project Reference Group throughout 2016–17 provided valuable local community input on the Inland Rail alignment.
- **May 2017**: The Australian Government committed an additional $8.4 billion in equity for the delivery of Inland Rail.

The Department worked closely with the ARTC to deliver each of these milestones and move this transformational project forward.

**Highlight: Black Spot Program**

The Black Spot Program is a crucial part of the Australian Government’s commitment to reduce crashes on our roads. The program, which provides funding for measures such as traffic signals and roundabouts at dangerous locations, has been running continuously in all states and territories since 1996. Since then more than 8,100 sites across the nation have been approved for funding, including 554 in 2016–17.

One Black Spot project funded in 2016–17 was a roundabout at the Woodward Street and Moulder Street intersection in Orange, NSW. The intersection was nominated for funding because of its crash history—congestion was a known issue at the site during peak times, sometimes-triggering risky motorist behaviour.

Works involved building a two-lane roundabout, including line markings, and installing lighting and signage. The $635,000 project, which was completed in June 2017, was fully funded by the Australian Government and delivered by Orange City Council.

Anyone can nominate a site for Black Spot funding. Further information is available at <investment.infrastructure.gov.au/funding/blackspots/>.
Transport Security
In 2016–17, the Department continued to ensure Australia’s transport systems remain effective in the face of an ever-changing security environment. This was done through compliance, review, implementation and engagement activities. The overarching consideration in undertaking this work was ensuring regulatory regimes are based on risk and threat—upholding security while minimising administrative burden on industry.

Compliance
In 2016–17, the Department launched a new compliance program to focus more on high risks.

The Department completed 787 compliance activities, of which 567 focused on aviation industry participants and 155 on maritime industry participants (the remainder related to issuing bodies and supply chain industry participants). The activities included 176 audits, 302 inspections and 309 system tests.

A total of 13 last port of call (LPOC) aviation security assessments were conducted and information gathered about the quality of airport and airline security arrangements at key overseas airports with direct flights to Australia.

The Department also initiated 331 formal entry and exit interviews with industry participants to discuss findings in relation to compliance activity outcomes and the detail of any areas of noncompliance.

Regulatory review and implementation
In 2016–17, regulatory amendments were made to:

• strengthen the security of airside screening arrangements and commence implementation;
• streamline transport security programs, improve signage requirements and the application of special event zones;
• introduce a role-specific aviation and maritime security identification card (ASIC and MSIC) for certain critical transport security roles;
• introduce national security assessments for ASIC and MSIC applicants under the age of 18;
• improve ASIC and MSIC issuing practices and the verification of the applicant’s identity; and
• improve the administration of the visitor identification card and temporary aircrew card schemes for airport operators and approved national passenger airlines.

The Department implemented new regulatory arrangements for regulated air cargo agents and accredited air cargo agents and established a Known Consignor scheme. Together, these arrangements support more stringent piece-level screening security requirements for air cargo exports to the United States (US), which came into effect on 1 July 2017. The Department has approved a range of businesses as Known Consignors as they were able to demonstrate they can secure cargo along their supply chain to the aircraft. In addition,
10 businesses operating at 38 sites have been approved to examine US-bound air cargo at piece-level in accordance with Enhanced Air Cargo Examination (EACE) notices.

The Department implemented reviews to improve the effectiveness of the LPOC program and the Department’s transport security Capacity Building Program overseas.

In response to terror attacks at Brussels and Istanbul airports, the Department conducted a review of the security of public areas at airports (landside). The review ensured that security arrangements were effective and has led to the development of new industry guidance on protecting crowded places in landside areas.

Engagement

Engagement activities during 2016–17 included:

- undertaking awareness raising activities to ensure industry participants remain aware of current security threats and understand relevant reforms to regulatory operations, including holding meetings of the Aviation Security Advisory Forum, the Regional Industry Consultative Forum, the Maritime Industry Security Consultative Forum and the Oil and Gas Security Forum to consult with industry participants;
- establishing a dedicated guidance centre to provide industry with nationally consistent information on their transport security regulatory requirements;
- working with the maritime and aviation industries to progress the response to recommendations made by the Inspector of Transport Security;
- engaging both major and regional airports and airlines to finalise contingency planning;
- engaging around 10,000 businesses and other industry stakeholders to support implementation of more stringent piece-level examination requirements for US-bound air cargo;
- working with US Transport Security Administration (TSA) officials to ensure Australia’s new regulatory regime for US-bound air cargo was commensurate with their requirements;
- engaging overseas governments bilaterally and via the International Civil Aviation Organization (ICAO), Asia-Pacific Economic Cooperation and QUAD (a strategic partnership between Australia, Canada, the European Commission and the US);
- hosting information forums (in collaboration with the Attorney-General’s Department) to prepare consultation with ASIC and MSIC issuing bodies for significant regulatory changes;
- conducting identity verification training to assist ASIC and MSIC issuing bodies and their representatives to meet new regulatory requirements starting on 1 August 2017; and
- redeveloping and re-launching the TravelSECURE website to improve traveller access to relevant and reliable information about aviation security screening at airports.
Aviation Security Enhancements—Improving International Aviation Security

Under the Aviation Security Enhancements—Improving International Aviation Security administered item, the Department used funding of $22,000 to deliver capacity-building activities for transport security personnel in the Philippines. The activities focused on the improvement of quality control processes, and the development and implementation of corrective action plans.

Aviation Security Enhancements—Regional and Remote Airports Security Awareness

Under the Aviation Security Enhancements—Regional and Remote Airports Security Awareness administered item, the Department used funding of $128,000 to develop and deliver a security awareness training package to 158 regional and remote airports. This package supports industry by providing a practical resource to build and maintain security awareness among workers.

Highlight: Guidance centre established for industry

The Department established a dedicated guidance centre to respond to enquiries from industry on their transport security regulatory requirements. The centre’s purpose is to help industry improve the quality of their transport security regulatory submissions and to assist industry to better meet their regulatory requirements.

The centre provides nationally consistent information over the phone or email and through improved guidance materials published on the Department’s website. The centre actively engages with industry when there are regulatory changes that affect their security operations, to ensure they have the most up-to-date advice on regulatory requirements.
More stringent screening requirements for US-bound air cargo came into effect on 1 July 2017. These arrangements are imposed on airlines by the US Government and require that all air cargo being transported to the US either be examined at piece-level (box, carton, pallet or another deconsolidated form of cargo), or originate from a Known Consignor.

The Australian Government has put in place a robust regulatory and compliance regime that is commensurate with these requirements while taking into account the unique characteristics of Australia’s trade and transport systems. The new regulatory regime is the culmination of ongoing engagement between the Department and US TSA officials over a number of years.

The Department worked closely with Australian industry to ensure it was well positioned for the more stringent screening requirements through the introduction of both the EACE Notice and the Known Consignor scheme.

The EACE Notice provides for approved examination methods, techniques and equipment requirements for examination of US-bound air cargo at piece-level by both on and off-airport Regulated Air Cargo Agents.

The Known Consignor scheme, which came into effect on 1 November 2016, provides an alternative to piece-level examination for businesses that can demonstrate they maintain a robust security process throughout their supply chain, from product source to aircraft. The scheme is an important option for businesses that cannot otherwise have their cargo screened at piece-level because it is either too big or not able to be screened by approved technology such as X-ray. Many perishable foods and pharmaceuticals cannot be deconsolidated because it will break US Food and Drug Administration temperature controls, or X-rayed because water content is too high.

There has been a significant effort to engage with a broad range of businesses and stakeholders to ensure they are aware of the US requirements and that they comply from 1 July 2017. This engagement has included sending 8,000 letters to key industry participants, as well as thousands of emails and phone calls.
Surface Transport

In 2016–17, the Department continued its integrated approach to surface transport, balancing the outcomes of productivity, efficiency and safety across road, rail and shipping.

Road and rail

Land transport market reform

The Department continued to work closely with state and territory government agencies to progress heavy vehicle road reform, in line with the road map agreed by the Transport and Infrastructure Council in May 2015. This included:

- publishing the second editions of the heavy vehicle asset registers and expenditure plans following feedback from industry and state and territory governments;
- identifying options for an independent price regulator for heavy vehicle charges by 2017–18;
- investigating a forward-looking cost base for roads;
- working towards an agreement between the Australian Government and state and territory governments on a range of heavy vehicle user charging trials; and
- releasing the Land Transport Market Reform independent price regulation of heavy vehicle charges discussion paper to seek views from stakeholders on establishing independent price regulation for heavy vehicle charges.

The Department also continued to work with state and territory agencies to investigate the potential benefits and costs of extending road user charging to light vehicles. An annual progress report on this task was provided to the Council of Australian Governments out-of-session in the second half of 2016–17.

Freight and supply chain strategy

In November 2016, the Australian Government announced it would develop a national freight and supply chain strategy to increase the productivity and efficiency of Australia’s freight supply chain. The strategy is in response to Infrastructure Australia’s Australian Infrastructure Plan.

In March 2017, the Hon Darren Chester MP, Minister for Infrastructure and Transport, released Terms of Reference for an Inquiry into National Freight and Supply Chain Priorities. The inquiry will inform the development of the strategy and determine how to best lift the productivity and efficiency of Australia’s freight supply chain. The Department is leading the inquiry, assisted by Infrastructure Australia and a four member Expert Panel appointed by Minister Chester. In May 2017, the Department released the Inquiry into National Freight and Supply Chain Priorities discussion paper, marking the commencement of the public consultation period.

Did you know?

Australia has one of the largest rail systems in the world with 33,000 kilometres of heavy rail and 291 kilometres of light rail.

Did you know?

On an average day, rail moves 32 per cent of the 9 million tonnes of freight transported across Australia.
Federal Interstate Registration Scheme (Interstate Road Transport Account)

The Australian Government continued to administer approximately 14,300 vehicles under the Federal Interstate Registration Scheme. In 2016–17, state and territory governments collected $67.6 million in heavy vehicle registration charges on behalf of the Australian Government. All revenue collected from the scheme is paid to the Australian Government for redistribution to states and territories for road maintenance.

Setting national priorities for implementing new transport technologies

Over the last year, the Department has been working with states, territories and transport bodies to progress projects under the National Policy Framework for Land Transport Technology agreed by the Transport and Infrastructure Council in 2016.

Building on this work, the Department has also played a significant role in helping inform the House of Representatives Standing Committee on Industry, Innovation, Science and Resources, which is conducting an inquiry into social issues relating to road and rail driverless vehicles in Australia. In addition, the Department released a brochure, Preparing Australia for Automated Vehicles, to inform the community of work underway by governments in this area.

Organisation for Economic Co-operation and Development (OECD) Road Transport Contribution

The OECD International Transport Forum (ITF) organises longer-term research projects with oversight from the transport ministries and research agencies of member countries through the Transport Research Committee. The Department administered an annual contribution of $45,720 to the OECD for transport research activities of the ITF. Membership enables the Australian Government to influence the ITF’s forward research work program and promote successful Australian transport policy initiatives. This can be either through direct participation of Australian transport experts in ITF-sponsored projects, or representation of Australian senior executives at OECD/ITF events.

National Heavy Vehicle Regulator’s Heavy Vehicle Safety Initiative

In 2016–17, the Department administered payments of $3.9 million to the National Heavy Vehicle Regulator for projects delivered through the Heavy Vehicle Safety Initiative.

Did you know?

Over three quarters of Australia’s non-bulk freight is transported on roads.
Maritime and shipping

Domestic commercial vessel safety reforms
The Department worked to progress the Council of Australian Governments National Seamless Economy reforms agreed in 2009 for domestic commercial vessels through the Maritime Senior Officials Group, the Transport and Infrastructure Senior Officials’ Committee, and the Transport and Infrastructure Council. Following public consultation on the proposed changes, the assumption of full responsibility for service delivery and cost recovery by the National Maritime Safety Regulator (NMSR) was delayed by the Transport and Infrastructure Council until 1 July 2018. However, the Department ensured the Marine Safety (Domestic Commercial Vessel) National Law Amendment (Cost Recovery) Regulation 2016 commenced in September 2016, which allows fees to be charged for some services delivered by the NMSR under the national system.

Coastal shipping reform
To progress coastal shipping reform, the Hon Darren Chester MP, Minister for Infrastructure and Transport, released a Coastal Shipping Reforms discussion paper for public consultation in March 2017. Submissions were encouraged from stakeholders including ship owners and operators, employee and employer representatives, users of shipping services, industry associations, maritime unions, government entities and interested members of the public. The Department reviewed and analysed the submissions, providing advice on policy options for progressing the reforms to coastal trading. It is expected legislative reforms will be introduced in the second half of 2017.

Bass Strait Passenger Vehicle Equalisation Scheme and Tasmanian Freight Equalisation Scheme
During 2016–17, approximately $47.8 million was provided to help reduce the cost of travel across Bass Strait for passengers accompanying an eligible vehicle. Additionally, $137.6 million was provided to eligible shippers under the Tasmanian Freight Equalisation Scheme; a financial assistance scheme to shippers of eligible non-bulk goods for costs incurred moving goods by sea between Tasmania and mainland Australia.

Part X of the Competition and Consumer Act 2010—registrar of liner shipping
Part X of the Competition and Consumer Act enables liner shipping operators to enter into collaborative agreements to supply joint or coordinated shipping services to Australian exporters and importers by giving such agreements limited exemption from the anti-competitive conduct provisions of the Act. Under the agreements, operators can fix routes, capacity, sailing schedules and prices, share operational functions and/or exchange commercial information, providing the conditions specified in Part X of the Act are fulfilled. The Registrar of Liner Shipping, who is appointed by the Minister for Infrastructure and Transport, administers Part X of the Act within the Department.

Did you know?
Over 80 per cent of world trade by volume is transported by sea. Australia relies on sea transport for 99 per cent of its international trade (by volume).
During 2016–17, a total of 58 provisional registrations and 55 final registrations for international joint shipping agreements were approved under Part X. All shipping agreements were registered within legislated timeframes.

**Tax incentives**

The *Shipping Reform (Tax Incentives) Act 2012* provides a mechanism for the shipping industry to obtain a certificate as an initial step in gaining access to a range of taxation concessions. This encourages ship ownership and ship operations in Australia as well as encourage the employment of Australian seafarers.

The Act provides for certificates to be granted after the end of a financial year to applicants who meet requirements of the regime. For companies applying for these concessions for the first time, the scheme gives them the opportunity to obtain a ‘notice’ during the first year of entry. This provides applicants a degree of comfort that the arrangements they propose will likely meet the requirements of the Act, reducing the pressure on them when compiling their tax returns.

During 2016–17, the Department approved two applications for a tax notice and 14 applications for a tax certificate.

**International Maritime Organization (IMO)**

The Department worked to implement the International Code for Ships Operating in Polar Waters (Polar Code) into domestic law. The Polar Code, entered into force internationally on 1 January 2017, specifies operational and structural measures for ships to improve maritime safety and minimise environmental risks in polar environments. These measures encompass design, construction, equipment and operational matters, as well as training, search and rescue, and environmental discharges.

The Department engaged in the work of the IMO by attending the Facilitation Committee and IMO Council meetings. The Department worked with other agencies to implement domestically the requirements of the Convention on the Facilitation of International Maritime Traffic, reducing the administrative burdens imposed on ships entering Australian ports.

Responding to community concerns, the Department worked with the Australian Maritime Safety Authority to issue a direction to cruise ships at berth in Sydney Harbour to burn low-sulphur content fuel.

The Australian Government contributed $277,000 to the IMO in 2016–17 to support a viable global maritime sector.

---

**Did you know?**

There are 24 ports in Australia with an annual throughput of over $1.0 billion. By tonnage, Port Hedland is Australia’s largest port and the fifth largest port in the world. Australian imports mostly come through capital city container ports. Port of Melbourne is the largest in Australia and handles more than 1.5 million containers a year. It is 59th in the world’s container ports rankings, on annual throughput terms, with Port Botany in Sydney 69th.
Protection of the Sea (Oil Pollution Compensation Funds) Act 1993

Compensation for pollution damage caused by spills from oil tankers is governed by an international regime established under the auspices of the IMO. The International Oil Pollution Compensations Funds (IOPC Funds) provide financial compensation for oil pollution damage resulting from spills of persistent oil from tankers. The IOPC Funds are financed by contributions levied on member countries, based on the volume of particular types of oil being imported and the proportionate scale of certain oil pollution events occurring. IMO collects contributions to the IOPC Funds retrospectively at the same time each year. For 2016–17, the Department administered payments of $394,000 collected from Australian oil companies under the Protection of the Sea (Oil Pollution Compensation Funds) Act for the purposes of the scheme.

Highlight: Better disability access for public transport networks—The Whole Journey

Recommendation four of the second review of the Disability Standards for Accessible Public Transport proposed the development of accessibility guidelines for a whole-of-journey approach to public transport as a planning tool.

In response, the Department released for comment a consultation draft of The Whole Journey: A guide for thinking beyond compliance to create accessible public transport journeys. Released in March 2017, the guide was prepared to encourage policy makers, planners, designers, builders, certifiers and operators to think beyond compliance and the physical and governance boundaries of services and infrastructure, and to focus instead on people’s accessibility needs across their whole journey.

Road Safety

The Department worked to ensure the safety of Australian vehicles and to foster national road safety frameworks, which also facilitate productivity.

National Road Safety Strategy 2011–2020

The Department continued to coordinate delivery arrangements for the National Road Safety Strategy 2011–2020 and National Road Safety Action Plan 2015–17, including road safety data collection and progress reporting, supporting continuous improvement of the national road safety system.

Did you know?

Driving remains by far the preferred transport means for travel within Australian cities and for trips of up to 400 kilometres.
Vehicle systems

Reform of the Motor Vehicle Standards Act 1989

To progress reforms to the Motor Vehicle Standards Act, the Department began the process to draft legislation for introduction to Parliament. The Department also conducted consultations in September and October 2016 on the proposed thresholds for the specialist and enthusiast vehicle criteria, and continued to consult on elements of the broader reforms during 2017. In May 2017, the Department released a consultation paper concerning proposed use of the Register of Approved Vehicles (RAV), an online database for vehicles approved for use on Australian roads and an information paper on proposed reforms to light trailer regulation. Development of the RAV commenced in January 2017 and it is anticipated that the project will be complete by the end of 2017.

Standards development

In 2016–17, the Department participated in the development of international vehicle standards, including revisions to braking and seatbelt requirements. A major focus was the revision of the primary multilateral treaty for standards development in order to better facilitate the approval of vehicles on an international basis, known as International Whole Vehicle Type Approval. Australia has adopted the revised treaty and, in common with other countries, is now actively re-aligning its domestic standards to suit. Work on better alignment of national standards to international standards was also undertaken for buses and general vehicle lighting requirements. Consistent with international timetables and the National Road Safety Action Plan 2015–17, progress was also made on the assessment of international standards for stability control for heavy vehicles and advanced braking systems for motorcycles.

Approvals, licensing and compliance

To maintain a safe environment for road users and the community, every vehicle new to Australia must meet minimum safety standards. To enable safe vehicle imports, the Department issued approvals and licences under the Commonwealth road and vehicle safety regulatory frameworks in 2016–17, including 2,661 vehicle certification approvals and amendments, 7,483 Registered Automotive Workshop Scheme (RAWS) import approvals and 6,733 RAWS used import plate approvals. By the end of 2016–17, 90 RAWS audits had been conducted identifying a number of workshops that had breached approval conditions and supplied non-compliant and unsafe vehicles to the market.

The Department received 8,088 non-RAWS related vehicle import applications—an average of 674 a month.

Did you know?

Light passenger vehicles account for approximately 75 per cent of vehicles on Australian roads.
A risk based audit and enforcement program included 56 audits of vehicle production and test facilities. Audits are effective in identifying unsatisfactory manufacturing practices to ensure that non-compliant vehicles are not supplied to the market.

**Vehicle emissions**

The Department continued to support the Ministerial Forum on Vehicle Emissions to pursue options to reduce vehicle emissions. In December 2016, the Ministerial Forum released for public consultation, three draft proposals to reduce vehicle emissions and improve fuel quality. Two of these proposals, developed by the Department, are:

- a Regulation Impact Statement proposing to increase the stringency of noxious emissions standards, in line with international standards (the Euro 6 standards for light vehicles and Euro VI standards for heavy vehicles); and
- a Regulation Impact Statement proposing to introduce new fuel efficiency standards for new light passenger and commercial vehicles.

The third proposal is a discussion paper on improving fuel quality standards, which is being progressed by the Department of the Environment and Energy. The Australian Government is expected to take a decision on these proposals in 2017–18.

**keys2drive**

The Department continued to manage the delivery of the keys2drive learner driver program, which has provided more than 260,000 learners and their supervising drivers (mainly parents) with free professional coaching lessons and resources. Funding administered in 2016–17 under the program totalled $4.0 million.

**Highlight: Developing options for safer motorcycle riding**

In May 2017, the Department published for public comment an Early Assessment Regulation Impact Statement on *Advanced Motorcycle Braking Systems for Safer Riding*. There is strong evidence that advanced motorcycle braking systems are among the most effective options available to manufacturers for improving motorcycle safety. Research shows these systems are up to 31 per cent effective at reducing traumacausings crashes.

The document outlines a proposal to improve the safety of motorcycle riders by increasing the use of advanced braking systems, including anti-lock braking systems and combined braking systems.

**Air Transport**

The Department administered policies and programs for aviation and airports to support viable, safe and accessible domestic and international aviation industries.

**Airports**

**Western Sydney Airport**

In 2016–17, the Department continued to progress the Australian Government’s decision that Western Sydney’s new airport will be the Commonwealth-owned site at Badgerys Creek.

In December 2016, the Australian Government issued a Notice of Intention to the owners of Sydney (Kingsford Smith) Airport, Sydney Airport Group, setting out the contractual terms for developing and operating the Western Sydney Airport. Under the 2002 Share Sale agreement, Sydney Airport Group had the right of first refusal for the opportunity to build and operate the new airport. Sydney Airport Group announced their decision to decline the opportunity to build and operate Western Sydney Airport in May 2017. Following this decision, the Australian Government announced it would deliver the airport through a new Government-owned company, WSA Co., and also announced equity funding of up to $5.3 billion in the 2017–18 federal budget to build the airport.

Work underway on the airport site in 2016–17 focused on preparing the site for construction, including clearing some structures and closing minor roads. The Department also began engaging TransGrid, the manager and operator of the NSW transmission network, on the detailed plans for relocating high-voltage power lines that cross the airport site.

**Melbourne Airport third runway**

In its 2013 master plan, Melbourne Airport proposed a new parallel east-west runway and extension to the existing east-west runway to cater for future passenger growth expected to double to 64.0 million passengers per year by 2033. In 2016–17, the Department worked to facilitate the Melbourne Airport third runway project through coordination activities supporting the ‘Runway Development Program’, provision of $5.4 million through the Melbourne Airport New Runway Land Acquisition administered item, associated infrastructure developments and flight path planning.

**Hobart International Airport runway extension**

In 2014, the Australian Government committed $38.0 million to Hobart Airport to extend the runway by up to 500 metres. The runway extension is part of a package of assistance by the Australian Government to support Tasmania’s economy. It will enable the airport to:

- seek direct international flights from key markets in Asia;
- develop a strong proposal to attract international Antarctic aviation programs; and
- provide a long-term strategic infrastructure benefit for Tasmania, improving its connectivity with the rest of the world.

---

**Did you know?**

In May 2017 there were 5 million passengers carried on Australian domestic commercial aviation (including charter operations), an increase of 1.8 per cent on May 2016.
In 2016–17, the Australian Government provided $22.0 million towards the runway extension and a new access road, Grueber Avenue. Construction work to the northern end of the runway extension is complete and work on the southern end extension is well underway. Grueber Avenue was opened in 2016–17, providing easier and more direct access for people dropping off and picking up visitors and for users of the long-term car park. Completion for the runway extension project is expected in March 2018.

Airport lessee companies—reimbursement of parking fines
Partial reimbursement of parking fines to airport lessee companies under the Parking Infringement Notices Scheme was undertaken, in accordance with relevant legislation and contractual arrangements. In 2016–17, $947,000 was paid through the scheme.

Airport lease review meetings
The Department conducted annual lease review meetings with 21 federally leased airports to ensure lease term compliance. These were conducted in May, June and July 2017.

Airport insurance reviews
Through airport leases and sale agreements, airport lessee companies have obligations to the Australian Government to maintain insurance. To establish more effective and appropriate insurance arrangements, the Department appointed an insurance consultant to advise on requirements for the sale agreements and levels of cover held by lessees.

The insurance consultant developed 2016–17 airport insurance review reports for each of the 21 federally leased airports and these reports will be settled early in 2017–18.

Master plans and major development plans under assessment
All leased federal airports must have a master plan approved by the Minister for Infrastructure and Transport for a 20-year strategic vision for the airport site including future land uses, types of permitted development, and noise and environmental impacts.

Major development plans are required for major developments at leased federal airports and are prepared by lessee companies. In 2016–17, the Department provided assessments on the master plan for Townsville Airport, which was subsequently approved. The Department also assessed for Perth Airport:

- one major development plan including the Direct Factory Outlet development;
- one minor variation to a previously approved major development plan; and
- one minor variation to a master plan.

Did you know?
Domestic and international air travel is expected to grow strongly to 2030. Out of Australia’s major airports, Townsville is expected to experience the largest growth (122 per cent), followed by Canberra (111 per cent) and Darwin (102 per cent).
Domestic aviation

Modernisation of airspace protection

In December 2016, the Department released the Modernising Airspace Protection public consultation paper outlining plans to modernise federal airspace protection arrangements. The paper covered three major proposals relating to:

- modernising airspace protection under the **Airports Act 1996**;
- protecting the national communications, navigation and surveillance network; and
- mitigating risks to low flying aircraft flying beyond aerodromes.

The Department received 46 submissions in response to the paper, which are being considered in the preparation of advice to the Minister for Infrastructure and Transport in 2017–18. This will determine next steps in progressing future agreed proposals in consultation with government, industry and community stakeholders.

Regional aviation access

In 2016–17, the Department continued to administer programs to reduce the cost of airlines providing regular public services to designated remote communities. Under the Regional Aviation Access program, $23.6 million was dedicated to fund various components, including the:

- Remote Air Services Subsidy Scheme, providing payments totalling $14.4 million to subsidise regular public transport services to 266 designated remote communities; and
- Remote Airstrip Upgrade, providing assistance totalling $9.2 million for 72 projects to improve safety and access at remote airstrips.

The Department also provided rebates of $1.5 million to eligible commercial airlines providing services to regional areas under the Airservices Australia’s en route charges payment scheme.

General Aviation Advisory Group and aviation study

In February 2017, the Hon Darren Chester MP, Minister for Infrastructure and Transport announced the formation of a new General Aviation (GA) Advisory Group to improve consultation with the sector. The group met in March and June 2017 and details of its operations are available at <www.infrastructure.gov.au/aviation/general/index.aspx>.

The GA Advisory Group is also acting as a reference group for the study being conducted by the Bureau of Infrastructure, Transport and Regional Economics (BITRE). The study is examining the current state of the GA sector in Australia and will identify the challenges and potential opportunities, with findings expected to be released in the second half of 2017.
**International aviation**

At 30 June 2017, Australia had air services arrangements in place with 103 economies. The Department progresses new arrangements and continues to liberalise existing arrangements to ensure Australian consumers and businesses have access to competitive international air services. In 2016–17, the Department negotiated new and updated air services arrangements with a number of economies, including China, Fiji and Italy.

In 2016–17, the Department also:

- led preparations for the October 2016 ICAO Assembly in Montreal, including the campaign for Australia’s successful re-election to Part One of the ICAO Council;
- administered the payment of $2.1 million to ICAO as Australia’s annual contribution to its operations;
- supported improved aviation safety capacity in Indonesia through implementation of the Indonesia Transport Safety and Assistance Package, and in Papua New Guinea though a Memorandum of Understanding and the placement of technical advisers in the country; and
- provided governance support to the Pacific Aviation Safety Office.

**Highlight: ‘Open-skies’ between Australia and China**

In December 2016, the Australian Government and Chinese Government settled arrangements for a landmark ‘open-skies’ style arrangement between Australia and China. The new arrangements remove all capacity restrictions between all points in Australia and China for airlines of both sides. It also provides for open code sharing arrangements and significantly liberalises traffic rights, which will enable Australian and Chinese airlines to serve almost all destinations between and beyond both countries.

The Department has worked towards this agreement for a number of years. It will provide significant growth opportunities for Australia’s aviation, tourism and trade industries in the Chinese market.
Highlight: Progress of Western Sydney Airport

In May 2017, Sydney Airport Group declined the opportunity under its right of first refusal to build and operate the Western Sydney Airport. Following this decision, Prime Minister the Hon Malcolm Turnbull MP and the Hon Paul Fletcher MP, Minister for Urban Infrastructure, announced the Australian Government would build the Western Sydney Airport and allocated up to $5.3 billion in the 2017–18 federal budget.

The announcement is a significant milestone for the Western Sydney Airport project, coming nearly 40 years after Badgerys Creek was first identified as a potential site. It represents a major step forward, following three years of work by the Department on planning and preparing the business case, Environmental Impact Statement, Airport Plan, consultation with Sydney Airport, and the Notice of Intention.

To progress the Western Sydney Airport further, the Department facilitated the Forum on Western Sydney Airport (FOWSA). This met for the first time in May 2017 and is a critical community consultation mechanism on issues such as economic opportunity and flight path planning. Professor Peter Shergold AC has been appointed as the forum’s chairperson. Further information on FOWSA is available at <www.westernsydneyairport.gov.au/forum>. 
Regional Development

The Department administered dedicated funding and undertook forward planning to deliver vital infrastructure to regions now, and assure regional development into the future. These activities were done in partnership with communities and state, territory and local governments.

Progress in Australian Regions—Yearbook

After a major review of the 2016 edition of Progress in Australian Regions—Yearbook, the Department has received strong support across government agencies for continued production and enhancement of this statistical resource. As a result, a 2017 edition, to be published in December 2017, will provide a major update from the 2016 Census and new indicators on housing affordability, numeracy levels for school students, and labour underemployment rates (where available for larger regions). The Progress in Australian Regions series aims to help all Australians understand how their region is progressing against economic, social, environmental and governance indicators, and provide consistent measures of progress in Australia’s regions over time.

Direction-setting and collaboration


Throughout 2016–17, the Department collaborated with relevant portfolio agencies to ensure consideration of impacts on Australia’s regions to enhance regional economic and social outcomes in areas such as health, communications, education, environment and industry.

Did you know?

Nearly 8 million Australians live outside capital cities and approximately 1.9 million Australians live in cities with between 25,000 and 100,000 residents.

Did you know?

In 2016, Australia’s agriculture, forestry and fishing and mining industries made up 57 per cent of the value of national merchandise exports and 10 per cent of Australia’s gross value.
Funding programs

In 2016–17, the Department administered regional development funding through several funding programs, with a summary of activities included below. Further information about the regional development funds administered by the Department is available at <www.investment.infrastructure.gov.au>.

- **Building Better Regions Fund**: The Department established the Building Better Regions Fund, including preparing program guidelines and calling for applications to Round One of the fund. Nearly $500.0 million in Australian Government funding will be available through the program to support infrastructure and community investment projects that are creating jobs, driving economic growth and building stronger communities in regional and remote Australia, outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

- **Community Development Grants Programme**: $66.0 million was paid towards 142 projects to support needed infrastructure that promotes stable, secure and viable local and regional economies.

- **Drought Communities Programme**: $7.3 million was provided in 2016–17 for projects within 23 local councils to benefit targeted drought affected regions of Australia.

- **National Stronger Regions Fund**: $124.8 million was announced under Round Three for 65 infrastructure projects which are delivering economic benefits and addressing disadvantage. A total of $110.7 million was paid towards 107 projects in 2016–17 across all three rounds of the fund. The fund is now closed and its outcomes will in future be supported through the Building Better Regions Fund.

- **Regional Australia Institute**: $1.8 million was provided to support the work of the institute, an independent research organisation focused on national regional issues.

- **Regional Development Australia Committees**: $18.1 million was provided to support the operation of 55 Regional Development Australia (RDA) Committees. RDA Committees are made up of local leaders who:
  - consult and engage with communities;
  - promote and participate in regional programs and initiatives;
  - provide information and advice on their region to all levels of government; and
  - support informed regional planning.

In 2016–17, the Department coordinated an independent review of the RDA Committee program to examine its effectiveness in delivering the Australian Government’s regional agenda. The review was conducted by the Hon Warwick L Smith AM and is being considered by the Australian Government.

- **Regional Development Australia Fund**: $19.1 million was paid to 21 capital infrastructure projects identified as priorities by local communities. The fund is now closed and its outcomes will in future be supported through the Building Better Regions Fund.
• **Regional Jobs and Investment Package:** Applications to access funding totalling $135.0 million across six regions opened in May 2017. It is anticipated that successful projects will be announced in late 2017. Applications to access funding totalling $85.0 million across the remaining four regions are expected to open in 2017–18.

• **Stronger Communities Programme:** Round Two of the program saw 1,571 grants of between $5,000 and $20,000, totalling $18.3 million, awarded to community organisations and local governments for small capital projects. Up to $150,000 was available in each federal electorate in 2016–17. The Australian Government announced a further $22.5 million for a third round of the Stronger Communities Programme in 2017–18.

• **Tasmanian Jobs and Growth Package:** $13.8 million was provided in 2016–17 to 10 projects that support the economic development of Tasmania. Other departments are delivering additional projects through the package.

**Highlight: Community house for the disabled realised through Community Development Grants Programme**

The Lions McDonald Hill House located in South Bendigo, Victoria, was opened in October 2016 as a dedicated facility to support people with disability and their carers throughout the region. The facility is expected to benefit up to 150 individuals in need of respite each year and reduce the financial pressures families face when caring for a person with disability.

The Department administered $300,000 towards construction of the facility under the Community Development Grants Programme, assisting the South Bendigo community to realise the project they worked for a decade to build.

**Did you know?**

Despite only 34 per cent of all tourism businesses being located outside of the capital cities, 45 cents in every tourism dollar is spent in regional Australia.
Local Government

The Department supported local communities through provision of financial assistance to local governments, supporting effective planning and coordination across all levels of government on matters affecting local government, and engaging with all levels of government to pursue issues of particular relevance to local government.

In 2016–17, the Australian Government provided $3.5 billion through the Local Government Financial Assistance Grants program to support local government service delivery and infrastructure.

The Department also conducted the annual National Awards for Local Government to promote innovation and leading practice service delivery by local government and sponsoring departments. The awards showcase the activities carried out by the local government sector and celebrate the exceptional local government projects that are making a difference to local communities.

Highlight: National Awards for Local Government 2017

The National Awards for Local Government, administered by the Department, recognise local government projects that are innovative, deliver better outcomes for communities, have the potential to be rolled out across the country and make a meaningful difference to local residents. On 1 May 2017, Senator the Hon Fiona Nash, Minister for Regional Development, Minister for Local Government and Territories, announced the 2017 National Awards for Local Government category winners. The full list of category winners and highly commended projects is available at <www.infrastructure.gov.au/nalg>.

In June 2017, Wyndham City Council was announced as the winner of the 2017 National Award for Excellence in Local Government for its initiative WynLens – Visualization, Analysis and Modelling of a Holographic City. The Wyndham City Council collaborated with universities and private sector to improve its local community’s understanding of planning and development proposals using technology. WynLens is a game changer, it enhances community engagement and improves planning outcomes by allowing individuals to visualise their local surroundings using interactive 3D and immersive landscapes.

Did you know?
The Australian Government has provided over $49.0 billion under the Financial Assistance Grant program to support local government since 1974–75.
Services to Territories
The Department continued its work to improve the quality of services and infrastructure to residents of Norfolk Island, Christmas Island, the Cocos (Keeling) Islands, and Jervis Bay Territory. It also continued to administer the external territories of Ashmore and Cartier Islands and the Coral Sea Islands and manage the Australian Government’s interests in the NT and ACT.

External territories and Jervis Bay Territory
In 2016–17, the Department ensured services and essential infrastructure in the external territories and Jervis Bay Territory met community needs. It has also progressed work to ensure citizens within these territories can access comparable levels of services and are supported by comparable legal rights and protections to that of similar communities.

Norfolk Island
From 1 July 2016, mainland taxation, social security, immigration, biosecurity, customs and health arrangements, including Medicare and the Pharmaceutical Benefits Scheme, were extended to Norfolk Island. The Department has worked to implement these changes and continues to inform the community of service delivery arrangements in place to support residents.

New management arrangements were introduced for the Kingston and Arthur’s Vale Heritage Area (KAVHA) site, a World Heritage Australian convict site on Norfolk Island. The Department also provided funding of $0.6 million for KAVHA site management works. These initiatives complement the significant investment being made at Cascade Pier, which is undergoing an extension and refurbishment upgrade.

In 2016–17, the Australian Government also provided:

- $26.2 million Norfolk Island operational expenses (Services to Norfolk Island administered item); and
- $1.1 million for the Office of the Norfolk Island Administrator, which includes maintenance of Government House.

Did you know?
Norfolk Island is located in the Pacific Ocean about 1,600 kilometres north-east of Sydney. At the 2016 Census, Norfolk Island's total population (excluding visitors or tourists) was 1,748.

Indian Ocean Territories
The Department continued to ensure administrative and contractual arrangements are in place to support the delivery of services to the Indian Ocean Territories. In 2016–17, there were 42 WA Government agencies providing services to the Indian Ocean Territories, as well as services being delivered directly by the Department’s local administration staff and through contractual arrangements with private sector entities, local governments and other organisations.
In 2016–17, the Department provided $115.3 million for operational expenses for the Indian Ocean Territories and $1.2 million to Parks Australia from the Christmas Island Phosphate Mining Rehabilitation Special Account to restore rainforest on relinquished mine sites.

**Jervis Bay Territory**

Under the Services to Jervis Bay Territory administered item, the Department provided $6.2 million towards provision of a range of essential state and local government services to the Jervis Bay Territory, including electricity, water, health, education, and housing.

**NT and ACT**

Activities to support the NT and ACT in 2016–17 included:

- administering $0.4 million for the Office of the NT Administrator;
- administering the concessional interest rate loan to the ACT Government to implement its Loose Fill Asbestos Insulation Eradication Scheme. In 2016–17, the ACT Government made a $27.1 million interest payment for the $1.0 billion loan; and
- providing $1.8 million to the ACT Government for the provision of services to fulfil diplomatic, treaty and other obligations as a result of the establishment of the National Capital on behalf of the Australian Government.

**Highlight: Christmas Island land plan**

Christmas Island is a unique place, rich in historical and natural attractions. To support the local community’s access to land and engender economic development on the island, the Department released the Christmas Island Crown Land Management Plan in March 2017.

The plan was developed by the Department and involved consultation with the Shire of Christmas Island, local businesses, members of the community and other government agencies. It sets out objectives to support the release of Crown land (owned by the Australian Government) for residential, tourism, commercial and agricultural development. Following the plan’s release, potential investors were given the opportunity to register their interest in parcels of land, which the Government will consider for lease or sale.


**Did you know?**

Christmas Island is located in the Indian Ocean 380 kilometres south of Java and 2,650 kilometres north-west of Perth. At the 2016 Census, Christmas Island’s total population (excluding visitors or tourists) was 1,843.

**Did you know?**

At the 2016 Census, ACT’s total population (excluding visitors or tourists) was 396,857 and NT’s was 228,833.
Highlight: Norfolk Island reforms

At 30 June 2017, there were 227 residents receiving Age Pension, 117 recipients of Family Tax Benefit and 50 recipients of other disability, youth, income support or parenting payments.

The 2015–16 monthly average before the reforms commenced was 509 visits to a General Practitioner; after the reforms commenced, the 2016–17 average jumped to 821 visits a month.

Since 1 July 2016, the Australian Government has invested over $2.0 million to upgrade the health service building on Norfolk Island.

$1.4 million has been spent on new technology medical equipment.

Since 1 July 2016, the school received $3.4 million in capital upgrades, mainly focused on repairs to school buildings and overdue maintenance.

A new satellite dish will provide improved systems access to the NSW Department of Education for delivery of additional aspects of the NSW curriculum.

The Banyan Park Early Learning Centre will receive $899,900 over two years from the Building Better Regions Fund—it is now well placed to become an approved child care centre, allowing eligible families to access the Government’s fee relief payments.

The Government continues to underwrite air services between Norfolk Island and the mainland (Brisbane and Sydney) to provide a regular and reliable link for residents and tourists.

The Government has matched the $100,000 funding commitment by the Norfolk Island Regional Council for the promotion in New Zealand of Norfolk Island as a tourist destination.