PART 1

Year in review
Performance snapshot

Construction commenced on the $5.3 billion Western Sydney International (Nancy-Bird Walton) Airport. Set to open in 2026.

There were seven parliamentary inquiries and 273 questions on notice.

2,230 fewer accidents occurred in a single year as a result of the Australian Government’s investment in 90 major infrastructure projects.

Heavy Vehicle Safety Initiative Round 3 of the program was implemented and the Transport and Infrastructure Council agreed to fund 14 projects.

The department settled new or updated air services arrangements with 13 countries.

Supporting the government’s 10 year infrastructure pipeline to provide certainty on the level of future investment to industry and to improve long term infrastructure planning.
The City of Stirling’s Kaleidoscope Initiative won the 2019 National Awards for Local Government.

Indian Ocean Territories: seven Commonwealth legislative instruments made.

Community Development Grants Program:
- 2,902 vehicle certification type approvals and amendments issued
- 6,459 Registered Automotive Workshop Scheme (RAWS) import approvals and
- 6,286 RAWS used vehicle plate approvals

Darwin, Hobart and Geelong city deals were signed.

Barkly regional deal signed.

Supporting the Inland rail project to deliver:
- less than 24 hours transit time between Brisbane and Melbourne
- a saving of 10 hours on the coastal rail route
- 98% reliability
- competitive pricing with road
Secretary’s year in review

I am pleased to deliver my second annual report as Secretary of the Department of Infrastructure, Transport, Cities and Regional Development. Through 2018–19 the department continued to deliver against our five purposes:

- supporting economic growth through transport
- making travel safer
- increasing transport access
- supporting regional development, local communities and cities
- providing good governance in the territories

The commitment and professionalism of our staff ensures the department is well positioned to deliver the government’s infrastructure, transport, cities and regional development portfolio agenda.

2018–19 portfolio update

Following the federal election, we became the Department of Infrastructure, Transport, Cities and Regional Development. The addition of transport to the department’s name reflects the government’s priorities, particularly in freight and road safety.

Over the year, there were also important changes made within our organisational structure to support delivery of government priorities.

In the Transport Group—led by Pip Spence PSM—the Office for Future Transport Technologies was established in October 2018. The office is working with a range of stakeholders to prepare Australia for electric, automated and connected vehicles. The Road Safety Taskforce in the Surface Transport Policy Division has been working with state and territory governments to respond to the Inquiry into the National Road Safety Strategy. The taskforce became the Office of Road Safety on 1 July 2019 and will work with a range of stakeholders on our common goal of making Australia’s roads safer. Responsibility for population policy transferred to the Department of the Treasury following the federal election.

The Regional and Territories Group farewelled Judith Zielke PSM and welcomed Dr Rachel Bacon in late 2018. I would like to acknowledge Ms Zielke’s contribution over a number of years with the department.

The State Services Transition Team was established in the Territories Division in February 2019. This branch is ensuring continuity of essential services in our territories as we transition to new
delivery arrangements. The North Queensland Water Infrastructure Authority was established in March 2019 and the Drought Taskforce concluded in June. Its responsibilities were folded into the Regional Development and Local Government Division which continues to support communities impacted by drought.

In the Infrastructure Group, which is led by Luke Yeaman, the Infrastructure Investment Transformation Taskforce was established in February. This branch is implementing a new information management system to support more efficient administration of the government’s infrastructure investment program. Following the 2019–20 Budget, a new statutory National Faster Rail Agency was established in the portfolio. The agency is supported by an expert panel and will partner with state and territory governments and private industry.

Another significant development for the department was the launch of our vision in May: Great Cities. Strong Regions. Connecting Australians. More information on how we will embed the vision into our organisational practices is contained in our 2019–20 Corporate Plan.

Key achievements in 2018–19

Throughout 2018–19 we supported the government to deliver a number of important achievements and milestones including:

- announcing the 10 year, $100 billion Infrastructure Investment Plan as part of the 2019–20 Budget. This is a long-term commitment to build the transport infrastructure Australians need to meet the challenges of a fast growing population, while improving safety and productivity
- signing a new National Partnership Agreement for Land Transport with state and territory governments, including strengthened safety arrangements for all road funded projects and a new Indigenous and supplier use framework. This supports the government’s commitment to improving road safety across Australia and will increase economic opportunities for Indigenous job seekers and businesses through delivery of government-funded land transport infrastructure projects
- starting construction on the Melbourne to Brisbane inland rail project. The Australian Government is making a $9.3 billion investment in this project which will contribute $16 billion to the national economy
- securing passage of the Road Vehicles Standards Act (2018) to regulate and set nationally consistent standards for road vehicles and components to make our roads safer
- commencing construction on the $5.3 billion Western Sydney International (Nancy-Bird Walton) Airport. Set to open in 2026, this is a once in a generation infrastructure project that to date is meeting its planning and construction milestones
- signing City Deals for Darwin, Hobart and Geelong. These deals are tailored to each city and provide a framework for collaboration between the three levels of government, community and the private sector to unlock economic potential
- establishing three pilot Regional Deals for Barkly, Hinkler and Albury-Wodonga. Regional Deals support a ‘place-based’ approach that highlight priorities identified by local communities, and are tailored to each region’s comparative advantages, assets and challenges
- working with the residents of Norfolk Island to co-design a community engagement framework. This is being used to guide discussions between the department and the community about services on Norfolk Island
- funding the Australian Bureau of Statistics to develop experimental transport economic account estimates, published as *Australian Transport Economic Account: An Experimental Transport Satellite Account, 2010–11 to 2015–16* (ABS Catalogue no. 5270.0) to provide a comprehensive picture of the economic value of transport activity undertaken within the Australian economy
- building water infrastructure to support the growth of regional Australia

**The year ahead**

The department’s strategic priorities in 2019–20 include:

- helping to deliver the government’s transport infrastructure commitments to make people’s journey to work and home—and the movement of freight—faster, safer and easier
- growing and connecting our regions through better infrastructure, and through regional policy that meets the needs of local communities
- making our cities more liveable—and boosting economic growth—through high quality City Deals, better urban infrastructure, and better population planning and management
- building water infrastructure to support the growth of regional Australia

In 2019–20 work will commence on relocating our Regional Programs Branch to Orange as part of the government’s commitment to decentralisation. We will support staff affected by this change and implement a smooth transition to minimise the impact on the branch’s stakeholders.

More information on the year ahead and how we plan to pursue our purposes is contained in the department’s 2019–20 Corporate Plan.

**Dr Steven Kennedy PSM**  
*Secretary*
Our Vision


We achieve this by...

**Influential**
We seek to understand the needs and experiences of our partners and those affected by our work

We seek out and work well with others, using our networks to shape debate and deliver better outcomes

Our advice is sought after and valued, inside and outside of Government

**Dynamic**
We are energetic, enthusiastic and strive to improve the way we work

We are prepared to take risks, reward innovation and learn from our mistakes

**Professional**
We are experts and respected in our fields

We take a view on the best outcome, now and into the future

We work hard to deliver high quality products and get the job done

**Respectful**
We value all people equally

We are inclusive and value diversity

We always act with honesty and integrity

Underpinning our work...

**First Australians**
We acknowledge the Traditional Custodians of this country and their continuing connection to the land and waters

We value the contribution and rich cultural heritage of Aboriginal and Torres Strait Islander peoples

We are committed to empowering and supporting Aboriginal and Torres Strait Islander peoples through our work and our actions

Our People

We invest in, trust and care about our people

We create a fulfilling, flexible and supportive workplace that helps our people achieve their goals

We invest in the tools, systems and training our people need to do their jobs
Financial performance for 2018–19

Departmental activities involve the use of assets, liabilities, revenue and expenses controlled or incurred by the department in its own right. Administered activities involve management or oversight by the department, on behalf of the Australian Government, of items controlled or incurred by the Australian Government.

This section should be read in conjunction with the department’s audited financial statements for 2018–19, in Part 5 of this report, titled ‘Financial Statements’.

Departmental finances

In 2018–19 the department reported a deficit on continuing operations of $15.7 million. This equates to a deficit of $8.9 million after allowing for net cash appropriation arrangements. The deficit was mainly due to increased contractor expenses and the effect of changes in government bond rates on the present value of long service leave provisions.

Total income reduced by $33.1 million and total expenses reduced by $19.5 million from the previous year. The reduction was mainly due to the full year effect of Machinery of Government changes that occurred in the 2017–18 financial year.
### Table 1.1  Summary of departmental financial performance and position ($m)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Revenue from government</td>
<td>231.1</td>
<td>250.2</td>
<td>261.7</td>
<td>248.5</td>
<td>241.7</td>
<td>210.0</td>
<td>(31.7)</td>
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<tr>
<td>Other revenue</td>
<td>5.8</td>
<td>6.7</td>
<td>4.7</td>
<td>4.3</td>
<td>8.1</td>
<td>7.1</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Gains</td>
<td>8.2</td>
<td>26.3</td>
<td>10.4</td>
<td>1.1</td>
<td>0.9</td>
<td>0.5</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>245.1</strong></td>
<td><strong>283.1</strong></td>
<td><strong>276.8</strong></td>
<td><strong>253.9</strong></td>
<td><strong>250.7</strong></td>
<td><strong>217.6</strong></td>
<td><strong>(33.1)</strong></td>
</tr>
<tr>
<td>Employee and supplier expenses</td>
<td>230.4</td>
<td>252.6</td>
<td>253.7</td>
<td>248.2</td>
<td>240.3</td>
<td>224.2</td>
<td>(16.1)</td>
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<tr>
<td>Depreciation and amortisation</td>
<td>11.6</td>
<td>12.5</td>
<td>12.2</td>
<td>9.3</td>
<td>8.1</td>
<td>6.8</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1.1</td>
<td>8.1</td>
<td>2.0</td>
<td>0.8</td>
<td>4.4</td>
<td>2.3</td>
<td>(2.1)</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td><strong>243.0</strong></td>
<td><strong>273.2</strong></td>
<td><strong>268.0</strong></td>
<td><strong>258.3</strong></td>
<td><strong>252.8</strong></td>
<td><strong>233.3</strong></td>
<td><strong>(19.5)</strong></td>
</tr>
<tr>
<td>Surplus (Deficit) attributable to the Australian Government</td>
<td>2.1</td>
<td>9.9</td>
<td>8.9</td>
<td>(4.4)</td>
<td>(2.2)</td>
<td>(15.7)</td>
<td>(13.5)</td>
</tr>
<tr>
<td>Plus non-appropriated depreciation and amortisation expenses</td>
<td>11.6</td>
<td>12.5</td>
<td>12.2</td>
<td>9.3</td>
<td>8.1</td>
<td>6.8</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Operating result (Loss) attributable to the agency</td>
<td>13.7</td>
<td>22.4</td>
<td>21.1</td>
<td>4.9</td>
<td>5.9</td>
<td>(8.9)</td>
<td>(14.8)</td>
</tr>
<tr>
<td>Financial assets</td>
<td>A 136.0</td>
<td>130.8</td>
<td>133.5</td>
<td>147.0</td>
<td>144.9</td>
<td>132.7</td>
<td>(12.2)</td>
</tr>
<tr>
<td>Non-financial assets</td>
<td>B 50.4</td>
<td>35.9</td>
<td>43.5</td>
<td>40.6</td>
<td>37.9</td>
<td>44.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Liabilities</td>
<td>C 106.8</td>
<td>85.9</td>
<td>68.7</td>
<td>73.5</td>
<td>63.6</td>
<td>65.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Net assets – A + B - C</td>
<td>79.6</td>
<td>80.8</td>
<td>108.3</td>
<td>114.1</td>
<td>119.2</td>
<td>111.5</td>
<td>(7.7)</td>
</tr>
</tbody>
</table>

### Administered finances

Total administered expenditure in 2018–19 was $9.5 billion. Of this, $4.8 billion was appropriated directly to the department for grants, subsidies and other administered expenses. The Treasury is appropriated directly for payments to and through states and territories for national partnership agreements.

Major expense items in 2018–19 were:
- Infrastructure Investment—Road ($3.3 billion)
- Local Government Financial Assistance Grant payments ($2.5 billion)
- Infrastructure Investment—Rail ($628.5 million)
- Roads to Recovery ($364.8 million)
- Infrastructure Growth Package ($343.3 million)
- Community Development Grants Program ($239.5 million)
- Tasmanian Freight Equalisation Scheme ($153.2 million)
- National Rail Program ($144.6 million)
Payments to corporate Commonwealth entities ($135.5 million)

Services to Indian Ocean Territories ($119.2 million)

National Stronger Regions Fund ($116.5 million)

Building Better Regions Fund ($109.0 million)

Total administered programs were $838.9 million (8.1 per cent) lower than the latest budgets published in the department's and the Treasury's 2019–20 Portfolio Budget Statements. The variance was largely due to delayed milestone payments in the Infrastructure Investment and Regional Development programs.

Combined expenses in 2018–19 were $0.9 billion lower than the previous year largely due to:

- the write down of land with a carrying value of $341.0 million in 2017–18
- reduced expenses in the Infrastructure Investment Program ($937.9 million) partially offset by increasing expenses in Regional Development programs ($369.7 million). The variances are mainly due to the profile of construction project expenses between years

The department made loan advances totalling $693.5 million during the year, mainly from the WestConnex concessional loan facility. The department also made equity payments of $783.7 million to the Australian Rail Track Corporation Ltd, WSA Co Ltd and the Moorebank Intermodal Company Ltd.

Administered income reduced by $39.3 million mainly due to the cessation of the Federal Interstate Registration Scheme from 1 July 2018. This was partly offset by gains of $65.2 million recognised for assets acquired for no consideration representing land in Western Sydney and biodiversity offset credits.

Administered financial assets increased by $0.4 billion due to:

- loan advances totalling $693.5 million, mainly from the WestConnex concessional loan facility
- equity payments totalling $783.7 million to the Australian Rail Track Corporation Ltd, WSA Co Ltd and the Moorebank Intermodal Company Ltd
- acquisition of biodiversity offset credits
- partially offset by changes in the valuation of administered investments

Administered non-financial assets increased by $92.6 million mainly due to the revaluation of assets.

Administered liabilities increased by $41.4 million mainly due to the accrual of grant payments at 30 June 2019.
Table 1.2  Summary of administered financial performance and position ($m)

<table>
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</thead>
<tbody>
<tr>
<td>Taxation revenue</td>
<td>34.4</td>
<td>36.3</td>
<td>39.4</td>
<td>41.7</td>
<td>47.2</td>
<td>45.3</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Non-taxation revenue</td>
<td>1,520.0</td>
<td>536.7</td>
<td>408.9</td>
<td>360.7</td>
<td>547.9</td>
<td>452.2</td>
<td>(95.7)</td>
</tr>
<tr>
<td>Gains</td>
<td>0.1</td>
<td>65.7</td>
<td>11.2</td>
<td>11.8</td>
<td>7.7</td>
<td>66.0</td>
<td>58.3</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>1,554.5</td>
<td>638.7</td>
<td>459.4</td>
<td>414.2</td>
<td>602.8</td>
<td>563.5</td>
<td>(39.3)</td>
</tr>
<tr>
<td>Employee and supplier</td>
<td>100.4</td>
<td>124.2</td>
<td>137.2</td>
<td>157.5</td>
<td>174.5</td>
<td>204.1</td>
<td>29.6</td>
</tr>
<tr>
<td>expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and</td>
<td>29.1</td>
<td>43.8</td>
<td>39.9</td>
<td>53.9</td>
<td>36.6</td>
<td>38.5</td>
<td>1.9</td>
</tr>
<tr>
<td>amortisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>3,431.6</td>
<td>4,799.6</td>
<td>2,908.4</td>
<td>5,005.0</td>
<td>4,034.0</td>
<td>4,055.4</td>
<td>21.4</td>
</tr>
<tr>
<td>Subsidies</td>
<td>164.9</td>
<td>187.6</td>
<td>195.7</td>
<td>206.2</td>
<td>219.7</td>
<td>226.3</td>
<td>6.6</td>
</tr>
<tr>
<td>Other expenses</td>
<td>0.8</td>
<td>54.0</td>
<td>314.0</td>
<td>566.9</td>
<td>480.7</td>
<td>236.2</td>
<td>(244.5)</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>3,726.9</td>
<td>5,209.2</td>
<td>3,595.2</td>
<td>5,989.5</td>
<td>4,945.5</td>
<td>4,760.5</td>
<td>(185.0)</td>
</tr>
<tr>
<td>Financial assets</td>
<td>A</td>
<td>4,727.8</td>
<td>5,391.2</td>
<td>5,387.6</td>
<td>6,422.5</td>
<td>7,573.0</td>
<td>7,976.0</td>
</tr>
<tr>
<td>Non-financial assets</td>
<td>B</td>
<td>700.3</td>
<td>647.5</td>
<td>881.3</td>
<td>1,029.5</td>
<td>663.4</td>
<td>756.0</td>
</tr>
<tr>
<td>Liabilities</td>
<td>C</td>
<td>66.5</td>
<td>71.6</td>
<td>367.6</td>
<td>270.2</td>
<td>170.1</td>
<td>211.5</td>
</tr>
<tr>
<td>Net assets – A + B – C</td>
<td>5,361.6</td>
<td>5,967.1</td>
<td>5,901.3</td>
<td>7,181.8</td>
<td>8,066.3</td>
<td>8,520.5</td>
<td>454.2</td>
</tr>
</tbody>
</table>

Note: Table 1.2 represents administered items reported by the department and excludes payments made through The Treasury.

Grants

Information on the grants awarded from 1 July 2018 to 30 June 2019 is available at <www.grants.gov.au>.